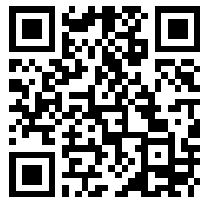
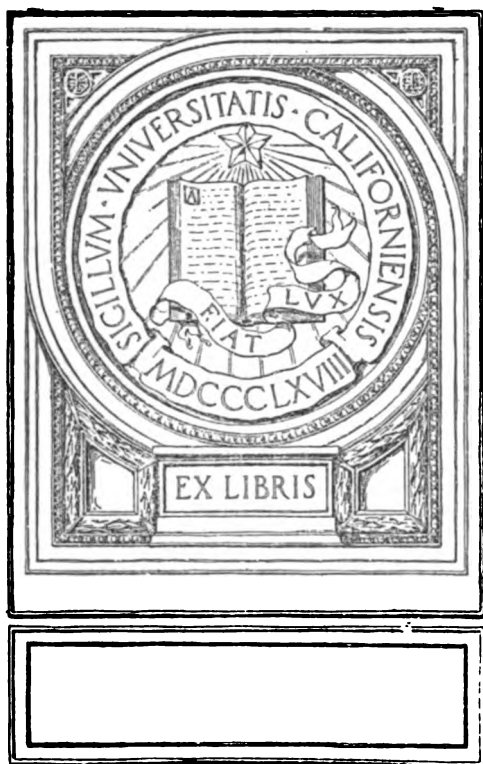

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The BANKERS MAGAZINE

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SPECIAL FEATURES

COMMERCIAL AND FINANCIAL LONDON

Contributors:

Sir Felix Schuster, Bart.
Dudley Ward
Henry Bell
Hartley Withers
Arthur W. Kiddy
Leonard J. Reid
Stanley Machin

FIGHTING THE WILDCAT ADVERTISER
SOME BANK CREDIT PROBLEMS
FINANCING THE GOVERNMENT
BRANCH BANKING IN DETROIT AND
CLEVELAND

SEE COMPLETE TABLE OF CONTENTS PAGE XXXV

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INDEX

January to June, 1923

Abello, Luis L., portrait of	132	Bank publicity, dangers in some short-cut methods of (S. Reid Warren)	139
Adventure in publicity (O. R. Johnson)	1021	Bankers discuss current problems	833
Advertisement that runs for 365 days	378	Banking and financial notes,	167, 387, 571, 745, 921, 1109
Advertiser, fighting the wildcat (Carl H. Getz)	70	Banking developments in England (Dudley Ward)	55
Advertising, measuring the results on bank (O. R. Johnson)	242	Banking in the Tennessee mountains (E. J. Bruen)	664
Advertising, supporting the bank's (Minnie A. Buzbee)	1035	Banking milestone, a (Association of Bank Women)	1106
Africa	900	Banking names and banking prestige	791
Alexander, James S., portrait of	986	Banking publicity, 139, 299, 511, 681, 855, 1035	
Alfred & Company	69	Banking, reading course in (Glenn G. Munn)	635, 814, 1017
Alleged judicial partiality toward capital	233	Bartlett, John T. (Denver mint robbery)	253
American attitude toward Europe	455	Bartlett, John T. (getting bank literature into the reader's hands)	306
American Bankers Association, executive council meeting at Rye, N. Y.	833	Belgium	109, 334, 535, 1066
American bankers of the new China (Julian Arnold)	703	Bell, Henry (solidity a factor in London's position)	47
American banks, bankers and trust companies in London	59	Benjamin Franklin Institute (developing future bank executives)	156
American capital, exporting (Grosvenor M. Jones)	1049	Better Business Bureaus, article on (Carl H. Getz)	70
American Chamber of Commerce in London and its activities	58	Billings, C. M., portrait of	933
American mediation needed abroad (A. W. Kitch)	354	Rittel, G. W. (overlooking the sales opportunity)	1014
American passion for making and breaking laws	787	Blair & Co., New York	68
American Trust Company's new Brooklyn office	414	Bond club outing at Sleepy Hollow, photograph of	1118
Anderson, Sydney, portrait of	464	Book reviews	161
Anglo-American cooperation (Frederick C. Goodenough)	881	Booth, Willis H., portrait of	823
Arnold, Julian (American bankers of the new China)	703	Bosson, Alfred C. (a traveling studentship competition)	568
Association of Bank Women	1106	Bosson, Alfred C., portrait of	568
Auditing a country bank (R. L. Woodworth)	477	Branch banking, check to	981
Auditing and examining, bank (Thomas P. Kane)	806	Branch banking in Detroit and Cleveland (James Hoyt)	78
Austin, Chellis A., portrait of	237	Branch banking issue, defining the (James A. Hoyt)	666
Australia	114	Branch banking (small bank can't meet modern demands—A. P. Giannini)	667
Austria	111, 337, 536, 899, 1070	Branch banking, social importance of (Howard Whipple)	638
Automatic savings banks T. D. MacGregor)	843	Branch banking, the future of (F. H. Goff)	258
Automatic school savings bank first installed	918	British debt, settlement of the	623
Aviation and the commercial bank (Lewis E. Pierson)	158	British finance, some surprises of	980
Baldwin, Stanley, portrait of	128, 985	Brock, James E., portrait of	438
Baltic Provinces	110, 338	Brown, R. F., portrait of	751
Banca Nazionale di Credito, Rome	1085	Brown, Shipley & Company	67
Banco Dugand of Barranquilla, Colombia	131	Bruen, E. J. (banking in the Tennessee mountains)	664
Banco Espanol del Rio de la Plata, Madrid	1089	Bulgaria	536, 1072
Bank advertising bromides (A. D. Scripser)	1128	Burke, H. C., Jr., portrait of	305
Bank advertising, diversified investments in (G. Prather Knapp)	514	Burnett, Gerald B. (getting 6500 new accounts in six months)	687
Bank advertising exchange list,	809	Buzbee, Minnie A., portrait of	1139
Bank advertising, measuring the results on (O. R. Johnson)	151, 312, 519, 692, 869, 1045	Buzbee, Minnie A. (supporting the bank's advertising)	1035
Bank credit problems, 81, 283, 501, 670, 877,	242	Call of New York (Harry T. Jones)	247, 495
Bank employees, better outlook for	1031	Cammack, Mrs. Key, portrait of	1107
Bank examining and bank auditing (Thomas P. Kane)	789	Campbell, Frank J., portrait of	517
Bank executives, developing future (Benjamin Franklin Institute)	806	Canadian section, 221, 452, 615, 783, 969,	1149
Bank fiction without crime (Frank H. Madison)	156	Cancelled vouchers	165
Bank literature, getting it into the reader's hands (John T. Bartlett)	650	Capper, Arthur, portrait of	464
Bank of Italy, cut of	306	Car cards, how they have helped banks grow (C. L. Chilton)	263
Bank of New York and Trust Company, uptown branch	967	Case, J. H. (financing the Government)	74
Bank organization and functions (Glenn G. Munn)	359	Cassel, Gustav (problem of the undervalued currencies)	523
	1017	Cassie Chadwick's jewels	551
		Chamber of Commerce, International (Elmer H. Youngman)	821
		Charters, change in New York banking	790
		Charts, graphic (getting the facts at a glance) (F. Ellis White)	989

Chase, M. E. C. (publishing the Bankers' Investment department)	817
Checks, teaching depositors care in writing of (Carl H. Geitz)	488
Chilton, C. H. (cash aids have helped banks grow)	263
China	114, 339, 537
China, American bankers of the new (Julean Arnold)	703
Citizens Savings Bank of New York	733
Class banks, organization of	704
Closing the gaps in the income tax (Morris F. Frey)	479
Coal and Iron National Bank of New York	367, 729
Coal shortage caused by too much coal	462
Coins, some thoughts on old (Theodore J. Venn)	256, 661
Coins, the gold of Croesus (T. Leslie Shear)	1002
Commercial and financial London	8
Commercial and financial London (Leonard J. Reid)	11
Commercial arbitration, world-wide	101
Commercial aviation and the commercial bank (Lewis E. Pierson)	158
Commercial National Bank, Bradford, Pa.	735
Commodity prices, outlook for (Glenn G. Munn)	653
Commonwealth Trust Company merges with Fourth-Atlantic National Bank of Boston	913
Community new business department (W. F. Walker)	681
Community trust created, New York	916
Conger, J. L., portrait of	376
Control for all departments, an interlocking (Harry E. Martin)	839
Cook & Son, Thomas (an international record of service)	552
Cook & Son, Thomas, tour to the Mediterranean in 1924	1100
Cook, Ernest H., portrait of	360
Cook, F. H., portrait of	556
Cook, John M., portrait of	555
Cook, Thomas, portrait of	554
Cooke, J. E., portrait of	770
Cooperative market paper for rediscout, eligibility of	385
Copy writers go wild, why bank	514
Corn Exchange National Bank of Philadelphia, Central City office of the	912
Country bank, auditing a (R. L. Woodworth)	477
Credit, fundamentals of (Glenn G. Munn)	814
Credit helps for bankers	982
Credit situation (Barret Montfort)	278
Credit, some bank credit problems, \$1, 283, 501, 670, 877, 1031	1031
Crissinger, D. R., portrait of	465
Croesus, the gold of (T. Leslie Shear)	1002
Cuba	343
Cuno, Chancellor, portrait of	631
Currencies, problem of the undervalued (Gustav Cassel)	523
Currency, sound principles of	978
Czechoslovakia	337, 536, 960, 1073
Dalney, Thomas E. (The story of Rudolf Hecht)	269
Dangers in some short-cut methods of bank publicity (S. Reid Warren)	139
Dangers of generosity	628
Dawes, Henry M., portrait of	798
Day, Addison H., portrait of	730
DeBaban, A. M. (how much did we sell him last year?)	299
Denning the branch banking issue (James A. Hoyt)	666
Delohery, Tom (successful use of the property statement)	259
Denver mint robbery (John T. Bartlett)	253
Developing future bank executives (Benjamin Franklin Institute)	156
Diversified investments in publicity (G. Prather Knapp)	809
Does the safe deposit department pay?	695
Dollar as world's currency unit (George L. LeBlanc)	352
"Don't Spend" campaign	303
Dugand, F. V., portrait of	132
Dugand, J. L., portrait of	132
Dugand, J. V., portrait of	132
Dunn, John B. H., portrait of	430
Durham, Richard F. (an international record of service) (Thos. Cook & Son)	553
Dutton, E. W., portrait of	751
Eastern states section, 175, 401, 581, 751, 933, 1117	1117
Economic recovery of the Philippines (Vicente Villamin)	708
Eligibility of cooperative market paper for rediscout	385
Empire Trust Company of New York	64
England, banking developments in (Dudley Ward)	55
Equitable Trust Company of New York	63
Eshelman, E. T., portrait of	418
Establishing the bank's investment department (M. E. Chase)	817
Europe, a plan to put her back on gold basis (Alvin W. Kreech)	129
Europe, American attitude toward	455
Europe, our duty forbids isolation (W. S. Kiso)	349
Europe, tour exclusively for bankers	382
European difficulties, business men as composers of	625
European finance and reparations (Elisha M. Friedman)	321
European politics and the economic situation (Elmer H. Youngman)	799
European problem, heart of the	5
Examining and auditing, bank (Thomas P. Kane)	806
Executive council of American Bankers Association	833
Exporting American capital (Grosvenor M. Jones)	1049
Express Transport Co., London	832
Faillace, Antonio, portrait of	132
Farm credits, lengthened	458
Farm credits, new proposals for	220
Farmers' Loan and Trust Company of New York	62
Farmers National Bank, Salina, Kansas	914
Federal Reserve banks, defense of the	231
Federal Reserve System, meddling with the (Elliot C. McLaughlin)	565
Federal Reserve System, political pressure upon the	459
Federal Reserve System, why state banks and trust companies do not join the	973
Fighting the wildcat advertiser (Carl H. Getzo)	70
Financial Advertisers' Association, program of	862
Financial prestige of London (Leonard J. Reid)	25
Financing a war on the loan shark evil	493
Financing the Government (G. H. Case)	71
Finland	110
First National Bank, Boston	66
Fisher, Edmund D., portrait of	1121
Ford, Henry, portrait of	988
Foreign debts, progress in the settlement of	974
Foreign loans, Government disapproval of private	4
Foreign Trade Council, tenth annual convention	102
Foreign trading, fundamentals of (Dr. W. F. Giebart)	317
Forest City National Bank, Rockford, Ill.	1097
France	107, 331, 582, 715, 891, 1062
"Franklin Pennies", photograph of	277
Freew, Walter E., portrait of	1120
Frey, Morris F. (closing the gaps in the income tax)	479
Frey, Morris F., portrait of	481
Friedman, Elisha M. (reparations and European finance)	321
Frink, J. L., portrait of	634
Fundamentals of credit (Glenn G. Munn)	814
Fundamentals of foreign trading (Dr. W. F. Giebart)	317
Gasbelle, Alston H. (industrial service department)	619
Geddes, J. G., portrait of	1138
Geddes, Sir Auckland C., portrait of	235
Giebart, Dr. W. F. (fundamentals of foreign trading)	317
Germany	108, 334, 534, 718, 893, 1064
Getting 6500 new accounts in six months (Gerald B. Burnett)	687

Getting bank literature into the reader's hands (John T. Bartlett).....	306	International Chamber of Commerce (Elmer H. Youngman).....	821
Getting the facts at a glance (F. Ellis White).....	989	International record of service (Thos. Cook & Son) (Richard F. Durham).....	553
Getting the worker's viewpoint (I. L. Sperling).....	145	International trade disputes, arbitration of investment department, establishing the bank's (M. E. Chase).....	232
Getz, Carl H. (fighting the wildcat advertiser).....	70	Investment field, organized labor entering the.....	817
Getz, Carl H. Interview with J. E. Sinclair (light of the northwest farmer).....	238	Irving National Bank, New York.....	983
Getz, Carl H. (random reflections on money).....	652	Italy.....	65
Getz, Carl H. (teaching depositors care in the writing of checks).....	488	Japan.....	107, 333, 533, 716, 894, 1062
Gianini, A. P. (small bank can't meet modern demands).....	667	Jaquith, William H., portrait of.....	116, 339, 538, 901
Gibney, Ray M., portrait of.....	115	Johnson, O. R. (an adventure in publicity).....	730
Giddard, Charles A. (a new plan to get new accounts).....	1010	Johnson, O. R. (measuring the results on bank advertising).....	1021
Giff, F. H. (the future of branch banking).....	258	Jones, Harry T. (the call of New York).....	242
Giff of Crossus (T. Leslie Shear).....	1002	Jones, Grosvenor M. (exporting American capital).....	247, 495
Giff, putting it in circulation.....	160	Judicial decision, an encouraging.....	1049
Goodenough, Frederick C. (Anglo-American cooperation).....	881	Kane, Thomas P. (bank examining and bank auditing).....	629
Goodenough, Frederick C., portrait of.....	797	Kane, Thomas P., portrait of.....	806
Gooding, F. Abbot, portrait of.....	357, 909	Kautzmann, G., portrait of.....	467
Government disapproval of private foreign loans.....	1	Kenn, Frederick L., portrait of.....	376
Government, financing the (J. H. Case).....	74	Kiddy, Arthur W. (London as a financial center).....	825
Government railway operation, costly experiment in.....	627	Kies, W. S. (our duty to Europe forbids isolation).....	49
Gray, Wallace A., portrait of.....	730	Kimmel, P. D., portrait of.....	319
Great Britain, 195, 329, 531, 711, 889, 900.....	1066	King, Tat. figures in bank remodeling (Union Trust Company, Cleveland).....	954
Greene.....	900	Knapp, G. Prather (diversified investments in publicity).....	738
Greenville Bank and Trust Company, Jersey City.....	1096	Knapp, G. Prather, portrait of.....	809
Gribb, B. W. (new business mistakes of savings banks).....	511	Kniffin, William H. (savings departments in banks of discount and trust companies).....	811
Guaranty Trust Company of New York.....	60	Krech, A. W. (American mediation needed abroad).....	468
Guarding the Treasury.....	7	Krech, Alvin W. (a plan to put Europe back on gold basis).....	354
Hall, Standish, portrait of.....	604	Krech, Alvin W., portrait of.....	129
Hall, Ernest A., portrait of.....	912	Krupp Works, Essen, cut of.....	584
Hastington, C. T., portrait of.....	832	Labar bank movement (Leroy Peterson).....	631
Haring, W. G. P., portrait of.....	166	Laimbeer, Mrs. William, portrait of.....	474
Haring's two years, President.....	788	Laws, American passion for making and breaking.....	1107
Harvard Trust Company of Cambridge (a new banking service).....	272	LeBlanc, George L., portrait of.....	787
Hausman, H. C., portrait of.....	851	LeBlanc, George L. (the dollar as world's currency unit).....	353
Hausman, H. C. (revival of interest in the "unit plan").....	851	Legislative ideals.....	3
He also gets slapped! (Frank H. Maull).....	1009	Lenroot, Irvine L., portrait of.....	164
Hecht, Rudolf, portrait of.....	269	Letters to the editor.....	285
Helt, Rudolf, story of (Thomas E. Dahl).....	269	Liberty Trust Company of Newark, N. J.....	373
Henderson & Company.....	68	Little, G. S., portrait of.....	751
Hercule Wall Street (T. D. MacGregor).....	183	Littlefield, Walter (new dress for "The Old Lady of Threadneedle Street").....	95
Herman, G. C., portrait of.....	751	Loan shark evil, financing a war on the.....	493
Holzapfel called by teller's wit.....	314	Loasby, A. W., portrait of.....	584
Holzapfel.....	109, 720, 1067	London, American banks, bankers, trust companies in.....	59
Horne, Sir Robert, portrait of.....	235	London and New York compared (Hartley Withers).....	53
How about office forms ruled and printed? (Arthur E. Post).....	274	London as a financial center (Arthur W. Kiddy).....	49
How banks are advertising.....	148, 369, 516, 690, 865, 1042	London bank's 250th anniversary.....	355
How car cards have helped banks grow (C. L. Chilton).....	263	London, commercial and financial.....	8
How much did he sell him last year? (A. M. D. Brown).....	299	London, commercial and financial (Leonard J. Rebb).....	11
Hoyt, James (branch banking in Detroit and Cleveland).....	78	London, financial prestige of (Leonard J. Rebb).....	25
Hoyt, James A. (defining the branch banking issue).....	666	London section.....	9
Hulbert, Edmund D., portrait of.....	772	London the financial center (Sir Felix Schuster).....	45
Illinois-Merchants Trust Company in new building.....	911	London's position, solidity a factor in (Henry Rebb).....	47
Income tax, closing the gaps in the (Morris P. Frey).....	479	London's present commercial and financial position, and the outlook for the future (Stanley Machin).....	23
India.....	114, 338, 901	Los Angeles school savings plan (W. R. Morehouse).....	997
Industrial service department (Alston H. Garside).....	619	Louisiana Bankers Association, convention of.....	914
Industrial service of banks described.....	234	Luders, Arthur A. G., portrait of.....	730
Inflation, dangers of.....	979	MacGregor, T. D. (a step toward universal thrift).....	843
Insurance, unemployment.....	792	MacGregor, T. D. (historic Wall street).....	483
Interlocking control for all departments (Harry E. Martin).....	839		
International Acceptance Bank, Inc.....	356, 908		
International banking and finance.....	93, 315, 521, 761, 879, 1047		
International banking notes.....	119, 344, 539, 724, 902, 1073		

McDougal, Elliot C. (meddling with the Federal Reserve System).....	565	Pierson, Lewis E. (commercial aviation and the commercial bank).....	158
McGarrah, Gates W., portrait of.....	796	Platten, John W., portrait of.....	751
McNamee, Harry G., portrait of.....	416	Pleasure travel de luxe (cruising the Mediterranean in 1924).....	1100
Machin, Stanley (London's present commercial and financial position, and the outlook for the future).....	23	Plight of the northwest farmer (Interview with J. F. Sinclair by Carl H. Getz).....	238
Macvey, R., portrait of.....	933	Poincaré, Premier, portrait of.....	631
Madison, Frank H. (bank fiction without crime).....	650	Poland.....	112
Madison, Frank H. ("He who gets slapped").....	1009	Post, Arthur E. (how are your office forms ruled and printed?).....	274
Martin, Harry E. (an interlocking control for all departments).....	839	Potter, Julian W., portrait of.....	368, 739
Meacham, W., portrait of.....	933	Powell, H. H., portrait of.....	584
Measuring the results on bank advertising (O. R. Johnson).....	242	Pratt, J. M., portrait of.....	933
Meddling with the Federal Reserve System (Elliot C. McDougal).....	565	Prices, outlook for commodity (Glenn G. Munn).....	653
Mexico.....	343, 539	Problem of the undervalued currencies (Gustav Cassel).....	523
Middle states section.....	207, 434, 601, 767, 950, 1134	Property statement, successful use of the (Tom Delohery).....	259
Mitchell, John J., portrait of.....	912	Prosperity, our present era of.....	461
Money in the field of fiction.....	491	Prosser, Seward, portrait of.....	622
Money, random reflections on (Carl H. Getz).....	630	Providing banking facilities on a twenty-foot plot (Commercial National Bank of Bradford, Pa.).....	735
Montfort, Barret (the credit situation).....	278	Publicity, an adventure in (O. R. Johnson).....	1021
Morehouse, W. R. (Los Angeles school savings plan).....	997	Publicity, putting personality into (Sewell Peaslee Wright).....	855
Morgan, Grenfell & Co., London.....	67	Pucchi, Pellegrino, portrait of.....	132
Munn, Glenn G. (a reading course in banking).....	635, 814, 1017	Putting personality into publicity (Sewell Peaslee Wright).....	855
Munn, Glenn G. (bank organization and functions).....	1017	Reading course in banking (Glenn G. Munn).....	635, 814, 1017
Munn, Glenn G. (fundamentals of credit).....	814	Reed, David A., portrait of.....	236
Munn, Glenn G. (outlook for commodity prices).....	653	Reed, David A. (the seizure of the Ruhr).....	327
National Bank of Commerce in New York	65	Rehauer, P. C., portrait of.....	1041
National Bank of Commerce, Providence, R. I., new banking room.....	761	Reld, Leonard J. (commercial and financial London).....	11
National bank reports now three a year.....	246	Reld, Leonard J. (financial prestige of London).....	25
National City Bank of New York.....	69	Reld, Miss Jean Arnot, portrait of.....	1107
New accounts, a new plan to get (Charles Goddard).....	1040	Reparations and European finance (Elisha M. Friedman).....	321
New accounts, getting 6500 in six months (Gerald B. Burnett).....	687	Restoring the world's equilibrium.....	227
New banking service (Harvard Trust Company of Cambridge).....	272	Review of the month.....	167, 387, 571, 745, 921, 1109
New business department, community (W. F. Walker).....	681	Revival of interest in the "unit plan" (H. C. Hausman).....	851
New business mistakes of savings banks (B. W. Griffin).....	511	Rives, C. G. Jr., portrait of.....	915
New dress for "The Old Lady of Threadneedle Street" (Walter Littlefield).....	95	Rodriguez, Andres, portrait of.....	132
New England states section.....	195, 423, 593, 759, 943, 1125	Rogers, Col. Arthur C., portrait of.....	863
New plan to get new accounts (Charles A. Goddard).....	1040	Ross, John M., portrait of.....	730
New Year and the old.....	1	Ruhr, seizure of the (David R. Reed).....	327
New York and London compared (Hartley Withers).....	53	Rumania.....	895, 1072
New York bankers meet at Atlantic City	1078	Rural credits legislation, men prominent in, portraits of.....	464
New York, call of (Harry T. Jones).....	247, 495	Russia.....	113, 537
Norman, Montagu C., portrait of.....	235	Safe deposit department, does it pay?.....	695
Northwest farmer, plight of the (Interview with J. F. Sinclair by Carl H. Getz).....	238	Sales opportunity, overlooking the (G. W. Bittel).....	1014
Norton, Charles H., portrait of.....	1122	Santo Domingo, J. M., portrait of.....	132
Oak Park Trust & Savings Bank of Oak Park, Illinois.....	154	Savings banks, new business mistakes of (B. W. Griffin).....	511
Observations of an outsider.....	700, 805	Savings departments in banks of discount and trust companies (William H. Kniffin).....	468
Office forms, how are they ruled and printed? (Arthur E. Post).....	274	Scandinavia.....	335, 1068
Old Colony Trust Company, Boston, new building of.....	1129	School savings bank, automatic.....	918
"Old Lady of Threadneedle Street", new dress for (Walter Littlefield).....	95	School savings plan of Los Angeles (W. R. Morehouse).....	997
Old National Bank and Union Trust Company of Spokane, Wash.....	1081	Schuster, Sir Felix (London the financial center).....	45
Outlook for commodity prices (Glenn G. Munn).....	653	Scripter, A. D. (bank advertising bromides).....	514
Overlooking the sales opportunity (G. W. Bittel).....	1014	Shear, T. Leslie (gold of Croesus).....	1002
Pacific states section.....	219, 449, 611, 777, 961, 1145	Sinclair, J. F. Interview with by Carl H. Getz (plight of the northwest farmer).....	238
Parsons, Frank J., portrait of.....	934	Small bank can't meet modern demands (A. P. Gannin).....	667
Passport burden, ending the.....	626	Smedley, J. H., portrait of.....	845
Peace, our withdrawal from the.....	621	Social importance of branch banking (Howard Whipple).....	638
Peterson, Leroy (labor bank movement).....	474	Solidity a factor in London's position (Henry Bell).....	47
Philippines.....	117, 340	Some bank credit problems.....	81, 283, 501, 670, 877, 1031
Philippines, economic recovery of the (Vicente Villanin).....	708	Some thoughts on old coins (Theodore J. Venn).....	256, 661
		South America.....	118, 341, 538, 722
		Southern states section.....	201, 427, 597, 763, 947, 1131

THE BANKERS MAGAZINE

Spain	111, 336, 535, 721, 898, 1069
Spanish bank for Spanish business (Banco Español del Río de la Plata)	1089
Selling, I. I. (getting the worker's viewpoint)	145
Sroull, John T., portrait of	368, 730
Saker, F. M., portrait of	143
Step toward universal thrift (T. D. MacGregor)	843
Stinnes, Hugo, portrait of	631
Story of Rudolf Hecht (Thomas E. Dabney)	269
Strange counsel from an exalted source	229
Strong, James G., portrait of	464
Successful use of the property statement (Tom Delohery)	259
Supporting the bank's advertising (Minnie A. Buzbee)	1035
Switzerland	336, 720

Taxation of bank capital invested in "tax-exempt" securities	228
Taylor, David, portrait of	369, 730
Teaching depositors care in the writing of checks (Carl H. Getz)	488
Telephone, how to use the bank's	92
Thiry, John T., portrait of	844
Thrift, a step toward universal (T. D. MacGregor)	843
Thyssen, August, portrait of	631
Tilley, A. A., portrait of	633
Tour to Europe exclusively for bankers	382
Townsend, Edward, portrait of	584
Trasd, Miguel A., portrait of	132
Traveling studentship competition (Alfred C. Bosson)	568
Trenton Trust Company, Trenton, N. J.	377
Trust companies, savings departments in banks of discount and (William H. Kiffin)	468
Turcz, C. Hunt, Jr., portrait of	445
Unemployment Insurance	792
Union Trust Company, Cleveland (King Tut figures in bank remodeling)	738
Union Trust Company of Cleveland, laying of cornerstone	440
Unit plan", revival of interest in the (H. C. Hausman)	851
Van Kleeck, Charles M., portrait of	591

Vault, accidental imprisonment of clerk raises question of getting out of a locked	672
Venn, Theodore J. (some thoughts on old coins)	256, 661
Villar, Antonia, portrait of	132
Villamin, Vicente (economic recovery of the Philippines)	708
Wachenheimer, J., portrait of	211
Walker, W. F. (community new business department)	681
Wall street, historic (T. D. MacGregor)	483
Warburg, Paul M., portrait of	356, 908
Ward, Dudley (banking developments in England)	56
Ward, Stevenson E., portrait of	987
Warren, S. Reid (dangers in some short-cut methods of bank publicity)	139
Wayne National Bank of Goldsboro, N. C.	736
Wealth, a new source of	463
Wells, W. E., portrait of	723
Western states section.	215, 446, 607, 773, 956, 1141
White, F. Ellis (getting the facts at a glance)	989
Who's who in bank advertising	143
F. M. Staker	305
H. C. Burke, Jr.	517
Frank J. Campbell	689
Addison L. Winship	863
Arthur C. Rogers	1041
P. C. Rehner	1120
Willer, H. E., portrait of	357, 1128
Wing, Daniel G., portrait of	689
Winship, Addison L., portrait of	53
Withers, Hartley (London and New York compared)	1106
Women, Association of Bank	477
Woodworth, R. L. (auditing a country bank)	145
Worker's viewpoint, getting the (I. I. Sperling)	855
Wright, Sewell Peaslee (putting personality into publicity)	153
Yonkers Trust Company of Yonkers, N. Y.	799
Youngman, Elmer H. (European politics and the economic situation)	821
Youngman, Elmer H. (International Chamber of Commerce)	

BANKING AND COMMERCIAL LAW

Accommodation indorser entitled to notice of dishonor	90
Bank held liable for customer's War Savings Stamps stolen from its vault	1025
Bank liable in paying check on forged indorsement	677
Bank may give collateral for purpose of securing deposits	874
Bank purchasing note which has been delivered conditionally	295
Banking and commercial law.	83, 289, 505, 673, 871, 1023
Bank's lien where stockholders indebted to it	873
Deposit of principal's money by agent can not be applied to agent's debt	505
Duties of bank upon receiving trust fund on deposit	85
Indorser discharged by failure to give notice of dishonor	294
Liability of bank for securities stolen from vault	675
Payee of check a holder in due course	291
Payment of check after drawer's death	1028
Postdated check against insufficient funds not an offense	875
Right of holder of check to recover protest fees	508
Telegraphic certification of check	87

LIST OF CASES

Anderson v. Cook County State Bank	873
Burrows v. Burrows	1028
Cable v. Iowa State Savings Bank	505

Clifford v. United States Trust Company of New York	85
Dimock State Bank v. Boehnen	295
Drumm Construction Company v. Forbes	291
Flathead County State Bank v. First National Bank of Caledonia	87
Harland v. Pe Ell State Bank	675
McFerson, State Bank Commissioner v. National Surety Company	874
Marshak v. Fontana	508
Maynard Trust Company v. Furbush	294
Miller v. Bank of Holly Springs	1025
Nolan v. Brown	90
State v. Barone	875
Strang v. Westchester County National Bank	677

The six monthly numbers are distributed throughout the volume as follows:

1—226	January
227—454	February
455—620	March
621—786	April
787—972	May
973—1152	June

A

375

101

117

118

119

120

121

122

123

124

125

126

127

128

129

130

131

132

133

134

135

136

137

138

139

140

141

142

143

144

145

146

147

148

149

150

151

152

153

154

155

156

157

158

159

160

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SEVENTH YEAR

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The New Year and the Old

ALTHOUGH the year just closed has been less dramatic than those during the progress of the Great War, it has nevertheless witnessed some remarkable changes. Our own contributions to the year's history have been rather tame in comparison with those supplied by other parts of the world, Europe in particular. In that quarter of the globe Greek ambitions in the Near East have been checked, the King has abdicated, and the Kemalist Turks have largely restored the power which Turkey lost in the late war. Italy has gone through a peaceful revolution involving the overthrow of the government constituted by Parliament and the setting up in its place of a ministry created under a dictatorship. In England Lloyd George has been unseated from his long possession of power, a general election held which resulted in a Conservative victory, with Labor as the chief element of opposition in the new House of Commons.

While these striking events have been occurring in quarters from which they were probably least expected, Russia, where dire events have been looked for, has furnished few happenings of a sensational character during the year, possibly because her capacities in that direction were already exhausted.

Contrasted with some of the events mentioned, affairs in the United States have been quiescent, though we have had an election whose results were of an interesting character, but hardly surprising to those who were observant of the trend of events and of the public mind. Undoubtedly this election largely reflected that customary reaction which marks our political history. A President and House are elected by smashing majorities. Great things are looked for as a result of this change. These expectations are not realized, and the consequence is a sudden turn of the voters' minds. This biennial disposition to a reversal of our political views probably represents prevailing instability of public opinion as much as anything else. People are pretty much dissatisfied with everything and everybody. They expect from government the impossible, and when they fail to get it turn impatiently to the contrary side in the hope of

bettering the situation. The long reign of power formerly held by one or the other of the leading political parties is not in accord with the present unstable tendency of the public mind. Now the people turn first to one side and then to the other, and even exhibit a disposition completely to overthrow both the old parties and to seek relief through some new type of political organization.

This unsettled disposition of the public mind—observable in various degrees in nearly every quarter of the globe—may be attributed in part to the disturbing influences of the Great War, although it was discernible long before that catastrophe occurred. Just what tendency it may ultimately take, no one may with certainty predict. Conservative forces in several countries—notably in England and America—have thus far held its more radical manifestations in check. But it may be a serious mistake to infer from this fact that a policy of reaction can be followed. The failure of government in any country to function with economy and efficiency, the long-continued inability of organized society to grapple with industrial ills, may give rise at any time to political upheavals of the most serious character. It would be a grievous error for the people of the United States to infer that they are in some way exempt from the dangers through which other lands are passing. We are undoubtedly favored by the vast extent of our territory and resources and by the general prosperity of our people, but that we are wholly exempt from disturbances that seriously menace the functioning of our industrial system is plainly negatived by events of recent occurrence and fresh in the public mind.

Prodigality in public expenditure and unwarranted Governmental meddling with business affairs are the crying evils of our times, the responsibility for which rests upon the shoulders of the people. Congress would be far less lavish in its bestowals of grants from the public treasury did not such demands for favors come from various sections and groups politically numerous and influential. Business might be given a fair chance were it not for the clamors of the many whose business success is microscopic.

Fortunately, here at home, we may look back upon the year 1922 as a period of surmounted difficulties. We have passed through widespread strikes involving such basic industries as transportation and the mining of coal. We have seen a gradual lessening of unemployment and the return of better conditions generally throughout the entire economic life of the country. The outlook for 1923 is of a decidedly promising character. But there is nothing in the situation which warrants either the executive or legislative branches of the Government in failing to exercise the most rigid scrutiny over every dollar of public expenditures.

Legislative Ideals

NOT long ago the president of a well-known industrial association expressed himself in favor of taking tariff legislation out of politics and basing our future legislation on this subject upon economic and scientific principles only. It is a very fine ideal, though probably incapable of realization. The plea is a familiar one, and in the past has been invoked in regard to the money standard, currency and banking as well as other matters supposedly purely economic in their nature. Nevertheless we have had numerous political campaigns in which money and banking matters had a prominent or leading place among the issues. Even in our most recent election the banking policy of the Federal Reserve Board was made the subject of political discussion.

It is probably too much to expect that in a republic legislative problems will ever be dealt with from the purely idealistic standpoint favored by the industrial authority mentioned above. Look over the party platforms of the last quarter of a century, and you will find the most fervid exhortations in favor of dealing with this or that problem in such a comprehensive and scientific manner as will "forever remove it from the domain of party politics". Possibly there are some matters that may be dealt with thus decisively. But money and banking and the tariff do not appear to belong in the list of such subjects, if we may judge by the frequency with which these matters have cropped out from time to time as political issues in the history of the country. After all the discussion of the money problem, and with the world's experience as a guide, and especially in view of the disastrous experience of some of the European countries with paper money in recent years, one would suppose that this problem could scarcely be again made an issue in our political campaigns. And yet there are some shrewd observers of our history who warn us that we are liable to witness at any time a popular recrudescence of the paper-money fallacy in the United States.

Doubtless, in regard to the tariff as well as in regard to money and banking, much scientific information can be collated; but even the application of scientific information to problems like banking and the tariff may become matters of violent public controversy to be settled in no other way except through public discussion and an appeal to the electorate. Many people, long prior to 1896, thought that the constituent element of a coin dollar was no more open to question than the multiplication table; but this became the subject of two of our most bitter political campaigns. Nor is it by any means certain that the matter may not crop up again at any time. The assault on the gold standard, or upon any standard possessing

actual value, has been perennial, and it is altogether too much to expect that it will not again be made here in the United States.

It might be a good thing if the tariff and money problems could be permanently adjusted by men of scientific attainments and clairvoyant powers. But we have no warrant in human experience for believing that they will be so settled.



Government Disapproval of Private Foreign Loans

RECENT outgivings at Washington make it appear that the United States Government does not look with favor on private loans made to foreign countries with a view to keeping these countries on a military footing. It may be well to look a little into the matter thus brought to public attention.

One of the countries of Europe which finds itself under the extremely expensive necessity of maintaining a strong military establishment is France. This is due to actual or fancied danger from the possible military rehabilitation of Germany. From such danger France would have been relieved had the United States not refused to enter into a compact with herself and Great Britain for protection against the possibility of fresh aggression from Germany. Having refused to make such an arrangement, France feels bound herself to take the means necessary for self-protection; that is, to maintain a large army. She gladly would have escaped the bearing of so heavy a burden, and was anxious that Great Britain and the United States should participate in carrying the load. The former country was willing, but the latter refused. Having done so, it may not come with very good grace for us to intimate that we are even unwilling for private loans to be made here for the same purpose. If this policy were carried to its ultimate conclusion it would mean that we are really opposed to having France take such measures as she considers essential for self-protection. We refused to enter the League of Nations, would not enter into an alliance with France and Great Britain, nor will we allow American capitalists to make loans to France for the purpose of protecting herself. This is a policy of foreign aloofness with which the most parochial citizen might be completely satisfied.

Fortunately, the case is imaginative rather than actual. For evidence is lacking that France has been denied American loans on the grounds stated, and there has been a qualified denial from Washington that the principle mentioned is to be rigidly insisted on

in the making of foreign loans. It is apparent though, from the policy of the present Administration with respect to foreign problems, that the principle above enunciated is held in favor by Mr. Harding and by Mr. Hughes. It is doubtful if any authority exists in law for the application of this principle. The desirability of having private loans so made as not to antagonize the foreign policy of the Government is, however, readily recognized. It may be conceded also that at present foreign loans could be put to much better use than military purposes. France doubtless considers her military expenditures as made for purposes of self-defense, which may be considered the first law of governments as of individuals.

Many of the loans recently made abroad by American capitalists have been used in a manner of little benefit to anybody. Possibly some degree of supervision by the Government may be needful, though we need to be sure of our own lack of responsibility for conditions laid down for the making of foreign loans.



The Heart of the European Problem

VARIOUS proposals have been put forth from time to time and from different sources for dealing with the problem of German reparations. Up to the moment this is written all of these proposals have been found unsatisfactory. Either they do not meet the expectations of France as to the amount and time and means of payment, or they are unsatisfactory to that country because they seem to offer too favorable an opportunity of German economic recovery with the possibility of future military aggression which such recovery entails.

We thus find the heart of the European problem to be French fear of Germany. Whether this fear is justifiable or not, is really beside the question. France is probably influenced by experience. The terms of the Treaty of Versailles hardly tended toward future concord between the two countries. At all events, it is found that France does not look with favor upon any measure for meeting the reparations payments that at the same time promises the economic restoration of Germany, because she fears that such restoration may be but a prelude to military aggression afterwards. How Germany is to meet the demands made on her without a large degree of economic prosperity even the cleverest of French mathematicians have some difficulty in figuring out. A goose cannot be relied on to furnish golden eggs and *paté de fois gras* at the same time.

One may read volumes of discussion of the reparations problems and listen to interminable analyses of the matter by learned experts, but it all comes round in a circle to this one conclusion, namely, that French fear of Germany precludes any settlement of the matter that would place Germany in an economic position where she can later recover the power to make a military attack upon France.

Is it not then the very heart of the European problem to remove this fear of Germany from the French mind?

Even if one concedes this view, the adjustment of the matter remains extremely difficult. England, for her own trade interests, wishes to see Germany prosper. France, even with her present fears removed, is less concerned. The viewpoint of the two countries differs from motives of self-interest. An idealistic way out of the dilemma would be for France and Germany forever to bury their differences. Such a settlement appears no nearer at hand than the millennium.

Had the United States joined with Great Britain in protecting France from the German danger—or what practically comes to the same thing, the fear of such danger—it seems certain that the problem of the German reparations and inter-Allied debts would long ago have reached a practical stage of adjustment and the condition of the world would have been far better than it is today.

It is, of course, a question as to whether we should not incur grave responsibilities and serious risks by entering upon an alliance of this character. But we got into one European war without previous alliance with any of the nations then contending in the field against Germany. If we went into an alliance with France and England solely for the purpose of relieving the tension of the French mind because of fear of Germany, it need not signify war by any means. The very knowledge of such a powerful combination would probably exercise a sufficient restraining power upon Germany to prevent her from committing aggressions against any of the countries concerned in the alliance. An alliance with any country for the purpose of serving our own selfish purposes could not be too strongly condemned, but an alliance between France, Great Britain and the United States, for the sole aim of making peace an actuality instead of the hideous mockery that it is today, would be an altogether different matter.

We have heard much talk in official circles that America means to do something in Europe when the time is ripe. We waited until the eleventh hour before we entered the war, although our provocation when the *Lusitania* was sunk was greater than the causes which finally impelled us to enter the conflict. We may defer entering into the work of peace until the twelfth hour has struck and our help is no longer needed.

To the suffering nations of Europe we have been, on more than one occasion, the Good Samaritan and not the Priest and the Levite. Our services in the past, the whole genius of our people, the glorious history of this country, poorly equip us for enacting the role of Pontius Pilate.



Guarding the Treasury

IN other years members of Congress have won fame for their efforts in guarding the public Treasury from the assaults of politicians eager to distribute Government funds either as a means of enriching some particular locality or section or for the purpose of influencing the electorate. Mr. Holman of Indiana once earned the title of "Watchdog of the Treasury," and no doubt since his time other members of the House and Senate have equally deserved the title on account of their opposition to rapacious raids on the Treasury. Mr. Burton, while a member of the Senate from Ohio, saved the country some hundreds of millions by talking to death a river and harbor bill. Mr. Dawes, while Director of the Budget, greatly assisted in a more economical and efficient administration of public affairs. Of course, in considering those who have protected the Treasury from political raids, the action of President Harding in vetoing the Bonus Bill must not be overlooked.

One reason that tends to encourage attacks upon the public Treasury is the fact that the average citizen believes that the taxes which supply the public funds are largely if not wholly paid by the rich, and that to tax this class for the benefit of the many is entirely justifiable. There might be greater encouragement of public economy if taxation were felt more heavily by the masses of the people. As a matter of fact much of the taxation imposed in the first instance upon the few is ultimately passed over to the many though in a form not to be easily recognized as taxation.

Enriching a particular class or section through grants out of the United States Treasury is an exceedingly popular idea with the classes or sections to be benefitted. Could these objects be narrowly limited in their application, the country might not be greatly harmed however vicious the principle itself might be. But once such a grant is bestowed upon one class or section, the demand for it spreads until it becomes practically universal in extent. Pretexts for liberal appropriations are readily found.

The excellent credit of the United States makes it easy to raise the funds for meeting appropriations that can not be provided for

immediately through taxation. This involves the sale of bonds, usually of distant maturity, and the tendency is to regard these obligations as belonging to posterity to settle, and that we need not concern ourselves much about them. But this argument failed to convince the present Secretary of the Treasury, Mr. Mellon, who vigorously insisted that if Congress was to vote a bonus it must at the same time provide for the taxes with which to meet it. Had the bonus measure become a law, the recent successful debt refunding operations of the Treasury would have been greatly hindered.

With a heavy Treasury deficit impending, the present is a most inopportune time to enter upon schemes calling for fresh loans or additional taxation. Appropriations should be limited to the most essential purposes, and every dollar expended made to do a dollar's work.



Commercial and Financial London

UNDER this title there is published in this number of **THE BANKERS MAGAZINE** a series of articles stating some of the elements which have contributed toward building up and maintaining the eminence in commerce and finance which London has long enjoyed. These articles are not presented for the purpose of instituting either comparison or rivalry between London and New York or any other of the world's great trade and financial centers. But surely something profitable may be learned by studying the sources of London's commercial and financial greatness—for into that steady rise to eminence throughout the centuries must have entered strong character, great skill, integrity and superior equipment.

With the great tasks of reconstruction and restoration which confront the world, coöperation rather than rivalry is needed, and this fact is recognized in some of the papers appearing in subsequent pages.

The several distinguished London bankers and economists who have contributed these papers may be sure of an attentive reading of their views by the bankers of America and of other lands as well.





London Stereo

Trafalgar Square

Commercial and Financial London

By Leonard J. Reid

IN several respects London is unique among the great cities of the world. It is at once the political capital and the chief port of the United Kingdom—a claim which no other city can make in its own country. Besides being the political capital and the principal port, London is also the unrivalled financial center of Britain and a great world financial center. It comprises some of the world's largest markets for raw materials, and is also the center of one of Britain's most important manufacturing areas—a fact that is little recognized because the manufacturing importance of the area does not depend upon any one great industry, but is made up by a very large number of productive activities of varying size and scope. It is little understood, perhaps by most Londoners themselves, how this manifold preëminence has been achieved. The map explains a good deal—the handiness of London for trade with the Continent, which was, of course, the

early foundation of British commerce, and the depth and width of the Thames. But that is only the beginning of the explanation. Nature provided rich opportunity, but man has made use of the opportunity to the full and in diverse manners. Its physical and geographical advantages started London on its career as a port in Roman times, but early records are singularly scanty and it is not until the eighth century A. D. that London is revealed by historical documents as the country's principal trade center. Thenceforward there is continuous, if slender, evidence of advance, but it is not until the beginning of the eighteenth century that any clear statistical information is available. In 1700 more than eighty per cent. of Britain's imports and about seventy-four per cent. of her exports passed through London. In 1792 London accounted for about sixty-five per cent. of a total British foreign trade of about forty million pounds. To trace even in the



London Stereo

Whitehall



London Stereo

Piccadilly Circus



London Stereo

The Houses of Parliament

roughest fashion the rise of London's commerce through the centuries would occupy volumes. These figures are merely quoted to show that proximity to the Continent and physical advantages, aided without doubt by the enterprise of Londoners, in improving port facilities, placed London in a strong trade position before the fabric of finance, either domestic or international, developed into the vast composite machine with which we are familiar today. Through the centuries Londoners gradually developed the financial sense and grasped the financial opportunities presented by the growth of trade importance. It is, however, an essential point in the economic history of the British capital that London's financial prestige grew out of and followed trade prestige—not *vice versa* as is sometimes erroneously supposed. London's commerce is fostered by the supreme financial facilities available, but the growth of the financial machinery by which those facilities are provided is the direct result of the world-wide extent of the trade that pours in and out of the great port. As Hartley Withers puts it:

"The supremacy of the London bill of exchange was created only to a small extent by any supremacy in London's financial machinery; it was based chiefly on the supremacy of England's world-wide trade, and on our readiness to take goods from all nations. The consequence of this was that traders of all nations sold goods to us and so had claims on us and drew bills on us, and bought goods from us, and so owed us money and wanted to buy bills drawn on us to pay their debts with. So everywhere the bill on London was familiar and welcome."*

Freedom of trade is the basic explanation of London's pre-war position as the world's greatest center for the financing of international exchange. It has been said that a study at any given moment of the bills lodged by the discount houses of London as security for short loans is a comprehensive lesson in world geography; for they represent every imaginable kind of produce and material and are drawn from every quarter of the globe. To quote another



London Street

A busy Aldwych corner



Harrods, Limited, Brompton Road, one of London's great mercantile establishments



Port of London Authority's new building opened in October, 1922

For centuries the Thames has been the scene of great commercial activity, and the Port of London has attained to its present greatness through a long series of events which constitute part of the national history. The Port of London has doubtless suffered in the past from a divided control, which rendered a uniformly harmonious and progressive policy difficult of accomplishment. That era is over now. Since 1909 the docks have been amalgamated by Act of Parliament and placed under one public authority, representing all interests in the port, and furnished with very large powers.

The aim of the new Authority is the maintenance of London as the premier port and chief market of the world.

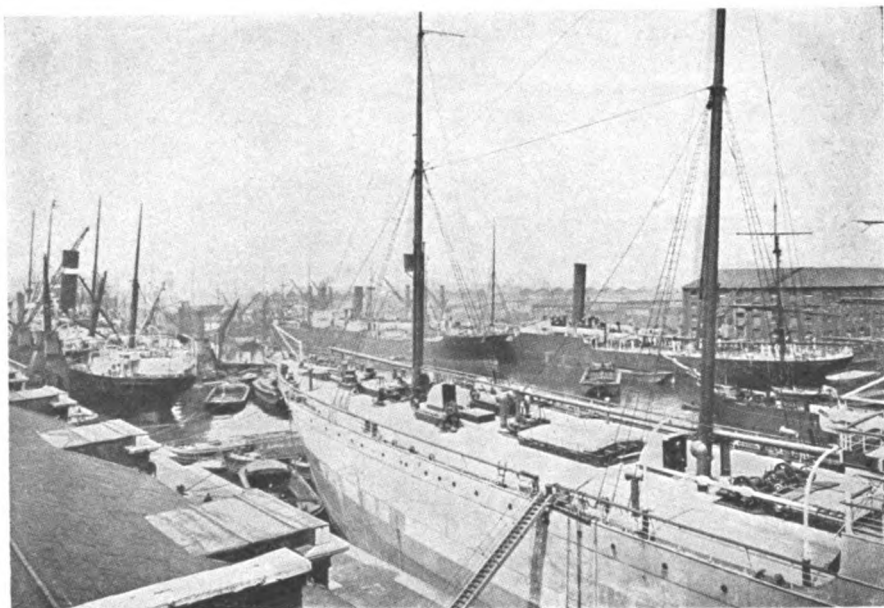
eminent authority, Sir Felix Schuster said shortly before the war:

"A bill of exchange on London is the recognized medium of settling international transactions. The dealing in such bills is of constant occurrence. *London names are universally known.* True, a certain number of bills are drawn on Germany, or France or Belgium, for goods shipped there from trans-Atlantic countries, but the number of such bills is comparatively small, and they are only used in connection with trade between those respective countries, and not as international mediums of exchange. As regards shipments of goods to the United Kingdom, the shipper almost invariably obtains payment for those goods by selling his bill on London to the local bank; but not only that, in most cases he would prefer, when he sends goods to any part of the continent of Europe, or to the United States, to draw a bill on London against them, leaving the purchaser to settle with the

London banker. In using the term banker, I include, of course, the large number of so-called merchant bankers who make a speciality of this kind of business. Thus, the China merchant who sells tea to Russia or Germany, or silks to the United States, will probably obtain payment through the medium of the London money market. There is an absolutely free market because there is always a supply, and there is always a demand, and that really in every part of the world. This illustrates Lord Goschen's statement, that the source of English banking supremacy is in her stupendous exports, but it also explains the difficulty which confronts English bankers when they attempt to build up a foreign bill case."

FINANCE THE HANDMAID OF TRADE AND INDUSTRY

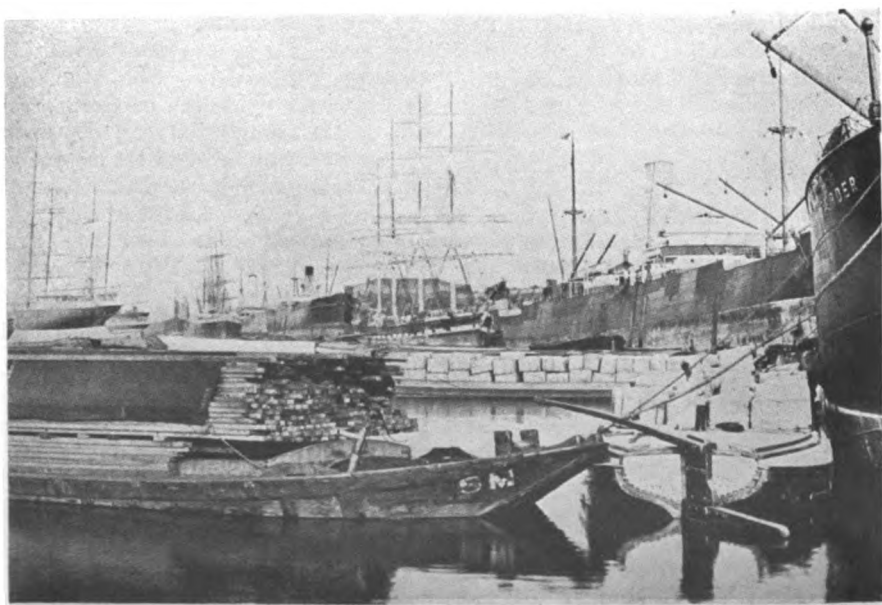
Bearing in mind, therefore, that in London as elsewhere finance is only the handmaid of trade and industry—



The Greenland Dock

a machine created by and ministering to their needs—let us first examine by means of a few statistics the extent of London's trade and its relative import-

ance to the trade of the whole country. Here are some Port of London statistics for the year preceding the war and for a period four years earlier:



South-West India Dock

PORT OF LONDON STATISTICS

	1909-10	1913-14
Tonnage of shipping entered and cleared (foreign and coastwise).....	35,151,799	40,080,282
Tonnage paying port tonnage dues.....	28,579,648	30,816,381
Total value of goods imported and exported excluding coastwise.....	£322,614,363	£411,792,149
Tonnage of import goods handled at docks by the port authority.....	2,050,795	2,218,266
Tonnage of export goods handled at docks by the port authority.....	640,869	823,865

For purposes of comparison between London's activities as a port with those of other ports of the United Kingdom, I append the following figures:

(Trade in Million Pounds)

	1909 £	1912 £	1914 £	1915 £	1918 £	1919 £	1920 £	1921 £
United Kingdom	1,094	1,344	1,223	1,336	1,849	2,590	3,490	1,896
London	323	384	396	497	542	820	1,005	607
Liverpool	298	373	338	393	683	828	1,092	528
Hull	67	80	67	73	90	148	173	92
Manchester	44	57	53	56	107	146	208	87
Southampton	42	52	38	17	40	41	89	67
Glasgow	41	51	49	57	97	110	158	95

These, of course, are merely value figures, and such as they are they reveal the fact that judged by this un-

In the next table I give the figures of the imports, exports and re-exports of the whole of the United Kingdom and

Imports and Exports of the United Kingdom and of the Port of London (000's Omitted)

	United Kingdom			London		
	Imports	Exports	Re-exports	Imports	Exports	Re-exports
	£	£	£	£	£	£
1910	678,257	430,385	103,761	228,260 (33.6%)	79,945 (18.5%)	52,185 (50.4%)
1911	680,158	454,119	102,759	229,988 (33.7%)	84,588 (18.6%)	53,626 (52.1%)
1912	744,641	487,223	111,738	239,344 (32.0%)	88,268 (18.1%)	56,017 (50.1%)
1913	768,735	525,245	109,575	253,879 (32.9%)	99,105 (18.9%)	58,808 (53.7%)
1914	696,635	430,721	95,474	253,173 (36.4%)	89,082 (20.6%)	53,935 (56.3%)
1915	851,893	384,868	99,062	337,566 (39.5%)	98,623 (25.6%)	60,645 (61.0%)
1916	948,506	506,280	97,566	359,382 (37.9%)	128,036 (25.4%)	60,407 (62.0%)
1917	1,064,165	527,080	69,677	337,703 (31.6%)	125,679 (23.8%)	42,418 (61.0%)
1918	1,316,151	501,419	30,945	384,986 (29.2%)	138,046 (27.5%)	18,877 (61.0%)
1919	1,626,156	798,635	164,746	561,114 (34.5%)	171,029 (21.4%)	87,722 (53.2%)
1920	1,982,649	1,384,469	222,753	651,946 (33.8%)	238,677 (17.9%)	114,653 (51.4%)
1921	1,086,687	703,196	107,052			

1913

	U. K. Imports	London Imports	London Re-exports
Coffee (cwts)	846,471	581,380	479,582
Jute (tons)	350,826	128,180	114,179
Tin ore (tons)	80,274	44,498	30,034
Rubber (centals)	1,574,439	851,641	421,687
Tallow (tons)	95,104	62,234	40,084
Tea (lbs)	365,043,464	356,619,212	49,029,420
Wool (lbs)	800,580,815	485,297,308	185,150,638

1920

Coffee (cwts)	740,827	608,812	349,922
Jute (tons)	218,098	25,813	17,604
Tin ore (tons)	33,810	910	12,305
Rubber (centals)	2,481,910	2,073,556	956,385
Tallow (tons)	44,440	32,831	16,327
Tea (lbs)	431,196,236	376,375,817	36,925,455
Wool (lbs)	872,879,900	506,867,300	112,469,200

of London alone. From the percentages in the last three columns it will be seen that in the last clear calendar year before the war London accounted for 32.9 per cent. of the imports, 18.9 per cent. of the exports and 53.7 per cent. of the re-exports of the whole of the British Isles. The percentages now are close to the level recorded in those days of peace and good trade, but it will be seen that London's share in all branches of Britain's overseas trade rose very much higher in 1915—the first full year of war conditions.

It is of special interest to examine these figures in greater detail, for the overwhelming share of London in the country's trade in certain important raw materials and articles of human consumption shows which are the principal commodity markets of London. The table at the head of this page sets out London's share in the United Kingdom's trade in coffee, jute, tin ore, rubber, tallow, tea and wool.

GROWTH OF THE TRADE OF THE PORT OF LONDON

Net tonnage of vessels entering the port, foreign and coastwise, 1750, to 1912:

Year	Tons
1750	745,000
1794	1,790,000
1850	5,156,000
1912	16,562,000

Value of the total foreign trade of the port, 1700 to 1912:

Year	Value
1700	£10,300,000
1750	14,000,000
1794	31,400,000
1912	384,000,000

Net tonnage of vessels entering the following ports, foreign and coastwise, in 1909 and 1912:

	Tons 1909	Tons 1912
London	18,076,000	16,561,994
Liverpool	10,914,000	10,590,291
Hull	4,600,000	5,074,067
Manchester	1,819,000	1,839,635
Southampton	5,792,000	6,687,849
Glasgow	4,364,000	4,332,265

AN INTERNATIONAL MARKET

For all kinds of Eastern produce and for the produce of British Dominions and Colonies, London has for long been the principal international market. Of all these imports wool is the most valuable. Some slight progress, it is true, has been made with the direct shipment of wool from producing countries to foreign centers and also to Yorkshire, the center of the British woollen industry, via other British ports that are nearer to Bradford. But as Sir Joseph Broodbank tells us in his recent book on the Port of London, the fact remains that "by far the greater part of



Australia House—The headquarters of the Australian Government in Great Britain

Australia House, London, is the headquarters in Great Britain of the Government of the Commonwealth of Australia. In it are also the offices of the Agents General for New South Wales, Victoria, South Australia and Tasmania. The building occupies an island site in the busiest part of the Strand, and stands as an advertisement for Australia. It is a most important architectural feature of the Metropolis, and is well known to all Londoners.

The whole of the marble and timbers used in the construction of the building were brought from Australia. The value of the building is estimated at about £1,000,000.

The Right Hon. Sir Joseph Cook, P.C., G.C.M.G., is the High Commissioner representing Australia in Great Britain. The activities of Australia House are varied. The largest department is that dealing with Migration and Settlement; this Branch is responsible for recruiting and shipping emigrants from Great Britain to Australia. Then there are sections dealing with the general administrative work—Publicity, Trade, Customs, Supply, Intelligence, Pensions, Accounts, Navy and Army and so on. The Australian Government Line of steamers and the Australian Wireless Company have also their London headquarters at Australia House.

One of the main features of Australia House is the splendid Exhibition Hall where four exhibitions of the products and resources of Australia are run annually. Below the Exhibition Hall is a cinema theater in which films illustrating all sides of life and industry in the Commonwealth are shown to audiences which average over 2000 daily.

such wool as is not bought in Australia is still sent to London wool warehouses and put on show for sale there and buyers from all parts of the world congregate there with the knowledge that in the vast supplies laid out for inspection on the floors of the London warehouses they will have a greater selection to choose from than at any other point in the world; that their individual requirements will be satisfied at the ruling market price, and that they will receive what they have bought and paid for". Coleman Street, in the City of London, is indeed acknowledged as the world's

great wool mart. The tea trade of the United Kingdom is practically monopolized by London, which also has the lion's share of the coffee trade. Rubber and oil, if comparatively new, are important and expanding markets. For dealers in imported luxuries of innumerable kinds London is the predominant center. It is also a great coal, metals and wheat market, while apart from the leading commodities previously mentioned, it is the Mecca of buyers and sellers of corn, meat, sugar, butter, cheese, bacon, oilseeds and nuts, fruits, wines and spirits. In those of the



London Stereo

Regent Street, looking toward Piccadilly Circus

above-mentioned goods which come strictly under the heading of the "provision trade" Liverpool is London's principal competitor. Timber, leather,

and fish are other important commodities in which London absorbs a large share of the country's business.

The figures set out above give some



London Stereo

The Pool of London

idea of the scope of London's vast and varied commercial business. But possibly their most important feature is that—when the export and import columns are read together—they reveal London not merely as a transit port but as a great *entrepot* port in association with the principal commercial markets. The most significant part of London's commercial activities lies in the enormous business in imported goods, of which a very large proportion is bought in London for export to the country of ultimate consumption. This unrestricted cosmopolitanism was the basis on which London's financial machinery was built up; but the steady perfection of the machinery, it is true, served in turn to foster the trade.

LONDON'S MANUFACTURING IMPORTANCE

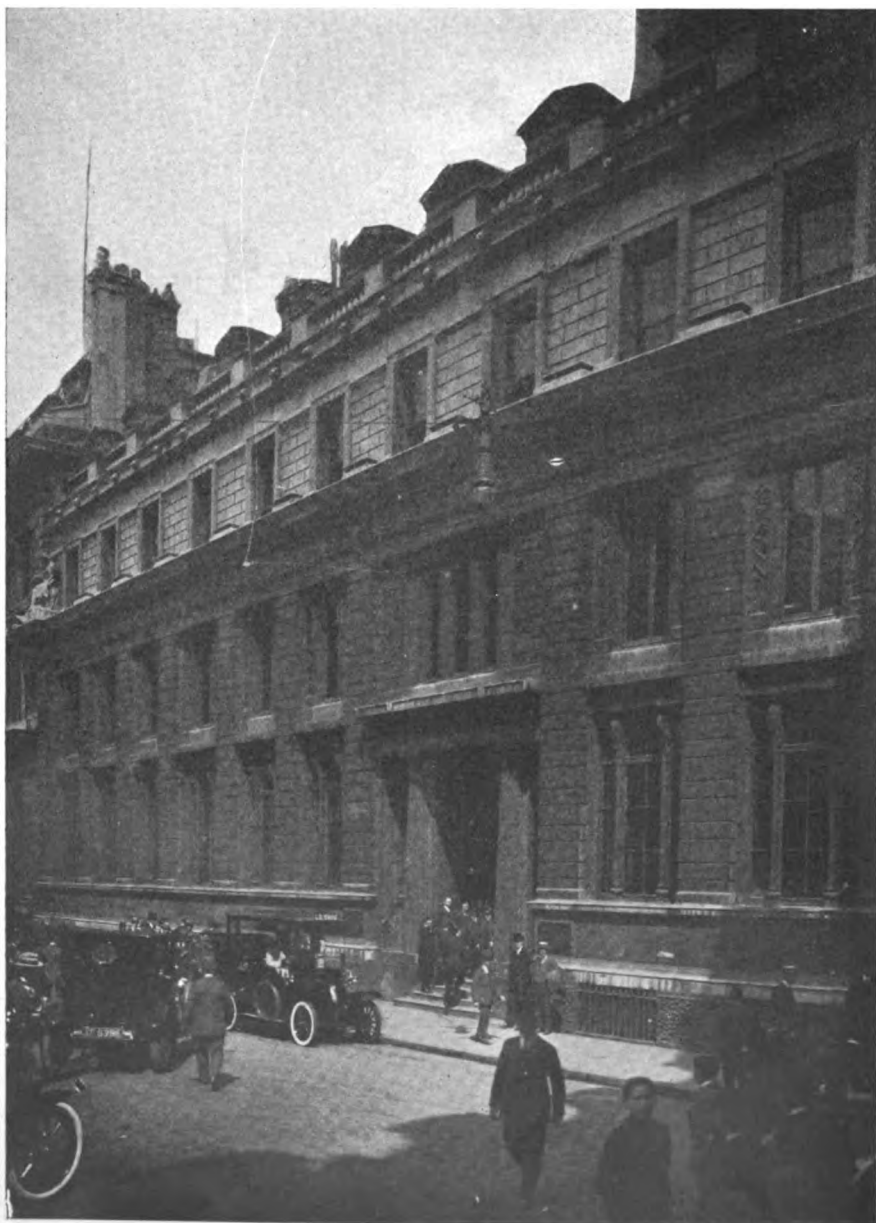
Of London as a manufacturing center, or rather as the center of a great manufacturing area, it is exceedingly difficult to present a concise picture, owing to the variety of activity and the lack of any one predominant industry. Among the manufactures of the district are flour, furniture, paints, pianos, chemicals, munitions of war, sugar, rubber goods, motors, margarine, paper, biscuits, clothing, linoleum, silk and skins, varnishes and oils. Shipbuilding and ship-repairing are also prominent



London Stereo

Guildhall from the south

occupations; but the long distance from the coal fields has tended to drive shipyards and iron and steel works away from the Thames to the North of England. Building and transport occupy the services of perhaps nearly 400,000 workers.



London County Westminster and Parrs Bank, Ltd.

London's Present Commercial and Financial Position, and the Outlook for the Future

By Stanley Machin

President London Chamber of Commerce

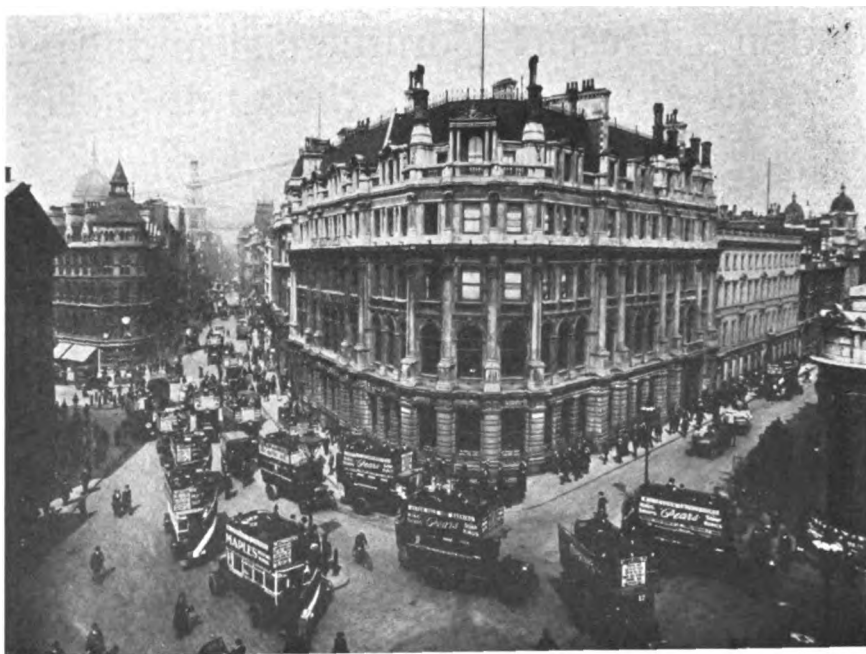
IN my capacity of president of the London Chamber of Commerce I may claim to represent a considerable constituency embracing not only commercial and financial interests, but industrial, shipping and distributive activities which are naturally focused as a whole in this Metropolis. I must, therefore, be forgiven if having regard to the fact that the members of the Chamber number over 8000 in all sections of the business community I confine myself to general considerations and avoid the minute details which are necessary to describe adequately any separate entity. On one point, however, I feel certain, and that is the economic position of London as a world center has broadly speaking not been seriously affected or permanently impaired by the disturbances directly traceable to the late war, which may be proved by the fact that "Exchange on London" still continues to be based upon very similar local conditions to those which were the main considerations prior to 1914.

So far as our relations with Europe, Asia, Africa, and possibly South America also, are concerned our predominant interests have not been displaced to any material extent, and, therefore, any improvement in the situation here reacts favorably upon our connections overseas. One reason for this is that the national policy is to meet in due time all financial obligations occasioned by the war and to make the necessary sacrifices in the form of high taxation to establish an equilibrium, and thereby to ensure slowly and surely, a return to stabilized relations with the rest of the world so as to assist to mutual advan-

tage the resuscitation of those economic forces the free play of which are necessary for all countries. We have realized that no nation however great can prosper for any considerable period upon the adversity of another.

Our main trouble for the moment is that our reserve of capital is depleted by the drain of war expenditure and the crushing burden of "taxation to the breaking point," which I hope is in process of being lightened within the near future. That in itself will provide the means for giving longer and larger credits to nations whose purchasing power for British goods or capacity to pay interest on money advanced to them, is for the time being almost a hopeless proposition except in special cases. I am confident, however, that with improving conditions at home we shall be in a position to respond, in all phases of business activity, when there is adequate ground for confidence that our former customers abroad will not merely be in a position to deliver the goods they produce, but to pay for what we send them in exchange despite the tariffs against us. There are signs in most countries that the bottom of the fall in values and stagnation in production and distribution has been reached, and therefore, so far as London is concerned, there is ground for hope that a general improvement slowly but surely, may be expected.

Of this I am certain, a determined effort will be necessary the world over, and without this the prospects of the future must remain "on the knees of the gods".



National Provincial & Union Bank of England, 2 Princes street, E. C. 2



Visitors' room of the National Provincial & Union Bank of England



London Stereo

The Bank of England and Royal Exchange

The Financial Prestige of London

By Leonard J. Reid

LONDON's financial prestige owes a great deal to the fact that the creation of financial machinery for the provision of credit necessary for the conduct of trade was a natural process. It was allowed to develop according to general need and individual experience without any serious interference from legislative restriction. It is important to remember that this growth has been very gradual and spread over centuries of time, a fact which explains the creation of well formed tradition and also the accumulation of a vast experience. At the same time the freedom from artificial restrictions is responsible for the formation of London's financial machine in a type that is readily adjusted to the different kinds of strain that may be put upon it. The hub of the wheel is the Bank of England, whose combination of solidity and elasticity is one of the prime financial assets of the country. But if the Bank of England is the hub.

the joint stock banks are the spokes in the financial wheel. More than a century ago it was discovered that the financial wheel required cogs to keep it in gear with the trade machine. These cogs were provided by the evolution of the bill broker. The bill broker is the middleman between the banks and the trader. Through the necessities of his calling he specializes in knowledge as to the requirements and financial standing of certain types and bodies of borrowers. As Ellis T. Powell puts it in "The Evolution of the Money Market," "He possesses in that capacity a more profound knowledge than the banker could possibly attain of the sources, commitments and character of an extended clientele, and upon his discretion depends the safety of the banker in lending soundly." Mr. Powell aptly quotes the following remarks of the governor of the Bank of England in 1906:

"It is by reason of the existence of



Bank of Liverpool & Martins, Ltd., 68-69 Lombard street

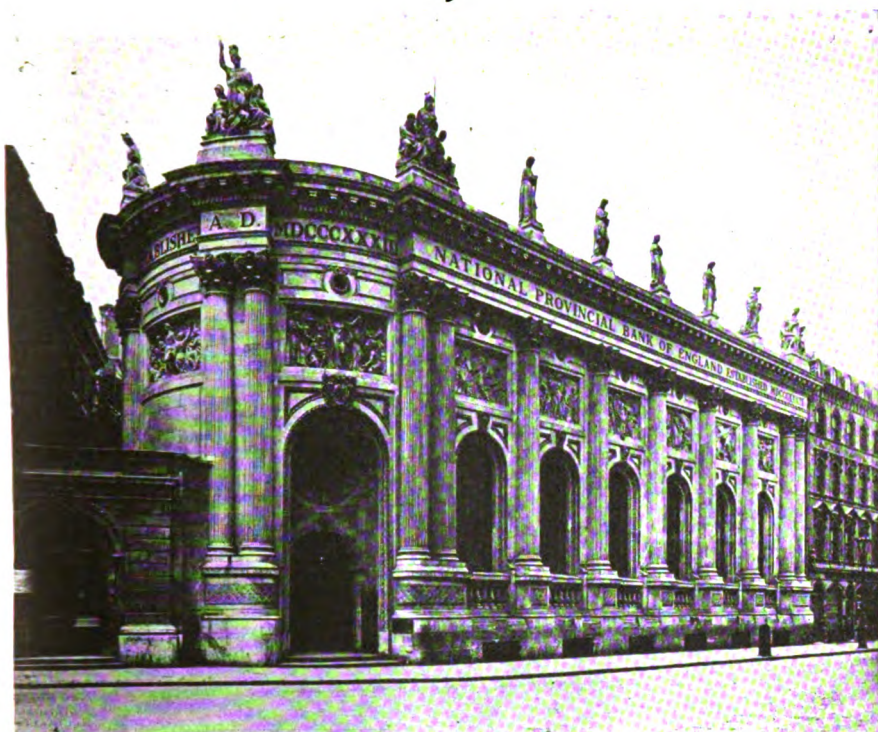
the bill brokers in the complex machinery of the London Money Market, that holders of bills of approved credit on this country are never in any sort of doubt that they can get cash for them at a price; and it is with their help that the bankers, on the other hand—the custodians of the deposits of the country—can employ for the benefit of their shareholders a large portion of cash which must otherwise remain idle.”

In other words, bill brokers provide

an agency through which the loose cash of the community deposited in the banks is transformed into the credit which drives the wheels of current commerce.

THE BANK OF ENGLAND

So much for the cogs. Let us return to the story of the wheel and examine the hub. The Bank of England has the prestige of age, having been founded in 1694, and of its official position as the sole banker of the British Govern-



National Provincial and Union Bank of England, Ltd., 15 Bishopsgate, E. C. 2

ment. But more tangible is the strength that it derives from being the banker of all the joint stock banks. It is also the sole bank in England and Wales with the right of issuing bank notes. It has had the sole right of issuing notes in an area extending to sixty-five miles round London since 1826, the right of note issue remaining with a few country banks on a very small scale; but these banks have gradually been absorbed by other institutions, with offices in London and the note issues have lapsed in consequence. Two-thirds of the lapsed issues of the absorbed banks could be transferred to the Bank of England's fiduciary issue and the latter was thereby increased from £14,000,000 in 1844 to £18,450,000 in 1903 at which figure it has since remained. The fiduciary issue is covered by securities only, but the rest of the circulation is backed by gold and silver bullion or gold coins, but the silver must not exceed one-fourth of the gold. In

the decade preceding the war, the total circulation averaged between twenty-five and thirty million pounds, but during the war it rose steadily and in 1920 touched one hundred and thirty-four million pounds.

In the panics of 1847, 1857 and 1866, the Bank Charter Act was suspended, that is to say the Bank of England was allowed by the Government to issue notes in excess of its authorized issue. The Bank Act was not suspended during the late European war and specie payments were nominally maintained, although applications for gold in exchange for notes have not been encouraged since August, 1914.

In addition to ordinary banking business the Bank of England manages the National Debt, distributing the dividends thereon. Its remuneration for this is fixed at £325 per annum per £1 million of debt up to five-hundred million pounds, and £100 per million over that amount. During the past two years



Head office of Barclays Bank, Ltd.

practically the whole of the gold stock of the country has been transferred to the "Old Lady of Threadneedle Street" under a scheme for the centralization of gold reserves, and the present total amounts to about one hundred and twenty-eight million pounds. As already stated the Bank of England is banker either directly or indirectly to all the other banks in the country and thus holds the ultimate banking reserve. But as George Clare has put it, the Bank of England is "invested with a certain stateliness and dignity of standing which place it *hors de concours* and which restrain it from working, as other banks do, solely with a view to dividend earning." Its advertised rate of discount, well known as "Bank Rate", is that upon which other discount rates and deposit rates allowed by banks are more or less de-

pendent. A credit at the Bank of England is regarded as cash by the commercial and financial community; and the bank's power to create such "cash" is only limited by the wisdom and discretion of its directors. The combination of elasticity and solidity which characterizes this central institution makes it the pivot and anchorage of London's financial system. In the history of every financial crisis from the South Sea Bubble to the great war, the Bank of England is revealed as a tower of strength, unshakable and imperturbable.

THE JOINT STOCK BANKS

The origin of joint stock banking in London may be traced back to the early operations of the goldsmiths in the middle ages. As British commerce and industry grew, and the demand for financial facilities along with it, the business of taking deposits and loaning them out



The Mercantile Bank of India



Chief foreign branch of Barclay's Bank, Ltd., 168 Fenchurch street, E. C.3

at interest produced strong competition from the merchant classes themselves. Seeing the remunerative nature of the goldsmiths' business, merchants of many types coupled banking with their other activities and invited deposits from the public. The combination of commerce and banking was not in all cases happy and some bitter experiences led up to the public demand that institutions into whose care the public were asked to entrust their deposits should be separate institutions designed for the special purpose of taking the best care of such deposits and not mere branches of undertakings whose main concern was producing or trading for a profit. This demand led to the separation of banking branches of many merchant firms into separate institutions and may be taken to be the crucial point in the development of private banking. The

family tradition is one of the most notable points in English business history, firms passing from father to son through many a generation, and as recently as the latter half of the nineteenth century many of the same names were to be found in prominent connection with banking and with commercial concerns.

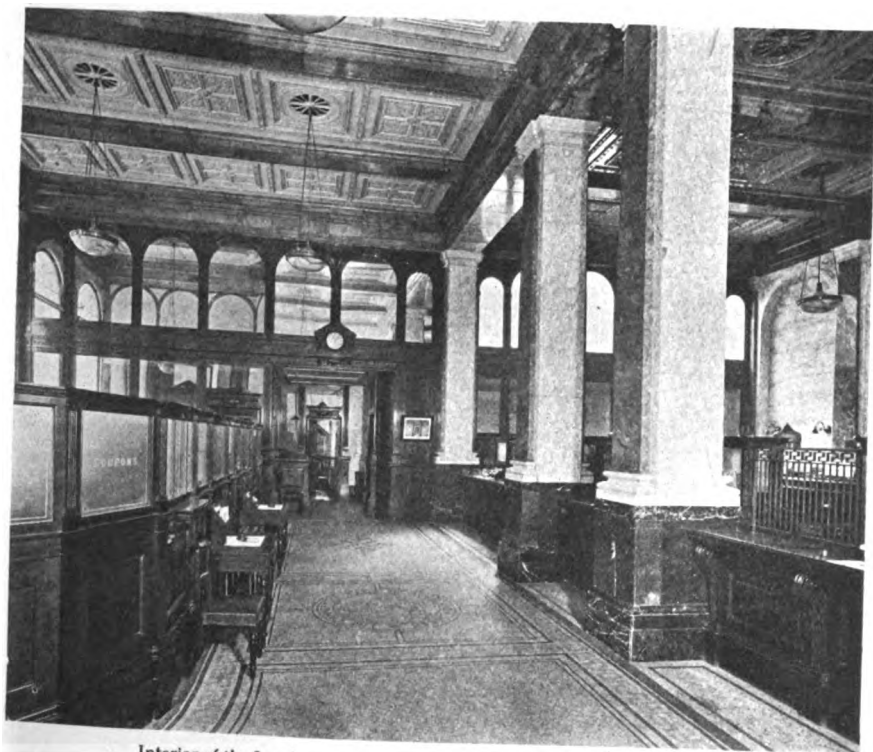
Ever since the days when the goldsmiths carried on business as money dealers London has been the headquarters of the British banking system, and although during the nineteenth century there was nothing akin to the present centralization, for each district had its own small bank to cater for its financial needs, the establishment of the Bankers' Clearing House in London at the end of the eighteenth century marked the first step towards the concentration upon London of the English



Commercial Bank of Scotland, Limited, London office, 62 Lombard street

banking system. The London bankers first rented a small room in which their clerks could settle their charges in the year 1773, but official statistics of total clearings go back only to the year 1868. Since the latter date business has increased more than eight times. The London joint stock banks became proprietors of the Clearing House in 1902,

and more than 500 clerks are daily employed on the work of the town, metropolitan and country clearings. The table herewith gives some idea of the large business done. A glance at the figures will suffice to show that but for some such machinery the banking business of London could never have assumed its present proportions:



Interior of the London office, Commercial Bank of Scotland, Limited

London Bankers' Clearing House

	Totals
1890	£ 7,801,048,000
1900	8,960,170,000
1910	14,658,863,000
1920	39,018,903,000
1921	34,930,559,000

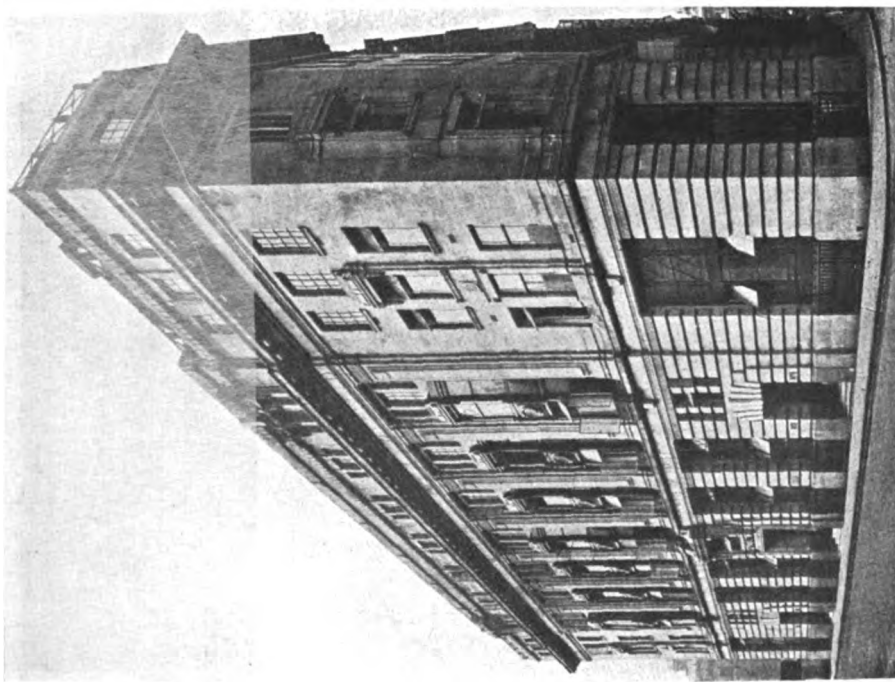
BANKING CONCENTRATION

One of the most important developments of the past thirty or forty years has been the gradual disappearance of the private country banker, as a result of the process of absorption and amalgamation. In the year 1813 there were 900 banks in England and Wales which issued their own notes. In 1844 there were 207 and by the year 1901 this number had fallen to thirty, while in 1919 it had shrunk still further to six. These last have now disappeared. This reduction has been the result, in the first place, of amalgamations between numbers of the small country banks, and later of the absorption of the remaining smaller fry by the big fish. Con-

currently the last decade has witnessed the amalgamation process between the larger banks, which culminated in the "big five" banks,[†] which control five-sixths of the banking resources of England and Wales. These "big five" banks are Barclays, Lloyds, the London County Westminster & Parr's, the London Joint City & Midland, and the National Provincial & Union Bank of England. The last three signify by their titles the larger banks that have been absorbed; while Barclays have absorbed among others the London & Provincial and the London & South Western Bank; and Lloyds a few years ago took over the Capital & Counties Bank. The "big five" have some 6350 branches in England and Wales out of a total of less than 7700 banking offices; while their aggregate deposits at the end of 1921 amounted to over £ 1644 millions, out of a complete total of £ 1975 millions in all the Joint Stock Banks of Eng-



Credit Lyonnais, 40 Lombard street, E. C. 3



Comptoir National d'Escompte de Paris, King William street



Head office of the London Joint City and Midland Bank, Ltd.

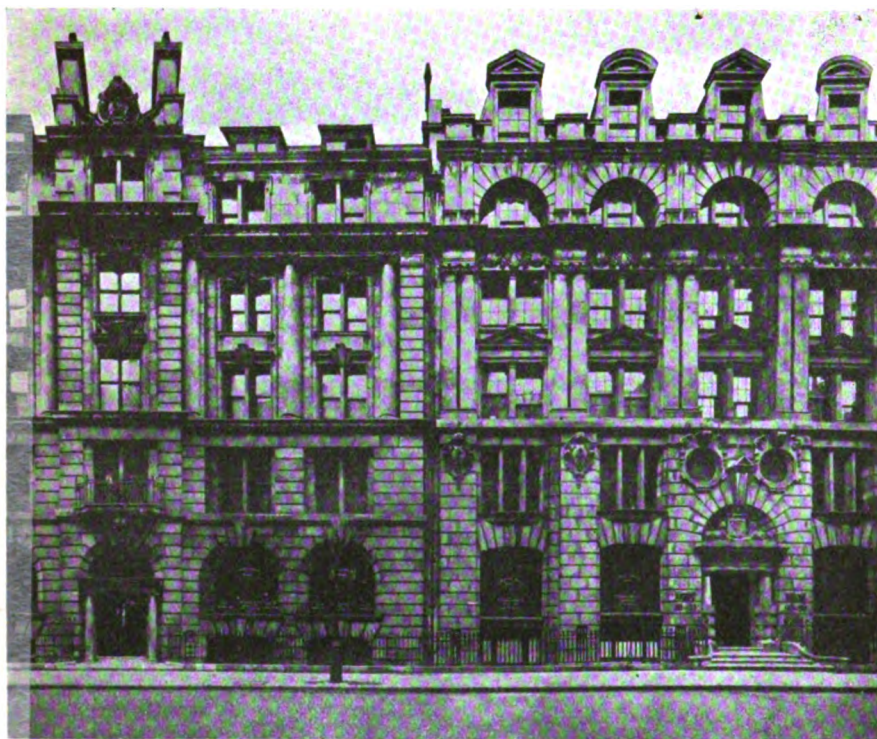
land and Wales. Some of these banks have also latterly acquired controlling interests in Scottish and Irish banks. The Scottish and Irish banks as a whole, however, still maintain their attitude of independence.

DEVELOPMENT OF INTERNATIONAL BANKING

The amalgamation movement was scarcely checked by the war, but the latter was at the same time responsible for development in another direction, namely, towards the internationalization of banking. Fifty years ago foreign exchange was a business left entirely to the foreign bankers and bill brokers, but now every bank of any size has its own

foreign exchange department. Moreover several of the large banks have thrown off the old insular traditions of British banking and have extended their activities in foreign countries, either by the opening of foreign branches or by creation of foreign subsidiaries. All this has meant an increase in the foreign banking business of London and closer ties with foreign bankers.

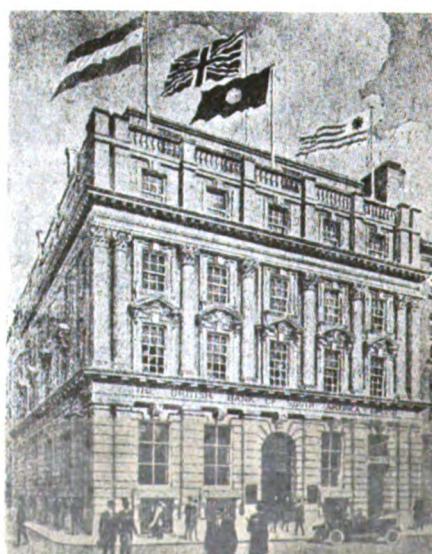
But London has always adopted free trade principles in the matter of banking and has set no restrictions upon the foreign or oversea banker who wishes to open an office and conduct business in London. As a result there has for many years been a large number of foreign banking institutions in London, whose activities have all added grist to



Commonwealth Bank of Australia, 36-41 New Broad street



National Bank of South Africa, Ltd.



British Bank of South America, Ltd.



The National Bank of New Zealand, Limited, 8 Moorgate

the financial mill. Some of the more important concerns in ex-enemy countries had offices and large connections in London before the war, but in August, 1914, these houses were of necessity closed down and business has not yet been resumed. Some of the Russian banks also had offices in London, but business is, of course, practically at a standstill. Leaving these concerns out of account, there has been a slow but steady increase in the number of overseas banks with offices in London during the past twenty or thirty years. The tables on page 36 show the growth of the figures of the British banks and of Colonial and foreign banks having London offices. It need hardly be mentioned that the large expansion in the figures in the last decade is almost entirely due to the inflation of the war period. In the case of the foreign banks the various currencies have been converted at par of exchange throughout.

SPECIAL TYPES OF FOREIGN BANKS

Another interesting development has been the formation in London during the past few years of banking institutions for the special purpose of conducting overseas business. This is largely an outcome of a more intensive foreign trade policy in this country which was considerably fostered by the Government during the war. At first many of the old established merchant bankers were not inclined to view this development with favor. But, as stated before, the big joint stock banks had launched out with their foreign exchange departments, and the movement, now gathering fresh impetus from the pressure of public opinion, especially from the manufacturing north, brushed aside the objections of these waverers, and proceeded to prepare for big developments in post-war overseas trade. Groups of English and Scottish joint stock banks banded themselves together and formed overseas banks. Foreign business would

JOINT STOCK BANKS OF ENGLAND AND WALES
(Excluding Bank of England)

	1890 £	1900 £	1910 £	1920 £	1921 £
Number of banks	104	77	45	20	20
Capital and reserves	67,826,000	78,847,000	80,946,000	128,154,000	129,131,000
Deposits	368,663,000	586,726,000	720,687,000	1,961,527,000	1,974,898,000
Discounts and advances	269,507,000	395,313,000	467,880,000	1,263,091,000	1,280,171,000
Total resources	464,075,000	698,762,000	862,134,000	2,200,317,000	2,185,438,000

JOINT STOCK BANKS OF SCOTLAND

	10	10	9	8	8
Number of banks	10	10	9	8	8
Capital and reserves	14,755,000	16,217,000	17,559,000	17,911,000	18,521,000
Deposits	91,610,000	107,154,000	106,652,000	279,228,000	291,060,000
Discounts and advances	60,103,000	70,395,000	70,661,000	153,122,000	150,850,000
Total reserves	117,874,000	137,498,000	137,850,000	339,166,500	344,974,000

JOINT STOCK BANKS OF IRELAND

	9	9	9	9	9
Number of banks	9	9	9	9	9
Capital and reserve	10,374,000	10,894,000	11,475,000	12,899,000	13,154,000
Deposits	38,521,000	49,449,000	62,508,000	200,441,000	212,860,000
Discounts and advances	28,791,000	37,464,000	44,127,000	109,623,000	119,275,000
Total reserves	56,132,000	67,988,000	82,150,000	240,391,000	246,881,000

PRIVATE BANKS OF ENGLAND AND WALES
(1895)

	38	19	9	5	5
Number of banks	38	19	9	5	5
Capital and reserves	11,834,000	6,192,800	3,535,100	3,123,100	3,186,700
Deposits	70,372,000	40,420,000	26,808,000	50,864,600	48,306,800
Discounts and advances	36,320,000	20,919,600	15,912,700	35,501,400	36,214,400
Total resources	85,483,000	48,029,200	31,497,700	55,012,400	52,464,000

COLONIAL BANKS WITH OFFICES IN LONDON

	1890 £	1900 £	1909-10 £	1920-21 £	1921-22 £
<i>African</i>					
Number of banks	2	5	9	6	6
Capital and reserves	2,005,800	4,684,000	8,239,700	17,975,700	17,620,100
Deposits	10,408,600	24,424,900	43,628,800	151,698,100	128,533,000
Discounts and advances	10,920,700	18,559,700	30,509,200	126,626,600	99,519,400
Total resources	16,672,400	35,306,300	61,144,200	211,874,700	180,687,900

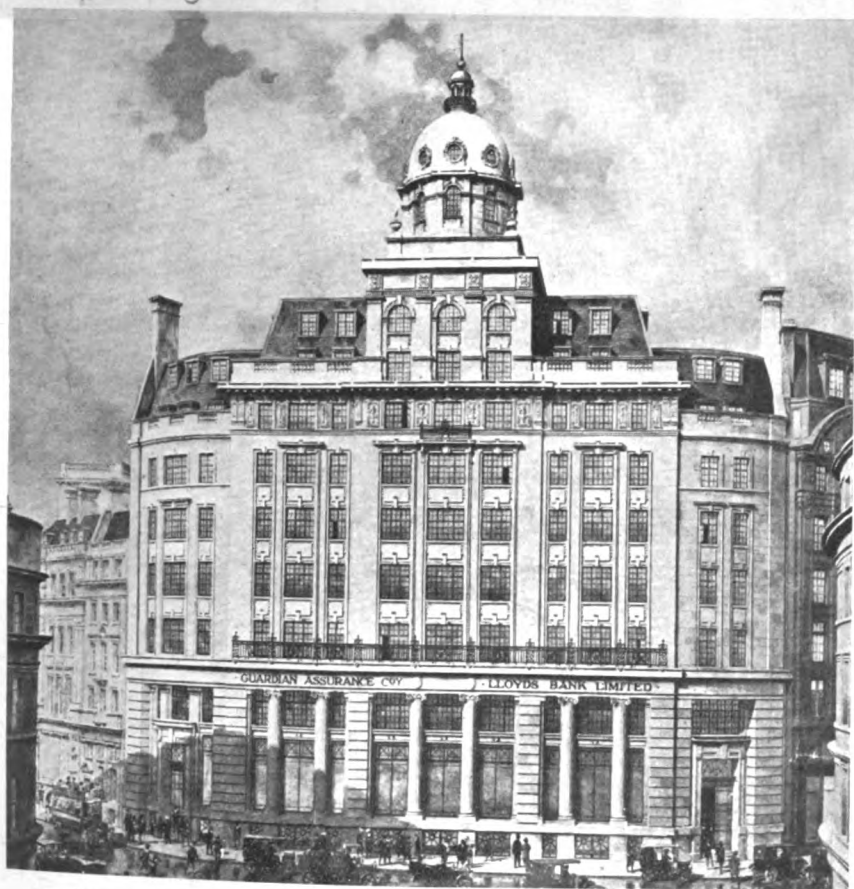
<i>Australasian</i>					
Number of banks	19	16	17	15	14
Capital and reserves	24,424,100	30,307,100	33,612,300	53,991,400	53,731,900
Deposits	138,065,900	107,408,600	152,885,400	273,364,800	278,162,800
Discounts and advances	145,535,900	102,820,200	132,956,900	251,737,800	247,031,600
Total resources	184,931,200	157,299,500	212,615,200	381,546,300	384,576,000

<i>Canadian</i>					
Number of banks	4	4	5	8	7
Capital and reserves	6,907,100	6,679,100	13,122,300	39,248,600	37,564,400
Deposits	9,182,400	17,584,600	83,600,500	377,965,500	344,088,300
Discounts and advances	17,123,600	23,488,000	54,269,400	238,425,300	209,336,800
Total resources	22,200,300	30,544,200	107,995,700	477,958,900	426,239,300

<i>Indian</i>					
Number of banks	5	5	5	4	4
Capital and reserves	4,347,200	3,186,800	6,100,000	14,171,500	14,565,800
Deposits	17,964,400	18,084,800	34,547,000	118,352,600	95,873,000
Discounts and advances	27,541,300	22,147,300	32,101,200	108,740,200	82,457,500
Total resources	36,003,400	30,207,600	47,339,600	159,492,400	130,327,500

FOREIGN JOINT STOCK BANKS WITH LONDON OFFICES

	1890 £	1900 £	1910 £	1920 £	1921 £
Number of banks	18	28	35	33	31
Capital and reserves	25,323,700	73,164,100	160,733,200	224,581,100	227,604,600
Deposits	63,009,500	192,193,500	639,811,100	1,847,930,600	1,818,696,200
Discounts and advances	97,174,800	270,218,400	774,235,800	1,701,199,000	1,560,542,600
Total resources	128,099,900	347,649,300	993,706,600		



* Temporary premises of Lloyds Bank Ltd., being occupied while the Lombard street premises are being rebuilt

be passed on to them by the parent undertakings. Men who understood the intricacies of commercial credit and foreign exchanges were eagerly sought for and many of the older foreign business houses were concerned over the loss of men in this direction.

Apart from the coöperation of joint stock banks to father the formation of concerns whose operations would be mainly in connection with business abroad, some of the great London banks have been actively extending their own tentacles in foreign lands. Old-fashioned banking opinion at first looked askance at the new policy, arguing that it tended to weaken the basis of security and that, if the banks wished to compete with foreign banks in their own countries they should establish entirely separate

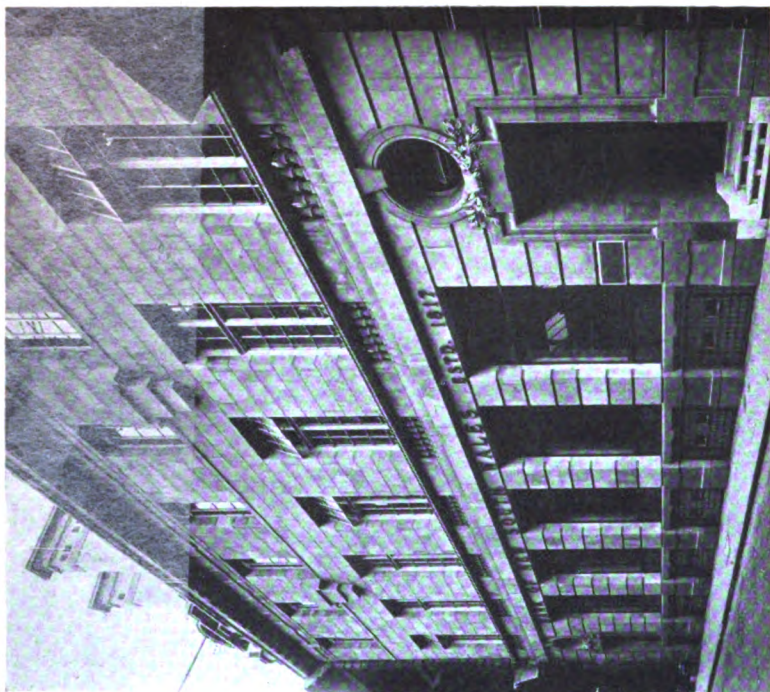
concerns for the purpose. This "purist" prejudice is slowly breaking down and the activity of London banks in foreign countries is expanding.

LONDON AS AN INSURANCE CENTER

London may also be said to be the center of the insurance market. In the history of insurance the most important part is played, perhaps, by Lloyd's. Originally a little market in Edward Lloyd's coffee house, it has now become an enormous corporation whose members in a year of peace had an aggregate premium income of thirty million pounds, a total which is said to be larger than that of any other insurance institution in the world. But while the ordinary insurance company has a large office and staff, Lloyd's underwriters as



Union Discount Company of London, Limited, 39 Cornhill



Bank of New South Wales, 29 Threadneedle street



Union Bank of Scotland

a rule have but a comparatively small staff and do their business with the insurance brokers in an apartment in the Royal Exchange, known as "the room". In a recent lecture, the chairman of Lloyd's attributed its high prestige to four causes:

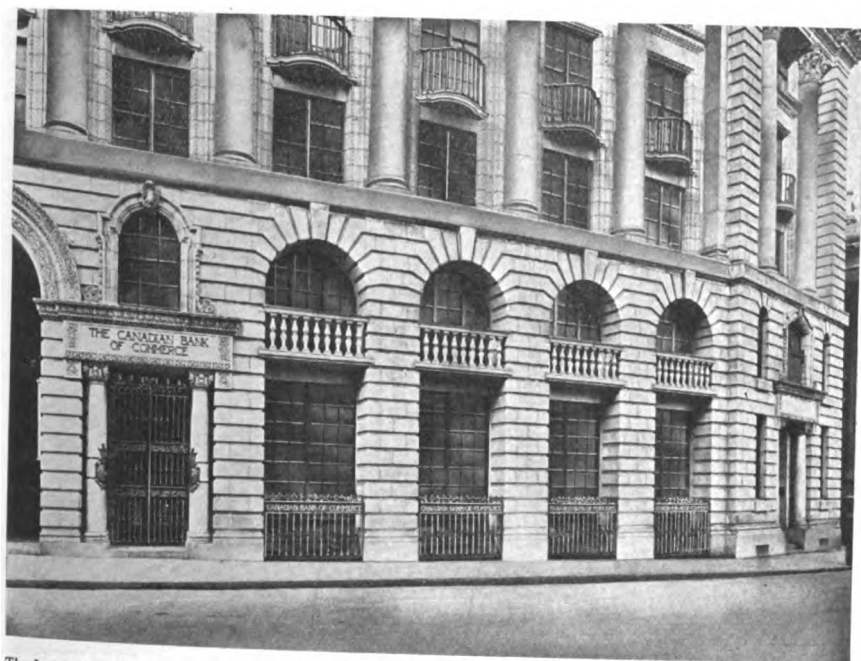
1. That a Lloyd's policy is first-class security.
2. That a reputation has been gained for prompt, just and liberal settlement of all straightforward claims.
3. That the market is readily adaptable to new risks and the changing needs and conditions of **business**.

4. That Lloyd's is the center of the finest shipping news service that the world has ever possessed, and is connected by tradition and by name with the great institution known as Lloyd's Registry.

London is also the home and headquarters of most of the largest insurance companies—the great composite offices and also companies devoted especially to various branches of the business. Some indication of the scope of the world-wide operations of these concerns is given in the following table of the



Bank of Scotland



The London office of the Canadian Bank of Commerce at 2 Lombard street, E. C. 3, adjoins the Mansion House and faces the Bank of England and Royal Exchange

accumulated balances of Life Offices,
compiled by the London "Statist":

ACCUMULATED BALANCES

Year	Total balance £	Addition for year £
1920	525,363,176	19,756,916
1919	505,606,260	19,314,477
1918	486,291,783	20,483,516
1917	465,808,267	5,621,687
1916	460,186,580	8,327,030
1915	451,859,550	3,105,119
1914	448,754,431	11,500,612
1913	437,253,819	14,555,408
1912	422,698,411	13,682,372
1911	409,016,039	13,972,734
1910	395,043,305	11,028,872
1900	270,627,941	9,904,794

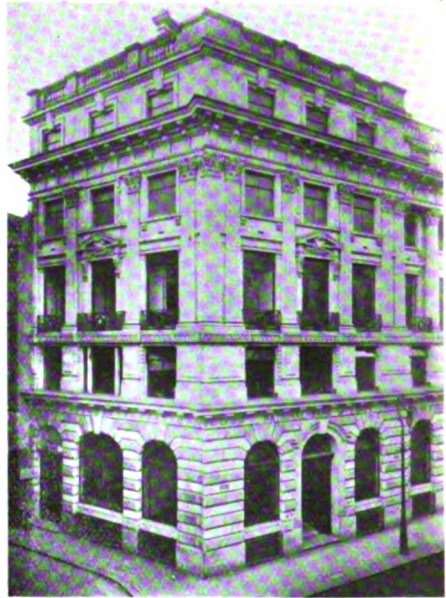
WORLD CAPITAL SUPPLIED BY LONDON

In pre-war days London's new capital market was the happy hunting ground of public and private borrowers in all parts of the world. The outflow of capital was, however, stopped by the great war in 1914, when all resources were concentrated upon war finance and practically the only loans abroad were the huge advances made by the British Government to Allied Governments. In 1913, according to the London "Economist," the amounts of new capital raised openly in the London market in the last three pre-war years were geographically distributed as follows according to direction of destination:

Destination of new capital	1911 £	1912 £	1913 £
United Kingdom	26,145,900	45,335,300	39,951,200
British Dominions and Possessions	64,994,800	72,642,400	76,137,200
Foreign countries	100,618,700	92,872,300	84,448,600
	£191,759,400	£210,850,000	£196,537,000



Bank of Australasia, 4 Threadneedle street



National Bank of Egypt, 6-7 King William street



Royal Bank of Scotland, 3 Bishopsgate, E.C.2



Union Bank of Australia, Ltd., 71 Cornhill, E.C.3

The figures for 1920 and 1921 show that after the break caused by the war, the outflow of capital is being steadily, if slowly, resumed:

Destination of London's new capital	1920 £	1921 £
United Kingdom.....	328,021,400	276,176,500
British Dominions and Possessions.....	31,639,800	90,577,800
Foreign countries.....	7,888,400	22,223,900

Total £367,549,600 £388,978,200

The figures of capital raised in London for domestic employment were swollen in 1920 by the great, but transient, industrial boom, and in 1921 by the large borrowings of the British Government for the purpose of replacing floating debt or foreign obligations. The steady flow of capital abroad for many decades before the war made London into one of the world's chief international security markets. It is also not to be forgotten that the great store of foreign securities thereby accumulated stood this country in very good stead, when the crucial period of war finance arrived.

LONDON'S FUTURE FINANCIAL POSITION

Attention has been paid in the foregoing pages mainly to the pre-



Banco de Bilbao, London office

war position of London. What of London's position as a world financial center today compared with the position at the outbreak of war when, as a well-known financial observer has written, "the suddenness and fulness of the blow that fell on London was nothing else but her own overwhelming strength. She was so lonely in her strength that her strength overcame her. She held the rest of the world in fee with so mighty a grip that when she said to the rest of the world, 'Please pay what you owe me', the world could only gasp out, 'But how can I pay you if you don't lend me the wherewithal?' If there had been any rival who could have taken London's mantle from her shoulders and come forward as the provider of credit, London could have called in her debts. But there was none." The wild riot of the exchanges at the end of July, 1914, revealed London as financial mistress of the world. The war gave to one great rival and one alone—New York—the opportunity to wrest that position from her. How far this has been done is a question that is too controversial to



Banca Commerciale Italiana



Head office in London of the Chartered Bank of India, Australia and China

be entered upon here, and that lies outside the scope of this article. But let me say in conclusion that London financial opinion holds that there is heaps of room for London and New York to work side by side as the world's great financial centers, without ruffling each

other's susceptibilities by quarrelling over the question of relative importance. In this friendly race one of London's greatest assets is probably that long tradition and wealth of inherited experience on which I ventured to lay stress in the early paragraphs of this article.

London the Financial Center

By Sir Felix Schuster, Bart.

Governor Union of London and Smiths Bank, 1895-1918; now Director National Provincial and Union Bank of England, Limited

THE question has been asked, What are the factors that have tended to create and maintain the position of London as the financial center of the world? That she has occupied such a position for a century or more will be generally admitted, but it would take volumes to trace historically the causes which led to its foundation and ever-increasing importance. The geographical position of England, her history, her natural resources, the character of her people and her commercial traditions during centuries of international trade, all have contributed; but were it necessary to point out the leading factor, which has enabled her to maintain the position during say the quarter of a century before the outbreak of the Great War when other nations had attained equal industrial and commercial development, I would say it was the strict maintenance of a sound currency; the gold standard coupled with a highly developed banking system. As the one free market for gold, she took command of the various money markets all over the world and the movements in the reserve of the Bank of England and the rates of that bank made themselves felt in all commercial and financial centers.

When the Napoleonic wars had come to an end and specie payments had been resumed, not without a severe struggle and not without such controversies as we have seen recently revived, gradually her trade assumed a preëminent position in Europe and in overseas countries. It is extremely difficult always to trace cause and effect, difficult to say whether sound currency and finance developed our foreign trade, or whether our large foreign trade and its development brought out more clearly the necessity for sound currency and good banking. Be that as it may, the two seemed to

grow together, and considering the fact that the great inventions such as steam and electricity, which have revolutionized modern trade, originated in England, it is not surprising that such rapid strides were made, not indeed without a struggle as the discussions prove which led to the Banking Act of 1844. Then were laid the foundations of the currency system, which prevailed until the outbreak of the war, followed rapidly by the growth of the joint stock banks, and the system of deposit banking in which England took the lead, thus helping the development of our commerce and industry. This banking system founded on a gold currency, and assisted by a number of old-established private merchant-banking firms bringing trade and credit facilities to all parts of the world, has helped to make London what she became.

Three questions present themselves when we now consider this position.

- (1) Has she stood the test?
- (2) Has this financial supremacy been beneficial or otherwise to the other nations?
- (3) Will the position be maintained in the future?

As to question 1, I think the answer is undoubtedly in the affirmative. When the greatest test of all came in the outbreak of the world war of 1914, it is remarkable how easily, comparatively speaking, the first shock was overcome, how rapidly methods were devised to deal with an unprecedented and dangerous position, and how efficient those methods proved to be. Admittedly trade and finance were carried on on a credit basis. That credit proved to be laid on a sure foundation. At the outbreak of the war the amount of bills on London circulating throughout the world was probably between four and

five hundred million sterling; acceptances granted as a legitimate way of financing the movement of goods throughout the world, most of which had not yet arrived at their destination. All these bills accepted by houses of approved standing, such as by far were the vast majority, were met, and no foreigner who had trusted in British credit was exposed to loss through the breakdown of any firm in consequence of the sudden interruption of all commercial transactions. The measures taken to prevent any catastrophe were devised rapidly and came into effective and immediate operation soon after the commencement of the war with the assistance of the Government through the Bank of England; and now, although official information has not yet been published, it can be safely asserted that by far the greatest portion of any advances obtained through this channel have been entirely liquidated, and that no loss will accrue to the State. No small achievement this, and an incontestible proof that the credit which British firms had enjoyed, and which had made British bills equivalent to gold all through the world (such bills having been actually held as gold reserves in several note-issuing banks abroad), was well deserved and stood the severest test to which it could have been exposed.

But it may be asserted that the free market in gold has broken down, and that the value of the British pound sterling has depreciated compared with the dollar. True, but let it be remembered that during the war the gold parity between the dollar and the pound sterling was maintained, greatly owing to the vast resources in foreign securities at the command of the London money market; and let it be remembered that when, a few months after the conclusion of the Armistice, Government intervention was removed and exchanges were allowed to take their normal course, after only a comparatively brief interval the exchanges improved again, so that the prospect of their attaining their normal level without any artificial

aid in a comparatively short period does not seem to me open to question, and this at a time when the condition of Central and Eastern Europe is entirely unprecedented and a great obstacle to normal trade conditions. Let it be remembered also that during the Napoleonic wars specie payments had to be prohibited, and that it was only after considerable time and discussion that they were resumed owing to the sound common sense of the commercial classes prevailing then as now. Sound currency, sound trading principles and traditions, these were the foundations, on which British commerce and finance were based, and to which it owed its prosperity and preëminence. These principles and traditions are still with us.

As to the second question, again I think it may be asserted with confidence that if the financial supremacy of London was to be beneficial to her, it was of equal benefit to other nations and has never been abused. London became the creditor nation of the world, but she freely lent her resources to undeveloped countries. There is hardly a nation in the world whose commercial progress, industrial development, and construction of means of communication throughout the nineteenth century has not been largely aided by British credit, and it is only by so using the power obtained that a creditor nation can maintain that position while at the same time assisting the progress of other nations.

The third question is not so easily answered; in attempting to do so we have to remember the conditions which led to the establishment of the position we have discussed, which conditions are still maintained; we may bear in mind that the severest test to which a commercial nation can be put has been successfully overcome, and recollect moreover that notwithstanding the fact that she parted with a vast amount of foreign investments, England still remains a creditor nation. When the difficulties of Europe have been overcome in the course of years, and insuperable as they

may seem, they must be overcome before so very long, a new period of industrial and commercial activity such as has not been witnessed for a long time may be expected. I think therefore that we need have no fear as to the leading position the London money market is destined to play in the maintenance and future development of world-wide trade and finance. I call it a leading position; I do not use the word "supremacy". Other conditions have arisen which we are bound to recognize, and there is no room now for supremacy in one center or another; the problems that the reorganization and the rehabilitation of trade throughout the world present, and the demands on the gold resources of the world are so vast that not only one center but more than one are necessary to carry on the work with smoothness and efficiency. As a London banker I welcome the fact that happily before

the war the United States had organized and called into being a banking system, which has been already of immense benefit to her, and through her to the world; that she has a currency surely resting on a gold basis and will be able to take her share and a leading share in the tasks, which it seems will fall on the shoulders principally of the English-speaking nations. I see no cause for rivalry or jealousy between the two. Both will be needed. Healthy competition between them will be only salutary, but on the whole there must be no rivalry but coöperation in the most cordial and mutually trustful manner. London will lose nothing of her importance by conceding part of her work to her partner on the other side of the Atlantic. There is plenty of work for both of them to do, and through hearty coöperation between the two nations such work will be best accomplished.

Solidity a Factor in London's Position

By Henry Bell

Director and Manager Lloyds Bank Limited

I AM asked to contribute a short article dealing with the conditions, as I view them, which have tended to establish London's commercial and financial supremacy, and as I am a constant reader and admirer of THE BANKERS MAGAZINE I shall be glad to deal in a general way with this most interesting subject.

I believe that the most important factor in the commercial and financial position of London is solidity. This work-a-day word carries its own meaning very clearly. It connotes length of years; financial responsibility; straight dealings; and what we are perhaps somewhat arrogantly inclined to think a certain British quality—of direct straight-forwardness in business. If it

is true that in these shaken days of commercial morality there is still a large body of men whose word is as good as their bond, and who can be absolutely trusted to carry out their engagements, it is obvious that the city in which they have their home must have a character of its own which enriches it as a business center. If it be true that the London of trade and commerce has meant that there were great firms and companies which could be absolutely trusted to pay when they had bought, and to deliver when they had sold, who never sought to set aside a bargain because that bargain had varied unfavorably in the result, then that alone would have accounted for a certain supremacy, and that supremacy can only be continued as

the result of the same cause. One might almost have written "honesty" in place of "solidity", but in my meaning of the term I think I have indicated that straight dealing is of the essence of what I mean by it.

Secondly, I should say that another reason for London's peculiar position is its amazing comprehensiveness. I wonder if there is one article of commerce which could not be procured by a visit to some merchant or other in the City of London. A great number of commodities are neither produced in Great Britain nor the British Empire, but, none the less, I suppose there is available in the warehouses of London, or very quickly procurable, every article of trade and commerce that the world requires. Our friends from abroad visit Westminster Abbey and Kew Gardens, and they are indeed wise in so doing, but might I suggest that they also should visit the East India Docks warehouses, where is stored the wealth of Ormuz and of Ind. We are sometimes accused of our old-fashioned methods, but none the less I think we have the goods.

A third great asset of London, as I see it, is that it is in fact the open market of the world. I do not wish to enter into the perennial controversy of Free Trade vs. Protection, but so far as this country and its capital are concerned I am convinced that the maintenance of an open market is our outstanding strength. I would that in the interests of peace and prosperity all nations would open the doors of trade and allow an absolute freedom of exchange. A hundred reasons are given why this cannot be done, but I have never read a single one which, in my judgment, has any validity whatsoever. In any case I am convinced that the supremacy of London is bound up with the open market, and, with old Bastiat, I cannot for the life of me understand the cargo boat, the railway train, the viaduct, and the tunnel, with a great big bar at the termini to keep out the

goods which they have been provided to convey!

Finally, when they come to London, our American friends have often told me of our old acquaintance with the financial methods of the foreign credit. It is less a question of banking, as the term is generally understood, than of a very special kind of activity which has been known as "merchant banking". If your readers will turn to our very useful and interesting "*Bankers' Almanac*," they will see the names of such houses as: Baring Bros. & Co., Ltd.; Wm. Brandt's Sons & Co.; Brown, Shipley & Co.; Goschens & Cunliffe; Frederick Huth & Co.; Kleinwort Sons & Co.; König Brothers; Lazard Bros. & Co., Ltd.; J. Henry Schröder & Co., and others.

It has been the peculiar province of such great firms as these to make possible the financing of the great flow of trade between nation and nation and not only between foreign countries and Great Britain. The export of bags from India to South America, Indian tea to Russia, Chinese silk to New York, Havana cigars to Europe, Chilean nitrate to Germany, and a hundred and one other kindred activities have been financially facilitated by the London acceptance. All this has involved a variety of knowledge, a soundness of judgment, and a skill of administration which are the product of a century of experience.

With a befitting modesty I have not included the weight and standing of the British Joint Stock Banking system, which topic may be more properly left to others. But it may shortly be said that headed by that wise and venerable institution, the Bank of England, they do contribute some part, at least, to London's position of great financial strength.

May I end this short article with all good wishes to THE BANKERS MAGAZINE for the continued success of its most interesting pages.

London as a Financial Center

By Arthur W. Kiddy

Editor of the "Bankers Magazine" (London) and Financial Editor of the London "Morning Post"

PREVIOUS to the war, Great Britain's position as the financial center of the world was universally conceded. Even today there are some perhaps who would be disposed to concede to her that position and in no direction, perhaps, is that very courteous disposition more apparent than in America itself. Nevertheless the fact remains that whereas previous to the war Great Britain was on a gold standard and was able when occasion required to command the world's exchanges, she has no longer an *effective* gold standard; the chief exchange of the world is against her and international gold transactions are now based more upon the dollar than the pound sterling. It may be of interest therefore to propound one or two questions at the present juncture, and although it is easier to do so than to answer them, they may nevertheless suggest certain practical thoughts with regard to the future of international finance.

WHAT IS A FINANCIAL CENTER?

What do we mean by a country being the leading financial center or having financial supremacy? One of the most striking results of the war has been its effect in getting the mind down to fundamentals. Like some great earthquake the war shattered the economic and financial machinery of nations into fragments, and during the work of reconstruction it is not surprising that we should have examined the parts of that machinery with particular attention and have endeavored to investigate more closely terms and definitions which had in many cases come to be mere catch phrases. Accepting for a moment as true the pre-war assertion that Great Britain was the leading financial center of the world, it seems tolerably plain that the position was not due to su-

premacy in the matter of actual wealth, for carefully considered the United States had even then the best right to that position, especially if potential as well as present resources were taken into consideration. But if Great Britain was inferior to America in the matter of actual resources, she was completely ahead of America in all activities relating to the financing of other countries; she was in fact, by general consent, the world's chief banker, and arising out of that position bills of exchange, which at that time may be said to have represented the international currency of international trade, were drawn upon London houses to an extent which prevailed in no other country. I take it therefore that it was on account of her supreme position in the matter of financial activities, and the automatic control which it gave her of the foreign exchanges, that the term of "the leading financial center" or "the country enjoying financial supremacy" was legitimately applied to Great Britain.

LONDON'S LEAD

What were the causes responsible for London being the leading monetary center? The question is one more suitable for the title of a three-volume treatise than for a few paragraphs in a sketchy article, and of necessity I can only deal with fundamentals and only with great simplicity. The first and most simple explanation was to be found in Great Britain's seniority in the matter of age and experience. At the bottom of all financial and commercial prosperity is—Trade. By reason of the number of centuries she had been in business, to say nothing of geographical position and maritime superiority, Great Britain was foremost in establishing trade relations with every quarter of the globe, and long before America was a nation

had not only consolidated these connections but had accumulated great stores of surplus wealth, which we shall see later aided her in maintaining the lead secured. Moreover, in considering especially the great position taken by London in the past century I am inclined to lay stress upon the fact that during those years she was far and away the leading Naval Power, while after the Napoleonic wars and until the great rise of German militarism she was, despite her small standing army, the greatest military power. Time and again, when outlays on the navy were challenged by radical or socialist parties, the challenge was invariably defeated on the grounds that those outlays constituted a *great fund for insuring and protecting the national prosperity*. And just as great Britain got a big start in the matter of time with her trading and with her accumulation of trading profits, so as a natural consequence the accumulation of surplus stores of wealth gave her a start in the matter of financing other nations and of becoming the banker of the world. In fact during the past century one of the chief explanations of Great Britain's financial supremacy is to be found in the extent to which she used her surplus resources in financing the needs of other nations. On looking back it will be found that almost invariably through the past century years of activity in the matter of British loans to foreign countries were followed at a later period by increased activity in British trade, and although, as explained later, there was a tendency of late years for Britain's visible favorable trade balance to diminish, it was none the less a favorable balance after invisible exports, in the shape of freights, etc., were taken into consideration. If to these causes is added Britain's natural aptitude for banking and finance and her free gold market, I believe that within the compass of this brief article, I have enumerated the salient points responsible for the position of financial supremacy in

which Great Britain found herself previous to the Great War in 1914.

THE POSITION TODAY

Before asking the pertinent question of whether Great Britain is to retain this financial supremacy, it will be better, I think, to raise the intermediary question of *what is Great Britain's position today?* Inasmuch as it is tolerably clear that so far as can humanly be discerned predominance as a financial center is to attach either to Great Britain or to the United States, I would like at this point to recall a most important landmark in the financial developments of the latter country. A little while previous to the year of the war there were two rather important developments or signs of the times. As regards our own country, while its position as a financial center was quite unchallenged, there were not wanting signs of a slight waning, not of London's financial power as measured by her financial activities, but of her power to command the exchanges through an invariably favorable trade balance. As a consequence in part of Great Britain's financing of new countries, some of those countries—including Germany—had become so wealthy and powerful and so strong in the matter of industrial and manufacturing activities as to reduce the visible trade balance in favor of Great Britain, and one sign of this change was to be seen in the fact that bank rate had become a slightly less powerful influence in moving the exchanges when occasion required in our favor. The other sign of the times previous to the war was the reform in the banking system of the United States. The fact that for so many years the wealthiest country in the world had by reason of its imperfect banking system to rely almost entirely upon Great Britain in times of emergency may oftentimes have imposed a strain upon us, but unquestionably it gave us at the same time one of the greatest possible advertisements of our power as a lending center. In those days it was possible by a rise in our

own bank rate to exert an almost immediate effect upon American activities, whether in the commodity market or in Wall street, for none knew better than American business men and American financiers that in the last resort the final lending power was not so much in Wall street as in Threadneedle street. When therefore your banking reforms were introduced it was perfectly clear that to the extent to which they proved successful, the financial position of London was likely, for a time at all events, to be affected.

EFFECTS OF WAR

Scarcely had your new banking system been really established when the great European war burst suddenly upon the world, and on looking back it is truly remarkable how much America and the whole world owes to the fact that far-seeing men in your country had brought about the reforms in your banking arrangements in the very nick of time. No one will deny to Great Britain the great things which she accomplished in financing the war, greater indeed perhaps than could have been accomplished by any other country, because in addition to tangible resources she had a credit which may fairly be said to have represented the accumulation of the experience and tradition of centuries. Nevertheless the plain facts must be faced, and while the rush of the exchanges, including the American, in Britain's favor immediately after the war was a flattering testimony to her power at that time, the borrowing countries had a rude awakening in a perception of the fact that even the world's leading banker can be in a position involving the sudden calling in of loans! In the next place it was found that even leading monetary centers can have moratoriums, while in the third place it was discovered, at a later date, that not even the strongest financial center can withstand the abnormal effect of a great war upon its financial traditions and principles, so that one of the avowed causes of London's financial supremacy namely, the effective gold standard

maintained through a free gold market was temporarily abandoned. Moreover during the war and during the years immediately following the war Great Britain, apart from the financing of her Allies, had to leave the financing of the rest of the world entirely in the hands of the United States, and during that same period all dealings in gold were measured in terms of the dollar, while so far from Britain financing America, that country was compelled to sell to you practically the whole of her holding of American securities and in addition to incur an enormous external indebtedness chiefly to the United States. And now, today, some four years after the war, although Great Britain has recovered a good deal of her trade and apart from the United States has cancelled most of her external indebtedness, the free gold market is not restored; America plays the greater part in financing the needs of other nations; America has gold accumulations beside which Britain's previous store appears a meagre affair, while as a result of her years of neutrality America has increased her business connections with many parts of the world and the dollar bill has grown in favor. Finally while at the end of the war America stands as a rightful creditor of European governments to the extent of over £2,000,000,000, Great Britain is a debtor of about one half that amount to America and seems unlikely to obtain anything of the £2,000,000,000 owed to her by her Allies.

AN UNCERTAIN OUTLOOK

These are facts which must be plainly faced when considering the final question I have to propound, namely, *Will Great Britain finally retain its financial supremacy and London its position as the leading monetary center?*

In considering this matter I do not propose, although writing in the American BANKERS MAGAZINE, to indulge in mere international amenities. I notice a disposition on the part of most American bankers who visit London to readily yield to us today the position of leading

center and to assert that we shall always maintain it. I appreciate the friendly courtesy which inspires those remarks, but I venture to think that there is a sense in which the whole matter is on the lap of the gods. In the first place it is well to remember that a country can not, no more than a private firm live upon its past traditions. In fact if it relied upon them too completely the result would be disastrous. I do not consider that anyone could really determine today which is the leading monetary center, though by reason of her free gold market America would undoubtedly be entitled to the position if she cared to lay claim to it. On the other hand, it is rather open to question whether even now Great Britain might not be the greatest creditor country as measured by her holding of foreign securities, while of late there has been a considerable revival in her activity in the matter of making loans abroad. As a matter of fact one great test of the situation, namely, the bill of exchange, is at present lacking, because since the war the international credit system has become so impaired that colossal foreign exchange dealings have rather taken the place of the dealings in the old international bills of exchange, and I suggest that in this matter of dealings in exchange activity tends to center in London quite as much as in New York.

The fact is that international politics and monetary and currency systems themselves are all in the melting pot, and it seems well-nigh impossible to determine what will be the final trend of events. Under what might be described as normal developments I should support the likelihood of Great Britain ultimately reestablishing her position as the leading banking and monetary center, and I should base that opinion very largely on the fact that I believe the attributes essential to that particular form of activity to be as peculiar to Great Britain as her maritime instincts. Readers of the *AMERICAN BANKERS MAGAZINE* will note that I am making a complete distinction here between wealth

supremacy and the supremacy of a financial center. As regards the former you already take the lead, and subject to occasional setbacks will undoubtedly retain it, and because of that fact will exercise the power which attaches to great wealth in the hands of a virile people. As regards the purely financial functions of the banker, however, I believe that given ordinary developments and opportunities Great Britain would sooner or later take the lead. But *will* the developments be normal? As I have said, systems political and financial are now passing through the crucible and the difficulty—not least as regards this country—is to judge what is likely to emerge. Inasmuch as Great Britain must necessarily be handicapped economically and financially by the results of the war, I believe that her chief danger lies in an imperfect realization of that fact by the British people.

BRITAIN'S DIFFICULT TASK

If it be true that trade and commerce are the foundation of financial power, and if it be also true that there was some waning in that power in this country previous to the war (the effect of which was not fully realized because of our huge accumulated wealth) then it follows that having regard to the enormous losses we have sustained by the war, and the change which has taken place between the respective economic positions of America and Great Britain, we have much lost ground to regain if we are to maintain our position as the leading financial center. Our banking position is as sound as of old and both traditions and expert knowledge of finance survive, but these are not sufficient in themselves to restore an effective free gold market and maintain London as a great financial center. There must be fresh industrial activities and the creation of new wealth on a sufficient scale to give us in times of need the requisite control of the exchanges. It remains to be seen whether in this task we shall be aided as we were

in the last century by those material forces represented by supreme naval superiority and whether also under the more democratic conditions prevailing

today our power not merely to create new wealth but to conserve it for productive purposes will be greater or less than in by-gone days.



London and New York Compared

By Hartley Withers

AMONG the causes of London's past supremacy as a financial center and the influences that will help her to maintain it in the future one of the most important is the weight of custom and convention and the slowness with which the commercial community, especially in the more economically backward countries, changes its habits. London had a start of something like a century in establishing this "good will"—that most elusive and yet most valuable of assets—while her young and lusty rival was the financial center of a country that was so hard at work in developing itself that it did not reach out vigorously for international business. The mass of wealth that the war poured into America's pocket gives her, perhaps fifty years sooner than would otherwise have happened, the power to challenge this supremacy. Whether she will take it depends largely on the use that she makes of her financial and commercial opportunities. There is plenty of room in the world for these two great centers to find business enough to keep them actively at work in friendly rivalry. In the meantime London's long start is a very important advantage for it has made the bill on London long familiar in many centers where the dollar bill is regarded as a newcomer, and newcomers have to work hard to win their way. This preference for the familiar currency, especially in sleepy and backward places, is an old story; it has been exemplified by the West Country British farmers who preferred the notes of their well-known local banks to those of the Bank of England, with all their

prestige and legal-tender advantages. And instances have been known when the preference for the familiar paper even induced customers of country banks which were known to be in difficulties to join in the "run" and then take the discredited bank's own notes, when they had succeeded in fighting their way to the counter. The sterling bill has so long been the currency of international trade that it is not surprising to find that it is still sometimes used even in settlement of commercial transactions between other countries and America, and that bills are to be seen today in Lombard street drawn against shipments of goods from China or Argentina to New York.

Besides this enormously important advantage of being first in the field, London enjoys the prestige which came from the sanctity of the gold standard in England and the freedom of the market for gold in London that were boasted and cherished before the war, from the stability and great reputation of her leading accepting houses and banks, and from her well organized discount market managed by highly trained specialists backed by a great wealth of experience and traditional knowledge.

Let us look at these advantages one by one and see how far New York can rival them.

In the matter of the gold standard and the freedom of the gold market New York has, as a matter of law and the legal right of a holder of American currency to convert it into gold, long been equally favored, and this legal right is now more than ever firmly established; while in London, though

British currency is still ostensibly convertible into gold, the holder of Bank of England notes or of Treasury notes would find a good deal of difficulty in turning them into gold and if he succeeded in doing so would only be allowed to take the gold out of the country if he further succeeded in getting the necessary license. Present circumstances are thus very much in favor of New York with regard to the gold standard. Nevertheless the business community all over the world remembers that in 1907 holders of claims on America were paid in clearing certificates. Under the new Federal Reserve Act these things are not going to happen again, but America has not yet quite lived them down; and, on the other hand, everyone knows that England's bankers have set their teeth tight in their determination to restore their gold standard and their free gold market and free gold export, all of which were only lost because England had to bear the brunt of financing her financially weaker Allies in the biggest and costliest fight that ever dissipated wealth.

As to the prestige of an English acceptance, based on the stability and solidity of the great private firms and public banks which do this business, this is a matter which New York can surely rival in time if she has the determination to do so. Her private financial firms already enjoy world-wide fame, but their fame is usually associated in the minds of foreigners with commitments and enterprises on an enormous scale and of a somewhat speculative character. The cautious conservatism of the English accepting houses, who have confined their financial operations chiefly to the handling of foreign government loans, has given them a reputation for safety which their American rivals can only win by a similar restriction, if they think it worth while to earn it at the expense of letting much profitable business pass by them. As to the banks, the American national banks were until lately not allowed to do acceptance business. They have now been given this power and there is no

doubt that they will make good use of it. At present however some American financial institutions are known or believed to have lost heavily by venturing into foreign business.

A discount market is an affair that will grow with the need for it, as and when American business expands. There is no reason why New York's ingenuity should not provide the necessary machinery for traffic in bills and every reason to count on its doing so if the volume of bills to be dealt in makes it worth while. And it is possible and likely that it will work out a market on its own lines perhaps by arrangements made among the banks without the intervention of bill brokers.

In all these matters of technical detail New York can undoubtedly imitate and perhaps improve on London's machinery and so make use of the great advantage given her by her position as center of a country that is now the world's creditor. But there remains yet another consideration, perhaps the weightiest of all. The sterling bill is known and liked all over the world because England's world-wide trade has made it so. She has built up this world-wide trade by opening her markets to all the world, saying that if anyone has goods to sell she will buy them if they are good enough. America is closing her markets as tightly as a tariff can shut them. This policy of hers, if she persists in it and if economic forces are not strong enough to defeat it, will be an obstacle in the way of her expanding her financial business, big enough to help London enormously in preserving her supremacy. Some people think that England's free trade policy, the keystone of her financial and commercial arch, may be weakened. But the new Conservative Chancellor of the Exchequer has just declared that protection for British agriculture is impossible; and if agriculture is to be still subjected to world competition, protection for British industry, apart from the futilities of the Safeguarding of Industry Act, is politically out of the question.

Banking Developments in England

By Dudley Ward

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BANKING developments in England during the war and the immediate post-war period still await systematic study, and the following sketch can do no more than attempt to suggest the broadest outlines of this movement. In 1914 the London money market was characterized by two main features, extreme sub-division of functions and a growing concentration through the absorption of smaller institutions by the larger London banks. Even at that time the latter tendency was subjected to severe criticism, and this was much increased in intensity in the general heart searching that accompanied the war. In spite of this, however, and in spite of the close control exercised through the restriction on capital issues the movement towards concentration was accelerated, and in the enormous demand for credit during the war and armistice period, which put so heavy a strain on the resources of the smaller institutions, the readiness on their part to give up their independence is comprehensible enough. The movement reached its climax some two years after the armistice, but only when the great majority of smaller banks had already been absorbed, and since that time the five big banks have been busily engaged in the quieter task of digesting and organizing their somewhat hurried acquisitions of the past few years. It should be added that in its later stages this movement of expansion extended beyond the English borders through the acquisition by some of the big English institutions of controlling interests in Scotch and Irish banks. In these instances, however, the formal independence of the local institutions has been maintained.

With regard to the traditional specialization of our English system the development has been more complicated. In many respects there has been no

change. The highly developed discount market, where most of the liquid cash of the banks is utilized through the agency of the discount houses and bill brokers, remains as before, and there are still the "running brokers", whose specialized knowledge of the bill market is at the service of the banks for their own bill buying business. Again there has been no change towards continental methods in stock exchange business, and no direct dealing for their clients by the banks themselves. In spite too of a great deal of criticism and some advocacy of German practices the English banks have shown no inclination to introduce innovations in the methods of the provision of capital for home industries, and new issues are still promoted on old-established and well-known lines.

It is in the field of foreign banking that the main changes are to be found, and here the contrast with pre-war conditions is a marked one. Before the war, although most of the larger deposit banks had already established foreign departments, these were relatively undeveloped, and the home banks had been content to leave foreign banking for the greater part in other hands. The foreign exchange market in London was undeveloped, and business was largely in the hands of colonial banks, the branches of foreign banks, and a few private houses. In the same way a very large part of the direct financing of foreign trade was left to the merchant banks, accepting houses, and the branches of foreign banks established in London. Of course the funds of the British banks were used in this business, but they were used only indirectly, the deposit banks being content to allow others to take the immediate risks and profits. The severance of connection resulting from the war and the growing feeling that more of the profits from the utilization of British funds should re-

main in British hands marked the beginning of the change. Already during the war one or two of the big deposit banks began themselves directly to enter the foreign banking field, with the establishment of branches in Spain and France, while all of them showed a tendency to increase the amount of their foreign trade acceptance business. This extension into the field of foreign banking has taken various forms. Two of the big banks have opened branches of their own on the Continent, one again has established the closest possible connection with a smaller British bank which became extremely active abroad during the war, both in establishing branches and in taking shareholding interests in foreign banks. Two again have coöperated in forming a foreign bank with a considerable number of branches abroad. Most have taken shareholding interests in colonial or foreign banks, and all of the big deposit banks have rapidly developed their foreign departments.

Side by side with this the lines for a different development, much more in conformity with English habits of mind, were already laid. On one side of foreign, or perhaps more correctly, of overseas banking, England was already, long before the war, fully represented, that is by the chain of colonial banks with either head offices or branches in London connecting England up with every part of the Empire, and by further groups covering South America and the Far East. The more natural line of progress and one perhaps more in conformity with the general tendencies of the London market is the extension of the existing network of overseas banks over areas not yet covered by them, and, as is already taking place to some extent, the development by the side of these of specialized institutions devoted solely to the business of foreign banking. Except in fundamentals, foreign banking differs from banking as known in home deposit banks in almost every particular, and the training and type of mind required for the successful

conduct of these two branches of the profession are very different.

In the general expansion of foreign banking business the most striking feature has been the growth of the London foreign exchange market, and in this, in contrast to the movement just discussed, we have an interesting example of the English tendency towards specialization. Before the war the amount of foreign exchange dealt in in London was, as has already been said, surprisingly small, apart from the activities of branches of foreign and colonial banks although already by 1914 a certain number of private banking houses were beginning to do an increasingly large amount of exchange business. With the Armistice there was a rapid and complete change. The British trader then found that he was forced to conduct a far larger proportion than before of his foreign business in currencies other than sterling. There were therefore his needs to be supplied, quite apart from the large speculative requirements resulting from the opportunities for gain and loss arising out of disturbed exchanges. This demand has been met in part by the big deposit banks, who have added foreign exchange to their other foreign banking business, and by the more recently founded specialized banks, in part by a growth of exchange dealers pure and simple, and in part by the older merchant bankers who have rapidly extended this side of their business to meet these new circumstances and to some extent to counter-balance the beginnings of a less rapid movement in their acceptance business. Almost unknown to the general public, and as it were underground, a reorganization has taken place in the exchange market. The first visible sign of this was the abolition of the bi-weekly meetings in the Royal Exchange which had for so many generations served as the basis of the London foreign exchange market. In its place the exchange brokers, who before the war had played a very subordinate role, became the center of the new organization. In its present form

the exchange market differs considerably from that of any other center. There is no hall or building in which dealers meet. Nor indeed, in the ordinary routine of business, do they come at all into direct contact either in person or by telephone. Instead the dealers, banks, banking houses, etc., form groups centering round the chief exchange brokers with whom they are in continual contact by telephone. Bargains are made through the brokers and the names of the counterparties are only disclosed after the completion of the deal. It should be added that the brokers, who of course do not themselves deal in exchange, carry specialization one step further by concentrating, at least the more important ones among them, on one exchange or group of exchanges. The primary function of the broker is to concentrate the various channels of supply and demand. But he performs a further function, that of acting as arbiter in all cases of dispute, a most important service in these days when dealing is carried on almost exclusively by telephone. A further advantage is that the broker, although he in no way guarantees any bargain concluded through him, can only put through bargains between approved clients and so does much to keep the market safe. No reference has been made here to the enormous development in forward dealing, nor to the dealings with the Continent by telephone or with America by cable, which are carried on as in other centers, directly between the dealers themselves. All that has been attempted is to point out the peculiarities of London exchange dealing, peculiarities which have developed so quietly and so much in accordance with those principles of specialization and division of labor which have distinguished the growth of the London money market, but which to some extent have been contradicted in other recent developments in foreign banking.

One further small feature may be mentioned, which up to now has attracted little notice. With the growth of acceptance business among the bigger banks there has become rather more prominent in London what may be called the "credit broker". This is a person whose experience has made an expert as to the credit standing of various traders or manufacturers requiring acceptance credits. This individual is thus in the position to act as intermediary between the credit seekers and the banks, much in the same way as the running broker acts as an intermediary in the discount market. He does not of course guarantee his clients, but he will naturally make no proposal to a bank which his own experience of the credit seeker does not lead him to believe can be satisfactorily liquidated. This system is better known on the Continent than here, but before the war it had become familiar in London through agents acting on behalf of German merchants in need of credits here. At present as a feature in English banking it has not gone far, but there are in it the germs of interesting possibilities.

Closely linked with this is the position of information work in banking, both as to credit standing and as to general economic conditions. Here and there the development of an intelligence service has been taken vigorously in hand, but in general London is still considerably behind the excellent organization of the bigger German banks and also behind the more recent work on this field in America. In England the conservative tendency to rely on gradually accumulated experience rather than on consciously directed investigation is still strong, and the importance of such work in the new fields into which English banking has ventured since the war has not as yet perhaps been sufficiently realized.



The American Chamber of Commerce in London and Its Activities

THE American Chamber of Commerce in London was founded in 1916 for the purpose of promoting a better understanding and a closer relationship between the United States and the United Kingdom. It was the firm belief of its organizers that there exists no better means to attain this end than through stimulating increase of commerce. Americans of high personal reputation resident in London and prominent for many years in Anglo-American trade not only founded this Chamber but in the interval have given continuously a certain amount of time and energy in looking after its interest, with the result that the position of this Chamber as a leading Anglo-American trade body has become more clearly defined with each successive year. It has the recognition and hearty coöperation of trade bodies and Government departments in both countries, and the truest testimonial of the worth of the work it is doing lies in the representative character of its own membership of 800 American and British firms and individuals.

ACTIVITIES

The Chamber has in its records a large amount of invaluable information for the Anglo-American trader, covering statistics on the movements of merchandise between the United States and the United Kingdom over given periods; complete lists of manufacturers and merchants in both countries with the commodities they have to export; records of suitable and reliable agents to represent American manufacturers in Great Britain or British manufacturers in America; names of the makers of trade marked goods; complete information in regard to incorporation requirements and income tax laws and regulations in either country for companies or individuals.

The Chamber also furnishes special trade reports on the market possibilities

of any commodity in the United States or the United Kingdom. Due to long experience in such matters, it can give reliable advice to United States firms who desire to start business over here as to the best means to go about it, or to a British firm who contemplate selling their products in the United States. It has also, on various occasions, arranged arbitration proceedings to settle disputes between American and British firms. Business introductions to firms and individuals or trade bodies in the United States and the United Kingdom are also an important part of its service. Many visitors come to the Chamber from the United States with letters of introduction from trade bodies to whom it is possible to render valuable assistance in England. Tariff information and customs regulations of both governments are at the disposal of our callers, as well as United States and United Kingdom business directories and a library of trade papers covering all lines of United States and United Kingdom business. The Chamber is pleased to render, whenever requested, passport and visa assistance.

The resident membership of this Chamber is divided into trade groups, each group covering a specific line. When any important matter arises affecting the welfare of any particular group in the form of a government regulation or restriction or of any other nature, the committee representing the group meets and decides on the course of action which the Chamber should take to protect its interests. Due to its position as an institution promoting international trade, its voice has more effect than that of an individual firm, with the result that very valuable and effective work has been accomplished in the interest of its members by means of the trade group system.

The "Anglo-American Trade" published monthly, in addition to producing

the accumulated experience of the Chamber in such a way as to put the most valuable business information and actual trade opportunities at the disposal of its members, endeavors to express the official view of the Chamber, and prominent Britishers and Americans on the outstanding commercial topics of the day.

The slogan of this Chamber of Commerce is "Service to Members". The

Chamber is supported by an active membership in America and by a large associate and active membership in Great Britain. Its purpose is to draw the United States and the United Kingdom together by means of increasing commercial contact between the two countries, and to continue the work so successfully begun, must have the support of every firm or individual engaged in Anglo-American trade.

American Banks, Bankers and Trust Companies in London

TO present in a single issue of THE BANKERS MAGAZINE even in bare synoptical history of all of the joint stock, colonial and foreign banks doing business in London is a manifest impossibility. In selecting American banks for such mention no disposition exists to discriminate against any of the other classes of banks named. This selection rested chiefly on the ground that the American institutions doing business in London are not numerous, and it was therefore practicable to include them within the scope of an article of this character. Furthermore, it was considered appropriate that the efforts of these banks should be given this modest recognition.

NATIONAL CITY BANK OF NEW YORK

The National City Bank of New York was established in 1812, with an authorized capital of \$2,000,000 of which \$800,000 was paid up. This bank has developed into the foremost financial institution of the United States, with a present paid-up capital of \$40,000,000 and undivided profits and reserves of \$66,500,000. Its deposits at June 30 last reached a total of \$667,000,000 with aggregate resources of

\$849,000,000. These results have been achieved by the systematic building up of an organization designed to care for the manifold needs of the American manufacturing and business community, and on the passage of the Federal Reserve Act, the bank was able to enter the foreign field, where it was formerly dependent on the facilities of foreign banks. Starting with a branch in Buenos Aires, which was opened in 1914, the bank now has forty-nine branches in the United States, Argentina, Belgium, Brazil, Chile, Cuba, England, France, Italy, Peru, Porto Rico, Uruguay and Venezuela.

In 1915 the International Banking Corporation was acquired with its branches in London, the Far East, Central America and the West Indies, but it was not until October, 1920, that the National City Bank commenced operations in London under its own name, taking over as a nucleus the bulk of the business previously carried on by the International Banking Corporation. Not only is the London branch able to offer its customers in the United States the advantage of direct association with an American institution in London, but, placed as it is in an important world center of finance, it performs a useful



Lombard street office of the Guaranty Trust Company of New York

function in linking up and facilitating the operations of its connections in Europe and the East with those in the Western Hemisphere.

The International Banking Corporation was organized in 1901 and has a capital of \$5,000,000 with reserves and undivided profits of \$10,458,000. Besides the head office in New York and an office in San Francisco, its branches number thirty-one.

The National City Company was formed in 1911 to transact business which under the National Banking Laws the bank itself was not allowed to undertake, and in 1916 it took over the bond and investment department of the bank. It has since established offices in more than fifty leading cities of the United States, Canada and other countries, the branch in London being opened in 1916. The company is engaged in the purchase and sale of bonds, short-term notes, preferred stocks and other high-

grade securities, and completes, in the investment field, the chain of essential services which the National City Bank of New York is able to place at the disposal of its clients.

GUARANTY TRUST COMPANY OF NEW YORK IN LONDON

A quarter of a century ago, or just two years after the assumption of its present title, the Guaranty Trust Company of New York opened a small office in London. This was the first office opened by the company outside the confines of the United States and its success initiated the subsequent establishment of many other branches in the important centers of Europe. This early realization of the value of foreign offices has been vindicated by their rapid growth and development and the important part they now play in the company's modern policy.

The London office opened its doors in 1897 in most unpretentious premises at Plough Court, 33 Lombard street, and for many years was under the direction of a London Committee. Since 1919 the office has been under the direct control of the board of directors in New York. Its main business was at first discounting bills and notwithstanding the fact that under the rules of the Bank of England bills drawn by a foreign bank were not eligible for rediscount, in times of stress the Guaranty's bills soon found as ready a sale in the London market and on the same parity as the bills of banks having the discount privileges.

The business of the company grew satisfactorily and, further accommodation having to be secured, a vacant office was acquired on the opposite side of Plough Court. The telephone was not installed in the London office until March, 1899, an interesting fact in view of the numerous lines and network of extensions in use today.

But many great changes have taken place in the internal arrangements of No. 33, which is now known as No. 32. The former occupants of No. 32 having vacated the premises, the Guaranty proceeded to occupy about one-sixth of their floor space by moving the partition wall back that distance. This was thought to be sufficient for the needs of the Guaranty for many years to come, but the fates have decreed otherwise. Two years later the whole ground floor space fronting Lombard street had to be incorporated and today the staff, which now numbers over 300, are bulging out on all sides of even this greatly increased space.

When war broke out on August 4, 1914, the tourist season was at its height, and many Americans touring Europe at the time experienced hardships almost beyond conception. Although they carried letters of credit, such credit was for the time being mere "scraps of paper" under the existing conditions. Those who were fortunate enough to reach London had their immediate needs taken care of by the Guaranty, for, although the banks

remained closed until August 7, so that they could adjust themselves to the altered conditions, the doors of the Guaranty were open to its American clients, and to many others whose only claim was that they were Americans.

It has been the proud boast of the London office since that occasion that they were the only foreign bank which did not seek the protection of the moratorium.

A policy which the Guaranty has always kept in the forefront is to render the best possible service to its clients, and with this object in view an office was opened at No. 60 St. James's street, S. W., in May, 1900; but the time was not ripe, and it was closed in 1903 to await the occasion when such an office would be required.

During the war, an office had been opened at No. 5 Lower Grosvenor Place in order to handle a very large volume of Government business—particularly army and navy transactions—and to be in close proximity to the Embassy and War Office of the United States Government. With the termination of the war its purpose had been fulfilled, but the steadily increasing business of the company in England necessitated a new office for the transaction of general banking business. On July 5, 1920, a large new office was opened at No. 50 Pall Mall, right in the heart of the residential and hotel area of London and consequently admirably situated to be of assistance to the American residents in, or visiting, London, and the Englishman whose business is established in the neighborhood. This office is on the site of Robert Dodsley's famous bookshop and publishing office of the latter seventeenth century, known to history as the Sign of Tally's Head. Here were published Sterne's "Tristram Shandy," the first number of Burke's "Annual Register" and several other noteworthy works of the period.

The office has been fitted to accord with the tradition of the locality. Marble columns mark the entrance, and the atmosphere and furnishings of the banking hall are typical of the early



Pall Mall office of the Guaranty Trust Company of New York

Georgian period. The conference room, with its bold chimney-piece and its cedar-panelled walls, takes its inspiration obviously from the period of Sir Christopher Wren. More intimate and home-like is the ladies' room which is finished in a rich shade of old ivory, and is noteworthy for its fine fireplace with antique brazier. The convenience of customers has been the dominating note in the arrangement of the building and to this end a travellers' service bureau is located at the office.

Following the lines of the head of-

fice in New York, a chapter of the Guaranty Club was formed, and with its social functions and a regular London edition of "Guaranty News," a keen *esprit de corps* is maintained.

FARMERS' LOAN AND TRUST COMPANY OF NEW YORK

The Farmers' Loan and Trust Company, of New York, has been established in London since 1906, and has there two well located and well equipped offices. In 1911 it organized

an English affiliated company, the Farmers' Loan and Trust Company, Ltd., which it entirely controls.

The West End office, in London, is at No. 15 Cockspur street, S. W. 1, across the street from the Carlton Hotel, and in the heart of the section most used by the American travelling public. This office is the official depository of the United States Navy. It is in charge of Henry King Smith, vice-president, and especially serves the requirements of Americans, both those travelling and those resident in England. At this office customers may open check accounts, leave their valuables for safe custody, draw under approved letters of credit or other credit arrangements, exchange American and continental moneys, and buy and sell American and other checks and cable transfers.

A reading and writing room is provided for the use of clients, with the New York, Paris and London papers on file. Travelling clients of the company may have their mail and cable messages forwarded from this office, may obtain new letters of credit, and are assisted in the matter of hotel and steamship accommodation.

In cases where the New York office is executor or trustee of an estate having English assets or with beneficiaries located in England, this office is of considerable assistance in taking out English administration and attending to the needs and wishes of the beneficiaries.

The City office, in London, is located at 26 Old Broad street, E. C. 2, in a new building just completed. This office, which is in charge of William P. Sayre, (formerly European financial manager of the American Express Co.) allows interest on banking accounts, undertakes the agency of American banks and firms of standing and gives the most careful personal attention to their business and requirements, making a specialty of the reports it is able to obtain for clients on the standing of British firms, institutions and individuals. It is completely equipped to deal in foreign exchange, open export and import


credits, and undertake all other transactions connected with commercial and international banking.

The Farmers' Loan and Trust Company, which was chartered in 1822, one hundred years ago, has its head office at 16-22 William street, New York, with branch office at 475 Fifth avenue, New York, corner of Forty-first street. This is one of the old-line trust companies, and its development, which has always been kept up to date, has been consistent with its primary function of acting as executors and trustees, and in other fiduciary capacities. The opening of the London offices was in accord with this policy of serving the interests and meeting the requirements of the company's American clients.

The Farmers' Loan and Trust Company has a capital fully paid of \$5,000,000, surplus and undivided profits of more than \$15,000,000, and deposits of over \$120,000,000. Dividends at the rate of 20 per cent. per annum have for some years been paid on the capital stock, which is quoted at 500 per cent.

EQUITABLE TRUST COMPANY OF NEW YORK

The London branch of the Equitable Trust Company of New York, was before the amalgamations took place the London branch of the Trust Company of America. There are three managers in London, E. J. Chappell, S. R. Harbert and J. M. Wallace. Mr. Chappell and Mr. Harbert have been associated in the management of the London branch of these companies for over a quarter of a century. Mr. Wallace joined the London branch of the Equitable Trust Company of New York in 1915.

The London office of the Equitable Trust Company of New York was formerly in Gresham street, but owing to the steady growth of the business larger premises were taken in March, 1918, at 3 King William street, E. C., but even these have been found insufficient, and a sub-office has recently been acquired at  House, King

William street, for the accommodation of its surplus staff.

The London branch gives a comprehensive banking service in all its phases; has a well organized foreign exchange department with well established connections in every part of the world. It has also had established for some time past a bullion department where one of the largest bullion businesses in London is conducted. The Company also makes advances against approved shipments to and from all parts of the world, and discounts bills for its customers.

As regards the home office in New York, the company was chartered in 1871 by a special act of the New York State Legislature. It began business with an authorized capital of \$50,000, of which \$16,000 was paid up on May 27 of the same year, when the company was organized. It was not until 1902 that the name was changed to the Equitable Trust Company of New York and its activities extended to every banking and trust function. On April 2, 1902, the paid-up capital stock was increased to \$1,000,000.

During the year 1903 the capital of the company was increased to \$3,000,000. Its surplus in that year was \$8,500,000; its undivided profits \$540,000 and its dividend rate 9 per cent. per annum.

In 1909 the Equitable Trust Company of New York in accordance with the spirit of the progressive institutions of that period conducted a series of important mergers, resulting in a tremendous growth and the centering in this company of wide and diversified connections.

In 1912 the Equitable took over the business of the Trust Company of America, and during 1917 the capital was increased to \$6,000,000. The company's surplus at that time was \$10,500,000; undivided profits were \$1,843,000, and the annual dividend rate 21.45 per cent. per annum.

In 1919 the capitalization was again

increased, this time to \$12,000,000, the total surplus being \$14,500,000. The company paid annual dividends of 25 per cent. in 1918 and 1919, and 20 per cent. in 1920. Dividends are now being paid at the rate of 4 per cent. quarterly with an extra dividend of 4 per cent.

The head office of the company is at 37 Wall street, New York, and local offices are also maintained at 222 Broadway (known as the Colonial office), Madison avenue at Forty-fifth street (known as Uptown office). Besides the Paris and London offices there are also offices at Philadelphia, Chicago, San Francisco, Mexico City and Baltimore.

The company is a member of the Federal Reserve System, and also a member of the New York Clearing-House Association.

Quite recently the company organized a subsidiary entitled "Equitable Eastern Banking Corporation" in order to take care of its Far Eastern business. In this connection they have established an office at Shanghai.

EMPIRE TRUST COMPANY OF NEW YORK

The Empire Trust Company, whose head office is situated at New York, has maintained an office in London since 1908. The volume of business has steadily increased, and its resources at the end of June, 1922, exceeded \$60,000,000.

The board of directors includes a number of prominent business men of New York, whose names are a guarantee that business will be conducted on safe, conservative lines.

The Company, in addition to transacting general banking business, undertakes trusteeships of all kinds, acting as executor, administrator, guardian, etc., and in other fiduciary capacities, for both individuals and corporations. It is also the sole Fiscal Agent of the State of New York for the sale of Stock Transfer Tax Stamps. It also

provides safe deposit facilities in large and modern vaults.

The head office of the Empire Trust Company is in the Equitable Building, 120 Broadway, New York. Its uptown office is located in the Empire Trust Company building, at Fifth avenue and Forty-seventh street. The London office, 41 Threadneedle street, E. C., is maintained largely for the convenience of American depositors and clients who may be visiting Europe or residing in England.

NATIONAL BANK OF COMMERCE IN NEW YORK

The National Bank of Commerce in New York is essentially a commercial bank, devoted primarily to fostering current manufacturing and merchandising in the United States and to financing trade with other countries.

It was established in 1839, as the Bank of Commerce in New York with an original capital of \$5,000,000. The capital was increased to \$10,000,000 in 1856 and further increased later to the present figures of \$25,000,000, fully paid up, by the mergers with the National Union Bank in 1900 and with the Western National Bank in 1903. By three transfers of \$5,000,000 each of undivided profits in January, 1918, January, 1919, and October, 1919, the bank's surplus was increased to \$25,000,000. The total surplus and undivided profits on September 15, 1922, amounted to \$37,778,560, exceeding the paid up capital by over \$12,000,000. The corporate name, National Bank of Commerce in New York was assumed in January 1865, on entering the national banking system.

In its foreign business the bank's policy of building up strong and friendly connections with other institutions has resulted in its establishing correspondent relations with the strongest banks in the important commercial

centers of the world. The bank maintains its own resident representatives in London and Copenhagen to facilitate relations with connections abroad and to coöperate with customers in foreign transactions. The London representative of the National Bank of Commerce in New York maintains an office at Gresham House, Old Broad street. The Copenhagen representative is located at Raadhuspladsen 45.

THE IRVING NATIONAL BANK, NEW YORK

The London office of the Irving National Bank of New York is in Pinner's Hall, Old Broad street, E. C. 2. This bank, while offering a complete banking and trust service, has developed chiefly along the lines of commercial banking. Its growth in power and importance has kept pace with the natural course of American commercial development until now it takes rank among the most widely known institutions of its class in the United States.

In its foreign business, the Irving has kept aloof from entering into direct competition with the native banks of other countries. Its dealings have been through specialized representatives and correspondents, of which latter some 5000 at home and abroad, enable it to offer facilities for trading with virtually every commercial center of importance in the world. Besides its London representation, it has special representatives in several leading capitals of Europe and Latin America, who keep in close touch with the banks through which it does business. The theory on which Irving foreign policy is based is that it can act more satisfactorily for its customers by coöperating with banks abroad than by competing with them.

The Irving was organized in 1851 as a state bank, with a capital of \$300,000. It was named after Washington Irving, then on the crest of popularity. Its entire history has been one of natural growth in step with the expan-

sion of America's business outlook, from the day it opened its doors at 295 Greenwich street to meet the needs of its modest little neighborhood, until now, when its activities are worldwide. As the demands of business have grown, this bank's facilities have grown to meet them. As the nation's commercial vision has broadened, the bank's operations have expanded to keep abreast of the needs of the nation's increasing trade.

A few weeks ago, announcement was made that the directors of the Irving and the directors of the Columbia Trust Company, had approved joining the forces of these institutions. This consolidation is now in process. On January 6, as a preliminary to consolidation the Irving ceased to exist as a national bank, and began operating as a state bank, under the name Irving Bank, New York. The name selected for the consolidated bank is Irving Bank-Columbia Trust Company.

This merger, while important because of the strength of these two institutions, is particularly noteworthy as a logical development in the combination of the specialized services of both, which, for the convenience of their customers will cover the metropolitan district through established offices in important locations in Manhattan, Brooklyn and the Bronx. Under the consolidation plan, the capital will be \$17,500,000, and the surplus and undivided profits \$10,500,000. To the new institution, the Irving brings deposits, according to its last published statement, of more than \$240,000,000. The Columbia Trust Company, which was organized in 1884, in addition to furnishing full banking facilities, has devoted its efforts largely to upbuilding its trust department, at present one of the most important in the United States. Its deposits also have grown to large figures, amounting to more than \$90,000,000.

In addition to the office in the Woolworth Building, the Irving has eight district offices, five in Manhattan and three in Brooklyn. The Columbia Trust Company has five offices in Man-

hattan and the Bronx. Thus, the combined institution will be in a position to begin business with fourteen offices, each advantageously placed in a busy section of Greater New York. The plans under consideration provide for the retention of the present official and clerical staffs of both institutions.

Lewis E. Pierson, chairman of the Irving board, and Harry E. Ward, president of the Irving, will retain those offices. Speaking on the subject of the proposed Irving-Columbia consolidation recently, Mr. Ward said: "Both the consolidating institutions regard the Federal Reserve System highly; both, at present, are members of the Federal Reserve System, and the consolidated institution will be. This whole question is one of a better rounded out banking service for business. In the new institution, we shall be able to cover efficiently the entire range of banking and trust service for our customers, and through our offices established at important points in Manhattan, Brooklyn and the Bronx, to carry our facilities as near the doors of the business to be served as may reasonably be required".

THE FIRST NATIONAL BANK OF BOSTON

The First National Bank of Boston now has a special representative in London. Francis H. McKnight has been sent over from the head office and has established his offices in Gresham House, 24 Old Broad street, London, E. C. 2. He has a staff picked from the American office. This bank also opened a branch in Buenos Aires in July, 1917, and its substantial growth to one of the largest banks in South America is noteworthy.

The First National Bank of Boston is the largest banking institution in New England. It dates from 1784 when the Massachusetts Bank was chartered. This was the first bank in New England and the third oldest in the United States. The Safety Fund Bank was chartered as a state bank in 1859, and was the first Boston

bank to take advantage of the National Bank Act, in February, 1864, taking at that time the name of the First National Bank. In June, 1903, the Massachusetts National Bank was absorbed and during the following year the National Bank of Redemption was taken over, having previously absorbed several other banks. This was the last merger in which the bank took part, and all the growth since then, which has been the greatest in the history of the institution has been due to the energy and ability of the management and the confidence which the public has felt in the institution.

MORGAN, GRENFELL & CO.

The private banking business now carried on in London under the name of Morgan, Grenfell & Co., was founded by J. S. Morgan of Hartford, Conn. He became a partner in the firm of George Peabody & Co. in 1854 and ten years later on the retirement of George Peabody (the well-known philanthropist) changed the name of the firm to J. S. Morgan & Co. The present style was adopted on December 31, 1909.

J. S. Morgan was succeeded as head of the firm by his son the late J. Pierpont Morgan, whose son J. Pierpont Morgan is now senior partner and has associated with him in the business his son J. S. Morgan. J. Pierpont Morgan is also the senior partner in the closely related houses of J. P. Morgan & Co., of New York, Drexel & Co., Philadelphia, and Morgan, Harjes & Co., Paris. The senior resident partner in London is E. C. Grenfell, Member of Parliament for the City of London.

The firm has taken a prominent part in international finance and its high position, international connections and undoubted financial strength, has enabled it to render great service to the general situation in times of stress. The firm issued the French Loan of 1870 during the siege of Paris despite Prussian threats and opposition and when no other financial house would take the risk. In the recent great war the Mor-

gan Houses placed themselves at the disposal of the Allies and arranged loans amounting to \$2,548,000,000 in the United States of America. They were also appointed the commercial agents in America for Great Britain and France for the purchase of munitions and other necessary supplies in the United States of America. In these capacities they rendered invaluable aid to the Allied cause and received the thanks of the Governments concerned.

BROWN, SHIPLEY & COMPANY

The Anglo-American banking and accepting firm of Brown, Shipley & Company has a common origin with its American connections, Brown Brothers & Company of New York, Philadelphia and Boston, and Alexander Brown & Sons of Baltimore, in the migration of one Alexander Brown, a linen yarn merchant of Ballymena, Ireland, to Baltimore in 1800 to develop his business in that city. While continuing for many years to pursue his original avocation, he found that he was being made the medium of many financial transactions between the United States of America and Great Britain, and he gradually established a banking and exchange business, which has continued ever since, although the linen business has long ceased to exist.

Through its own activities and those of his four sons, William, George, John and James, he considerably extended his business in Baltimore, assuming the name of Alexander Brown & Son in 1805, and Alexander Brown & Sons in 1810, in which latter year also a branch was opened in Liverpool by the eldest son under the style of William Brown & Company; and this Liverpool branch, after various changes of partnership and style, assumed in 1839 the name of Brown, Shipley & Company, under which title the English house has continued ever since, opening in London in 1863.

Under various styles, culminating in the present name of Brown Brothers & Company, branches of the original Bal-

timore firm were established in Philadelphia in 1818, in New York in 1825, and in Boston in 1844. The three last-named houses constitute the firm now known as Brown Brothers & Company—the original firm of Alexander Brown & Sons still remaining in Baltimore under its original title and separate control.

Concerned in most of the commercial and financial events which have marked the progress of their respective countries for nearly a century and a quarter, the firms of Brown, Shipley & Company, Brown Brothers & Company, and Alexander Brown & Sons, continue, in their separate entities, but with the closest possible relations, to conduct a commercial banking business of world-wide ramifications, and it is interesting to note that none of the three firms has ever ceased to include amongst its partners direct representatives of their common ancestor, Alexander Brown of Ballymena, Ireland.

BLAIR & CO.

Blair & Co. (London) Ltd., 2 Austin Friars, E. C. 2, are in the business of underwriting and dealing in investment securities. They act as correspondents and representatives of Blair & Co. Incorporated of New York. The managing directors are Lewis Pendleton Sheldon and James Grant Forbes, and the remaining members of the board are Elisha Walker, Harry Bronner and Hunter Marston, all of the New York firm.

In 1920, Blair & Co. Inc. of New York was formed by the consolidation of the existing firms of Blair & Co. and William Salomon & Co., both of New York, and in March, 1922, Blair & Co. (London) Ltd., succeeded the London firm of Salomon & Co.

HIGGINSON & COMPANY

Higginson & Co., are, as the name would seem to indicate, the London correspondents of Messrs. Lee, Higginson & Co., the well-known firm of invest-

ment bankers of Boston, New York and Chicago. Lee, Higginson & Co., first made their appearance in the London market about twenty years ago, with small offices in Bank Buildings, Princes street. In 1907 the firm of Higginson & Co., was formed and shortly they became well known for the flotations of American investment securities in this country. In this class of business they worked in close conjunction with Lee, Higginson & Co., issues of investments being offered simultaneously in the United States and London. The securities thus offered, whether railroad, public utility or industrial, became a popular type of investment not only in London but all through the provinces and were placed with the public and insurance and trust companies. With the advent of the European war and with the consequent abnormal conditions in the money market, the chaotic and uncertain state of sterling exchange on New York and the restrictions on issues of capital which were in force until 1919, any business in American bonds was rendered impossible. Consequently the character of Higginson & Co.'s business had to undergo a considerable change, and since 1914 they have devoted their principal attention to securing capital for high-class British industrial concerns. In this new role they had already made a start, as in early 1914 their name appeared on the prospectus as principals in the offer of £400,000 5 per cent. debentures of Dorman, Long & Co., the well known iron and steel manufacturers in the North of England. In 1916 Higginson & Co. moved their offices to 80 Lombard street and from that time their business has steadily expanded until the present day when they rank in the front line of London issuing houses.

Besides being an issuing house of first importance, Higginson & Co. conduct a large banking business. They accept money on deposit and on current account. They arrange commercial credits with all countries and have special facilities for financing trade between the

United Kingdom and the United States of America. They have a foreign exchange department, issue travellers letters of credit for all countries and generally place at the disposal of their clients all the ordinary investment banking facilities.

The connection with Lee, Higginson & Co. is an intimate one, as will be seen from the following list of the partners of Higginson & Co., which includes most of the partners in Lee, Higginson & Co.: Sir W. Guy Granet, Lt. Col. the Honorable G. Akers-Douglas, Charles L. Dalziel, Robert Grant, Jr., James J. Storrow, George C. Lee, F. L. Higginson, Jr., N. Penrose Hallowell, Frederic W. Allen, Jerome D. Greene.

ALDRED & COMPANY

The firm of Aldred & Co., New York, and Aldred & Company, Ltd., London, grew out of the activity of J. E. Aldred in the development of various properties and corporate interests.

Something over twenty years ago, Mr. Aldred became active in the development of hydro-electric plants in Canada, and one of the first of these enterprises, the Shawinigan Water & Power Company, became well known in England through the sale there of issues of securities of the company, which investments proved profitable to the English investors.

The Shawinigan Water & Power Company was followed by numerous other enterprises in which Mr. Aldred became interested, namely, Kaminis-

tiquia Power Co. Ltd., Montreal Light, Heat & Power Co., Cedar Rapids Manufacturing & Power Co., Laurentide Power Co. Ltd., etc.

Similar operations were carried out in the United States, including the Pennsylvania Water & Power Co., Consolidated Gas, Electric Light & Power Co. of Baltimore, etc., in almost all of which enterprises English investors became largely interested, and all of which were attended with most satisfactory results.

The development of these varied interests led to the organization of the firm which has assumed importance as representing these various companies, and in the course of time other important companies, such as the Gillette Safety Razor Company, the Noiseless Typewriter Company, etc. For all of these concerns Aldred & Company acts as fiscal agent, having charge of all financial operations. These extensive financial operations have resulted in the development of a large organization carrying on a banking business with offices in New York, Montreal, London, Paris and elsewhere.

The firm has been interested in various English companies. It financed the American Rolls-Royce Company, and other English companies seeking to extend their business to cover the American market.

The London office, besides making information available to the great number of English investors in the various companies represented, makes a special feature of financing English enterprises abroad.



Fighting the Wildcat Advertiser

How Better Business Bureaus in Thirty-seven Cities Wage
Active War on the Fake Stock Promoter

By Carl H. Getz

IMMEDIATELY following the annual convention of the Associated Advertising Clubs in 1911 a National Vigilance Committee was appointed to put into effect a declaration of principles which the convention had adopted. This declaration reads:

"We believe in truth, the corner stone of all honorable and successful business. . . . We believe there should be no double standard of morality involving buyer and seller."

As might be imagined the appointment of the committee at first had but little effect and occasioned no great amount of comment. The committee lacked adequate financial support and then too it was not quite sure just what its province was. But the committee went to work until its activities have grown to such an extent that what are known as Better Business Bureaus or Commissions are being operated today in thirty-seven cities and a movement is on foot to extend the work to England, Australia and South America.

All of which should be of genuine interest to banks and bankers because one of the jobs of the National Vigilance Committee is to protect investors.

Bankers have had ample opportunity to see the pitiful results of misleading and fraudulent advertising. The resources of a great many banks have been used for innumerable propositions that had only a remote chance of success.

As a group of Cleveland bankers have said:

"Every transaction wherein the public has lost money through advertising reflects on all advertising. It confuses the public regarding the statements of any business houses, and legitimate business as a whole pays the cost.

"The questionable stock promoter uses advertising in some form. It may be newspaper advertising, direct mail, or the elaborate descriptive literature left with his prospects to add to the fire of imagination which he has so deftly kindled in his personal interviews with them.

"The promoter can sell his worthless stock only by misrepresentation. In that advertising is his avenue of approach to the public. He will succeed in selling his stock only so long as he is permitted to misuse advertising.

"Three results follow in the trail of the fraudulent promotion scheme:

"1. Money is taken out of the banks which should remain there to build up our economic resources.

"2. This money, if left in the banks, should eventually find its way into the legitimate channels of business and home building in the city. This concerns all business, and the banks in turn feel any detrimental influence.

"3. When the investor finds that his principal is gone, together with the possibility of interest, he loses confidence in advertising and in business generally."

The third point is applicable especially to the small investor—the man who is uninformed about the standards that determine the merits of investments. If, through the thrift advertising of local banks, he has saved his money, only to lose it in some worthless proposition, he may well say, "Why continue!" and stop paying. Thus the influence of the banks' advertising in that one case—and there are thousands like it—is lost or at least badly shattered.

WILDCAT ADVERTISING PERSUASIVELY
WORDED

There is no way of telling that the fake stock promoter's advertising does

not merit public confidence. In fact the whole tone of his copy is such as to convey confidence in his ability and integrity. He cites big successful companies and the tremendous dividends they have paid as though he is travelling with the men who organized them. He explains to the public that the big financial interests have made all their money from stocks, consequently he has now organized this particular company for the benefit of the men of small or moderate means, so that he too may clip coupons and make more money in a day than he has been accustomed to receive in a week.

This affects the reputable investment banker. What chance has he in advertising a high grade 7 per cent. security if in the next column some promoter promises all the way from 25 to 100 per cent. And if the investment banker dares to object he is immediately accused of representing "Wall Street".

All business interests have the same relative problem regarding false advertising as banks or investment houses. There is one big difference, however. A buyer gets something for his money when buying merchandise, but in the large majority of cases he loses his money when purchasing the securities of the average promoter.

To which should be added this statement of the Cleveland banks:

"To meet this situation we have found by practical experience that an organization like the Better Business Commission of Cleveland, with no selfish purpose, and working to develop clean advertising and better business conditions, is the one type of organization that can successfully defeat the wiles of the fly-by-night promoter. By depriving him of his one dependable weapon — untruthful advertising — the Commission protects the business Good Will of legitimate investment houses, and backs in a practical way one of the big appeals made by every bank — the conservation of the public's money for savings and legitimate investments."

The amount of money lost by the public through fraudulent stock-selling schemes and bucket shops has been estimated variously from \$500,000,000 to more than \$1,000,000,000 annually.

ANNUAL LOSSES RUN TO HUGE SUMS

The losses suffered by legitimate business due to impaired public confidence are even greater.

Nearly a half million dollars is being invested annually in the work of the Better Business Bureaus or Commissions by the combined subscriptions of business firms. Much of this amount is subscribed to the local bureaus by retailers, newspapers and bankers. A board of trustees administers the fund invested in the activities of the National Vigilance Committee. This movement drafts a vast amount of volunteer service and gets results which could not be obtained short of an expenditure of two or three millions if it were necessary to rely altogether on paid workers.

The trained personnel of the nationwide Vigilance organization, engaged in combating financial and commercial frauds, and in building confidence in honest business, is greater than that of any other group attempting to specialize in a work of a similar character, even the Federal or State agencies. It enjoys the coöperation and the confidence of authorities throughout the country.

It was this movement which, through the Better Business Commission, of Cleveland, originated the slogan:

"Before you invest—investigate."

George Horace Lorimer, editor of the *Saturday Evening Post*, in an editorial entitled, "Poison Ivy Promotion", has this to say about fake stock promotion:

"Part and parcel of the general thrift movement that came into full stride during the Liberty Bond drives is an auxiliary campaign that has for its object the extermination of the financial cooties that fatten on small and gullible investors.

"As it is the way of human vanity to boast of gains and conceal losses, it is

hard to arrive at exact figures, but it seems likely that the operations of fraudulent stock promoters are costing the country not less than a quarter of a billion dollars a year. At a time when well-established industries and mercantile houses of the highest credit have to pay 8 per cent. for working capital such losses are doubly galling. They not only deprive honest business of sorely needed funds but they discourage thrift and promote extravagance, for the wiping out of savings put into worthless security makes frugality and self-denial seem vain and futile. The future urge is to spend and enjoy rather than to pinch and lose."

SOME FUNCTIONS OF BETTER BUSINESS BUREAUS

The Better Business Bureaus and Commissions are not expected to take cognizance of industrial and commercial abuses that involve no question of advertising. Thus neither the national committee nor a local bureau is or can be expected to express an opinion upon the value of investments. But opinions are constantly expressed to contributing members, to the newspapers and to the public at large regarding the legitimacy or illegitimacy of the advertising by means of which stocks and other securities are sold. The fact, is of course, that very little in the way of merchandise or stocks in corporations can pass from seller to buyer without some form of advertising, and the possibility of exaggeration, misrepresentation and fraud.

Though nominally and mechanically a part of the local advertising clubs, the Better Business Bureaus or Commissions really represent the entire business interests of the community. Their boards of directors are chosen from four main groups—the leading retail stores, the industries, the banking and financial community, and the newspapers. Their power to handle cases depends upon the wide extent of their ramifications and affiliations, and upon the willingness of concerns in many branches of

business to contribute not only money but information and assistance.

This is what Festus J. Wade, president of Mercantile Trust Company, of St. Louis, has to say about the work of the Better Business Bureaus, of St. Louis:

"The financial institution is strangely handicapped in its fight against the crooked seller of securities, mainly because the bank has securities to sell also, and is, in one sense of the word, a competitor. For instance, the victim is approached by the promoter and having had the advice, 'ask your banker', drummed into his ears for so long, tells the banker and is duly warned against having any dealings whatever with that promoter. That gentleman calls again in a few days, is told of the bank's advice, and immediately raises the cry of 'Wall Street'. Now Wall Street used in that sense doesn't mean anything particularly. True, there are a number of financial institutions of different kinds there, probably more than any one place elsewhere, but so far as Wall Street having any bearing on the matter in hand is concerned, as I said before, it doesn't mean anything. Yet the investor, particularly the small investor, lends an attentive ear. He is told there is a combine trying to freeze out the little man in business. Being a so-called 'little man' himself, he sympathizes. He is told that the bank has an ax to grind, that it wants to sell him some of its own securities that bear a low rate of return—that the bank gets a high rate for itself and pockets the difference. Yes, there's an ax to grind. The promoter is grinding it to chop off as much of his victim's savings as possible.

"In dealing with this particular brand of criminal the legitimate sellers of securities are indebted to and in some cases dependent on the Better Business Bureau. The banker can carry on a warfare of defense. The bureau can carry on a war of offense. The banker can warn against. The bureau can act against. When the banker takes up the cudgel in offense against a nest of these

crooks he is accused of having a cash-drawer interest. The bureau can exterminate them at their rotten source, providing it has the evidence, and cannot be questioned because it has nothing to sell, and because so far as any gain is concerned, it is a disinterested party."

THE CASE OF BIRMINGHAM MOTORS

One of the most amazing investigations carried on by the National Vigilance Committee is that dealing with the Birmingham Motors Company, of Jamestown, N. Y., in the sale of its stock. This company in its promotional literature attacked the integrity of banks by calling attention to the misfortune of a few such institutions.

This company is now under investigation by the Federal authorities, to whom the National Vigilance Committee has referred its files, accumulated over a long period, during which the advertising of the promotion department has been among the most extreme brought to the Committee's attention.

In none of the representations, however, have the reflections been so direct and glaring as in the case of the reference to banks.

Taking advantage of the slogan of the Truth-in-Advertising movement—"Before You Invest—Investigate"—the promoters of Birmingham Motors cite a few scattered bank failures in an attempt to create a lack of confidence in banking institutions in the public mind.

It would be surprising to have the promoters of this and similar schemes cite the tremendous sums lost through what they please to call "investments," and then, as an additional step, compare the percentage of failures in their field of high finance to the disasters that overtake a small percentage of banks.

"THESE BANKERS SAID:

"Keep your money in the bank, where it is safe."

That statement, printed in red ink like a railroad danger signal, is accompanied by reproductions of news-

paper clippings describing several bank failures, followed by a sarcastic reference to the suggestion on the part of the banks generally that the public consult them on investments.

"Receive the benefit of their superior knowledge."

With such disdain for the banking group, the Birmingham literature concludes its appeal to the public to transfer its funds to the integrity and business ability of a stock promotion scheme now tottering toward disaster.

Birmingham Motors is a striking illustration of the undermining influence of a scheme designed, primarily, to benefit the promoters, although, through the use of such methods as propaganda against banks, the effort is made to picture it as an enterprise in the interest of the investing public.

Many depositors of banks, impressed by the argument that financial institutions in which they have had confidence make their profit through investing money on deposit in stocks, fail to discriminate between the high grade industrial security and that class represented by such companies as Birmingham Motors.

Banks are affected directly, as well as investment houses with dependable securities to sell.

THE PRINTERS' INK MODEL STATUTE

Part of the work of the National Vigilance Committee has been to give aid to the movement to have the Printers' Ink Model Statute affecting advertising enacted into law where no such legislation exists. The statute offers a working basis for the elimination of dishonest and misleading advertising.

This statute contains no qualifying phrase, such as "knowingly", "with fraudulent intent", or "calculated to mislead". The wording is clear and unequivocal. Many states have passed fraudulent advertising laws almost identical in wording with the Model Statute but containing a qualifying word or phrase.

This statute is really not so much

punitive as preventive, aiming to make it the duty of the seller to know and to punish him for neglecting to know, and to prevent the seller from deceiving or misleading through neglect to acquaint himself with the facts, which are easily within his knowledge.

States having laws based on the model statute but weakened by qualifying phrases, are:

Alabama, Arizona, California, Connecticut, Illinois, Maryland, Massachusetts, Montana, New York, North Carolina, Pennsylvania, South Carolina, South Dakota, Tennessee, Utah and Wisconsin.

The model statute has been adopted as a law in the following states:

Colorado, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Missouri, Nebraska, New Jersey, Nevada, North Dakota, Ohio, Oregon, Oklahoma, Rhode Island, Washington, Wyoming and West Virginia.

Bankers today recognize that good advertising must first of all be truthful advertising. The motto of the Associated Advertising Clubs of the World should also be the motto of the individual advertiser—"Truth".



Financing the Government*

By J. H. Case

Deputy Governor Federal Reserve Bank, New York

WITHIN the past few weeks many thousands of individual investors have given a convincing demonstration of their confidence in the financial program of our Government by subscribing \$1,400,000,000 in cash for an offering of \$500,000,000 or thereabouts of $4\frac{1}{4}$ per cent. 25-30 year bonds and by further tendering some \$250,000,000 of short dated Government paper in exchange therefor. This heavy oversubscription has been obtained without anything in the nature of an active bond campaign or of intensive advertising other than the publicity given the Treasury notice that the bonds were for sale accompanied by a statement of the purpose for which they were issued. Private issues of one quarter this size or less have required the most energetic efforts of nationwide syndicates to effect their distribution, and many foreign governments are finding it extremely difficult to obtain much smaller loans regardless of the terms which they are willing to offer. The key to our Government's ability to

command such vast sums at moderate rate lies in the excellency of its credit. I think it may justly be said: that *a United States Government Bond is the premier security of the world!*

The credit of a nation reflects the integrity and thrift of its people, the resources at its command, and its ability to marshal these resources effectively. In this respect a government is like a great business corporation, the obligations of which are rated according to the reputation of its management, its wealth in plant and other properties, and the soundness of its commercial and financial policies. While the difficulties that we as a nation have had to meet in recent years have admittedly been less severe than the troubles with which many other peoples have had to struggle, nevertheless they have been gigantic and we may take great satisfaction in the general soundness of the plan of financing by which the Government's credit has been maintained at

*An address before the "Bankers Forum".

a high level through an exceptionally trying period.

The increase in the functions of Government and the tremendous financial undertakings which result from modern warfare make the question of financing methods of vital importance. A private corporation may suffer from its own bad management, but unless it is one of very large ramifications the consequences of its errors and failure are not likely to be largely felt beyond a limited radius of its business associates. A government, however, which mismanages its fiscal system may shake business to its very foundations. This is particularly true in times such as during the war when the sums involved were beyond anything hitherto conceived as possible. I should like to direct your attention to a chart which I have brought here in the belief that it will help us to visualize the vast problem of public finance and the potentialities of good or evil that are involved.

THE PROBLEM OF WAR FINANCE

Chart I. shows the expenses of the United States Government each fiscal year from 1860 to 1922 (62 years). In 1919, the year on which the heaviest cost of our war effort fell, the total ran to the stupendous sum of nearly \$19,000,000,000, beside which the totals for Civil War and Spanish War years are dwarfed into relative insignificance. For the five years from 1917 to 1922 the total expenditures reached \$49,000,000,000, or more than double the total expenditures for the entire preceding period from 1860 to 1916. Figures for other countries actively engaged in the war would show equally astounding comparisons. For instance it has been calculated that the United Kingdom's war expenditures during the six fiscal years ended March 31, 1920, amounting to over £11,000,000,000, a sum larger than the total expenditures for the *two and a quarter centuries preceding 1914*.

If sums so great as these are badly handled the possibilities for mischief are enormous. The examples of seriously disturbed economic conditions that

prevail in many parts of Europe bear eloquent testimony to the flagrant evils that are likely to result when the public finances are mismanaged.

The first rule of good financing in running a home, a business, or a government is a balanced budget. To be

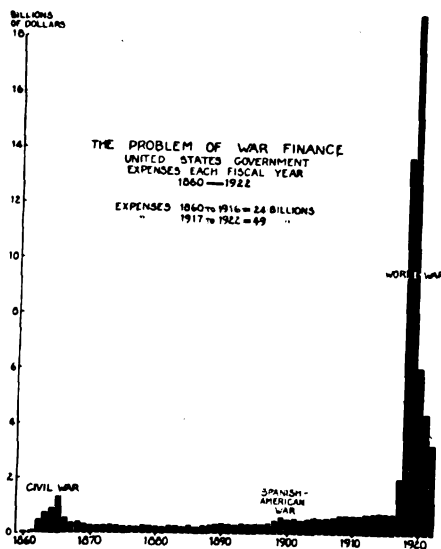


Chart I—The problem of war finance

sound, a government quite as much as a private corporation, must pay current expenses out of current income. During war periods the pressure of national necessity often requires the temporary abandonment of this principle, but on the return of peace it should be the first task of the public officials to reestablish a balance of income and outgo. In our own case after the recent war this point was attained on August 31, 1919, when the gross war debt reached its highest level at \$26,596,000,000.

THE GOVERNMENT DEBT

Our problem in dealing with this enormous debt was two-fold. First, we had to establish a means for its gradual reduction and extinction by strictly keeping expenditures below income and maintaining a surplus of revenue, and, second, we had to provide by refunding for a large amount of the debt which

would mature too soon to be taken care of by the slower process of accumulating revenue.

Towards the solution of the first problem—gradual total debt retirement—we took a first important step when we made it compulsory to include in the budget a sinking fund charge upon ordinary receipts for the purpose of retiring a certain portion of the debt each year. This charge was set at $2\frac{1}{2}$ per cent. annually of total Liberty and Victory issues outstanding July 1, 1920, less the foreign debts to us on that date, to which was to be added interest saved on any issues retired by the sinking fund during the year or in previous years. At present, this rate of retirement works out to about \$250,000,000 a year. Through the operation of this sinking fund, plus money derived from reducing the Treasury's working balance and from sale of surplus war property and liquidation of other war assets, we have succeeded in accomplishing, as shown on the chart, a steady reduction of debt amounting to about \$3,800,000,000 from the high point, or at the rate of about \$1,200,000,000 a year. This is a good beginning, and it is imperative that the good work should go on. It is with real concern, therefore, that we may view estimates that the Treasury faces a deficit of around \$670,000,000 for the current fiscal year, but governments like other enterprises are subject to the effects of economic changes and with the somewhat reduced commercial activities of recent months, (business already seriously burdened with taxation) could not sustain additional impositions without unfortunate results. Yet unless Government expenditures are kept within the limits of receipts there could be no alternative except to again resort to borrowing, which would be a most regrettable step backwards in the direction of re-inflation and other evils that accompany debt expansion. It would be a sorry sight indeed to see this country with all its wealth and natural advantages, take place beside the other countries which cannot balance their

budgets. There is no other satisfactory way for the Government to meet this situation than to stand guard over its expenditures and keep them within income. This will require all the more careful economy from now on because some of the sources which have supplemented revenue in the past, such as the Treasury general fund and surplus property sales, can be little further drawn upon.

REFUNDING THE EARLY MATURITIES

The second problem in dealing with the debt—that of refunding the early maturities—is also pressing. As shown by the dotted line of Chart II., our short dated obligations at their peak in 1919 aggregated close to \$9,000,000,000, all maturing within a period of five years. Happily, however, the

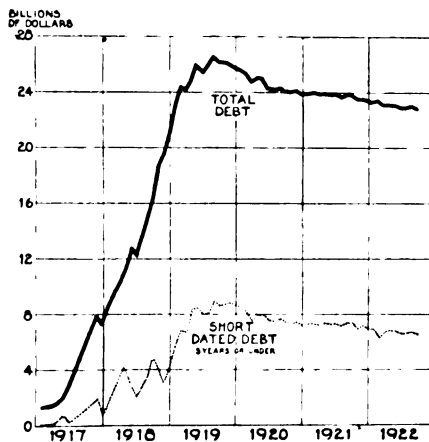


Chart II—The government debt

Treasury already has made considerable progress in redistributing these maturities over a later period and it is as the latest step in this program that the new issue of about \$750,000,000 long term bonds has just been sold. These new bonds involve no call whatever for additional capital, but were issued solely for the purpose of projecting into the future, maturities which come due too soon, to be met out of current revenue.

For purposes of simplicity we may divide our scheme of debt financing, as it has gone thus far, into four stages which are illustrated by Chart III. The first stage was during the war period. It was then the Government's policy to supplement revenues by frequent issues of short term certificates of indebtedness, which were partly taken up at successive intervals and refunded by means of the long term Liberty loans. This process is indicated by the irregular growth in the volume of certificates outstanding shown on the chart. By these operations the Treasury succeeded in refunding approximately \$17,000,000,000 into long term debt.

After the war, in 1919, money conditions became less favorable for the flotation of further long term issues at desirable rates, and with a view to tiding the Government over until conditions should again favor a long term refunding issue, the refunding took the form of a short term note issue which we may consider as representing the second stage. Approximately \$4,500,000,000 Victory notes were sold in two series, bearing $3\frac{3}{4}$ and $4\frac{3}{4}$ per cent. coupons and maturing May 20, 1923, but redeemable at the option of the Secretary of the Treasury in whole or in part on June 15, 1922, and again on December 15, 1922.

During 1920 and the early part of 1921 there were no further refunding operations, though as you may see by the chart there were some net debt reductions effected through revenue. By May, 1921, the Treasury faced the necessity of making provision for maturities within the following two years amounting to \$7,500,000,000, including Victory notes, certificates of indebtedness, and savings issues. Money conditions still do not favor a long term bond issue, so the Treasury as its third major step in the financial program resorted to a series of three and four year Treasury notes. By the sale of six issues, extending over a period from June 15, 1921, to August 1, 1922, approximately \$2,750,000,000 of pressing obli-

gations maturing by the middle of 1923 were redistributed through 1924, 1925 and 1926.

As the result of these operations, plus retirements, the Treasury by September 30 this year had provided for \$4,000,000,000 of the \$7,500,000,000 early ma-

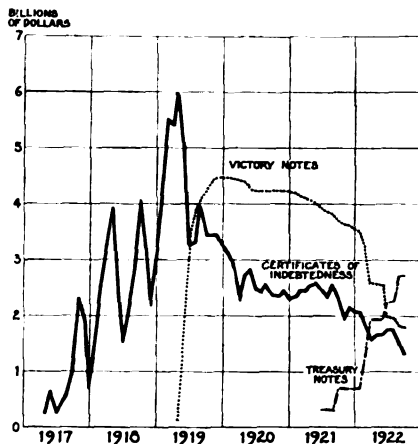


Chart III—Changes in type of short dated Government debt outstanding

curities that it faced in June, 1921. This left \$3,500,000,000 still to be provided for before the close of this fiscal year, including \$870,000,000 Victories called for redemption December 15, and \$930,000,000 due to mature May 20 next year. To partially meet these requirements the Treasury has availed itself of a favorable bond market to offer a new long term refunding loan, the tremendous oversubscription of which we have just witnessed. This constitutes the fourth and most recent stage in the financing, and brings us up to date in the program. The successful sale of this new issue, realizing about \$750,000,000 in accepted cash subscriptions (and exchanges of Victories and Treasury Certificates) reduces to still more manageable amounts the short dated debt maturities that remain to be provided for.

In closing, I should like to call attention to the fact that these vast operations have been performed with a wisdom that has protected us from any disturbance to outstanding securities to the

money market or credit conditions in general. Step by step with the decline in open market money rates the Treasury on its successive issues has effected rate reductions which have reduced the charges on certificates from a high point of 6 per cent. to as low as $3\frac{1}{2}$ per cent., and on Treasury notes from $5\frac{3}{4}$ per cent. to $4\frac{1}{4}$ per cent. Yet so accurately have the terms conformed to market requirements that each successive issue has been heavily over-

subscribed. This is a demonstration of government financing as it should be done. Undoubtedly this general recognition of, and confidence in, the soundness of our Treasury's program (as well as improvement in credit conditions throughout the country) has been an important factor in the recovery of and in the creation of and eager demand for any new security which bears upon its face the stamp of the United States Government.



Branch Banking in Detroit and Cleveland

A Reply to "An Argument Against Branch Banking"

by Vernon R. Loucks

By James Hoyt

Vice-president First National Bank in Detroit

IN a pamphlet which has been widely distributed (at the A. B. A. convention) and from which extracts have been widely published, purporting to state the case against branch banking, reference is made to a recent article, describing the operation of branches by State banks in Detroit, and it is then said:

"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", continues the pamphlet, "is found in the record of what has happened where branch banking has been permitted".

Yea, verily. The challenge is accepted. What has happened where branch banking, as in Detroit, has been permitted?

Branch banking (as we believe it should be permitted for national as well

as state banks) has reached its fullest development in Detroit and Cleveland, and it surely can only be fair to cite these two cities as examples of what has happened. Horrible examples of stifled industry, are they not? "Local enterprises do not receive the financial credit which they must have" and "the entire community suffers and the city and surrounding country do not develop as they should". We cannot speak so very intimately for Cleveland, poor thing, but if Detroit has suffered, it has been from growing pains; and if Detroit had developed any more rapidly than she has, she would doubtless be second only to New York in population, instead of having merely jumped from thirteenth to fourth place in population in the twenty years from 1900 to 1920.

It has been within this period (1900 to 1920) that branch banking has been developed in both Detroit and Cleveland. Let us go to the record to see how these unfortunate communities have suffered. It is a pitiful story, but must be told.

The census of 1900 gave Cleveland a

population of 381,768; in 1920 the population was 796,841; an increase of 108 per cent.

The census of 1900 gave Detroit a population of 285,704; in 1920 the population was 993,678; an increase of 249 per cent.

Branch banking certainly kept the folks away, didn't it?

In 1900, the total capital, surplus and undivided profits of Detroit banks was, approximately \$6,500,000; in 1920, \$59,500,000; total resources in 1900, \$67,000,000 and in 1920, \$572,000,000. Total deposits increased from \$47,000,000 in 1900 to \$412,000,000 twenty years later.

In 1900, the Cleveland banks and trust companies had capital, surplus and undivided profits of, approximately, \$28,000,000; in 1920, \$86,531,814. Total resources of Cleveland banks in 1900, \$160,000,000 and in 1920, \$742,000,000. Total deposits in 1900, \$129,000,000, and in 1920, \$610,000,000.

Do these figures tell sufficiently the sad story of "community suffering" and lack of development?

But bear with us. There is yet more to come. It might be said that conditions in Detroit and Cleveland were good for the banks (to whom the deposits, however, do not belong) but very bad for the folk who want to build up industries. How have the oil refineries, the iron and steel mills, the shipbuilding plants and scores of other industries in Cleveland fared in this twenty years of "community suffering" and suppressed development by reason of branch banking? And the little shops in Detroit that manufacture automobiles, stoves, paints, and medicines and a few other articles—how have they suffered?

In 1900 (according to the U. S. census) the capital invested in manufacturing in Detroit was \$67,223,682 and in Cleveland, \$93,021,316. In 1919 (1920 figures not available) the capital engaged in manufacturing in suffering Detroit was \$788,329,000 and in suppressed and oppressed Cleveland, \$762,585,000.

In 1900 Detroit used manufactur-

ing materials valued at \$47,000,000 and in spite of her nineteen years of suffering under the system of branch banks Detroit in 1919 utilized \$656,000,000 worth of material. Cleveland's factories in 1900 consumed material valued at \$66,084,468; in 1919, \$618,449,000.

In 1900, so Uncle Sam's census tells us, Detroit's factories turned out products valued at \$88,365,924; in 1919, her products were valued at \$1,234,520,000. What suffering for this struggling community!

In 1900, again quoting your Uncle Sam, Cleveland's factories produced goods valued at \$126,156,839 but in 1919, these thwarted industries turned out only \$1,091,577,000 worth of goods. More of the same sort of suffering.

But if you have tears to shed, and none has yet dropped from your eyes, prepare to shed them now. The First National Bank of Boston, in its recent excellent compilation of commercial data, gives us additional figures of interest. We have so far referred only to Cleveland and Detroit but since similar conditions prevail throughout Ohio and Michigan, it is informing to examine some statistics for "the surrounding country". The sad story must continue yet a little longer.

According to our Boston authority, the wealth of the United States is, approximately \$82,024,359,019 (excluding Pennsylvania and Delaware) of which Ohio possesses \$9,599,586,925 and Michigan \$4,779,013,200. In other words, these two suffering commonwealths possess 17 per cent. of the total wealth of forty-six states.

The per capita wealth of the United States is \$785; in Ohio, \$1809.65 and in Michigan, \$1515.52. More suffering!

The total capital invested in manufacturing in the United States according to the same authority is \$44,569,595,771, of which there is \$2,340,954,312 in Mr. Ford's suffering commonwealth and \$3,748,743,996 in President Harding's suffering commonwealth; the two states, in spite of branch banking, have 11 per

cent. of the manufacturing capital in the entire group of forty-eight.

All the factories in the United States turned out (in 1919) products valued at \$62,418,078,773 of which Michigan factories produced \$3,466,188,483 and Ohio factories \$5,100,308,728. The combined products of these two States being 13 per cent. of the total for the nation. Some suffering!

Are your feelings sufficiently harrowed, gentle reader, by this picture of these two commonwealths whereby reason of branch banking "local enterprises do not receive the financial credit which they must have", "local loans are frequently refused where they should be made", "the entire community suffers and the city and surrounding country do not develop as they should"?

However, if it can be demonstrated that without branch banks Detroit will grow and develop and prosper more rapidly than she has in the last two decades, why Detroit is open to conviction; and Cleveland, in spite of her suffering, is no doubt receptive also to any suggestion which means more industries, more people and more wealth. But can any other two cities in the United States with or without branch banks, match the records of these two?

Meanwhile it does seem only fair, if perchance the branches which state banks in Ohio and Michigan are permitted to operate are useful, convenient and desirable, that the National Banks in those states should be also allowed to maintain branches.



Plans for American Bankers Association

PLANS for broadening the work of the American Bankers Association as an institution of service for the whole people rather than merely for the specialized field of banking, were outlined by John H. Puelicher in an address at a dinner given him by Pittsburgh bankers as president of the American Bankers Association. Mr. Puelicher told of the recent meeting of the Administrative Committee of the Association at Washington, D. C., during which contacts were established with government officials for the purpose of placing at their disposal such facilities of the organization as might be helpful to them and conducive to public welfare in their work.

"Just as the prosperity of the individual bank", Mr. Puelicher said, "is built on the progress of its community, so the prosperity of banking is founded on the economic betterment of the na-

tion. It is a narrow view of the American Bankers Association and its work to look upon it as an organization to serve only the interests of banks.

"It is a fact that banks serve themselves best by serving others first. To state the case in extreme but absolutely true terms,—banks do more for their own prosperity by aiding the development of efficient methods of farm production and finance than by foreclosing mortgages. They do more for themselves in the promotion of sound reciprocal trade than in speculating in foreign exchange. They do far, far more for themselves through the inculcation of sound money principles than in participating in the profits of credit and currency inflation. In other words, what is best for the country is best for the banker. There is no such thing as detaching the interests of banking from the interests of the people."

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 at various times heard the expression "Protecting bank loans by insurance" and of the value of life insurance as a factor in the extension of credit. Will you kindly give me your views as to what is meant by this expression and also what you consider the importance of insurance as a factor in the granting of credit?—J. S. B.

ANSWER: Business insurance is generally recognized today by both bank and mercantile credit men as a factor to be taken into consideration in the extension of credit. Its credit importance of course varies greatly with the nature of the business to which it is applied and the particular situation involved in the business in question. Banks occasionally protect loans which they have made to a company by having the subject concern take out insurance on the life of its principal officer equal to the face amount of the loan and made payable to the bank in the event of the individual's death. This of course insures the bank against loss on the loan, although the ultimate payment (if left entirely to the insurance company) will not be made until the individual's death and thus may extend over a considerable period of years. However, the bank is at least safe in its knowledge that the loan will be liquidated at some future date, provided the insurance premiums are met regularly.

The arguments advanced for business insurance are sound and are readily appreciated by any business executive. The majority of bank statement forms today inquire as to the amount and kind of insurance carried, the beneficiary, the assignee, etc., etc., indicating the importance attached to the subject of insurance as a credit factor. It is realized that the success of a business depends more than anything else upon the capability of its management. An alert, aggressive and careful management is the best security a bank can

have in safeguarding its loans. Someone once said that "Business is but the shadow of a man". The success or failure of a company very often depends upon the brains and ability of its guiding spirit, and if this individual dies, his ability and experience die with him. It is in such cases, where a business is largely dominated by one individual, or in the case of a partnership, where no provision has been made for the continuation of the business in the event of the death of one partner, that an insurance policy taken out on the life of the principal officer, or a joint policy in the case of a partnership, seems of most importance. Such business insurance is of decided value as a credit factor, since it is the only security which will cover the embarrassment of the company incidental to the death of the principal, by stepping in at the right time to assist in the reorganization of affairs.

In checking commercial paper one occasionally hears the criticism that such and such a company is a "one-man organization". The paper of concerns of this type would undoubtedly be strengthened if the life of the dominating executive is protected by insurance made payable to the company upon his death. A bank also would feel more secure in loaning such a concern if it were covered by insurance on the life of the principal. In judging credit risks we consider it essential that a company's merchandise and plant be covered by fire insurance. Yet we often fail to take into consideration the value of insuring the brains and guiding genius of the principals who are responsible for the concern's very existence. Charles M. Schwab once said that if the various physical properties of his steel mills were suddenly consumed by fire he could probably arrange to have them reconstructed in time and the loss would not be permanent. But if the personnel of his organization were suddenly destroyed by some untoward happening, he would consider himself completely ruined.

Life insurance occupies a tangible place

as an asset on a company's statement in the form of an amount equal to its cash surrender value. Some credit value may also be attached to insurance in consideration of the fact that it can always be used as collateral for a loan with the insurance company, based on the amount of premiums paid up. In the case of partnerships, business insurance is occasionally of great advantage, enabling the surviving partner to purchase the deceased's share in the business and in this way continue his business when perhaps otherwise he might have had to liquidate immediately, due to a demand on the part of the executors that the deceased's share in the business be withdrawn. In this way a business with a good future can be continued, and forced liquidation prevented.

In summarizing the above arguments for business insurance, it is not intended to infer that such insurance will restore credit where it is seriously damaged, or will even add in the majority of cases anything more than a secondary factor to be reviewed in judging the credit risk. But it is obvious that in some cases it may occupy an important place in the credit consideration and that in any event it plays its part as being one of the various factors to be taken into account.

QUESTION: Is it permissible for a company to revalue its fixed assets in order to cover up a deficit or a decrease in surplus? One of the good accounts of this bank has recently suffered business reverses, due to no fault of its own, and operations have resulted so unprofitably that there has been an impairment of capital. The real estate and buildings of this company have been carried at a figure which is considerably under the present value, and a re-appraisal would undoubtedly show a large gain. If the property is carried on the statement at its re-appraised value, the increase in assets would be sufficient to wipe out the present deficit and show some surplus besides.—W. M. K.

ANSWER: It is not considered conservative accounting practice to revalue fixed assets and show the appreciation on the statement as an addition to *earned* surplus. If a re-appraisal of property is made purely for

the purpose of attempting to swell the assets and conceal or wipe out a deficit, it is obviously not good practice. However, there is nothing wrong in showing an appreciation from revaluation through a special surplus account set up for that purpose, which indicates clearly what has taken place. For instance, if a re-appraisal of property increases the fixed assets by \$20,000, and the company already has an earned surplus of \$100,000, it is permissible to offset the addition on the asset side of the statement by the following on the liability side: Surplus from Appreciation Fixed Assets—\$20,000; Earned Surplus—\$100,000. If, on the other hand, the above company has a deficit of \$10,000, the appreciation in surplus would be shown as follows:

Surplus from Appreciation Fixed	
Assets	\$20,000
Less Deficit	10,000
Surplus (Not earned)	\$10,000

Any re-appraisal that is made should be conducted by competent authorities. If the re-appraisal shows a reduction in value, however, the decrease will have to be charged to the earned surplus account.

QUESTION: I have occasionally seen on statements the items "Stock Discount" and "Premium on Bonds". Will you kindly explain what is meant by these items?—M. S. S.

ANSWER: The item "Stock Discount" undoubtedly refers to stock sold at a discount or below par, and is in the nature of a deferred asset, the loss to be charged to surplus account as soon as possible. For instance, a company putting out a new \$100,000 issue of stock, par value 100, might sell it at 98. It would then show on its balance sheet: Assets—Cash \$98,000; Discount on Sale of Stock \$2,000; Liabilities—Capital Stock \$100,000. The "Premium on Bonds" refers to bonds that have been sold above par and represents the difference between the par value and the price at which they have been sold. This is in the nature of a deferred liability, the profit to be amortized and credited proportionately each year during the length of the bonds. For example, if a bond issue of \$100,000, par value 100, is sold at 102, the company will show on its balance sheet: Assets—Cash \$102,000; Liabilities—Premium on Bonds Sold \$2,000; Bonded Indebtedness \$100,000.



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

Duties of Bank Upon Receiving Trust Fund on Deposit

Clifford v. United States Trust Company of
New York, New York Supreme Court,
Appellate Division. 196 N. Y.
Supp. 392.

IF a bank knowingly allows a trustee to misapply a trust fund on deposit in the bank, it may be held liable to the beneficiary of the trust. For instance, banks have been held liable where they have allowed an executor or administrator to deposit estate funds in the depositor's individual account and have then received from the depositor a check drawn on the account in payment of the depositor's individual debt to the bank.

But, where funds are deposited in an account indicating the trust character of the deposit, the bank is not called upon to inquire into the terms of the trust and to see to it that the fund is applied in accordance with such terms.

In this case, trustees deposited money in the defendant bank, receiving therefor a certificate of deposit in their names as trustees. Instead of complying with the provisions of the trust, the trustees withdrew substantial sums and invested the same contrary to the directions of the will creating the trust. The bank had no information as to the terms of the trust. It was held that the bank was in no way responsible for the action of the trustees.

OPINION

Submission of controversy between John H. Clifford, as substituted trustee under the will of Cyrus E. Lee, and the United States Trust Company of New York, on an agreed statement of facts

under Civil Practice Act, § 546. Judgment for defendant.

GREENBAUM, J. One Cyrus E. Lee died a resident of New Bedford, Bristol county, Mass., on March 15, 1889, leaving a will which was probated by the probate court for the county of Bristol. By his will, the deceased, after giving certain pecuniary legacies, bequeathed the entire residue of his personal estate to his wife, Hannah H. Lee, and devised all of his real property to Joseph H. Thompson and John F. Hamilton in trust as follows:

"To dispose of the same by sale and deposit the proceeds thereof in the United States Trust Company of New York City for the benefit of my wife and for and during her natural life and to pay her the income annually accruing therefrom and in case the said income does not in any year amount to the said sum of \$800, I direct the said trustees to pay to her from the principal so much as when added to said income shall amount to said sum. Upon the death of my wife I give and devise all the rest of my estate of whatsoever kind to the said Joseph H. Thompson, his heirs and assigns forever."

The trustees, after disposing of the testator's real estate, deposited the proceeds of the sale, amounting to \$15,122.63, with the defendant, receiving in exchange therefor a certificate of deposit issued to them in their names as trustees of the estate of Cyrus E. Lee, deceased, and which provided for the payment of interest thereon at the rate of 3 per cent. Instead of complying with the provisions of the trust, the trustees withdrew substantial sums under the certificate of deposit, and invested \$9000 thereof by acquiring in

their names, as trustees, assignments of first and second mortgages covering certain real property in Brooklyn.

Subsequently, and on or about September 16, 1898, the said Joseph H. Thompson and John F. Hamilton resigned as trustees, and Joseph H. Thompson, Jr., a son of the said Joseph H. Thompson, was duly appointed by the probate court as substituted trustee under the said trust, and duly qualified as such trustee.

It appears that in the judicial resignation proceedings which were had Joseph H. Thompson and John F. Hamilton duly filed their accounts as trustees, which accounts described the investments which the trustees had made from the proceeds of the trust moneys, and stated that all the parties in interest in the estate were served with notice of the proceedings, including Mrs. Lee, who joined with all the other persons in interest in signing a paper which stated that they had "examined the foregoing account" and that they "request that the same be allowed without further notice". In this connection, however, it should be noted that it appears that Hannah H. Lee was born in September, 1842, and that—

"Except as indicated by her signature appearing upon the trustee's account of September 15, 1898, as set forth in paragraph 14 thereof, she was, until shortly before the beginning of this action ignorant of the breaches of trust and the surrounding circumstances, as hereinbefore set forth."

The agreed statement shows that Hannah H. Lee—

"received from Thompson and Hamilton as trustees during their trusteeship the full sum of \$800 per annum to which she was entitled under the terms of the will of Cyrus E. Lee and thereafter during the trusteeship of Thompson, Jr., and up to and including February, 1918, she also received the full sum of \$800 per annum."

In other words, it is agreed by the parties that, although the trustees had

violated the strict provisions of the will, which required the proceeds of the sale of the real estate to be left on deposit with the United States Trust Company upon the terms mentioned in the trust, by the withdrawal of moneys from the certificate of deposit and reinvesting them in mortgages, the life tenant as matter of fact has yearly received \$800, and it is expressly conceded that, if she had been paid \$800 per annum under the terms of the trust, interest upon the principal sum of \$15,122.63, deposited with the defendant Trust Company, being limited to 3 per cent., such fund would have been entirely exhausted by February, 1918. It thus appears that neither the trust estate nor any person interested therein has suffered any loss through defendant's act in permitting the trustees to withdraw deposits which they had made with the defendant, since the life tenant actually received more than she possibly could have received, had the terms of the trust been strictly carried out. Of course, if the trustees had made any profits during their trusteeship, they would be answerable to Mrs. Lee for such profits. But that question is not before us.

It is the contention of the plaintiff that he is entitled to judgment against the United States Trust Company for an accounting, and to receive payment from it of the amounts of the respective several withdrawals made by the trustees upon the ground that the company was under the obligation or duty to the life tenant, Mrs. Lee, to become familiar with the terms of the trust, and not to permit any withdrawals from the deposit made from the sale of the real property, unless they were withdrawn in strict compliance with the terms thereof.

We are of the opinion that there was no duty or obligation cast upon the defendant trust company to inquire as to the terms of the trust fund, when the trustees deposited the trust moneys with it as trustees and it issued to them, as trustees, the certificate of deposit. There is no circumstance mentioned in the

agreed statement of facts from which the court would be justified in finding that the trust company was put upon any inquiry as to the terms of the trust. In *Bischoff v. Yorkville Bank*, 218 N. Y. 106, 112 N. E. 759, L. R. A. 1916F, 1059, the New York rule was stated as follows:

"A fiduciary may legally deposit the trust funds in a bank to his individual account and credit. Knowledge on the part of the bank of the nature of the funds received and credited does not affect the character of the act. The bank has the right to presume that the fiduciary will apply the funds to their proper purposes under the trust. There are judicial decisions, in cases in which the fiduciary has converted the funds, which hold the contrary. *United States Fidelity & Guaranty Co. v. People's Bank*, 127 Tenn. 720; *Bank of Hickory v. McPherson*, 102 Misc. Rep. 852."

The court further stated:

"Inasmuch as the defendant knew that the credits to Poggenburg created by the proceeds of the checks were of a fiduciary character and were equitably owned by the executor, it had not the right to participate in a diversion of them from the estate or the proper purposes under the will. Its participation in a diversion of them would result from either (a) acquiring an advantage or benefit directly through or from the diversion, or (b) joining in a diversion, in which it was not interested, with actual notice or knowledge that the diversion was intended or was being executed, and thereby becoming privy to it."

There is no suggestion in this case that the defendant, as depositary, had the slightest knowledge or information of the terms of the trust, or that it in any way participated in the disposition of the trust moneys, or derived any advantages from the withdrawal of the deposit.

It follows that defendant is entitled to a judgment, without costs. Settle order on notice. All concur.

Telegraphic Certification of Check

Flathead County State Bank v. First National Bank of Caledonia, United States Circuit Court of Appeals.
282 Fed. Rep. 398.

In order for a telegram, sent by a bank, to operate as a certification of a check, drawn upon the bank, the telegram must be so worded as to express a promise to pay the check. A mere statement that the check is good is insufficient.

The plaintiff bank, upon receiving a check for \$10,000, drawn on the defendant, wired the defendant, describing the check and asking "is it good". The defendant wired back the following answer "A. O. Myhre check for \$10,000 is good". The defendant nevertheless, refused to pay the check upon presentment. And it was held that the plaintiff could not recover against the defendant, on the theory that the check had been certified, because the telegram did not, in effect, promise to pay the check.

OPINION

Action by the Flathead County State Bank against the First National Bank of Caledonia. Judgment on a directed verdict for defendant, and plaintiff brings error. Affirmed.

COTTERAL, District Judge. The Flathead County State Bank, of Polson, Mont., brought this action at law to recover of the First National Bank of Caledonia, Minn., the amount of a check for \$10,000, drawn by A. O. Myhre upon the latter bank. The grounds of recovery, as stated in the petition, were that for a valuable and sufficient consideration Myhre agreed to pay the plaintiff that sum, and in lieu of cash tendered the check, upon agreement that the plaintiff should hold it tentatively until it should telegraph the defendant to ascertain whether the defendant would accept and certify it, and this was done and the acceptance and certification were effected by tele-

graphic communication, but that thereafter the check was presented to the defendant and protested, and payment was refused. The telegrams were exhibited with the petition, and were as follows:

"Polson, Mont., May 16, 1918.

"First National Bank, Caledonia, Minn.

"We hold check of A. O. Myhre on your bank for ten thousand dollars. Is it good.

"Flathead County State Bank,

"W. J. Burke, Cashier."

"Caledonia, Minn., May 16, 1918.

"Flathead County State Bank, Polson, Mont.

"A. O. Myhre check for ten thousand dollars is good.

"First National Bank, Caledonia, Minn."

The defendant answered, admitting the telegrams, and the presentation and protest of the check, and making a general denial. It denied knowledge of the check, except through the telegrams, and alleged that Myhre had no funds on deposit in the bank, and that it could not legally accept the check, as the parties knew; that Myhre had good financial standing, and was worth in property more than the check, and defendant merely intended to inform plaintiff he was good for the amount, but never accepted or certified the check; that the check was given in partial repayment of the defalcation of his son in plaintiff bank, on the representation that a criminal charge against him would be withdrawn and plaintiff would use its influence to that end; that the authorities disapproved, and the son was sentenced; that Myhre was to return to Caledonia and make a deposit for the payment of the check, but failed to do that, and notified the defendant not to pay it, if it was presented; that the check was obtained without consideration, and by fraud and duress; and that defendant had no knowledge of the consideration for it until after its date.

The plaintiff replied, alleging that

defendant had knowledge of the making and delivery of the check and the consideration therefor and the circumstances; that plaintiff had no knowledge as to the deposit or funds of Myhre in the defendant bank, nor as to his standing or property; that the agreement was, the demands of the bank against the son were released; that the authorities were notified and the son was sentenced; and that the plaintiff had no knowledge whether payment of the check was stopped.

At the trial of the case a jury was called, and witnesses testified in behalf of the plaintiff. The defendant offered no testimony, but moved the court to direct a verdict in its favor. The motion was sustained, and judgment was rendered for the defendant.

The plaintiff's witnesses were the cashier, president, and two other directors of the bank, and a state official. It will suffice to give the substance of the cashier's testimony. He testified to the making and delivery of Myhre's check, also the defalcation of his son, Martin Myhre, in the sum of \$19,600, in the plaintiff bank. Myhre and two attorneys met with the directors of the bank at Polson. One of the attorneys represented that Myhre had considerable wealth, the family was well to do and honorable, and did not want the stockholders to stand all the loss, and desired to settle the son's civil liability to the bank. Offers were made, and eventually \$10,000 being agreed upon, the check therefor was tendered. Myhre said he had made arrangements with the defendant to take care of it and pay it, and the fact could be ascertained by telegram. The check was accepted, with the understanding the defendant would be wired, and would "O. K." it, or say it was good. The settlement was not to influence the criminal proceedings against the son, but one of the attorneys there stated it was the purpose to show to the court restitution had been made and report the settlement to the state banking department and the Attorney General. Myhre's attorney, in

his presence, said he was a wealthy farmer, had extensive land holdings in Houston county, Minn., that his son Martin had received none of his inheritance, that some of the other sons had, and Martin would inherit one-third of his property.

The cashier, by direction of the president, sent the telegram to the defendant and received the answer, copies of which are attached to the petition. The plaintiff accepted the check in settlement of the son's liability, and it was sent out for collection in regular course. The president of the bank went with Myhre and counsel to the banking department and Attorney General to inform them of the restitution. The son received a sentence of four years. The check went to protest, and was not paid. The testimony of the other witnesses is merely cumulative, and no statement of it is essential.

The plaintiff necessarily relies on the supposed acceptance of the check in question. Certain statutes of Minnesota are called to our attention as bearing upon the controversy, inasmuch as the place of payment of the check was in that state. The only application of them is that they sanction the acceptance of a check by a separate instrument, and, of course, by a telegram. Our opinion must doubtless be upon general authority with respect to the force and effect of the telegrams passed between these parties, under the circumstances of the case.

It was clearly the intention of the Montana bank and A. O. Myhre that the latter was making payment of \$10,000 to that bank, to settle in part the liability of his son. But the controversy is between the Montana and Minnesota banks. While it is true that Myhre represented that he had made arrangements with the latter to take care of the check and pay it, there was no testimony to show that he had done so or that he had any funds on deposit in or available to the Minnesota bank, for the purpose of meeting the check. There is a dearth of circumstances to connect that bank with the transaction.

For this reason it is necessary for us to hold that the question of its liability must depend practically on the language of the telegrams; and, to state it more accurately, it is whether the Minnesota bank thereby agreed to bind itself to make payment of this check.

The case of *North Atchison Bank v. Garretson*, 51 Fed. 168, 2 C. C. A. 145, decided by this court, points out the test of liability in such cases. There the inquiring telegram was, "Will you pay James Tate's check on you, \$22,000? Answer." And the answer was, "James Tate is good. Send on your paper." It was said the question was "whether the defendant bank agreed to pay Tate's check, * * * and that in our judgment is just what the bank * * * bound itself to do." In the opinion it was also said that, if the answer had been limited to the words "Tate is good," "there would be grounds for holding that the bank thereby intended an affirmative answer to the categorical question put to it; but all doubt is put at rest by the remaining words of the answer, to wit, 'Send on your paper.'" And the bank was held to be liable upon the check.

In the present case, the inquiry was whether a certain check was good, and the answer was it was good. There was omission of any language expressive of a purpose to honor the check. We are unable to construe the answer to that effect, without other aiding circumstances. Standing alone, it is technically an affirmation that the check of Myhre was worth its face at the time. The meaning ordinarily would be that the deposit account of the maker was then sufficient to meet the check. But this is different from undertaking to pay it, as would have been the significance of the act of formally accepting or certifying it.

Another case which is valuable in its application is *First National Bank of Dunn v. First National Bank of Massillon* (D. C.) 210 Fed. 542, where the inquiry was whether a check would be paid, and the answer was, "Forward your checks. They will undoubtedly be

taken care of by the company when presented." This was held to fix liability; but it was noted that the inquiry was not whether the party was solvent.

In the case of *First National Bank v. Commercial Savings Bank*, 74 Kan. 606, 87 Pac. 746, 8 L. R. A. (N. S.) 1148, 118 Am. St. Rep. 340, 11 Ann. Cas. 281, no liability was found, for want of "absolute promise to pay." The telegrams were very similar to those here involved, and the decision is in point.

The cases are to be distinguished which involve checks or bills on which acceptance is indorsed. Our investigation leads us to conclude that a party is not entitled to recover where, as here, the alleged acceptance was by a separate instrument, and there was not a clear obligation to make payment. 8 *Corpus Juris*, 305.

We are of the opinion that there was no substantial evidence of a binding agreement on the part of the defendant bank to pay the check in suit, and for that reason the trial court properly directed the verdict in its favor.

The judgment is accordingly affirmed.

Accommodation Indorser Entitled to Notice of Dishonor

Nolan v. Brown, Supreme Court of Louisiana. 93 So. Rep. 113.

The failure to give notice of dishonor to an accommodation indorser of a note, discharges him from liability, unless notice of dishonor has been waived. This rule is here applied to a renewal note, re-indorsed by the accommodation indorser of the original note.

OPINION

Action by Frank J. Nolan against Owen W. Brown and another. A judgment for plaintiff was affirmed by the Court of Appeal, and the defendant Louis M. White applies for a writ of

review. Judgments annulled and set aside as to the appealing defendant, and plaintiff's demands rejected.

DAWKINS, J. Plaintiff sued Brown as maker and White as indorser, respectively of nine notes, payable to plaintiff's order at monthly intervals. White excepted that the petition disclosed no cause of action as to him; but plaintiff was allowed to amend by alleging that he had been the holder of a former series of notes representing the same indebtedness, upon which he was about to sue when the present notes were given by Brown and indorsed by White at the earnest solicitation of both, and the indebtedness extended over a longer period of time, for which reason White was not an accommodation indorser entitled to notice. Thereupon the exception which had been leveled at the failure to allege notice of dishonor to White was overruled; and defendant White answered, pleading the want of notice and that he had been thereby discharged.

The district court, after trial, gave judgment for plaintiff against both defendants, and White appealed to the Court of Appeal for the parish of Orleans. That court affirmed the judgment of the district court, and the case is now before us on certiorari and writ of review.

The opinion is as follows:

The facts are not disputed, and the sole question is: Was White discharged by the failure to give him notice of dishonor?

Brown had given plaintiff certain notes with White as accommodation indorser, which were about to prescribe, and, upon plaintiff threatening to sue both parties, they executed and delivered to him 12 notes, in lieu of those which he then held, 8 of the new series being past due when delivered and must have been paid, for they are not sued upon in this case.

Both the district court and Court of Appeal conceded that ordinarily an accommodation indorser is discharged by the failure to notify him of dishonor,

but base their conclusions upon the idea that the indorser in this instance falls within the class contemplated by section 115 of the Act No. 64 of 1904 (Uniform Negotiable Instruments Law), the pertinent portion of which reads as follows:

"Sec. 115. Notice of dishonor is not required to be given to an indorser in either of the following cases:

* * * * *

"3. Where the instrument was made or accepted for his accommodation."

It is not disputed that White received no financial benefit whatever from either the first or second series of notes, but is contended that he was accommodated within the meaning of the section just quoted by the plaintiff's acceptance of the new notes, with extension of time to Brown and the foregoing of the right to immediately sue White. There is nothing to show that White was timely notified of the dishonor of the first series of notes, other than that just before the accruing of prescription, he had appeared with the maker and executed the renewal notes, signing as indorser as in the first instance.

We cannot agree with the argument of defendant's counsel that parol evidence cannot be received to prove that the note upon which White appeared as indorser was really given for his benefit. If this were true, then the third paragraph of section 115 of the statute, above quoted, would be rendered nugatory, for it could never be shown that a bill or note was "made or accepted for his (the indorser's) accommodation," unless there was some contemporaneous writing to that effect. The authorities cited and relied upon were without regard to this provision of the law, which had not been enacted at the time they were pronounced.

However, we think that the provision referred to means some pecuniary benefit or accommodation, and not merely the foregoing of a lawsuit. The well-recognized and underlying principle

upon which this clause in the law is founded is that one needs no notice of the failure to pay his own debt. Whenever a negotiable bill or note is given for which one in reality is primarily bound, though by the manner in which his name is placed thereon he may appear to be bound in some other capacity, the true facts may always be shown as between the original parties; and, if the obligation is for his accommodation, in the sense that he may not look to some one else for reimbursement if he pay in whole or in part, then he is not entitled to notice. The reason, of course, for requiring notice to those not primarily bound, is that they may protect themselves as against those who really owe the debt. Daniels on Neg. Inst. (6th Ed.) vol. 2, p. 1163, §§ 995b, 996.

In the instant case it is not, as above stated, pretended that White received any benefit from the new notes other than the withholding of suit, and he assumed, on the face of the contract, the same character of liability as before. He would have at all times, had he paid the note, had the right to sue Brown for every penny so paid. The three notes which were past due when indorsed and delivered must have been paid, and there is nothing in the record to show that they were paid by any one other than Brown, the maker. As to the first one which thereafter matured (all 12 having been executed and delivered October 14, 1919) on October 15, 1919, the first notice which appears to have been given White of dishonor was on December 22 of the same year, which could hardly be said to have been timely.

Thousands of transactions are taking place daily in which men indorse bills and notes for others for accommodation, which are permitted to be renewed from time to time; and, if the contention of the plaintiff and the holding of the lower courts were correct, all that would be necessary to bind the indorsers indefinitely, or so long as the payee might wish to defer action, would be to pro-

cure one renewal and the reindorsement of the indorsers. Thereafter no notice of dishonor would be necessary. We do not think this is the meaning of the law.

For the reasons assigned, the judgments of the lower courts are annulled and set aside as to defendant Louis M. White, and the demands against him are rejected at plaintiff's cost.



How to Use the Bank's Telephone

THE following suggestions for the proper use of the telephone are made in *The Chase*, the monthly publication of the Chase National Bank of New York:

A. OUTGOING CALLS

1. When asking for an outside connection, request the number and not the name, whenever possible. Look up the name and address in the telephone book, and if it is not given and information is required, call the chief operator.
2. Call the number slowly, pausing slightly between the second and third number; for example: Rector 38 (pause) 39.
3. Listen to the operator's repetition of the number and acknowledge it by saying "Correct" or "Please".
4. Speak clearly in an easy conversational tone directly into the transmitter. *It is not necessary to shout.*
5. If you wish to recall the operator, move the hook up and down slowly and completely. The operator does not get the signal unless contact is made by the hook.
6. Should you fail to reach the desired person and wish to leave word for him to call, make certain that you give both your name and telephone number, in order that he may know what number to call and for whom to ask.
7. Say "Good-by" or "Thank you" when you have finished talking, and replace the receiver on the hook quietly.

B. INCOMING CALLS

8. Answer the telephone promptly and pleasantly.
9. In answering it is preferable not to say "Hello," but to give your department and name immediately; for example: "Loan Department, Mr. Jones speaking," or "Loan Department, Mr. Jones' office (or desk)". When away from your office, see that some one is instructed to answer the telephone promptly in your absence.

10. It is not courteous to demand the name of the person calling until you have identified yourself.
11. It is advisable to get the name, address, and telephone number of a person transmitting a message as early as possible in the conversation.
12. When another person is wanted on the telephone see that such person goes to the telephone. Do not tie up the service.
13. Use the expression "Engaged on another wire," instead of "Busy on another wire".
14. In answering a call for some one else say, "Who is calling, please? If you will give me your number I will see that you get the information as quickly as possible".
15. Do not leave the receiver off the hook when the conversation is ended.
16. If you are asked for information which you cannot immediately give, do not tie up the telephone and keep the inquirer waiting, but state that you will call as soon as you obtain the information. Be sure to call at the time promised, either to give the desired information or to explain why further delay is necessary.
17. Transferring calls should be avoided whenever possible. When the caller asks specifically for an individual the transfer is entirely proper. However, when a situation is explained to you, you should first communicate with the person wanted, giving the facts to him. The inquirer should not be asked to repeat. When the transaction concerns another department and no immediate answer is necessary, as often happens in daily routine work, you should inform the proper person of the facts, requesting that he communicate with the customer as promptly as possible.
18. In requesting the transfer of a call use the same telephone. By using another telephone you may get a different operator, which means another operation and loss of time. Use the phrase "Please transfer this call to _____," instead of "Please transfer this party to _____".

New Dress For "The Old Lady of Threadneedle Street"*

By Walter Littlefield

JUST as the pyramids symbolize Egyptian civilization, the column the Greek, the round arch the Roman, so the Bank of England, by its history, its legends and traditions and its appearance, symbolizes the British Empire, its financial and commercial stability, its grimness and its invulnerability. The pseudonym, "The Old Lady of Threadneedle Street", has rivaled Scotland Yard for numerical supremacy in the English novel of crime, romance and of fashion, and is quite as well known all over the world.

For a long time "The Old Lady of Threadneedle Street" has felt herself cramped in her ancient ceremonies, and, as it would have been difficult to have her skirts spread out beyond the three and a half acres of ground they now occupy, it has been decided to add to her stature. The elevation contemplated will not spring from the windowless outside walls, the suggestive massive facades, the chef-d'oeuvre of Sir John Soane, but from the interior quadrilateral surrounding the nucleus of the edifice designed by Sir Robert Taylor and the famous Sampson.

The announcement that the bank is at least to be partly rebuilt, to have six stories added to the inner structure, with a Parthenon portico high up over the ancient portal, is regarded by Londoners as an historic event. And there is by no means universal approval of the innovation. There is keen, but possibly irrational, resentment among the thousands of city workers who daily pass that way. But necessity takes no account of sentiment, and they have no logical alternative to offer.

It is unfortunate that Sir John Soane, prophet though he was in many ways, could not contemplate the use of steel in architecture, and hence the drawings he left give no suggestion of rebuilding

within the enceinte. Not one among the many indicates a higher building. We learn from them, however, that his model was "the Temple of the Sibyl at Tivoli," of which the southwest angle is a facsimile. The entrance to the bullion yard, it is also learned from the same source, is a copy of Constantine's arch at Rome, although the allegorical figures represent the Thames and the Ganges and are the later work of T. Banks, R. A.

It is apparent, however, in spite of his architectural reminders of the past, that what Sir John and his successors actually set out to do was to protect the bank's hoard. The original building, we are told by the writer on architecture, Walter G. Bell, was itself quite small, having St. Christopher-le-Stocks Church as its immediate neighbor. London was badly policed a century and more ago, and the bank directors were always in nervous alarm lest some desperadoes might use the church as a jumping-off place for an assault on the gold in the vaults.

A WELL GUARDED BANK

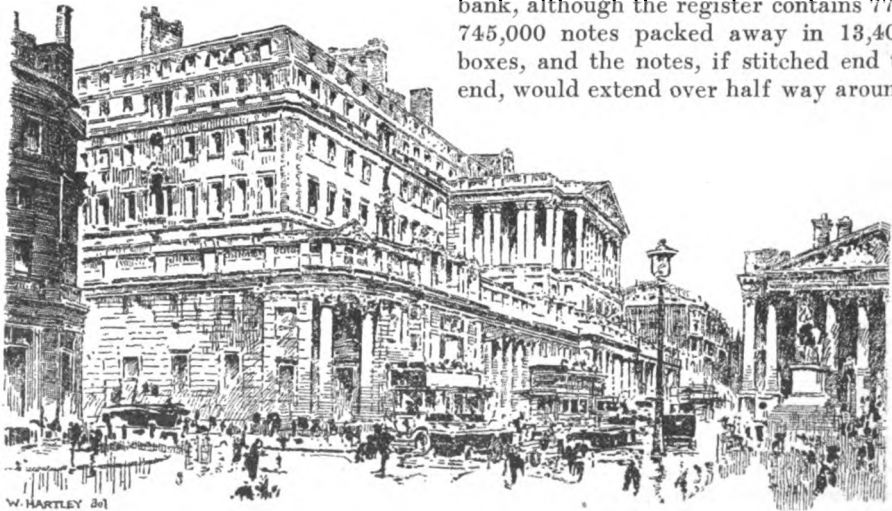
In the Gordon riots the mob attacked the bank, and human lives were lost in vain effort. St. Christopher-le-Stocks, too dangerous a building for purposes of thieves, was then pulled down, and its site was incorporated in the bank; and the encircling wall was, when Soane had finished it, a most effective barricade. But times change, and although mob attacks are no longer feared, every provision has been made for their reception, and also for the reception of gangs of cracksmen. Since the Gordon riots of 1780, a military force has been stationed nightly within the bank, and the officer on guard is provided with a dinner for himself and two friends. The chief accountant and chief cashier have official residences within the pile. In

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addition to the military guard, a certain number of clerks sit up nightly and patrol the building. Outside, both day and night, the most efficient men from Scotland Yard patrol the neighboring streets, while "Bobbies" have been trained to assemble at various points at prearranged signals.

Aside from the bullion and gold coin which the bank was originally designed to guard, and which, now standing at £126,500,000, is since the war much below that in the United States Treas-

accurate and unerring in numbering and registering each note, so as to secure against fraud in every possible form. There are banknotes in circulation of a value close to twenty-five millions sterling (£24,857,000, the approximate figure), but every note is canceled immediately upon its being paid in. The registration of Bank of England notes is so perfect that any note paid into the bank during the last five years can be produced in a minute or two, with information as to the channel through which it found its way back to the bank, although the register contains 77,745,000 notes packed away in 13,400 boxes, and the notes, if stitched end to end, would extend over half way around



Sketch of enlarged Bank of England as planned, after the official drawings

ury Building in Washington, or, indeed, in the Sub-Treasuries of New York, Boston, Philadelphia, Chicago and San Francisco, there are other treasures quite as valuable and apparatus which, if destroyed, could hardly be replaced. In the weighing office are the ingenious instruments invented by a Deputy Governor of the bank of thirty years ago, by the name of Cotton, which are so contrived that when one hundred sovereigns are placed in a round tube, as they descend on the machines the coins of a full weight are carefully separated into one box, while those of light weight are passed into another, where they are defaced at the rate of 60,000 or 70,000 a day.

The banknote machinery is just as

the world at the Equator, or a distance of 12,500 miles.

The bank is the agent of the Government, on whose behalf it receives the taxes, pays the interest of the national debt in dividends to the half million holders of stock. In return for work done, the bank receives a percentage, together with profit derived from the discounting of mercantile bills with the floating balance of public money left in the bank.

BANK CARES FOR HISTORIC AND ART TREASURES

Then, too, there are historic and art treasures. In one of the inner halls are the relics of the Guards, whose organi-

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zation has been prepared to defend the bank for nearly a century and a half. In another are arranged in a gleaming circle the swords of the old Volunteer Corps of the bank, first organized when Napoleon was threatening to invade England. Another contains the defenses devised for the protection of the Bank during the World War. The most precious art treasure of the bank is the white marble mantelpiece in the court room, with its frieze-like sculpturings. It was brought from Italy about 200 years ago, and first reposed in the house of the Marquess of Anglesey, and thence taken to the bank, about 1850.

According to the notes of the new architects, already accepted by the Court of Directors of the bank, the elevation of the enceinte will cause the demolition of the rotunda, under which so many stirring and romantic scenes have taken place, particularly in the court room, where legend says Disraeli had his memorable encounter with the

Governor of the Bank, who had refused to advance the funds necessary to purchase the Suez Canal.

Possibly the most severe critic of the new plans is Mr. Bell. He does not bemoan the contemplated loss of the rotunda, but he does seriously object to obliterating the "very beautiful loggia and Prince's street entrance, which are among the finest internal features of the bank," and he adds:

"The wisdom of attempting to reconstruct Taylor's court room on another site is questionable. Then, for the unavoidable loss of the garden court in the present scheme, there is promised compensation in a new garden court at the center of the new mass of buildings. It is very pretty, the old garden court, one of the most restful spots in the city. The churchyard of St. Christopher-le-Stocks, it was. A bank clerk, one Jenkins, was buried there after the building. He stood seven feet six inches high, and the unusual interment, then in the heart of the Bank, was allowed in order



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to protect the corpse from the greed of body-snatchers. A lime tree still flourishes, and it is a sunny place, the buildings all about it carefully proportioned in height to preserve the beauty and amenities of this open space.

"How can any new garden court compare with it, when lying at the bottom of a tall light shaft, with walls towering 100 feet, perhaps more, above it? Where will the sun struggle in? One will be curious to see those trees suggested in the plan thriving within it.

"The problem confronts the bank directors, and none need envy them their grave responsibility. Perhaps enough has been said to indicate its complexity and those points with which the public will regard themselves as particularly concerned in any alterations at the Bank of England."

AN ELOQUENT PLEA FOR RETAINING THE BANK

He then makes an eloquent plea for retaining the bank, citing plenty of examples:

"France, one recalls, maintains the Luxembourg, altered internally to give a chamber for the Senate, but the Luxembourg still, the historical monument unimpaired. The Palais Bourbon, sheltering the Chamber of Deputies, still is the Royal Palace. The French Ministry of Justice is housed in a private palace near by the Place de la Concorde, the building left undisturbed. The Ministry of the Interior at Rome, lodged in a palace, maintains it as a palace still.

"These are historical monuments zealously preserved; the best possible is done within their limitations, but the fabric must be left unharmed. Such is the policy, and such the sacrifice, of other nations, valuing their artistic treasures. The Bank of England is not a national acquisition in the sense that these are, but it has a very important place in English architecture and a like important place in London City. It cannot be metamorphosed without great loss to both. Great Britain lags behind many Continental countries in the laws

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they enjoy for the preservation of monuments which, artistically or historically, are of value to the nation.

"At a time when there seemed a possibility of the seat of the Papacy being removed from Rome, Signor Crispi was asked what in that case would become of the Vatican. 'The day you go out we step in', was the reply. The Italian Nation would accept the charge. This nation of ours is very chary of accepting anything that involves a charge, hence the wholesale destruction that still goes on unchecked, which every one deplures. The destruction of the Bank of England, or its spoliation by additions designed to meet modern requirements, would alike be deplorable. St. Paul's Cathedral would no doubt be a more practical preaching house if the great inner void of its dome were boarded up; Westminster Abbey be much better fitted for sightseeing by the

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large congregations which assemble at coronations and royal marriages if many piers were taken down, steel girders introduced, and the choir screen thrust aside. But we do not do these things. The Bank of England of Sir John Soane's creation is almost as much a London monument as is cathedral and abbey."

PROJECTED BY WILLIAM PATERSON
IN 1691

This world-famous institution was projected by William Paterson in 1691 and was incorporated by William and Mary in 1694. In those days Threadneedle Street was called Three Needle Street, a name derived from the three needles in the arms of the Needle-makers' Company, whose establishment was hard by. This Paterson is said to have been everything from a missionary to a pirate and to have learned his banking in Venice, Lombardy and Genoa. At least he was an enterprising promoter, for he got a party of subscribers to lend £1,200,000 at 8 per cent. and incorporated them as the Governors and Company of the Bank of England. "The Old Lady of Threadneedle Street" had many vicissitudes in her early years. Party politics, as well as the wars with the French, served to debase her coinage. And forgers, "sweaters" and "pirate banks" conspired for her undoing. In 1697 she was obliged, for a time, to suspend payment until royalty came to her rescue. In 1807 the goldsmiths, fearing an in-

vasion by Napoleon, bought up her bills and so shook her credit for a time. In the year of the young Pretender the bank barely escaped a second suspension. Then, in 1780, the great John Wilkes rescued the bank from the Gordon rioters, who had already attacked and burned Newgate.

But the great and besetting anxiety of the bank in the eighteenth century was forgery. There was "Old Patch," who, making his own ink and paper, cleared up nearly a quarter of a million pounds before he was caught and hanged. By the beginning of the last century thirty or forty men had been hanged every year for forgery. At that time a staff of seventy clerks was employed to detect forgeries. Then, finally, there was a cashier who managed to get away with £200,000, about whose exploit Dibdin made a topical song on the name of the chief cashier, whose signature then, as now, was on the notes:

Sham Abram you may
In any fair way,
But you must not sham Abram
Newland.

The golden age of forgery ended with the magnificent frauds of Fauntleroy and, paradoxical as it may seem, with the abolition of the death penalty for forging, and by the time the American Republic was established the experimental institution of the adventurer Paterson had become part of the fabric of the State and a very important wheel, in-

deed, in the mechanism of the financial and commercial world.

Before the war visitors were admitted to view the premises, and even the bullion office if in company of a director of the bank. It was then one of the show places of London. But the parties grew from six to twenty-five. The question of guidance was becoming

serious when the World War came. Now the bank permits no visitors and attends to business only.

A Governor, Deputy Governor, and twenty-four directors (of whom three retire yearly) have the management of the bank. These meet weekly, on Thursdays, in the room called the bank parlor.



World-Wide Commercial Arbitration

THE cause of universal arbitration instead of litigation to settle commercial disputes both in this country and abroad, after centuries of agitation, is at last making definite strides towards realization, according to A. J. Wolfe, Chief of the Commerce Department's Division of Commercial Laws. Mr. Wolfe says: "The combined efforts of the Department of Commerce, trade groups, and bar associations are beginning to get results in the form of a plan, world-wide in its scope providing for the enactment of a national law in this country and for treaty arrangements to make it effective abroad.

"The commercial world has hardly begun to realize the significance of the conferences held last fall under the Department's auspices, which were followed by energetic efforts by the friends of arbitration, including the Chamber of Commerce of the State of New York and the United States Chamber of Commerce. Endorsement by the American Bar Association in its last convention of a Federal Bill to make arbitration contracts valid and enforceable and of a clause to the same effect for the mutual recognition of such contracts by treaties of the United States with other countries, has been one of the most striking developments to date.

"Never perhaps in the history of commerce has the feeling been so strong that arbitration is the true solution of difficulties arising between honorable merchants both at home and abroad. I

attribute the recent epidemic of cancellations as the principal factor which has rallied so much support to the plan. The temptation to escape the hazards of contract by repudiating the contract itself or by seeking refuge in technicalities has been undermining the age-long fundamentals of business intercourse. In my opinion, arbitration offers an equitable substitute for protracted, expensive, and friendship-destroying litigation which will work to its greatest advantage in foreign trade transactions wherein the contracting parties are so often thousands of miles apart."

In reviewing recent developments, Mr. Wolfe said:

"An arbitration law which permits merchants to agree to arbitrate their differences and by which the awards of arbitrators have the force of judicial verdicts, now exists in the State of New York.

"A conference held in the Department of Commerce on November 15, 1921, went on record as recognizing the value and importance of commercial arbitration in the effort to conserve perishable and semi-perishable food products now going to waste at the rate of millions of dollars annually because of trade disputes.

"The American Bar Association in its annual convention in San Francisco in July last, gave its emphatic approval to the draft of a Federal law to legalize arbitration in interstate commerce and in admiralty matters. The

An Important Bank in South African Trade



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It also maintains branches and agencies in London and other parts of Europe and has affiliations in other important world markets. It therefore transacts banking business with every civilized country in the world, offering American banks and merchants exceptional facilities through its New York Agency, specializing in the negotiation of exporters' drafts on South Africa and Australia.

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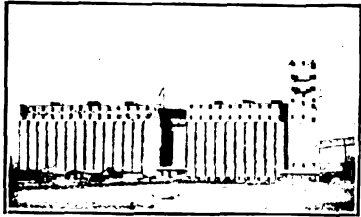
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bill is entitled, 'a bill to make valid and enforceable written provisions or agreements for arbitration of disputes arising out of contracts, maritime transactions, or commerce among the states or territories or with foreign nations'.

"The Chamber of Commerce of the United States of America, has undertaken a work of immense significance in taking up with its constituent chambers the great and practical problem of providing the machinery for making commercial arbitration readily available to merchants at home and abroad and for making it a dependable weapon in clearing up the obstructions to the development of trade. Several chambers of commerce have advised the Department of Commerce of the perfecting of such machinery, notably the Chamber of Commerce of Los Angeles.

"A world-wide distributed questionnaire sent out by the Department of Commerce is beginning to bring out the great interest exhibited in other lands in the possibilities of commercial arbitration.

"Quick justice without recourse to courts by way of tribunals explains the whole proposition in a nutshell. The Federal Arbitration Law, if finally passed by Congress will have advanced the cause a long way. The safest method of insuring recognition to its provisions in foreign countries is by the



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adoption of a clause in commercial treaties with foreign nations establishing the validity of commercial arbitration agreements between private parties."

Tenth National Foreign Trade Convention to Meet in New Orleans

THE Tenth National Foreign Trade Convention of the National Foreign Trade Council will be held in New Orleans on April 25, 26, 27, 1923, according to announcement of O. K. Davis, Secretary of the Council.

"The selection of New Orleans as the Convention city", said Mr. Davis, "is peculiarly fitting in view of the development of the city as a great center of American foreign trading activity.

In 1921 New Orleans was the second port of the United States, importing coffee, sisal, burlaps, bananas, crude oil, and sugar; and exporting corn, rice, wheat, cotton, glucose, steel rods not wire, iron pipes, steel plates and sheets, lard, cottonseed cake, meal and oil, mineral oils, tobacco and lumber.

"Of special interest to foreign traders in all parts of the Mississippi Valley has been the development of



From the Pacific Coast to Central Europe

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AN American exporter on the Pacific Coast had received a large order from a certain foreign concern. A profitable transaction was in sight, yet there was lack of assurance as to the buyer's credit and the element of time was important.

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IRVING NATIONAL BANK

NEW YORK



shipping facilities at the Port of New Orleans, and the consequent increase in steamship services. Since the Third National Foreign Trade Convention was held in New Orleans in 1916, this progress has been particularly marked, and has been accelerated by the increasing proportion of American foreign trade carried on with the West Indies, Central America, Mexico, South America and Asia, much of it passing through gulf ports.

"As in former years, leading foreign traders from every part of the United States and every line of industry, as well as a considerable number of business men from foreign countries, will be in attendance at the Convention."

Great Britain

Budget figures for the first six months of the current fiscal year recall the optimistic remarks of the Chancellor upon submitting the budget last May, says a report to the Department of Commerce at Washington. Though the first half-year is usually far less productive of revenue than the second half, the returns are already £403,893,412 or 44 per cent. of the estimated total, as compared with 40 per cent. at hand in the same period a year ago. Expenditures, on the other hand, at £347,423,844, are only 88 per cent. of the sum allotted for the twelve months. Last year 46 per cent. of the total expenditures had been made at the half-way stage. In the current half-year revenues are £56,469,569 in excess of expenditures; last year during the same period, expenditures exceeded income by £41,830,689.

If it is assumed that the first half-year's revenue for 1922-1923 represents the same percentage of the final sum collected as was true of the first half-year for 1921-1922, then the total revenue for the fiscal year will amount to £1,024,656,000, a sum so far in excess of the original estimate that a ma-



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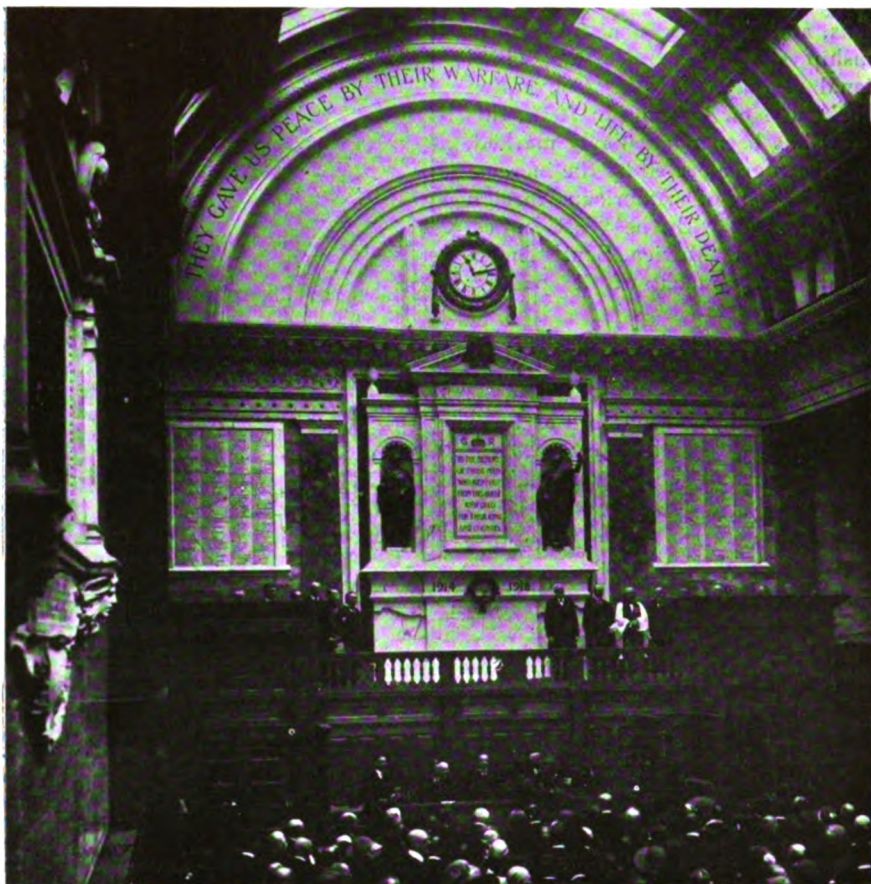
NEW YORK

terial sum will be available either for reduction of the national debt or for supplementary expense of one or another of the services.

In the twelve months ending September 30, 1922, the floating debt was reduced £448,665,500.

British small investors have purchased since the first issuance of British Savings Certificates in 1916, 591,913,000 of these certificates representing a total investment of £459,144,504. The certificates were originally issued to aid the Government's war financing but the continued popularity of the securities indicates that the British public has acquired a permanent investment habit through the movement.

Figures received by the Bankers Trust Company of New York, from its English information service disclose that there are at present in Great Britain more than 20,000 local Savings



DEDICATION OF THE LONDON STOCK EXCHANGE WAR MEMORIAL

At the right in the gallery are, in the order named, Earl Balfour, the deputy chairman of the Stock Exchange, the Vicar of St. Michael's, Cornhill, and Sir Wilfrid Atlay, chairman of the Stock Exchange

Committees and other associations promoting regular investment of savings through the purchase of the certificates.

Withdrawals up to September, 1922, amounted to £115,679,000 or only about 25 per cent. of the amount invested since the origin of the movement. The amount of the certificates taken by British small investors was exceptionally large in the last fiscal year. It totaled £93,100,000 or more than twice the amount taken in the fiscal year 1920-21 and £4,000,000 more than the amount issued in the final year of the war. In seven months of the present fiscal year (beginning April 1, 1922)

£41,800,000 of the certificates were issued.

A comparison of British and American official figures shows that the total amount invested by the British public through Savings Certificates is larger than the sum thus invested in the United States, but the British savings certificates movement had an earlier start by about two years.

The comparative figures are:

	Issued to August 31, 1922	Withdrawn or Retired (in millions)	Out- standing
By British Gov't	\$2,066	\$521	\$1,545
By U. S. Gov't	\$1,287	\$589	\$ 698

The above comparison is on the basis of \$4.50 to the £.

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France

The outstanding feature in the French economic situation during October was the fluctuation and downward tendency of the franc, in spite of the fact that on November 2 the note circulation of the Bank of France, standing at 36,800,000,000 francs, showed a decrease of approximately 700,000,000 francs, as compared with a month before. The home gold reserve increased by 51,000,000 francs during the period and gold abroad decreased 50,000,000 francs.

New York rates on franc cable transfers have followed a generally downward course from \$.0761 on October 7, to \$.0643 on November 9.

The chief industries, notably coal, iron and steel, have profited by this condition, since British competition has been reduced.

Bank clearings in Paris for September showed total debits and credits of 25,171,557,606 francs, a reduction of approximately 400,000,000 francs from the August total.

Issues of stocks and bonds were considerably larger in September than in August. The average interest rate on bonds during September was 6.36 per cent. The Bourse showed somewhat more activity.

New investment offerings in France during the first nine months of the present year amounted to 21,062,800,000 francs. Almost one-half of the total amount comprised loans floated for re-

construction purposes in the war ravaged districts.

Figures received by the Bankers Trust Company of New York, from its French information service indicate that the purposes for which French investors were asked to subscribe were as follows:

	9 Months, 1922 (Million francs)
Securities	
Industrial	2,615
Railroads	3,745
Departments, Towns, Colonies.....	313
National Treasury*	4,798
Credit National and industrial loans for reconstruction	9,591
*Redemptions in July deducted.	

During the first half of 1922 the new investment offerings averaged 2,565,000,000 francs per month compared to an average of 2,500,000,000 francs per month in the last half of 1921. However, the amount of investment offerings decreased in the three months ending September 30, 1922. The total amount for September was 1,114,800,000 francs. That total included 205,173,000 francs in securities of French local railways and 152,300,000 francs in securities of textile industries.

Italy

The grant by the Italian parliament to the Facisti ministry of full power to reform the fiscal system, reduce state functions, and reorganize government departments has been favorably received by Italian industrial and commercial interests, according to a cable

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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 the Department of Commerce at Washington. Business men are very optimistic. The elimination of unnecessary public expenditures seems assured and a more equitable distribution of taxes is planned. Pressure on business will not be increased; the policy is to stimulate production. Investments of foreign capital will be encouraged, and it is reported that one offer has already been received from the United States.

Exchange has improved considerably during the month, New York rates on cable transfers being \$.0414 on November 6 and \$.0488 on December 2. Recent quotations have been more stable and as a result commodity prices have become steadier.

The commodity market is generally quiet, buyers hesitating on account of exchange fluctuation. The previous industrial improvement is being maintained and production appears to be increasing. Textiles are in fair demand, while the automobile, paper, and electrical industries are especially active. Conditions in metallurgy are showing a slow improvement. It is expected that the commercial treaty with France will stimulate exports, especially of agricultural products.

Germany

Basic factors bringing about currency depreciation, says a report to the Department of Commerce at Washington, may be listed as follows: The continuing adverse balance of payments, as

aggravated by reparation payments; the complete loss of confidence abroad in any mark recovery with the resulting refusal to purchase and the unloading of previous holdings; the invoicing of 60 per cent. or more of German exports in high exchange currency, thus greatly diminishing the legitimate commercial demand for mark exchange; anticipatory purchase of foreign exchange by German industry and, of less importance, speculation by individuals; and lastly, although this is an effect rather than a cause, continued inflation.

The theory that internal speculation in foreign values is largely responsible for the recent collapse of the mark seems somewhat invalidated by the violent depreciation since the passage of the law providing for the control of foreign exchange transactions. This measure was in fact not so much a practical expedient as a gesture to quiet public apprehension over the new mark depreciation; it was aimed chiefly at the prevention of smaller private speculation and has had no effect on legitimate purchase of foreign exchange by industry which must obviously cover raw material purchases when contracts are made. This law which went into effect about the middle of October is largely inoperative at present but has caused much protest from trade and industry.

The various difficulties due to the shortage of capital are becoming more pronounced. Conditions tend to bring about the elimination of smaller concerns which cannot obtain adequate

bank credit to meet the new price levels nor proportionately increase their capitalization. This elimination takes the form of absorption by large corporations rather than of bankruptcies. The larger concerns are forced to draw upon their foreign high exchange reserves. Actual currency is also still scarce; municipal and other corporations are issuing emergency currency.

Belgium

While abnormal activity prevailed in Antwerp, says a recent report from the American Belgian Chamber of Commerce in Belgium, staple markets during all of October under the artificial stimulus of the depreciating franc, the same factor gradually placed Belgian industrial producers in a position where by the beginning of November the acceptance of new business especially for export was practically impossible in view of the difficulty of price adjustment.

The sentiment of optimism which had generally prevailed during the autumn thus gave way to exaggerated uncertainty, with the result that traders covered hastily in dollars, while investors with free capital placed it in dollar and sterling securities regardless of the rate of the latter, so that this temporary hysterical demand needlessly accentuated the seasonal decline of Belgian exchange to be normally expected during the fall grain purchases.

The Belgian public has not in general understood that the high rates on sterling rose from its appreciation with reference to the dollar and not from any relative decline of the franc itself. This prevailing pessimism and striking lack of confidence in the national currency was aggravated by needlessly alarmist predictions, and completely supplanted the sentiment of stability which had been growing in Belgian commercial circles for some months.

By the beginning of the second week in November, however, as the dollar and pound retrograded toward a more normal level, some degree of order was gradually restored, and while a return

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of the standard currencies to radically lower rates can hardly be anticipated as long as the European cereal deficit continues and the Near Eastern and reparations problems persist as bases for general apprehension, a steadying of Belgian business may still be looked forward to with confidence.

Holland

Bank note circulation of the Netherlands totaled 1,007,000,000 guilders on November 6, while the metallic reserve was valued at 591,000,000 guilders. State revenues for September totaled 39,000,000 guilders, as compared with 40,000,000 for the same month of last year. The total revenues for the first nine months of 1922 amounted to 333,000,000 as compared with 327,000,000 for the same period last year. The nine months revenue for the present

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year exceeded by 5,000,000 the estimates made when the budget was presented.

Bond issues of all classes in October totaled 22,800,000 guilders as compared with 54,500,000 guilders in September.

A cable to the Department of Commerce at Washington says that the heavy decline in the German mark proves to be quite serious for Dutch industry, interfering decidedly with the latter's ability to compete with many German products.

Finland

Owing to seasonal causes and in part to the appreciation of the Finnish mark, exports from Finland decreased in October and November, and the mark has begun to decline slightly, but the National Bank holds a large balance of foreign currency and credits to protect it, says a cable to the Department of Commerce at Washington.

The favorable trade balance in October was 114,000,000 marks and from January up to October, 660 million marks, or \$14,000,000 at the average rate of exchange, as against an excess of imports amounting to 437 million marks for the same period of 1921. The end of the timber shipments and the hesitancy of the buyers of pulp and paper due to the continued appreciation of the Finnish mark, cut down the favorable trade balance during November; actual statistics are not yet available.

The Baltic Provinces

A decidedly more optimistic tone is apparent in the Baltic provinces owing to improved trade balances, and more favorable currency conditions, according to cable dispatches to the Department of Commerce at Washington. In Lithuania the commercial depression that followed the adoption of the new Lit currency continues, but with abating

severity. Confidence in the new currency has been strengthened by its contrast with the steady fall of the German mark which formerly circulated in Lithuania.

Estonian trade returns for July, the latest month available, shows a favorable balance of trade. The exports of 765 million Estonian marks (\$2,220,000 at the average rate of exchange of 340 marks to the dollar) were more than 50 per cent. higher than in any preceding month since the formation of the country, and the imports of 532 millions were also the highest for any month.

The Latvian outlook is brightening owing to favorable trade balances during the last few months, excess of tax receipts over budget estimates, and satisfactory introduction of the new Latvian currency.

The new bank of Latvia is now doing business, and the new currency is being introduced gradually, side by side with the old ruble currency, and the change has been effected without disturbing business.

Spain

Business in Spain is better than it was at this time last year, says a cable report to the Department of Commerce at Washington, and is now reported at normal. Cotton factories are working at full capacity and weekly consumption of raw cotton shows a 15 per cent. increase over 1921.

Dividends ranging from 5 per cent. to 16 per cent. were declared in October by eight leading banks and industrial companies. The Rio Tinto 5 per cent. dividend was the first paid by that company in three years.

Sales of agricultural machinery and tractors have been active, and sales of machine tools continue. There has been an unusually post-seasonal business in American automobiles, tires, and equipment. Madrid autobus and subway companies continue to make extensive purchases. An expenditure of 18,500,000 pesetas in the various port improvement projects throughout Spain is



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*The State Bank of the
Portuguese Colonies*

**BANCO NACIONAL
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planned. There have been inquiries for American engineering machinery, and for digging and construction equipment, and continued calls for electrical cranes and other port equipment.

The financial situation of the Government is satisfactory, although the recent loan of 500,000,000 pesetas has been made the subject of unfavorable comment by political opponents of the present government. Seventy-six per cent. of the loan was subscribed by the Bank of Spain, as compared with 73 per cent. of the last loan contracted by the Government.

Austria

The bill for the establishment of the New National Bank received the approval of the National Assembly on November 14, says a cable to the Department of Commerce at Washington and

Banque Nationale Francaise Du Commerce Extérieur

Societe Anonyme

Organized under French Law of October 23, 1919

HEAD OFFICE: 21 BOULEVARD HAUSSMANN, PARIS

Head Office: "Extecomex, 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: 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.

it is expected that the institution will be established about December 1 following the receipt of the subscriptions from Austrian banks to one half, or 15,000,000 gold crowns, of the bank's capital stock. The stock is to be opened to subscription within a few days. When this subscription has been completed the National Bank will make a flotation of treasury bills amounting to 10,000,000 gold crowns for a period of six months at 8 per cent. interest. These short term notes will be floated among the Austrian banks to the highest bidder.

It has been announced that the use of the money press for Government finances was terminated on November 18. Henceforth new currency will be printed only against adequate commercial security and other cover.

The continued depression of Austrian industry and commerce is forcing a general movement toward wage reductions. This movement has been stimulated by a decrease in the cost of living by 6 per cent. and of coal prices by 15 per cent. during the month ending November 14. An industrial crisis is apparent with the increase of unemployment in the Vienna district from 38,000 at the end of August to 80,000 in mid-November. Some industries have announced a wage cut to be effective November 25 while local buyers are refusing to purchase in anticipation of lower prices and German competitors are underselling in many lines of trade. Progress during the last week on the

Government rehabilitation plan was most encouraging.

Poland

"The most interesting development in Polish finance", says the current issue of *Poland*, the magazine of the American Polish Chamber of Commerce and Industries, Inc., "is the issuance of a new 8 per cent. internal loan, now being floated, one-half in paper marks and one-half in *zlotys*, a new national gold currency equivalent to the Swiss gold franc". The magazine continues:

"Unlike previous internal loans, the present issue is being marketed without any appeal to the patriotism of the Poles, because it carries in itself a sufficient inducement to invest, thanks to its attractive feature of redemption and payment of coupons, one-half in foreign gold-backed currencies, and one-half in paper marks. This provision, in other words, guarantees the investor against a possible further depreciation of the mark.

"Exactly how far this loan will go towards meeting the budget deficit is difficult to foresee, though it may safely be said that it will only bring about a slight alleviation of the present burden. The total amount of the notes offered for sale between October 19, 1922, and January 15, 1923, has been fixed at 15 billion paper marks and 15 million *zlotys*, proceeds from which amount, at the present price and counting as cash the 1920 'Liberation' bonds which will

be turned in as part payment, to 36 billion marks. Of course, additional issues may be authorized later on, the amounts of these, however, being limited, first by the necessity of keeping within a safe ratio the proportion of *zloty* liabilities to the Treasury's gold reserve of 100 million francs, secondly by the investing capacity of the Polish people.

"At any rate, the flotation of this loan is an excellent sign of the determination of the Polish government to go ahead tirelessly with the task of financial rehabilitation. Now that the elections have been disposed of, it may be predicted that fiscal reforms will soon be put through and that progress towards a favorable balance will be made in those of the government enterprises, especially the railroads, which so far have shown a deficit.

"As an improvement in currency circulation, the Polish Government has decided to issue metal coins in denominations of from five to twenty marks. It is claimed that the minting and coining of these pieces will cost less than the printing of banknotes, because the latter wear out rapidly and must therefore be reprinted at very short intervals."

Russia

An analysis of Russia's foreign trade in the first six months of 1922 made by the Near East Division of the Department of Commerce, mainly from information from Soviet sources for the accuracy of which the Department assumes no responsibility, shows a huge excess of imports over exports, contrasted with a normally large excess of exports before the war. Exports in the six months, in fact were only 9 per cent. of total imports in value, and only 17½ per cent. of all imports exclusive of famine relief.

The total value of imports for the first half of 1922 is given as 266,700,000 pre-war rubles, or a little more than the value for the entire year 1921. Nearly half of the value of the imports, however, consisted of famine relief con-

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tributed by foreigners and the value of other imports, 141,500,000 pre-war rubles, was not much more than half of the value for the year 1921. Of these imports, nearly half, or approximately 63,000,000 pre-war rubles worth, consisted of foodstuffs, greatly increased importations of which were made by the Russian Government in view of the famine conditions. Imports other than famine relief and food stuffs were valued at about 78,500,000 pre-war rubles, as compared with 213,722,000 pre-war rubles in 1921. The value of exports during the first half of 1922, was 24,847,000 rubles, or about one-fourth more than during the entire year 1921.

Comparison of these figures with those for 1913 shows not only a great diminution of all imports but a great shift in the relative importance of foodstuffs imports. Practically all the

famine relief imports in 1922 consisted of food, and these, together with other foodstuffs imports, constituted nearly 70 per cent. of the total imports. Food-stuff imports in 1913 constituted less than 19 per cent. of the total. Moreover, the foodstuffs imports of 1922 consisted chiefly of breadstuffs, whereas in 1913 Russia was a great exporter of breadstuffs and the foodstuffs imports consisted chiefly of colonial products, such as coffee, tea, cocoa, and tropical fruits, and of articles of luxury. Excluding famine relief, the imports of 1922 were equal to a little over one-tenth of the imports of 1913. Imports other than foodstuffs and famine relief were equal to about 7 per cent. of those of 1913. Exports of the first half of 1922 were equal to 1.6 per cent. of those in the entire year 1913.

Australia

The population of Australia increased from 4,573,868 in 1911, to 5,510,229 at the end of 1921, according to a report recently issued by the Commonwealth Statistician. This is an annual increase of 1.87 per cent. During the ten year period the excess of births over deaths accounted for 786,442 of the increase, and the excess of arrivals over departures to only 149,919 or 16 per cent. of the total.

Unless some marked influx of immigration occurs, such as the gold rush of the fifties, it is estimated that at the present rate of increase it will take thirty-two years for the population to reach 10,000,000 and sixty-nine years for it to reach 20,000,000.

The growth of manufacturing in New South Wales since the enactment of the Federal Tariff is shown by a return just issued by the Government Statist. Up to the end of last year nearly £60,000,000 had been invested in the State's secondary industries, which give employment to 145,000 people. The number of establishments increased from 3367 to 5837 between 1901 and 1921; the number of employees from 66,000 to 145,000; salaries and wages from

£4,900,000 to £25,600,000; the value of plant and machinery from £5,800,000 to £31,000,000, and the total value of output from £25,600,000 to £137,800,000. The value added to raw materials was £43,128,000.

India

The rapid decrease during the past three months in India's credit trade balance culminated in an unfavorable balance for October. Notwithstanding this slump general business is reported as improving, says a report to the Department of Commerce at Washington, and the crisis in the readjustment of the past few months is passed. The money market is tighter, the rate of interest has advanced to 5 per cent. and exchange on the dollar rupee is rising. Another Indian loan floated in London October 26 was not well received. India continues to be an outlet for textile machinery produced in other countries. The jute market is steady and cheap automobiles are in demand.

Imports of foreign merchandise during October aggregated 229,100,000 rupees, representing an increase of 47,100,000 rupees compared with the previous month, and the highest since January which totalled 229,900,000 rupees. Exports of Indian products amounting to 206,600,000 rupees and re-exports of foreign merchandise to the amount of 9,700,000 rupees are increases of 3,800,000 rupees and 7,500,000 rupees, respectively, over September and, compared with October, 1921, increases of 35,900,000 rupees and 8,600,000 rupees.

China

Though the great masses of the 425,000,000 inhabitants of China live the plainest lives of any people on the globe, thriving on a little rice, millet, boiled wheat flour, bread and tea, with an occasional pig's trotter or piece of fat pork, working uncomplainingly from sun-up to sun-down for next to nothing, Chinese merchants and mandarins know what luxury means.

The Corn Exchange National Bank

OF CHICAGO

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

OFFICERS

Ernest A. Hamill, Chairman of the Board
 Edmund D. Hulbert.....President
 Charles L. Hutchinson.....Vice-President
 Owen T. Reeves, Jr.....Vice-President
 J. Edward Maass.....Vice-President
 Norman J. Ford.....Vice-President
 James G. Wakefield.....Vice-President
 Edward F. Schoeneck.....Cashier
 Lewis E. Gary.....Assistant Cashier
 James A. Walker.....Assistant Cashier
 Charles J. Novak.....Assistant Cashier
 Hugh J. Sinclair.....Assistant Cashier

DIRECTORS

Watson F. Blair	Edmund D. Hulbert
Chauncey B. Borland	Charles E. Hulbert
Edward B. Butler	Charles L. Hutchinson
Benjamin Carpenter	John J. Mitchell
Clyde M. Carr	Martin A. Ryerson
Henry P. Crowell	J. Harry Seitz
Ernest A. Hamill	Robert J. Thorne
Charles H. Wacker	



Foreign Exchange

Letters of Credit

Cable Transfers

It is perhaps the surest test of a civilized people, a philosopher has said, to find out how far their culinary art has developed. Measured by that test the Chinese have outdistanced western civilization. Descendants of a thousand generations of cooks, the Chinese Savarins have evolved a culinary art unsurpassed in number and variety of dishes. An ordinary Chinese banquet consists of twenty courses, each course more astonishing than the one before it. Everything that walks, runs, flies, swims, or crawls has been experimented on for use as food. Their dishes change with the season as does their apparel. The wealthy Chinese man's table and wardrobe are a revelation of the dictates of season combined with reason.

For centuries and centuries the Chinese have found practically all their needs and their desires supplied within their own country. The most luxurious silks, the finest furs, the most delicate teas, china, porcelain, tobacco, gold, silver, copper, every kind of foodstuff they

have wanted to make them comfortable and happy is grown within the confines of China, more extensive than all of Europe; hence, in early days China's favorable balance of trade.

From the poorest peasant to the multimillionaire (Li Hung Chang died richer than Rockefeller) everybody could find what he wanted at home with a great surplus left for export. But, says a communication recently received by the Department of Commerce, as a result of the intercourse with Europe begun some sixty years ago and increasing in intimacy until today the Pacific is furrowed by the keels of vessels going to and fro between China and the United States, new tastes to be satisfied only with the products of American skill and ingenuity have been developed.

Many a rich Chinese merchant of today rides in an American motor-car, talks on an American telephone, sleeps in an American brass bed, is waked by an American alarm clock, shaves before an American mirror with an American

\$120,000,000 Increase in Porto Rico's Commerce Since 1900

As the pioneer American bank in Porto Rico we have given every aid to the island's commercial development and have shared in its growth.

Send Us Your Bills of Exchange,
Drafts and Collections Direct.

AMERICAN COLONIAL BANK OF PORTO RICO SAN JUAN

Branches: Arecibo, Mayaguez, Caguas

razor, carries an American watch, and wears American shoes. He still clings to his silk robes, but often above them wears an American hat instead of the black skull cap with its red button, and almost invariably holds up his socks with American garters. The Chinese woman, too, under the edge of her silk pantaloons, frequently displays a garter made in the U. S. A.

Even the coolie has not been unaffected by the introduction of western wares. His blue working clothes, which are generally his Sunday suit as well, are made of cotton cloth from the west, much of it American. In many cities he works in a factory at an American machine, and in his rare leisure hours studies American labor unionism. Recent increases in wages in many places have resulted from strikes conducted on American lines. In Shanghai, Tientsin, Hankow, Canton, he rides on a trolley car instead of the old-time wheelbarrow, and everywhere he smokes British-American Tobacco Company cigarettes.

The average coolie or peasant may be only one jump ahead of the sheriff, but he manages to get enough coppers somehow to have some western article in his house for use or wear, and the wealthy Chinese have fat bank accounts to draw on when something American strikes their fancy. High and

low, the Chinese offer an enticing market to American exporters.

Japan

Japan's total foreign trade for November amounted to 256,200,000 yen of which 139,700,000 yen represented exports and 116,500,000 yen, imports. The total trade declined approximately 10,900,000 yen as compared with that of October and 28,900,000 yen as compared with that of September, says a cable to the Department of Commerce at Washington.

The export trade during November declined by 21,800,000 yen as compared with that the previous month and by 10,200,000 yen as compared with that of September. The import trade, which had declined steadily from the year's high point 207,300,000 yen in March, to 105,600,000 yen in October, rose by 10,900,000 yen in November as compared with the previous month. The favorable balance for November amounted to 23,200,000 yen, a decline of 32,700,000 yen as compared with October but an advance of 8,400,000 yen as compared with September.

Exports of specie during November are reported to have been 170,000 yen; imports, 799,000 yen. Previous exports of specie reported during the current year were 2,000,500 yen during June

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

**Fully paid up Capital, Reserves and Surplus
\$16,031,961.00 Argentine Gold**

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

Money on Mortgages Placed Direct

BANKING TRANSACTIONS OF ALL KINDS

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

Administration of Real and Personal Property

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

CORRESPONDENCE IN ALL LANGUAGES INVITED

and 10,000 yen during October. The figure for specie imports during November is by far the largest of any other single month during 1922 and exceeds the previous high figure, that of April, by 620,000 yen. No specie imports during October were reported. Those of September amounted to 19,000 yen.

The total foreign trade of Chosen (Korea) for the six months ended June 30, 1922, amounted to \$122,758,348, an increase of \$23,059,606 over the total for the corresponding period of 1921, according to figures published in the Official Gazette. Exports amounted to \$56,684,376; imports, \$66,078,972.

Exports showed increases in rice (husked and unhusked), iron, timber, soya beans, pulp for paper making, graphite, and raw silk; decreases in wheat, ginseng, ginned cotton, tussah silk, iron ore, cow hides, manures, and tobacco.

Philippines

Philippine foreign trade increased in October but experienced an unfavorable balance, diminishing by 1,000,000 pesos the credit balance of the islands which, however, is still substantial, according to a cable to the Department of Commerce at Washington. The sugar outlook is hopeful and the demand for other native products is good. Abaca production for the month exceeded all previous records.

Imports of foreign merchandise into the Philippines in October were valued at 16,500,000 pesos, of which cotton and manufactures except cloth accounted for 1,000,000 pesos; cotton cloth, 8,000,000 pesos; iron and steel, 750,000 pesos; and meat and dairy products, 700,000 pesos.

Exports for the month totaled 15,500,000 pesos, abaca accounting for 4,000,000 pesos; cocoanut oil, 3,000,000

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**

pesos; copra, 3,500,000 pesos; and tobacco, 2,000,000, which is double the September tobacco exports. These figures show a total trade for October of 32,000,000 pesos, an advance of 3,000,000 pesos over the previous month and of approximately 10,000,000 pesos over October of 1921. The credit balance of 1,000,000 pesos of the previous month, however, was reversed to an unfavorable balance of 1,000,000 pesos. The credit balance of Philippine trade for the first ten months of the current year is 26,000,000 pesos.

South America

A recent bulletin of Ernesto Tornquist and Co., Limited, Buenos Aires, says with regard to the current general situation in Argentina:

The weather has been favorable for the growth of the crops and for pasture lands. The wool season has closed with a total of exports never hitherto attained. The exportable surpluses of wheat and linseed of the last harvests have come down to low figures. Stock exchange dealings have been very active with quotations generally higher. The potentiality of the local money market is evidenced by its easy absorption of the large issues of "Cédulas". The exploitation of petroleum is being effected upon an increasingly broader financial and technical basis, with solid results. The sugar harvest has terminated with a relatively good yield. Labor conditions continue to be satisfactory.

Persistent rainfall has hindered maize shipments. Commercial activity is still restricted and banking business is dull, with money very abundantly available. The precarious situation of the live stock industry

continues, owing to the low price of meat. Business failures are again somewhat higher after having diminished in the months of July and August. The freight market remains dull. Railway receipts show a falling off, notwithstanding the increase in tariffs sanctioned by the National Government.

Excepting for some slight normal fluctuations in the exchange, little change occurred in Argentina during November, says a cable to the Department of Commerce at Washington. Sight quotations on New York during the month averaged 1.2175 pesos to the dollar as compared with 1.22 pesos for last month and 1.35 pesos for the corresponding period of last year. Discount rates continue at about the same level as reported last month and only minor failures are occurring. The gradual betterment of general conditions has resulted in a growing confidence which is reflected in the steady increase in banking transactions, especially the more active loan market. The Argentine Congress convened on December 4, for consideration of the budget and the loan for the consolidation of the floating debt, which is estimated at 1,000,000,000 paper pesos. This year the deficit will probably be 120,000,000 paper pesos.

Every phase of Brazilian commerce and industry is now vitally affected by the course of the exchange market. Although the past month developed no new hope of immediate improvement the downward trend ceased after the milreis reached 9 to the dollar and on November 22 the sight rate ranged between



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

**BUILT ON
THE SUCCESS
OF THE YOUNG
BUSINESS MEN
IT HAS HELPED**

© N. B. R.

7.90 and 8.10 milreis for dollar exchange.

Two encouraging features of the present outlook are the generally good condition of the crops and the maintenance of the rise in the price of rubber at Para.

Only four of the fourteen principal commodities exported from Brazil were shipped in smaller quantities during the first eight months of 1922 than during the same period of 1921. These are cacao, tobacco, meat and rice. During the past month large tobacco shipments were made from Bahia and it is more than possible that the figures on this commodity will be greater this year than last.

Coffee stocks in Santos on November 20, amounted to 2,169,113 bags and in Rio de Janeiro to 1,567,960 bags.

Stocks of sugar in Pernambuco on November 20 consisted of 236,000 bags. There were 202,591 bags in Rio de Janeiro and 31,604 bags in Sao Paulo, showing an appreciable increase this month over last.

On November 20, there were 6000 bales of cotton in Pernambuco, 8635 in

Rio de Janeiro, and 18,022 in Sao Paulo. The crop for the season 1922-23 is figured at 520,968 bales.



International Banking Notes

The statement of condition of the Northern Banking Company, Limited, Belfast, for the year ended August 31, 1922, showed net profits for the year after making full provision for all bad and doubtful debts, rebate on bills discounted, interest due on deposits, and less bonus to bank's officers, amounting to £131,805, which with the balance brought from last year of £87,457, and a special profit on realization of Government securities of £106,876 makes a total of £326,139.

Dividends at the rate of 17½ per cent. on the "A" shares and 8¼ per cent. on the "B" shares, have been paid to the shareholders amounting in all to £91,875, less income tax, £25,685; £9,907 has been applied in reduction of bank buildings account, £100,000 has been transferred to reserve, and £100,000 to contingency account, leaving balance of £50,042 undivided profits to be carried to next account.

Two new branches have been opened dur-

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

ing the year at Antrim Road, Belfast, and Shankill Road, Belfast.

©

Application has been made by the Guaranty Trust Company of New York to open a new branch office in the Bush Terminal Building, Aldwych, London, England.

©

A. N. Gentes, formerly assistant treasurer of the Asia Banking Corporation, New York, has been appointed treasurer of the corporation.

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Regarding Roumanian exports, Arthur Zentler, executive delegate of the New York agency of the Banca Marmorosch, Blank & Co., Bucharest, Roumania, says the following:

Judging from the volume of exports for the first eight months of 1922, Roumanian exports for the year should reach about 6,000,000,000 lei (today one lei being \$.0066; pre-war rate \$.193).

Exports to the end of August of the present year amount to about 4,500,000,000

lei, of which grain was exported for about 1,900,000,000; oil for about 1,152,000,000; lumber for about 557,000,000, and various other articles for about 612,000,000 lei.

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The statement of condition of the English, Scottish, and Australian Bank, Limited, London, for the year ended June 30, 1922, shows net profits, after providing for bad and doubtful debts and other contingencies, less expense of management and income and other taxes, and deducting an interim dividend of five per cent. and the sum of £15,000 to reserve fund, of £264,480. This sum has been distributed as follows:

	£
To reserve fund, additional, making £150,000 for year, when fund will stand at £1,450,000	135,000
To E. S. & A. Bank officers' guarantee and provident fund	15,000
To payment of a further 5 per cent., making a dividend of 10 per cent. for year, free of income tax	65,994
To purchase and cancellation of deferred inscribed deposit stock in accordance with articles of association	43,996
To be carried forward, along with £102,604 brought forward from June 30, 1921, and £4,489 unappropriated from the profits of the year	107,094

The sum of £42,935 12s. 6d. has been appropriated to the purchase of Google

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 :

M. 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.

ferred inscribed deposit stock, which has been cancelled and the amount passed, as before, to the credit of bank premises.

Each of the present issued shares of the bank of £25 each, £12 10s. 0d., paid and £12 10s. 0d., uncalled, will be sub-divided into five shares of £5 each, £2 10s., paid and £2 10s. 0d., uncalled, and the unissued shares of £25 each will be sub-divided into shares of £5 each.

An increase in the authorized capital of the bank will be made from time to time from £3,000,000 to an amount not exceeding £5,000,000.

©

A circular issued by the London and Eastern Trade Bank announces the appointment of Angus McPhail as managing director of the bank and of F. H. Hope Simpson and W. J. Carnegie as managers. All three have been associated in the management of the British Overseas Bank, an institution which was established in 1919 by a powerful group of British banks. Mr. McPhail had previously been connected with Brown, Shipley, and Co., and possesses a wide knowledge of foreign exchange business. The appointments are the outcome of the decision of the board of the London and Eastern Trade Bank to endeavor to widen the scope of the bank's activities. This institution, of which W. E. Whineray is the chairman, was formed two years ago. Its board includes several well-known Russian bankers, and one of its primary objects was to preserve a useful Russian connection with an eye to the reopening of Russia to general trading.

©

Eventual participation of Swiss, French and Belgian banks in the capitalization of an International Bank of Bulgaria is sought

by Minister of Finance Tournakoff, who is conferring with bankers of these three countries in Switzerland, according to advices from Sofia, Bulgaria.

The new bank will be founded under the auspices of the Bulgarian Government, the National Bank of Bulgaria, and the Bulgarian Agricultural Bank, each taking 15,000,000 leva of the capital stock. (A lev normally is worth about 19 cents). The object of the new institution will be to facilitate Bulgaria's foreign trade.

©

The statement of condition of the North of Scotland and Town and County Bank, Limited, for the year ended September 30, 1922, shows profits for the year, after providing for all bad and doubtful debts, amounting to £202,020, added to which the balance brought forward from the previous year, £82,997, makes a total of £285,018. This sum has been appropriated as follows:

	£
In payment of dividend, at rate of 17 per cent. per annum, on May 5 last (less income tax)	38,794
To dividend, at rate of 17 per cent. per annum, on third proximo (less income tax)	41,565
To income tax on dividends	30,481
In reduction of heritable property account	10,000
In reduction of bank buildings account	10,000
To officers' superannuation fund	15,000
To credit of reserve fund	50,000
To be carried to next account	89,178

The reserve fund is now £750,000. The investments at present stand in the bank's books at less than current market values.

In the beginning of the year, James Hutcheon, who had been in the service of the bank for fifty-one years, and who had acted with conspicuous success for over sixteen years, first as manager of the North of Scotland Bank Limited and thereafter as general manager of the North of Scotland

Kjöbenhavn's 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, Tøftlund, Tønder, Viborg.

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

and Town & County Bank Limited, intimated his desire to be allowed to retire at the end of June. The directors accepted his resignation with much regret. As his successor, they appointed the secretary, Harvey H. Smith, the vacancy thus created being filled by the appointment of R. L. McGregor, the senior inspector of branches.

During the year, branches were opened at Charing Cross, Glasgow, and in Leith, under the charge of Messrs. Carstairs & Mann, C.A., and Messrs. Blackstock & Romanes, W.S., respectively, and it has been arranged to open branches at Coat-bridge and at Hope Street, Edinburgh, as soon as the premises, which have been secured, are reconstructed.

©

The statement of condition of the London and River Plate Bank, Limited for the year ended September 30, 1922, shows the balance available, after making ample allowance for bad and doubtful debts, income tax, and £87,590 rebate of interest on bills not due, amounts to £424,992 including £317,524 brought forward from last year.

This sum has been distributed as follows:

To dividend of 4 per cent., subject to income tax, making with £122,400, the interim dividend paid in June last, a distribution of 10 per cent. for year on paid-up capital of the bank£ 81,600
To be carried forward 220,992

The depreciation in the capital employed abroad is more than covered by the carry forward and other funds of the bank.

In addition to the branch in Medellin referred to in the last report a branch was opened in Colombia in the town of Manizales on December 1.

The directors have to refer with deep regret to the death of their esteemed colleague Sir Richard Vassar Vassar-Smith, Bt., which took place on August 2 last.

The directors who retire by rotation are J. W. Beaumont Pease, F. R. Duffield, and Follett Holt, who offer themselves for reelection.

©

The statement of condition of Ernesto Tornquist and Co., Limited, Buenos Aires, for the year ended June 30, 1922, shows net profits, after deducting amortizations, general and administrative expenses amounting to \$1,140,703.19 in gold, which has been distributed as follows:



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

To the legal reserve fund, 5 per cent.	In gold \$57,035,16
To 6 per cent. dividend on \$3,000,000 preferred shares	180,000.00
To 7 per cent. dividend on \$9,000,000 ordinary shares	630,000.00
To extraordinary reserve fund	300,000.00
Balance to be carried forward to new account plus balance of \$61,759.75 profit brought forward from year 1920/1921	35,427.78

With the above distribution the capital and reserves now amount as of July 1, 1922, to \$16,081,961.35 in gold as follows:

Capital	\$12,000,000.00
Legal reserve fund	1,296,533.57
Extraordinary reserve fund	2,700,000.00
Balance of profit and loss account	35,427.78

©

The statement of condition of the British Overseas Bank, Limited, London, for the year ended October 31, 1922, shows net profits, after allowing for rebate of interest and providing for all bad and doubtful debts, income tax and other taxation for the year, amounting to £75,287, which with the balance available from last account £57,526 makes a total of £132,813 less £30,000 interim dividend on "A" ordinary shares at the rate of 6 per cent. per annum for half-year ended April 30, 1922, and income tax

thereon, leaving a balance of £102,813, which has been dealt with as follows:

In payment of dividend on "A" ordinary shares at rate of 6 per cent. per annum (less Income Tax) for half-year ended October 31, 1922, which together with income tax thereon amounts to	30,000
To reserve fund against shareholding interests in foreign banks	10,000
To reduction of premises account	5,000
Leaving a net balance to be carried forward to next year of	57,813

The construction of the new premises at 33 Gracechurch street (Lombard Court), London, E.C.3, having now been completed, business was transferred to that building in December.

©

The eighty-fifth ordinary general meeting of the shareholders of the Yokohama Specie Bank, Limited, was held at the head office, Yokohama, on September 9, 1922. Kenji Kodama, president, in moving the adoption of the report, said in part:

"The bank's business during the period under review (the first half of 1922) was substantially successful. Despite the slackness in exchange transactions, the net profit, including the sum brought forward

The Yokohama Specie Bank, Ltd.

[Yokohama Shokai Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed Yen 100,000,000
 Capital paid up Yen 100,000,000
 Reserve Fund Yen 65,000,000

(80.50=1 Yen)

Branches and Agencies

Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hankow	Kobe	Nagasaki	Rangoon	Singapore	Tsinan
Calcutta	Harbin	London	Nagoya	Rio de Janeiro	Sourabaya	Tsingtau
Changchun		Newchwang	Salgen	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.

NEW YORK OFFICE - - 120 BROADWAY

from last account amounted to yen 14,902,694.

"However, the general economic position of the world being as already described, it is only to be expected that the bank will have a quiet time in the sphere of trade financing until more normal conditions prevail, but you may rest assured that no effort will be spared to the end that the shareholders may continue to receive favorable reports on the conduct of the bank's business.

"In conclusion, I have to report to you the resignation of Mr. Kajiura and Mr. Suzuki of their respective positions of president and vice-president of the bank. I need not here enlarge on the valuable services they have rendered to the bank by the use of their knowledge and experience, more particularly during and after the European War, which brought about such a state of general financial chaos, but let me express on behalf of all of us our sincere gratitude to them for what they have done."

June 30, 1922, shows capital fully paid of Frs. 50,000,000; and reserves of Frs. 26,000,000. A condensed balance sheet follows:

LIABILITIES

	Francs
Capital	50,000,000.00
Reserves:	
Legal reserve	1,863,712.28
Extraordinary reserve	24,136,287.72
Current and deposit accounts	460,926,673.38
Bankers and correspondents	160,976,327.49
Bills payable	11,604,243.35
Interest and dividends not claimed	174,623.44
Depositors	259,926,253.75
Re-discount on bills	1,102,310.42
Interest and dividend	5,000,000.00
Carried forward	1,188,469.33
	Frs. 976,908,906.16

ASSETS

Premises	6,495,364.45
Furniture and fittings	1.00
Cash in hand and with banks	182,217,206.87
Bills receivable	213,934,855.97
Securities	2,749,913.63
Current accounts:	
Bankers and correspondents	143,857,430.90
Clients, guaranteed and not guaranteed	167,727,879.59
Securities deposited	143,385,408.76
Securities deposited as collaterals	116,540,844.99
	Frs. 976,908,906.16

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Negotiations for the formation of a Spanish bank in New York have been virtually completed, according to the newspa-

The statement of condition of the Italo-Belgian Bank, Antwerp, for the year ended



NEW YORK AGENCY, Woolworth Building
L.N. LAU, Agent

The CHINESE MERCHANTS BANK LTD.

OF HONGKONG

The First Chinese Bank in New York



China is Awakening

to her wonderful trade possibilities and training her young men to crystalize them into practicabilities. This training is being done largely in America—along American business principles. As a result a profitable outlet for surplus American products has been created.

The Chinese Merchants Bank, Ltd., of Hongkong, renders direct banking service through its native Chinese branches and agencies. Any transaction handled through them is thoroughly understood and respected anywhere in the Far East.

Inquiries Invited from Responsible American Business Houses

Head Office
Hongkong

NEW YORK AGENCY
Woolworth Building

Branches
Canton, Saigon, Shanghai

per "Economista" of Madrid. The new institution, the paper says, will be named the Spanish Transatlantic Bank and will work under the American laws in connection with the Federal Reserve system. The majority of the capital is to be furnished by the Compania Transatlantica, the Banco Espanol de Credito and the Banco Hispano Colonial, while the balance will be provided by an American financial group.

©

The statement of condition of the Royal Bank of Scotland, Edinburgh, for the year ended October 14, 1922, shows net profits for the year, after providing for all bad and doubtful debts, amounting to £401,958. This sum has been distributed as follows:

	£
To midsummer dividend, at rate of 10 per cent. per annum	70,000
To dividend at Christmas, at rate of 12 per cent. per annum	90,000
To bonus of 2 per cent. for year	30,000
Written off expenditure on bank buildings and heritable property	20,000
To pension reserve fund	30,000
Added to reserve fund, the balance of	161,958

With the above addition, the reserve fund now amounts to £1,408,735.

A condensed statement follows:

LIABILITIES	£
Deposits with accrued interest	40,265,016
Notes in circulation	3,036,687
Drafts outstanding	1,227,874
Acceptances and indorsements of foreign bills	428,424
Capital	2,000,000
Reserve	1,403,735
Half-year's dividend and bonus payable at Christmas (less income tax)	120,000
Total Liabilities	48,481,739
ASSETS	
Gold and silver coin, currency notes, notes of other banks, and cash with Bank of England and other London bankers	5,133,174
Money in London at call and short notice, and cheques, etc., payable on demand, in hand, and in transit	5,643,110
British Government securities (war loans, conversion loan, exchequer bonds, national war bonds and treasury bonds)	14,548,622
Colonial Government securities, Bank of England stock and corporation stocks	634,287
Other marketable securities	480,718
Bills discounted (of which £4,030,000 British treasury bills)	7,222,773
Advances on cash credit and current accounts	12,612,049
Loans on stocks and securities	1,242,694
Banking correspondents and other customers for acceptances and indorsements, per contra	428,424
Bank buildings (partly yielding rent)	273,020
Property yielding rent	137,863
Freehold property in London (partly occupied by bank and partly yielding rent)	125,000
Total assets	48,481,739

International Acceptance Bank

INCORPORATED 1921

31 Pine Street, New York

Condensed Statement, December 30, 1922

R E S O U R C E S

Stockholders' Uncalled Liability.....	<u>\$5,000,000.00</u>	
Cash on Hand and Due from Banks.....	\$	7,154,615.18
Acceptances of Other Banks		2,115,254.74
U. S. Government Securities		10,885,686.10
Loans and Discounts		2,699,975.05
Other Bonds, Securities, etc.		3,428,553.62
Customers' Liability, Acceptances (less Anticipations \$1,788,354.48)		27,045,621.51
Customers' Liability under Letters of Credit.....		<u>5,611,383.93</u>
Total.....		\$58,941,090.13

L I A B I L I T I E S

Subscribed Capital and Surplus.....	<u>\$15,250,000.00</u>	
Capital Paid In.....	\$10,250,000.00	
Undivided Profits		969,519.76
Reserve for Taxes, etc.....		202,067.15
Due to Banks and Customers		13,074,143.30
Acceptances Outstanding		28,833,975.99
Letters of Credit		<u>5,611,383.93</u>
Total.....		\$58,941,090.13

*International Financing
Collections*

*Commercial Credits
Foreign Securities*

*Foreign Exchange
Bullion*

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*

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.

The statement of condition of the Industrial Bank of Japan, Limited, Tokyo, for the half-year ended June 30, 1922 shows net profits, after deducting gross expenses of 4,426,097 yen. Of this net profit, 500,000 yen has been designated as the reserve against loss; 200,000 yen as the dividend equalization reserve, and 500,000 yen as the special reserve. A sum equal to 10 per cent. per annum on the paid-up capital has been set aside as the dividend, which is the same as that for the previous half-year. A condensed statement follows:

LIABILITIES

	Yen
Capital viz. 1,000,000 shares of yen 50 each	50,000,000.000
Debentures issued	317,976,634.180
Fixed deposits	17,107,333.170
Current accounts	7,467,225.520
Special current accounts	2,020,784.880
Deposits at notice	6,737,518.690
Special deposits	13,764,286.845
Funds in Trust	45,421,166.410
Funds borrowed	9,168,000.000
Bills rediscounted	5,664,490.000
Call money	11,280,000.000
Provisional receipts	5,374,889.100
Correspondents' accounts	159,493.300
Reserve against losses	7,574,797.500
Dividend equalization reserve	940,800.000
Special reserve	1,500,000.000
Dividends unclaimed	446,439.513
Net profit for the half year	4,426,097.557
Total	507,029,956.665

ASSETS

Cash in hand and at bankers	5,273,753.200
Money at short notice	1,886,453.485
Advances	752,359.190
Fixed loans	151,890,398.370
Bills discounted	120,908,410.370
Foreign bills of exchange bought	1,033,078.180
Bills of exchange bearing interest	2,017,155.460
Special loans	104,960,051.540
Suspense account	42,859.070
Call loan	8,330,000.000
National loan bonds	12,226,928.250
Local loan bonds	5,199,775.200
Shares and debentures	18,543,731.160
Foreign securities; national, municipal and others	18,196,882.110
Funds kept in agencies for payment of debentures, etc.	45,844,955.210
Difference on subscription of debentures	4,056,198.090
Correspondents' accounts	2,820,543.840
Bank's premises, furniture and safe	1,109,205.800
Property acquired through liquidation of debts	48,221,500
Provisional payments	282,758.100
Fund for new building construction	1,606,242.540
Total	507,029,956.665



The statement of condition of the Chosen Industrial Bank, Seoul, Chosen, for the year ended June 30, 1922, shows total assets of yen 154,123,913.42; subscribed capital of yen 30,000,000; and paid-up capital of yen 15,000,000.



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THE RIGHT HON. STANLEY BALDWIN

Chancellor of the Exchequer and head of the British financial mission to the United States

STANLEY BALDWIN was born in 1867, the son of the late Alfred Baldwin. He was educated at Harrow and Trinity College, Cambridge, and entered the House of Commons as the member for the Bewdley Division of Worcester in 1908. He was Financial Secretary to the Treasury from 1917 to 1921 and president of the Board of Trade from 1921 until October, 1922, when he became Chancellor of the Exchequer on the formation of the present Government.

A Plan to Put Europe Back on Gold Basis

Krech Gives Plan for Replacing Debased Currencies, and Also Suggests Solution to Reparations Tangle

A PLAN for replacing the debased currencies in the European countries on a gold basis, and on the basis of the present home purchasing power of each unit, was outlined by Alvin W. Krech, president of the Equitable Trust Company of New York, at a recent luncheon at the National Republican Club, New York, on the subject, "What Should Be the International Policy of the United States toward Current World Events?" This plan looks to the stabilization of European currency, and includes a suggestion for a solution to the German reparation problem which is that Germany issue bonds to the value of 24,000,000,000 gold marks, guaranteed by the general, state and municipal governments, to be paid to France. This would enable France, said Mr. Krech, to pay off the greater part of her internal obligations and wipe out the deficit in her annual budget.

"In the time at my disposal", said Mr. Krech, "I must postulate two statements without argument in support of them. These are:

"No nation can operate successfully without a solid gold basis for its circulation. This has been the experience of 2000 years.

"In any new currency which may be suggested to replace the currencies of the European countries, the basis of stabilization must be the home purchasing value of the present currency employed. It can't be on any other basis."

Mr. Krech explained that peculiar local conditions enabled the United States to restore its currency to its former value after the Civil War. This was largely because of the great natural wealth of the United States, the development of which began during that

period, he said, and no such condition obtained in Europe.

He added that he believed \$500,000,000 in gold would be sufficient to establish an adequate gold reserve for the currencies of the European countries on the basis of present home purchasing value. Incidentally, he declared that the pre-war debt of the German Government and the German municipalities had been practically wiped out by the depreciation of the mark, and that a similar condition existed in Austria and Poland. "That's all gone over the dam", he said, referring to prewar German securities. "You can buy a cigar with a 2000 mark German bond, but that is all you can do with it".

In making his suggestion for the settlement of the dispute between France and Germany over reparation payments, Mr. Krech said he assumed that the various European currencies would be stabilized in the method outlined and supplanted by new currency systems supported by adequate gold reserves. He continued:

At a dinner given to a delegation of American bankers in Paris last Summer the statement was made by a prominent official of the Bank of France that, in view of disappointing results in reparation payments, the French Government was gradually reconciling itself to the irreducible minimum of collecting from Germany the equivalent annually of the interest the French Government is obliged to pay the sums borrowed from its nationals for money spent in rehabilitation. Whether this is the time or not, such a demand seems reasonable, logical, just and extremely moderate.

The French so-called regular budget shows a deficit for 1922 of upward of 4,000,000,000 francs. Estimates for 1923 give no promise of diminution in this annual deficit. As cost of service of the funded debt at the present time to France is approximately 6 per cent., it would require a reduction of some 70,000,000,000 of her capital debt in order to balance her budget.

Allowing for the further increase in her funded debt during the proposed four years' moratorium to be at the rate of 4,000,000,000 annually, we may assume the maximum amount of her indebtedness to be retired in 1927 in order to balance her budget would be, say, 80,000,000,000 francs. Suppose now



ALVIN W. KRECH

President Equitable Trust Company of New York

that Germany should issue in full settlement of her reparations a 100-year obligation of the right with a collateral security of the obligations of the separate states and free cities and her municipalities, allocated pro rata in accordance with their outstanding several obligations preceding the war, the service upon which shall constitute a prior lien on all taxation—Federal, provincial and municipal—to the amount of 24,000,000,000 gold marks bearing 5 per cent. interest and charged with a 1 per cent. sinking fund on the amount at any time outstanding; interest to begin say in 1927.

It may be assumed that an obligation of this sort, accompanied by the restoration of a new, properly balanced national currency,

properly secured by ample gold reserves, safeguarded in every possible way, should have a value approximating par in gold. Assuming that such a settlement can be effected with the consent of the Allies, and that the whole amount under a mutual agreement may be delivered to France, this obligation would be equivalent at par to 30,000,000,000 of gold francs. At the present value of the token franc, which is approximately one-third of its gold value, we have a gold equivalent of 90,000,000,000 currency.

It is conceivable that this would put the Government of France in a position to call 90,000,000,000 of her internal bonds payable in currency by process of calling her outstanding obligations by lot or by any other method of redemption. The retirement of the 90,000,000,000 of her internal obligations would be an immediate and direct annual savings in her budget of 5,400,000,000 of francs, and the balancing of the budget will have been accomplished at one stroke. At the foundation of this suggestion lies the question of whether it is within the power of Germany to produce annually an amount equivalent to 1,400,000,000 gold marks as the cost of the service, automatically reduced annually through the operation of the sinking fund.

In other words, can Germany out of her surplus exports reduce, we will say, at the end of four years an annual surplus equivalent to \$350,000,000? It seems to be within the limit of the figures agreed upon by competent experts—provided there is no strangle-hold upon her producing capacity and she is again given most favored nation treatment by her competitors in the economic field.

I believe that a substantial amount of the proposed issue of 24,000,000,000 of gold marks can be absorbed by Germans who could thus have an opportunity for a first class investment at home and check the flight of capital to foreign countries.

France may urge that Germany, having defaulted consistently since the armistice on most of her promises, it is only natural to suppose that she will default upon this new obligation. It seems to me that if a condition were attached to this proposed loan that at least one-tenth of it shall be subscribed by German investors, including her large industrial corporations, payable we will say, within the five years of the proposed moratorium, it would afford excellent proof of their faith in the German Government's promise to pay and enormously strengthen the intrinsic value of the issue.





Banco Dugand of Barranquilla, Colombia

Banco Dugand of Barranquilla, Colombia

THE original firm of Dugand from which the Banco Dugand originated, was first established at Riohacha on April 23, 1872, by Don Francisco Victor Dugand, French citizen and Vice Consul of France, dedicated to the service of commerce in general and the importation and exportation business.

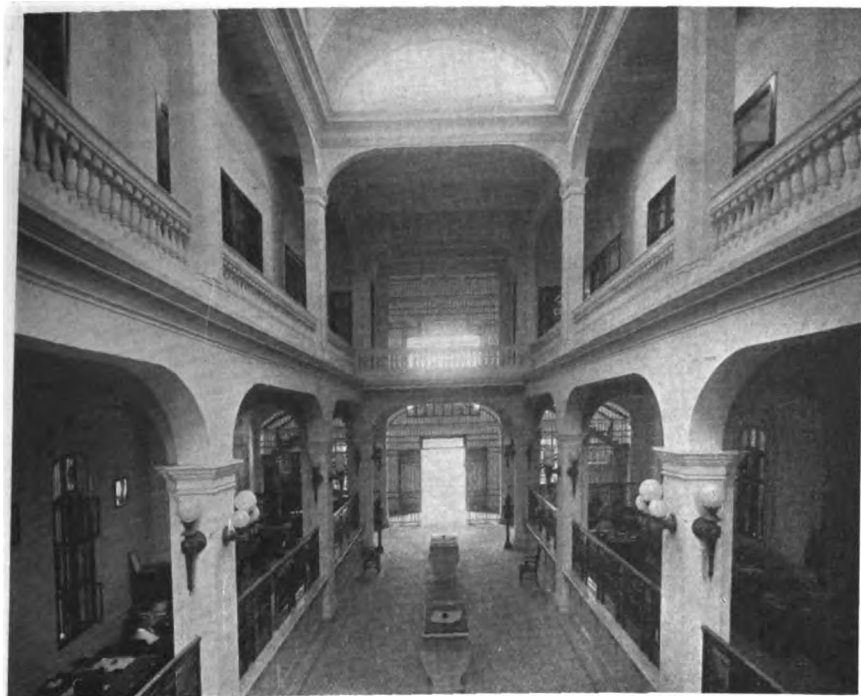
In 1902, the business was transferred to Barranquilla where it was changed to V. Dugand & Son, and in 1905, to a banking, commission, transportation and insurance business. In

1917, the unlimited partnership business was incorporated according to Colombian laws into a stock company with a full paid up capital of \$400,000, and under the present name of Banco Dugand.

Since 1907 José Victor Dugand has been at the head of the business. He has instilled a new spirit into the firm and his influence has been felt by Colombian commerce generally. Mr. Dugand was born at Riohacha in 1882, and made his university studies at Curazao, as well as his preliminary



FOUNDER AND PRINCIPAL EXECUTIVES



Looking toward the entrance of the bank from the mezzanine occupied by the manager

commercial studies. He later traveled in Europe and the United States. He has been for the last fifteen years Consular Agent for France, and Consul for Belgium at Barranquilla. Without exaggerating, it can be said that he has implanted in the firm of Dugand, since its beginning at Barranquilla, the modern ideas and routine of business which are characteristic of the firm. The scope of its connections has placed it in a position to extend its banking operations to all the commercial markets of the world. J. V. Dugand, assisted by his brother J. L. Dugand, sub-manager, with the vast knowledge they possess together with an energetic spirit of observation that has been demonstrated by deeds, have linked the different departments of the bank into an efficient organization, entirely up-to-date, and for these reasons the bank has grown to be one of the first establishments of credit in Colombia.

The Banco Dugand is agent for the Compagnie Generale Transatlantique of

Paris, and for the Clyde Steamship Corporation; it also has charge, at Barranquilla, of the Colombian Insurance Company of Bogotá (Compañía Colombiana de Seguros de Bogotá).

The Banco Dugand, under a special authorization of the Colombian Government, is the only bank in Barranquilla that issues mortgage bonds.

GROWTH OF THE BANK

As aforesaid, the new Banco Dugand was established in 1917 with a full paid up capital of \$400,000. The following year the capital was raised to \$1,000,000, and in 1919 to \$2,000,000 fully paid up. The reserve fund today amounts to \$355,000. There is no other institution in Colombia that has succeeded and reached such a figure in the same period of time. The Banco Dugand in Barranquilla has more deposits than all the other local banks together.

April 23, 1922, was the date on which the firm celebrated the fiftieth



View of the interior taken from the lobby



Foreign department in the lobby



Receiving and paying tellers' department

anniversary of its establishment as the Banco Dugand at Riohacha. The bank, on that date, inaugurated its new building, which was constructed at a cost of \$300,000. The new building is on Commercial street, the most central and busy section of the city, and was constructed by Leslie O. Arbouin, architect. It is a handsome building of reinforced concrete and white cement, with granite columns of Ionic architecture, and is conveniently equipped throughout. The vaults in the basement offer every possible security, being provided with small surety safes equipped by the Herring-Hall-Marvin Safe Company.

The Banco Dugand has branches in Bucaramanga and Cartagena under the management of Messrs. Francisco Luis Alviar and H. Lecompte, respectively.

DIRECTORS AND OFFICERS OF THE BANK

The directors of the bank are: Pellegriño Puccini of the firm of Puccini &

Puccini, president; Luis I. Abello of the firm of Alzamora, Palacio & Co., vice-president; Antonio Faillace of the firm of Faillace Brothers; J. M. Santo Domingo of the firm of Santo Domingo & Co.; Miguel Traad of the firm of Traad Brothers.

The general manager is J. V. Dugand; sub-manager, J. L. Dugand; cashier, Antonio Vilar M.; secretary, J. Hernández B.; comptroller, Andrés Rodríguez D.; manager mortgage department, C. Fernandez C.; manager insurance department, L. Fernandez C.; manager collection department, G. E. Echeverria; manager maritime department, R. C. Dugand.

COMPARISON OF BALANCE SHEETS

The balance sheet of the Banco Dugand at May 28, 1917, just after beginning business under the present name is given on the following page:



Directors' room



This stairway to the second floor is in the entrance vestibule

Comparison of Balance Sheets

RESOURCES

Office furniture	\$ 1.00
Building	25,000.00
Obligations	162,338.42
Credits in current account	131,992.67
Shares in diverse firms	143,560.00
Unsold shares	100,000.00
Unpaid dividends	1,100.00
Foreign banks	116,008.26
Colombian currency \$109,890.91 @ 109.50 per cent.	100,356.99
English currency \$6,632.50 @ 5 per cent.	6,300.88
American currency	18,855.72

Dollars \$805,513.94

LIABILITIES

Capital	\$500,000.00
Current accounts:	
Colombian currency \$88,494.86 @ 109.50 per cent.	80,817.22
English currency \$2,297.87 @ 5 per cent.	2,182.98
Dollars	142,424.40
Time deposits	58,852.88
Bills payable	21,236.46

Dollars \$805,513.94

The steady growth of the bank during the past five years is shown by the following balance sheet of the bank at June 30, 1922:

RESOURCES

Foreign banks	\$149,707.45
Cash, American currency	18,312.87
Cash, Colombian currency \$518,791.08	471,628.25
	\$ 639,648.57
Sundry accounts	316,284.64
Colombian Government	29,366.66
Loans	1,729,664.12
Loans in Colombian currency \$343,518.83	312,289.84
Branches, American currency	48,633.50
Branches, Colombian currency \$24,904.53	22,640.49
Mortgage department, American currency	197,455.97
Mortgage department, Colombian currency \$1,689.30	1,535.72
Agencies capital	265,000.00
Bank buildings	303,560.78
Furniture and fixtures	1.00

Dollars \$3,866,281.21

LIABILITIES

Deposits	\$ 218,331.66
Deposits, Colombian currency \$661,882.11	601,711.00
Time Deposits	144,203.53
Time Deposits, Colombian currency \$113,358.23	103,052.93
Savings department, Colombian currency \$45,390.38	41,263.98
Sundry creditors	280,000.00
Capital paid	2,000,000.00
Reserve Fund	340,000.00
Profit and loss, American currency	81,354.49
Profit and loss, Colombian currency \$62,000	56,363.63

Dollars \$3,866,281.21

NOTE: The accounts in Colombian Currency have been reduced to dollars at 110 per cent. rate of exchange on June 30. We have suppressed the accounts called "Accounts to Order" having considered that they only unnecessarily inflate the balance, and for this reason the data of collection appear in the corresponding paragraph, and those of the section of mortgage department in the respective balance.



Advertising That Fits The Product

THE simplest advertising is that of those things which have a direct physical appeal—pumpkin pie, new clothes, a dining-room rug, or a summer vacation.

Much more difficult is the advertising of those products or services whereby men plan ahead to secure, later, good things to eat, wear and enjoy.

The banker who advertises successfully keeps clearly before him that his service is in this latter class. And because of this he requires in his advertising the assistance of specialists who recognize the difference between these two broad advertising classes and who, through wide experience, know how to present financial service in a way which will make the most powerful appeal and secure the largest profits for his bank.

*For modern methods of financial advertising,
you are invited to communicate with*

The Collins Service
The Recognized Standard of Financial Advertising
Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

JANUARY 1923

Dangers In Some Short Cut Methods of Bank Publicity

By S. Reid Warren

FROM THE hide-bound conservatism of olden days, bank business-building methods threaten to rebound to an opposite and far less wise extreme. There is real danger hidden in some of the short-cut methods being used to attract new business to banks and trust companies. Evidently it is that those who use these schemes have leaped before they looked.

I refer not alone to the ultimate effect upon the individual institution, but to the hazard to which our whole banking structure is exposed in the use of methods that have no rightful place in financial and fiduciary promotive efforts.

Stability of government is not more alarmingly menaced by radical propaganda than is the solidity and usefulness of our national financial structure by unwise schemes of forcing up bank deposits on unsound appeals.

That old adage about fools rushing in where angels fear to tread tersely conveys a big idea. Though the terminology might well be softened a bit, the thought fits well to some promotive methods in the field of banking, for the hazardous elements of some schemes used in this field are undoubtedly a result of a "rushing in" on the part of commercially trained publicity men who have not absorbed the traditional viewpoint of the banker.

Unwise schemes they advocate or employ are all the more dangerous because the danger is

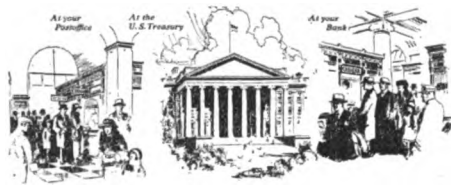
hidden by the beautiful results in increased accounts. But the hazardous elements of unethical methods in financial advertising will be revealed all too

late if we wait for a crisis (like the conditions in 1907, for example) to bring them to the surface.

Behind this warning is the fundamental thought that every bank customer won by improper persuasion is a weak stone in the foundation of banking. When the storm comes, that

(Continued on page 141)

Exchange Your 1918 War Savings Stamps for Treasury Savings Certificates



The United States Treasury offers an opportunity to renew your investment

Your 1918 War Savings Stamps will become due January 1, 1923. Take them now to your post office or your bank. Exchange them for Treasury Savings Certificates.

If you have \$25 in War Savings Stamps you can now obtain a \$25 Treasury Savings Certificate and \$4.50 in cash.

If you have \$100 in War Savings Stamps you can now obtain a \$100 Treasury Savings Certificate and \$18 in cash.

If you have \$1000 in War Savings Stamps you can now obtain a \$1000 Treasury Savings Certificate and two \$100 Treasury Savings Certificates and \$16 in cash.

These examples show what you can get with your War Savings Stamps. You can make similar exchanges in other amounts.

Consult your bank or your postmaster

Advantages to you in owning Treasury Savings Certificates

1. Backed by the credit of the United States Government, Treasury Savings Certificates are one of the soundest investments in the world today.
2. Issued in denominations under the mark of all A B C Certificates come you only \$25, \$50, \$100, \$500, \$1000, and \$5000.
3. Each number of the Certificate has key to 10000 certificates value of any one certificate.
4. At present prices Treasury Savings Certificates earn a per cent per year, compounded semi-annually, at half the maturity. Each Certificate matures 1 year from date of issue.
5. If called before maturity you receive 1 per cent simple interest.
6. The certificates are exempt from normal Federal Income Tax, and from all State and local transfer, stamp and inheritance taxes.

UNITED STATES GOVERNMENT SAVINGS SYSTEM
TREASURY DEPARTMENT, WASHINGTON, D. C.



With the approach of the first of the year and the payment of the war savings stamps issue of 1918, the Treasury Department began advertising extensively in newspapers and through full pages in such periodicals as the SATURDAY EVENING POST, in an endeavor to persuade holders of the stamps to exchange them for Treasury savings certificates. This advertising shows evidence of very capable direction, and should prove a helpful factor in the general campaign to avert a dissipation of the large sum which fell due on January 1, 1923.

Banking Publicity

RICHARD F. DURHAM, Editor
Monthly Publicity Section

THE BANKERS MAGAZINE
71-73 Murray St., New York

JANUARY 1923

NATIONAL Thrift Week has shown itself to be a movement well deserving the hearty coöperation of the bankers of the country. Last year, boards of education, leading citizens, and bankers in numerous cities and communities coöperated with the Y. M. C. A. in making this movement a real success, both from an educational and a practical standpoint.

This year the National Thrift Week Committee, which includes some outstanding figures both in public affairs and in the field of banking, has as its principal objective the accomplishment of the following three things: 1. To enroll 500,000 persons who will follow a budget plan in their personal and family finances; 2. To nationalize the celebration of Benjamin Franklin's birthday, and; 3. To enlist coöperation with the merchants in a program of wise spending.

One of the features of the observance of Thrift Week from January 17 to 23, will be coöperation between banks and public schools, based on the Detroit plan which has been used with such success for the last two years.

The country at large still

lacks a proper understanding of the real meaning and purpose of banks. The surest way to remedy this situation in a thorough and lasting fashion is to start from the ground up—to center a general educational campaign around children in the public schools. There has been every indication in the past of a willingness on the part of school authorities to coöperate with banks in such a movement. Activities during Thrift Week will serve to intensify this movement. However the momentum which the movement gains during this period will be largely lost unless the spark is kept alive after Thrift Week itself is past, and this is, primarily, up to the banks.



SWINDLERS AND "wildcat" stock operators are not slow to grasp any unusual opportunity to reap an ill-gotten harvest.

Such an occasion as the retirement on January 1 by payment in cash of the war savings stamp issue of 1918 particularly adapts itself to the efforts which the fake stock promoters will undoubtedly put forth to separate the small investor from the proceeds of his investment.

Better Business Bureaus in thirty-seven cities of the country are making every effort to aid in the elimination of fraudulent promotion schemes. In this effort the banks are rendering wide-

spread and valuable help through their advertising.

"Wildcat" stock promotion is both a very real menace and a difficult one to fight. It is real because it does serious damage both to the pocketbooks of the country and to the welfare of reputable investment houses. It is difficult to fight because it is by no means easy in many cases to determine real facts until it is too late to do any good.

The ability to judge an investment presupposes some knowledge of investments generally. The public at large lacks that knowledge.

Right here the problem of the banker in educational work assumes a duo-fold aspect. First he must overcome the prejudice which unfortunately exists against a sensible conservative attitude, and; secondly, he must make the prospective investor *see* the cash value of sound and impartial advice. The task is not easy. It will take time, and it will take a good deal of consistent, well-conceived, and well-directed advertising.



PROBABLY the greatest fault in bank advertising—the influence that works most potently towards making it unprofitable—is the tendency to borrow or copy the advertising of some other institution without considering whether or not the shoe fits. Fortunately this situation is being remedied by experience and I think we will see a constantly improving character in bank advertising.—*W. W. Douglas.*

Dangers In Some Short Cut Methods of Bank Publicity

(Continued from page 139)

rotten stone will crumble, and if the number of unstable depositors is large enough in time of stress disastrous "runs" will result.

Better a thousand properly informed, intelligent, stable bank depositors than ten thousand shaky ones who have been cajoled into opening an account through the allurements of a premium or because a clerk in the bank wanted to make his "quota" in a contest.

I have lots to say in support and proof of the general statements thus far made, but I have put first what seems to me the vitally important consideration from the standpoint of patriotism and concern about the stability of our national institutions.

There is a more sordid side to the argument, however. The plain fact is that it does not pay to secure business by unnatural, seductive methods. Large numbers of accounts thus "forced" never prove profitable. Many depositors, improperly seduced into a banking



HAVE YOU GOOD INTERFERENCE

What strong interference is to the runner, good banking service is to the business man.

The touch-downs of business often come from good banking service.

Charter
No.1.

1st

NATIONAL BANK
OF PHILADELPHIA

Main Office
315 CHESTNUT STREET

Broad Street Office
BROAD AND SANSON STREETS

Shortly before Thanksgiving when all Philadelphia was astir over the approach of the annual football game at Franklin Field between Cornell and Pennsylvania on Thanksgiving day, the First National Bank of Philadelphia capitalized popular interest in the approaching event as shown in the advertisement above.

What right have we to sell you bonds?

When you buy a bond you really buy a bond. The up and down of the bond and the way of doing business with it should be something that you can rely on. In the following lines about Peabody, Houghteling & Co. should be of interest to you.

We have been convenient bankers for many years.

We are not afraid to say that we are not engaged in unusual ventures or in real estate.

We do not do what the companies that come to us for business.

We had these companies and many others in our hands and we have been able to offer them to you.

The bonds we carry in our hands are not sold to our individual customers, and we do not sell them to our individual customers, and we do not sell them to our individual customers, and we do not sell them to our individual customers.

Our bonds are sold to you for cash, and we do not sell them to you for cash, and we do not sell them to you for cash, and we do not sell them to you for cash.

If you would like to know more about our bonds, please write to us at once, and we will be glad to send you a copy of our bond book.

**Peabody,
Houghteling
& Co., Inc.**

INCORPORATED 1905
100 BROADWAY, NEW YORK CITY
NEW YORK CITY
NEW YORK CITY

An attention compelling headline followed by copy that is both dignified and readable.

connection, drop out after being a constant expense to the bank for months or years, never to be "re-sold" because they were not properly sold in the first place.

To get my thought across with definiteness, let us consider a specific case of incorrect and unwise selling method. As one of the most flagrantly unethical and altogether unjustifiable schemes of securing new customers for a banking institution, I would cite the well known "contest" among officers and employees of a bank or trust company.

Those who use or advocate this scheme have ignored one

very important, fundamental fact in sales work. In transplanting the salesmen's contest idea from the commercial world, they did not realize or else they forgot that business consists not alone of selling, but of:

1. Production.
2. Distribution.

They further overlooked the fact that these two functions are quite different and require as different management and execution as does the making of a motor car, on the one hand and, on the other, the service of the railroad in conveying that vehicle from factory to customer.

Now that may seem afar off



That all who fly may know where they are at when they are over the city, the First National Bank has had painted on the roof of its twenty-five story structure, at the heart of the city, an aerial guide post reading "FIRST NATIONAL BANK DETROIT". This guide post is painted in big white letters 12 feet high by 18 feet wide on the red tile roof of the building and stretches out for a length of 180 feet. The various sections comprising the letters are 42 inches wide. On a clear day this sign can easily be read by an aviator flying a mile high over the city. The attached picture was taken by Dr. S. Burka from an airplane piloted by Lieut. H. R. Harris of the United States Air Service, Engineering Division, McCook Field, Dayton, Ohio. According to the War Department, the First National Bank in Detroit is one of the first commercial organizations in the United States and the first in this district to cooperate with the air service department by establishing this aerial guide post. Copies of the photographs were sent by the Department to the Government Airways Office at Washington for examination by them of this method of establishing guide posts in our important cities.

from bank publicity and "contests", but we can do clearer thinking if we get away a bit from our nearest interests and compare.

A contest among salesmen of a vacuum cleaner manufacturer is perhaps a desirable thing, but get this: *The salesmen who compete are not the persons who make the vacuum cleaner.*

Yes, sir! that statement has direct relation to bank business building. If you will bear with me a moment longer you will see that I am not making a detour just to weary you but to bring you to a truer view of the scenery.

Of course I know that old

chestnut about all of us being salesmen—selling our personality or our services, etc., no matter what our vocation. But, aside from figures of speech, it is true that the officers and employees of a bank cannot be good salesmen and good cashiers, tellers or bank clerks at the same time. If they perfect themselves in salesmanship, they must neglect their development as bankers. And if they have the mental and temperamental qualifications of a salesman, they are not likely to possess the proper foundation for building up skill in banking.

Production, which is manu-

facturing, growing, mining, creating or any other originating process, is a separate and distinct function from distribution, which includes advertising, selling and delivery.

Now a bank is a factory; a producer; a creator—of credit and service of a kind. Its personnel is trained in that productive process, or should be. And, in the public interest, they should "stick to their knitting". As soon as you send a bank clerk out soliciting accounts, you will divert his thoughts from banking and concentrate his mind and efforts on an entirely different function. He cannot be as proficient or as ef-

efficient in the exacting duties of banking if his thoughts are on soliciting everyone he sees or on the reward that will come for success in that sales work.

Just imagine for a moment that the factory employees of a vacuum cleaner maker were sent out in a sales contest! How nicely would their proper duty, production, fare?

"Yes, that sounds nice theoretically", I hear the advocate of bank contests say, "but these contests are held only once in so often and the clerks could hardly be spoiled in the brief period over which the contest runs".

Hold on, friend, I haven't shot my last ball yet. First of all, even a couple of months activity of that kind disrupts the regular work in the bank to a woeful degree and, like lost virtue, a mental attitude cannot be retaken once it has been changed for a different one.

Bank clerks are never as good clerks again after the bug of salesmanship has buzzed in their ears for a time.

But that's not the more important consideration, anyhow. Consider the public's mental attitude. How much is banking service being elevated in the mind of your prospects by a wild scramble after accounts to "win a prize"? How much education in the essentiality of banking service are they getting?

Compare the situation with that of a physician (you can see others as they see you and thus get a reflected view of yourself as others see you). How much respect would you hold for a doctor that offered prizes to a sales force during a limited contest period for "landing" patients? Or a lawyer? What do you think of lawyers who get their clients through solicitors who chase ambulances?

In fact, if you bought even a vacuum cleaner on the persua-

Who's Who in Bank Advertising



F. M. STAKER

Manager publicity department Commerce Trust Company,
Kansas City, Mo.

MR. STAKER became associated with the Commerce Trust Company of Kansas City, eleven years ago, and was manager of the safe deposit vaults for seven years.

For the last eight years he has been manager of the publicity department.

He has been a member of the board of the Financial Advertisers' Association since the second year of its existence.

He is a graduate of the College of Law, University of Illinois.



The First National Bank in St. Louis recently opened its 1923 Christmas Savings Club. The picture above shows a section of the savings department on the day the bank notified the public that its books were open for enrollment. Several hundred St. Louisans enrolled for membership on opening day. The bank advertised its Christmas Savings Club extensively throughout St. Louis using very effective display on billboards, street cars, direct by mail and newspaper advertising.

sion of a salesman trying for a prize, wouldn't you be easily prejudiced against that utility at the least difficulty you encountered in its use? Wouldn't you be easily led to conclude that you got stung as a result of sympathy for a salesman in a contest and that you should have "looked around a bit" before making the purchase?

Yes, you would. And it is just as true that bank depositors look askance, on the least provocation, at the bank that has secured their patronage on any other than sound banking reasons and arguments.

Through education, and well founded persuasion, not mere cajolery, are people really "sold" on the merits of any article or service.

As I have said before, these schemes transplanted from commerce, where they often fit, to finance, where they do not fit, result as a rule from entrusting bank publicity to those whose training, instinct and mental slant are in the direction of "merchandising".

It is service and credit—intangible things—not merchandise, that the bank or trust company has to sell. It requires a proper appreciation of this distinction to wisely direct the promotive efforts of

such an institution, especially when confidence in the institution is so large an element. The methods and mental inclination that sell merchandise will seldom fit the requirements of selling service and confidence.

I know that many advertising men will not agree with me that they cannot jump from canned beans to banking and make a good job of both. Isn't it being done in all the advertising agencies? Yes, it is being done, but not successfully. Else why are advertising accounts shifted so frequently from one agency to another. The only thing that keeps some large advertisers in the field is the mere brute force of the size of space they use, not the salesmanship in the copy.

And even the commercial houses are gradually getting away from ultra-aggressive selling methods. Witness the style of a Wanamaker or a Marshall Field advertisement as compared with that of a lesser grade retail store. Contemplate the broad, humanitarian, educative, indirect method in

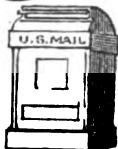


Prior to the celebration of its fiftieth anniversary the Minneapolis National Bank ran a series of advertisements in the Minneapolis newspapers relating to Minneapolis and the Northwest in the early days of the bank, and giving some interesting details in connection with the establishment of the bank. The center advertisement in the above group gives an exact reproduction of the names affixed to the original articles of association of the bank.

Anglo-California Trust Co. *Announces*

1428

San Francisco "Branches"



As "The City-Wide Bank," the Anglo-California Trust Company has for several years operated branches in various parts of San Francisco. And now this institution, again leading in progressive banking, announces a further extension of service.

Our Banking by Mail Department makes it possible for San Francisco people to handle their banking from their homes or offices. The bother of going to a bank and waiting in line has been eliminated at last. Our special plan makes banking by mail easy and convenient.

Why You Should Bank by Mail

Check over these reasons and you will realize that you want to bank by mail.

- ✓You save many precious minutes as well as dollars.
- ✓The convenience of banking by mail encourages thrift.
- ✓You can bank at any time of the day or night, or on holidays.

Write for our Booklet,

"Banking by Mail," gives complete details about banking by mail. It's to your advantage to read for the booklet *now*. Write us a card or letter and "Banking by Mail" will be forwarded immediately. Or a request over the telephone will have immediate attention. Call at our nearest branch if you would like to have details explained in person.

*Do your banking in the efficient way—Bank by mail with the
Anglo-California Trust Company!*

BANKING BY MAIL DEPARTMENT

ANGLO-CALIFORNIA TRUST CO.

COMMERCIAL SAVINGS TRUST BOND DEPARTMENTS

"The City-Wide Bank"

Market & Summer Streets
San Francisco



Bringing home the advantages of banking by mail in unusually striking and effective style.

were the workmen who had finally returned to work and succeeded in paying the butcher and the grocer. Their mute fanfare was the resumption of deposit entries in savings pass-books.

And so the bank reasoned, let the returning saver tell his own story.

A series of six advertisements was prepared, five of them being interviews with men who had gone through the lean and tragic days of business depression and unemployment and

whose first act born of experience, was to rebuild the bank account that had proved so valuable in times of stress.

The sixth ad summarized the situation and the psychological moment with a finely turned incisive statement from the president of the Cleveland Trust Company.

The entire series carried the running head, "They Are Saving Again". Originally the plan was to include both men and women but it was soon found that the women had not

fared so ill in post war days. There wasn't any good "copy" there.

So three types of workmen were sought—the man who had no savings to tide him over the days of "no job", the man who had just enough, and the man who had a little to spare.

The man who had had no reserve to fall back on, it developed, was so deeply enmeshed in the contemplation and the liquidation of his debts that he refused to permit the use of his name or picture which the series required in order to give it the ring of sincerity and reality that it would need.

Coöperation of plant officials in securing the interviews for the ex-newspaperman member of the publicity department was splendid.

The entire series was handled in newspaper style with newsy headline, direct quote, and a bit of selling talk.

"They are saving again", said Joe Kostelic, in the first ad. "Last year", he said, "we had lots of layoffs. Now we work every day and we get a raise soon.

"Things were bad last year but my money in the bank let me get married. Now I'm building up my account again."

And then the bank added, "YOU lose your share of better times if YOU do not save part of your earnings now. Its easy—just stop at one of our forty-eight convenient, safe banks on your way home on pay day, or use the payroll savings plan where you work. Let your bank account keep up with the times".

That line, "Let your bank account keep up with the times" ran throughout the series as did the series line, "They are saving again".

The second ad quoted a young business man whose savings account was being rebuilt. Despite eight months of illness, it had paid all his bills, kept up



365 days from today

Have you made any plans for the future? Have you set aside any money for the future? If not, you are missing a great opportunity. The Old National Bank offers a plan that will help you secure your future. It is a plan that is simple, easy to understand, and gives you the best of both worlds. You can have your money working for you, and you can have the peace of mind that comes with knowing your future is secure. Contact us today to learn more.

Old National Bank



—what will become of these?

What will become of these? The answer is simple. They will become a source of income for you. The Old National Bank offers a plan that will help you secure your future. It is a plan that is simple, easy to understand, and gives you the best of both worlds. You can have your money working for you, and you can have the peace of mind that comes with knowing your future is secure. Contact us today to learn more.

Old National Bank



Have you been wishing for this?

Have you been wishing for this? The answer is simple. You have been wishing for a way to secure your future, and the Old National Bank has the solution. It is a plan that is simple, easy to understand, and gives you the best of both worlds. You can have your money working for you, and you can have the peace of mind that comes with knowing your future is secure. Contact us today to learn more.

Old National Bank



A MONUMENT TO THRIFT

—SECURITY TRUST & SAVINGS BANK

It is a monument to thrift, a monument to the future. The Security Trust & Savings Bank offers a plan that will help you secure your future. It is a plan that is simple, easy to understand, and gives you the best of both worlds. You can have your money working for you, and you can have the peace of mind that comes with knowing your future is secure. Contact us today to learn more.

Security Trust & Savings Bank



Practical—Helpful

The Security Trust & Savings Bank offers a plan that is practical and helpful. It is a plan that is simple, easy to understand, and gives you the best of both worlds. You can have your money working for you, and you can have the peace of mind that comes with knowing your future is secure. Contact us today to learn more.

Security Trust & Savings Bank



5,000. New Accounts a Month

Over 5,000 new accounts were opened in the month of January. This is a testament to the popularity of the Old National Bank. It is a bank that is simple, easy to understand, and gives you the best of both worlds. You can have your money working for you, and you can have the peace of mind that comes with knowing your future is secure. Contact us today to learn more.

Old National Bank

The advertising of this Los Angeles bank has about it an air of individuality which sets it apart from the general run of bank advertising. The above series has recently been running in Los Angeles newspapers.

payments for insurance, and a home, and bought an interest in his business.

The third was from a banking by mail customer whose resumption of mail deposits indicated that prosperity was more than local. This man was quoted as saying, "In spite of my losses, I have made it a rule to save at least ten per cent. of what I have been able to earn".

Ad number four was the testimony of the man who said his bank account enabled him to "live like a prince" in Canada when he was laid off. "It took my account down", he said, "but I am getting it back up

again. I don't know what would have happened if I hadn't had it".

The man who didn't have quite enough was featured in the fifth ad. "The first thing I did was to start up my bank account", he said. "I was laid off from September, 1920 to May, 1922. Now I work every day. I cut my hand in a boring tube yesterday, but a fellow doesn't mind a little accident once in a while as long as he has a steady job".

And the president of the Cleveland Trust Company provided the concluding advertisement under the unusual title,

"Remember the Promise Made in the Attic". It follows:

"When the Dayton flood was at its height, hundreds of Dayton families, spending anxious hours in the upper stories of their houses, vowed that if they escaped they would see to it that prompt action was taken to prevent any such disaster in the future. The flood prevention committee later insured prompt and effective action by recalling these promises to their minds.

"A year ago men and women everywhere were promising themselves that if good times ever came back they would



"Prospects for the Future Are Bright"

The Old National Bank offers a plan that is simple, easy to understand, and gives you the best of both worlds. You can have your money working for you, and you can have the peace of mind that comes with knowing your future is secure. Contact us today to learn more.

Old National Bank



Are You Ready For Prosperity?

The Old National Bank offers a plan that is simple, easy to understand, and gives you the best of both worlds. You can have your money working for you, and you can have the peace of mind that comes with knowing your future is secure. Contact us today to learn more.

Old National Bank



FARM CROPS THIS YEAR WILL BE WORTH \$1,000,000 MORE THAN LAST YEAR.

The Old National Bank offers a plan that is simple, easy to understand, and gives you the best of both worlds. You can have your money working for you, and you can have the peace of mind that comes with knowing your future is secure. Contact us today to learn more.

Old National Bank



"Indications Point to an Active Fall and Winter"


The Old National Bank offers a plan that is simple, easy to understand, and gives you the best of both worlds. You can have your money working for you, and you can have the peace of mind that comes with knowing your future is secure. Contact us today to learn more.

Old National Bank

This series of advertisements in the Battle Creek newspapers carries the tidings of prosperity to the public by citing various phases of the general outlook which indicate definite and substantial improvement.

"Mercantile Service"

Departments: Banking, Bonds, Corporations, Real Estate Loans, Real Estate, Public Relations, Safe Deposit, Savings, Trust



FIFTY TWO thousand two hundred and more savings accounts — 11,763 with deposits ranging from \$1.00 to \$10,000 — are now being opened in the Mercantile Trust Company. This is the result of the "Mercantile Service" plan, which has been in operation since January 1, 1933. Through this plan, the company has been able to attract a large number of new accounts, and the total number of accounts now exceeds 50,000.



Safe Investments

Our safe investment plan is designed to protect your money and to give you a steady income. It is a plan that has been in operation for many years and has a long record of success.



Conserving Estates

The Mercantile Trust Company has a long record of success in conserving estates. Our experts are able to handle all matters relating to estates, and we have a large number of clients who have entrusted us with their estates.



Serving Women

For the convenience of women, we have a special department where they can handle all their banking matters. This department is staffed by women, and it is designed to make it easy for women to do their banking.



Receiving Coupons

We have a special department where we receive coupons for our clients. This department is staffed by women, and it is designed to make it easy for women to do their banking.



Business Counsel

For the convenience of our clients, we have a special department where we provide business counsel. This department is staffed by experts, and it is designed to make it easy for our clients to get the advice they need.



Protecting Valuables

Our safe deposit boxes are designed to protect your valuables. They are fireproof and burglar-proof, and they are located in a secure building. We have a large number of boxes available, and we can accommodate all your needs.



Assisting Servers

Our servers are trained to assist our clients in all matters relating to banking. They are friendly and efficient, and they are always ready to help you. We have a large number of servers available, and we can accommodate all your needs.



Commercial Banking

Our commercial banking department is designed to serve the needs of businesses. We have a large number of services available, and we can accommodate all your needs. We are always ready to help you.



Handling Property

Our property handling department is designed to handle all matters relating to property. We have a large number of services available, and we can accommodate all your needs. We are always ready to help you.



Explaining Service

Our service explaining department is designed to explain all matters relating to banking. We have a large number of services available, and we can accommodate all your needs. We are always ready to help you.



Loans on Property

Our loans on property department is designed to provide loans on property. We have a large number of services available, and we can accommodate all your needs. We are always ready to help you.

Mercantile Trust Company

Member Federal Reserve System
EIGHTH AND LOCUST



U.S. Government Supervisors
— TO ST. CHARLES

Treating the bank as a financial department store. The Mercantile Trust Company has been running this kind of five column advertisement in St. Louis newspapers for more than three months, five days a week, and never on the financial page. Investments, savings, trust, and all services are touched, not in regular order but according to what the bank has to sell.

work harder, spend less, save more, conduct their business affairs more prudently, and provide more effectively for the future.

"The time has now come to remember the promises we made last year. Business recovery is here, unemployment has largely disappeared, wages are higher, profits are being earned. The opportunities that we

longed for only a little while ago are knocking at our doors.

"Now is the time for the individual to pay off his debts and to increase his savings.

"The flood has gone; the depression has passed.

"NOW IS THE TIME TO REMEMBER THE PROMISES WE MADE IN THE ATTIC."

There were some of the advertising fraternity who were inclined to scoff at the "Lydia Pinkham sort of testimonial", as they termed it chidingly before the erring brother.

There were those who declared that no bank account following two applications, "could cure varicose veins or swollen ankles". But the series got results.

It isn't possible to trace all the direct results, but it is significant that during the first half of October, a boom month, during which the series ran, savings accounts increased noticeably over the number opened in a similar period the month before, also a month of returning prosperity.

A check-up of managers of the company's forty-eight neighborhood offices revealed that a surprising number of accounts had been directly influenced by the series which had also been backed up by advertising in connection with the bank's payroll savings plan and by street car cards and poster displays.

Even customers and hard-boiled newspapermen commented voluntarily on the series.

And that sort of human copy, they tell us, is responsible in some measure for the fact that the Cleveland Trust Company now has more depositors than any other bank in the United States.

How Banks Are Advertising

EIGHT WEEKS of united effort on the part of the Citizens Trust and Savings Bank, Columbus, Ohio, in its new business contest brought one and a quarter million dollars in new deposits to this institution according to the latest figures available. This was announced at the banquet held in celebration of the twenty-second

anniversary of this institution and a successful close of the new business contest, held at the New Southern Hotel on November 2. Since then it is the opinion of the contest commission that there will be a considerable increase in the results after all the calculations are made. At the present time the number of new accounts stands at 4532.

The individual average is more than forty new accounts per employee which is believed to establish a record result for bank organization contests.

The team that won first place in the contest was the "Whirlwinds", under the leadership of Jean Worrel, manager of the Hilltop branch of the bank, placing the "Cherubs", under Leo J. Schlaechter, auditor, in second place. At the present time Worrell's team has 574 accounts to its credit, Schlaechter's 559, McDonald's 456, and Monohan's 410. The quota for each team was 220 accounts and each of the remaining ten teams exceeded its quota.

With deposits in the amount of \$108,608.89, Miss Pickard leads in the individual production of initial deposits. George Doersom, note teller of the main office was next highest and Mr. Worrell stood third. Monohan's team led in initial deposits with \$134,500.72.

TWELVE CLEVELAND parochial schools and six East Cleveland public schools are competing for a \$100 prize to be won by the school which makes the best showing in thrift. The contest is in connection with the proclaiming of January 10, 1923, as Thrift Reporting Day in all schools throughout the country and is in connection with the use of the automatic receiving tellers placed in the local schools by the Cleveland Trust Company. The tellers are machines which sell stamps to be pasted in folders. The

Two more "department store" advertisements of the Mercantile Trust Company. Each advertisement of the entire series carries at the head a signed message from Festus J. Wade, president of the bank.

owner, when he has a dollar's worth of stamps, goes to the nearest Cleveland Trust bank and has the amount credited to his savings account. A condition of the contest is that the school achieving a record of the greatest percentage of savers in cities of similar size shall receive the prize.

In addition to the schools mentioned the bank has placed four machines in Painesville, two in Bedford, one in Lorain, one in Perry, and two in Willoughby.

THE FIRST NATIONAL Bank in St. Louis is running a series of splendid civic advertisements in the St. Louis papers.

"A Better Understanding of Better St. Louis" is the headline, very attractively played up and in the body of each advertisement, the bank features an industry in which St. Louis leads the world and mentions the fact that the First National Bank with its excellent organization and large resources believes in St. Louis and stands back of St. Louis business and industry.

The series is very well illus-

trated and set up. Each advertisement measures three columns wide and about 100 lines in depth.

Many letters have been received from business concerns in St. Louis and other large cities, commending the bank for pursuing this line of advertising, both for the good of St. Louis and the First National. It shows the broad-minded spirit of progressiveness of the bank.

EARL R. OBERN has resigned as assistant cashier of the Old National Bank, Battle Creek, Michigan, to take charge of the financial advertising department of the Los Angeles Evening Herald, Los Angeles, California. He took up his duties in Los Angeles, January 1, 1923.

THE BARNETT National Bank of Jacksonville, Florida, has issued a booklet of facts about Florida, a copy of which it has sent to every bank in the United States. This booklet contains a record of the material progress of Florida, and other interesting facts about the state from 1911 to 1922.

Bank Advertising Exchange

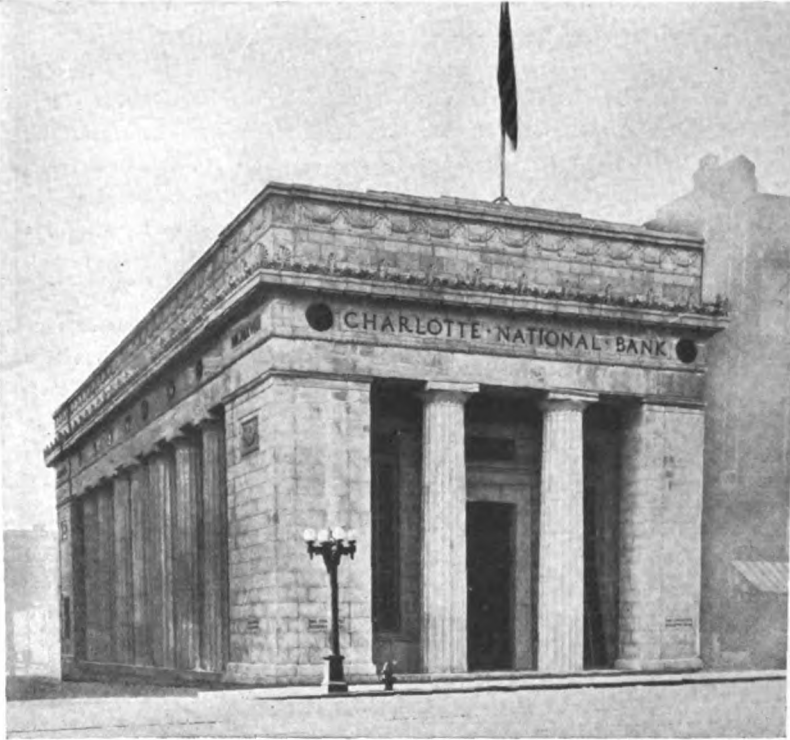
IMPORTANT NOTICE

This list has been completely revised. All members are urged to correct their mailing lists accordingly. All of those named below have agreed to exchange booklets, folders and other publicity matter as issued during the coming year. In order that the fullest measure of mutual helpfulness may be brought about in 1923, every member is urged to live up to this agreement conscientiously and to make a liberal distribution of advertising material.

- Albany, N. Y., City Svgs. Bank, F. H. Williams, treas.
- Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy.-treas.
- Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.
- Berkeley, Cal., Berkeley Com'l & Svgs. Bk., G. L. Pape, V. P.
- 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, A. E. Leighton, adv. mgr.
- Bruxelles, Belgium, Montieur 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. Ilman, 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, V. P.
- 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, asst. tr. off.
- Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
- Charleston, W. Va., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.
- Chicago, Ill., Bauder-Baker, 738 S. Michigan Ave., R. E. Bauder, pres.
- Chicago, Ill., Critchfield & Co., L. E. Delson, finan. adv. mgr.
- Chicago, Ill., Liberty Tr. & Svgs. Bank, H. J. Bilansky, mgr. bus. ex. dept.
- Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, mgr. serv. dept.
- 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, pub. mgr.
- Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
- Cleveland, Ohio, Central Nat'l Bank, R. J. Izant, adv. mgr.
- Cleveland, Ohio, Cleveland Tr. Co., I. I. Sperling, pub. mgr.
- 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. 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, cash.
- Elmira, N. Y., 2nd Nat'l Bank, Helen E. Malory, adv. mgr.
- Evansville, Ind., Nat'l City Bank, Josephine C. MacCorkle, pub. mgr.
- Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
- Flint, Mich., Citizens Com'l & Svgs. Bank, H. E. Potter, asst. cash.
- Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
- Gardner, Mass., Gardner Tr. Co., P. O. Ahlin, V. P.
- 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, adv. dept.
- Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy. & treas.
- Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
- Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
- Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
- Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
- Lima, Peru, S. A., Banco Mercantil Americano del Peru.
- Long Beach, Cal., Long Beach Nat'l Bank, P. L. Hudson, asst. cash.
- Los Angeles, Cal., Helman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
- Los Angeles, Cal., Pacific-Southwest Tr. & Svgs. Bk., R. M. MacLennan, adv. mgr.
- Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
- Madrid, Spain, Banco Hispano Sulzo, Apartado 1023, E. C. Hirt.
- Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, 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, mgr. bus. serv. dept.
- Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace, treas.
- Minneapolis, Minn., Midland Nat'l Bank, L. L. D. Stark, asst. tr. off.

- 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 & Sons, Apartado No. 6.
- Montreal, Que., Banque d'Hochelaga, 112 St.
James St., H. G. Gonthier, dir. pub.
- Newark, Ohio, Home Bldg. Ass'n Co., E. M.
Baughner, pres.
- New Orleans, La., Canal-Com'l Tr. & Svcs.
Bank, H. B. Caplan, secy. to pres.
- 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. Down-
ing, asst. cash.
- N. Y. C., Ambrose R. Clark & Co., 71 Broadway.
- N. Y. C., American Express Co., 65 Broadway,
S. D. Malcolm, gen. mgr. adv.
- N. Y. C., American Union Bank, R. Stejn, asst.
cash.
- N. Y. C., Bank of America, Withers Woolford.
- N. Y. C., The Bankers Magazine.
- N. Y. C., Chatham & Phenix Nat'l Bank, N. P.
Gadling, V. P.
- N. Y. C., Equitable Tr. Co., A. DeBebian, adv.
mgr.
- N. Y. C., The Farmers Loan & Tr. Co., I. H.
Meehan, asst. V. P.
- N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd
St., E. S. Van Leer, asst. cash.
- N. Y. C., Mechanics & Metals Nat'l Bank, F. W.
Gehlie, V. P.
- N. Y. C., New York Tr. Co., E. Langstfoth, pub.
mgr.
- N. Y. C., North Side Svcs. Bank, A. A. Elrich,
secy.
- N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins,
pub. mgr.
- Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps,
new bus. mgr.
- Northampton, Mass., Hampshire Co. Trust Co.,
G. S. Willis, pres.
- Norwich, Conn., Chelsea Svcs. Bank, J. D. Coit,
asst. treas.
- Oak Park, Ill., Oak Park Tr. & Svcs. Bank,
L. A. Clarahan, mgr. new bus. dept.
- Orizaba, Ver., Mex., J. C. Gutierrez, Apartado
116.
- Paterson, N. J., 2nd Nat'l Bank, W. Van Blar-
com, asst. cash.
- Pendleton, Ore., American Nat'l Bank, J. De
Wilde, pub. mgr.
- Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hosbach,
adv. mgr.
- Phila., Pa., Overbrook Bank, R. H. Thompson,
V. P.
- Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall,
com'l serv. dept.
- Phila., Pa., Tradesmen's Nat'l Bank, H. E.
Delly, asst. cash.
- Pine Bluff, Ark., Cotton Belt Svcs. & Tr. Co.,
L. E. Bassett, mgr. svcs. & pub. dept.
- Pine Bluff, Ark., Merch. & Planters Bank,
R. W. Etter, asst. cash.
- Pittsburgh, Pa., Mellon Nat'l Bank, J. M. Wil-
liams, 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. cash.
- Raleigh, N. C., Com'l Nat'l Bank, E. E. Cul-
breth, mgr. svcs. dept.
- Richmond, Va., Planters Nat'l Bank, R. E.
Hotze, Jr., asst. cash.
- Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
- Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
- Rochester, N. Y., East Side Svcs. Bank, C. C.
Davy, atty.
- Rochester, N. Y., Union Tr. Co., A. J. Meyer,
pub. mgr.
- San Antonio, Tex., Central Tr. Co., D. Ansley,
V. P.
- San Francisco, Cal., 1002 Monadnock Bldg., L.
G. Peete.
- San Francisco, Cal., Anglo-California Tr. Co.,
R. P. Anderson, asst. mgr. bus. dev. dept.
- San Francisco, Cal., Union Tr. Co., M. New-
man, asst. cash.
- Santa Rosa, Cal., American Nat'l Bank, J. G.
Morrow, V. P. & cash.
- Scranton, Pa., 3rd Nat'l Bank, Theda A. Hopps,
mgr. new bus. dept.
- Shanghai, China, American Oriental Bkg. Corp.,
F. J. Raven.
- Shelbyville, Ill., 1st Nat'l Bank, J. C. Eber-
spacher, V. P.
- Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W.
Wadden, pres.
- Smithtown Branch, N. Y., Nat'l Bank of Smith-
town Branch, J. A. Overton, cash.
- South Bend, Ind., Indiana Tr. Co., J. C. Stover,
V. P.
- Spokane, Wash., Old Nat'l Bank-Union Tr. Co.,
A. F. Brunkow, pub. mgr.
- St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan,
pub. mgr.
- St. Louis, Mo., 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, asst. to pres.
- Stockholm, Sweden, Svenska Handelsbanken,
P. G. Norberg, pub. mgr.
- Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B.
Keller, Jr., cash.
- Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L.
A. Bize, pres.
- Toledo, Ohio, Com'l Svcs. Bk. & Tr. Co., J. H.
Streichler, asst. secy. treas.
- Toronto, Canada, Canadian Bank of Commerce,
A. St. L. Trigge, secy.
- Toronto, Canada, H. J. Coon, 68 Farnham Ave.
- Toronto, Canada, Home Bank Monthly, Home
Bank of Canada, 8 King St. West.
- Trenton, N. J., Mechanics Nat'l Bank, C. K.
Withers, tr. off. & pub. mgr.
- Tuscaloosa, Ala., City Nat'l Bank, S. F. Cla-
baugh, V. P. & cash.
- Utica, N. Y., Svcs. Bk., H. W. Bell, dir. serv.
- Valdosta, Ga., Merchants Bank, A. F. Winn,
Jr., V. P.
- Warren, Pa., Warren Nat'l Bk., E. W. Johnson,
asst. cash.
- Washington, D. C., Federal Nat'l Bank, John
Poole, pres.
- Washington, D. C., Union Tr. Co. of D. C., W. S.
Lyons, asst. secy.
- Washington, D. C., Washington Loan & Tr. Co.,
E. H. Thompson, pub. mgr.
- Watertown, N. Y., Jefferson Co., Nat'l Bank,
R. W. Oakes, asst. cash.
- Wausau, Wis., Marathan Co. Bank, H. C. Ber-
ger, cash.
- Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy,
mgr. serv. dept.
- Wellsboro, Pa., 1st Nat'l Bank, M. L. Matson,
adv. dept.
- West Chester, Pa., Farmers & Mechanics Tr. Co.,
J. C. Hall, V. P.
- Wilkes-Barre, Pa., Luzerne Co. Nat'l Bank,
W. J. Ruff, cash.
- Wilkes-Barre, Pa., Wyoming Nat'l Bank, W. M.
Sherrill, mgr. pub. dept.
- Wilmington, N. C., Wilmington Svcs. & Tr. Co.,
C. E. Taylor, pres.
- Winnipeg, Manitoba, Union Bank of Canada,
J. H. Hodgins, mgr. pub. dept.
- Youngstown, Ohio, 1st Nat'l Bank & Dollar
Svcs. & Tr. Co., J. N. Higley, pub. mgr.
- Zurich, Switzerland, J. Muller, 49 Sonnegg-
strasse.
- Zurich, Switzerland, Union de Banques Suisses,
H. de Muralt, sub-mgr.

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The Charlotte National Bank Building, Charlotte, North Carolina

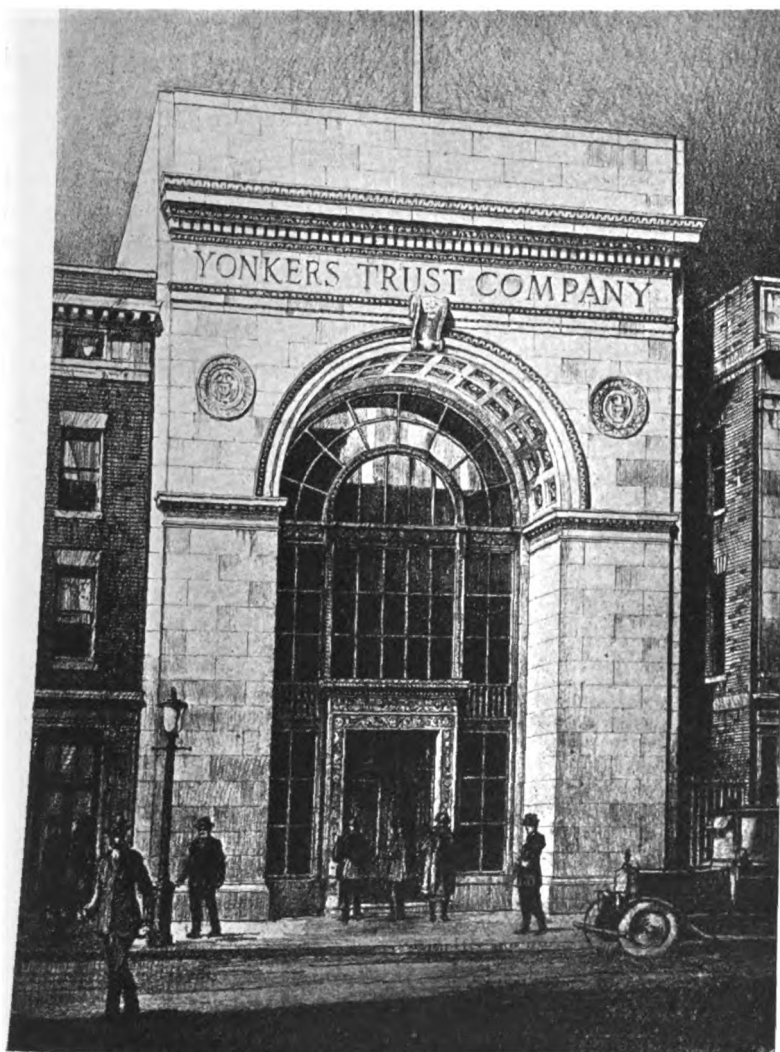
THIS modern bank building is built entirely of granite for the lower part and granite terra cotta to match for the upper portions so as to save weight. The granite columns are said to be the heaviest in the states of Virginia, West Virginia, North or South Carolina.

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 and Equipment Engineer
680 Fifth Avenue, New York

Correspondence Invited



New building of the Yonkers Trust Company, Yonkers, N. Y.

New Building Under Construction for Yonkers Trust Company

REPRODUCED here is the sketch of the new building of the Yonkers Trust Company of Yonkers, N. Y., as it will look when completed. The building is situated on the north side of Main street, about eighty feet west of North Broadway. Its form is of a Roman arch, entirely of stone and severely plain. One large window, 15 by 30 feet, in which a metal door is

placed, will flood the banking room with light at all times.

In the interior of the bank there will be every convenience for handling business both easily and efficiently. A safe deposit vault, 17 by 20 feet, fitted with a huge circular screw door is to be provided which will give protection to the depositors equal to that of any of the Metropolitan banks. Judging from

every point of view, the new structure which J. J. Walsh, president of the trust company has designed as the bank's future home will be a monument of the success of past years and an assurance of even greater growth for the future.

A recent statement of the bank gives its capital as \$350,000, surplus and profits \$130,000, and deposits over \$2,500,000.

Besides the president, J. J. Walsh, the officers of the bank are: Robert

Boettger, vice-president; J. J. Walsh, treasurer; A. H. Snodgrass, secretary; A. G. Mills, Jr., J. S. Kelly, assistant secretaries.

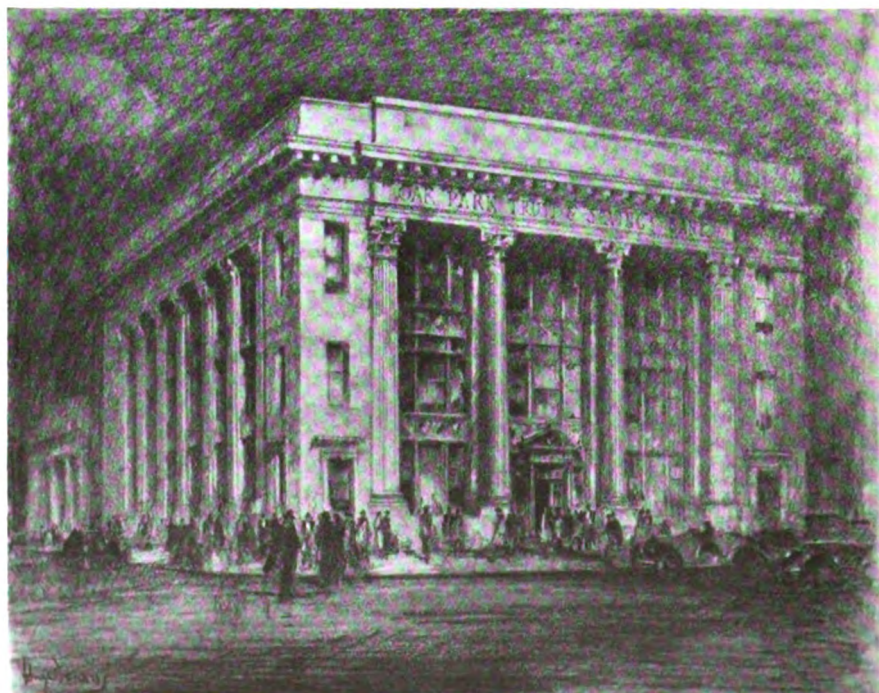
The architect and engineer for the new building is Alfred C. Bossom of New York. Mr. Bossom was also architect for the Seaboard National Bank of New York, Greenwich Trust Company of Greenwich, Conn., and the Huguenot Trust Company of New Rochelle, N. Y.



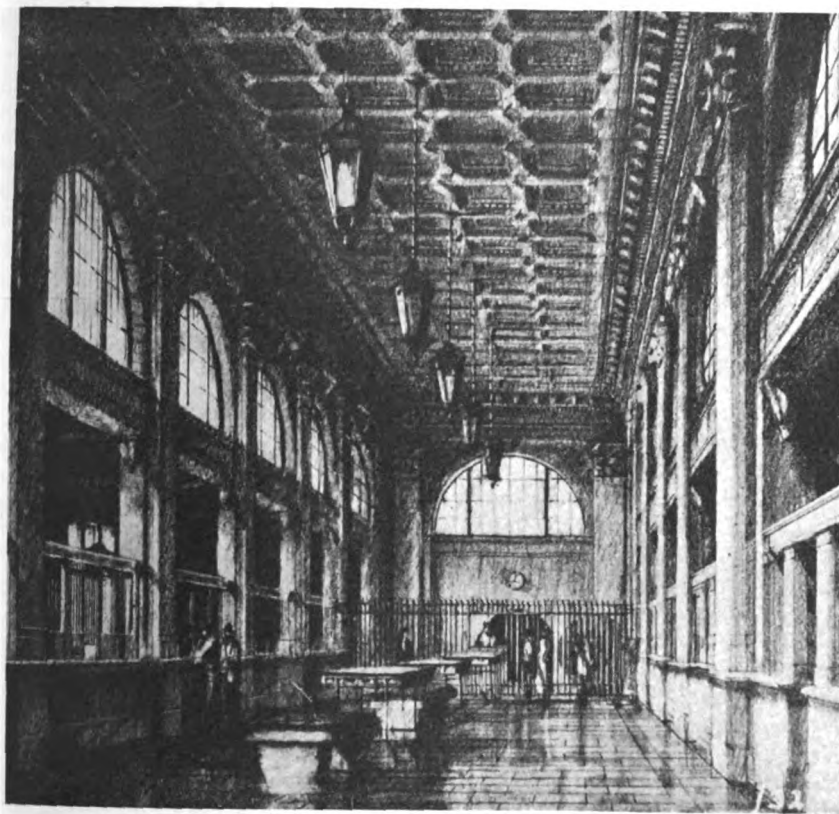
New Building of the Oak Park Trust & Savings Bank, Oak Park, Illinois

THE new structure which is now being erected for the Oak Park Trust & Savings Bank, Oak Park, Illinois, by Hoggson Brothers of New York and Chicago, reflects another ad-

vance in specialized banking practice. This is the special children's department conducted by the bank which has been taken cognizance of in the interior design of the new building.



Oak Park Trust & Savings Bank of Oak Park, Ill.



Interior of the Oak Park Trust & Savings Bank

About two-thirds of the way down the right hand side of the public space is a little department labelled "Children's Alcove". The teller's window which serves this space is just two feet ten inches from the floor—a convenient height for the average child who can, by use of this special department feel as dignified as the bank's largest depositor, instead of standing on tiptoe in an endeavor to receive attention at a regular wicket. Adjacent to the children's alcove is a low check desk also for their exclusive use.

The arrangement of the second and third stories of this building, provides

at once a two-story banking room and a floor and a half of offices. Owing to the revenue received from these offices, the investment and maintenance cost of the 12,000 square feet of floor space occupied by the bank will total per year 50 per cent. less than the rental rate for equal facilities in the vicinity.

The building will, therefore, not only be notable for its architectural beauty, nor solely because of the convenient arrangement of banking quarters, but will in addition prove an unusually interesting investment for a savings bank building.



Developing Future Bank Executives

ANNOUNCEMENT that the Benjamin Franklin Plan of bank personnel development is extending its field of activity will be of interest to certain types of banks.

During the last three years the Benjamin Franklin Institute has grown like the conservative banks constituting its clients—slowly but surely. It has established an enviable record with practically all the banks in New York, Chicago and Boston, and with selected banks in Pittsburgh, Providence, Springfield, Worcester, Toledo, Youngstown, etc. Large banks like the Guaranty Trust Company of New York, The National City Bank, New York, National Shawmut Bank, Boston, Mellon National Bank, Pittsburgh, and the Central Trust Company of Illinois, Chicago, have made its service a part of their educational programs, and its work has been equally valuable to small banks.

Perhaps the successful record of the Benjamin Franklin Institute has been due to the fact that its plans were developed by men experienced in handling bank problems and conversant with actual conditions in banks.

The basis of the Benjamin Franklin Plan of service is a course in the principles of banking covering a period of twenty weeks. With this course there is a highly constructive examination service, consultation in concrete banking problems, and reports to the bank covering the reaction of its employees to the opportunities offered them by the course.

In developing its course the Institute has had in mind the conditions under which bank employees work. It has reduced the time required for study to a minimum. Extraneous matter has been eliminated entirely. The subject matter of the course deals solely with the fundamental *why*, not the *how* of banking.

The scope of the work is indicated by the following titles to the study units:

1. The Place of the Bank in the Business World.
2. The Instruments of Banking, Part I.
3. The Instruments of Banking, Part II.
4. Deposits and the Receiving Operations.
5. The Paying Teller's Department
6. How Bank Checks Are Collected
7. Collection Items and Protest.
8. Credit and the Credit Department.
9. Loans and Discounts.
10. Keeping the Bank's Books, Part I.
11. Keeping the Bank's Books, Part II.
12. Audits, Bank Examinations and Bank Statements.
13. National Banks, State Banks, Trust Companies.
14. The Trust Department.
15. Savings Banks and Savings Departments.
16. The Federal Reserve System, Part I.
17. The Federal Reserve System, Part II.
18. Foreign Exchange.
19. The Bank in Foreign Trade.
20. Essential Elements for Success in Banking.

Each of these subjects is treated briefly and concisely, yet completely.

A unique feature of the service is that it is limited wholly to those few employees in a bank who seem to the officers to be capable of assuming responsibility for the future growth and success of the bank. This attitude of the Institute has eliminated waste and excessive cost in personnel development. The result is that more than 95 per cent. of the bank employees for whom the plan has been made available have completed their training. "Mortality" has been reduced to hitherto unknown figures.

Too often in the past, banks undertaking plans of training for their employees have found that they became training laboratories not only for all their competitors, but for other lines of business as well. They have succeeded in training too many of their best people out of, not into, their organizations. The Benjamin Franklin Plan has been successful in reversing this order. It trains men *into* their banks.

This result has been accomplished by providing opportunity for training in the bank's own peculiar ideals and

methods of operation. Each week the bank holds a meeting of the group taking the course. No outside instructor appears at these meetings. Rather someone selected by the bank from among its own people acts as group leader. Often the leader is an officer of the bank. In other cases he is some promising employee who is given an opportunity by the bank to show his executive ability and qualities of leadership. The Institute furnishes detailed directions for the leader so that with his experience, and knowledge of his own bank, he has no undue difficulty.

Typical of the experiences of banks which are using the Benjamin Franklin Plan of service is that of the Guaranty Trust Company of New York. Beginning in July, 1922, 120 officers and employees of this bank began the Institute course. The work continued through the summer and vacation season

without interruption. Of these 120, 106 completed the entire work of the course. Attendance at the meetings was almost perfect. For example a perfect attendance for one of the seven groups would have been equivalent to one man's attending 294 meetings. The actual figure as reported by the director to the chief clerk of the bank was 283, or a percentage of 96. The director also states that all of the eleven absentees were due to illness, death in family, or pressure of work in the particular department affected.

Meeting under these conditions the group is enabled to discuss very intimately the operations of their own bank. They develop the spirit of fellowship and teamwork and an intimate acquaintance with the principles underlying the day's work. Naturally this means a better and a more intelligent service to customers.



Alvin Krech on the Outlook for 1923

IN a statement on the outlook for 1923, with particular reference to Europe, and a brief survey of internal economic progress during 1922, Alvin W. Krech, president of the Equitable Trust Company, New York, says:

"The whole of Europe is on short rations, a good half in contact with the wolf of starvation. Despite this fact our end-of-the-year record shows our economic health unimpaired by unfavorable symptoms. What labor difficulties we have experienced do not seem to have slowed up business, and the end of the year shows a continued gain in industrial output and a remarkable appreciation in the total evaluation of agricultural products. The volume of trade has increased and wages and prices advanced. On the other hand, retailers seem to be carrying rather small amounts of stock on hand; manufacturers are less sanguine in their predictions regarding future consumption—indicating that we are learning one great

lesson, namely, that business does not shape events, but that events shape business.

"That European affairs must sooner or later have a bearing upon our economic situation is a truism that cannot be escaped, and I trust that we shall be more than interested onlookers in 1923, and that our advice and our support will strengthen the elements of moderation and sanity whose efforts make themselves daily more felt in Europe.

"Isolation is possible in so far that a nation refuses to put its signature upon a treaty, but economic isolation, the shutting off from the very life of the world is unthinkable. The nation has given unmistakable signs of an ever-growing feeling that America cannot forever sit in the distinguished guests' gallery while Europe wastes in debate and strife her waning strength. We must dare to look the European situation squarely in the face."

Commercial Aviation and the Commercial Bank*

By Lewis E. Pierson

Chairman of the board, Irving National Bank, New York

AIR transportation is one of the incompletely developed facilities of modern commerce while the commercial bank is merely one facility that may perhaps be considered to have completed long since its development stage.

Perhaps the average man in business today, through a process of association falls unconsciously into the error of considering commercial banks as sources of wealth rather than as merely instrumentalities which have come into existence because of the need of certain financial facilities involved in the concentration, safeguarding, and transfer of other people's money.

If one clearly apprehends the function of a modern bank one cannot fail to see that it comes into being only as a result of industry and commerce and is not the forerunner of those two manifestations of modern economic life. Hence, we arrive at the rather surprising conclusion that commercial banks need aviation more than aviation needs them. This does not imply the present readiness of commercial banks to finance the development of air transportation—it simply means that banks will benefit in direct ratio to the contribution which aviation will make to commerce. That this contribution will be very great no one seriously doubts, and, therefore, the up-to-date banker must give serious thought to the part which he must play now and in the future in assisting to bring about the realization of the plans of those who are today laying the foundations of America's aerial commerce.

TO HASTEN CO-ORDINATION AND CO-OPERATION

I believe that bankers can be helpful and I am also sure that the most certain

method of assuring a close coöperation is by clearing away all misunderstandings that may exist—the misunderstanding of the banker regarding the capabilities of air transportation as well as the misunderstanding of those in aviation regarding the true role of the commercial bank.

I shall leave to other speakers well versed in the new science the duty of clearing up the very foggy ideas of bankers regarding the technique of air transportation as a fact in modern commerce. My obligation in this matter as I see it is to set before you the ensemble of aviation in its present stage of development as a commercial banker sees it, to point out its weak spots, and then to consider with you ways and means of hastening the day when the bank facility and the air transport facility of modern commerce will function coördinately as instrumentalities of commerce with mutual benefit to each other.

You desire, and expect, a certain amount of conservatism in your banker—you do not expect to find him losing his sense of proportion when the enthusiastic conceptions of the budding aviation engineer, are laid before him. However much you may desire to see the ardent young spirit of aviation carry itself in real and imaginary flights of incredible swiftness to the uttermost parts of the world, you certainly desire to have your banker keep both feet on the ground. His conservatism may be a means of defense for you against your own enthusiasm.

But let us define conservatism before we proceed. A definition which appeals to me as a guide is the following:

Conservatism is caution without

*Reprinted from a bulletin of the "First National Air Institute".

timidity; a respect for experience without a feeling that nothing good remains to be discovered; a demand that proof be submitted, accompanied by a hope that proof can be submitted.

It is not incompatible with this brand of conservatism that the banker in looking at the aviation ensemble today should revert to the time-honored credit factors as the basis of his criterion—character, capacity, capital.

CHARACTER FIRST ESSENTIAL

A corporation, an industry, has not a soul but it certainly has a character. What are the intangibles that give character to aviation today? Are they not a blend of courage and daring, tenacity and hope, ambition and vision? All these are the characteristics of the pioneer. But just as the pioneer settler in a desert country could never achieve the success of his brother who, though possessing no greater qualities, settled in fertile and well watered lands, so the aviation industry, however superb its character, cannot achieve success without a right start.

I feel that it is proper that the right start should be given by a certain measure of Federal Government control. This will first of all take the form of licensing of pilots and aircraft; then Federal, State and Municipal governmental coöperation in establishment of airways; and later we may work out an acceptable scheme of Government subsidies for operating companies. Given this foundation the next essential is public confidence—that means not only a willingness to use aircraft for passenger and freight transport but willingness to contribute capital. You will come then to your banker with a business character that has the stamp of Government and public approval.

Now as to the capacity in general of the management of the aviation in-

dustry. We have no standard of success in the operation of air lines on which to base an estimate of your capacity, for the very simple reason that so far as is known no air transportation companies can yet show an operating profit. The great thing to be accomplished, then, is the demonstration of a capacity to earn dividends. Familiar as I am with the splendid personnel of the industry I lack no confidence in the ultimate "submission of proof" on this point. The progress along these lines cannot be unattended with most of the ills characterizing a period of deflation. Aviation is suffering from a heavy load of overhead and excessive operating costs inherited from the war. The pruning knife of economy must be wielded ruthlessly if management is to have half a chance to demonstrate its inherent efficiency.

How can bankers and the general public help you to build on your three C's of credit? Bearing in mind your dual role as a factor in national defense and national commerce, they should use their influence to obtain for you a proper measure of Governmental assistance; realizing the vital need for maintaining a high morale in aviation they should decry the continuation of flying circuses and country fair exhibitions which lower the public esteem for the industry as a whole; studying your progress with conservative but open minds bankers should prepare themselves to advise their clients who may consider contributing capital for your proper enterprises, and finally, when you have established yourself as a "going concern", when you have become like a commercial bank an instrumentality of commerce, undoubtedly bankers will be prepared to finance your current needs and to use your facilities for the better accomplishment of their own functions in the economic life of the nation.



In the 1880's—looking down Fifth Avenue at 27th Street



THE TALLYHO—and the clear notes of the trumpet were familiar to all who visited lower Fifth Avenue in 1883.

In 1883, New York's Shopping District was still *downtown* from 34th Street

IF YOU LIVED above Forty Second Street in 1883, you had a long *downtown ride* ahead of you when you went shopping. The retail district *ended* where it now *begins*. Only a few straggling shops had ventured as far north as 34th Street.

It was still 20 years before the wisecracks laughed in their sleeves at the "*folly*" of Macy's move to 34th Street.

The development of the first high speed elevator had just made the skyscraper possible. In those days a few ten and twelve story buildings were just beginning to poke their heads up above their fellows.

This expansion hasn't taken place without growing pains. Business has been in many a tight place since 1883. Many a time, business has looked back and said, "I'm glad I had a good conservative banker who kept me out of that scrape," and another time, "I don't know what would have become of me if my banker hadn't stood back of me. I was sound but I needed help."

The Seaboard has been putting its shoulder to the wheel since 1883, during all of this expansion, and what reputation it has acquired has been *first* that it is sound and conservative, but stands back of its customers to the very limit.

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

THE ROMANCE AND TRAGEDY OF BANKING. By T. P. Kane, Deputy Comptroller of the Currency. New York: Bankers Publishing Company.

There is a saying in the Bureau of the Currency at Washington to the effect that "Comptrollers may come and go, but Kane stays on forever". Nine different Comptrollers of the Currency have held office since the author of this book first became connected with the Bureau in 1886 as secretary to William L. Trenholm. During these years it has been Mr. Kane who has kept the thread of continuity in the administration of this important bureau and in a sense handed down the traditions from one administration to the next.

At the urgent insistence of many friends, Mr. Kane was prevailed upon to write a book setting forth his observations of the administration of the Bureau since its inception in 1863. This book which might easily have been simply a dry, historical record compiled from official sources, he has made a fascinating and extremely human narrative. The choice of his title is a most happy one as his book amply illustrates both the romantic and tragic side of banking. All of the tragedies and most of the romance of national banking come to the attention of the Comptroller's office. Failures, panics, embezzlements, robberies, holdups, forgeries, defalcations, all are matters for the Comptroller's office to deal with and all have their element of both romance and tragedy, which are vividly portrayed in the book.

Mr. Kane devotes his first chapters to the origin and passage of the National Bank Act and the organization of the Currency Bureau that was created under the Act. He then takes up in chronological order the administrations of the various Comptrollers, giving an interesting biographical sketch of each. Under every administration he takes up the outstanding events such

as bank failures, modifications of the law, recommendations made in reports to Congress, etc. These chapters not only are of genuine historical interest presenting many facts hitherto unpublished with regard to the operation of the Bureau but they also make a valuable contribution to the cause of sound banking. No banker can read Mr. Kane's comments on the causes of the various banking disasters which have come to the attention of the Bureau without acquiring a greater appreciation and respect for the traditions of sound banking practice which are the greatest safeguards for banking mishaps.

In nearly every case the bank failures described by Mr. Kane are the unfortunate consequence of reckless or dishonest banking or carelessness on the part of the bank's officers and directors in their own supervision of their institution's affairs. Mr. Kane comments on the prevalent habit of public condemnation of the bank examiners in every case of a national banking failure and while he does not hold any brief for the infallibility of the examiners, he defends them by stating that in most cases where disaster has ensued the directors have relied too much on the examiners to discover irregularities instead of themselves making a thorough inquiry into the bank's operations. In this connection it is interesting to read Mr. Kane's distinction between an examination and an audit. He says on page 308:

Bank examiners, however, are not bank auditors. Unfortunately, the distinction between an examination and an audit is seldom recognized in the criticisms of examiners when banks suffer losses through dishonesty or other causes which have remained concealed for some time, undiscovered by the examiner through several successive examinations. A bank that may be thoroughly examined in one day or two days could not be completely audited in less time than one or two weeks.

When an examiner satisfies himself that the books of original entry are correct and the assets found in the bank are equal in

value to the amount called for by the books, he is bound to assume that the original individual credits which go to make up the grand total are correct, and he cannot know otherwise except by a complete audit of the books, unless errors of false entries are discovered by accident or otherwise.

There is only one way of determining the absolute accuracy of an individual ledger or a certificate of deposit register, and that is by calling in and balancing or otherwise verifying all of the depositors' pass-books and by verifying each individual certificate of deposit. It would require weeks of time to do this. No examiner could undertake such a task, and is not expected or required to perform such services.

An audit of a bank calls for the performance of this work and similar detail. An examination does not. Yet when a defalcation is disclosed, which has extended over a period of several years undiscovered by the examiner, the latter is invariably charged with incompetency or superficiality in the performance of his duty, and in most cases unjustly so because of the failure of the critics to discriminate between an examination and an audit.

Every bank in the system should receive a thorough audit at least once a year by qualified accountants not connected with the management of the bank in any way. Many of the best banks have such audits regularly made. But these are institutions so well managed and systematized as to require them the least. The fact, however, that such audits are made, has a wholesome effect upon the officers and employees of the institution who handle its funds in that the certainty of discovery deters them from wrongdoing. It is opportunity that makes the thief. It is rarely that a bank is forced to close its doors as a result of a sudden loss of a large sum of money through the dishonesty of one of its officers or trusted employees. Failures from this cause, or large losses, are usually the result of accumulated dishonesty extending over periods of varying length and adroitly concealed from the examiner for an indefinite time. Failure in most instances to discover shortages of this nature is no reflection upon the skill or efficiency of the examiner, but usually is directly chargeable to the defective methods employed in the management of the bank, which afforded not only the opportunity for embezzlement in the first instance, but the means of successful concealment.

No method of bookkeeping, however perfect, will prevent dishonesty on the part of officers or employees of a bank, but the opportunity to steal and the means of concealing the theft can be minimized by the adoption of such methods in the conduct of the bank's business as experience has

demonstrated will go far toward protecting the most vulnerable accounts from manipulation by those who are tempted to dishonesty through the opportunity afforded by the faulty systems employed.

It is no reflection upon an examiner who fails to discover a shortage which is the result of the pernicious practice which prevails in some of the smaller banks of permitting the individual ledger bookkeeper to receive deposits and make entries in the ledgers. A shortage due to the opportunities afforded by this objectionable practice may remain concealed for years unless revealed by accident, and can be discovered only by balancing or verifying the pass-books.

Mr. Kane in the concluding chapter of his book expresses strong opposition to the proposal to merge the Currency Bureau with the Federal Reserve System and to transfer the supervision of the national banks to the Federal Reserve Banks. He says on page 529:

The Federal Reserve Banks from the very beginning of their existence have strongly favored and persistently urged the absorption of the Comptroller's functions by the Federal Reserve Board and the abolition of the office of the Comptroller of the Currency. These banks have been principally instrumental and active in keeping alive the agitation of this question and are apparently influenced wholly by a desire or ambition to enlarge their own authority or powers by having the national banks in their respective Federal Reserve districts placed under their exclusive supervision and control. They contend that the national banks have now increased in number to such an extent as to render effective and satisfactory supervision by a centralized authority at Washington practically and physically impossible, and, therefore, they recommend and urge that this supervisory authority be divided among the twelve Federal Reserve Banks, each to have supervision and control of the member banks comprising its Federal Reserve district. In other words, instead of having, as now, a Comptroller of the Currency at Washington performing his duties under the general direction of the Secretary of the Treasury, and a uniform interpretation of the national banking laws and regulations for the guidance of all banks and bank examiners like, it is proposed to decentralize this authority, when the tendency of the age is toward centralization, and scatter it to the four winds of the country by creating twelve little Comptroller's offices and placing the banks in their respective territories under their exclusive supervision and control.

Under such a system it must be con-

...that confusion cannot but be the ultimate result of having as many interpreters of the statutes governing banking as there are many conflicting rules and regulations for the guidance of the banks and bank examiners as there were units in the supervision of the banks. That which would be lawful in one reserve district would be ruled to be unlawful in another district. Under the present system of supervision there is absolute uniformity in the interpretation of the banking laws and the rulings and regulations of the Comptroller of the Currency. When the position of a bank or a bank examiner is ascertained to be in conflict with that of the Comptroller's office it is promptly corrected by correspondence.

It is confidently believed, and this belief is based upon the light of years of experience, that a division such as is proposed in the supervisory control of the banks would prove to be impracticable and unsatisfactory. Enforced observance of the law in some districts would likely prove too severe and arbitrary, and in others inexcusably lenient and faulty, unduly lenient or arbitrarily severe according to the temperament or disposition of the governing control, influenced by favoritism or actuated by selfish interests or prejudices. Many banks in the West and in the South have already experienced some of the objectionable and selfish motives which have actuated or influenced the Federal Reserve Banks in those sections of the country in their dealings with member banks when their own interests were concerned.

There is no advantage whatever to be gained by the country banks from such a change as is proposed and advocated by the Federal Reserve Banks, and no improvement in the supervisory system will result from such a change. The Federal Reserve Banks are now furnished with a copy of the report of every examination made of the banks in their respective districts by the national bank examiners immediately upon completion of the report in each case, so that they have at all times as full and complete knowledge of the conditions of the banks, as shown by such reports, as the Comptroller of the Currency has. The reports are made in duplicate, one copy for the Comptroller of the Currency, and the other for the Federal Reserve Bank. There is no duplication of examinations, therefore, and no necessity for any, as the copies of the reports furnished the Federal Reserve Banks by the national bank examiners contain all the information they could possibly obtain in regard to the condition of the banks, and probably more, if their own examiners were to make the examinations.

State banks and trust companies that are members of the Federal Reserve System are, as a rule, examined by the State Bank ex-

aminers, who furnish the Federal Reserve Banks with a copy of their reports which are accepted by the Federal Reserve Banks, unless the condition shown by the reports is not satisfactory, in which case they have an examination made by their own examiners, who report direct to the Federal Reserve Bank instead of to the Federal Reserve Board, as national bank examiners do to the Comptroller of the Currency. This practice the Federal Reserve Banks are exceedingly anxious to have extended to national bank examiners so that reports of their examinations of all national banks shall be made direct to them instead of to the Comptroller of the Currency, and that these examiners shall be directly under their supervision and control.

It is believed that it would be a serious mistake to transfer the supervision and control of the national banks and national bank examiners to the Federal Reserve Banks even though the Federal Reserve Board and the Comptroller's office should be consolidated at some time in the future.

It is impossible in a short review to do adequate justice to this truly remarkable book. In many ways it is the most valuable contribution to banking literature that has appeared for many years. It will be eagerly read not only by bankers and students of economics but by the public in general.



COST ACCOUNTING PROCEDURE. By William B. Castenholz, A.B., C.P.A. Chicago: LaSalle Extension University.

Actual methods of keeping cost accounts are presented in this book, as well as a discussion of the underlying principles and their application. The author says, "This work has its limitations in that the major portion of it is given over to a single plan of cost accounting, namely, cost accounting by production orders". But this plan has been selected because it is more universally applicable than others and because its presentation is quite readily comprehended.

The chapters take up: Value and Elements of Cost Accounting; Determination and Statement of Material Cost; Store Valuation and Records; Material Cost Sheet; Pay-Roll Rec-

ords and Labor Reports; Determining Direct-Labor Costs; Departmental Application of Factory Overhead; Determination of Overhead Rates; Summary of Machine Burden and the Master Cost Sheet; How General Ledger Accounts Control Costs; Interest on Plant Investment; Process and Departmental Costs; Foundry Cost Accounting; Wage Systems, Application of Selling and Administrative Expense to Product; Value of Cost Accounting to Management; Operation of a Cost Department; Uniform Cost Accounting Systems; Special Cost Considerations; Installing a Cost System.



THE SIMPLEX BUDGET BOOK. New York: William A. Siewers.

This book is unusually well adapted to the financial needs of any family, being easy to operate and free from the complications which destroy the usefulness of so many budget systems. It can be used on either an annual or a monthly basis. This budget book should be of particular interest to banks that are working to encourage thrift and systematic savings by their depositors.



THE MECHANISM OF COMMERCIAL CREDIT. By W. H. Steiner, Ph.D. New York: D. Appleton and Company.

In every business comes the need for decision between payments of cash or on credit and for knowledge of the most advantageous and effective credit arrangements. Bankers constantly must understand credit practices in different lines of business; the credit man should have a clear realization of the exact mechanism of credit; students of business more and more are turning their attention to the role that commercial credit plays in modern business. To all those the present volume is addressed, presenting as it does a detailed and ad-

mirably practical discussion of the terms of sale and trade acceptances. The principles are clearly indicated and are effectively illustrated by reference to the situation in typical industries.

Following an introductory section the book is divided into three parts, of which Part I deals with "Factors Governing Terms", Part II with "The Trade Acceptance Question", and Part III with "Terms Now in Use", including a wealth of material upon the actual practice in particular outstanding industries.



CLASSIFICATION AND IDENTIFICATION OF HANDWRITING. By C. D. Lee and R. A. Abbey. New York: D. Appleton and Company.

This book classifies the various methods of treating the handwriting of criminals as found in checks, blackmailing letters, anonymous letters, signatures on pawnshop books, etc. The purpose of the system devised by the authors is to provide an orderly means for the filing of specimens of handwriting, whether a single signature or a voluminous document, so that should the same writing come into question at a future time, it may be found and the author identified in much the same manner as is done with finger prints. By means of this system and with the knowledge of handwriting identification which this book gives, any one can readily locate the duplicate of any specimen of writing, if it exists in the file. The authors are both police officials in Berkeley, Cal., who have been trained in the school of experience. Mr. Lee was one of the organizers and first secretary-treasurer in this country of the International Association for Identification.



FUNDS AND THEIR USES. By Frederick A. Cleveland, Ph.D., LL.D. New York: D. Appleton and Company.

This standard volume discusses the various forms of money and credit used

as funds and how they are obtained, both for social and industrial purposes, and gives a comprehensive list of the leading institutions and agencies employed in funding operations. It now appears in a thoroughly revised form, with much added material which brings its contents thoroughly abreast of the latest practice. A notable feature of this book has always been its maintaining of a practical point of view throughout, the reader being led simply and directly to an intimate and accurate knowledge of the financial in-

struments and institutions of modern business.

The present revised edition has been prepared by Henry B. Hall, Economist for the State of Rhode Island, and Robert H. Loomis, Assistant Professor of Money and Banking, Boston University School of Business and Administration. Among the additions are chapters on "The United States Treasury", "Commercial Banks", "Federal Reserve System", "Trust Companies", "Investment Bankers", and "Agricultural Credit Institutions". The book is fully illustrated.



Cancelled Vouchers

FROM time to time banks have been subjected to annoying controversies with depositors and in some instances have become involved in litigation because of depositors claiming there had been charges made against their account unlawfully.

Checks when paid by the bank become the bank's vouchers or receipt of payment. It is the prevailing practice, however, for banks to charge these checks to the customer's account making record of the amount only and at certain intervals to return all such checks or cancelled vouchers to the customer together with his pass book or statement. It has not been the practice of banks until recently to require a customer to give a receipt for the statement and the vouchers.

When controversies arise, the bank having parted with the cancelled vouchers has lost evidence that a certain charge which appears on the books of the bank in amount only was a properly drawn check of the depositor. As a protection and safeguard many banks have adopted the custom of taking a receipt for statement and vouchers and it is recommended that all banks should follow this course. This appears par-

ticularly desirable since the practice has arisen, of running the cancelled vouchers upon the adding machine, entering the total of the vouchers upon the statement or pass book and returning the vouchers with the tape.

The receipt should show the date, recite the fact that the statement or pass book has been returned, the number of vouchers, and the total of such vouchers. This receipt should be signed by the depositor.

Many banks supply their customers with special checks bearing the name of the depositor. Occasionally a check will be drawn which has not been taken from the special book. Such check should be carefully scrutinized and if there is any question in the teller's mind as to the check, the depositor should be communicated with. The rule should be established that when one of these checks is charged to the customer, notice by mail be given him. Frequently the depositor forgets that such a check has been drawn, fails to give the bank credit, and inadvertently overdraws his account.—*From a bulletin of the State Banking Department, Madison, Wisconsin.*

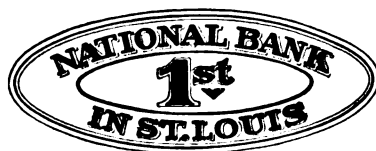


O render a constructive and satisfactory service of distinctive quality and value, has always been the prevailing ideal of the First National Bank in St. Louis.

This powerful institution's superstructure of efficiency and service is built upon excellent organization, complete equipment, modern facilities and large resources.

Entering into a new era of bigger and better business, there never was a better time for banks and bankers, who are contemplating a change in their banking connections, to establish relations with this large bank—dominant in the Great Central West.

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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

"DURING the last thirty days", says the National Bank of Commerce in New York in *Commerce Monthly*, "commercial and industrial activity has reflected the usual stimulation of fall and winter demand. Retail trade in the larger cities is more active than at the corresponding period of last year, and seasonal acceleration is evident throughout the country". The bank says further:

Uncertainty as to the volume of purchases by the farmers of the grain and live stock states has not been dispelled, however, Wholesale trade has been good throughout the current period. Stocks of many kinds of goods in the hands both of wholesale and retail dealers are light, but neither this fact nor threats of higher prices have been sufficient to induce buyers to make substantial forward purchases. The conservatism shown justifies the belief that the catastrophe of 1920 has not been forgotten.

Total car loadings and combined loadings of miscellaneous freight and of less than carload lots are practically at record levels. Despite car shortage, especially for coal and for the movement of farm products, the railroads are handling freight remarkably well. Coal has been rapidly moved to the lake ports for shipment to the Northwest before the close of navigation. Receipts of wheat at primary markets to date, while somewhat less than for the corresponding period of 1921, are well above receipts for 1920. The live stock movement is satisfactory. Cotton is moving more rapidly than in 1921. Some industrial consumers are beginning to accumulate coal reserves, and the disappearance of premiums for immediate delivery is evidence of improved transportation for steel.

INDICATIONS OF COMING PROSPERITY

All the necessary conditions for a period of prosperity exist at the close of 1922, says the Cleveland Trust Company in its mid-month Business Bulletin for December. Crops are good. Interest rates are relatively low. Prices are rising and business profits are increasing. The bank says:

The present prospects are that business will continue to gain in profitable volume for some months to come. The duration of this period of prosperity cannot be definitely foretold. The time for business activity is here. It is the part of wisdom to take advantage of its opportunities, and to bear steadfastly in mind the realization that later on it will decline as definitely, as it has increased, and probably more rapidly.

Crops are bigger this year than they were in 1921, and they are selling at higher prices. Nevertheless the amounts that the farmers now receive are almost universally lower than they were during the five years from 1916 through 1920. The result is that while the farmers are better off than they were last year, their purchasing power is so much less than they have become accustomed to, that there is widespread discontent in nearly all the agricultural sections.

THE SOUTH HAS COME BACK

"The South has come back," says the Federal International Banking Company, New Orleans, in its publication, the *Federal International News*.

"Eighteen months ago the South was at the bottom of the cotton slump. Even

with the good prices realized a year ago, the man who could pay more than the interest on his debt was the exception. At the beginning of the cotton year, August 1, 1921, even with the small acreage and unpromising yield, there seemed to be on hand and in prospect nearly twice as much cotton as the impoverished world could buy". The bank goes on to say:

Today the greater part of the cotton producer's debt has been paid. The crops of 1921 and 1922 have been produced upon the least practicable cash outlay, and by prudent diversification the purchases of food supplies have been greatly reduced below the average of pre-war times. As a consequence, many farmers have comfortable bank balances and merchants are correspondingly easy. There seems to be on hand scarcely enough cotton to supply a ragged world until another crop can be produced.

The visible supply of American cotton on July 31, 1921, was 4,007,000 bales compared with 2,754,000 bales the preceding year; on November 3, 1922, it was 3,367,000 compared with 4,356,000 the preceding year.

Net demand deposits in the reporting member banks of the Richmond, Atlanta and Dallas Reserve banks, covering the Cotton Belt, on October 25, 1922, were \$836,778,000 compared with \$728,921,000 on April 27, 1921.

Eighteen months ago the South thought there could be no recovery until there was recovery in Europe. Most financiers, economists and statesmen said so. That was the chief burden of the writing and speaking about business affairs. Well, Europe has not yet recovered—in some respects her condition has gone from bad to worse—but the South has recovered. As the saying was in the days of America's remarkable war performances, "It can't be done, but here it is".

PUELICHER SPEAKS ON DEMANDS OF PROSPERITY

National prosperity can result only from the intelligent distribution of work and equitable distribution of the rewards of work among laborer and employer, said John H. Puelicher, president of the American Bankers Association, in a recent address at the Hotel Astor, New York, before the Bankers Forum, New York Chapter, American Institute of Banking, the educational

branch of the American Bankers Association. Mr. Puelicher said in part:

The banker is no less interested in the success of the laborer and the farmer than in the success of the merchants and the manufacturer. Each contributes to the field of his endeavor, some bringing deposits, others requiring loans, and only can he prosper as many prosper.

His activities are at the very center of our economic life. His services are rendered to every element of our economic existence. Sound banking policies discourage speculation, encourage balanced production and balanced rewards for production.

Our commercial life is based on credit—that is, on character, on capacity. Our industrial life is based on production, underlying which are character and capacity. The banker knows that a nation stands high as stand high its men and their products. He knows that the homes of a nation are happy as their owners are industrious, as they put character and capacity into their work. He knows that a nation is but an aggregation of homes—that it is prosperous and happy as these homes are prosperous and happy—that it grows in strength and character as happy homes give forth sons and daughters of strength and character—and as its economic adjustments approach justice and character.

Mr. Puelicher asked the bankers present to share with others through the public education activities of the Association the economic knowledge they gain from their business experience. He added:

Fundamental economic truth is as much needed as is that knowledge which keeps us out of the toils of the law, and that knowledge which keeps our bodies strong and healthy. And yet the vast majority of our youth, all those who leave school before reaching the senior grades of the high schools get their economic education in the hard school of experience, often from the agitator, from the dealer in economic nostrums. Need one wonder that our difficulties are economic?

YEAR OF PROGRESS DESPITE OBSTACLES

"At this time of the year", says the Department of Commerce in a review of the year 1922, "it is customary for business to pause long enough to take account of the progress made during the twelve months just elapsed, and from this standpoint to make some con-



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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.

NATIONAL BANK OF COMMERCE
in SAINT LOUIS

JOHN G. LONSDALE, President

lectures as to the coming months of the new year. It is with a feeling of satisfaction that most industries can view the progress of the past year in spite of the many difficulties which have been experienced". The review continues:

At the close of 1922 there are no serious obstacles in sight which should hinder further advances during the early part of the new year. The unsettled conditions in foreign countries, particularly in Europe are still depressing our trade, and, to a certain extent have, no doubt, kept the prices of agricultural products below the level of other commodities. Within the past two months this latter condition has, in a measure, been relieved.

Production of manufactured commodities in 1922 was about 50 per cent. greater than in 1921. Textile mills were about 20 per cent. more active than in 1921, the iron and steel industry increased its output from 60 to 70 per cent. over 1921, non-ferrous metals from 50 to 95 per cent., petroleum 15 per cent., coke 40 per cent., paper 20 to 30 per cent., rubber 40 per cent., automobiles 50 per cent., building construction 50 per cent., lumber 35 per cent., brick 50 per cent.,

cement 15 per cent., leather 20 per cent., sugar 45 per cent., and meats about 5 per cent. Agricultural receipts were in general higher than in 1921. The only declines of outstanding importance were 7 per cent. in bituminous coal and 47 per cent. in anthracite.

The increase in production and the reduction in immigration improved the labor situation from a large surplus of labor at the end of 1921 to a point where shortages occur, while unemployment has almost been eliminated.

Transportation conditions changed from a huge surplus of idle freight cars to a considerable shortage, while car loadings were 11 per cent. greater than in 1921.

Prices to the farmers increased about 17 per cent. during the year, wholesale prices advanced 10 per cent. and retail food prices declined 5 per cent. This condition gives the farmer a greater purchasing power and narrows the margin between wholesaler and retailer.

The volume of trade was considerably heavier than in 1921. Sales of mail order houses increased 6 per cent. and chain stores show a gain of 13 per cent. Debits and bank clearings also show about this same relation.

UNITED STATES MORTGAGE & TRUST COMPANY NEW YORK

Statement of Condition December 30, 1922

ASSETS

Cash on Hand, in Federal Reserve and Other Banks.....	\$10,153,060.24
Clearing House Exchanges	2,324,630.73
U. S. Government Securities	18,035,280.96
Other Bonds and Stocks	2,665,828.45
Demand Loans	8,272,956.00
Time Loans	18,988,227.21
Bills and Notes Purchased	5,103,698.10
Foreign Exchange	19,073.69
Mortgages	3,253,467.33
Real Estate (Branch Banking House)	466,519.53
Customers' Liability on Acceptances	140,000.00
Accrued Interest Receivable	433,937.18
	<u>\$69,856,679.42</u>

LIABILITIES

Capital	\$3,000,000.00
Surplus	3,000,000.00
Undivided Profits	1,201,031.29
Reserve for Taxes, etc.	678,910.28
Dividends Payable Jan. 2, 1923	240,000.00
Deposits	60,191,796.00
Treasurer's Checks	237,893.33
Mortgage Trust Bonds	1,058,800.00
Acceptances Executed for Customers	140,000.00
Accrued Interest Payable	108,248.52
	<u>\$69,856,679.42</u>

Main Office: 55 CEDAR STREET

<i>Branch</i>	<i>Branch</i>	<i>Branch</i>
Broadway at 73d St.	Madison Ave. at 74th St.	125th St. at Eighth Ave.

BUILDING CONSTRUCTION CONTINUES
LARGE

"Building contracts awarded during November in twenty-seven Northeastern states (including about three-fourths of the total construction of the country), amounted to \$248,366,000, according to the F. W. Dodge Company; residential construction accounted for \$126,468,000 or 51 per cent.; this is the largest figure for residential building reported since last June," says the mid-month review of business of the Irving National Bank, New York. The bank continues:

The November total was only 2 per cent. under the October figures, and was 80 per cent. above November, 1921. Construction started during the first eleven months of this year has amounted to \$3,195,812,000, or 45 per cent. greater than the total for the corresponding period of 1921 and 83 per cent. greater than the total for the entire year 1920. The fact that there is a larger volume of new work reported in the last few months indicates that construction is likely to continue at a relatively high rate throughout the remaining winter months and well into the coming year.

According to *Bradstreet's*, the total building construction for which permits were obtained at 161 cities in November, namely, \$205,619,700, was a little below that of the longer month of October and exceeded the July and September figures this year. As compared with November, 1921, the gain amounts to 41.1 per cent. The total value of building permits for the eleven months is \$2,273,476,237, or a rise of 53.8 per cent. over the same period of 1921. The present year's record is considerably in excess of that recorded in any full year of the past.

In a recent survey covering 184 cities made by the National Association of Real Estate Boards, only 53 cities reported no housing shortage. There were 164 cities reporting that they are not yet overbuilt. Dwelling house rent trends in 53 cities pointed upward, but in 35 there was a downward tendency, while in 67 cities conditions were static. Fire losses for the eleven months of 1922 reached the large total of \$368,453,350 as compared with \$332,654,930 and \$290,466,025 in the corresponding periods of 1921 and 1920.

"A spirit of optimism pervades the business community of the Pacific-Southwest", says the monthly bulletin of the First National Bank, Los Angeles. "The agricultural season has



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EUROPE 1923

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Mediterranean*

Another *Summer* cruise; like the immensely successful one of last season. Sail the enchanted sea of mythology and world history; see its famous, fascinating sights. Gather memories and mementos to delight a lifetime.

Start from New York June 30; on the splendid, new, oil-burning Cunard-Anchor Liner *TUSCANIA*.—63 Days.

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The Bankers Service man brings you the concentrated thought of many minds focused on new business. He does not pretend to any knowledge of how to run your bank, nor does he claim any infallible solution of its new customer problem.

He is not a mere salesman, but a trained investigator and adviser in bank development and if you have the time and the inclination to discuss your new business problems with him, both your Bank and our organization will reap definite benefits.

The present standing and abilities of the Bankers Service Corporation are the result of fourteen years' contact with Bankers like yourself, involving the continuous study of individual problems and the steady handling of individual conditions.

Representatives of this organization have all this *behind* them and they can be of definite service to your bank provided they have its actual present day conditions *before* them.

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HARRY C. GRAHAM . . .	Vice-Pres.	MARK A. HANNA . . .	Vice-Pres.
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THOMAS L. FARRAR . . .	Vice-Pres.	GEORGE F. TAYLOR . . .	Treasurer
W. A. LEONARD . . .	Vice-Pres.	GEORGE T. KIMBALL . . .	Asst. Treas.

BANKERS SERVICE CORPORATION

19 and 21 Warren Street, New York City

Gentlemen:—Without obligation on our part, you may submit suggestions for a New Business Survey of this Bank.

Very truly yours,

Bank _____

Officer _____

City _____

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,000,000 Undivided Profits \$518,000

OFFICERS

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*

WILLIAM J. WASON, JR., *Vice-President*

THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*

ALBERT I. TABOR, *Assistant Secretary*

J. NORMAN CARPENTER, *Trust Officer*

ALBERT E. ECKERSON, *Auditor*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

been, in spite of some losses and certain unsatisfactory prices, one of the best in the history of the Pacific Southwest, both from the standpoint of total production and of total monetary return to the agricultural community". The bank goes on to say:

Wholesale and retail trade are on the up-grade and the holiday season is opening early with an exceptionally heavy turnover. The winter tourist season is starting earlier than usual. Problems of transportation are gradually righting themselves; the investment market is temporarily quiet, but commercial loans are being gradually liquidated, with bank deposits increasing and credit generally easier than a month ago. While there are still maladjustments in the economic structure of the Pacific-Southwest, the 1922 season has been, upon the whole, one of the most satisfactory of recent years with present indications pointing toward increasing business during 1923.

Agriculturally the Pacific-Southwest has this year met, and to a great degree, overcome some of the most serious marketing problems in its history. The innate strength of the agricultural position of this territory is reflected in the fact that in spite of certain individual losses, the 1922 season has been practically the heaviest producing season in the history of the territory, with an aggregate return to growers probably as great as that of any previous year.

CREDIT CONDITIONS IN NOVEMBER

"Movements during the past month of the various factors reflecting credit conditions were in the same direction as

last month but more moderate in character," says the monthly bulletin of the Federal Reserve Bank, New York. "The volume of credit in use as indicated by the commercial loans of member banks, and by the earning assets of the Reserve Banks, increased at a slower rate than in September and early October. Note circulation of the Reserve Banks fluctuated within narrow limits, and interest rates remained at substantially the level reached about the first of November. This greater stability in the factors reflecting credit conditions does not appear to indicate that any pause has taken place in general business activity. For the past few weeks such figures as are available appear to show a continued gain in industrial output and the distribution of goods". The bank says further:

There has been a considerable increase throughout the country in the volume of production and trade in the past year, but this increase has gone forward with a relatively small demand upon the banks for credit. Since March of 1922, when borrowing was at a minimum, the total loans and investments of member banks in principal cities, where the effects of industrial activity would be felt most, have increased \$1,250,000,000 or over 8 per cent. But this increase is ascribable not so much to loans for business purposes as to loans on stocks and bonds and to investments made for the purpose of putting surplus funds to work.

The amount lent directly for business purposes, as far as it can be segregated in the returns, declined until the end of August.



BUFFALO—

the Electric City

The world's greatest development of hydro-electric power is found on the Niagara Frontier, furnishing the cheapest and most dependable power.

BUFFALO—

*a city of enterprise
served by the*

MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus
\$17,000,000.00

Since that time, however, it has advanced \$267,000,000. While the total amount of credit extended by banks measured by total loans and investments, is indirectly and in the long run available for business use, loans made directly to business represent more closely current needs for credit.

FAULTY TAXATION METHODS

"According to figures set forth in the annual report of the Commissioner of Internal Revenue," says the bi-monthly review of W. J. Wollman and Company, New York, "there is abundant cause for misgiving over our taxation problems. The fault apparently cannot be ascribed to the low rate of taxation, but to the manner in which taxation is administered. This, of course, may be traced back to our revenue legislation and the principles upon which it is based". The review continues:

There is a decrease of \$1,897,905,000 in the taxes collected by the Internal Revenue Bureau in the fiscal year ended June 30, 1922, compared with the preceding year. Practically all sources of revenue showed a decline, the only notable exception being tobacco taxes which showed a gain of \$15,500,000, partly because of statutory changes and partly as a result of increased consumption.

The most striking item, of course, relates to the collections on income and profit taxes. These amounted to \$2,086,918,000 compared with \$3,228,187,000 for 1921, thus registering a decrease of \$1,141,219,000, the equivalent of about 35 per cent. This represents a serious impairment in governmental revenue. The relative loss in the income of the Federal Government is so large as to be startling. It is true that the decline may be associated to some extent with the culmination of post-war depression, for incomes were seriously curtailed during this period of deflation. It may be honestly questioned, however, if this was the major contributory cause.

The remedy will not lie in raising the tax rate or piling on more surtaxes. These, in the opinion of students of taxation, would merely serve to aggravate the situation and dry up the sources of national revenue. What is needed is a sound taxation system, and in order to be sound, it must be based on justice and impartiality. Political expediency is mainly responsible for the ailments of our revenue situation.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

Executive Council, A. B. A., at Rye, N. Y., April 23-26.

AMERICAN BANKERS ASSOCIATION TO MOVE HEADQUARTERS

The American Bankers Association will remove its headquarters to the eighteenth floor of the new Bowery Savings Bank Building, 110 East Forty-second street, New York, on May 1, it is announced. In view of the pending proposal for removal of the Association's offices from New York to Washington, D. C., which is under consideration by a special committee of twenty-five, a flexible contract has been arranged providing for a ten year lease subject to cancellation by the Association at the expiration of the first year in the event removal to Washington should be determined upon by that time.

Action in making a new lease at this time was rendered necessary by the fact that the lease on the present headquarters in the Hanover Bank Building, 5 Nassau street, expires May 1. It was, therefore, not possible to hold the matter open for final decision in regard to the Washington removal plan, nor was sufficient space available at the present address for the expanded needs of the Association.

The new space, which occupies the entire top floor of the Bowery Savings Bank Building, is particularly advantageous for the purpose of the Association. The present quarters have seriously cramped needed expansion of facilities for the working headquarters staff, but under the new arrangements ample room, with light and air from all sides, will be afforded and make possible a more efficient handling of the rapidly growing activities of the organization concentrated at the national head office. Provision for additional space if needed later, should it be decided to remain in New York, is also covered in the arrangements.

MANUFACTURERS TRUST HOLD DANCE AND CONCERT

The annual function of the Manufacturers Trust Company of Brooklyn and New York to its stockholders and employees, for the purpose of reunion and better acquaintance, was held in December at the Hotel Pennsylvania, and the company was host to 2000 members of its official family. The affair took the form of a grand concert, dance and buffet supper and was the largest since the company inaugurated the series some years ago.

More than the usual interest was taken in the address of the president, Nathan S. Jonas, because of the growth and activity of the Manufacturers Trust Company since he last had the opportunity of reporting in person, as he puts it. After greeting the stockholders and employees, Mr. Jonas said:

The growth of our institution during the year has been sure and steady in every way. On October 1, 1921, our deposits were \$40,113,300. On April 28, 1922, the North Side Bank of Brooklyn was merged into our institution with about \$7,000,000 of deposits. On October 1, 1922, the deposits were \$53,577,000 or a gain of over \$6,000,000 from natural and regular growth during the year.

On November 15, 1922, the deposits reached their maximum figure of \$57,325,000 or a gain of \$9,000,000 over November 15, 1921, exclusive of the gain through the acquisition of the North Side Bank.

It will be a matter of interest to the stockholders to know that the cost of the North Side Bank merger to us was about \$300,000. As this acquisition, however, brings with it an additional earning power of approximately \$100,000 a year, the ultimate advantage is plainly seen. Notwithstanding this payment out of our surplus and reserves, the surplus and undivided profits of the institution increased from \$2,505,443 on October 1, 1921 to \$2,753,759 on October 1, 1922, or a gain of \$248,316.

On October 1, 1922, an additional special dividend of 2 per cent. was paid to the stockholders making the total disbursement to them for the year 1922, 14 per cent. This 14 per cent. was also paid to employees under the profit sharing arrangement whereby they receive the same dividend on salaries as stockholders receive upon their stock.

Perhaps the most interesting part of the report to those assembled came towards the close when Mr. Jonas stated:

Consolidations and mergers of banks continue to be the trend, and as this report is written negotiations are under way for the acquisition by our company, through merger, of another Manhattan institution. Permit me to express the hope that all here assembled will



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 ¹ / ₂
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

enjoy themselves and get better acquainted, and that they will feel free to offer suggestions to the officers of the institution at all times, whether it be by way of criticism or compliment, as it is our earnest desire to show every courtesy and to afford every possible service to all coming in contact with our company. If suggestions are withheld, we do not have the fullest opportunity of cooperating.

A most delightful musical program by world famous artists was arranged by Giuseppe Bamboschek, conductor of the Metropolitan Opera Company, and Dirk Foch, director of the City Symphony Orchestra. The latter orchestra furnished the instrumental music. The artists who participated were Anna Case, soprano, Ellen Dalessy, soprano, Sigrid Onegin, contralto, Armand Tokatyan, tenor, and Renato Zanelli, baritone, and the number of encores demanded and responded to, showed the keen appreciation of the audience for the musical treat that was theirs.

COMPREHENSIVE HISTORY OF CHASE NATIONAL BANK

The Chase National Bank of New York celebrated its forty-fifth anniversary September 12, 1922, and in commemoration of the event have had prepared and printed in pamphlet form a very comprehensive history of the bank from its organization in 1877 to the present day.

The Chase National, though one of the younger banks in point of years has grown to be the second largest national bank in the United States. Of its beginning in 1877 the account given says:

At the time he organized the Chase National Bank, John Thompson was 75 years old. His record for financial sagacity was well known throughout the country, and it was said of him that he had a better understanding of the true functions of bank notes than any man in the United States. THOMPSON'S BANK NOTE REPORTER, which he issued for many years, was the reliable source of information on the value of the state bank currency and was in constant demand. Prior to the National Bank Act, it will be remembered, state banks issued notes, and the value of these notes varied according to the soundness of the bank which issued them. This fact made it necessary for the public to protect itself, as far as possible, by keeping constantly informed of the current quotations on the various notes.

The evils of this situation were particularly evident to John Thompson, and so it is natural to find him a great admirer and supporter of Salmon P. Chase, the man who finally abolished the evil and put the bank-note currency of the United States on a uniform basis.

John Thompson and his son Samuel organized the First National Bank in New York City immediately after the passage of the National Bank Act in 1863 and remained its active managers until 1877. The way of the new national institution was not smooth at first, for there was considerable opposition to the national system from the banks of the city. However the wise management of the bank by the Thompsons, and the action of Secretary Chase in making it a Government depository, soon brought the new institution into safe waters.

1781

The Oldest Bank in America

THE Bank of North America, chartered by the Continental Congress in 1781, 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.

With a Capital of \$2,000,000, Surplus of \$3,000,000 and Undivided Profits of \$482,664.26, this bank is today 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

1923

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Combined Statement of Condition

HEAD OFFICE AND BRANCHES

BANK OF ITALY

SAVINGS

COMMERCIAL

TRUST

HEAD OFFICE, SAN FRANCISCO

MEMBER FEDERAL RESERVE SYSTEM

December 29, 1922

RESOURCES

First Mortgage Loans on Real Estate	\$84,273,524.83	
Other Loans and Discounts	68,715,760.84	\$152,989,285.67
United States Bonds	\$38,685,544.32	
State, County and Municipal Bonds	10,436,847.63	
Other Bonds and Securities	9,368,137.36	
Stock in Federal Reserve Bank	600,000.00	
TOTAL U. S. AND OTHER SECURITIES		59,090,529.31
Due from Federal Reserve Bank	\$10,210,657.98	
Cash and Due from Other Banks	19,025,053.25	
TOTAL CASH AND DUE FROM BANKS		29,235,711.23
Banking Premises, Furniture, Fixtures and Safe Deposit Vaults		9,517,872.86
Other Real Estate Owned		501,673.92
Customers' Liability under Letters of Credit and Acceptances		701,622.45
Uncollected Interest		1,996,787.11
Employees' Pension Fund (Carried on Books at)		1.00
Other Resources		248,805.97
TOTAL RESOURCES		\$254,282,289.52

LIABILITIES

DEPOSITS	\$229,751,525.82
Irrigation District Funds	234,215.05
Dividends Unpaid	991,528.00
Discount Collected but Not Earned	73,554.02
Letters of Credit, Acceptances and Time Drafts	701,622.45
	\$231,752,445.34
CAPITAL PAID IN	15,000,000.00
SURPLUS	5,000,000.00
Undivided Profits	533,057.07
Interest Earned but Not Collected	1,996,787.11
TOTAL LIABILITIES	\$254,282,289.52

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
Dec. 29, 1922	\$254,282,289.52

NUMBER OF DEPOSITORS, 401,798

In 1877, having sold out their interest in the First National, John and Samuel Thompson started afresh at the task of launching a new national bank, and this one they named for the father of all national banks, Salmon P. Chase.

As the country in 1877 had not by any means recovered from the economic dislocations caused by the Civil War, it was thought by many a poor time to start a new financial enterprise. Quoting again from THE SUN of that day we learn John Thompson's attitude on this point: "Mr. John Thompson, the veteran, was asked yesterday if he didn't think this rather a risky time to start such an enterprise. He said: 'I have just come from the Dry Goods Bank, which is closing up its affairs. I told them there that this is just the time to start a bank. Everything is at the ebb. Everything has touched bottom and got as low as it can. If there be any change at all it must be for the better. A bank which has no real estate, not a debt in the world, no law suits, and plenty of cash need fear nothing.'"

CONDITION OF GUARANTY TRUST COMPANY

The condensed statement of condition of the Guaranty Trust Company of New York, as of December 30, shows deposits of \$491,868,772.96, as compared with \$466,217,734.39 at the time of the last published statement, issued November 15. Surplus and undivided profits are \$17,920,065.89, as compared with \$17,654,020.14 on November 15, and total resources are \$605,630,637.30, an increase of more than \$30,000,000 over November 15.

AMERICAN BANKERS ASSOCIATION BOOKLET

The American Bankers Association has issued a booklet setting forth the history and development of the organization and describing its present structure, services and aims. Copies of this book are available on request.

QUARTERLY DIVIDENDS DECLARED BY NEW YORK BANKS

The board of directors of the Columbia Trust Company declared an extra dividend of 2 per cent. in addition to the regular quarterly dividend of 4 per cent. Both dividends were payable December 30.

The New York Trust Company declared the usual quarterly dividend of 5 per cent. payable January 2 to holders of record December 23.

The regular quarterly dividend of 5 per cent. was declared by the Corn Exchange Bank, payable February 1 to stock of record December 18.

The Fidelity-International Trust Company declared a regular $2\frac{1}{2}$ per cent. quarterly dividend, payable December 30 to stock of record December 22.

The Fulton Trust Company declared an



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
(Head)

Main and Tupper Streets
(Uptown)

Niagara and Virginia Streets

Michigan Avenue and Perry Street
(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

extra dividend of 2 per cent. and a regular semi-annual dividend of 5 per cent. payable January 2 to stockholders of record December 26.

At a meeting of the board of directors of the United States Mortgage & Trust Company, December 22, the regular quarterly dividend of 4 per cent. on the capital stock of the company and an extra dividend of 4 per cent. were declared, both payable January 2, 1923 to stockholders of record December 26, 1922.

The National City Bank declared the regular quarterly dividend of 4 per cent. and the National City Company declared its regular quarterly dividend of 2 per cent. and an extra dividend of 2 per cent. Both are payable January 2 to stock of record December 16.

The Chemical National Bank declared the regular bi-monthly dividend of 4 per cent., payable January 2 to stock of record December 23.

The First National Bank declared its regular quarterly dividend of 10 per cent.

and an extra dividend of 10 per cent. This is a "regular" extra dividend, it is explained, that is paid at the close of each year.

Directors of the National Bank of Commerce declared an extra dividend of 4 per cent. on the capital stock in addition to the regular quarterly dividend of 8 per cent. Both dividends are payable January 2 to stock of record December 15.

The Fifth National Bank declared a regular $2\frac{1}{4}$ per cent. quarterly dividend, payable January 2 to stock of record December 26.

The Metropolitan Trust Company declared the regular quarterly dividend of 4 per cent. payable December 30 to stockholders of record December 21, 1922.

The Chase National Bank announced that the board of directors had declared a dividend of 4 per cent. on the capital stock and the Chase Securities Corporation declared a dividend of \$1 a share. Both dividends are payable January 2 to stock of record December 18.

The Garfield National Bank declared an extra dividend of 8 per cent. and a regular quarterly dividend of 5 per cent., both payable December 30 to stockholders of record December 26.



Reproduction (greatly reduced) of the Christmas Greeting sent out by Alfred C. Bosson, bank architect of New York

The Manufacturers' Trust Company declared a regular 8 per cent. quarterly dividend, payable January 2 to stock of record December 20.

The board of directors of the Guaranty Trust Company of New York declared a quarterly dividend of 8 per cent. on the capital stock of the company for the quarter ending December 31, 1922, payable on December 30, 1922, to stockholders of record December 15, 1922.

At a meeting of the board of directors of the American Exchange National Bank a quarterly dividend of 8 per cent. on the capital stock was declared, payable January 1, 1923, to stockholders of record at the close of business December 26, 1922.

A quarterly dividend of 12½ per cent. on the capital stock of the United States Trust Company has been declared payable on January 2, to stockholders of record at close of business December 21, 1922.

The board of directors of the Bankers Trust Company declared the regular quarterly dividend of 5 per cent., payable January 2, 1923, to stockholders of record December 21.

The Empire Trust Company declared an extra dividend of 4 per cent. and the usual quarterly dividend of 8 per cent., payable December 30 to stock of record December 26.

The Hanover National Bank declared the regular quarterly dividend of 6 per cent., payable January 2 to holders of record December 20.

The Central Union Trust Company declared a quarterly dividend of 6 per cent. and an extra dividend of 1½ per cent., both payable January 2 to stock of record December 22.

COAL AND IRON NATIONAL BANK GIVES BONUS

The Coal and Iron National Bank of New York paid a bonus of 5 per cent. on all salaries during the past year. The regular quarterly dividend of 8 per cent. has also been declared, this dividend being the sixty-sixth.

MECHANICS & METALS NATIONAL BANK OF NEW YORK

Directors of the Mechanics & Metals National Bank on December 20 declared the regular quarterly dividend of 5 per cent. and an extra dividend of 2 per cent. Both dividends are payable January 2 to stock-



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 - 8,700,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia



PIERCE

One of the notable attributes of the Pierce-Arrow is its ability to retain its youth almost indefinitely. Season after season, the mechanism remains quiet and capable. Year after year, this car resists even the outward appearance of deterioration. Qualities of permanence are so carefully incorporated in every detail of chassis and of body that, from the standpoint of performance, it is often difficult to distinguish the older Pierce-Arrows from the new.

A personal examination of the Pierce-Arrow Enclosed Models is particularly desirable at this time. Our representative in your locality will gladly arrange a demonstration to suit your convenience.

Closed Cars \$7000

Open Cars \$5250

At Buffalo—War tax additional

THE PIERCE-ARROW MOTOR CAR COMPANY
BUFFALO, NEW YORK



ARROW

holders of record December 23. This extra dividend makes the total payment to stockholders from the past year's earnings of the Mechanics & Metals National Bank, 24 per cent. This compares with 22 per cent. paid last year and 20 per cent. paid in 1920. The annual dividend was increased in 1919 from 16 to 20 per cent. Up to 1916 the annual dividend was 12 per cent.

COMMENT OF "TRUSTGAGE" ON BANK'S HIGH HONOR

The *Trustgage*, the interesting and well edited monthly publication of the United States Mortgage and Trust Company, New York, comments editorially on the signal honor conferred on the company in the recent award by the Fifth Avenue Association of the annual gold medal offered by the Association for the best building erected in the Fifth avenue section, and made in recognition of the company's new Madison avenue office at Seventy-fourth street:

The Fifth Avenue Association is an organization of wide influence, whose activities are bound up with one of the most famous thoroughfares in the world. Needless to say, its recognition of our new Madison Avenue Office as the best building erected during the year in the Fifth avenue section is a source of deep gratification to all connected with the company and its many friends as well.

Two years ago a charter amendment was secured, permitting the extension of the Association's activities to Park, Madison and Sixth avenues and the intersecting cross streets, so that new and altered buildings on those highways are now brought into consideration for the annual prize awards. The Association, of course, engages in many other important activities for the benefit of the district served, and for the many institutions, firms and individuals forming its membership.

The United States Mortgage & Trust Company, having recently affiliated with the Association, and such connection being just now emphasized by the winning of the best building prize for the year, there comes a realization of the increasingly prominent part being taken by our institution in uptown affairs. The Madison Avenue Office, after only a little more than five years' connection with the company, has already brought distinct credit to itself, and is destined to take rank with Seventy-third street and 125th street in extending the influence originating at 55 Cedar street.

NEW YORK BANKS GIVE BONUSES

The Metropolitan Trust Company following its practice of many years declared a Christmas bonus to its employees of 10 per cent. of the salaries paid them during the current year. Over 200 of the employees of the company enjoyed a dinner at the Astor Hotel with a Christmas tree with gifts for everybody present and music and dancing rounding out the evening's pleasure.

The Harriman National Bank distributed



Burke's Safety Ink—An insurance against altering legal documents—a check protector. Absolutely ineradicable. An all purpose Ink—free-flowing—excellent for fountain pens. Acid proof—Water proof—Fade proof—Fool proof. The only correct Ink.

Burke's Fountain Pen Ink—The Favorite—does not clog, corrode or form sediment. A free flowing Ink.

Burke's Commercial Ink—Blue-black, Jet Black, Carmine, Royal Purple, and Green set a standard of quality all their own—The Best by Test.

Burke's Type Cleaner—For the typist, the printer, the etcher and engraver. It makes the type as clear and bright as when the type was new. Instantly removes all dirt and oil caked in the type crevices and is non-inflammable.

All goods guaranteed and if not satisfactory money refunded.

Manufactured by

F. M. Burke Ink Co., Inc.
477 West Broadway, New York, N. Y.
Spring 6387

to employees a bonus ranging from 5 to 20 per cent. of salaries paid in 1922, based on term of service.

The trustees of the New York Trust Company declared the usual Christmas bonus to officers and employees.

At a meeting of the board of directors of the Seaboard National Bank a bonus of 10 per cent. was declared, based on a year's salary.

The board of directors of the Bank of America in accordance with the bank's profit-sharing plan authorized the distribution to all employees of an amount equal to 6 per cent. of their salaries received in 1922.

The directors of the United States Mortgage & Trust Co., voted payment of additional compensation of 13 per cent. of the amount of salaries paid to officers and employees during the year.

The Guaranty Trust Company made a distribution to its employees on January 4 under its regular profit sharing plan, amounting to more than 4 per cent. of their yearly earnings.

The Security of a Nation-wide Service

ALL the average man sees of the telephone system is the telephone instrument. But looking past this simple device he will see millions of miles of wires and cables, thousands of buildings, intricate switchboards —an immense plant, energizing "The People's Messenger."

This great investment insures a high degree of safety for the stock of the American Telephone and Telegraph Company, the major part of whose earnings come from its holdings in the Bell System of the country.

It is partly because of this security that the stock has attracted so many intelligent investors; they now number more than 245,000.

A. T. & T. stock, paying 9%, is available in the open market at about 124, to net approximately 7%. Write to us for full information of this investment.



"The People's Messenger"

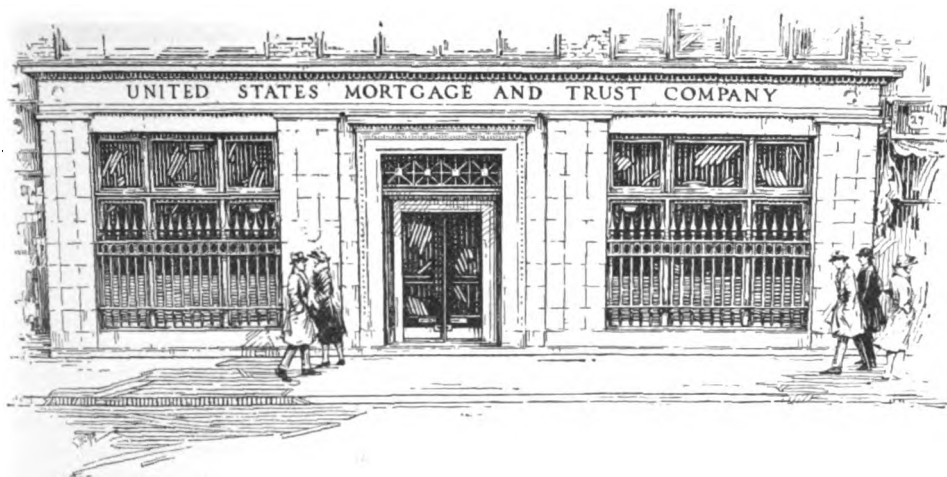


BELL TELEPHONE SECURITIES CO. Inc.

D.F. Houston, Pres.

195 Broadway

NEW YORK



Branch of the United States Mortgage & Trust Co. of New York at 125th street and Eighth avenue

HAMILTON NATIONAL BANK OPENS DOORS

The new Hamilton National Bank of New York, located in the Bush Terminal Sales Building, formally opened for business on January 11. In honor of the event the officers and board of directors of the institution gave a reception that evening to the stockholders of the bank, its friends and depositors.

During the reception a portrait of Alexander Hamilton, painted by Mrs. Pike Keller, and a reproduction of Trumbull's "Hamilton" at City Hall, was unveiled. In unveiling the portrait, Edmund D. Fisher, president of the new bank, said in part:

The name of Alexander Hamilton is an inspiration in banking organization, and a stimulation to efficient service in banking practice. In his reports in relation to public credit, he formulated plans which might now well have the attention of European statesmen. In relation to debt verging on the borders of repudiation, he said: "Those who are most commonly creditors of a nation, are, generally speaking, enlightened men; and there are signal examples to warrant a conclusion, that when a candid and fair appeal is made to them, they will understand their true interest too well to refuse their concurrence in such modifications of their claims as any real necessity may demand." This statement might very happily be read by the members of Congress, now studying the problem of allied debt.

The directors of the bank are Irving T. Bush, Henry J. Davenport, Archibald C. Embery, Edmund D. Fisher, Arthur F. Hebard, Leonard A. Hockstader, John Markle, Charles Miner, Homer W. Orvis, Frederick W. Prentice, Elmer A. Sperry, Frank D. Waller, Archibald R. Watson, Lewis E. Williams and H. Parker Willis.

Besides Mr. Fisher the officers are: Lewis

L. Williams, vice-president and cashier; Stanley J. Lathrop, Sidney W. Guttentag, assistant cashiers, and Miss Anne Seward, manager of the women's department.

INCREASE SERVICE OF BRANCH

The United States Mortgage & Trust Company of New York, announces the opening of its new and enlarged banking rooms and safe deposit and storage vaults at its branch, 125th street at Eighth avenue. This office now constitutes a complete banking unit through which the company's service is made available to residents and business houses in the section adjacent.

The general banking rooms are commodious and tastefully furnished, and provide every comfort and convenience for patrons. The safe deposit and storage plant has been completely remodelled and enlarged, affording much added space and a number of new conveniences.

A fully equipped women's department, in charge of a woman representative has been installed. Special tellers' windows, a reception room, and other features are offered to women patrons of the company.

This office was opened by the company in 1907, since which time it has handled a constantly increasing volume of business. Of late years the demands for additional space became so insistent that the company decided on plans calling for thoroughgoing changes. Eugene W. Dutton, assistant treasurer, will be in charge of this office.

At the last call on December 30, 1922, the statement of condition of the trust com-



This Christmas card sent out by the Seaboard National Bank of New York is a reproduction of the fire-place and clock which is at one end of the officers' quarters of the bank

pany showed total resources of \$69,856,679.42, surplus \$3,000,000, undivided profits \$1,201,031.29 and deposits \$60,191,796.00.

COMPO BONDS SPONSORED BY NATIONAL AMERICAN BANK

A new and popular form of bonds, approved by the Government, and known as "compo" bonds, is now being offered to the public by the National American Bank, New York. The bonds compute their own interest.

The response to the offering of the bonds indicates that they will become favorites with the public and other banks will soon begin their distribution. These bonds have been classified by the Comptroller of the Currency as a new form of time certificate of deposit. They have been affirmatively legalized for national banks by a recent decision of Judge A. N. Hand in a test case in the United States Court for the Southern district of New York.

"The average man or woman who, without experience in bookkeeping, struggles with the problems of compound interest," said Julian M. Gerard, president of the

National American Bank, "will highly appreciate this novel form of security which I understand will soon be issued by a number of banking institutions throughout the United States. A Compo bond is based on the theory of compounding interest. The bonds come in denominations of \$10, \$25, \$100, \$250 and \$1000, with maturity dates of ten, fifteen, twenty and twenty-five years. The cumulative effect of building up individual reserve funds shows in each class in a very practical way. For a \$10 bond, for instance, the investor pays \$4.76, if the bond is due in twenty-five years. He can get a \$10 bond, due in ten years, on payment of \$7.43. If he purchases a \$1000 bond, due in twenty-five years, his cash outlay is \$475.01, and for the ten-year period the capital required is \$742.48".

Governor Alfred E. Smith was the first man to purchase the new securities. He acquired five of the \$10 denomination for his children, Alfred E. Smith, Jr., Miss Emily J. Smith, Miss Catherine A. Smith, Arthur W. Smith, and Walter A. Smith. The bonds are due ten years from date. The purchase was made at the National American Bank, where the initial distribution of the securities began under the direction of Mr. Gerard, president, who placed the five bonds in the hands of the Governor.

THOMAS M. DAY, JR.

Marshall Field, Gloré, Ward & Co., Inc., of New York and Chicago announce that Thomas M. Day, Jr., has become associated with the New York office.

WILLIAM O. JONES, NEW YORK BANKER, DIES

William O. Jones, vice-president of the National Park Bank of New York, died suddenly on December 29, in the office of the bank, at 214 Broadway. Although he had been a sufferer from blood pressure for some time, he was apparently in the best of health when seized with a fatal heart attack.

Mr. Jones was in the office of Richard Delafield, president of the National Park Bank, with which Mr. Jones had been connected for the last twenty-three years. He was seated near the desk of the president and was about to speak to another vice-president of the bank when he suddenly threw his head back and raised his hands, then lurched forward on his arms.

The acquaintance of Mr. Jones among the members of his calling in the United States

was unusually extensive. He was probably second to none in the number of faces he could identify in a gathering of the American Bankers Association. His ability to recognize a person he had met before won for Mr. Jones an extraordinarily large number of friends and for the bank an increased business.

Mr. Jones celebrated his 65th birthday only the week before. He was born in Wales, came to the United States in his early years, graduated from the public schools, continued his studies at Oberlin College, and in 1890 arrived in New York, where he became an officer of the Chase National Bank.

For thirteen years he was an assistant cashier of the National Park Bank, and for the last ten years had been a vice-president. Mr. Jones had charge particularly of the business with banking correspondence of the bank.

He was a director of the American Law Book Company, the East River National Bank and the Flatbush Branch of the Irving National Bank. He was formerly president of the St. David's Society, an organization of Welsh citizens in the United States.

IMPORTANT CHANGES IN SPENCER TRASK & CO.

Spencer Trask & Co., for more than half a century prominent in the banking and financial world, announced some important changes in the personnel of the firm, effective January 1. Charles J. Peabody and Erastus W. Bulkley, both members of the firm, will retire on that date, and will be succeeded by C. Everett Bacon, a son-in-law of Mr. Peabody, and F. Malbone Blodget, son of S. C. Blodget, Jr., a former member of the firm.

Mr. Peabody has been associated with financial matters for the last fifty-five years, of which forty-three were spent in association with Spencer Trask & Co. For thirty-five years he was a partner. In 1892 he became a member of the New York Stock Exchange, and he still holds membership.

In connection with his retirement, Mr. Peabody said he would continue his office with the firm, but would devote most of his time to corporate work and general philanthropy, especially in connection with educational affairs, in which he is deeply interested.

As a token of esteem, the partners of Spencer Trask & Co. presented a solid gold



THERE is but one master pencil. Some day you will try it, and then, forever after, one name will come quickly to your mind when you think of the best pencil you have ever used. . . . And that name is—

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A. R. MacDougall & Co., Ltd., Toronto



Above is reproduced the Christmas card sent out by the officers and directors of the Bank of the Manhattan Company, New York. This is one of the most attractive and artistic cards issued this season

traveling clock to Mr. Peabody, while the employees of both the main and branch offices united in presenting to him a silver vase. The gifts were appropriately engraved and were presented by E. J. Koop.

In connection with the resignation of Erastus W. Bulkley, it was said by members of the firm that he was compelled to give up his business connection because of a prolonged illness.

EQUITABLE TRUST DIVIDES \$4,000,000

The stockholders of the Equitable Trust Company of New York at a special meeting in December, approved an increase of capital from \$12,000,000 to \$20,000,000 by issuing a stock dividend of \$4,000,000 and offering \$4,000,000 new stock for subscription at par. The stock dividend is payable December 30 to stock of record December 20 and the offering is made to stockholders of record December 20, subscription to be made on or before December 30.

IMPORTERS AND TRADERS NATIONAL BANK

The statement of condition of the Importers and Traders National Bank of New

York at December 30, 1922, the date of the last call, showed total resources of \$45,799,685.85. This is an increase of over \$2,000,000 as compared with their statement of June 30, 1922. The deposits have also increased over \$2,250,000 since the middle of the year. The complete statement is given below:

ASSETS

Discounts and loans	\$32,385,803.20
Overdrafts	717.81
United States Securities	1,752,039.08
New York State Bonds	85,000.00
Other bonds	50,000.00
Federal Reserve Bank stock	255,000.00
Banking House	1,100,000.00
Cash on hand, deposit with Federal Reserve Bank and due from banks	5,683,976.61
Clearing-house exchanges	4,059,885.11
Interest earned but not collected	39,505.20
Customers' liability account of acceptances	487,658.76
	\$45,799,685.85

LIABILITIES

Capital	\$1,500,000.00
Surplus	7,000,000.00
Undivided profits	1,500,000.00
Unearned discounts	238,724.28
Reserves	686,200.37
135th dividend, payable Jan. 2, 1923	90,000.00
Extra dividend, payable Jan. 2, 1923	90,000.00
Circulation	50,800.00
Deposits	34,256,302.44
Acceptances	487,658.76
	\$45,799,685.85

STOCKHOLDERS APPROVE MERGER

Stockholders of the Manufacturers' Trust Company of New York and Brooklyn at a special meeting held in Brooklyn, approved the merger of the Industrial Bank of New York with the Manufacturers' Trust Company. The stockholders also voted to increase the capital stock of the Manufacturers' Trust Company from \$2,500,000 to \$3,000,000.

NEW CHATHAM AND PHENIX
BRANCH

Plans were filed recently for a new branch building of the Chatham and Phenix National Bank, New York, at the southwest corner of Bowery and Grand street, a four-story building, estimated to cost \$300,000 by C. L. Calhoun, architect.

GUY EMERSON JOINS BANKERS
TRUST

Seward Prosser announced on December 19, that at the meeting of the directors of the Bankers Trust Company of New York, Guy Emerson was elected a vice-president. Mr. Emerson has been for six years vice-president of the National Bank of Commerce in New York, from which he resigned, taking effect on January 1, 1923. During the war, he was vice-chairman of the Liberty Loan organization and director of War Savings in the Second Federal Reserve District.

Mr. Emerson was born in New York, is a graduate of Harvard College and Harvard Law School. He spent four years in the Treasury Department at Washington. He was engaged in business in Texas for a year and later in New York and entered the National Bank of Commerce in 1917.

U. S. MORTGAGE AND TRUST
DISTRIBUTES CALENDAR

The United States Mortgage & Trust Company of New York recently distributed its 1923 calendar, which is illuminated with a painting by Percy Moran, entitled the "End of the Revolution". It shows the presentation on November 8, 1781, of the British Regimental colors to the Congress in session at Philadelphia, after the capitulation of Lord Cornwallis at Yorktown.

These calendars, depicting Revolutionary and Colonial subjects, have been issued by

The World's
Safest
Bank Checks

because—

They are made of the World's best safety paper.

because—

They are insured in the Hartford Accident & Indemnity Co. for \$1,000.00 against loss through fraudulent or felonious alterations.

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They are protected by the service of The William J. Burns International Detective Agency, Inc.

Give your depositors this sure protection

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**Burn's Detective
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The Bankers Supply Company

*The Largest Manufacturers of Bank Checks
in the World*

New York Chicago Denver
Atlanta Des Moines San Francisco



Tenth annual dinner of the Banker's Forum, New York, at Hotel Astor. John H. Puelicher, president of the American Bankers Association, was guest of honor

the United States Mortgage & Trust Company every year since 1911.

ASSISTANT VICE-PRESIDENTS OF NATIONAL CITY COMPANY

Thomas J. Connellan and Robert H. Delafield were appointed assistant vice-presidents of the National City Company of New York at the last regular meeting of the board of directors.

HERBERT K. TWITCHELL HEADS SEAMEN'S BANK

Herbert K. Twitchell, formerly chairman of the Chemical National Bank of New York, has been elected president of the Seamen's Bank for Savings. Mr. Twitchell succeeds the late George M. Halsey.

NEW GUARANTY TRUST DIRECTORS

At a meeting of the board of directors of the Guaranty Trust Company of New York held December 6, Samuel W. Reyburn and Joseph P. Knapp were elected directors of the company. Mr. Reyburn, in addition to being president and director of Lord and Taylor, Inc., is connected with many firms and corporations in New York and other cities. Mr. Knapp is chairman of the executive committee of the Crowell Publishing Company, chairman of the board of the

American Lithographic Company, senior director of the Metropolitan Life Insurance Company, and officer and director of other companies.

Welch Walker has been appointed an assistant treasurer of the company.

J. A. SISTO RETIRES FROM HALLGARTEN & CO.

J. A. Sisto has retired from the firm of Hallgarten & Co., New York, as of January 1, and announcement is made that he and Norris B. Henrotin, formerly manager of the bond department of Hallgarten & Co., are forming a new firm for the transaction of a general banking and investment business.

APPOINTED GENERAL MANAGER GEORGE LA MONTE & SON

Martin L. Haggerty, formerly manager of sales of George La Monte & Son, 61 Broadway, New York, has been appointed general manager in recognition of his years of faithful service and of his demonstrated ability.

SEEK CAPITAL INCREASE

The directors of the Fidelity-International Trust Company, New York, have called a meeting of stockholders for January 17 to approve an increase in the capital stock

Modern Banking Partitions SCREENS AND CASHIER'S CAGES



MOUNT AND ROBERTSON, INC.

41 Beaver Street, New York City

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from \$1,500,000 to \$2,000,000, to be distributed in the form of a 33 1-3 per cent. stock dividend. If approved, the company will have a combined capital, surplus and undivided profits of nearly \$4,000,000.

FARMERS LOAN AND TRUST ELECTS TRUSTEES

At a recent meeting of the trustees of the Farmers' Loan & Trust Company of New York, Joseph P. Cotton, of Cotton & Franklin, and Lewis L. Delafield, of Hawkins, Delafield & Longfellow, were elected members of the board.

J. Courtney Talley, Irving H. Meehan and S. Sloan Colt were elected assistant vice-presidents; Harry D. Sammis and Edward J. Boyd were elected trust officers; R. Baylor Knox, Wilfred L. Pell, John G. Kilbreth, Howard S. Butterweck and Henry N. Tift were elected assistant trust officers, and Harry F. Ayers and Alfred C. Steele were elected assistant cashiers.

FOREIGN EXCHANGE CLUB ELECTS

George L. Le Blanc was elected president of the Foreign Exchange Club, New York,

to serve during the ensuing year. James Heckscher and Edwin E. Spitzer were elected vice-presidents, and R. B. Raymond, secretary and treasurer, Leo J. Burns, John F. Schmid, C. J. Stephenson and S. E. Ruth compose the executive committee.

NEW YORK ALUMNI OF AMERICAN INSTITUTE OF BANKING

At the Building Trades Club, 34 West Thirty-third street, the second annual meeting and dinner of the New York Chapter Alumni Association of the American Institute of Banking was held and there were present many Institute men who have climbed the ladder and are now among the most successful bankers in the city.

Many informal discussions took place, reminiscent of the old days when Institute life was a real struggle. Especially interesting of these were discussions of J. Herbert Case, Deputy Governor of the Federal Reserve Bank, and Milton W. Harrison, secretary and treasurer of the National Association of Mutual Savings Banks. Mr. Harrison is also vice-president and secretary of the National Association of Owners of

1865



1923

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**We are offering our entire manufactured
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Railroad Securities as well as trustee of the Bowery Savings Bank.

The meeting was presided over by George A. Gehrken of the Seaboard National Bank and the following were elected as officers for the ensuing year: Wm. M. Rosendale, president; E. K. Dimock, first vice-president; C. S. Shoch, second vice-president; C. A. Brophy, secretary; F. I. Collins, treasurer. Executive committee: C. Quattlander, M. L. Wicks, M. Gehringer, F. S. Parker, M. F. Bauer, O. R. Kelly.

OLIVER W. BIRCKHEAD

Oliver W. Birkhead has been appointed a vice-president of the Harriman National Bank of New York, effective January 1, 1923. Mr. Birkhead has been a national bank examiner for several years and at present is assigned to work in New York City.

STATE BANK TO OPEN NEW BRANCH

The State Bank, New York, which has its main office at 374 Grand street, and has six branches in the city, is to open a new branch in East New York.

The new branch will be housed in a new building now in course of construction, which is expected to be ready for occupancy early in January. The property will have cost about \$175,000 and the building will be up-to-date in every way.

William B. Roth, vice-president of the State Bank, now stationed at the Brownsville branch, will have general charge of both branches. Adolph Frey, who was for two years in charge of the bank's office at Warsaw, Poland, will become manager of the new branch, while J. V. D. Garretson will continue as manager of the Brownsville branch. Mr. Roth has been with the State Bank for the past thirty-two years and has been in the Brownsville branch since its started in 1908.

IRVING TO BE STATE BANK

Stockholders of the Irving National Bank of New York at a special meeting voted to convert the bank into a State institution. It had previously been announced that such action would be taken at the first of the year as a preliminary step to the proposed merger of the bank and the Columbia Trust Company.

The national bank became a State bank

at the close of business January 6, 1923, and will thereupon operate as a State bank under the name of "Irving Bank, New York", without any interruption of business until the proposed merger is accomplished.

NEW BROADWAY SAVINGS PRESIDENT

Frank C. Poucher, treasurer of the Broadway Savings Institution, New York, has been elected president to fill the vacancy caused by the recent death of Richard F. Kelly. Louis F. Ferris, former secretary, was elected a trustee and treasurer.

ROBERT J. ROOS

At a meeting of the board of trustees of the Bank of New York & Trust Company Robert J. Roos was appointed an assistant secretary. Mr. Roos has been associated with the New York Life Insurance & Trust Company since 1907.

BENJAMIN S. DOWD

The Garfield National Bank of New York announces that Benjamin S. Dowd has become affiliated with its bond department, taking effect January 1. Mr. Dowd, who has been associated with Zimmerman & Forshay for the past two years, has had considerable experience in the bond field. He served as a captain during the recent war.

GENEVA TRUST COMPANY, GENEVA, N. Y.

The statement of condition of the Geneva Trust Company of Geneva, N. Y., at November 15, 1922, showed total resources of \$4,203,148.40, surplus \$225,000, undivided profits \$45,307.65, and deposits \$3,643,330.72.

OLDEST UNITED STATES BANK IN \$10,000,000 MERGER

Announcement was made on December 21, of a merger of the Bank of North America and the Commercial Trust Company, both of Philadelphia, with a combined capital and surplus of \$10,000,000.

Directors of the two institutions met separately and approved the consolidation. The new institution will be known as the Bank of North America & Trust Company. John H. Mason, president of the trust company, will become chairman of the board,

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.

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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

and E. Pusey Passmore, president of the national bank and former governor of the Philadelphia Reserve Bank, will be president of the new concern.

The Bank of North America is the oldest national bank in the Western hemisphere, having been chartered by the Continental Congress in 1781. It was founded by Robert Morris, financier of the Revolution, and has been linked with the history, progress and prosperity of its city and state since its inception.

Although the merged institution will be known as the Bank of North America & Trust Company it will operate under the charter of the Commercial Trust.

In order to carry out the \$10,000,000 consolidation it will be necessary for the Commercial Trust Company to increase its capital from \$2,000,000 to \$5,000,000. Commercial Trust will receive 27,500 shares and Bank of North America 22,500 shares, making 50,000 shares all told. The present combined capital of both institutions is \$4,000,000. Arrangements have been made for a stockholders' meeting. According to an act of the Legislature this requires sixty days advance notice. The Commercial Trust holders will act February 21 and the bank shareholders probably the same day. Until then nothing legally can be done looking to consummation of the big consolidation.

Many shares of the Bank of North America, like those of other financial institutions, are tied up in estates, but no legal

difficulty is expected to arise from this fact. The merger is the most important financial consolidation that has ever taken place in Philadelphia.

PHILADELPHIA BANK TO INCREASE CAPITAL

Stockholders of the Broad Street National Bank, Philadelphia, have voted to increase the capital of the bank from \$250,000 to \$375,000. The new stock will be sold at \$75 a share, par value \$50, and will be allotted to stockholders of record December 4

ADDS TO SURPLUS ACCOUNT

The First National Bank of Philadelphia have added \$500,000 to their surplus account. They now have a capital of \$1,500,000 and surplus of \$2,500,000.

PHILADELPHIA BANKS IN MERGER

The Peoples' Bank and the State Bank, both of Philadelphia, have merged under the name of the Peoples' Bank. They are State institutions. The consolidated organization will have combined resources of about \$9,000,000 and will retain the membership of the Peoples' Bank in the Federal Reserve System.

Present officers of the Peoples' Bank will be continued, and Harold C. Krauskopf, president of the State Bank, will become a vice-president of the new institution.



ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

NEW ENGLAND'S holiday trade was exceptionally good. The gradual resumption of full-time operations in the textile centers, and the more recent improvement in the shoe industry have raised the buying power of the average consumer materially, and the Christmas trade has given merchants a clear index of what they may expect for the season of 1923.

Wholesale prices have risen in New England as elsewhere, but up to the holiday season retail prices did not follow, as retail merchants were afraid of choking off the swelling tide of buying. Indications are, however, that retail prices will rise slightly during the early part of 1923, for the buying has been so consistently strong thus far that retail merchants are making commitments in their own purchases running much further into the future than they have heretofore. In retail circles collections are reported to be normal, and credit conditions are generally good. Some of the more thoughtful credit managers are issuing mild warnings against the dangers of too rapid extension of credit, fearing that it will encourage a period of inflation.

Money conditions are satisfactory. Savings banks report heavy deposits and an almost complete cessation of the withdrawals that marked the period of unemployment in the textile and shoe centers. Money rates are low and there is little prospect of any immediate change. The low rates are encouraging commercial borrowing, and the plenitude of mortgage money is keeping the real estate market much more active than is usual at this time of year.

Unemployment has been reduced to a minimum, and, at the moment, labor troubles are few and far between. Just what the spring may bring forth, especially in the building trades, is uncertain, but it is doubtful that any serious interruption of work will occur.

Real estate is much quieter than it was a month and two months ago, but is still abnormally active for this season of the year. Naturally there has been a sharp dropping off in transfers of suburban real estate but the surprising movement of city realty holds the aggregate volume well above normal.

Cold weather has checked the big building movement which got under way in the summer and fall, but practically all available



When the Seas seemed wider

BUSINESS ambassadors of the 1830's had to win respect for the integrity of their firms before foreign trading became possible. Keen wits were not enough in a commerce where much depended upon mutual faith. Good banking connections were and still are a passport to confidence.

In the early days of American enterprise in foreign trade this bank was founded, largely to serve importers and exporters. It was no light task to establish relationships with trustworthy bankers and business houses abroad, but for over three-quarters of a century National Shawmut has been known as an international bank representing American business houses of high standing.

Trading abroad to-day requires an experienced and dependable guide; there is no safe territory for lone adventuring. The National Shawmut Bank can help you materially, either in finding goods to buy or a market for the wares you sell. This bank provides clients with up-to-the-minute information on reputations and credit, price movements and trade demands in all countries.

Swiftness; accuracy; abundant resources; ability to handle difficult missions; intelligent personal service—these are the results of National Shawmut Bank's strong organization at home and abroad.

**THE NATIONAL SHAWMUT
BANK of BOSTON**

Capital and Surplus, \$20,000,000



Safe Guard Check Writer Co., Inc.

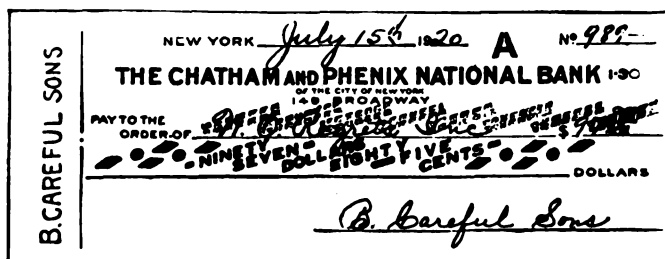
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building labor is still occupied in completing the thousands of jobs which are "under cover", and every sign points to a full winter's work for all hands. Producers of building material are working at full capacity to catch up with orders on hand and to prepare for the great spring rush. Architects report an abnormal volume of work on the boards, much of which they are rushing to completion so that it may be figured and contracted for before the expected rise of prices in the spring.

Business failures have dropped to normal, and there is nothing in the reports to indicate any special strain in any locality or in any particular industry.

Bankers, manufacturers, merchants, real estate dealers, builders—all unite in predicting a period of increasing business and better profits for 1923.

FEDERAL RESERVE BANK OF BOSTON

An election of directors to fill expiring terms by the Federal Reserve Bank of Boston resulted in the reelection of Frederick

S. Chamberlain, vice-president and cashier of the New Britain National Bank, New Britain, Conn., as a Class A, and Edmund R. Morse, treasurer of the Vermont Marble Company, at Proctor, Vt., Class B director.

BANK GIVES STOCK DIVIDEND

The National Exchange Bank of Providence, R. I., declared a stock dividend of \$750,000—150 per cent. The directors approved the dividend on December 4, and, on receipt of approval by the Comptroller of the Currency, it was made effective December 20.

BANK DIVIDENDS

The National Shawmut Bank of Boston, declared a quarterly dividend of 3 per cent. against quarterly payments of 3½ per cent. previously.

Directors of the Waltham Trust Company, Waltham, Mass., declared an extra 1 per cent. in addition to the regular quarterly 2 per cent. dividend, payable January 2, 1923.

Directors of the Massachusetts Trust Company of Boston declared an extra 2

In Rhode Island —the Industrial Trust

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

INDUSTRIAL TRUST COMPANY

Member of Federal Reserve System

Main Offices: Providence, Rhode Island

per cent. in addition to the regular quarterly 2 per cent. dividend, both payable January 2, 1923.

COMMERCIAL NATIONAL TAKES OVER NATIONAL SECURITY

Last November the Commercial National Bank of Boston took over the business of the National Security Bank of that city and the latter institution will go into voluntary liquidation. It is proposed to change the title of the Commercial National Bank to the Commercial Security National Bank. The Commercial National Bank recently moved into new quarters at 95 Milk street, where there is adequate room to take care of the increased business which will result from the merger of the institutions.

Benjamin B. Perkins, heretofore president of the Commercial National Bank, has been elected chairman of the board of the enlarged institution, and Albert E. Gladwin, the former president of the National Security Bank, has been made its president. Arthur H. Soden and Thomas W. Saunders, formerly vice-president and cashier, respectively, of the Commercial National Bank, continue in these positions with the enlarged bank, while Elmer F. Littlefield, heretofore cashier of the National Security Bank, and Harry S. Watson, formerly assistant cashier of the Commercial National Bank, have been made assistant cashiers of the enlarged institution.

The National Security Bank was one of the oldest national banks in Boston, having been founded in 1868, and had a capital of \$250,000. The Commercial National Bank was founded in 1888. The enlarged bank has a capital of \$500,000, and surplus and undivided profits of \$340,000.

NEWPORT TRUST COMPANY

The statement of condition of the Newport Trust Company of Newport, R. I., at November 29, 1922, showed total resources of \$2,901,381.03, surplus \$200,000, undivided profits \$77,766.29, deposits \$1,696,197.74.

TAKES CHARGE OF NEW ENGLAND TERRITORY

The National City Company of New York announces that Robert H. Delafield, assistant vice-president, has been selected to take charge of the New England territory with headquarters at its office at 10 State street, Boston. Mr. Delafield has been connected with the company since its entrance into the bond field, and for the past four years in an official capacity in the New York office.

HARRIS S. BARTLETT

Harris S. Bartlett, vice-president and cashier of the Meriden National Bank, Meriden, Conn., has been elected president to succeed the late Herman Hess. George H. Wilcox has been elected vice-president and J. Edgar Raven has been made cashier.

HOME NATIONAL BANK

The Home National Bank of Brockton, Mass., of which F. B. Howard is president, is having a large addition erected to its bank building, which when completed will cost about \$100,000.

STAMFORD TO HAVE NEW TRUST COMPANY

Interests closely identified with the Title Insurance & Mortgage Company, of which C. E. Ailing is president, in association with high executives of leading industrial and

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$4,000,000

Resources 30,000,000

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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
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.

commercial enterprises of Stamford, propose the organization of a new trust company in Stamford, Conn., to bear the corporate title of the Peoples Trust Company.

REMOVES TO NEW BUILDING

The National Bank of Commerce of Providence, R. I., has announced its removal to its own building at 146 Westminster street, that city.

CONNECTICUT DEPOSITS

Deposits in savings banks and trust companies in Connecticut have increased \$27,850,060.11 in the last year, and their assets show an additional increase of \$30,658,751.96, according to the annual report of John B. Bryne, bank commissioner. Total savings and commercial deposits of all state banks are \$594,277,679.19, compared with \$566,427,519.08 in 1921. Loans which the banks have made on collateral have shown only slight increases, while loans on real estate have increased approximately \$15,000,000.

W. P. G. HARDING IN NEW POST JANUARY 15

W. P. G. Harding, former Governor of the Federal Reserve Board, leaves Washington January 15 to assume the duties of Governor of the Federal Reserve Bank of Boston to which he was elected by the board of directors of the First Federal Reserve Board.

Mr. Harding's term as a member of the Federal Reserve Board expired last August.

Prior to his election to the Governorship at Boston Mr. Harding had under consideration a number of offers to connect himself with business enterprises, including associating himself with an important bank in New York and the presidency of the Arkansas Natural Gas Company, which is understood to be largely controlled by the Mellon interests.

TO BUILD NEW HOME

The Southington Bank & Trust Company of Southington, Conn., is having plans drawn for a large addition to its banking house. The addition will be one story, of brick and steel, and provide additional floor space.

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 fall and early winter that was rather depressing, the general mercantile business of the South swung into the Christmas stride, and good cheer once more reigned in the busy marts of trade.

The foundation of the section's prosperity is unquestionably firm. That foundation is of course agriculture, and Southern crops will be worth about \$1,000,000,000 more to the farmers this year than they were last, according to a conservative estimate by M. B. Wellborn, governor of the Sixth Federal Reserve District bank. What is especially encouraging is that farmers are marketing their crops in a more orderly manner than has been the history in distant and recent years.

The mounting resources and reserves of the banks are pressure gauges of the money that is flowing into the centers from the agricultural sections. This is in payment of last year's indebtedness, and Mr. Wellborn, after a general survey of the field, thinks that the agricultural proceeds will be great enough to wipe out all such obligations and leave a good spending portion. This buying power will naturally increase as the months go by and liquidation is completed.

Cotton is the great staple of the South, of course, and cotton prices have gone to high levels, but the movement-upward in prices has touched the other principal commodities of the South as well. These prices in all probability will be maintained.

Until more effective methods of combating the boll weevil have been discovered, Mr. Wellborn does not think that there will be a "bumper" cotton crop in the South. This should be borne in mind in considering the possible price developments of cotton in the future. It is also being borne in mind by the country merchants, who are not making advances to shiftless tenants on the gamble—for years the economic Frankenstein of the South—that they would make a whopping cotton crop and that they would

sell it for whopping prices. The inefficient farmers in such sections are being frozen out and the efficient ones are paying more attention to diversification, thereby assuring themselves of an income no matter which way the cat jumps.

Manufacturing throughout the South is on a firm basis. There has been a general increase in payroll. The business of the railroads indicates the heavy movement of finished products as well as raw material.

The improvement in the cotton manufacturing business is reflected in the increased volume of unfilled orders. There is an increase over previous months of this year and of last year. In brick and lumber output, there is a healthy improvement. The production of iron in the Birmingham district



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is increasing. The coal production of the Alabama district has been hampered by lack of cars. Turpentine and rosin prices have strengthened, and practically all naval stores operators are now on velvet. Preparations for next year's crops are being made with great confidence.

Retail business, prior to Thanksgiving, was off, but the wholesale business showed increased sales. Throughout the Sixth Federal Reserve District, the retail business showed an average loss of 5.9 per cent. during October, according to a compilation of reports. November business was on about the same scale, according to informal reports. This compares with an average gain of 3.8 per cent. in September.

The centers making the best showing, in their order, are: Birmingham, Atlanta, Nashville, New Orleans, Jackson, Chattanooga, Savannah.

The reason is partly the unseasonably warm weather, partly the fact that Thanksgiving was late, delaying the Christmas-buying season, and partly the fact that the crop-income has been used so largely for liquidating past indebtedness.

Wholesale merchants are especially optimistic. Their October business was better than their September. The only fly in the ointment is the fear that advancing prices may slow up buying. The coal miners and railroad strikes are still being felt, and the railroads, while doing good business, are not yet able to meet the demands that are being made upon them.

The only decrease in wholesale business, compared with September, was registered in the farm implement, stationery and drug lines. The other principal lines show an increase, ranging from 1.9 per cent. in dry-goods to 15.4 per cent. in furniture. Only in the case of drygoods, shoes and drugs is the wholesale business poorer, during the present period, than it was at the same time last year.

Bankers throughout the South, while very conservative, are distinctly optimistic. Deposits are increasing. Savings accounts are growing. Well secured loans are rising, with the speeding-up of the South's manufacturing output. Commercial failures were about 38 per cent. less in October than they were in September.

On the whole, it may be said that the economic situation of the South has shown a distinct improvement during October and November. Not the least encouraging feature is the conservatism of the business men.

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Thus the business of the South is being put upon a firm basis, and if the expected "deflation" or "tightening up", of which one hears prognostications occasionally, does come within the next two years, it will find the South much better able to meet the blow than it was when the last hurricane struck.

The colonization of immense areas of Southern pine wood lands seems to be nearer realization, with the increased activity of such organizations as the Mississippi Development Board and the plans of the U. S. Veterans Bureau. Throughout the South, there are a number of "model" farms and communities which are demonstrating what can be done if the proper methods are followed and the right men are on the job. These missionaries will increase from now on, and the next twenty-five years should see many areas, now devoted to the pine stump and the razor back hog, filled with productive produce and stock farms.



CONVENTION DATES

Texas—at Dallas, May 15-17.

R. S. HECHT RETURNS FROM SOUTH AMERICAN TRIP

Failure to study conditions and needs abroad; lack of proper representation; and careless and insecure packing of goods are the principal factors that are responsible for America's loss of foreign trade, declared R. S. Hecht, president of the Hibernia Bank and Trust Company, the dock board, and the utilities company, who has just re-

turned from a nine week's tour of Brazil and other countries on the east and west coasts of South America.

"These drawbacks can be removed, as many of the more progressive firms of the nation are demonstrating", he continued, "and the time to concentrate trade efforts is now, before the war-crippled European powers which formerly dominated the field, have reestablished themselves".

Mr. Hecht reports that the economic situation is sound, and that South America, especially Brazil, is making immense public improvements.

Speaking on business, he continued:

As a result of the war and the opening of the Panama canal, great and unexpected changes have taken and are taking place in the trade channels and business relations of the South American nations. If our business men are really anxious to take advantage of these new opportunities to sell their goods in South America, the essential thing for them to do is to cultivate a closer relationship with these countries and their people.

We cannot hope to establish permanent and mutually satisfactory trade relations anywhere unless we are willing to spend time and money on the development work. We can't "learn the game" by reading a few books and magazines. Our men must learn by personal contact and study.

Our European competitors have the advantage of experience extending over several generations, and they miss no opportunity to ridicule the lack of knowledge of some of our American exporters. And there are stories of American exporters who sent catalogues in Spanish to Brazil, which speaks Portuguese; who sent a consignment of lawnmowers to Iquique, Chile, where no grass ever grows; who shipped rubber shoes to parts of Peru where it hasn't rained for eighty years.

It is a fact that our southern neighbors do not feel as close to us as they do to the more distant nations with which they have done most of their trading in the past, and much cultivating will be necessary before we will gain and hold their confidence.

We still have the reputation, I am sorry to say, of being fair-weather friends, willing enough to dump our surplus goods in South America when it suits us, but not willing to take the trouble to meet specific needs and requirements.

The most definite suggestion I bring back from this trip is that more American business men, financiers and captains of industry visit the South American countries.

DIVIDEND INCREASED

At the semi-annual dividend meeting of the directors of the Capital National Bank of Jackson, Miss., the dividend rate was increased to a half-yearly payment of 6 per cent. The last semi-annual dividend paid was 4 per cent. last June.

HIBERNIA BANK STOCKHOLDERS' AND EMPLOYEES' DIVIDEND

The Hibernia Bank & Trust Company of New Orleans has declared the usual quarterly dividend of 6 per cent. payable on

January 2 to stockholders of record December 20.

At the same time the bank declared the usual quarterly dividend of 3 per cent. on the salaries of all employees. This dividend was paid to them just prior to Christmas.

The deposits of the Hibernia Bank & Trust Company have now passed the \$50,000,000 mark which is a gain of \$12,000,000 during the year.

AUGUSTA BANK INCREASES CAPITAL

Announcement is made that the Citizens & Southern Bank of Augusta, Ga., has increased its capital stock from \$2,100,000 to \$3,000,000, effective January 15, 1923, and the Citizens & Southern Company from \$200,000 to \$300,000. This is following a resolution of the board of directors passed at the October meeting and the formal announcement is made by President Mills B. Lane.

ELECTED PRESIDENT OF WASHINGTON BANK

Robert B. Whitehurst has been elected president of the Peoples Commercial & Savings Bank of Washington, D. C., succeeding John T. Clancey. Since the organization of the institution three years ago Mr. Whitehurst has been vice-president and cashier. John Brayshaw has been chosen to succeed him as vice-president. Robert H. Hill will be cashier and manager of the branch on Georgia avenue.

PROMOTIONS IN NEW ORLEANS BANK

In addition to paying all of its employees the usual quarterly dividend on their annual salaries, the board of directors of the Hibernia Bank and Trust Company of New Orleans, gave a very pleasant Christmas surprise to several of the officers and employees of the institution by announcing a number of promotions authorized at the regular December meeting of the board.

James H. Kepper, who for several years has been cashier of the bank, was elected a vice-president, and William B. Machado, who has been senior assistant cashier and who has been with the bank for more than a quarter of a century, was elected cashier to succeed Mr. Kepper.

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F. A. CRANDALL, Vice-President

L. P. JOHNSON, Asst. Cashier

R. V. KELLEY, Asst. Cashier

try, the board also created a new office, namely, that of assistant vice-president, which will rank next to the cashiership. R. G. Fitzgerald, heretofore assistant cashier, and G. L. Woolley, heretofore manager of the credit department, were both given this new title of assistant vice-president. F. J. Swain, auditor of the bank and E. F. LeBreton, heretofore manager of the Decatur Street Branch, were both elected assistant cashiers, and A. P. Smith, Jr., who has been associated with the trust department for several years, has been elected assistant trust officer.

President Hecht, in making these announcements, said:

These changes were made necessary by the untimely death of Vice-president Katz, and also by the increasing volume of the bank's business. It was a source of much gratification to our board to be able to fill the various positions by promotion from the ranks rather than from the outside, and each one of these changes represents a distinct promotion given as a recognition of long service and good work faithfully and consistently performed. In this connection it is a significant fact that all seven of the new officers are men who have been trained either as students or as instructors in the American Institute of Banking. One could hardly ask for any more concrete evidence of the value of systematic study and practical training than is exemplified in these deserved promotions.

FIRST NATIONAL BANK OF MIAMI IN NEW HOME

The new home of the First National Bank of Miami, Fla., which was formally opened on November 14, 1922, is a ten-story modern skeleton steel-frame structure, the equal of any other building in the South in point of strength and appearance. It is situated at the northeast corner of East Flagler street and First avenue, on the identical site where the bank began its financial existence and where it continued it through the years of the bank's growth, except the short period when the new structure was building.

The entire first floor and mezzanine of the new building are occupied by the bank. On the mezzanine are the directors' room and bank library. The building and banking quarters are modern in every detail, fire-proof and burglar proof, being equipped with the latest devices for safety and for transacting business efficiently.

When the old frame building which at one time occupied the site of the new ten-story building gave way to the bank's first home, a brick structure, it was believed that it would be sufficient for the growth of the

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bank for some time to come, but the demand for larger and better quarters made it necessary to remodel the previous building three times before the new structure was contemplated.

The First National Bank was organized in 1902 with a capital of \$50,000, deposits in that year being \$57,546.63. Since that time its capital has been increased to \$300,000 and deposits in 1922 were \$6,880,035.97.

The officers of the bank are: E. C. Romfh, president; G. B. Romfh, active vice-president; W. H. Spitzer and E. A. Waddell, vice-presidents; W. W. Culbertson, cashier; T. F. McAuliffe and J. R. Harrison, assistant cashiers.

Closely allied with the First National Bank are the First Trust and Savings Bank, First National Co., First National Building Corporation, and the Miami Beach First National Bank. They are separate institutions, yet are closely related because of having the same stockholders and practically the same officers and directors.

FEDERAL INTERNATIONAL BANKING COMPANY

Cotton Belt banks to the number of nearly 1300 are this week receiving a substantial dividend from the Federal International Banking Company, the institution which they set up with a capital of \$7,000,000 in February, 1921, to facilitate the export of cotton and other Southern products. This bank is one of only two, and is the largest, authorized under the Edge amendment to the

Federal Reserve Act to engage in banking for the accommodation of international trade. The Southern bank has furnished some \$50,000,000 trade credits of which the principal item has been approximately 400,000 bales of cotton which without this accommodation would have been difficult to market.

The business of the bank is conducted mainly upon bankers acceptances and covers transactions with every important cotton spinning country in the world. This is the first time in the history of the Cotton Belt that an institution representing the whole region has financed its major product upon a large scale.

The achievement was the subject of a congratulatory resolution by the board of directors representing the principal banks of the Cotton Belt at their quarterly meeting.

BALTIMORE TRUST COMPANY

Robert S. Shriver, John J. Buffington, T. Garland Tinsley, Theodore K. Miller, John Redwood and Archibald H. Taylor are slated for election to the board of the Baltimore Trust Company, at the annual meeting January 9, to represent a large block of stock which felt it had not hitherto received adequate voice in the affairs of the company. These new members will increase the board to twenty-four. Two of the present directors, C. Bradley Hays and G. Roy Mueller, vice-presidents, are to retire from the directorate.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

THE business record of 1922 in the central west makes much more cheerful reading than the chronicles of the preceding twelvemonth. The change for the better, great as it is, has come about not through any boom-like revival, but by a steady, wholesome upbuilding process in virtually all departments—agricultural, commercial, manufacturing and transportation. The passing of tight money and unemployment of labor as retarding economic factors have attended the approach to normal.

The peak of the borrowing demand in connection with the movement of the season's large crops has been passed without any discomfort, and while there is the usual credit expansion toward the end of the year, with an advance of about 1 per cent. from the low level of interest rates a few months ago, conditions are still comfortable. Commercial paper is being placed at $4\frac{3}{4}$ to 5 per cent., with a little of the choicest at $4\frac{1}{2}$, while bank loans are 5 to 6 per cent.

The condition of the Federal Reserve Bank gives a good indication of the remarkable progress that has been made in the last twelve months. At the end of 1921 the total borrowing of member banks was about \$195,000,000. On December 6 of this year they were \$103,000,000 after having been down as low as \$70,000,000 early in November, the minimum for the year. Reserve note circulation does not show a proportionate shrinkage. At the beginning of this year the total was \$412,000,000, while the figures for December 6 were \$405,000,000. The reserve ratio at the beginning of the year was 70.2 per cent. It rose to a high of around 85 and early this month was still up to about 80 per cent.

An encouraging feature of the situation is the fact that country banks are now reducing their indebtedness to the city institutions. No great change for the better is likely to occur until after the turn of the



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year, but with the satisfying of the demands incident to the holiday trade there should be a steady upbuilding of city balances such as took place in normal times in the forepart of the year preparatory to the call for funds in connection with the meeting of March 1 obligations.

The rural districts will not emerge this year from under the load of debt incurred in the days of high prices and speculation immediately following the war, but with another season of good crops at fairly remunerative prices the readjustment problem should be pretty nearly solved. One thing that has made for progress toward normal this year is the relatively higher



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purchasing-power of the farmer's returns from his crops. The ratio is about \$6,500,000,000 to \$5,000,000,000 in favor of 1922 as compared with 1921. In this connection it should be remembered that this year's soil yields have been produced at materially lower cost than those of the preceding year. The average wage of common labor on the farm has been reduced considerably, and the farmer's cost of living also has undergone some revision downward, although not so much as he desires or regards as fair. The effect of this betterment of conditions is seen in a slowly reviving disposition to buy general merchandise on the part of the agriculturist. There is reason to believe that the large mail order houses, after reporting decreases in their monthly sales compared with 1921 for about two thirds of this year will, when the final reckoning is made, report a net gain for the whole of 1922 as compared with their sales for the preceding year. Moreover, the amount of individual orders is larger and the purchases show a better distribution throughout the different

lines of merchandise consumed. Manufacturers of agricultural implements, who have had a year of distressing losses, due to the fact that purchasing of new tools and machinery has been meagre although sales of parts and repair have been very heavy, are beginning to see better times ahead, and their production programs for the coming year are being enlarged somewhat, while their inventory troubles are becoming less burdensome.

Steel plants of the district are operating at 75 to 80 per cent. of capacity, the highest figures reached since the beginning of the coal and railroad strikes last summer. Buying is on a large scale, led by the railroads and supplemented by liberal commitments on the part of automobile makers, users of structural material, implement makers and miscellaneous purchasers of finished materials. In the last quarter of the year orders for nearly 50,000 new cars were placed, a majority of them to be constructed in this district. In addition the railroads have been taking large quantities of material for car repairs and for the laying and maintenance of tracks. There are still many orders on inquiry in the market. Orders for steel are being booked for the first quarter of 1923 in substantial volume, and the indications are that there will not be much change in prices. For a while it seemed likely that advances would be made, but the conservative policy of the leading producer as indicated in the quotations on the one or two lines of products so far announced has caused a modification of this view.

Wholesale orders are running ahead of those for the corresponding time last year. Prices of standard textiles have been marked up moderately, but not so much as the advances in primary markets would seem to warrant, and these in turn have been passed along in a still smaller way to the retail buyer. While there is pronounced antagonism on the part of the public to upward revision these higher figures do not seem to have exerted much influence toward restraining buying. Covering of needs for spring is on a fairly liberal scale, but the merchant does not yet show much disposition to depart from his custom of the last few years of buying close to immediate wants, ordering frequently and keeping his stocks in healthy condition, ready to take advantage of any favorable turn in the markets or to avoid loss in case of an unfavorable turn.

The boom in building has been one of the

most important factors in the improvement of general business conditions. This is true of the whole district, and in particular of Chicago, the figures for which give a good idea of the volume of construction throughout the central west. Building in Chicago, as projected in permits issued, involved an outlay of more than \$210,000,000 in 1922. The number of permits issued is nearly 13,000. The record for last year was 7800 permits costing \$124,028,010. This is an increase of about 70 per cent. for 1922. New construction for the year will make available around 18,000 new apartments and 6500 residences, thus providing living quarters for about 25,000 additional families, yet the effect on rents is hardly perceptible. The fact that a high level of return on investment is maintained is doing much to spur the preparation of plans for construction next year and when it is realized that this year's increase in living quarters is only about equal to normal increase in population of the city it is easy to find ground for the belief that the activity in building will not be shortlived.

The disappearance of unemployment and the fact that the average of wages is still high point naturally to a renewal of the upward course of savings deposits. These are now well above the record figures of the early part of the year, and show a healthy increase. Investment demand is not so strong as it was a month ago, when there was a flood of new issues, many of them refunding operations at low rates of interest compared with the short-term flotations of the days of 8 per cent. coupons. Much money attracted by these tempting corporation offerings is now going back into real estate.



CONVENTION DATES

Illinois—June 26-27.

Missouri—May 22-23.

NEW LAND BANK IN OHIO

The organization has been announced of the First Joint Stock-Land Bank of Ohio, with headquarters in Dayton, which in the making of loans will cater especially to farmers in central and southwestern Ohio. The bank is capitalized for \$250,000 and has a paid in surplus of \$25,000. It has on file loan applications made by farmers in the Dayton district totaling \$1,250,000 and has



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closed loans for \$200,000. William G. Stroop, who recently severed his connection with the American Cigar Company in Dayton and who for more than twenty-five years has been actively interested in the tobacco trade in the Miami Valley, is president of the new bank.

BOATMEN'S BANK, ST. LOUIS

The statement of condition of the Boatmen's Bank of St. Louis, at December 6, 1922, showed total resources of \$25,106,010.-25, surplus \$750,000, undivided profits \$408,208.50, and deposits \$21,363,520.27.

ELECTED DIRECTORS

John A. McCormick, vice-president of the Chicago Trust Company, and Neil C. Hurley, president of the Hurley Machine Company, were elected to the board of the Independent Pneumatic Tool Company at a meeting of the board of directors.

FIRST NATIONAL OF DETROIT INCREASES SURPLUS

At its meeting on December 12, the board of directors of the First National Bank in Detroit, voted to transfer \$1,500,000 from the undivided profits account to the surplus, increasing the surplus from \$2,500,000 to \$4,000,000. The capital remains at \$5,000,000 and the undivided profits at approximately \$1,000,000.

R. M. McCONNELL

R. M. McConnell, formerly vice-president of the National Bank of Commerce, Detroit, and previously credit manager of the First National Bank of Pittsburgh and also of the Westinghouse Electric & Manufacturing Company, has become associated with Otis & Co. as manager of their Detroit office.

ELECTED VICE-PRESIDENT OF DETROIT BANK

Thirty-nine years with the same organization, in positions of unusual trust and responsibility, received recognition in the election of F. F. Christie as vice-president of the First National Bank in Detroit.

On April 20, 1883, "Fred" Christie began work as messenger in the Commercial National Bank, which had begun business only about two years before. He was gradually



J. WACHENHEIMER

Recently elected president of the Commercial National Bank of Peoria, Ill.

Mr. Wachenheimer, who has just been elected president of the largest bank in Illinois outside of Chicago, has been a member of the board of directors of the institution for many years and during the past eight years has served as vice-president. His training under the late John Finley, whom he has succeeded as president of the bank, has amply fitted him to take up the duties of executive head of the Peoria institution. Mr. Wachenheimer is well known throughout Illinois as an able banker and business man.

advanced to more and more responsible positions, becoming successively bookkeeper, receiving teller, and paying teller, and in 1907 was elected assistant cashier. A few months later in 1908, the Commercial National Bank was consolidated with the First National Bank, and Mr. Christie was continued in the position of assistant cashier with the consolidated bank, retaining that office through the subsequent merger with the Old Detroit National Bank and until the present time.

In 1917 there was established in the First and Old Detroit National Bank, a legal department, and Mr. Christie was placed in charge of the new department. With the

growth of the bank the importance of this department has steadily increased and its value has been enhanced under Mr. Christie's direction. He has become known among the banking fraternity of Michigan as an authority on the fine points of banking law and practice, and has answered all sorts of questions. His judgment has been relied on by his superiors, as well as by his associates, whose confidence he has always possessed in the highest degree.

One of Mr. Christie's prized possessions is the letter dated April 19, 1883, from the late M. L. Williams, then cashier of the Commercial National Bank, to Mr. Christie's father, telling him to have his boy "Fred" report for work the next day.

CENTRAL MANUFACTURING DISTRICT BANK

At the regular monthly meeting of the board of directors of the Central Manufacturing District Bank of Chicago, held December 6, the regular quarterly dividend of 2 per cent. was declared, and in addition an extra dividend of 2 per cent. payable January 2, 1923, to stockholders of record December 30, 1922.

The directors further voted to place the stock on a regular 10 per cent. dividend basis, payable $2\frac{1}{2}$ per cent. quarterly, effective April 1, 1923.

At the same meeting, it was voted to transfer \$150,000 from undivided profits account to the surplus account, which will make the capital at this time \$500,000 and surplus \$400,000.

The stock of the bank sold recently at \$301 a share.

NATIONAL CITY BANK DIVIDEND

The board of directors of the National City Bank of Chicago has declared the regular quarterly dividend of 2 per cent., and an extra dividend of 2 per cent., payable December 30, 1922, to stockholders of record December 27, 1922.

PRESIDENT OF UNION PACIFIC SYSTEM DIRECTOR OF CHICAGO BANK

At the November meeting of the board of directors of the First National Bank of Chicago, Carl R. Gray, president of the Union Pacific Railroad Company, was elected a director, and also a member of the

board of directors and advisory committee of the First Trust and Savings Bank.

NEW VICE-PRESIDENTS OF FIRST NATIONAL OF DETROIT

At a meeting of the board of directors of the First National Company of Detroit, held December 1, Hamilton Hadden, manager of the Eastern District, with offices at 59 Wall street, New York, was elected vice-president and Horace J. Elliott, manager of the Central District, with offices at 209 S. LaSalle street, Chicago, was also elected a vice-president.

The First National Company of Detroit is an investment banking institution organized by a group of business men associated with the First National Bank in 1915. It buys and sells government, state, municipal and corporate bonds. So rapid was its growth that a little later the Chicago office was opened and early this year the New York office was opened.

The election of these two men as vice-presidents is in keeping with its policy of progressiveness and expansion.

MINNEAPOLIS NATIONAL AND NORTHWESTERN NATIONAL BANKS IN MERGER

Through acquiring control of the Minneapolis National Bank, the Northwestern National Bank of Minneapolis has established its fifth branch office in the city. The consolidation was formally announced on December 18 by President E. W. Decker, of the Northwestern.

The Minneapolis National Bank has been recognized as the leading bank outside of the Minneapolis loop district. The new office of the Northwestern will occupy the quarters on Lake street near Nicolet avenue which have been the home of the Minneapolis National for a number of years. The former board of directors will act as an advisory board under the chairmanship of J. P. Bruer, formerly president of the bank. C. E. Hill, formerly vice-president of the Minneapolis National Bank has been made vice-president of the Northwestern National and will also devote his time largely to the affairs of the new branch. The Lake street office will be under the management of G. J. Bach, with L. H. Berg and R. E. Bostwick as assistant managers.

The acquirement of the Minneapolis National increases the resources of the North-

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Chicago and New York

Capital and Surplus
\$33,375,000



western National Bank and its affiliated concern, the Minnesota Loan and Trust Company to \$90,000,000.

DETROIT'S BANK DEPOSITS POINT TO PROSPERITY

Despite unfavorable business conditions, with extensive unemployment early in the year and various serious handicaps which retarded progress through succeeding months, Detroit achieved considerable prosperity in 1922.

This is substantially borne out by an increase of \$96,788,000 in total deposits of the sixteen downtown banks of Detroit, as revealed in comparing their published statements of condition at the close of business, December 29, with the figures presented in their similar reports on December 31, 1921.

The sixteen banks show total deposits of \$531,290,000 on December 29, 1922. Furthermore, it is a matter of interest that each of the sixteen institutions reports figures indicating a substantial increase in deposits during the year.

The deposits of each of the banks, with the amount of the increase for each are presented in the table below:

	Deposits Dec. 29, '22	Increase for year
Peoples State	\$105,335,000	\$19,125,000
First National	81,848,000	8,955,000
Wayne County & Home....	76,787,000	9,556,000
Dime Savings	46,030,000	11,252,000
Peninsular State	34,202,000	6,401,000
Nat'l Bk. of Commerce....	31,592,000	3,480,000
Bank of Detroit	26,322,000	5,401,000
Detroit Savings	26,118,000	4,280,000
Merchants National	25,440,000	8,617,000
Central Savings	22,525,000	7,736,000
American State	18,853,000	3,590,000
First State Bk. of Det....	12,761,000	2,277,000
Commonwealth-Fed. Sav....	10,299,000	2,197,000
United Savings	8,608,000	1,720,000
Commercial State Sav.	3,011,000	1,584,000
Continental bank	1,561,000	617,000
Totals	\$531,290,000	\$96,788,000

It is of interest also, to consider that the total for greater Detroit as a whole undoubtedly was substantially greater than the foregoing total as the list does not include the six trust companies in Detroit nor any of the many banks in the outlying parts of the city, or in its environs and suburbs.

JOHN FINLEY

The Commercial National Bank of Peoria, Illinois, announces the death of John Finley, president of the bank, on December 14.

STOCKHOLDERS TO VOTE ON MERGER

Stockholders of the Illinois Trust & Savings Bank and the Merchants Loan & Trust Company on January 18 and 19, respectively, voted on increasing the stock of the two institutions from \$5,000,000 to \$7,500,000 each. This is preliminary to the actual merger of the two institutions into the Illinois-Merchants Trust Company, about the middle of April, with a capital of \$15,000,000 and surplus of like amount. Stock of the Corn Exchange National Bank, which will be operated as a separate institution, will be owned by the reorganized bank.

Earnings of the three banks have been pooled since October, 1910, but they have been operated individually. It had been planned originally to have \$5,000,000 capital and \$10,000,000 surplus for each of the three banks.

This represents a change in the original merger plans. It will enable the Illinois-Merchants Trust Company to issue a capital stock of \$15,000,000 instead of \$10,000,000 as originally planned. The two state banks will deposit their capital stocks in exchange for new stock of the same amount, and inasmuch as \$5,000,000 will go to the holders of the Corn Exchange shares, the transaction will leave \$5,000,000 of new stock for the stockholders of each of the three banks, or the same as they hold at present. According to the original plan the ratio of exchange would have been only \$200 new stock for \$300 of old stock.

CLEVELAND TRUST OPENS NEW BRANCH

The fiftieth neighborhood office of the Cleveland Trust Company opened January 2. It is the Madison-West 124th office of the Cleveland Trust Company. A. R. Andress is manager of the new office which was decorated and kept open the evening of the opening day. An orchestra entertained

between 2 and 5 p. m. and 6 and 8 p. m. Souvenirs were given to all visitors.

The Cleveland Trust Company now is believed to have more branches than any other bank in the country with the exception of the Corn Exchange Bank in New York and the Bank of Italy in California. The Trust Company has more depositors than any other bank in the United States. It has 382,000 depositors or more than one third of Cleveland's population.

This newest branch is an instance of the bank's pioneering policy—to take a bank of national prestige to the people of a locality in the early stages of its greatest development, and so enable them to have at their doors the financial facilities enjoyed by downtown business men.

The Madison-West 124th Bank is the neighborhood edition of the Cleveland Trust Company. Practically any service that may be obtained at the company's main office will be available here. Commercial and savings facilities, the transaction of foreign exchange business, sending of money to all parts of the world, selling of steamship tickets, are among the many services which this institution will render this community. Advice in matters of business or personal finance if desired is always gladly given.

Every safeguard known to modern banking is provided for the protection of patrons. In addition to the more than sufficient financial protection, are the company's four unusual safeguards, as follows:

"Directors Who Direct"—every important transaction is governed by the board of directors which holds meetings twice a week.

"No Loans to Officers or Directors"—this bank believes that no person acting as trustee should transact business with himself as an individual.

"The Continuous Daily Audit"—by an officer who is independent of the officers and reports directly to the board of directors.

"Joint Control of Securities and Reserve Cash"—no officer or employee can have access to securities or reserve cash except in the presence of an auditor.



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

CAPACITY without precedent to produce agriculturally is the most heartening phase of the finances and the trade of the Western states as another year opens. The unprecedented capacity to produce is on a strong foundation, resting upon the largest cultivated areas in the history of the Western states along with great willingness among farmers and stockmen to exert themselves individually. If the financiers and economists and politicians of the world readjust economic machinery in order to make the Western states meet the most of their capacity and their willingness to produce, the year 1923 will be a great year for this territory, a year that will bring it closer to genuine prosperity than it has been for several years.

One might conclude from the numerous proposals for all sorts of aid for farmers now pending in Congress that in the Western states, where agriculture is the predominant interest of the people, the farmers there and elsewhere are lying on their backs and waiting for Washington to perform some miracles to strengthen them financially. One should not, however, gauge the agricultural industry in the West by the activities of legislators. Turn to Kansas, for example. The legislators of no other state are busier at Washington for the enactment of credit and wheat price insurance and other forms of agricultural "relief". Some of the legislators from this and other agricultural states would have the world, judging from their action, believe that they were physicians to sick patients who have no other remedies in sight and who will either live or perish as they succeed with their legislative proposals. But look at Kansas! The Department of Agriculture, in its latest official estimate, says Kansas has seeded the largest acreage on record to wheat—more than 12,000,000 acres from which, with the present condition, around 180,000,000 bushels of the bread grain are

possible. The season for seeding was extremely dry. There were complaints over low prices for wheat. The unfavorable weather increased the cost of seeding work. But Kansas pushed on to produce wheat, its principal crop, serving notice upon the world that, while it desired help in the form of the hastening of economic readjustments, it continued ready to do its part to produce.

One of the greatest, if not the greatest, assets of the Western states as the new year opens is their willingness, yes, eagerness, to produce and to struggle on in a practical way to bring back prosperity. The basis for this is the heritage of the pioneers who opened the west to civilization, the men and women who braved prairies that often were very bleak, the men and women who engaged in encounters with Indians, the men and women who refused to surrender to any hardship in their determination to make the West their home. These men and these women encountered greater obstacles, financially and otherwise, than the deflation of the past two years brought about. The pioneers won and at the same time opened the eyes of the world to the agricultural riches of the West. Their successors possess the same traits and will also win. Just how long a period they will require to win is conjectural, but victory would come in a hurry with smoothness in the marketing of the agricultural products of this section at profitable prices. Let the world only come to the Western states for farm and range products in great abundance, and these states will supply them and bring back their prosperity of old.

It is not without some perturbation that the Western states begin the new year. But there would be no perturbation if they were assured of wide markets for their harvests.

The new year inherits some sore spots financially that still await a solution. The past year was one of liquidation and of real progress financially, but liquidation is not yet complete. Banks, however, are in better shape to solve the remaining tangles of deflation. The bankers of the West earned the congratulations of the entire

country for the manner in which they worked shoulder to shoulder to meet the problems of the year and to conserve the financial resources of this territory. Time alone will reveal the full story, but it is sufficient to say that the bankers revealed strength and confidence in meeting complex problems and did not hesitate to make sacrifices on their own account for the good of their communities. The Western states that are gratified over the willingness and the determination of their producers to exert themselves in the interest of economic betterment have every reason to be equally grateful to their bankers.

At the moment money is steady in the Western states. On the whole there are now in prospect marketings of farm products that should maintain deposits around current levels. Between January and the harvest season decreases are usually the rule in banking resources, and while such changes are likely the next six months, the present outlook is that they will be comparatively small. Farmers are still frugal.

One problem, perhaps not quite so pressing but a problem of importance is the capital indebtedness of the Western states. There is less pressure for the liquidation of bank loans, but the capital obligations in the form of mortgages are a burden, especially so with low prices for farm products. If immense production will only be absorbed at fair prices, the capital debts will be met. It is well to repeat at the outset of a new year that the capital debts facing the Western states are the largest in history.

Mercantile interests feel better than a year ago. They had a better Christmas trade. They have paid off many more debts. They are reconciled to conservatism in doing business. They point to the fact that even in the sale of winter apparel in the coldest weather their customers are slower buyers, being cautious where they made large purchases hastily in the days of inflation. However, the merchants realize that such economies are placing their customers in a stronger condition financially and that in time this will be followed by a larger volume of business. The merchants for the past six months prepared for a small business, and some who did not take into consideration forced buying made necessary by prolonged economies have had more business than they counted upon. The void created by economies through the wearing out of

clothing and other articles has not yet been filled.

The live stock industry, which is first in the Western states, can point to 1922 as a year of profits. It, too, can point to efforts to enlarge production, for there are considerably more sheep and lambs on feed, more hogs in feedlots and slightly more cattle being finished for markets than a year ago. Drouth in the Southwest hit some rangemen hard when they had not recovered from the deflation in values in the preceding two years. But there were fair crops of new stock and progress was made in rebuilding the live stock industry. Feed is costing more, but prices are better than last year on live stock markets. Outlets for live stock paper show some improvement, although liquidation is not yet complete. Wool and sheep interests enjoyed the best year. Hogmen ranked next, cattlemen third, mule raisers fourth and horse interests last. The mule market has been revived by high cotton, but the trade in horses continues depressed. Marketings of live stock the past year were large, but 1923 prospects at this writing are for extensive supplies.

Grain contributed to the upbuilding of financial strength, but the markets were not without some disappointments. Wheat was affected adversely by the reduced buying power of Europe, which is reflected in a great decrease in American exports. One of the largest crops in history in Canada reduced United States exports in the last few months. The Canadian supplies are still large but not so pressing. Also, Europe did not fare well during the year in harvests, and the outlook today is that the export trade in grain will be better the remaining half of the grain crop year, which opens on July 1. Flour millers were affected by reduced European buying, and there was as a result larger competition and sharp price cutting in the domestic trade. For millers, however, the outlook is brighter today. There are liberal reserves of wheat on farms that will go into their mills or to markets direct with beneficial results to the milling business and to the financial resources of the growers. Corn and oats are higher and wheat cheaper than a year ago. Drouth in the Western states cut the corn crop short, and such producers as Iowa and Illinois, with good yields, are finding an unusual demand for that grain, taking money out of the Western states that remained at home at this time last year.

Industrially, the Western states are also

1866



1923

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richly endowed in their capacity to produce. The oil fields were extended to new areas and demonstrated greater capacity to produce the past year. The oil industry is not operating with measures to limit production for the good of the market, so there is room for improvement here. In coal, zinc, copper and lead mining, there is also room for improvement. Manufacturing plants are operating better time than last year. There is less trouble with labor, but readjustments are still due in many places.

As for legislation, the West is not as radical as might be supposed. It drifted away from cooperation during the past year. There is much friendliness toward measures to advance the wheat market, but the authors of these proposals are impelled largely by a feeling that America, as the richest nation in the world in gold, might undertake to lead the world to a higher price level on commodities with wonderfully beneficial results in accomplishing liquidation of war-time debts. Economists may look upon such ideas as visionary, but the sincerity of the West in producing warrants consideration for additional relief that is needed to accelerate the return of prosperity.

CONVENTION DATES

Kansas—at Hutchinson, May 24-25.

South Dakota—at Rapid City, June 21-23.

DENVER BANK TO INCREASE CAPITAL

At the annual meeting of the shareholders of the Colorado National Bank of Denver, Colo., on January 9, 1923, action was taken on a resolution to increase the capital stock of the bank to the extent of \$500,000, making the total capital \$1,000,000, the increase to be made by a stock dividend from the undivided profits.

BANKERS TO HELP SCHOOLS

The Utah Bankers Association has offered to aid the students in the high schools of the state in their education in the fundamental principles of banking. The association has twelve lectures that bankers in any community will be glad to present in the high schools. The state superintendent of public instruction recently sent a letter to all the superintendents in the state, urging that advantage be taken of this opportunity.

How to Succeed in the Bank

A New Book by W. R. MOREHOUSE

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So begins the first chapter of "How to Succeed in the Bank", and in the latest book of this favorite author on banking subjects he frankly discusses with bank employees such important subjects relating to daily work and daily contact with fellow workers, as salaries, promotions, fitness, punctuality, permanency, brains, work, service, personal appearance, broken promises, foolish notions and twenty or more just as interesting subjects.

Mr. Morehouse writes from experience. For twenty years he has been in close personal contact with bank employees. He knows what it takes to succeed. Beginning in 1902 as bookkeeper and janitor in a small country bank, he today occupies the position of vice-president in the Security Trust and Savings Bank of Los Angeles, with resources exceeding \$165,000,000.

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Pacific States

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Arizona and Alaska

BUSINESS OUTLOOK FOR COMING YEAR

Business men of America, with the commercial results for 1922 at hand for retrospection, are interested in analyzing the outcome of their twelve months' work, and forming plans for the future, according to P. C. Hale, vice-president of the Bank of Italy.

The early part of the year just closed did not show the same satisfactory progress in business that developed during the last six months. The gradual improvement, however, proved to be of a sustained character, culminating in an excellent volume of trade for the late fall and Christmas season. The Department of Labor reports that employment has increased to its highest point during the last three years, and this fact is demonstrated in the ability of the public to purchase abundantly. At the same time there is a general feeling of confidence in the equity of selling prices. Economy and efficiency of operation have made their appearance in all quarters, and these factors, coupled with reductions in overhead charges and improvement in management, seem the most conspicuous achievements in the channels of trade.

Prudent manufacturers, jobbers and retailers are apt to find little cause to change their general policies in 1923. Constant attention to business, and a steady hand at the wheel, suggest themselves as essential to any sustained progress. The immediate prospect is for gradual and continued improvement, but attention should be given the trend of international commerce, production statistics, and the unfilled orders for steel and other commodities, all of which bear upon future business conditions.

It appears in the main that deflation has experienced a temporary check, and the trend is now toward higher price levels. To support this view R. G. Dun & Company points out, in a current report of market conditions, that buyers from many countries, including Australia, Spain, France, the Netherlands, South Africa and Mexico, are

now in this country representing principals interested in textiles, machinery, electrical equipment, firearms, rubber goods, automobiles and other commodities. In a parallel vein the Harvard Economic Survey predicts improvements in business under the pressure of actual needs.

GIVES EXTRA COMPENSATION

Distribution of the annual holiday remembrance to the staff of the Bank of Italy in the form of extra compensation, has been announced by P. C. Hale, vice-president of that institution. Each employee who has been in the service of the bank for one year receives an extra 5 per cent. based on the annual salary paid, and for each additional year one per cent. is added, up to 10 per cent.

A special savings account is opened for each employee, and no withdrawals may be made until the amount of the annual compensation has reached the 10 per cent. maximum. In this way it is contemplated that each employee will be permitted to accumulate a sum large enough for investment or other worth while purpose.

A liberal pension plan has been outlined by the bank, as well as special benefits for sickness and disability. In addition the bank provides group insurance for its em-

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Los Angeles**

Hollywood - Long Beach - Pasadena - Glendale
South Pasadena - Highland Park - Eagle Rock
San Pedro - Huntington Beach

ployees the amount, for which each is insured varying with the length of service.

General supervision of the various plans for the bank's staff is exercised by the personnel department, directed by L. M. Giannini, assistant to the president, H. R. Erkes, comptroller and M. H. Epstein, assistant comptroller.

BANK OF ITALY ESTABLISHES WOMEN'S DEPARTMENT

Los Angeles will have its first women's banking department, directed by a woman—Miss Grace E. Stoermer, Secretary of the Senate of California—when the Bank of Italy moves into its new building at Seventh and Olive streets, shortly after the first of the year.

Under Miss Stoermer's supervision this department is being organized to furnish complete banking service exclusively for women. The staff will be entirely of women and the department itself will be located on the second floor of the building, completely separating it from the main banking lobby. Every feature of banking, including savings, commercial, trust, and investment service will be offered through this department, as well as the more specialized subjects such as home management and personal or business budgets.

Miss Stoermer, who is the first woman in the United States to hold office as Senate Secretary, is prominently identified with the civic, social and commercial life of Los Angeles. She was in charge of all women's activities here for the Republican National Committee and has been associated with the work of the Los Angeles County offices in an executive capacity. Miss Stoermer is a Past Grand President of the State organization of the N. D. G. W., as well as being active in the Los Angeles Women's Athletic Club, Business and Professional Women's Club, Civics and Philanthropy Club, and the Republican Study Club. Her coöperation in the Homeless Children's welfare work and in the movement for the restoration of San Fernando Mission, has attracted statewide attention.

It is Miss Stoermer's plan to develop through the women's banking department, many features of service that her experience in the field of women's activities has brought to her notice. In carrying out this plan, the Bank of Italy is placing at her disposal every facility of its organization.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

WITH the return of the Canadian dollar to par in terms of American funds there has been considerable analysis of the changes in international financial relations which have brought this about and also speculation as to the future trend. Banking authorities like Sir John Aird, general manager of the Canadian Bank of Commerce, and Sir Frederick Williams-Taylor, general manager of the Bank of Montreal, and president of the Canadian Bankers Association, are inclined to agree with the opinion of Canadian foreign exchange operators in New York that sooner or later the Canadian dollar will return to a substantial discount in terms of New York funds. It is pointed out that while it was to be expected that the marketing of the Canadian grain crop would improve the position of the Canadian dollar in the United States materially, the influence of this factor was abnormal. American railroads found it impossible to move expeditiously American crops and Canada benefited, not only because foreign buyers bought Canadian grain in preference to American but because American exporters were forced to buy and ship Canadian grain to fill orders. With the close of navigation then and with improvement in the American transportation a fundamental change may be looked for.

Another factor in bringing the Canadian dollar back to par has been the large borrowings in the American market this year. The influence of New York borrowing may be judged by the fact that during the past thirteen months it is estimated that Canadian securities to the value of over \$240,000,000 have been purchased in the United States and this estimate has been increased to an average of over \$20,000,000 a month for the period referred to on the basis of purchases of securities already in the market. This factor of borrowing has been much more important than the improvement in Canada's trade balance, which contrib-

uted to the support of exchange less than \$6,000,000 monthly.

Canadian exchange made its low point of 19 per cent. discount in December, 1920. At the peak of inflation the ratio of gold to Dominion Government bank notes was down to 40.4 per cent.; it rose to 50.7 per cent. in May, 1922, but fell to 46.9 per cent. in September against 66.1 per cent. in June, 1914. Speaking on the exchange outlook Sir Frederick Williams-Taylor says:

"The improvement in the position of the dollar has been brought about not so much by the improvement in our trade balance, although that is considerable, but more through the sending of special large sums into Canada and by heavy borrowings in New York on the part of Federal and Provincial Governments, Municipalities and Industrial Corporations, borrowings which have been extraordinarily easy, owing to a plethora of funds in the New York market.

"We cannot therefore, look upon our present position as permanent, and should be prepared for the possible return of the premium on New York funds."

The general business situation is improving steadily although not to the extent which had been anticipated in view of the fact that Canada has had a most bountiful harvest. Lumber, pulp and paper manufacturers, and sugar refineries all show improvement in activity. The textile industry has been well employed and the boot and shoe industry is apparently on the upgrade. The building trade has been decidedly better the country over to the gain of artisans as well as of dealers in builders' supplies. Activities in the woods on lumbering and pulpwood operations this winter will be on a much enlarged scale. There is practically no unemployment so far as those willing to undertake physical labor are concerned.

But there has not been the restoration of buying power anticipated from the great agricultural community. The grain movement out of Western Canada has been on a record basis, with congested harbor facilities on the lakes and water rates which have cut into the farmers' profits. At the same

time there is a tendency on the part of the farmers to deliver only that portion of their crop necessary to obtain enough cash to purchase supplies needed for winter. This tendency continues delays of liquidation of debt. At the same time there is growing apprehension that owing to the narrow margin between the cost of production and marketing on the one hand and the market price on the other only a small portion will remain to apply on old debts after those assumed during the season are discharged; this means limited buying power. There has been some improvement in prices for farm products but this is only comparative in relation to the extent of the slump, a slump which was not accompanied by a corresponding decline in the prices of the goods which the farmer has to buy. Now prices for manufactured goods are again advancing. The extent to which such advances can be continued under these circumstances is problematical. Industrial activity may, therefore, receive a check through the shortage of labor and advancing prices on the one hand and a relatively curtailed buying power of the agricultural producers on the other, particularly when the shortage in stocks in wholesale and retail hands which resulted from the period of sub-normal buying is made up and when necessary needs on the part of the consumer have been filled.

A further increase in call loans by the banks during October was anticipated with the continuance of the crop movement. However, it would seem that a greater increase than \$8,160,000 was expected in view of the fact that with an additional \$7,500,000 in loans abroad the banks extended their call loans in New York by \$23,700,000 with a reduction of Canadian call by less than \$2,000,000.

Despite the increase in current loans during October, the extent to which deflation has been carried on during the year is indicated in a contraction of these credits of over \$120,000,000, while a decrease of \$126,000,000 in total assets is a further indication of the same tendency.

MEDDLING WITH THE BANK ACT

With the ten year periodical revision of the Canadian Bank Act due next year, agitation for more or less radical revisions and amendments are being heard throughout the

country and particularly in Western Canada, where, as in the United States, the political element is strongly advocating something which will cheapen money for the farmers. Provincial banks or a national bank along the lines of the Commonwealth Bank of Australia are mentioned. In business and investment circles too there is a feeling that something must be the matter with the Act as constituted at present when the monthly returns made under it to the government fail to prevent the checking up of such a situation as that which would undoubtedly have brought about the collapse of the Merchants Bank had it not been absorbed by the Bank of Montreal.

Generally speaking, however, and apart from the radical elements, the confidence in the fundamental strength of the Canadian banking system has not been disturbed. It is thought that constructive amendments will have the desired effect of adjusting the system to prevailing conditions. At the annual meeting of the Bank of Montreal, the president, Sir Vincent Meredith urged against "rash experiments" and declared that certain changes suggested were so radical as to cause alarm were it not for the improbability of their acceptance by parliament.

AMERICAN AND CANADIAN BANKERS TO CONFER

American and Canadian bankers will meet in conference in Montreal, February 5, to discuss business, banking and other economic questions of common interest to the Dominion and the United States. This announcement has been made by the American Bankers Association which has appointed a Committee on Canadian Relations to confer with a similar Committee on American Relations appointed by the Canadian Bankers Association.

The call for the conference is the outcome of action initiated at Montreal last July by the Administrative Committee of the American Bankers Association, which met there as guests of the Canadian Association. The contacts developed at that time between Canadian and American bankers developed the feeling that there were a number of problems affecting the two countries in the solution of which it was felt that bankers could take an effective part. It was felt also that there was opportunity to promote greater mutual understanding among the business public of both countries of each other's viewpoints.

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David R. Forgan, president of the National City Bank of Chicago, is chairman of the American committee. The other members are Frank W. Blair, president Union Trust Company, Detroit, Mich.; E. C. McDougal, president Marine Trust Company, Buffalo, N. Y.; W. D. Vincent, president Old National Bank, Spokane, Wash.; Daniel G. Wing, president First National Bank, Boston, Mass.

The Canadian committee is headed by Sir Frederick Williams-Taylor, president of the Canadian Bankers Association and general manager Bank of Montreal, Montreal, Quebec. The members of the committee are as follows: C. E. Neill, general manager Royal Bank of Canada, Montreal; E. C. Pratt, general manager Molsons Bank, Montreal; H. A. Richardson, general manager Bank of Nova Scotia, Toronto; Sir John Aird, general manager Canadian Bank of Commerce, Toronto; C. A. Bogert, general manager Dominion Bank, Toronto.

IMPERIAL BANK OF CANADA

With a change in the fiscal year to end with November 30, the annual report of the Imperial Bank of Canada covers only six months, the earnings for that period of \$638,003 being just slightly more than half the total of \$1,265,839 reported for the previous year. After appropriations for dividends and pensions and an increased proportionate amount for taxes, the sum of \$250,000 was set aside as a reserve against contingencies. The result was that the balance was reduced from \$1,175,178 to \$1,006,931. Following are comparative figures:

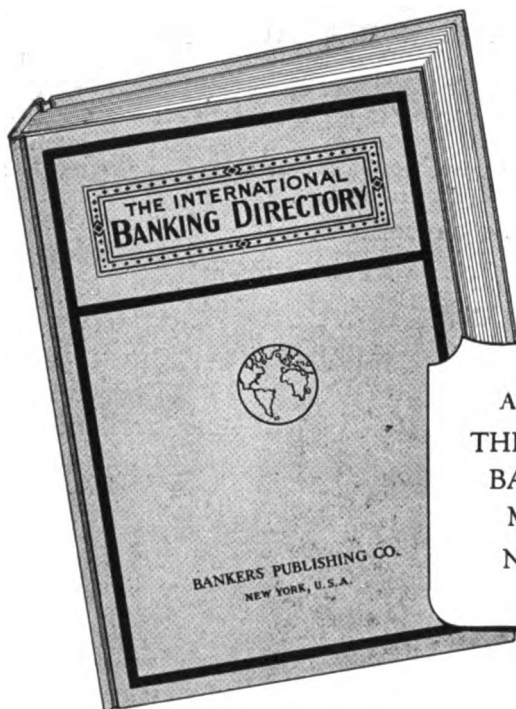
	*1922	1921-22	1920-21
Net prof.	\$ 638,003	\$1,265,839	\$1,287,061
Bal. for.	1,175,178	1,171,839	1,062,278
	\$1,813,181	\$2,437,678	\$2,349,339
Dividends	455,000	910,000	910,000
Pension fd.	21,250	42,500	142,500
Taxes	80,000	110,000	125,000
Premises		200,000	
Contingent	250,000		
Balance	1,006,931	1,175,178	1,171,839
	\$1,813,181	\$2,437,678	\$2,349,339
Earn. on cap.	*9.11	18.07	18.38
%Earn. rate	*4.0	8.1	8.3

* For six months.

‡ On aggregate of the average capital, reserves and balance forward.

STATEMENT OF THE UNION BANK

The statement of the Union Bank of Canada for the fiscal year ended November 30, 1922, reveals a strong liquid position. The bank's resources aggregate \$143,218,484. Of this total \$67,014,032 represents quick assets, this item being 53.49 per cent. of the bank's total liabilities to the public. Net profits were \$1,181,060, being equal to 14.14 per cent. on capital. From earnings, the usual 10 per cent. dividend was paid and the sum of \$300,000 reserved for contingencies. The usual contribution of \$10,000 was made to the Officers Pension Fund and the Federal War Tax on bank note circulation satisfied to the amount of \$79,570. A balance of \$483,175 has been carried forward. Current loans in Canada total \$54,756,231 and demand loans in Canada secured by grain add a further \$7,632,876 to the aggregate. Deposits total \$108,249,876.



*A Directory of
the Banks of
the entire World
under
one Cover*

ALLIED WITH
THE
BANKERS
MAGAZINE
New York

Bankers, Exporters and Importers

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NEW DIRECTOR BANK OF MONTREAL

The appointment of James Stewart of Winnipeg as a director was made at the annual meeting of the Bank of Montreal on December 4. Mr. Stewart is a member of the new board of directors of the Canadian National Railway System, on which he will represent the prairie Provinces, and is well known as a leading authority on grain marketing.

BANK OF MONTREAL

The annual report of the Bank of Montreal indicates the extent to which the large volume of business of the Merchants Bank was retained following its absorptions. The savings deposits, to quote a single item, show an actual gain in the period of over \$33,500,000. And that, too, when for a time savings deposits were decreasing in nearly every direction. The merger with the Merchants, then, after a test of nearly one year, may be viewed with equanimity. Profits are far higher than the increased capital stock required in the way of dividends, and evidences are abundant of a vigorous "house-cleaning" in certain departments of the absorbed bank's operations, which has been accomplished without undue disturbance of either bank's relations with commercial clients.

Certain items stand out with some marked variations that invite comment. These may be grouped as follows, the combined figures of the two banks being quoted as of October 31, 1921:

	1921	1922
Savings	\$407,343,000	\$440,870,000
Demand deposits.....	131,084,000	164,747,000
Specie	29,690,000	47,244,000
Circulation	45,619,000	41,552,000
Dom. notes	69,098,000	77,293,000
Cl. ins. in Can.	8,791,000	7,470,000
Cl. ins. abroad	100,530,000	127,221,000
Commerc. loans	291,016,000	244,374,000
Overdue debts	1,771,000	1,038,000

Comparison of two Banks with Single Total Now

	—October 31, 1921—		Total	October 31, 1922
	Merchants	B. of M.		B. of M.
Circulation	\$13,994,475	\$31,624,820	\$45,619,295	\$41,552,882
Dem. dep.	42,466,444	88,618,100	131,084,544	164,747,019
Time dep.	89,407,882	317,935,871	407,343,753	440,870,730
Specie	4,068,097	25,622,287	29,690,384	47,244,865
Dom. notes	6,471,413	62,627,291	69,098,804	77,293,325
Dom. Gov. Sec.	11,379,450	26,584,002	37,963,452	33,484,231
Can. Mun. Sec.	9,546,084	21,207,206	30,753,290	21,714,461
Ry. Sec.	5,112,521	3,010,402	8,122,923	3,019,781
Call loans, Can.	6,970,565	8,791,516	15,762,081	7,470,419
Do., elsewhere	3,571,576	96,959,413	100,530,989	127,221,435
Curr. loans, Can.	106,345,706	184,670,289	291,015,995	244,374,880
Overdue debts	1,189,957	581,482	1,771,434	1,038,711
Bank premises	4,623,312	5,500,000	10,123,312	10,600,000
Total liabilities	165,185,708	470,785,915	635,971,623	657,137,486
Total assets	185,415,494	517,403,162	702,818,656	713,569,566

Profits show up at a new high figure, high relatively even with the absorption of the other bank, \$4,756,668 as against \$3,949,796 in 1921. The distribution indicates the strong surplus.

Profit and Loss Account

Profits	\$4,756,668	\$3,949,796	\$4,033,995
Stock premises.....			1,000,000
	\$4,756,668	\$3,949,796	\$5,033,995
Prev. bal.	1,501,646	1,251,850	1,812,854
Totals	\$6,258,314	\$5,201,646	\$6,846,850
Loss:			
Dividends	\$3,657,500	\$3,080,000	\$2,960,000
To rest.	1,050,000		2,000,000
Dom. tax	491,999	220,000	210,000
Premises	500,000	400,000	425,000
Tot. due	\$4,649,499	\$3,700,000	\$5,595,000
M. B. st'k*			\$4,200,000
To rest.	4,200,000		
Balance	\$1,608,815	\$1,501,646	\$1,251,850
Totals	\$6,259,314	\$5,201,646	\$6,846,850

*—Capital stock of the Merchants Bank of Canada in excess of the value at par of the capital stock of the Bank of Montreal issued and cash paid therefor.

STRONG LIQUID POSITION OF ROYAL BANK

The annual statement of the Royal Bank of Canada for the fiscal year ended November 30 discloses the strong and sound position of the bank. With its large and complete organization throughout the Dominion, the report of the Royal Bank of Canada reflects in a special manner the general conditions of the country. On this account there will be satisfaction to find that following the readjustment period for industry and trade, the general trend of business is evidently on the upgrade.

Of the greatest importance from the public standpoint is perhaps the manner in which the savings deposits have been maintained in the face of lessened industrial activity. The substantial total of these deposits indicates that a very great propor-

tion of the people have been adding materially to their savings. This is a healthy sign, particularly in view of the large amount that small investors have placed in Victory Bonds during the past few years. Total deposits amount to \$372,003,961, of which \$277,595,882, bear interest.

The bank has fully maintained its usual strong liquid position, the percentage of actual cash on hand and in bank to liabilities to the public being 29.20 per cent. Of total assets of \$479,362,366, liquid assets are \$216,048,331, being 49.37 per cent. of liabilities to the public. Of this amount cash on hand and Dominion notes total \$63,935,920. Other principal items included in the liquid assets are call loans on bonds, debentures and stocks of approximately \$48,000,000; cheques on other banks \$20,573,642; balances due by banks and banking correspondents \$27,893,715; Canadian Municipal Securities and British Foreign and Colonial Public Securities, other than Canadian \$7,901,927, Railway and other bonds \$13,462,068.

The Profit and Loss Account shows that profits have been well maintained, the total for the year after deducting charges for management, accrued interest on deposits, making full provision for all bad and doubtful debts, having amounted to \$3,958,469, which equals 19.40 per cent. on the capital. This amount, added to the balance of Profit and Loss carried from the previous year, made the total amount available for distribution \$4,863,514. From this was paid in dividends and bonus \$2,856,000; there was transferred to Officers Pension Fund \$100,000; appropriation was made for Bank Premises of \$400,000; Reserve for Dominion Government Taxes, including War Tax on Bank Note Circulation \$500,000; leaving an amount to be carried forward to Profit and Loss of \$1,007,514.

That the Royal Bank of Canada has come through the period of business depression in such splendid shape is an evidence of the stability of our Canadian banks and of the business sagacity of those in charge of them.

CANADIAN BANK OF COMMERCE

The annual statement of the Canadian Bank of Commerce for the year ended November 30, 1922, shows the following figures:

Balance at credit of profit and loss account, brought forward from last year, \$1,-

946,745; net profits for the year ended November 30, after providing for all bad and doubtful debts, \$3,002,435; total, \$4,949,180. This has been appropriated as follows:

Dividends Nos. 140, 141, 142 and 143, at 12 per cent. per annum, \$1,800,000; bonus of 1 per cent. payable December 1, \$150,000; Dominion and Provincial Government taxes and tax on banknote circulation, \$325,000; written off bank premises, \$400,000; transferred to pension fund, \$176,678; balance carried forward, \$2,097,502; total, \$4,949,180.

MONTREAL TRUST'S NEW DIRECTORS

Sir William Price of Quebec and Charles B. McNaught, Toronto, have been elected directors of the Montreal Trust Company.

BANK OF TORONTO STATEMENT

The Bank of Toronto statement as of November 30, 1922, shows immediately available assets of \$40,752,532, equal to 49.46 per cent. on liabilities to the public as against 47.42 per cent. in 1921. Loans are at \$49,550,374, a reduction for the year of \$4,349,124, which reflects the continued deflation of business following the war, as shown in the decrease of all banks for the same period of \$104,471,456. Bank premises account shows a reduction of \$92,167 for the year. Notes in circulation at \$6,895,178 show an increase for the year of \$452,125, owing largely to the increase requirements of notes in connection with the unusually heavy crop movement. Deposits are at \$78,678,757 and show a decrease of \$5,288,220 as against a reduction in all banks of \$96,073,321 for the same period. Profits at \$878,762, at the rate of 17.57 per cent. on paid-up capital are \$47,363 less than the previous year. These with \$1,087,479 brought forward from the previous year, provide the sum of \$1,916,241 for distribution. The usual dividends at 12 per cent. aggregating \$600,000 were paid, \$80,000 reserved for accrued taxes, \$25,000 transferred to officers pension fund and \$150,000 written off bank premises, leaving \$1,061,241 to be carried forward in profit and loss. This sum, with the rest account of \$6,000,000 provides a total surplus of \$7,061,241 with paid-up capital of \$5,000,000.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SEVENTH YEAR

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Restoring the World's Equilibrium

THAT the world has not righted itself after the elapse of the few years which have intervened since the end of the Great War need occasion neither surprise nor alarm. Nothing short of the miraculous could have healed the wounds of the terrible conflict in so short a period. As a matter of fact very great progress has been made on the road towards recovery. This progress has perhaps received much less attention than it has deserved, and it would no doubt serve a useful purpose and afford much encouragement and ground for hope if the leading facts indicating this progress could be collated and broadly published for the world's information. Production and trade have shown considerable tendencies towards recovery, though not to the extent desired and which might have been reasonably expected. The rebuilding of the devastated areas in France and Belgium has restored large regions to an appearance of their former prosperity. One reason why production and trade have not increased lies in the fear which the various nations entertain as to what may happen to them on account of cheaper labor and depreciated currencies in some of the countries most seriously affected by the war. Tariff and trade barriers of various kinds have been set up as a means of defense against these real or fancied dangers. Perhaps in no recent epoch of modern civilization have there existed so many and such formidable obstacles to international intercourse. Wisdom would seem to have indicated a contrary policy. At the best, under the conditions which the war brought about, international trade and enterprise would have encountered sufficient difficulties; but, as if these were not enough, the various countries of the world seem to have exercised their utmost ingenuity in devising and enforcing fresh obstacles. Any one who does business with foreign countries or who travels in them will readily recognize the truth of what has been said.

Another hindrance in the work of restoring the world's equilibrium is to be found in the reaction from a ground of common interest which prevailed among the Allies during the war towards a policy of isolation if not of actual selfishness and veiled hostility. We ourselves have not been exempt from this reproach. From very

high official circles we have been lately advised that each nation must bear its own burdens. There is, however, higher authority for the obligation of bearing one another's burdens. Whatever our disposition may be, the fact remains that we shall have to bear these burdens whether we will or no. We are bearing them, and shall continue to do so for generations to come. They can not be escaped.

There is yet another hindering circumstance that postpones the approach to more normal conditions throughout the world, and that consists either in failure to realize an unwillingness to face what is the real heart of the existing problem. This has been stated in these pages before, but it will bear repetition.

The real heart of the world problem today lies in the economic and military fear of Germany on the part of France.

Until we ourselves and other nations understand this fact, and shape our actions accordingly, there can be no solid progress made towards recovery in the economic and political conditions of the world. We may shrink from the military alliance which a recognition of this situation foreshadows, and may be unwilling to afford more than a moral guaranty that we mean to remain by the side of France to protect her against German invasion. It is, of course, unthinkable that Germany can always be kept in a position of economic slavery, or that she should not ultimately recover a considerable amount of her former military strength. But against the dangers to France which the economic and military recovery of Germany entails we, in concert with other nations, must afford to France dependable protection.

An international loan to Germany, stabilization of the mark and various economic expedients, however desirable they may be and however immediate their necessity may be in order to prevent the collapse of Germany, fail utterly to go to the heart of the European problem. Having this knowledge, as the Government of the United States must have if its diplomatic representatives are not blind, why should we longer fail in the recognition and performance of an obvious and inescapable duty?

Taxation of Bank Capital Invested in "Tax-Exempt" Securities

THE comfortable belief that a bank, by investing its capital in United States bonds or in "tax-exempt" securities, can escape taxation has been rudely jarred if not entirely upset by a recent decision of the Supreme Court of Oklahoma which has been sustained by the Supreme Court of the United States. This con-

tention is by no means a new one, and the decision itself perhaps represents no novel departure in the rules applicable to bank taxation. The gist of the decision seems to be that a bank can not escape a capital or franchise tax by the simple expedient of investing in securities which, as personal property, are themselves exempt from such taxation. It will be seen that, were the rule otherwise, the banks could substantially avoid a capital tax. All they would have to do would be to invest their entire capital in United States bonds or in securities not subject to taxation by state laws.

The effect of this decision will be to reduce somewhat the popularity of both United States bonds and state exempt securities as bank investments. Whether or not it will cause the banks to dispose of their large holdings of United States bonds, remains to be seen. Should it have this effect the funding operations of the Government might meet with serious interference. The National banks hold Federal securities aggregating some \$2,400,000,000, and should these be thrown on the market the effect on the Government's credit would be very serious. Of course, the question remains, if the banks can not escape taxation by investing in securities of the character indicated, whither shall they flee for aid? They will be taxed anyway, even if they sell their United States bonds and other supposedly exempt securities. But then they may prefer to do this, if other good securities or commercial paper yield better returns. The bonds have considerable advantages on account of their safety and the fact that, generally speaking, they are readily marketable.

Should there be any general tendency on the part of the banks to sell their Government bonds, Congress may again find it necessary to revive the law which formerly made it obligatory for all national banks to invest at least part of their capital in such securities. Another way of meeting the difficulty would be for Congress to make a specific exemption from taxation of the capital of national banks when invested in bonds of the United States.



Strange Counsel From an Exalted Source

FROM the highest official source in the land—the White House—there issued recently some counsels that must have caused great astonishment to many Americans; that is, if we are not all so accustomed to strange things that our capacity for being astonished at anything has not been completely exhausted.

This statement was not put in precise language, and therefore it can not be quoted. But, in substance, it was to the effect that the people of this country were now in a far more comfortable position

than they would have been had they actively mixed in the troubled affairs of the world.

Before examining this doctrine negatively, it may be well to consider what can be said in its favor. In the first place, the motive that prompts this mental attitude may be entirely praiseworthy, namely, to guard the public welfare against the dangers of ineffectual meddling in the affairs of other nations. We might, indeed, have frittered away our strength and impaired our influence by mixing in controversies which were not our direct concern and where we could not, in any case, have been of any real service. The duty of safeguarding the welfare and interests of our own people is one with which the President, as the chief upholder of the Constitution, is specifically charged. He is not elected to care for other nations, but for the United States.

An official view of the character indicated is readily understood. But whether this view should generally prevail, and come to be recognized as the definitive policy of the United States, is another matter altogether.

Today the outside world may be likened not inaptly to a city on fire, with the United States separated from the conflagration by the oceans and the intervening distance. We shall the most certainly assume our immediate comfort by relying on our geographical isolation for protection. But should the conflagration continue unchecked, in time we should suffer, for the people of these distant lands trade extensively with us. This is the least important consideration. Could we, before the conflagration has resulted in complete desolation and ruin, render effectual aid in preventing its further spread, ought we not for our own self-respect and on humane grounds alone do everything in our power in helping to put out the fire?

This counsel of taking comfortable ease amid the agony of a troubled world should not go unchallenged. Fortunately, it does not promise to become the rule by which our future world relations are to be shaped.



New Proposals for Farm Credits

ALTHOUGH preferential treatment is given in the Federal Reserve Act to farm credits, and a system of land banks is already in successful operation, fresh proposals are being urged for the creation of agricultural credit facilities. Since the "farm bloc" is powerful in Congress, these proposals are likely to be favorably received. If they are carried out in a way safely to afford any additional facilities for such credits that may be found

necessary or desirable, the whole country will gain in the end. But the very fact that the farmers have this power in Congress, and that they seem to repose rather too much faith in what the Government may do to make credit easier for them, should beget caution in dealing with these proposals. The opinion has been expressed that the farmers of the country are suffering now from too much credit rather than from a lack of it. However this may be, care should be exercised in framing fresh legislation on the subject, or we are liable to witness an inflation in agricultural credit that will lead to disaster.

It is no doubt best, if additional farm credits are really needed, that the means of providing them should be created independently of the Federal Reserve Banks. Probably the lengthening of the term of agricultural paper available for rediscount at the Federal Reserve Banks has been carried further already than is consistent with the preservation of the liquid character of these institutions. It is a classical maxim in banking that bills of exchange and mortgages should always be distinguished from one another. A new maxim might be appropriately invented declaring that the difference between self-liquidating commercial bills and long-term warehouse receipts should always be kept in mind.

It is a desirable ideal that agriculture should have credit facilities as adequate as are those provided for manufacturing and merchandising. It is not quite clear that this equalization of credit facilities depends so much on legislation as upon the differing character of agriculture itself. Nevertheless, if Congress can safely extend the means of providing farm credits, this should be done.



Defense of the Federal Reserve Banks

IN an address delivered some time ago, the Governor of the Federal Reserve Bank of Philadelphia called attention to the fact that there were influences at work tending toward the destruction of the Federal Reserve System, and urged the business men of the country to counteract these influences. Governor Morris outlined the system of banking which prevailed before the enactment of the Federal Reserve Law, and showed the important changes which that legislation produced. He also pointed out the fact that twice in the history of the country successful political attacks had been made on banks established under Federal authority. He declared that "what has happened twice may happen a third time". To the business men of the country he addressed this counsel in regard to maintaining the Federal Reserve System.

"Let it be known that you are absolutely opposed to any repeal of the act or to any statute that would destroy or impair the independence and the utility of the system, and that you will consign to political oblivion any politician who endeavors to inject politics into it, or who for political reasons seeks to burden or hamstring it."

This counsel might be more easily followed were the provisions of the Federal Reserve Act different. In the first place, since the earnings of the Federal Reserve Banks go largely into the public coffers, it is rather too much to expect of human nature that this juicy plum would not be made an object of political contention. And since the members of the Federal Reserve Board are all political appointees, it is difficult to see how politics can be kept out of the system. The very fact that the banking system of the country is so closely linked up with the Government, and therefore with politics, has already laid the Federal Reserve System open to political attacks of the severest kind.

It might be thought that the great services which the system renders to the country would afford a guaranty against successful political attack. But such considerations did not prevent the downfall of the first and second banks of the United States; and, as Governor Morris points out, what has twice happened may happen again. There is opinion to the effect that the result of our last election was due to some extent to dissatisfaction with the deflation policy of the Federal Reserve Board. Thus the credit operations of the banks are to be made subject to political pressure. It hardly need be pointed out that great danger inheres in such a situation. But we have made the mistake of linking up our banking system with the Government and must abide the consequences until public opinion can be brought to understand that banking operations should be completely divorced from Government control.



Arbitration of International Trade Disputes

THE announcement that twenty-seven nations have arranged for representation on an international tribunal for arbitrating commercial disputes, in accordance with a plan worked out by the International Chamber of Commerce, is of great importance. Not only will the successful carrying out of such a plan tend to reduce friction arising in international trade, to obviate delays incident to court litigation, and to avoid expense and losses, but it may have an important influence in avoiding wars. Commercial disputes have been frequent causes of arousing that international

hostility which leads to war. It is hoping too much to look for an immediate cessation of war through this reasonable example afforded by the business men who live in the nations assenting to this method of settling commercial controversies, although the example is one whose extension to political matters may be reasonably inferred from its successful application to business disputes. Every case settled by an appeal to the judgment of able, disinterested and upright men, tends to discourage any other method of settlement in those instances where the disputant is honestly convinced of the justice of his claim. Such instances are no doubt overwhelmingly in the majority. The few who are dishonest or tricky will not be willing to submit their claims to impartial consideration, but will seek through force or chicanery to gain their unjust ends. But if the plan of arbitration of commercial disputes of an international character proves successful, those who are unwilling to accept this method of settlement of disputes will come in time to find themselves outside the pale of the respectable international trading community.

The disturbances occasioned by the war have rendered international trade vastly more difficult than before, and there is therefore urgent necessity for the adoption of some plan whereby the present friction and the resulting losses may be diminished. Arbitration of the character indicated has been employed already between the traders of North and South America to an extent which encourages the belief that the plan may be successfully extended to other parts of the world.

In carefully working out a plan of this character and in securing in advance the assent of so many nations to it, the International Chamber of Commerce has performed an invaluable public service.



Alleged Judicial Partiality Toward Capital

THE charge that the courts of this country have shown partiality towards capital, made by the American Federation of Labor, is one that should be carefully examined. This charge declares: "Our courts have gradually and constantly usurped the functions of regulating industrial relations generally and of the associated activities of the wage earners in particular." It is further said: "In the great industrial struggle of the past year, as in former years, employers have found our courts ever ready and willing to throw the forces of the state on the side of capital and against that of labor."

If these charges are true, they constitute a very serious indictment of the American judiciary. But in considering their accuracy

it must be borne in mind that these criticisms probably arose from the fact that some of the labor organizations had been frustrated in their attempts to carry out certain illegal programs by the interposition of judicial injunctions. Under such circumstances their opinion of the courts is not likely to be without bias.

It is not the labor organizations alone that betray impatience with court proceedings. Some of the great corporate organizations have found their activities checked by injunctions, and they are frequently brought up for violations of the anti-trust laws. Probably the labor organizations and some of the great capitalistic organizations could hold a convention and agree on a platform denouncing the courts, although the denunciations might proceed from a different basis.

The real question at issue would seem to be this. Do the people of the United States, independently of their affiliations with organizations of either capital or labor, perceive any evidences of that partiality which these charges assert?

Probably, so long as our courts shall be composed of men of great learning and probity, it will not be necessary to curtail their functions by constitutional amendments such as the American Federation of Labor suggests.



Industrial Service of Banks Described

THE great expansion that has taken place in recent years in the scope of commercial banking in this country through the establishment of business service departments by leading national banks and trust companies was described by Alston H. Garside, manager of the industrial service department of the Merchants' National Bank of Boston, in a radiophone lecture delivered on January 22, under the auspices of Tufts College and broadcast from Station WGI, Medford Hillside. The larger banks of this country, said the speaker, are today rendering many services which only a few years ago would have seemed entirely unrelated to the business of banking. Through what they term their industrial service, commercial service or business promotion departments the banks are aiding business men in finding new markets for goods, in analyzing business conditions, in laying out selling policies, in adjusting

wage rates—in solving, in brief, whatever problems arise in the conduct of business.

"The work of a bank's service department is highly varied, for it covers all phases of all lines of business," said Mr. Garside. "A shoe manufacturer, finding labor conditions unsatisfactory in the town where he is located, decides to move elsewhere, and asks his bank to find a vacant factory for him. A dealer in factory supplies, having become the distributor of a new machine for use in paper mills, asks for a list of leading manufacturers who would be interested in his product and for letters of introduction to some of them. The president of a large business house, having to deliver an address at a trade convention, requests certain statistics for his speech. Such inquiries as these form the regular daily grist of a bank's service department."

Prominent in Anglo-American Finance



MONTAGU C. NORMAN
Governor of the Bank of England



SIR ROBERT HORNE
Former Chancellor of the British Exchequer



SIR AUCKLAND C. GEDDES
British Ambassador to the United States

Mr. Norman accompanied the British Debt Commission to this country as a member, while Sir Robert Horne was recently here on an unofficial visit

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DAVID A. REED

United States Senator from Pennsylvania

SENATOR DAVID A. REED, of Pittsburgh, whose recent and widely commented upon speech in the Senate on the invasion of the Ruhr is printed on other pages of this issue of THE BANKERS MAGAZINE, was recently appointed by Governor Sproul, of Pennsylvania, to fill out the unexpired term of the late William E. Crow. Senator Reed, a Republican and world war veteran, is the fifth senator Pennsylvania has had within the short space of ten months, owing to the deaths of former Senators Knox, Penrose and Crow. Senator Reed is the Republican nominee for the regular term. Senator Reed has the distinction of being the youngest man in the Senate save one and he is the second soldier of the world war to become a member. He is a lawyer, having made a special study of the workman's compensation legislation and is the author of such a law in Pennsylvania. He is a graduate of Princeton and the University of Pittsburgh.



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CHELLIS A. AUSTIN

President The Seaboard National Bank, New York

CHELLIS A. AUSTIN became president of the Seaboard National Bank, April 1, 1922, when the Seaboard and the Mercantile Trust Company merged into one institution. He is a native of Vermont and was born in 1876. Mr. Austin started out as a clerk in the president's office of the Erie railroad and afterwards became night yard clerk, night yard master and later was promoted to train master of the Lehigh Valley Terminal Division at Jersey City. In 1911, he resigned to become associated with the new business department of the Columbia Trust Company, New York. He was elected vice-president of that company in 1916 and upon the organization of the Mercantile Trust Company the following year, became its president.

The Plight of the Northwest Farmer

Minneapolis Banker Says American People Have no Conception of Seriousness of Situation

An Interview with John F. Sinclair by Carl H. Getz

THE Pacific Northwest farmer is in desperate straits. And no one knows it better than his banker. At first the farmer appealed to Congress. Today the representative of 800 country banks is making frequent trips to Washington demanding immediate legislation to help a drowning industry.

The leader of this new country-bankers-farmers' movement is a Minneapolis banker and business man, John F. Sinclair. He is a young man in his thirties—but already he has had a dozen years of business experience as president of a large banking organization which is extensively interested in the different states of the Middle West. He knows what the problems are, for he has been on the ground and has seen them develop.

But let this young banker, who in thirty days has joined more than 300 country banks together, in an aggressive political and financial movement, tell the story:

"The American people have no conception of the seriousness of the situation in Minnesota, the Dakotas and Montana. And these four states are typical of a dozen other middle-western and far-western agricultural states. Look at these facts taken at random from the results of two surveys made recently by the bankers of those four states and by the Federal Reserve Bank of Minneapolis. These surveys cover 388,482 farms having a total acreage of 72,250,000 acres of improved land.

"Mortgages have been foreclosed on 37 per cent. of the farms in Montana.

"Read that a second time to grasp its full significance.

"In a period of a year there have been 328 farm bankruptcies in 90 communities in Minnesota, 743 in 97 communi-

ties in North Dakota, 291 in 57 communities in South Dakota and 182 in 27 communities in Montana.

"These numbers would be much larger were it not for the fact that the bankers are advising farmers to hold on—that Congress will enact legislation to meet the emergency.

"During the last year eighty-seven farmers committed suicide in twenty-nine communities in North Dakota, thirty-four in twenty-six communities in Minnesota, thirty-two in fourteen communities in South Dakota and fifteen in four communities in Montana.

"In two years taxes have increased 77 per cent. in North Dakota, 42 per cent. in Minnesota, 35 per cent. in South Dakota and 26 per cent. in Montana.

"In some sections of Montana *seventy* per cent. of the farms have been deserted.

"Two thousand thirteen farmers have moved away from twenty-eight communities in Montana in a period of a year. 1763 from forty-one communities in South Dakota. 1717 from fifty-six communities in Minnesota and 1677 from ninety communities in North Dakota.

"Land tenancy is on the increase.

"The total taxes in these four states increased from \$99,009,417 in 1916 to \$206,141,731 in 1921.

"County expenses doubled.

"City and town maintenance costs almost doubled.

PAYS MORE FOR EVERYTHING; RECEIVES LESS FOR PRODUCTS

"In addition everything that the farmer buys is higher while the prices he receives for his farm products are getting lower and lower. For example,

on September 11, 1922, the average price of sixty-one scattered grain shipping points for the best No. 1 Northern hard spring wheat was 93.3 cents. What did it cost to raise it?

"Complete cost records of 127 North Dakota farms in 1921 showed an average cost of wheat production of \$1.43 net per bushel. These farms were scattered over thirty-one counties, well distributed both east and west, and represent a fair average of farm operations in the State. The average yield per acre was 9.05 bushels. If one computes acreage cost and returns—a better and more reliable method—we find that in each of the grain growing states, the cost of production in both 1920 and 1922 exceeded by from 50 per cent. to 100 per cent. of the price which the farmer received for his grain.

"No one feels this whole situation more keenly than the country banker. To save himself as well as the farmer he has taken up the farmer's battles. Then, he has this to contend with:

"The farmer is overburdened with too much debt. He cannot pay interest on what he now owes, due solely to too low prices he is getting for his products and for the high prices he pays for everything he buys. The man who says the farmer needs more credit when he can't pay what he already owes, isn't speaking for the farmer of the Northwest. What he wants is the assurance of a price for his product which will give him a profit on his product and a decent living.

NO FARM PAPER LIQUIDATED IN LAST TWO YEARS

"Bank loans in the Northwest are frozen tight. Upon June 30, 1921, the aggregate deposits of all the banking institutions in the four states of Minnesota, North Dakota, South Dakota and Montana were \$1,375,069,000. Their loans and discounts were \$1,219,819,000. On June 30 of last year, their deposits were \$1,408,114,000 and their loans and discounts were \$1,195,413,000. The increase in deposits was nominal amounting to 2.4 per cent. and

the decrease in loans and discounts was even less important, amounting to \$24,406,000 or 2 per cent.

"This liquidation of \$24,000,000 came from the cities where many firms had been contracting their businesses and credits during the past three years. It is quite generally agreed that there has been no legitimate liquidation in farm paper during the past two years. It is true that the large city banks may show an artificial liquidation, caused by compelling the small country bankers to transfer their debts from them over to the War Finance Corporation. This arrangement helped the large city banks to liquidate, with the help of the War Finance Corporation, a very large per cent. of their slow and doubtful farmers' paper which was held by them as collateral to country bank obligations.

"The War Finance Corporation did help the large city banks unload a great deal of frozen agricultural paper but it left the farmer and the country banker in exactly the same position except for a slight reduction in interest rates as they were in before the passage of the Act. Country bankers do not condemn the Act but they do want it clearly understood that the War Finance Corporation Act was a big bankers' bill and not one designed to aid materially either the country banker or the farmer.

"Based on the Department of Labor index figures for wholesale prices covering 404 articles and making an average of these, the farmer should be receiving \$1.63 for his No. 1 Northern Spring wheat on the Chicago market instead of \$1.25 which he received as of November 1, 1922. Since that time wheat has gone down to \$1.20. Department of Agriculture reports show that the farmer based on purchasing power, is receiving approximately forty cents a bushel less for his wheat now than he should be receiving.

"It is pertinent to ask right here just why the prices of farm products are so low when the price of everything which the farmer is purchasing is almost at war levels. An analysis of the economics of the situation will reveal the

fact that the ten year average of 6.4 per cent. of the grain which we send abroad to meet the general trade price level of the world in competition with the products of the cheaper lands and labor of other countries, with the peons, the Hindus and the peasants of Europe, automatically fixes the price of the remaining 94 per cent. of these crops which we consume here.

SIX PER CENT. SURPLUS CAUSE

That 6 per cent. is the cause of the most tragic difficulties which face 11,000,000 American farmers today. Why?

"Fast decreasing purchasing power of European currency, restricting trade through tariff walls, the forcing of cheap labor and materials in competition on the world market and no gold to exchange for goods. And so the price we receive for this 6 per cent. goes lower and lower and the price which the American farmer gets for his 94 per cent. goes lower and lower until today farmers of the Northwest are bankrupt, foreclosures take place every day, suicides are common, farmers and their families are deserting farms by the hundreds and packing a few old pieces of furniture in their old wagons and starting out—God only knows where.

"Is the American Government which spent millions of dollars to get these farmers to take up idle lands going to stand disinterestedly by and allow such disintegration on such a wholesale basis? Some may say that the law of supply and demand will work out this problem. Every student of business and Government knows that the laws of supply and demand no longer rule to any great extent. The large units of production have been for years aiming at just one thing, the control of production, so that orderly marketing of the product will create a demand sufficient to return the cost of production plus a reasonable profit. This is true of steel, farm machinery and copper. Only the farmer raises a surplus which rises up to mock him.

"The large corporate units of pro-

duction are now able to take care of themselves. They even succeed in getting higher and higher tariff legislation to protect themselves while the farmer is left unprotected. The financial distress of Europe is allowed to enter America to disorganize, demoralize and corrupt farming, our most important industry.

"The Pacific Northwest banker is asking this question: If we protect the manufacturer against the competition of cheap labor and merchandise of Europe and the world, why should not the farmer class be protected against the competition of a demoralized world market? How? By the Government stepping in and taking up this surplus of 6 per cent. not sold at home and which the Government can sell abroad on the best terms possible. This is the solution which the country banker is offering as an emergency measure to be applied in the remedy of a desperate situation. In other words, he says, protect the farmer against the 'bear raid' on that 6 per cent. sold abroad so that the price received by the farmer for the remaining 94 per cent. sold at home will be sufficient to enable the farmer to pay his taxes, his interest on his debt and still have a little left over for his family. In other words, prices of non-perishable exportable farm products must be stabilized.

BILL FOR CREATION OF COMMISSION

"In an attempt to bring this about the bankers have been instrumental in having a bill introduced in Congress which provides for the creation of an American Stabilizing Commission and for the 'stabilizing of prices of certain farm products'—wheat, corn and cotton.

"Most economists agree that price stabilization is sound economics. If bankers, farmers and economists can agree upon a program there must be something to it. And if it will actually help the farmer out of his difficulty and at the same time will protect the interests of the public, let us by all means have it.

"The farmer must be helped. That's

certain. And the banker has set out to help him.

"In helping the farmer the banker is prompted by very legitimate selfish interests as well as worthy altruistic ones. His own business is at stake. And so is the agricultural life of his state.

"There is no doubt but that if the American people were intelligently informed concerning the seriousness of the situation that public opinion would crystallize so quickly that Congress would be compelled to enact emergency legislation at once, and," concluded Mr. Sinclair, "the farmers and the country bankers mean business and expect to make this fight an issue until justice is done."

When there is a flood or a fire Congress doesn't debate and wrangle for days to decide whether relief should be

sent. Quick action is gotten at once and relief is given as fast as it is humanly possible.

If both flood and fire visited the Pacific Northwest states it is doubtful whether the consequences could be much worse than they are today. And yet there are members of Congress who are trying to make political capital out of the situation. It is this fact that compelled the bankers to organize, send a delegation to Washington and demand emergency legislation now. They want Congress to stop talking about extension of rural credits and do something for a man who has all the debts he can shoulder, doesn't want any more, but instead wants a decent price for his product.

In going to the rescue of the farmer the country banker is deserving of the thanks of the nation.



Transportation versus Credit

By J. H. TREGOE

Secretary-Treasurer National Association of Credit Men

WERE I asked which of the physical assets of the nation were the most needed and of chief value to its progress, I would say the land and transportation facilities.

Running back in our own history, we find a sluggish movement in wealth accumulation until transportation facilities increased and the railways had spread like a network over the nation. The values of commodities are measured by their accessibility to markets. Price movements are controlled by markets, and therefore the means of getting commodities to markets is supremely important. When there is inaccessibility to markets, commerce is backward and production of wealth slow.

The building of our railway systems has proceeded at certain periods beyond the nation's immediate credit abilities, and thus the crises of 1857, 1873 and 1884 were largely precipitated. From

1879 to 1884 the rail mileage increased five times faster than our population. In these situations, however, it was a question of bringing commercial needs up to transportation facilities.

Credit is related directly to values. Whatever affects values affects credits. When speaking of commodities, we speak potentially of credits. This, logically, brings us to the conclusion that transportation is a credit question just as much as it is a commercial and social question. The railways, furnishing our principal transportation facilities, should be kept always a little in advance of the nation's natural needs. Whenever the railway facilities fail to keep pace with commercial needs, congestion occurs, credits become frozen, perishable commodities are lost, and the producer, particularly the agriculturist, is placed at a serious disadvantage.

Measuring the Results on Bank Advertising

What Return Do You Get on Your Advertising and How
Do You Know that Advertising Did It?

By O. R. Johnson

Of the Collins Service

ADVERTISERS and advertising men have been credited many times with being the most wasteful spenders in the whole world of business. According to whom is doing the estimating, advertising efficiency is variously rated as being anywhere from a fraction of 1 per cent. to as high as 49.99 per cent. Never by any chance do the most optimistic of these efficiency experts concede that as much as one-half of advertising is profitably done. The strange part about practically all of these statements is that they are entirely devoid of any evidence showing just how efficient or inefficient advertising is.

When we think of the astounding sums of money that are being invested (yes, invested) in advertising today we may wonder why it is that someone hasn't long ago published an Advertiser's Table of Values, showing, like an engineer's handbook, all the formulae for achieving a certain effect with given material.

That is we'll wonder why it hasn't been done until we start working on it ourselves; then we'll just sigh a bit, and guess that maybe we ought to do something else. For the measurement of the relative value of different kinds of advertising, different media, and different copy appeals, not to mention any other variations, is, along with the Missing Link and an adequate description of Congress, a problem for the future to wrestle with.

Of course the question has been receiving a lot of attention from a great many different sources, and bank advertisers not the least of them. Considerable valuable information has been gained, but the surface hasn't been scratched yet. In fact, it hasn't even been dusted. Individual advertisers,

especially direct-mail people, have tested out single pieces of copy, separate advertisements or catalogues, and that type of thing, and have proved to their own satisfaction that this or that advertisement or catalogue has been "rotten" or "great". They have done this a great many times, but to this day he is a hardy man who will unreservedly say, before publication, that this copy is either "good" or "rotten". I know the times I've tried to get judgments on ads before running them, and all I've been able to get, once they realized that results were going to be checked, was a cautious statement to the effect that they "liked it", or somehow it didn't strike them, "but that doesn't mean it may not be good. All I'm saying is that it just doesn't strike my fancy".

That is to say that in some instances, we can say that this advertisement is good—good because it cost so many dollars and returned so many more dollars. In other instances we may know that a certain advertisement was a dead loss to the extent, at least, of the space it occupied and the price of preparation. So far so good. It isn't every advertiser who can prove either the one or the other of those two simple statements. But when we consider what we should like to have possible, then our accomplishment isn't so great.

WHAT ABOUT THE RELATIVE SALES VALUE

For this is what we should like to know: What have been the relative sales values of all the different kinds of advertising and publicity we have been doing, and within each kind of advertising what has been the relative sales value of the individual pieces?

A pretty large order, isn't it? It is quite likely that we shall never have the answer to that question. But when a man comes along and wants to know how I know that direct-mail is the most profitable form of advertising for a bank, and how can I have the gall to say that newspaper advertising isn't the best form of bank advertising on God's green earth; and another man is equally indignant over my opinion of bill-board advertising for banks, what can I say? Can I take out my little Advertiser's Table of Values and show him in black and white that x equals $2y$, and $3z \times 4y$ is less than $5X$? I can not!

All I can tell him, if I'm eloquent, is that in my experience direct-mail advertising has always had a shade (and then some) on newspaper advertising, and the banks that have used it most consistently have been the most consistent growers. And then he'll want facts and figures, like as not, and before I'm through he'll know that these banks have also used newspaper advertising, and the other man knows that they've used bill-boards to some extent, and each will claim that what good there was came from his pet. Before we get through there are three of us, apparently equally sane, holding three diverse opinions, and as this is a free country and the other fellow has a good job, too, what are you going to do about it?

That's where testing copy stands today. Where it has been done, it has given certain advertisers fine hindsight. But it hasn't increased their foresight to any measurable degree.

THE DIFFICULTY IS A SIMPLE ONE

Of course the difficulty is a simple one. To state it in scientific terms, we haven't collected enough evidence yet to enable us to formulate any principles. The only general principle that seems to have been discovered is, when in doubt use the Satevepost. You may ask, why isn't the evidence collected? Surely enough advertising has been done to supply it.

Enough advertising has been done to sell the Japanese to Senator Johnson if only the proper medium could be discovered. I suspect that the necessary evidence hasn't been collected because advertising is in its first, or extensive, stage, when nearly every spade that scratches the ground produces a profitable crop, and everyone is content with the results they get from scratching the soil. Naturally enough, they don't bother to cultivate it. The day is dawning when more pertinent and impertinent questions are going to be asked about the returns from an advertising appropriation, and the more quickly impertinent those questions become, the more likelihood there is of the evidence coming in quickly.

But there are other reasons. One of them is the practical difficulty of securing reliable evidence. Offhand one might think that all he would have to do would be to "check results". But the results are often very complex, and the means used are complex, and the answer to the question is usually locked up within the breast of some well-meaning individual who doesn't know how to unlock himself. You may believe that you know the real reasons why you do a thing, but the weight of opinion is against you.

In the July, 1922, issue of *The Burroughs Clearing House*, a very interesting article by Charles H. Yates appeared, entitled "Yours of the 15th Ult. At Hand". Let me quote the first few sentences: "When I landed the job as advertising manager of the Security Bank, the first thing that struck me was that 95 per cent. of the money spent to build business was put into general publicity advertising—newspapers, street car cards and billboards.

TRYING TO TRACK RESULTS

"When I tried to trace results from this general publicity advertising, I came to the conclusion that advertising men are doing a great deal of guessing. Nobody knew how many new accounts, if any, this form of advertising was

bringing, how much good-will it was building, how much it was helping us. **EVEN OUR CUSTOMERS COULDN'T TELL US.** (Caps are mine). Forty per cent. came to the Security Bank because Brother Bill or Friend Jack had an account here and 60 per cent. gave sixty different answers, only 1 per cent. of which could be credited to general publicity advertising.

"That is why this bank, although it hasn't discontinued all general advertising by any means, is now spending more time, energy and money on personal sales work on the part of officers and employees and on direct-mail advertising—work from which results can be traced absolutely."

Now there's a lot of sense in those few words, and I shall come back to parts of it. But it's the words in caps that I want to endorse right here and now! **"EVEN OUR CUSTOMERS COULDN'T TELL US"**.

In my particular line of work we have had a client turn triumphantly on us and say that he doesn't need our services any longer, for he has kept a careful record of all the new accounts his bank has received, and found, upon asking each of these individuals, that they did not open an account at his bank because they had received a certain amount of carefully prepared advertising material sent out by the bank. Oh, no. They had opened an account in that particular bank because they liked the color of his eyes, or because they had long thought that they should begin saving, or because they had to have money for that new house they wanted to build, or for a thousand and one "good" reasons that were far from the "real" reasons.

Naturally enough, if none of these people came into the bank because of the advertising, then our client was right in assuming that he could get along without us. He just made the very common mistake of assuming that people know why they do things, and that the reasons they give for their actions are the true, or "real" reasons.

It may be a cruel thing to say, but the fact is that they don't, most of the time.

HOW CAN VALUE BE MEASURED

Well, you may say, if that's so, how can you ever hope to measure the value of your advertising medium or copy? That's just where the rub comes. That's why it has been so deuced hard to collect even the little evidence that has been gathered.

My organization, for one, has been working for some time on the testing of advertising copy, especially direct-mail material and the difficulties already mentioned have been a few of those we have had to contend with. The final purpose of advertising copy, of course, is to assist in making sales, and so if we want to test out the value of any given piece of copy, sales is the only legitimate yardstick.

Copy, however, differs widely and radically in the methods by which sales assistance is given, and so our success in measuring different pieces of copy will vary according to the kind of copy we are working with.

Some copy is like a rifle bullet on the range: It has one mark and one purpose only. Whether or not it reaches its mark is easy to see. A letter, for instance, soliciting a direct order, is accurately and fairly judged by the number of orders it pulls. Other copy is like a spoonful of salt in a barrel of water, so diffused is its effect; and just as the water is innocent of the taste of brine until considerable additions have been made, so will sales remain unaffected until a sufficient amount of this type of copy has been used.

For example, let us take some of the copy used by the various railroads of the country advertising the wonders of our National Parks. One insertion of this copy in one paper would be less traceable than our spoonful of salt in the barrel of water. Careful chemical analysis will reveal the salt, but the effects of that one insertion would be hard to find. Yet when the large railroads advertised every day in hundreds

of papers all over the country there can be no doubt that public opinion was affected in favor of American travel.

When we also notice that coincidentally articles were printed picturing the travail of thousands of Americans falling into the hands of rapacious Swiss hotel keepers and avaricious customs officials, we are sure that the United States railroads carried many passengers during the summer who would have "gone abroad" had it not been for the advertising and publicity inaugurated and carried through by the railroads.

HERE IS THE PROBLEM

Suppose, however, that we had made a canvass of the tourists in one of our National Parks, and had asked each of them why they were traveling as they were. Is it likely that we should find very many who would say that they were traveling in this particular National Park because they saw the advertisement of such and such a railroad in such and such a paper? It is extremely unlikely that we should find even one person who would attribute to any newspaper the reason for his traveling.

Yet we know that many of them are traveling who would not have done so had not the advertising appeared.

That is the problem that confronts any one who attempts to measure the value of advertising. And that is one of the many difficult things that has to be explained to a client by any advertising agency.

It is apparently a very simple thing, in a bank for instance, to keep a careful record of the new accounts obtained, the increase in average balances, and the rental of safety deposit boxes. In fact, it is a simple thing if a fair amount of care and energy is expended upon it to make the results fairly reliable. No business that advertises should fail to keep a systematic, parallel record of sales and advertising. As a matter of fact, very few do. But where they do the chief difficulty arises in the matter of the interpretation of results.

Take that client I mentioned a little

way back. He was probably stating the facts when he said that none of the new depositors said they had opened accounts because of his advertising. For one thing it isn't human nature to admit that we have done such an obviously sensible thing at the behest of an advertisement or direct-mail appeal. We are much too vain over our vaunted self-determination to admit being swayed by any such futile thing as an advertisement, which we all, more or less secretly, hold as having no effect upon us, however influential it may be with other people. And yet, even while we are thinking it we are smoking advertised tobacco, sitting in advertised pants and writing with an advertised pencil.

For another thing, as was stated before, the new depositor is honestly unaware of the influence of the direct-mail appeals that have been made to him.

As soon as we get back to the fundamental facts we can see that the only cause that will adequately account for the spurt in the bank's growth, as compared with other years, is the one additional factor of advertising. Wherever a rise occurs in the curve of growth, there is a similar rise in the amount of advertising done.

CHECKING UP ON DIRECT BY MAIL

Of course, all direct-mail advertising is not so indirect as to make its results as untraceable as that we have just cited. As an example of one of the more direct forms of advertising done by a bank we can use a letter soliciting renters for safe deposit boxes.

Let us suppose one thousand such letters are sent to a good list of prospects. Previous to this effort we have ascertained that the average weekly rentals of these boxes has been ten boxes per week. For the three weeks following the mailing of these letters we get a score as follows: First week, 41, second week, 27; third week, 16. Obviously something has happened, but let's look further. Let's see whether these new renters were on the prospect list. Sure enough, of the eighty-four

new renters, sixty were on the prospect list. Now we can feel certain that the returns secured, above the normal for that period, are directly attributable to the letters we sent out.

If we started the compilation of our Advertiser's Handbook of Values, with that experiment, what could we enter in it? Nothing whatever, except that this letter, as an individual letter under such and such circumstances, brought such and such results. We have, in fact, made but one of the hundreds of experiments necessary to determine what *type* of letter gets the highest returns in that *type* of situation.

And when we have completed that we have only one type of letter among the hundreds that are used, and letters, alone, are only a small part of the vast campaigns that are launched in the interests of more business.

Right here, before closing, it might be well to make a distinction between the value of advertising and the relative value of advertisements.

The measure of the value of advertising lies in the answer to this question: Has my advertising increased sales sufficiently to increase net profits?

If so, no matter how poor the advertising has been, it has been profitable. Then comes the question: What particular part, or piece, of my advertising has been the most profitable, and which the least? The answer to that is the solution to the problem of the relative value of the advertising that has been done.

Too long have we been satisfied to learn, at greater or less expense, and with more or less accuracy, that our advertising has been profitable, or that it hasn't been profitable. The time has arrived when an advertiser, or an advertiser's agent, should know something of the relative value of the different kinds of advertising done, so that he will have some basis in fact for the selection of particular kind of advertising to receive the bulk of an appropriation.



National Bank Reports Now Three a Year

ON December 28, President Harding signed the bill reducing the number of reports which are required during the year from national banks from five to three. The House passed the bill on June 3, 1922. The Senate in passing the bill on December 5 amended it only as to the enacting clause and on December 20 the House concurred in the Senate amendments. Here is the text of the bill as agreed to by Congress and signed by the President:

H. R. 8996.

An Act to amend Section 5211 of the Revised Statutes of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 5211 of the Revised Statutes of the United States, as amended, be further amended to read as follows:

"Sec. 5211. Every association shall make to the Comptroller of the Currency not less than three reports during each year, accord-

ing to the form which may be prescribed by him, verified by the oath or affirmation of the president or cashier of such association, and attested by the signature of at least three of the directors. Each such report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the association at the close of business on any past day by him specified, and shall be transmitted to the Comptroller within five days after the receipt of a request or requisition therefor from him, and in the same form in which it is made to the Comptroller shall be published in a newspaper published in the place where such association is established, or if there is no newspaper in the place, then in the one published nearest thereto in the same county, at the expense of the association; and such proof of publication shall be furnished as may be required by the Comptroller. The Comptroller shall also have power to call for special reports from any particular association whenever in his judgment the same are necessary in order to a full and complete knowledge of its condition."

Approved, December 28, 1922.

The Call of New York

By Harry T. Jones

Irving National Bank, New York

IT was in a little town in Georgia. Philip Griggsby, president of the First National Bank, together with his young vice-president, man of all work, from sweeping out to making loans, stood idly gazing out of the bank's bow-window. "Rhody" Wallace, christened Rhoades, Wilmer, Jackson, Wallace, but never addressed that way since the aforesaid christening, gazed with the look of one lost in deep thought. It was evident to anyone that the few pedestrians passing down Main street attracted not even a nod from the young vice-president.

"Well, Rhody", said Griggsby, "Looks like times jus' gettin' duller an' duller, don't it? I reckon we might welcome something more on our heads than our hats, like it's been these last few months. We sure relish a chance to make a little money, but how can this little plant run for profit, with you and me looking out of the window?"

Rhody Wallace came out of his trance with a jerk, as if he had been pricked with a needle. "Say", Mr. Griggsby, "I've been a thinkin'."

"No! You don't tell me. 'Bout what?"

"'Bout this lookin' out the window business", said Rhody. "I'm gettin' dog-tired of it. Can't you-all write up No'th recommendin' me for a job in one of those New York banks? This little plant needs only one man to run it and I'm obliged to you, Mr. Griggsby if you jus' send me up No'th while you stay down here and look after things. I sure do want to be up there where I can get a little action, where there is never a chance to look out the window. Strikes me I'll get plenty of action in New York."

The president regarded him soberly. After a second or two of thought he replied:

"Rhody, I know you've been thinkin'

'bout this. I could read it in your face. But do you know that there is a big difference in the banking game as it is carried on down here in Georgia and what they call 'banking' in the big cities up No'th? Why a bank in New York is a regular department store. They will buy your steamship tickets for a trip around the world. They find your missing relatives, in remote parts of the globe. They select a hotel for your summer or winter vacation. Customers have merely to state a desire however far removed from banking, and those New York banks see that the wish is gratified. By the Stonewall Jackson! I do believe that if a customer expressed a wish to get married, that his bank would set out to find him a wife. And say! Rhody where would you fit in, in such kind of work?"

"Might try my hand at it anyway," dolefully replied Rhody. "Better'n standin' here lookin' out of this window, like we do most times. Yes, I'm sure thinkin' that I'm likin' to go up to that New York, Mr. Griggsby. Won't you-all write that letter?" Rhody looked up at the president with all the enthusiasm of his twenty-seven years.

The president did not answer Rhody for some time. He seemed to be weighing over in his mind, the words of his young vice-president. At length, he turned to reply:

"Pretty tough sledding, my boy, in a big New York bank, for a fellow just breaking in, and trying to make good. The competition is fierce, and unless you have some particular line of goods to sell, you will be lost in the shuffle. It has always been my contention that a young man should wait until New York sends for him, recognizing the fact that he has some special talent that the big city can make use of."

The younger man gazed out of the window again as if he had not heard.

"Rhody", went on the president, "I've been knowin' this New York bug bit you for quite a spell. An' I s'pose you think, like Mahomet, that the wise thing to do, is to pack up and head for the place which you've been watchin' and waitin' to send for you. But what specialty have you, that you think you can run into the big city and give it a battle? Your line of goods has been banking in a little country town, attending the wants of the farmers and some small merchants. You've been quite a toad, we'll say in a small puddle. But if you migrate to New York you will become just a small toad in a large puddle, like thousands of others. Better stay down here in the South, Rhody, and wait for business to pick up again".

"That's just it," replied Rhody, "this infernal waitin' for business to pick up has gotten on my nerves. I'm so tired of it I don't know what to do. I know New York is a tough place to break in, but a letter from you to our New York correspondent bank, will help a whole lot. If I get a try-out I'm sure that I have got something which they can use although I'll admit I don't know what special thing it is at present. I believe that the training I've had in this little country bank, where I've been mostly the whole show to the community at large, entitles me to a try at New York. I know its a big market, but I sure would like to give it a battle. I've got money enough to keep me from sitting on the benches in the park, if, as you opine, that I have no specially wanted goods".

No answer from the president. "But," continued Rhody, "if I haven't enough specially constructed talents I'll acquire some when I get to the big town. I'll learn quickly. All I know is that a lot of other country boys made good in New York banks and they were, in some cases, just average men like me. It was their enthusiasm that brought them through and pulled them to the top. I believe, too, that my enthusiasm is part of my stock of goods to sell.

Down here in Georgia, there don't seem to be any market for enthusiasm. 'Specially these times too. I'm achin' to break loose and start something. Why not take my enthusiasm to New York? If my goods are wanted in the big market they will find a ready buyer. If not, then the responsibility rests upon me as demonstrating the fact, both to myself and others, that I must be a poor salesman."

And Rhody wound up his speech as he lapsed into his Southern twang again,—

"Will you-all write that letter fo' me Mr. Griggsby?"

The president smiled at Rhody. "Let's wait till mornin'", said he, and they closed business for the day, walking down Main street arm in arm.

* * * *

Philip Griggsby was a man in his early fifties, wealthy, and lived, a bachelor, with a few servants in a fine old mansion on the outskirts of the town. He was accustomed to all the traits peculiar to his old Southern ancestry and loved the comforts of being able to take his own time in living his life, simply and slowly. Although he made periodical trips to New York, he wanted none of the big city's hustle and bustle, and was never so satisfied as when he was able to return to his little Georgia town and home.

Not alone was it sufficient that, to Philip Griggsby, he should keep his little bank's New York funds in a certain Wall street depository. Being a man of affluence he could afford to keep a large personal account there as well. They bought and sold securities for him, and rendered him other services at their command. His advice was sought at times, on questions which pertained to the Southland, and his opinion was held in high esteem. In short the New York bank looked upon the president of the little Southern bank, with favor and never lost an opportunity to cultivate his friendship and his business. It is quite needless to remark that they considered him a good customer.

After dinner Philip Griggsby sat by his open fireplace, in his big arm chair to think over Rhody's words and his ambitions. Rhody could be landed in New York without the semblance of a doubt. But would he be able "to put it over", as the saying goes? Also Rhody had been a valuable man and Griggsby would surely miss him. Still, as Rhody had said, the little bank could be run by one man and as the young vice-president was full of ambition and wanted to play on the big time circuit, was it fair to try and hold him down in the woods, as one might say? Of Rhody's ability, Griggsby had no fears. He had managed the little bank for weeks at a time during the president's absence, coming through with flying colors, and having to decide many a knotty problem or question and doing so with credit to himself and his bank.

Griggsby turned the question over and over in his mind. Slowly and deliberately he thought and if one apparent detail in those thoughts manifested itself in the banker's mind, it was the all-too-striking fact that he would be very lonely without Rhody. They had been together a long time, both proving of inestimable value to the other, not only in business but in friendship also. And at length, as if arriving at a conclusion, Griggsby closed his eyes, reclined his head upon the ample cushion at the back of his chair, and dozed dreamily off to a sleep of satisfaction.

* * * *

"Mornin', Rhody."

"Mornin', Mr. Griggsby."

The president and Rhody sat down to open the morning's mail. After due time spent in attending to the business at hand, Griggsby turned to Rhody and smilingly asked. "That New York bug still bitin', Rhody?"

"Sure is", replied Rhody.

"Well", said the president, reverting to his Southern accent, "You-all got yo' mind set on this thing, I reckon the best thing I can do is to write that letter to Wall street and not be selfish and hold you down here in Georgia.

You-all have been a good boy, Rhody, and if I can help you to get to New York, I'll start writing a letter right now".

"I'm obliged to yo', Mr. Griggsby."

The next couple of days, Rhody had a smile for everyone. He lived in an expectant world. And Thursday a telegram from New York arrived, addressed to Griggsby. It read,—

"Send Wallace on, we will make a place for him."

The president handed the wire to Rhody. Rhody's eyes danced as he read.

"See", said Griggsby, "how they do things in New York, Rhody. They wasn't satisfied to just answer my letter by return mail. They must TELEGRAPH, knowin' full well it would greatly please us, and showing that by getting the information to us quickly, that they considered it as rendering us extra good service. This is the only one of the small details, Rhody, which I think may prove a little foreign to you when you reach the big town. You have been accustomed to doing things in a leisurely manner here in the Southland. Up there in the No'th they do 'em so fast, that they make your head spin."

The president looked into Rhody's eyes, to see if his remarks had raised any doubt in Rhody's mind as to his fitness to grapple with his new proposition.

"I'm obliged to you-all, Mr. Griggsby, and I'm still likin' to go to New York."

* * * *

Rhody Wallace landed in New York on Monday morning. Setting foot in Wall street he noted that it was nothing like his impression of what he supposed it to be. He had pictured a seething mass of business activity and he saw the Street in its morning lethargy. Not over thirty or forty pedestrians as far as one could see. Surprised, but undaunted, Rhody entered the bank which held out to him so much of the hope he had in gratifying his expectations and ambitions.

Rhody presented his card and was

shown in to Vice-President Reed's office.

"Good-morning, Mr. Wallace, so you have decided on a New York career, eh?"

"Yes sir", rather slowly.

"Well my boy", said Reed, "we want to help you all we can. But New York is far different from Georgia. Yet the field is big and if you make good the reward is proportionately great. What were your duties in Griggsby's bank?"

"Well", said Rhody, "I did everything from sweeping out to making loans."

"All right", replied Reed, "we'll just let you roam around the bank a few days to get acquainted and see how we do things, then let us see where we shall be able to place you."

Rhody's "getting acquainted" consisted mostly of a course of instruction in all the departments. He attended morning conferences as a spectator. After a short while he came to realize the bigness of the institution by feeling its pulse as he endeavored to familiarize himself with all the different functions which the bank performed. His course of instruction lasted over a period of ten months or more and by his excellent showing and his more than apparent enthusiasm, he finally was selected as assistant manager of the bank's personal service department.

* * * *

A year passed. Rhody was progressing, giving the best that was in him and learning fast. He loved his work, grew to know his New York like a book and could tell you off-hand, at what time the Broadway Limited passed Horse-shoe Curve, or how many sections the Twentieth Century was bringing in from Chicago. The further the task was removed from banking curriculum, the better Rhody liked it. He was winning his way. He was an asset to his bank and it was his enthusiasm that was carrying him to successful effort. He dropped his Southern accent and no one would know but that he had been born and raised in New York.

Soon after Rhody's appointment,

Vice-President Reed had introduced a Mrs. Barclay to him. Evelyn Ray Barclay, customer of the bank, widow, a woman of considerable wealth, living alone in a fashionable New York hotel. Rhody judged her to be approximately along in her forties, and admitted to himself that she was good to look upon. Mr. Reed had impressed Rhody with the idea that Mrs. Barclay would need a large portion of the bank's time and attention due to her mode of living alone in New York, and Rhody made it a point to see that her every wish was gratified, whenever she choose to ask her bank to render her a service. These services were many and varied, as Mrs. Barclay took occasion to avail herself of almost every one which the bank offered. Some of her requests were most exacting and odd, yet Rhody saw to it that she received 100 per cent. efficient attention in every instance. He grew to know her quite well and had occasion to call at her hotel, but only at her request when, as he termed it, she desired his presence on business matters. Rhody liked Mr. Barclay and Mrs. Barclay liked Mr. Rhoades W. J. Wallace, a man who knew his place, his integrity, his responsibility to his bank, and above all, his American manhood. If Mrs. Barclay chose to live the way she did, and sought the time, assistance, attention and service of one of her bank's men, that was her affair, not his. His job was to see that her wishes were executed as explicitly as possible. Rhody took the job every time with his accustomed enthusiasm and looked upon it as one more of the peculiar traits or habits which the New York woman delights to assume. Rhody was a busy man. He had other clients to attend besides Mrs. Barclay.

* * * *

Rhody kept up a faithful correspondence with Mr. Griggsby, and the Southern banker could easily see that his protégé was getting on. Rhody was "putting it over". Why not go up North then and pay him a visit? Leaving his little Southern bank in able hands the

banker set out for New York, and in due time reached the Wall street bank.

He could see Rhody at his desk. And as it happened, Rhody was just looking up at the time and he spied the Southern banker. The greeting was warm. They almost hugged.

"Rhody, I sure am glad to see you boy."

"Mr. Griggsby, I'm mighty glad to see you too."

"How you-all hittin' it?"

"I'm hitting it fine, Mr. Griggsby. Working like a bull, and getting all the action that I wanted down South. Why yesterday I went from seven in the morning until nine at night with never a mouthful to eat, and I did not know I was even hungry."

"Well that's just one more of the queer ways in which they do things up here", said Griggsby. "Looks like you readily got accustomed to New York."

"Didn't I tell you I would?"

"Yes. And you-all made a good job of it. Yo' don't even talk like a Southerner any more."

Rhody laughed. "That's easily dropped or retained at will, Mr. Griggsby. You, yourself, do not use it continuously".

"Yes, I know," said the banker, "but I like to hear it once in a while."

Just then the telephone bell rang. Rhody picked up the receiver,—

"Yes, certainly, Mrs. Barclay. At eight, you say? I'll be ready. I'll phone you at 7.45. Good-bye."

"What might that be, Rhody?" asked Griggsby. "Ladies takin' up your time?"

"Not so, Mr. Griggsby", laughed Rhody. "That happens to be one of the bank's best customers, a Mrs. Barclay, living alone in New York. She has tickets for the opera tonight which she purchased, thinking to take a woman friend. The friend has sent word that she cannot attend. I shall have to take her place."

"You mean that Mrs. Barclay, in taking advantage of your escort deems it as

a service which is rendered by the bank?" asked Griggsby.

"Yes, sir", replied Rhody, "it often occurs that Mrs. Barclay needs an escort for the evening. She calls us up and I generally make it a point to see that she is provided with the necessary escort."

"Which at all times is you, isn't it?" asked Griggsby.

"Yes", laughed Rhody.

"Well its funny business for a bank, that's all I can say", said Griggsby, "although I know that most of them are doing peculiar things at times."

Rhody explained to Griggsby the several different phases of business as it pertained to his department and they talked for an hour. At length, Mr. Griggsby started to go and both men expressed regret at the parting.

"Rhody, I'm sure lonely down South there without you, boy; I certainly miss you a lot."

"I miss you too, Mr. Griggsby, but can't you come to New York and stay two, three, four, five, or six months? It will be a change for you, and you and I can be together again."

"The chances are that Mrs. Barclay is taking up most of your time, Rhody, and besides I don't like New York."

"Nonsense", replied Rhody.

"Well, let me hear from you regularly, boy, your letters are interesting and are a great help when I am feeling particularly lonesome. Good-bye, Rhody."

"Good-bye, Mr. Griggsby."

* * * *

Time slipped by. Rhody was working harder than ever. Action was his middle name so to speak.

One morning Vice-President Reed headed for Rhody's department and stopped short at his desk. He handed over two letters.

"Read those, Rhody, and then tell me that life is a funny proposition", said Reed.

"I can tell you that without reading

the letters", laughed Rhody. "What's the matter?"

Rhody started to read,—

Dear Mr. Reed:

I am thinking seriously of embarking in business in Louisiana. Have a proposition to enter the oil and natural gas fields with people of responsible connections. Will probably, in a couple of months, check out my account or have you transfer to New Orleans. Am lonesome down here since Wallace left and must get into business activity. Am writing thus early so that you may have due notice of my intentions and act accordingly.

Very truly,
PHILIP GRIGGSBY.

"Gee", said Rhody.

"You have received only one blow", said Reed, "peruse the next epistle."

Rhody picked up the other letter,—

Dear Mr. Reed:

In the near future I shall have to ask the bank to route me on through sleeper to Los Angeles. Think I shall have to take

up my residence there as I have grown tired of living alone in New York. Your Mr. Wallace has indeed been of invaluable assistance to me, but still, as my relatives are in Los Angeles, I think I shall join them. Will give you notice, when to transfer my balance to your best California correspondent.

Cordially,
EVELYN R. BARCLAY.

"Well there goes a quarter of a million in deposits glimmering", said Rhody.

"Why should both of those letters come to us in the same mail?" asked Reed.

"Coincidence", said Rhody.

"Did they ever meet?"

"No".

"Well I leave the proposition to you", said Reed.

"And I'm to....."

"Use your head."

"And my judgment", mused Rhody as Reed walked away.

(To be continued)



Asks Stricter Laws for Private Banks

STRICTER regulation of private bankers is urged by George McLaughlin, New York State Superintendent of Banks, in his report for 1922. Superintendent McLaughlin recommends that the State Banking law be amended so that private banks located outside of cities and not now under supervision be brought under the jurisdiction of the Banking Department. It is also proposed to make examinations similar to those made of other private bankers and institutions.

That part of the report first made public covers banks of discount (not including savings banks), trust companies and private bankers. Superintendent McLaughlin reported these institutions show a total increase in deposits during the year of \$389,712,677. Capital, surplus and undivided profits increased \$37,667,489.

The total capital, surplus and un-

divided profits of \$555,256,065, compared with deposits of \$4,083,495,521, show a ratio of 1 to 7 $\frac{3}{8}$, which, it is stated, is recognized as an excellent banking standard. It is further noted that the assets reported have been fairly valued and that the securities accounts of these institutions now have, by reason of liberal charge-offs in the years when the securities market was depressed, a sufficient margin not reflected in their surplus account to take care of any contingency that may arise.

During the year forty-six new institutions were authorized, including eleven banks and two trust companies.

The Superintendent of Banks has promulgated regulations for credit unions with the idea of correcting abuses and for the assistance of the officers and directors in the management of these institutions to effectively safeguard the interests of their members.

The Denver Mint Robbery

By John T. Bartlett

(In point of cold-blooded daring and speed of execution the recent Denver Mint robbery is almost without parallel. Because of the unusual circumstances and conditions under which this robbery was effected, THE BANKERS MAGAZINE felt that a story about it would be greeted by the readers of the magazine with a good deal of interest. Hence the editor asked Mr. Bartlett, who is the magazine's Denver correspondent, to prepare the following article on the robbery.—THE EDITOR.)

THE "\$200,000 Denver Mint Robbery", shortly after 10 o'clock in the forenoon, December 18, was consummated in approximately 30 seconds.

The motor truck of the Denver Branch, Federal Reserve Bank of Kansas City, stood on West Colfax in front of the Mint by the curb, the rear open, \$200,000 in new \$5 bills just deposited within. Four men were near, going through the act of loading the truck in the usual manner. They were Wilbur Havenor, driver of the car; J. E. Olson, cashier of the Federal Reserve Bank; J. P. Adams and Charlie Linton, two guards.

The bandit car, a black Buick light six, rolled up West Colfax and stopped, its front wheels abreast the rear wheels of the bank truck and a foot or two away. Then ensued as fast, well-executed thirty seconds of banditry as ever occurred in life or fiction. One bandit remained at the wheel of the car. The other three jumped instantly into action. While his mates opened fire on the Federal Reserve crew and the doors of the Mint, one bandit ran for the back of the truck and began tossing the money packages into the bandit car. Charlie Linton, bank guard, crumpled up on the ground, a dying man, in a fraction of time. Havenor dived for safety beneath the bank truck. Adams found refuge behind an automobile parked near.

Olson started for the doors of the Mint, to warn the guards.

A Mint employee in the superintendent's office on the second floor had seen the bandits approach and attack,

and had sounded an electric alarm. Guards on the second floor opened fire almost within the instant. Guards on the first floor rushed forth from the Mint, and began firing. Cashier Olson was mistaken by guards for a bandit and shot at. He was not hit.

As the last of the 40,000 \$5 bills were thrown into the black Buick, the driver started the car. One bandit, hit by a guard's rifle bullet, dropped his sawed-off shotgun, staggered, and was pulled into the car by companions. A fusillade of shots from Mint guards rained at the bandit car as it sped up West Colfax. It hit a second car, a water plug, but sped on, unchecked.

None of the bandits was recognized by police officials as a known criminal, though the skilled execution of the robbery strongly suggested professionals. Only one of the bandits was masked and clear descriptions were obtained.

Hundreds of clues were turned in which, on investigation proved worthless. Gradually conflicting reports of just how it had occurred were sifted down and the actual determined. The bald summary is that four men, all of them ready and willing to risk their own lives, ready and undoubtedly expecting to wound and perhaps to kill, came up on the Federal Reserve Bank truck and crew at exactly the most favorable moment; that they were opened fire on almost instantly; that they worked so fast and so successfully that in the incredibly brief time of thirty seconds they got away with \$200,000 in cash, with one man believed wounded. And the "get away" apparently was as well planned as the job, for though the city and surrounding country were aroused in a few minutes, the ground, as it were, swallowed up the gang.

The Denver branch of the Kansas City Federal Reserve Bank occupies temporary premises in the Interstate

Trust Building, about a mile from the Denver Mint. It lacks adequate vaults, so that money is kept at the Mint and turned over to the bank as required. The bank has no regular times for getting cash from the Mint. It is done irregularly, sometimes once a week, sometimes twice.

BANDITS STAKED ALL ON SURPRISE

The Mint is a two-story building and stands back from the sidewalk perhaps twenty-five feet. Between the sidewalk and the curb is boulevard space. Between the bank truck in the street, and the entrance to the Mint, there was consequently considerable space. The calculation of the bandit gang, apparently, was that a surprise attack on the bank truck would give immediate access to the cash, and no matter how prompt was the alarm within the Mint, they would have good chances for a successful getaway. A number of on-lookers saw the bandit attack, and there was a crowd about the Mint a few minutes after.

According to Chief of Police Williams, the same Federal Reserve truck transferred on the previous Saturday \$800,000 in small bills from the Mint to the bank. He cited this as indicating no "inside tip" was involved; though, obviously, the bandits worked with accurate knowledge of methods the bank used in transferring funds. Witnesses reported seeing the bandits and their car a block and a half down the street by the curb shortly before the robbery. The men were putting the side curtains on. As guns were seen within the automobile, passers took the men for police in plain clothes.

Beginning at midnight of the day of the robbery and at half-hour intervals until daybreak, descriptions of the bandits were broadcasted by radio to all parts of the Rocky Mountain region. The descriptions were composite, representing points on which many witnesses were agreed. They were as follows:

Bandit No. 1. Age 21, five feet six inches; weight, 150 lbs.; light complexion; had

handkerchief over face; wore dark cap and dark suit; stood on running board of machine; believed to be one of leaders of gang, and possible, because of the handkerchief mask, a Denver man.

Bandit No. 2. Age 28, six feet, heavy build, weight about 170 lbs.; dark suit and dark cap; no overcoat; had either rifle or shotgun.

Bandit No. 3. Age 28, five feet ten inches; weight 150 lbs.; slender build; dark cap and dark suit.

Bandit No. 4. Age 30 to 35, five feet eight inches, weight 190 lbs.; very dark complexion with thick lips; appeared to be an Italian; smooth shaven; brown, coffee-colored heavy hat and heavy overcoat of same color; believed to be man who shot Linton, and one of the leaders of the gang.

The serial numbers of the \$5 Kansas City Federal Reserve Bank bills were 20,852,001 to 20,876,000, and 20,940,001 to 20,956,000.

The city of Denver offered a reward of \$10,000 for capture, dead or alive, and \$2500 for information leading to arrest. The Federal Reserve Bank of Kansas City offered a \$2500 reward.

The loss involved by the robbery fell on the insurance companies with whom the Federal Reserve Bank insured. Transfer of the money from the Mint to the bank always takes place within the Mint, where a representative of the bank signs for it.

One of the morals Denver drew from the robbery was, "It shows the need for the quick building of a local Federal Reserve bank building". A site for this has been purchased for some time, and a \$700,000 bank home is in prospect.

A Denver newspaper conducted a \$50 prize contest in logical and clever "solutions" of the robbery. Hundreds of papers were submitted.

The shotgun dropped by the wounded bandit gave no fingerprint aid, as when obtained by the police many had handled it. It was loaded with shells containing heavy buckshot. One bandit used a 38 caliber revolver. A bill has been introduced in the Colorado legislature making robbery or attempted robbery with a firearm a life imprisonment offense.

The bandits, it is felt, successfully

handled difficult features of their unlawful enterprise at the Mint, in taking the money, and in getting safely away, but have still the most difficult thing to do—as the numbers of the stolen \$200,000 in new Kansas City Federal Reserve Bank bills have been circulated to every nook and cranny of the land. In the Intermountain Region, literally thousands of people have clipped the numbers from the newspapers, and carry the clipping about in their pockets. Many merchants have done this.

The past few weeks, the presentation of a \$5 bill anywhere in Denver and region has been the signal for a closer examination, and often for comparison with newspaper clipping.

One of the steps taken by the police immediately following the robbery was to issue a general order to various stations to search all garages in their districts. One station did not carry this order out. Otherwise a sensational discovery, after which information bearing on the robbery was gathered rapidly, would not have been delayed until Sunday evening, January 14.

On that date a plumber who used half of a double garage at 1631 Gilpin street informed a member of the police force that a car owned by an unknown renter had been left in the other half of the garage for several weeks; it might be a good idea for the police to enter the garage and investigate.

FROZEN BODY OF DEAD BANDIT FOUND

This was done. The black Buick car used for the robbery was found there. In the driver's seat, slumped down, was the frozen body of one of the bandits, killed with a single bullet which had penetrated the body, travelling in a downward direction, near the heart. The bullet, it was later established was pos-

sibly fired by Pete Keidinger, one of the Mint guards, just as the bandit car was about to start. Death followed immediately.

The body was identified as that of a man known as J. C. or J. S. Sloan. He had rented the garage a few days prior to the robbery, and the owner had taken him to be a prosperous oil man. It was soon established that "Sloan" was an alias. He was also identified as going under the name of Nick Trainor who had a criminal record.

Within a few hours of the discovery of Sloan's dead body, many bits of information, pieced together into a story, were obtained. Five exclusive apartment houses, and three downtown hotels, and also three garages which had been used by the bandit gang within the past two months, were discovered. The first trace of Sloan and the woman who lived with him as his wife was found on November 10, at the Monroe hotel. Subsequently they rented an apartment for a time at the Lemita Apartments, then on December 9 moved to the Altamaha, which Sloan occupied up to the day of the robbery and Mrs. Sloan did not abandon until two days after it. A second member of the gang, Harold G. Burns, first appeared in Denver, October 9. On the day before the robbery, Burns and his wife rented an apartment at the Magnolia Apartments. Mrs. Burns apparently left this the day of the robbery, but other members of the gang used it until January 3 or later.

Evidence was unearthed tending to show that Mrs. Sloan left Denver on a Rock Island train the morning of December 24, going to Limon, Colorado, where she spent the day at a hotel, taking a Union Pacific train for Kansas City in the evening. She had a trunk in which, it is possible, the \$200,000 was held.



Some Thoughts on Old Coins

By Theodore J. Venn

(Member American Numismatic Association)

THAT the collecting of old coins has received a greater impulse during the past three years than during any previous ten-year period in its history in the United States is well known to every one who is at all in touch with the situation. This is attributed to two causes, principal of which is the numismatic interest aroused in a number of the members of our American expeditionary forces while in Europe, where old coin shops are numerous and all forms of collecting flourish to a greater extent than here. Many of our soldiers also sent or brought to their friends and relatives specimens of the various foreign moneys and thus in turn created interest in the recipients. The secondary factor, no doubt, is the suspension during and since the war of the coinage of the smaller denominations of gold pieces, principally the quarter eagles, which have always been in great demand for presentation purposes.

This recent increase in the ranks of collectors naturally has made itself manifest in the coin market, especially where certain dates already had shown a tendency toward scarcity, and in the rarer divisions the coins have practically been swept off the market. Hence the following synopsis as to the present status of some of the United States issues may interest readers who are continually handling large numbers of coins.

U. S. \$3 GOLD PIECES

Next to the gold dollars, the \$3 pieces which were coined continuously from 1854 to 1889 are accorded the greatest favor by collectors of American gold coins. There has been a large increase in the demand for this series during the past two years, caused by the growing realization that of the thirty-six years of issue twenty-nine of them were favored by a more or less limited coin-

age and that a number of these are likely soon to join the ranks of the rarities under the great stimulus which coin collecting has recently received.

Rarest of the series is the issue of 1875, mint figures showing only twenty to have been struck. The coin has a record of \$1200 at auction and \$1240 at private sale. Second rarest is the piece of 1876, in which year only forty-five are said to have been issued, and a brilliant proof of this date recently brought \$207.50 at public sale. Next in value comes the 1873, which brings anywhere from \$75 to \$125 at sales for proof specimens. The 1877 also is a rare date, its value being but slightly under the 1873. Among the other rarities in the series are the coins of 1865 and the Dahlonga issues of 1854. The latter coins bear the mint mark D. The Philadelphia coinage of 1854, which bears no mint mark, is quite common.

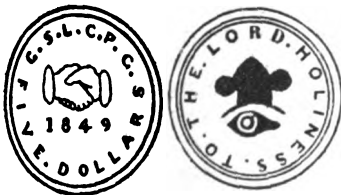
Other issues which occupy a favorable position owing to small coinage are the pieces of 1881 with a total coinage of 550, the 1885 with 910, and the 1883 with 940. Those with coinage under 1500 are the issues of 1871, 1880, 1884 and 1886, and those of 1858, 1864, 1867, 1869, 1872, 1879, 1882 and 1889 all run between 1540 and 3030. Next to the issue of 1865 the coins of 1858, 1864, 1867, 1871, 1872, 1881, 1882, 1883 and 1885 are probably the most difficult to secure. The dates most readily procurable are those of 1878, 1874, 1854, 1855, 1856 and 1857.

Dealers offer a premium ranging from sixty-five to one hundred per cent. on any of the more common dates of \$3 gold pieces in fine condition, with a correspondingly higher figure for the scarcer issues and the finer states of preservation. Owners of any \$3 gold pieces may rest assured they have premium coins even if their specimen's

grade is only very good. In addition to the numismatic demand there always has been a call for these coins for presentation purposes and manufacturing jewelers seek them for fashioning various articles of personal adornment. Dealers' selling prices for the common dates of these coins now run from \$6.50 to \$8.00, with much higher quotations for proof coins.

NICKEL THREE-CENT PIECES

As is the case with all obsolete United States coins, there is considerable demand for the three-cent nickel pieces which were coined continuously from 1865 to 1889. The rarest of this series is the date of 1877, in which year none of the coins was struck for general circulation—merely proofs for collectors on advance orders. The 1887 usual-



Mormon \$5 gold piece of 1849

ly brings from \$3 to \$3.50 at auction and dealers offer up to \$2.25 for it in the higher grades of preservation. Next in scarcity are the issues of 1878 and 1887, which generally go in sales at seventy-five cents to \$1 and for which dealers offer from twenty-five to thirty-five cents each. All other dates are listed by them at ten to fifteen cents each provided they are in uncirculated or proof condition. There is little demand for the common dates that have had a moderate amount of wear, for they exist by thousands.

SILVER QUARTER DOLLARS

Quarter dollars were first coined in 1796, but there was a suspension of coinage of the pieces from 1797 to 1803, 1808 to 1814, and in the years 1816, 1817, 1826, 1829 and 1830. Since the latter date they have been struck continuously.



Mormon \$5 gold piece of 1860

Rarest of the silver quarters are the dates of 1823 and 1827. They are infrequently offered at public sale and are likely to bring anywhere from \$100 to \$175 each if in choice states of preservation. Dealers offer as high as \$75 each for either of the coins. Next in rarity are the quarters of 1796 and 1804, for which dealers pay from \$2.50 to \$5 each for coins in very good to fine condition, and a larger amount for those in better states of preservation. There also are small premiums on all the other dates up to 1828 which classify as very good, and correspondingly larger ones for the finer conditions.

The 1853 coin without arrows at date and without sunburst on the reverse is a rare coin, one of them, in uncirculated condition having recently brought \$24 at auction. The 1853 issue with arrows at date is very common and commands no premium. There also is a small premium on all the very fine to uncirculated coins from 1831 to 1838 (the old bust type), as well as on all proof coins of any date. A number of the proofs of earlier date are quite scarce and some of those from 1879 to 1890 are rapidly becoming so.

UTAH (OR MORMON) GOLD PIECES

The need of sufficient money in the early days of the Far West for the proper transaction of business was responsible for a number of private issues



Mormon \$2.50 gold piece of 1849

of gold by the Mormons which were freely accepted throughout Utah, Idaho and neighboring states at their face value, although they fell considerably short of the Government standard in the matter of weight. The coins were struck in \$20, \$10, \$5, and \$2.50 denominations and they are all scarce now and eagerly sought by numismatists.

Of these coins the rarest are the \$20 and \$10 issues of 1849, for which dealers bid up to \$105 and \$135 respectively, but on which a higher value is placed by numismatists. A few years

ago one of the 1849 \$20 pieces, in very fine condition, brought \$352 at a public sale.

The \$5 pieces of 1849, 1850 and 1860 also are very rare. The 1849 coin in the Manning sale in May, 1922, described as very fine, brought \$36, while in the Wilharm sale an uncirculated specimen of the 1850 sold at \$53.50, and the rarer \$5 coin of 1860, also uncirculated, went under the hammer at \$105. In the same sale the \$2.50 piece of 1849, described as being only fine, was secured for a bid of \$55.

(To be continued)



The Future of Branch Banking

By F. H. Goff

President The Cleveland Trust Company

NO one need have any concern about the ultimate future of branch banking, at least of the kind that is restricted to the corporate limits of a single city. Its development will be determined not so much by what the banks themselves want, but by what the consumers want and will increasingly come to demand.

Twenty-five years ago thousands of wage earners in the city of Cleveland were compelled to travel five or ten miles to deposit their weekly savings. Today there is a neighborhood branch of some strongly financed, ably managed bank, conveniently located in every growing community center. A quarter of a century ago small merchants in outlying districts were compelled to do their banking miles away at a downtown bank. In those days, in selecting a bank, consideration was principally given to the question of security and service. Today the public properly demands, in addition to safety and service, convenience and courtesy.

The Cleveland Trust Company was among the first banks in the United States to pioneer in the matter of branch banking. Today it has forty-

nine branches scattered throughout the city, which afford convenient banking facilities to its 380,000 depositors, representing about 45 per cent. of the total population of the city—by far the largest number of depositors of any bank in the country.

Branch banking confined to the corporate limits of the city in which the principal office of the parent company is located, in my opinion, will develop more rapidly in the next five years than it has during the past twenty, for these reasons:

First, because it is economically sound in that it provides at minimum cost the maximum banking facilities, service and responsibility.

Second, because when the public comes to understand that such service can be made available, it will not be satisfied with inadequately financed and less ably managed independent banks.

Third, because strongly financed neighborhood banks, by making it convenient and safe to deposit savings before they are spent, will stimulate the habits of thrift. — *Cleveland Trust Monthly.*

Successful Use of the Property Statement

By Tom Delohery

THE property statement has been the bone of contention between many farmers and bankers, and in some cases is the reason for broken friendships and business relationships. The farmer can't see the necessity of divulging his private affairs and the banker insists upon having the statement before he can grant or refuse a loan. No doubt the banker is right in his contention; and when it is put to the farmer on a basis of trust, he readily sees the light.

This thing which is the cause of trouble in many rural communities, is the idea upon which G. Berle Fox, has built the First National Bank of Burton, Ohio. A dozen years ago before the property statement was anywhere near as common as present, he was using it. He had a little trouble at first, but soon wore down this resistance, so that now farmers come in each year and give him the statement whether or not they want to borrow.

For one thing, Fox has shown them that their affairs continue to be private. Moreover, through this statement he is enabling many men to see how they stand financially at the end of the year; and, in many cases he has been able to suggest changes in farming which have made the business a little more profitable for his customer.

During this dozen years the First National Bank has loaned \$5,000,000 on notes based on property statements, and the losses up to date have been less than \$200—one hundred and sixty dollars, to be exact.

Mr. Fox keeps his files of statement right close to his elbow. Farmers know this, and when they do want money and haven't time to run into town, they get him on the phone. Within five minutes he can tell them if they can have the money; and, if the answer is favorable, the farmer can begin checking out the money right away. The farmer in turn

sits down and makes out his note, which he gives to the rural carrier on his way back into town. The whole transaction is closed in a few minutes, and without a bit of danger to the banker. His property statements are his guide, and not his security.

"It wasn't an easy thing to institute," Mr. Fox told me, "and more especially since our bank is built upon the ruins of another. I had to wear down that antipathy toward banks at the same time I asked a man to tell me his private business. My argument amounted to this: 'Would you want me to *lend your* money without first making sure that the borrower would pay it back?' Invariably this convinced a man; he saw my position of trust, and how I was responsible for every penny deposited in the bank, as well as the capital stock.

"Ten years have made a wonderful difference. Now I get statements without asking. Often farmers who do not need money, and never have borrowed, will give me their statements, because they want my expert help in showing them where they stand financially in regard to taxes and other matters."

The coöperation which has resulted from his campaign has been carried a bit farther than banking. Every progressive farm movement in the county will find Fox at the head, or directly behind it. Moreover, when the agricultural experts say that certain changes in farming or improvement in land or buildings will help the farmer make a little more money, Fox is right there to provide the cash. His willingness to lend money may not seem like good banking to many people, but with losses of only \$160 in ten years, it works out all right.

Coupled with this is the fact that he is helping the county progress and this, in turn, is showing in increased deposits and the like. The friendship, both business and personal, which is

FINANCIAL STATEMENT

INDIVIDUAL

NAME

John Jones

BUSINESS

Farmer

ADDRESS

To THE FIRST NATIONAL BANK, Burton, Ohio.

FOR THE PURPOSE OF PROCURING CREDIT FROM TIME TO TIME WITH YOU, FOR MY NEGOTIABLE PAPER OR OTHERWISE, I FURNISH THE FOLLOWING AS A TRUE AND CORRECT STATEMENT OF MY FINANCIAL CONDITION ON DATE NAMED BELOW, AND HEREBY AGREE TO NOTIFY YOU IMMEDIATELY IN WRITING OF ANY MATERIALLY UNFAVORABLE CHANGE IN MY FINANCIAL CONDITION. IN THE ABSENCE OF SUCH NOTICE OR A NEW AND FULL WRITTEN STATEMENT, THIS IS TO BE CONSIDERED AS A CONTINUING STATEMENT, AND THAT MY PECUNIARY RESPONSIBILITY HAS NOT FALLEN BELOW THE CONDITION HEREIN SET FORTH.

(IN THE ABSENCE OF ANY AMOUNT, INSERT THE WORD "NONE" IN STATEMENT FORMS.)

CONDITION AT CLOSE OF BUSINESS..... 3-20-1922					
ASSETS	DOLLARS	CENTS	LIABILITIES	DOLLARS	CENTS
CASH ON HAND AND IN BANK		225	NOTES OWED BY ME—WITHOUT SECURITY		250
ACCOUNTS DUE ME—GOOD			NOTES OWED BY ME—WITH SECURITY OTHER THAN REAL ESTATE		
UNSECURED LOANS DUE ME—GOOD			NOTES OR MORTGAGES OWED BY ME—WITH REAL ESTATE AS SECURITY	3000	
SECURED LOANS DUE ME	800		NOTES OWED BY ME—WITH CHATTEL MORTGAGE AS SECURITY		
MORTGAGE LOANS DUE ME			ACCOUNTS OWED BY ME	100	
FARM PRODUCTS ON HAND	125		ANY OTHER INDEBTEDNESS—ITEMIZE		
LIVE STOCK ON HAND	1380		FEDERAL TAXES FOR CURRENT YEAR		
U. S. GOVT. BONDS AND SECURITIES					
LAND	10000				
BUILDINGS					
FARM IMPLEMENTS AND MACHINERY	300				
ANY OTHER PROPERTY OR INVESTMENTS—ITEMIZE					
			TOTAL LIABILITIES	3850	
			NET WORTH	8880	
TOTAL	12830		TOTAL	12830	
LIABILITY ON NOTES OF OTHERS ENDORSED BY ME					
LIABILITY AS GUARANTOR FOR ACCOUNTS AND NOTES OF OTHERS					
LIABILITY ON NOTES EXCHANGED WITH OTHERS					
LIABILITY AS BONDSMAN OR SURETY FOR OTHERS					
LIABILITY FOR LEASES					
LIABILITY OTHER THAN ABOVE SPECIFIED					
TOTAL CONTINGENT LIABILITY					

LAND AND BUILDINGS:—

DETAILS RELATIVE TO ASSETS AND LIABILITIES

DESCRIPTION AND LOCATION	TITLE IN WHOM HELD	ASSESSED VALUE	APPRAISED VALUE	MORTGAGES	INSURANCE	RENTALS RECEIVED DURING LAST FISCAL YEAR
100 acres	self & wife	6,000	10,000	3,000	4,000	

BY WHOM APPRAISED:..... WHEN:.....

TAXES PAID TO WHAT DATE:.....

Statement form which the farmer fills out and leaves with the bank for ready reference

IS THERE ANY OTHER PERSON INTERESTED IN YOUR BUSINESS EITHER AS SPECIAL OR LIMITED PARTNER? *None*

ARE YOU A PARTNER IN ANY FIRM? *No*

ARE THERE ANY JUDGMENTS UNPAID, OR SUITS PENDING AGAINST YOU, AND FOR WHAT AMOUNT?

IS YOUR LIFE INSURED? *Yes* AMOUNT *2,000*

WHO IS THE BENEFICIARY? *wife*

HAVE YOU ANY LEASEHOLDS NOT MENTIONED IN YOUR ASSETS? *none*

GIVE DETAILS.

ARE ANY OF YOUR NOTES ENDORSED? *No*

BY WHOM? NET WORTH OF ENDORSER \$

WHAT AMOUNT OF FEDERAL TAXES DID YOU PAY DURING THE PAST YEAR \$

ARE ANY OF YOUR ASSETS, OTHER THAN REAL ESTATE, PLEDGED OR HYPOTHECATED IN ANY WAY?

NOTES OWED BY ME:-

To Whom Owed	AMOUNT	DATE	WHEN DUE	INTEREST RATE	DESCRIPTION OF SECURITIES PLACED
<i>Bank</i>	<i>300</i>				
<i>Brother</i>	<i>450</i>				
	<i>750</i>				

ACCOUNTS OWED BY ME:-

To Whom	AMOUNT	WHEN DUE	FOR WHAT
	\$		

LIVE STOCK ON HAND			FARM PRODUCTS ON HAND		
DESCRIPTION	NUMBER OF HEAD	VALUE	DESCRIPTION	QUANTITY	VALUE
<i>cattle</i>	<i>15</i>	<i>1000</i>	<i>wheat</i>	<i>90</i>	<i>125.00</i>
<i>horses</i>	<i>3</i>	<i>300</i>			
<i>hogs</i>	<i>4</i>	<i>80</i>			
		<i>1380</i>			

I HEREBY SOLEMNLY DECLARE AND CERTIFY THIS TO BE A TRUE AND CORRECT STATEMENT OF MY FINANCIAL CONDITION AT THE CLOSE

OF BUSINESS. *3-20* 19 *22*DATE *3-20* SIGN HERE *22*

Insertion of this form, with or without the bank's imprint, can be secured through the Cleveland Clearing House Association, 416 Chamber of Commerce. A sample form will be sent on receipt of 5 cents for postage, etc.

The reverse side of the statement blank

being built by the same token, is worth much to the bank, and more especially since agriculture is the only industry which the bank has to draw its business from.

"Once a property statement finds its way into my files, I make every effort to keep it there and up to date", he continued. "Men sometimes forget, but when I tell them about it, they come in and give me the necessary information. Thus I have the records for years, and by keeping them together can tell whether a man is progressive, or whether he is just going along in the same rut. It is plain, then, that I can urge some different line of farming, or some changes in his plans, which will help him. Often I find a man has poor land on which cattle would bring him a better income. I tell him of this, and help him to buy the stock. If he isn't raising alfalfa or clover, I show him how others farmers in the neighborhood are getting good results with these legumes.

"I never insist upon a man making changes in his operations; but I show it to him in such a forceful way, that, if he is progressive and wants to get ahead, he has no alternative."

In the past year I have visited with a lot of country bankers and all seem to have trouble in getting property statements. No doubt, if they were available, secured notes in many cases, would not be necessary for the statement would show at a glance what sort of a risk a man makes.

The trouble in getting farmers to divulge what they consider is private business lies with both the farmer and

banker. Both are to blame for the business losses which often result from these controversies. The thing that struck me in the case of Mr. Fox is the fact that he didn't lose a customer because he insisted on this record. On the contrary, he made friends, and they have stuck with him.

He used common sense in answering the objections of his customers by putting the matter up to them as to what they would want him to do with their funds. Placing the other man in your position often opens up a new line of reasoning for him and wins him to your point. It looks as though this thing won in this instance although it may not prove out right in all cases.

Coupled with this is the fact that the First National Bank proved itself willing and ready to stand behind the farmer in most everything that would help him make more money, improve his farm, or better his home. There are other things than money, even though banks are instituted primarily for this purpose. Putting a little human interest into the business often pays bigger dividends than a straight business proposition.

There is a common ground for bankers and farmers to get together on most everything which troubles them at present. Each one's argument has merit, as it has in the case of the property statement. Here the farmer doesn't want anyone to know his private business. The banker must know his man before he makes a loan. The common ground is protecting the funds of the man who wants to borrow.



How Car Cards Have Helped Banks Grow

By C. L. Chilton

BENEATH the fact that more than 500 banks use street car advertising, and that they attribute a great measure of their successful growth to it, lie vital fundamental principles.

The number of people who ride in the street cars each day is practically equivalent to the entire population of a city. That answers one big question—that of circulation. An advertisement shown in all cars of the country rides before 30,000,000 people per day.

Every minute of the working day, more people ride the street cars of America than the total circulation of its leading publication.

Other fundamental features are: opportunity for colored pictorial display, privilege of sending the message with the rider in the medium that will bring him practically to the advertiser's door at a cost per thousand circulation lower than the cost of a single letter.

TRACTION AND CITY DEVELOPMENT

There has been amazing progress in the number of riders carried, in the quality of illustrations displayed in the cards, in the variety and continuity of the car card messages, since the days

when the men in the car card pictures sported ascot ties and the fashionably-dressed woman laced up her corset to wasp-like proportions. Amazing changes have come in the distribution of population cityward and suburbward, and the expansion of traction lines, until it now appears that the more transportation the American people have, the more they require.

It is peculiar that this growing demand for transportation which has developed banks through the building up of communities, has offered banks the identical means for talking thrift to the population. The street car and the car card have together brought the depositor to the bank. The street car makes the bank site more valuable and the net worth of its borrowers more attractive as a basis of credit. The bank's car cards make the street car more valuable by inculcating thrift necessary to perpetuate these growing values.

VISIBLE CIRCULATION

Is your bank advantageously located? Then you can doubtless look out from your executive offices on the discharging points of one or more street car lines,



From a car card campaign on the famous "Firsts"

every mail box in the BAY CITIES

a branch of this
STRONG BANK
write for details
about banking by
mail - convenient -
safe - time-saving

BANKING BY MAIL DEPARTMENT
ANGLO-CALIFORNIA TRUST CO.
The City-Wide Bank
MARKET & SANSONE STREETS
SAN FRANCISCO



Emphasizing convenience of banking by mail

and you may see at least a part of the "visible means of support" of street car advertising, the population—that all-inclusive factor which Uncle Sam spends millions to enumerate—and when enumerated, represents, in cities, mostly car-riders. It includes the wise and foolish, skinflint and spendthrift, old citizen and prospector, but chiefly the normal, bread-and-butter element who make the bonds, mortgages, notes and shares of daily business worthy of trust.

In advertising language, this is circulation, and it is there before you, to be observed, transported, officially registered and rung up. It is literally circulation that circulates.

ADVERTISING IN THE CONCRETE

Besides circulation, there are other concrete and physical factors of advantage in car advertising in which it stands alone. First, there is the railway system, built for permanent use; its plant, terminals, tracks and cars. There is the advertising space—a by-product of the street railway business—but as much a part of the street car as is the riding space itself.

Consider also the physical proximity of car card and car rider, several times daily. In fact, an advertisement printed on his bed sheets or breakfast plates would scarcely be more certainly presented to his notice.

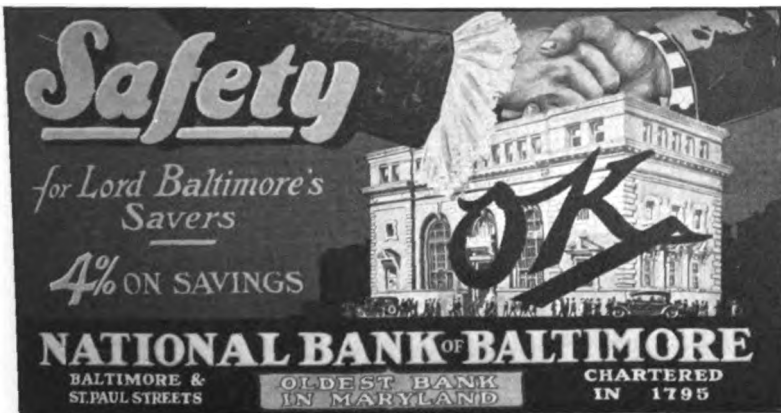
Our TRUST DEPARTMENT Lives Forever!

It will be here to carry out your wishes when you are gone. Name us executor of your will, and rest assured that your estate will be economically and intelligently supervised.

Ask Your Lawyer!

"SAFEST FOR SAVINGS" MERCHANTS NATIONAL BANK "SAFEST FOR TRUSTS"
ELEVEN-ONE MAIN

Trust copy in its new field



Safety
for Lord Baltimore's
Savers
4% ON SAVINGS

NATIONAL BANK OF BALTIMORE
BALTIMORE & ST. PAUL STREETS
OLDEST BANK IN MARYLAND
CHARTERED IN 1795

One of the cards helping build a savings department

AUTOMATIC FACTORS

Not alone are these basic factors physical and concrete, but they work automatically, and therefore, contribute to a vital principle of banking—economy.

The circulation exists entirely apart from any effort of either the advertising company or the advertiser. The advertising space exists independently of any advertising purpose. The presence of the rider near the advertising space is so grounded in habit and necessity that this, too, is virtually automatic. If Paul Brown isn't on car 133 this morning, John Jenkins is there, and all the rest. While the passenger list changes

much in a decade, the children have grown up, and have taken their places as regular riders to business, and the typical family will be paying from \$90 to \$150 a year for car fare. The typical street car will be carrying its hundreds of riders daily. And the present cost of placing a card before 1000 riders is probably less than the cost of labor and material involved in writing and mailing an ordinary letter.

PERSUASIVE AND PERSISTENT COPY

So far we have spoken only of the physical and mathematical factors in favor of the street car advertiser. The field of psychology we have not touched.




ON THE JOB ALL THE TIME

Deposits made at this Bank on or before the 10th day of any month draw 4% interest from the 1st of that month—Compounded Quarterly.

CAPITAL TRUST & SAVINGS BANK.
FIFTH AND ROBERT STREETS


Individual and local color



*Teach Thrift
from the Cradle*

A bank book now
will later give
his boyhood a worthwhile
lesson in compound interest


**The Manufacturers
National Bank**
TROY, N. Y.




*Forethought-
Then Happiness*

The first step-
a plan of saving-
with regular deposits and
interest to hasten the day


**THE MANUFACTURERS
NATIONAL BANK**
TROY, N. Y.

*Steady Deposits
Will Buy a Home*

What better asset
for any family?~
Let a home be an early and
constant objective of thrift

**The Manufacturers
National Bank—Troy, N. Y.**



Originals—in full color—demonstrate today's treatment of the "life story" idea.
Only three out of eight designs



"Go-To-College" campaign card

There is where copy comes into play—and the responsiveness of the public to banking suggestions. There, too, is a factor to be considered that may work automatically, if used—the advertising company will cooperate in preparing the copy. Various lines of copy will be mentioned presently. The advertising company will see to the other factor—public response—by requiring the advertising bank to make a contract for at least every day for a year; furthermore, by showing the rate-holding value of a five-year contract, as an inducement for taking it for that term. Over 55 per cent. of the banks doing street car advertising make contracts for five years' service—the longest the companies accept—a short time, however, in the building of a savings account or of a bank's business.

On the point of persistence and repetition, one psychologist whose work in advertising has endured, and who has a chapter on street car advertising, tells us this:

"There is indeed no form of advertising which is presented to such a large number of possible purchasers for such a long period of time and so frequently as is the advertising in street-railway cars. In most other forms of advertising we devote to any particular advertisement only as much time as we think it is worth. In street-railway advertising we devote longer time than we really

think is due to the advertisements, and then we turn around and estimate the value of the goods advertised by the amount of time that we have devoted to the advertisement. This is the psychological explanation of the amazing potency of this particular form of advertising."—*Walter Dill Scott: The Psychology of Advertising.*

HOW ARE THEY DOING IT?

As an interesting study for readers who may wish to know what banks in other cities are doing in this field, the following data represents the work of a few banks gathered here from the clearing house of service maintained by the advertising companies. Following the names of the banks below come the titles of the special plans now in use or which have been used.

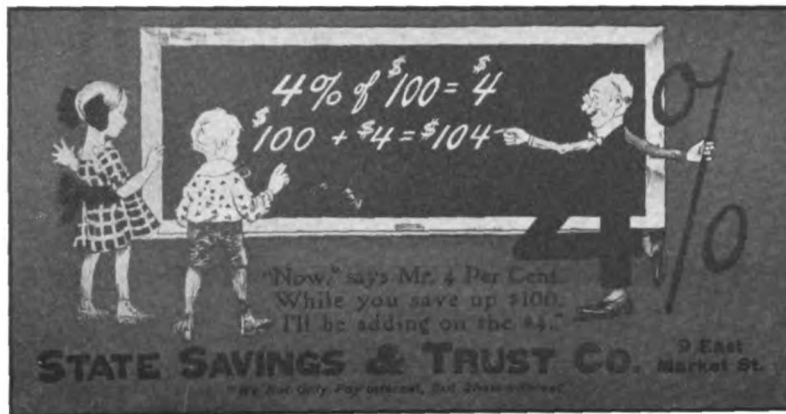
Anglo-California Bank & Trust Co., San Francisco—Safe Deposit Department; vividly illustrated cards.

Bank of the Manhattan Company, New York (Long Island offices)—"Scenic America" general banking campaign.

Dollar Savings & Trust Co., Youngstown, Ohio—Human interest thrift aphorisms.

First National Bank, Mobile, Alabama—the "Big Figure One" First National campaign.

First National Bank, Sioux City,



Using a character to identify the bank

Iowa—the Twelve Big Words general banking campaign.

First Trust & Savings Bank, Chicago—"Famous Firsts" campaign.

Harris Trust & Savings Bank, Chicago—Savings Accounts plus Life Insurance.

Liberty Bank, San Francisco—"Go to College" campaign.

Liberty Insurance Bank, Louisville, Kentucky—"Liberty Bell" bank campaign.

Manufacturers National Bank, Troy, New York—"The Book of Thrift", chapters from the life of a saver.

Merchants Loan & Trust Co., Chicago—Monthly statement savings plan.

Merchants Bank, Mobile, Alabama—Local industries campaign.

Merchants National Bank, Richmond, Va., pointed texts on trusts.

Meyer-Kiser Bank, Indianapolis—Women's Department campaign, showing portrait of woman manager.

National Bank of Baltimore—"Uncle Sam's O. K".

New York State National Bank, Albany—"Old Building" plus local historical campaign.

Ohio Savings Bank & Trust Company, Toledo—Vacation clubs.

Peoples Savings & Trust Co., Pittsburgh—"People's Insured Savings Plan". Christmas gift accounts.

Peoples Trust & Savings Bank, Chicago—Bond Department campaign.

State Savings & Trust Co., Indianapolis—Mr. Four Per Cent. savings campaigns.

Union Trust Company of New Jersey, Jersey City — Million Dollar Christmas Club.



The Story of Rudolf Hecht

President of New Orleans' Largest Bank Has Had Career
Reading Like Romance

By Thomas Ewing Dabney

NINETEEN years ago, a boy of eighteen came to this country from Germany and thought himself lucky to get a job at \$30 a month.

Today he is head of a \$50,000,000 banking business; head of a \$50,000,000 public utilities company; and head of a \$75,000,000 industry that is about three-fourths the commercial life of the national's second port.

He has made himself recognized as one of the leading financiers of the country, and among his outstanding constructive accomplishments, he has worked out a plan for financing a huge harbor improvement, and another plan for putting the municipal finances of the said second port on a sound and practical basis.

And there you have a thumbnail sketch of Rudolf S. Hecht, 37 years old on June 3, 1922, born in Anspach, Germany, and re-born in the South; president of the Hibernia Bank and Trust Company of New Orleans; president of the Louisiana Board of Port Commissioners; and president of the New Orleans Public Service Inc., the reorganized public utilities company, the success of refinancing which is largely attributed to this quiet-faced, easy-smiling man with mild, brown eyes, an awkward, purposeful gait, and such simple tastes that he prefers to ride in the street car to using his automobile, and has turned down offers from New York and other Eastern financial institutions at several times his present salary.

The story of Hecht is one of those business romances which are found oftener between the covers of fiction than among the hard realities of life, and which seem more unreal in life than they do in fiction. Yet it is a story which anyone can write upon the willing

page of Success if he will apply himself with sufficient diligence. Hecht is exhibit A to prove it.

At the age of 17, he graduated from his home town school and went to work in the local bank. The next year, armed with a fair knowledge of English and



RUDOLF S. HECHT

President Hibernia Bank and Trust Company
of New Orleans

a determination to study American banking methods at first hand so that he might be better qualified to rise in his country, he went to Chicago, where he got a job in the National Bank of the Republic at \$30 a month. His modest trunk was barely unpacked before he had decided to make the United States his home—so strong was the

appeal that this country, its people and its institutions made to him. And he threw himself into that \$30 work with the enthusiasm of a football player, and took up the training courses of the American Institute of Banking, the educational institution organized to make it possible for the lowest bank employee to rise to the highest positions in the financial world.

His promotion was rapid. Before he was 20, he became assistant foreign exchange manager of the Commercial National Bank of Chicago. Then in 1906, a year later, the Hibernia Bank of New Orleans offered him the position of assistant foreign exchange manager.

PRESIDENT OF THE HIBERNIA AT 33

That didn't look like a promotion. But Hecht, who had been reading about the South and New Orleans, foresaw, with a clearness of vision that is his characteristic, a great expansion in the South. He accepted. And rose, in rapid steps, to be bond officer; then trust officer, then vice-president; and finally, in 1918, at the age of 33, to be president of the Hibernia, which was then as it is now, one of the largest and most influential financial institutions of the South.

The wisdom of the choice was early apparent, for the deposits of the Hibernia have increased from \$30,000,000 to \$43,000,000, and the number of customers from 35,000 to 50,000.

One year after assuming the presidency, Hecht organized the Hibernia Securities Company, to finance Southern enterprise that had theretofore been going to the East for its capital. It not only underwrites the business of the South, but it also reaches into Eastern territory, and it has been necessary to open a branch in New York. Imagine a New Orleans banking institution putting a branch in New York. In Atlanta and Dallas, too, it established branches, and more will shortly follow.

Hecht has devoted almost as much of his time to public work as to his private business. He took a prominent part in

the organization of the Federal International Banking Corporation of New Orleans, one of the first banks formed under the Edge law, and was its first president. During the war, he played a leading role in Liberty Loan and other drives.

Before the war, he distinguished himself by working out a financial plan that put the city of New Orleans, as involved in debt as the celebrated case of Jarndyce and Jarndyce, on a workable basis.

PLANS HUGE FINANCING OF PORT DEVELOPMENT

Later, when popular demand began to call insistently for the port development which we now know as the industrial canal or inner harbor, costing to date \$20,000,000, it was Hecht who worked out the plan of financing that made the dream of a century come true. And still later, when enthusiasm grew cool and some political cooks were trying to season their dish with an insensate attack upon the canal and there was serious possibility of stopping the work half-completed, it was Hecht's confidence, enthusiasm, and convincing, future-envisioning analysis that put the workmen back on the job and united New Orleans more solidly than ever back of the proposition.

So it was peculiarly appropriate that Governor Parker should choose Hecht to be chairman of the reorganized, depoliticalized dock board—recognition on the one hand of his great public service, and on the other, of his demonstrated capacity to make big things go.

The board of port commissioners or dock board is the most influential and most important body of the kind in Louisiana. It administers about \$55,000,000 of public wharves, elevators and warehouses on the river front of New Orleans and on its policies depend the port expansion of New Orleans, for all wharves there are subject to public ownership and public control.

A few years ago, when the public utilities company went into receivership, and repeated efforts to effect reorgan-

ization had failed, principally because of the distrust not to say almost universal hatred in which the company and everything relating to the company was held, resulting from years of mismanagement and "public be damned" policies, it was Hecht who brought order out of chaos. He prevailed upon the financial interests, on the one hand, to take a little less than they asked, than they would have been upheld in, had they pushed the case into a court of law. And he persuaded the people to take a more calm, more forgiving, more constructive attitude. And so when that \$50,000,000 company was reorganized, Hecht was elected president—rather, he was drafted to serve as president, drafted by the company, the city authorities and the people at large; and his "public be pleased" policy is today making the company.

WORD "OVERTIME" MEANS NOTHING .

What is the secret of Hecht's success?

Work, study, public service.

He goes to the office at scandalously early hours and leaves at scandalously late hours. He is at his desk before the telephone operator at the bank has rubbed the beauty sleep from her eyes; and he is often at his desk when the rest of the city are beginning to feel the fatigues of the fox trot. When his family is away in the summer, weeks sometimes pass without his seeing his home—he has a bedroom in the bank building and often sleeps there, so he can get on the job that much sooner and leave it that much later. When he goes on vacation, the little black folio that seems to be part of his costume goes with him—cramped with papers. One can imagine Hecht forgetting his necktie, but one cannot imagine Hecht forgetting the folio. In the barber's chair or at the manicurist's table, he pores over financial documents and cleans up much business.

He comes as close to being a continuous motion machine as can be imagined in flesh and blood. He is the one ex-

ception to the rule that no game of golf is postponed on account of business.

Health? As solid as a pine knot. He's brimful of energy, and his real recreation is public work. He takes the same pride in constructive effort as the artist does in a completed masterpiece.

Hecht's temperament is very close to the artistic—especially in his valuation of money. He doesn't care for it, beyond a certain point—enough for the basic necessities and comforts of life. His private "fortune" is insignificant, even when measured by the easy standards of New Orleans. Where his clerks ride in taxis, he takes the street car, not from any spirit of niggardliness, but because the street car serves his purpose just as well, and he has naturally simple tastes. He is never influenced by swank.

Work and study—all the old copy book maxims on diligence and thrift and application are stunningly realized in Hecht's career. And his real success is measured by his public service.

LEADS BEST EFFORTS TO PUBLIC SERVICE

The world is just beginning to realize that public service is the only certain indication of success in any career. No man can hope to give society as much as he receives from it, and greatness is measured by the effort to pay as large an installment as possible on this bill to humanity. Hecht has always lent his best efforts to public constructive effort. Some of the peaks of his service to his city and his country have already been sketched. A mere outline of all that he has done would run for pages. His appointment to be president of the dock board—the most important board in the state—without financial emolument, of course—is his accolade.

Not the least important of the things done by Hecht is the system he installed in his bank whereby employees are paid, in addition to their salary, a dividend similar to that paid to stock-

holders. The latter invest their money, the former their life, and his theory is that the employees should benefit from the prosperity which their faithfulness and efficiency have so largely developed. It is something new in compensation systems; and, based upon the time in service, it has been found to promote a remarkable loyalty.

It is easy to point a moral and adorn a lesson when writing of Rudolf S. Hecht. Yesterday, he was a boy with-

out influence or unusual attainments. Today he is a man who has achieved a remarkable success, and has declined offers even greater than the success he has won. Why does he not accept these offers? For the same reason that he left Chicago to come to New Orleans in the first place—because he sees greater opportunities for constructive work in New Orleans than anywhere else in the country, a wider field in which to work, study and do public service.



A New Banking Service

RECENT developments in banking management and progress have been toward an increased coöperation of the banks with their clients for the purpose of eliminating duplication of work.

An instance of this which might be a practical suggestion for institutions similarly situated, is in the relations of the Harvard Trust Company of Cambridge, Mass., with its customer, Harvard University.

In the University are upwards of 6000 students who formerly paid their term bills, five a year, direct to the Bursar; in all over 30,000 bills, the payment of which are congested into a few weeks of the year. Now these bills are paid direct to the bank and the Bursar is relieved of handling the cash and checks, together with the incidental work of settling the cash at the end of the day, making out deposit slips, transporting the money to the bank with the danger of loss by theft or robbery.

The plan is simple, and has been in operation successfully for a year.

A combined cash sheet and deposit slip has been prepared containing the information required by the Bursar for his daily record of payments by the students, also the information required by

the bank as to the deposit made by the Bursar.

The cash sheets are blocked in pads of fifty, a white and yellow sheet alternating. Each set is numbered and the lines on the sheet numbered. A carbon is inserted between the white and yellow sheet, so that the record is in duplicate. At the close of each day's business the sheets are totaled and the white sheets sent to the Bursar to be inserted in a loose leaf binder which becomes his permanent cash book, while the yellow sheet remains at the bank as a deposit slip showing the day's credit to the University Account.

The students' bills are prepared and mailed by the Bursar and state that the bill is payable at the Harvard Trust Company. In addition to the name and amount of the bill is the reference to the student's account on the Bursar's ledger. The second left hand column in the illustration is this reference and is copied by the teller from the bill to the cash sheet when the bill is paid, together with the student's name and the amount of the bill which follows in the next two columns.

The last column is the bank memorandum; in the illustration it shows the student paid by a check for \$100 and

HARVARD UNIVERSITY DAILY CASH RECEIPTS									
					NO. _____				
					DATE _____				
POSTING REFERENCE	NAME		AMOUNT		✓	BANK MEMO.			
1	294	16	John G. May	62 50		Ck \$100.00	53-60		
2									
3									
4									
5									
6									
7									
8									

Combined cash sheet and deposit slip containing information for the university and for the bank

the figures following are the A. B. A. transit numbers of the bank on which the check was drawn.

When the check is more than the amount of the bill, as in the illustration, the teller pays the student the difference in cash. On the check the teller marks the number of the cash sheet with the line number. This is shown on the first left hand column. In this case it was line 1. This is for the convenience of the bank so that if the check is dishonored it can quickly locate from whom the check was received, as it often happens that the student does not offer his own check in payment of the bill.

One day in September of last year, the bank received payment of about 4000 bills, a large percentage paid over the counter without any apparent annoyance to the bank's commercial depositors and required only a redistribution of the bank clerks for the day. The bank clerks are so much more accustomed to handling money and checks than clerks in the Bursar's office, that

the students are not delayed in paying their bills as formally, and are apparently pleased with the system.

An effort is being made to have the students remit by mail instead of paying over the counter. It is believed that eventually 80 per cent. will do so. Bills received by mail are arranged as nearly as possible in numerical order before entering on the cash sheet, to save the bookkeeper's time in posting to the students' account on the Bursar's ledger. Mail receipts are handled by the mailing department in the bank, and as payment is made by a check which equals the bill, there is less danger of error than in handling cash by the teller. The University furnishes the bank with stamped outlook envelopes for returning receipted bills.

By this simple system it will be seen that much of the work which was necessarily duplicated by the cashier in the Bursar's office and the receiving teller at the bank, is eliminated.



How Are Your Office Forms Ruled and Printed?*

By Arthur E. Post

Federal Reserve Bank of Philadelphia

A TRULY scientific study of credits and credit granting no doubt pre-supposes interest in any investigation relating to methods and procedure which is calculated to make more effective various organizations engaged in granting credit.

The word "scientific" used in the paragraph above, is an all-inclusive word and when used with reference to a credit organization, if interpreted literally would refer probably to an office organization functioning in a methodical way and in accordance with a carefully arranged and rational system. When we considered the word "scientific," we are apt to think of such words as accuracy, systematic, efficient and exact, as being words which are more or less synonymous with scientific. Is it not, therefore, well to consider among other things, discussions relating to the most approved methods of office organization, together with the most modern labor saving devices which can be installed or devised for the purpose of rendering credit work more scientific in its character, and more efficient in execution?

Several times in the past the secretary, or some committee of the Robert Morris Associates, has published illustrative office forms to be used for various purposes such as parallel statement forms and other record forms to be maintained by credit departments or loaning officials of banking institutions. The dissemination of this kind of constructive information, illustrated by forms, is extremely valuable and helpful.

In studying such sample forms, however, I have often been impressed with the idea that they could be greatly improved if printed and ruled differently and this same suggestion also applies to

a great majority of the record forms and books usually found in credit departments.

At first thought, this question of ruling and printing may seem to be rather insignificant and of minor importance, but, after due consideration one cannot but come to the conclusion that anything within reason which can be done by executives in charge of work to lighten the burden upon their assistants, who have to keep up current records, is well worthy of attention and study.

When occasion demands the ruling and printing of new record forms, I am afraid that the usual procedure followed by most executives and purchasing agents is to call in a printer, give him the wording of the heading and columns, and tell him to go ahead and rule up the form in the usual way, printing it on some appropriate grade of paper. Most printers give very little serious thought to the kind of ruling and printing, or the color of paper which will be most easy on the eye of the user of the form. Ordinarily such printing is done on white paper of hard texture, like linen or bond papers, with surfaces which are very glaring in certain lights. Almost any font of type seems to be good enough for headings and columnar wording and usually no attempt has been made, through the ruling scheme, to aid the eye of the worker, in the current posting of data.

At different times within the last few years, extensive and informative studies have been made of color of paper and ruling best adapted to various usages, prominent among which was an investigation by that group of efficiency engineers, which was inspired in their

*Reprinted in part from the bulletin of the Robert Morris Associates.

Triple - 2 brown, 1 green

	NUM- BER		DATE		ITEM	✓	AMOUNT							
<i>Double brown</i>														
<i>Light green</i>														
<i>2 1/2 " brown</i>	<i>3/8</i>	<i>1/2</i>	<i>1/2</i>	<i>5/16</i>	<i>2"</i>		<i>1/4</i>	<i>1/4</i>	<i>1/8</i>	<i>1/8</i>	<i>1/8</i>	<i>1/8</i>	<i>5/16</i>	
<i>" green</i>														
<i>" brown</i>														
<i>Heavy green</i>														
<i>Light brown</i>														
<i>" green</i>														
<i>" brown</i>														
<i>" green</i>														
<i>Heavy brown</i>														
<i>Light green</i>														
<i>" brown</i>														
<i>" green</i>														

Horizontal ruling to be 1/4"

Triple - 2 green, 1 brown

A sample form with colors of lines, dimensions of vertical columns and horizontal ruling indicated

efforts by the late Frederick W. Taylor. Everyone who is at all familiar with the work done by this coterie of advanced thinkers, is aware that no stone was ever left unturned which would disclose any information having a bearing upon the question at issue. And so it was in the same spirit of fairness and with the same careful regard for thoroughness that they tackled the problem of trying to determine the best color of paper and type of ruling for office forms.

BEST COLOR OF PAPER

Numberless tests of various kinds and under changing conditions were held, resulting in the opinion being expressed that the best color of paper to be used in office forms and records (especially those which require frequent posting or consultation), is that described by different paper manufacturers as buff, canary, corn, light tan, or primrose. As to ruling, the colors of inks to be used, should be green and brown, in some cases using light lines and in others, heavy lines. These colors are exceedingly easy upon the eyes under almost all conditions of lighting.

Reference to the illustration on this page of a sample form will aid the

reader in getting an idea of the suggested model color scheme. Variations may be made in it as occasion demands or as experience proves desirable.

It should be noted that the horizontal lines alternate in color between light brown and light green, but that every fifth line is a heavy one. Some prefer to make every third line heavy. This idea of dividing up a ruled page into sections by making every fifth horizontal line heavy, has proved to be of great assistance in posting.

When preparing copy for the printer of a form to be ruled and printed, the best result will be achieved if a rough sketch is drawn, approximately to scale, for the reason that such a sketch will give some idea to the executive as to how the finished form will look, and will also provide the printer with exact specifications which he must follow. In preparing such a rough sketch, it is not at all necessary to rule up a complete page; simply draw a plan much like the illustration which shows (1) the main heading of the form, (2) the upper portion only of the vertical columns with the box-headings and the wording that is to go in each, and (3) the left-hand portion of about seventeen of the horizontal lines.

On forms, which are at all compli-

cated or elaborate, proofs of the ruling as well as proofs of the printing should be insisted upon and arrangements accordingly made in advance with the printer. Unless these details are followed the form as finally delivered may be unsatisfactory. No charge should be made by the printer for furnishing ruling proofs, provided he is informed in advance that these will be necessary, and, provided that the proofs are passed upon and returned promptly to the printer by the buyer.

SUBMIT COPY WITH COLORS INDICATED

The best results may be secured if the copy submitted to the printer is in the form shown in the illustration with the colors of all lines designated thereon, together with the dimensions of all vertical columns and horizontal ruling. A little extra care shown in the preparation of copy for ruled forms will be well repaid in the end, because we have all too often had the experience of receiving finished ruled and printed forms from our printer, which in some particulars have failed to satisfy expectations. Usually, the fault lies in the copy which is not specific enough in its instructions. Questions concerning the ruling and printing of office forms should never be left to the discretion of a printer: he may, or may not, know what is best and most efficient.

Concerning the dimensions of vertical columns to be used for the recording of amounts of money, it has been found by experience that the dimensions as shown in the illustration are adequate, and probably will meet practically all needs. Horizontal ruling, $\frac{1}{4}$ of an inch apart is satisfactory for a great many forms. Often much space on forms is wasted because it is thought necessary to allow more than $\frac{1}{4}$ inch ruling for horizontal lines in the belief that ordinary handwriting consumes more space; experience, however, has not proven this to be the case. On the contrary, forms are entirely practical with a horizontal ruling of even less than $\frac{1}{4}$ inch.

Both space and time can be saved in

the use of certain forms if it is not necessary to make entries of cents and odd dollars in the columns used for recording amounts of money. In a great deal of statistical work this is found possible. In planning a form this question should be taken into consideration. For instance, in some types of parallel statement forms the trend of items can be shown just as well, if not better, if even 100's of dollars are used instead of showing all the odd dollars and cents. If the form is planned in advance to be used in this way, considerable space can be saved in the vertical columns, which means that more columns can be included on a given sized sheet of paper than otherwise. Often, as in some types of parallel statement forms, it is desirable to include data for as many fiscal periods as possible, so that the more columns there are, the better will be the form.

PRINTING HEADINGS ON REPORT FORMS

Much improvement is possible in the printing of headings on report forms through the use of regular upper and lower case letters, instead of following the usual practice of printing all headings entirely in capital letters. There is no printing so hard to read as words, phrases, or sentences printed entirely in capital letters, therefore, why should we have forms printed which put an additional strain on the eyes of those who have to use them, through the reading of headings so printed? This use of capital letters for headings is simply a foolish custom, which we have fallen into mainly because printers think that forms so prepared look good. Any one can demonstrate the truth of this assertion to his own satisfaction by having several sentences set up in type, first, in capital letters, and second, the same sentences in regular upper and lower case letters so comparison may be made. Our forms will be better if we stick to our old grammatical ruling of capitalizing only the names of places and proper names.

Many folks in various offices have

given careful trials to forms printed in this way, and I have yet to hear of a single case where the user wished to revert to a form printed in the old fashioned way on white paper with blue horizontal ruling and the customary red vertical lines in the money columns.

Many statements might be quoted to support these suggestions, to the effect that eye strain has been considerably eliminated through the use of such a ruling and color scheme, with a consequent increase in the accuracy and speed with which records are posted.



"FRANKLIN" PENNIES

These coins, also known as "Sundial," "Ring" and "Mind Your Business" cents, were first coined in the City of New York in 1787. The following notice of these coins was circulated in the papers at that time.

"The coinage of Federal CENTS, coppers, at New York, we are told, is carrying on, and we may expect soon to see them in circulation among us - these will free us from the impositions to which we are now exposed from the floods of light half-coined British half-pence, introduced among us - and as, from the excellent monitorial caution, (MIND YOUR BUSINESS) impressed on each of these, they may prove an antidote to insurgency, they will doubtless be held in high estimation."

The specimens shown above have never been in circulation. They were acquired by The Bank of New York in 1787, and have lain in the vaults of the Bank since, and recently removed for exhibition.

The Credit Situation*

By Barret Montfort

Assistant to the president Chemical National Bank, New York

IT would be indeed hard to overestimate or to exaggerate the importance of Credit. In time of peace "Credit Makes the Mare Go". In time of war, Napoleon once said "God is on the Side of the Heavier Artillery". On that side also will be found the means of procuring the heavier artillery—the greater supply of credit. Credit is the motive power upon which commerce and production depend for locomotion. A sound and adequately strong credit structure is essential alike to the well-being of the body politic and to the body economic. The condition of the state itself is no more sound than is the stability of the credit structure which supports the commerce of the state. Credit in the last analysis is the keystone of the arch upon which is supported the civilization of the twentieth century.

Commerce presupposes production, distribution and sale of articles of value. It is upon credit to a large degree that the producer depends to finance production, that the distributor depends to finance distribution and the buyer to finance the purchase. It is, therefore, conclusive that credit is of the essence of commerce.

Credit is a commodity and subject therefore to the operation of the law of supply and demand. The ratio of the supply of credit to the demand for credit is expressed in the price of credit and reflected in the prevailing rates of interest. Since the price of credit is one of the controlling factors which go to determine the cost of production, it is apparent that the credit situation is one of the factors in establishing not only the volume of business done but also the price level at which business is done. Thus it will be seen that the rise and fall of the commodity prices, the degree of activity of production and trade, the prevailing prices in the security markets, the amount of speculation in both commodi-

ties and securities, and lastly and even of greater importance the ability and willingness of the ultimate consumer to buy—all are directly influenced by the credit situation.

Quite a different but a very important function of credit is to act as a governor set upon the flywheel of commerce and to exert a stabilizing influence upon industrial activity and speculation. In time of business depression when the wheels of industry are but slowly turning over, the abundance of credit is an incentive to the buying of commodities and securities. In a period of recovery the more than adequate supply of credit provides the propelling force necessary to expansion into prosperity. Should a period of prosperity, because enthusiasm has gotten the better of judgment, develop into a period of boom, then the exhausted condition of the supply of credit and the attendant high rate of interest act as a brake upon industry and speculation thereby serving to mitigate the severity of the depression that is to follow.

It is obvious that credit can be relied upon to exert a stabilizing influence only if the law of supply and demand be left free and untrammelled. Should the demand for credit exceed the supply of credit and should this excess be repeatedly made up by the injection of artificial stimulants into the supply of credit, then a situation is developed which will inevitably lead on to chaos.

THE BUSINESS CYCLE

It is an historically established fact that periods of depression are followed by periods of recovery; that periods of recovery if fundamental economic conditions are sound, develop into periods of prosperity; that periods of prosperity if overstimulated by enthusiasm give way to periods of decline. The effects

*An address at the annual banquet of the AMERICAN INSTITUTE OF BANKING Hotel Belvedere, Baltimore, Md., February 3, 1923.

of a period of depression are too well known to require discussion. Although there are many contributing causes of periods of depression, the fundamental and underlying cause is an erroneous and exaggerated idea on the part of the producer and the distributor of goods as to what will be the future demand on the part of the consumer of goods. This is the result of a sudden loss of appetite on the part of the ultimate consumer. It subsequently develops that the eye of the producer was bigger than the stomach of the consumer and stocks of merchandise on the shelves of the distributor which were calculated to be sufficient for sixty days consumption are transformed over-night into a supply sufficient for six months consumption at the resulting decreased degree of demand. The producer is therefore out of a job until the existing stocks of merchandise are dissipated, the arrival of which time is delayed due to unemployment and the resulting diminution in the purchasing power of the consumer.

It will suffice to recall the fact that prosperity depends upon the existence of a state of equilibrium between supply and demand and the fact that it is impossible to create or maintain a demand without first creating and sustaining the confidence of the buying public. While loss of confidence may well and usually does come about almost overnight, the psychological process of the restoration of confidence is gradual and the consumer who had in the preceding period of prosperity bought more than he could legitimately use and too often more than he could pay for, now demands substantial evidence that the bottom of prices has been reached before he will enter into commitments for the future. Furthermore, his ability to buy which had been pyramided upward along with his willingness to buy during the time of rising prices, now has become an inverted pyramid, due to pressure exerted by his creditors and non-payment on the part of his debtors.

As business depression is precipitated by loss of confidence on the part of the

public, so is depression ended by a return of confidence in future values. This leads us to conclude the axiomatic truth that prosperity can only be had through a sustained confidence as to future values on the part of the ultimate consumer. As a matter of fact the business cycle is simply the reflected measure of public confidence in future values.

Are high interest rates the cause or the effect of a high price level?

There has recently been much discussion based upon much confusion of thought in an attempt to definitely determine the cause and effect relationship between prices for commodities and rates of interest for credit. Let us analyze carefully the spiral of rising commodity prices and rising prices for credit and determine if possible the relation of one to the other. The force that causes the process to be set in motion is invariably an increased buying on the part of the ultimate consumer and the effect is an increased commercial activity at a rising level of prices. The effect of this increased commercial activity at rising prices is an increased demand for credit and a consequent hardening of interest rates, which in turn is the cause of a further increase in commercial activity and a further increase in prices due to increased cost of production, in part due to the higher price of credit and accentuated by the rise in wage scale and the speculation which invariably accompany a rising market. It would then seem that both rising prices and higher interest rates are contributing causes and that their effect is mutual and cumulative—the spiral of rising prices continuing until a level is reached at which the consumer loses courage and confidence and withdraws as a buyer from the market. It is important, therefore, to continually keep an eye on the appetite of the ultimate consumer. Nor should the fact be lost sight of that a rapidly rising price level sooner or later serves as a brake upon the activity of the consumer.

I have referred at the outset to periods of depression since the condi-

tions attendant thereto have so recently and so vividly been impressed upon the memory of all of us. By no means do all periods of recovery develop into periods of prosperity, nor do all periods of prosperity develop into periods of boom. Furthermore, the transition is sometimes very slow and gradual while at other times quite abrupt. It is for these reasons necessary that a study of the credit situation be carried on continually in order that we may definitely know where we are in the cycle and in what direction and at what rate we are moving. It might not be amiss at this time to remark that while the business cycle has been in effect since the days of barter and trade, yet its movement from the standpoint of time as well as degree has been appreciably accentuated since the institution of big business and the resulting system of indirect marketing. It is obviously harder for the Boston shoe manufacturer to accurately anticipate what will be the future requirements of a customer who lives in Texas or possibly South America, than it was for the Boston bootmaker of the 60's to determine the future requirements of his customer who made it a point to stop in at his shop in State street and give notice that he would be wanting a new pair of boots in the course of a month.

It is to be expected that the movements of the curve representing the business cycle will tend to become more and more emphatic as big business grows into bigger business, yet it is comforting to know that with increased data available for the basis of scientific analysis of the credit situation, the effect of these periods of transition will be to a certain degree mitigated and it is not too much to hope that through a more thorough understanding of the sequence and significance of events the actual variations of the curve may be to some extent modified.

THE EBB AND FLOW OF CREDIT

The total amount of existing credit is based upon the wealth of the country, and includes value in all of its

ramifications. Much of this total wealth is potential and necessarily not available for actual use. A portion of the total credit might be designated as the working capital of commerce in distinction from the fixed assets of commerce. The working capital is that portion of the total credit which is available for the use of production and trade; in other words, the supply upon which the demand created by production and trade can draw and out of which commerce must satisfy its needs. There is of course a certain amount of this working capital which is employed by commerce even in periods of depression. However, the amount of credit necessary to finance commerce in time of prosperity and the first phase of the period of decline is obviously greater than in time of depression and it is this excess which we will designate as mobile credit and with which we are primarily concerned in this discussion.

The ebb and flow of this mobile credit may be compared to the tide action of the ocean. The tide of the ocean is of course susceptible to and to a degree affected by the wind but every flood tide is followed by an ebb tide, which in turn is followed by a flood tide. The attractive force which causes the tide of credit is the demands of commerce and this force is of varying strength. Nor is the supply of credit constant in amount, so it is obviously impossible with any degree of accuracy to determine the hour at which the tide will flood or what will be the high-water mark. It is, therefore, only possible to actually determine the present state of the tide, the direction in which it is flowing and its rate of speed, and knowing what the high-water mark has been under similar circumstances in the past to form an opinion as to when the high point will be reached and what the high-water mark will probably be at the next flood tide.

The ebb and flow of credit depend upon both the supply of credit and the demand for credit. While we have justly put much emphasis upon those

factors which have to do with the creation and the regulation of the demand for credit, consideration also should be given to the supply of credit upon which the demand for credit depends for satisfaction. The supply of mobile credit in a large measure is composed of bank deposits, investments of banks and the potential credit which is available to banks by reason of their privilege to borrow from the Federal Reserve System. The amount of potential credit available is of course directly dependent upon the gold holdings of the Federal Reserve System. This supply of credit is of course augmented in time of stress by the sale and pledging of securities and in other ways, (mortgaging fixed assets, etc.) in which the character of credit may be changed so as to have it available for immediate use.

The amount of credit necessary to finance business depends in the main upon two things; firstly the volume of business done and secondly the price level at which that volume of business is done. Both the volume and the price level are directly dependent upon the prevailing degree of confidence in future values. It is thus that the rise and fall of confidence is reflected directly in the ebb and flow of credit.

The excess of bank loans at flood tide over bank loans at ebb tide furnishes a very good index to the action of mobile credit and a basis whereby to gauge the ebb and flow of the tide of credit.

Let us now examine the facts of the present situation.

The demand for credit as reflected in total loans of reporting member banks shows an increase of about $4\frac{1}{2}$ per cent. during the past year and a slight increase during the past three months, as compared to an equal decline for the corresponding period of last year. Of these loans, approximately one-third are composed of loans secured by stocks and bonds and two-thirds are commercial loans and discounts. Commercial loans stand about where they were at this time last year, although they show an increase of over 2 per cent. during the

past three months, as compared with a decline of $3\frac{1}{2}$ per cent. for the corresponding period of last year. This constancy in amount of commercial loans is interesting when we consider that commercial activity as reflected in pig iron production has increased during the past year $86\frac{1}{2}$ per cent. and freight carloadings have increased 72.2 per cent. It will be remembered that the demand for credit depends upon two things, namely the degree of activity of business and the price level at which business is done. The commodity price level (Bradstreets), has increased $20\frac{1}{2}$ per cent. during the past year, which has been due to a revival of demand for the finished product and to higher cost of production, which in turn is due to higher prices for raw materials, higher prices for fuel and a higher wage scale for labor. We are confronted, therefore, with a material increase in the volume of business done, together with a marked rise in the commodity price level and we find apparently no corresponding increase in the demand for credit as reflected in commercial loans. The answer is, I believe, that while the quantity of bank credit outstanding has not reflected the increase which has taken place in commercial activity, yet the quality of the credit has changed. A year ago there were still many frozen loans, which meant that much credit was concentrated in unproductive pools, rather than flowing in the productive channels of commerce and turning the wheels of industry. In other words, the character of outstanding bank credit has to a certain extent changed during the past year and consequently its productiveness increased. Bank loans secured by stocks and bonds have increased 22.6 per cent. during the past year and 4.1 per cent. during the past three months, compared with a less than 1 per cent. increase for the corresponding period of last year. As would be expected, this increase is the reflection of an increased volume of sales of securities at higher levels. The price level of trading in stocks is 26 per cent. higher than

a year ago, with an increase of 31.3 per cent. in the volume of trading. The price level of trading in bonds is higher by 2.8 per cent., while the volume of trading in bonds for January showed a decline of 31 per cent. compared with January of last year. It is also noted that the amount of new financing for January of this year was approximately three times that of the corresponding month last year.

Turning to examine the supply of credit, we find that deposits of reporting banks have increased 15.5 per cent. during the past year and 5 per cent. during the past three months, as compared with an increase of 1.1 per cent. the same period last year. Investments of reporting banks have increased 35.3 per cent. during the past year and 7.5 per cent. within the past three months, as compared with 4.5 per cent. during the corresponding period of last year. The gold holdings of the Federal Reserve System have increased during the past year 6 per cent., during the past three months 0.25 per cent., compared with a 2 per cent. increase for the corresponding period of last year. This would lead us to believe that at present we are utilizing not much more than one-third of our total potential supply of credit. This, however, does not mean that we could do three times our present volume of business.

The price of credit as reflected in commercial paper interest rates shows a decline during the past year of 5.1 per cent. and is unchanged during the past three months, as compared with a decline of 4.9 per cent. during the corresponding period of last year.

An index of the relation between the supply of credit and the demand for credit is to be found in the Federal Reserve ratio. This ratio shows a decline of less than 1 per cent. during the past year and has not changed during the past three months, which compares with a 6.15 per cent. increase during the corresponding period of last year.

Our conclusion is, therefore, that there has been a marked increase in the demand for credit but that to satisfy

this demand there is more than an ample supply of credit.

CREDIT AND CONFIDENCE

In order that the volume of production and trade may continue to increase, it is necessary that the demand for the finished product continue greater than the supply. In order that the demand for the finished product may continue, it is essential that there be sufficient credit to finance the purchase on the part of the ultimate consumer as well as to finance production and distribution. A demand for the finished product, therefore, presupposes more than a simple ability to buy—it presupposes in addition a willingness to buy.

The ability to sell is the life of prosperity. The ability to sell is obviously dependent both upon the ability and willingness to buy. The ability to buy depends upon credit—the willingness to buy depends upon confidence. Both credit and confidence are, therefore, necessary to prosperity. If confidence be lacking it matters not if there be an unprecedented supply of credit.

There are certain factors which affect both the demand for credit and the supply of credit. These factors affect confidence. Uncertainty, generated by an unsettled political or international situation, does not create, nor is it conducive to confidence. A rise in the commodity price level up to a certain point stimulates confidence—beyond a certain point it destroys confidence. Speculation in commodities and securities up to a certain point stimulates confidence—beyond a certain point destroys confidence. That which destroys confidence also destroys prosperity.

There are three attributes of the borrower which are commonly given as necessary qualifications to the extension of credit—capital, character and capacity. There is, however, a fourth qualification, which must inherently be an attribute alike to the borrower and to the lender of credit—and that attribute is confidence—a confidence in future values.

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: (1) In what way should a construction company show on its financial statement that it is in possession of valuable contracts? In the case of an incompleting contract, what amount, if any, would it be proper for the company to bring on to its books? In what manner should this appear on its financial statement?

(2) In what way should a company, possessing a contract to supply furniture and fixtures for a school, a public hall, or public offices, show it on its financial statement?

What amount, if any, would it be proper for the company to bring on to its books in the case of an incompleting contract, assuming that a portion of the furniture and fixtures had already been installed? Would the fact that partial payments on account of the contract price were to be made, or payment deferred until the final installment of furniture and fixtures had been made, alter the manner in which the company would bring the item on to its books? In what manner should this appear on its financial statement?

(3) Should a bank loan money to a concern where contracts such as outlined above constitute its principal assets? —J. N. E.

ANSWER: There is no way that a construction company can show on its statement that it is in possession of valuable contracts other than by a notation at the foot of the statement calling attention to the fact that it has such contracts. Contracts on which work has not been started are really nothing more than unfilled orders and it is quite obvious that the

latter cannot be carried as assets on a concern's statement. A line or two appended to the bottom of the statement should indicate clearly the possession of such contracts as well as their estimated value.

If a concern has already commenced work on a contract, however, and has made various expenditures in the line of purchases of materials, supplies, labor, etc., which have been or are to be used in fulfilling the contract, it is perfectly proper to set up on its books a "Contract in Process" account. This will appear as an asset on its statement and will represent all expenditures made up to statement date in connection with the contract. It occasionally happens, however, that a construction company will have completed a portion of its contract and due to unexpected adverse conditions, such as labor strikes, rise in the price of raw materials, etc., finds that it has operated at a loss. In such a case, evidence of the loss must appear on the statement. For instance, we will assume that a construction company is to receive \$100,000 for a certain job. When it has half completed this job (i. e., roughly, \$50,000 worth) it finds that its total cost to date has been \$60,000, a loss of \$10,000. It is not permissible for such a concern to show on its statement "Contract in Process" \$60,000. The loss of \$10,000 in such a case will have to be deducted and roughly the amount appearing on the statement will be \$50,000.

(2) This question is a specific example of the above and is substantially answered in No. 1. If the company possessing the contract to supply the school furniture and fixtures has as yet not purchased or installed any of these, it has no assets in connection with this particular contract which it can justifiably show on a statement. However, in the case of an incompleting contract, where a portion of the furniture and fixtures have already been installed, a "Contract in Process" account representing the cost of such an outlay would appear as an asset on the statement. The fact that partial payments on account of the contract price

were to be made, or that the payment was to be deferred until the final installment of furniture and fixtures had been made, would not alter the manner in which the company would bring the item on its books. In the case of the partial payments made on account of the contract price, the payments (if no invoice has been billed the customer for them) would be represented on the asset side of the statement by the cash received and on the liability side by an item called "Advance Payments on Completion of Contract"; if the partial payments are made as a result of invoices billed the customer they would be treated in the light of payment of accounts receivable and would be used to reduce that item on the statement.

(3) It is not possible to make any definite statement as to whether or not a bank should loan a concern in which contracts such as outlined above constitute the principal assets. Credit risks in the case of construction companies are quite different from the ordinary mercantile risks and each case must be judged individually. As a general rule, the balance sheet of a contracting or construction company is not the guiding element in deciding whether or not the risk is justified. Contractors usually borrow money to finance a particular project. Hence it is very important to know the credit standing of the companies for whom the work is being done, since upon their paying the contractor depends the liquidation of the bank's loan. It is equally important to know what work the contractor has done in the past and his reputation for carrying out his contracts successfully and profitably. There is probably no business in which speculation is so rampant. Competitive bids cut down the margin of profit and often induce contractors to take chances which are anything but conservative. "Famine or Feast" results consequently attend.

In judging a risk of this sort it is well to inquire thoroughly into the terms on which the work is being done. Contractors usually sublet a portion of the work and it is of course essential that the sub-contractors have the facilities to carry out their end of the job. Terms may include partial payments as the work progresses or may stretch out over long periods of time so that the contractor has to wait for his money; a banker should understand these thoroughly. Very often when payments are slow or temporarily uncollectible a contractor will secure a mechanic's lien on the property on which he is working. The banker should also look into the matter of law-suits and make sure that the subject concern has no damaging judgments against it which might injure its credit. It is also well to see that adequate insurance against work-

men's injuries, etc., has been taken out. In analyzing the balance sheet it must be remembered that in the event of liquidation, the supplies, equipment, machinery, etc., on hand can probably be sold for very little if anything and the receivables are often liable to contain some very slow and perhaps inflated accounts.

In any construction job, labor, weather and market conditions furnish all-important factors in its success; if these are favorable, the contractor may be able to complete his job with very handsome profits; on the other hand, the reverse may tie up his job completely and inflict very serious and heavy losses. Strikes have often proved the straws causing large contracting concerns ruinous losses; the contractor finds himself unable to proceed with his work, and his creditors have to carry him while he is helpless to check the daily increasing losses against which there is no offsetting revenue coming in. Again, a railroad embargo or a car shortage may occur and he finds himself unable to obtain his raw material. These and many other attendant circumstances make it necessary for him to have sufficient capital to carry his business along in the event of unforeseen happenings. His business is precarious and speculative; the credit risk should be carefully looked into before credit is extended.

QUESTION: Not long ago in going over the statement of a mercantile house I noticed that the item of Notes Receivable was quite large and on closer inspection I found that this item contained a rather substantial amount of Demand Notes from two of the subject company's customers. Do you consider Demand Notes to be more liquid assets than the ordinary form of note which has a stipulated time to run, say three or four months?—W. J. W.

ANSWER: The fact that notes are "payable on demand" does not indicate that they will or can be paid on demand. Notes of this sort might be long time advances to a company which are not current assets at all but which for the sake of convenience or for the protection of the creditor have been labelled "on demand". Or again they might represent very slow accounts which for the time being are practically uncollectible and which have been converted into this form of asset in lieu of taking them out for a short period and having them continually renewed. When Demand Notes appear on a statement inquiry should be made as to how long they have been running, when demand will be made for payment and what

the prospects are of prompt payment when this step is taken. The degree of liquidness of a Demand Note, then, can only be determined after these three questions have been answered.

QUESTION: In credit discussions I have often heard the terms "subsidiary" company, "parent" company, "affiliated" company, "holding" company, etc., used. Will you kindly define these for me?—J. M.

ANSWER: These terms are occasionally confused and in some instances used synonymously, although there is a generally recognized distinction between them. A subsidiary company is usually understood to be one in which a majority of the stock is held or controlled by a parent concern. An "affiliated" company, on the other hand,

is one which is associated with another concern, usually through stock ownership, but in which the ownership does not constitute a majority control. A parent company is an operating organization, carrying on an independent business of its own and owning a majority of stock in one or more subsidiary companies. The latter are corporations which have been originally organized by the parent concern and which conduct business in industries similar to that of the parent organization. A holding company is usually not an operating company and in contra-distinction to a parent concern obtains the ownership of subsidiaries through the purchase of stock already issued and not through the original organization of the companies themselves. The essential purpose of a holding company is the purchase and holding of stocks of associated companies in order by that means to be in a position to better promote the general interests of the entire group.



Letters to the Editor

The pages of THE BANKERS MAGAZINE are always open to readers, in so far as limited space permits, for expressions of their opinion on matters of general interest to bankers.—THE EDITOR.

HOYT'S ARTICLE QUESTIONED BY FRAME

Editor THE BANKERS MAGAZINE:

In your January issue under the caption of "Branch Banking in Detroit and Cleveland" there appears a very exuberant article from the pen of James A. Hoyt, vice-president of the First National Bank of Detroit, Michigan, in favor of branch banking, which seems so full of subtle fallacies and absurd statements that we might fairly apply to it "A Comedy of Errors" instead of sound logic.

Let us brief the case.

First. Mr. Hoyt quotes some one as saying, "The result under branch banking is that local loans are frequently refused when they should be made. Local enterprises do not receive the financial credit 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." (All true as a whole).

Mr. Hoyt, with apparent self-satisfaction says, "Yea, verily, the challenge is accepted.

What has happened where branch banking, as in Detroit, has been permitted?"

Answer. As to Detroit, do exceptions prove a practically universal rule? Is Mr. Hoyt's breadth of vision confined to a few special exceptions, easily explainable from extraordinary causes of which Ford alone is a powerful example? While Detroit has moved exceptionally upward, does justice reign, when laws are enacted to empower the—shall I say—pirates of monopolistic banking to "put out of business" all independent competitors? Montreal and Toronto as notable exceptions to the rule, as national cream skimmers, prosper and grow, while the nation at large is paralyzed through her more than 4600 tentacles of the octopus acting as "leeches at Canada's throat". "The Toronto Star" so sums it up, Canada is dead as compared to our progress. The World History of Banking, see my October 4th A. B. A. address, proves conclusively that under branch banking comparative failures of banks, losses to depositors, etc., have been far more destructive than under our beneficent independent banking system of the United States, for when the head office or tree comes down with all its branches a great public calamity follows,

while under our independent system, the occasional cutting off of a few bad twigs, but strengthens the whole structure.

As to Cleveland. Mr. Hoyt is ecstatic over his statement that the banks of Cleveland showed:

	Resources	Deposits
In 1900	\$160,000,000	\$129,000,000
In 1920	712,000,000	610,000,000

an approximate average of $4\frac{3}{4}$ times as much as in 1900.

His comment that such a wonderful advance should astonish the nation, seems to lose some of its glamour when we quote from the United States Comptroller of the Currency's Report for 1920, pages 260-1, which shows that *resources and deposits of all the banks in the United States increased five fold from 1900 to 1920*. Comment seems unnecessary.

Second. Now for "The Comedy of Errors".

Mr. Hoyt quotes from some "Boston authority" that "The Wealth of the United States, barring (I know not why) Pennsylvania and Delaware is approximately \$82,024,000,000. The per capita wealth is \$785. In Ohio \$1809.65 and in Michigan \$1515.52". What do official statistics show? In 1920 U. S. Statistical Abstract Page 794 shows even before the war that:

In 1912 total wealth was	\$187,739,000,000.00
In 1912 per capita wealth was	1,965.00
In 1870 per capita wealth was	779.83

Amazing differences.

As the war dislocated normal values greatly, present valuations, etc., may be somewhat problematical, therefore, may we not conclude that Mr. Hoyt's wide discrepancies from the official records might be charitably called "A Comedy of Errors"? They mislead an innocent public just the same.

Finally, may we add. There are some bankers whose vision seems to grasp the underlying broad principles of justice toward all. Permit me to quote from the A. B. A. Kansas City Convention records of 1916 where this subject was thrashed out thoroughly.

Ex-Governor Bailey of Kansas said in part, "I am opposed to any system of branch banking. I wish to go on record so hard that it will catch the ears of Congress on that proposition. . . . You must realize that another *entering wedge* into our branch system will *ring the death knell* eventually of the individual banking system of our country, etc."

George M. Reynolds said in part, "I know of no institution in America that would profit more by the passage of this law than the institution with which I am connected, and yet I am opposed to it. . . . While with the Currency Committee in Europe in 1908,

in a study of this matter, there was one question that could not be satisfactorily answered by any of the joint stock banks of any of those countries. . . . and that is the question which Mr. Bailey has just raised as to personality. The statements are all sent to the head office and are measured by the dollars and cents standard; the question of personality, the ability or initiative of the individual in the community is not given greater advantage in one case than another".

"In Chicago probably seventy-five (suburban) banks have their accounts with my institution. . . . I do not want now to prostitute the information brought me by starting branch banks across the street, in order that I may take away from them the business which many of them have been twenty-five years in building up. I hope that this convention will go on record as opposing branch banks in every form, and I suggest, as Mr. Bailey suggested, to *right* the few instances where competition is hurtful to the national banking system, and not make the sore so big, that it will extend to the banks in all of the states."

The evidence seems conclusive that most officials of the "Loop Banks" of Chicago are in accord with the above sentiments and some big New York bankers also believe in the doctrines of "Holy Writ".

May we not well ponder, if five great banks, through amalgamation, etc., practically dominate the banking power of Germany, France and Britain and seventeen skim the cream from Canada, what assurance have we, that Boston, New York and Chicago, through say twenty-five or fifty great central banks, will not, if permitted, soon absorb our 30,000 independent banks? May the banks of Buffalo, Detroit, Milwaukee, Minneapolis, St. Paul, Spokane, Seattle, Los Angeles, Denver, Kansas City, New Orleans, Atlanta, etc., not be compelled to sell out or be "put out of business" by an octopus?

The honeyed reasons broadcasted that a few big banks, that are now rolling in wealth, should be empowered through special legislation to eat up the suburban banks; also that "the people are better served through them", are transparently ridiculous. Inordinate profits and some conveniences to a few large suburban customers of big banks are conceded, while the iron hand of monopoly carries on its deadly work. In the light of recent events, if the cancerous growth should absorb suburban banks, how long will it be before the virus will inoculate the whole body?

To our mind, upbuild the suburbs, the farm, the hamlet and cities of our nation and the whole nation prospers; skim the cream from them and our progress is palsied.

The true remedy is, cut out the cancer from the few states permitting it in any form; repeal any possible construction of law permitting branch banking or branch offices; in so doing billions will annually be added to our wealth and the progress of the masses will know no bounds.

"Man's inhumanity to man, makes countless thousand mourn."

ANDREW JAY FRAME,

Chairman of the board Waukesha National Bank, Waukesha, Wis.

SAYS NATIONAL BANK ACT PERMITS BRANCHES

Editor THE BANKERS MAGAZINE:

My investigations reveal the fact that Section 5155 of the National Bank Act states "It shall be lawful for any bank or banking association organized under state laws and having branches * * * to become a national banking association in conformity with existing laws, and to retain and keep in operation its branches, or such one or more of them as it may elect to retain." National Banks can therefore acquire state banks by purchase and retain their branches and state banks can convert into national banks and retain their branches.

It is apparent therefore that there is no objection whatever to National banks maintaining branches providing they will follow certain devious and expensive methods of acquiring them. Would it not be more in keeping with the dignity of the United States Government to enact suitable straightforward laws enabling national banks operating under competitive conditions to operate branch banks?

I am advised by R. B. Locke, manager of the Detroit Branch of the Federal Reserve Bank of Chicago, that but 7½ per cent. of all state banks in the United States by number were members of the Federal Reserve System on June 30, 1921, and that on June 30, 1922, but 32.6 per cent. of the total paid in capital of the Federal Reserve Banks was held by member state banks. All national banks are required by law to be members in the Federal Reserve System. State banks and trust companies organized under state laws cannot be compelled to either join or remain in the System. The backbone of the Federal Reserve System is therefore banks organized under the National Bank Act.

The following statistics indicate that state banks with branches in the city of Detroit are gradually supplanting national banks. In the year 1891 Detroit had a population of 206,000 with fifteen state and eight national banks, while today there are fourteen state banks maintaining 189 branches and but three national banks within

the limits of a city containing more than 1,000,000 people, excluding banks in Highland Park and Hamtramck, which are separate municipalities.

	1891	1922
Capital and surplus of state banks	\$ 4,026,990	\$ 45,326,322
Capital and surplus of national banks	5,017,000	13,500,000
Deposits of state banks	28,139,616	378,734,817
Deposits of national banks	17,499,194	158,925,825

The main point of this letter is that the United States Government in Section 5155 of the National Bank Act permits national banks to maintain branches under the present law.

RICHARD P. JOY,
President National Bank of Commerce of Detroit

TRANSIT NUMBERS ON CHECKS

Editor THE BANKERS MAGAZINE:

This may be "old stuff" to your readers but I thought it worth while to bring it to your attention. We are a commercial concern handling each day quite a large number of individual checks that are sent in to us by our customers. In order to save time in making out our deposit slip we use, in place of the name of the bank, the transit number. We find, however, that a transit number is not universally used and when used there is no uniformity in the position on which it appears on the check. It seems to us that it would be a great convenience to bank depositors in general if the banks would agree on some standard practice in this regard and if all of the banks would print a transit number on their checks. We think that it is a matter that might well be discussed in THE BANKERS MAGAZINE.

G. R. G.

AGAINST AMERICAN ISOLATION

Editor THE BANKERS MAGAZINE:

I have been lately in the mood for writing so here goes: "A Short Thesis on the United States as a World Power." International events have moved very rapidly since I was in Germany in 1906. I happened to be there in the summer time. On reaching the German frontier from Holland the first thing that attracted my attention was a train filled with the Kaiser's soldiers fully armed bound for manoeuvres. Was it only an ordinary field day? During my three weeks stay there and on thinking the matter over and what I gathered from the citizens and using my own common sense (what little I have) it seemed like the rattling of the sabre. Of course as events have turned out the real clash as far as the United States was concerned did not take place

until eleven years after. But I am digressing from the theme.

I can imagine in our first President's day, the idea of any entangling alliances with any foreign power would seem like a nightmare, as our country had just emerged from infancy to very early childhood and had broken away from our former mother.

It would have been the height of folly for the newly formed government to undertake any new passage of arms, as the finances were not very rugged and affairs were in a very chaotic state.

How many of the people in 1914 would have dared to say that the most stupendous war ever waged in the world's history would have started? The war broke and the United States had not entered. Personally, I was proud when she did, because the cause was just, and the final result proved it.

As a nation, due to our enormous territory, and natural resources, likewise inventive qualities, the United States was obliged to seek foreign markets. We had built an enormous mercantile marine, and the next question was to find business enough to keep the tonnage employed, which has not happened as yet.

The exportable surplus of our total production, above our own requirements, is roughly about 10 per cent. The foreign market was the only solution. We want to do business with them, are willing to, but we also want to know that we will get paid for doing same. My idea is not selfish in this matter. It is a good idea some time (particularly in the present state of the world's affairs) to do more business with these temporarily embarrassed countries to get back on their feet again.

An old saying is the best way to stop a panic is to loan freely; in other words, if there is a run on the bank and the first few

hundred people get their money, the rear part of the line will retire and things will mend quickly.

Granting that the United States needs the foreign market for its exportable surplus, naturally a league of nations appears on the horizon and isolation (as it was 135 years ago) would not be considered for a minute as the country's position in 1922 with 110,000,000 of people (and still growing) a full grown nation.

This is the economic phase. How about the financial one? Our national total debt (previous to 1914) had been worn down to about one billion dollars. Today it is between twenty-two and twenty-three billions. It will probably stay over twenty billions for some little time. I am not going to tire you with extensive figures, as my only aim is to try to show that it is absolutely necessary for the United States to get the idea of isolation (from now on) out of its head, and to sign up (so to speak) with the rest of the civilized nations in some kind of international treaty, compact, league or any thing else you may be disposed to call it.

We are strong enough in every direction to do this sort of thing; sit at the same conference table like one big family meeting at an annual Christmas dinner, cards on the table, face up, and get each one's confidence, dispel hate and have more of the Christmas spirit as our Master preached and taught.

My faith and hope grows stronger that such a state of things will soon exist; because after all, contentment and happiness is about all we get out of this life.

God speed the day when the United States will play a man's part in this world, and have the vision and capacity to carry on to a successful conclusion, helping everybody else in the bargain. She can do it and I know she will.

WILLIAM B. CROCKER.



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

Payee of Check a Holder in Due Course

Drumm Construction Company v. Forbes,
Supreme Court of Illinois. 137
N. E. Rep. 225.

IN some states, notably Iowa, Missouri, Oregon and Washington, it has been held that the payee of a check cannot be a holder in due course. In other states, it is held that, under certain circumstances, the payee may be entitled to the rights of a holder in due course. Illinois is one of the states which follows the latter rule.

In this case, it appeared that a party by the name of Lamberton was indebted to the defendant. He falsely represented to one Drumm that he could obtain from the defendant, a used automobile for the sum of \$950, whereupon Drumm delivered to him a check signed by the plaintiff, Drumm Construction Company, for the sum named, payable to the order of Forbes, the defendant. This check Lamberton delivered to Forbes in settlement of his own individual obligation and the defendant had no knowledge of the contract concerning the sale of the car and received the check in good faith. After he had collected the proceeds of the check, the plaintiff brought suit to recover back the amount. It was held that the defendant, though named as payee in the check, was a holder in due course, within the meaning of §52 of the Negotiable Instruments Law, and therefore, entitled to retain the proceeds of the check.

OPINION

Action by the Drumm Construction Company against George S. Forbes. From a reversal by the Appellate Court of a judgment for plaintiff in the municipal court, plaintiff appeals. Judgment of Appellate Court affirmed.

CARTER, J. This is a proceeding with reference to a judgment for \$950 entered in the municipal court of Chicago in favor of appellant, the Drumm Construction Company, against appellee, George S. Forbes, tried in that court without a jury. The Appellate Court reversed the finding of the trial court, and on a certificate of importance granted by the Appellate Court the case has been brought here by appeal.

There seems to be no dispute as to the facts. Some time in July, 1917, one Lamberton, who was an automobile salesman, proposed to Forbes that, if Forbes would loan him some money, they could both make considerable profit in buying automobiles from young men drafted for the war who wished to turn their cars into cash quickly and at reduced prices and Lamberton could sell the cars at an advance. It appears that Lamberton told Forbes that, if Forbes would loan him \$450, they could each make about \$950 out of the transaction. Forbes testified that he told Lamberton the proposition looked all right to him, and gave him the \$450, and took back a note from him for \$950, secured by chattel mortgage on Lamberton's car; that when the note became due Lamberton gave Forbes a check for that amount; that the check came back from the bank marked, "Not sufficient funds"; that, on having his attention called to that fact, Lamberton gave Forbes another check, telling him, if he would put it through again, it would be honored, but it again came back indorsed, "Not sufficient funds". Forbes testified that he then consulted an attorney and together they called on Lamberton at the automobile salesroom where he was employed and asked for payment, and that Lamberton said:

If you will wait here for a few minutes, I will have a check from the Drumm Manufacturing Company, and with it I will pay you in full.

It also appeared that in January, 1919, Lamberton proposed to Harold A. Drumm, president of the appellant company, that he could secure for Drumm a used Essex automobile from Forbes for \$950 and the proceeds from a small car Lamberton was selling for Drumm, Drumm agreed to the proposition, and on being telephoned to by Lamberton went to Lamberton's office in the automobile establishment and gave him a check on a Chicago bank for \$950, signed by the appellant company, dated January 24, 1919, and payable to the order of Forbes. It appears that Drumm came into the salesroom while Forbes and his attorney were there, and that both the latter saw him come in and give Lamberton a check, and that immediately thereafter Lamberton came to Forbes and handed him the check, and said, "The gentleman whom you just saw with me was Mr. Drumm, and he gave me this check", and he thereupon turned the check over to Forbes, and received back from Forbes his note and chattel mortgage. Afterwards the check was indorsed by Forbes and he received the money on it. Drumm testified that he never received the car from Lamberton.

The evidence shows that Drumm was president of the appellant company, which is engaged in the general contracting business in Chicago, and that Forbes was a broker on the Board of Trade of Chicago, and at the time of the above transactions they had never met. Drumm testified that he called at Forbes' office in Chicago several times, but failed to find him; that he finally found him in May, 1920, and Forbes stated to him that there was no proposition to sell the Essex car to Drumm, but the check was for a debt owed by Lamberton to him. After this interview with Forbes, Drumm commenced this action in the municipal court.

Section 52 of the Illinois Negotiable Instrument Act provides:

A holder in due course is a holder who has taken the instrument under the following conditions:

1. That the instrument is complete and regular upon its face.

2. That he became the holder of it before it was overdue, and without notice that it had been previously dishonored, if such was the fact.

3. That he took it in good faith and for value.

4. That at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it.

2 Hurd's Stat. 1921, p. 2166.

Appellant contends that Forbes was not a "holder in due course"; that the statute states that to constitute such a holder the instrument must have been "negotiated to him"; that section 30 of said act states that:

An instrument is negotiated when it is transferred from one person to another in such manner as to constitute the transferee the holder thereof; if payable to bearer, it is negotiated by delivery; if payable to order it is negotiated by the indorsement of the holder, completed by delivery.

The argument is that as the check was made payable to Forbes, and handed by Lamberton to Forbes, it was not "negotiated," as the term is used in the statute. Section 57 of said act provides that "a holder in due course holds the instrument free from any defect of title or prior parties, and free from defenses available to prior parties among themselves," with certain exceptions. The act, in using the term "holder in due course," used it as an equivalent for the old expression, "bona fide holder for value without notice." 8 Corpus Juris, 461. The act, in so far as it defines a holder in due course, does not change the common-law rule as to who is a bona fide holder, except, perhaps, by eliminating the requirement that the transfer must be in the regular course of business. 8 Corpus Juris, 465. Section 58 of the act provides that:

In the hands of any holder other than a holder in due course, a negotiable instrument is subject to the same defenses as if it were non-negotiable.

There is some conflict in the authorities construing Negotiable Instrument Acts similar in all material respects to

the Illinois act as to whether the payee in a negotiable instrument may be a holder in due course. "At common law it was held that a payee may be a holder in due course, although ordinarily he is not a bona fide holder, even where made payee as an agent of the real creditor." 8 Corpus Juris, 468. See, also, on this point, 3 R. C. L. 1031, to the same effect. In Iowa, Missouri, Oregon, and Washington the courts of those states have held that a payee is not a holder in due course under their statutes. On the other hand, it has been held in Alabama, Massachusetts, and New York that a payee may be a holder in due course. It has also been so held in Pennsylvania. 8 Corpus Juris, 469, 470. In *Redfield v. Wells*, 31 Idaho, 415, 173 Pac. 640, the court says:

We are of the opinion that a consideration of the different provisions of the Negotiable Instrument Act, and particularly a careful application of the definition of the expressions "holder," "holder in due course," and "negotiate," contained in the act, requires us to hold that a payee of a negotiable instrument may become a holder thereof in due course. The better reasoned authorities support this view.

See to the same effect, *Boston Steel & Iron Co. v. Steuer*, 183 Mass. 140, 66 N. E. 646, 97 Am. St. Rep. 426; *National Investment Co. v. Corey*, 222 Mass. 453, 111 N. E. 357.

In a late work on Negotiable Instruments the author says:

If a payee cannot be a holder in due course the universal mercantile custom and the overwhelming weight of authority have been upset by the act, and the bona fide payee of a bill of exchange remitted to him by a buyer of goods cannot recover against the drawer if the remitter has procured the bill from the drawer by fraud. But no such construction of the act is warranted. *Brannan on Neg. Inst.* (3d Ed.) § 14.

The author then cites authorities from various jurisdictions holding to the same effect, among others *Goldberg v. Lewis*, 191 Ala. 356, 67 South. 839, L. R. A. 1915F, 1157, where, after a full discussion of the authorities in review of all the cases, English, Canadian, and American, the conclusion is reached that

under the act a payee may be a holder in due course. This would seem to be in accordance with the ruling of this court under such circumstances in *Mix v. National Bank of Bloomington*, 91, Ill. 20, 33 Am. Rep. 44, where this court held that the indorsee of a promissory note before its maturity, taking it as payment or security for a pre-existing debt, shall be deemed a holder for a valuable consideration in the ordinary course of trade and shall hold it free from latent defenses on the part of the maker. See, also, as to the same line of reasoning, *Worcester Nat. Bank v. Cheeney*, 87 Ill. 602.

The check here in question was complete when Forbes received it from Lamberton, and there was nothing in the character of the instrument to charge him with knowledge of any infirmity or put him on inquiry. It is clear from the facts disclosed in the record that Forbes became the holder of the check in good faith and for value, and without any actual knowledge of any infirmity, and therefore by the weight of authority and sound reasoning the check in his hands was not subject to any of the defenses claimed by appellant. Moreover, we think a recovery cannot be had, because of the well-known rule that, where there are two innocent parties in the case, the one who puts it in the power of a third party to commit the act causing it must bear the loss. *Otis v. Gardner*, 105 Ill. 436; *Hemstreet v. Burdick*, 90 Ill. 444; *Mason v. Baumann*, 62 Ill. 76. Assuming, as appears to be the case from the record, that Drumm and Forbes were both acting in good faith, and that the fraud was perpetrated by Lamberton, who as the agent of Drumm gave the check to Forbes, the loss as between these two innocent parties, under the authorities, must rest upon Drumm, because of the fact that his act in giving the check to Lamberton in the manner that he did made the fraud possible.

In view of our conclusion on the points already discussed, it is unneces-

sary to consider the other questions raised in the briefs.

The judgment of the Appellate Court will be affirmed.

Judgment affirmed.



Indorser Discharged by Failure to Give Notice of Dishonor

Maynard Trust Company v. Furbush,
Supreme Judicial Court of Massachusetts. 137 N. E. Rep. 270.

It is a general rule that unless notice of dishonor is given to an indorser, upon the maturity of the instrument upon which his name appears, he is discharged from liability. Notice of dishonor may be waived by an indorser by a provision to that effect in the instrument. And it is also a fact that a waiver of notice of dishonor may be implied from the circumstances surrounding the transaction. But, in the absence of an express waiver of notice, the safest course is to give notice to the indorser and not to rely upon an implied waiver.

In this case, the defendant was sued as indorser of a note, signed by a tobacco company as maker and held by the plaintiff bank. It appeared that the defendant was the treasurer of the tobacco company and that, in his capacity as such, he signed the name of the company to the note as maker. It also appeared that he was a director of the plaintiff bank, and that the note in question was the last of a series of renewals. The note was dishonored at maturity and the bank neglected to give the defendant, as indorser, notice of dishonor. It was held that the circumstances recited were insufficient to establish an implied waiver of notice and that the failure to give notice to the defendant discharged him from liability.

OPINION

Action by the Maynard Trust Company against William H. Furbush and

others on a promissory note indorsed by defendant. Finding for the defendant named and case reported at plaintiff's request for determination of the Supreme Judicial Court. Judgment for defendant.

All of the defendants except Furbush were defaulted. The note was made by the Hellenic Tobacco Company, of which Furbush was treasurer, and was presented for payment at maturity, but notice of nonpayment was not sent to Furbush.

PIERCE, J. This is an action by the holder and payee of a promissory note dated November 7, 1915, payable two months after date to the order of the plaintiff, against the maker and three persons who had placed their signatures thereon in blank before delivery. St. 1898, c. 533, §64, now G. L. c. 107, §87. The maker and the indorsers other than the defendant were defaulted.

Although not active in its management, the defendant was the treasurer of the maker of the note, a Massachusetts corporation, at the time of the making of the note and for some time after its maturity. As such treasurer he signed the name of the corporation as the maker of the note. He was also at the time of the making of the note and until January, 1918, a director of the Maynard Trust Company, the plaintiff. The note in suit was the last of a chain of notes, of which the first is dated November 11, 1914, for two months for \$1000. This was renewed every two months, in some instances within a day or two before and in others after the date of maturity, until a note dated September 9, 1915, was given for \$975 for two months, and when due was renewed by giving the note in suit which is dated November 7, 1915, and was discounted by the bank November 10, 1915.

The note in suit was payable "at any bank or trust company in Boston or Maynard." It was presented at maturity according to its terms, and was unpaid; but no notice of non-payment was sent to the defendant Furbush.

The defendant, on at least two occasions after the maturity and nonpayment of the note in suit, and at the request of the maker of the note, made and indorsed in like manner other notes with the note in suit and for the purpose of tendering the same to the plaintiff in renewal of the note in suit. "Whether or not said notes were so presented did not appear" at the hearing in this action.

On the foregoing facts, which are reported as being all the facts material to the decision, the plaintiff contends that the defendant as indorser was not entitled to a notice of the dishonor of the note as required by St. 1898, c. 533, §89, now G. L. c. 107, § 112, because the case of the defendant comes within the exception of the statute, that notice of dishonor is not required to be given to an indorser, "where the indorser is the person to whom the instrument is presented for payment." St. 1898, c. 533, § 115, now G. L. c. 107, § 138, cl. 2. Upon the facts reported this position of the plaintiff is not tenable; there is no direct evidence that the note was presented to the defendant for payment in his individual or representative capacity; and an inference of a "formal demand for the payment of obligations of the company" cannot arise from the mere fact that the defendant was treasurer of the corporation and "not active in its management."

The plaintiff further contends that the dealings between the parties to the note constituted an implied waiver of the requirements of notice of dishonor. St. 1898, c. 533, § 109, now G. L. c. 107, § 132. We cannot agree with the plaintiff that the giving of the renewal notes, as maturing notes became payable from time to time from November 11, 1914, until November 7, 1915, with the further fact that the defendant was the treasurer of one corporation and a director in the other, are circumstances which required a finding that the plaintiff believed and had the right to believe that the defendant waived notice of the dishonor of the note in suit, and there is no evidence that the defendant

promised to pay the plaintiff the note after he was discharged, by the failure to give him notice of its dishonor. We think the finding of the court for the defendant was right.

It follows, in accordance with the terms of the report, that judgment is to be entered for the defendant; and it is
So ordered.



Bank Purchasing Note Which Has Been Delivered Conditionally

Dimock State Bank v. Boehnen, Supreme
Court of South Dakota. 190
N. W. Rep. 485.

The defendant signed a note and delivered it to the payee in payment for a share of stock in a local cooperative store corporation. He explained to the payee that he was planning to move away from the locality, in which event he would not want the stock and the payee told him that the note would be held back fifteen or thirty days and that, in the event of his moving, the stock would be taken back. The payee sold the note to the plaintiff bank, which had knowledge of the facts recited. The defendant later decided to move away and so notified the payee. In an action by the bank upon the note, a verdict was directed in favor of the bank. On appeal, it was held that if the note was delivered conditionally and the bank purchased it with notice of that fact, the bank would not be entitled to recover. The question as to whether there had been a conditional delivery should have been submitted to the jury. The decision was therefore reversed and a new trial granted.

OPINION

Action by the Dimock State Bank against Leo J. Boehnen. Judgment for plaintiff, and defendant appeals. Reversed, and new trial ordered.

SHERWOOD, J. On October 20,

1917, one Fred Gross, a stockholder in Dimock Rochdale Company, together with an agent of that company, secured from Leo J. Boehnen an application for one share of the company's stock, together with Boehnen's promissory note for the sum of \$105, dated October 20, 1917, payable on or before December 1, 1918, to Dimock Rochdale Company, at Dimock, S. D. Dimock Rochdale Company was apparently a local co-operative store corporation. November 1, 1917, Dimock State Bank, through its cashier, J. U. Steichen, purchased this note from Dimock Rochdale Company, with sixty-six other notes, and paid for same. Suit was brought on this note. The case was tried to a jury, and after both sides had offered evidence and rested, plaintiff moved for a directed verdict, which was granted. Judgment entered, and defendant appeals.

Defendant in his answer alleged in substance and effect, and now contends, that he executed the note and application and delivered them to the agent of Dimock Rochdale Company under an oral agreement, and not otherwise, that such note and application should not be effective for fifteen or thirty days, and if within that time he traded his farm and decided to remove from Dimock the note should be canceled and returned to him; that within six days after so delivering said note he traded his farm and decided to move from near Dimock, and so notified the secretary of Dimock Rochdale Company and demanded his note; and that, if plaintiff bought said note, he bought it with full notice and knowledge of all such facts.

The testimony is very brief, and shows that one Gross, a stockholder, with another person who was an agent of Dimock Rochdale Company, came to defendant's farm near Dimock on October 20, 1920, and solicited him to buy a share of stock in the company; and plaintiff testifies the following conversation occurred:

I told them I was trading this farm that I was living on for a half section, and if I made that deal I would not do any trading

at Dimock. If I did move, I would not want the stock at all. They said I might as well sign up, and if I did stay it would benefit me, and if I made this deal they would take it back. They agreed to hold the note back fifteen or thirty days, * * * until they saw whether I made this deal or not. * * * I told them I would sign under these conditions, and I did sign right after that talk.

The witness then says he drove to Mitchell the next day after signing the note, and traded for land five miles west; and that on October 24 or 25 he notified Steichen, cashier of Dimock State Bank, that he had signed this note, and the conditions under which he had signed it, and notified Mr. Steichen not to buy the note, as he (Boehnen) did not intend to pay it. On the same day he notified Henry Kirkenbeck, secretary of the Dimock Rochdale Company, that he signed the note on condition that, if he moved away, he would not take the stock, and of the other conditions under which he signed the note, and that he expected them to keep their agreement.

Gross, a witness for plaintiff, on cross-examination testified:

Before Boehnen signed, the salesman told him he would hold the note up for a while. * * * I do not remember how long the salesman said he would hold the note.

Steichen bought the note November 1, 1920, but denied any talk with defendant, or any notice or knowledge of any defense until after he had bought the note.

The word "hold" means to retain or keep and the phrase "hold the note back" means to keep or retain the note. *Loyd v. Powers et al.*, 4 Dak. 62, 22 N. W. 492; 21 Cyc. 438. And one of the meanings of the word "take" is:

To revoke; retract; as to take back one's promise.—*Webster's New International Dictionary*, p. 2107.

Fairly interpreting the rather peculiar language in which this testimony is given, plaintiff says Gross and the company's other agent agreed, if he would sign and deliver to them the note and

application for stock they would keep them for fifteen or thirty days, and if within that time plaintiff traded his farm for another his promise to take the stock and give the note would be revoked or retracted. Under this agreement the note was not to be delivered as a note in any event for thirty days, and not at all if defendant traded his farm within thirty days and decided to remove from Dimock.

The farm was traded the day after the note was signed, the company was notified within six days from the date of the note that the trade had been made, and the defendant expected them to keep their agreement, which in effect required them to return his note. The plaintiff bank had knowledge of these facts five days before it bought the note, and they were not holders in due course if defendant's testimony was true. This was a conditional delivery of the note. Section 1720, R. S. 1919, provides:

Every contract on a negotiable instrument is incomplete and revocable until delivery of the instrument for the purpose of giving effect thereto. As between immediate parties, and as regards a remote party other than a holder in due course, the delivery, in order to be effectual must be made either by or under the authority of the party making, drawing, accepting or indorsing, as the case may be; and in such case the delivery may be shown to have been conditional or for a special purpose only, and not for the purpose of transferring the property in the instrument.

This statute re-enacts the common law. 8 C. J. §333, p. 203.

A promissory note may be delivered on condition, and to take effect only on the happening of the condition. *Larson v. Sequin*, 34 S. D. 453, 149 N. W. 174; *McCormick Harvesting Machine Co. v. Faulkner*, 7 S. D. 363, 64 N. W. 163, 58 Am. St. Rep. 839. It is said:

A delivery may be conditional, without the use of express words to that effect at the time. That conclusion may be drawn from all the circumstances which properly form a part of the entire transaction, whether in point of time they precede or accompany the delivery. *Hunter et al. v. First National Bank of Ft. Wayne et al.*, 172 Ind. 62, 87 N. E. 734; *George H. Beach, Receiver, v. Louis H. Nevens*, 162 Fed. 129, 89 C. C. A. 129, 18 L. R. A. (N. S.) 288.

It is said in 21 R. C. L. p. 887, § 20, note 18:

If an agent procures a contract by illegal means, his principal, though ignorant of it, and not consenting to the wrongful act, is affected by it to the extent that he cannot enforce the contract so secured.

It is settled law in this state that:

If the facts are in dispute, or, if undisputed, they are such that different impartial minds might fairly draw different conclusions from them, they should be submitted to the jury.—*Bates v. Fremont, Elkhorn & Missouri Valley R. Co.*, 4 S. D. 394, 57 N. W. 72.

Case reversed, and new trial ordered.





Advertising That Fits The Product

THE simplest advertising is that of those things which have a direct physical appeal—pumpkin pie, new clothes, a dining-room rug, or a summer vacation.

Much more difficult is the advertising of those products or services whereby men plan ahead to secure, later, good things to eat, wear and enjoy.

The banker who advertises successfully keeps clearly before him that his service is in this latter class. And because of this he requires in his advertising the assistance of specialists who recognize the difference between these two broad advertising classes and who, through wide experience, know how to present financial service in a way which will make the most powerful appeal and secure the largest profits for his bank.

*For modern methods of financial advertising,
you are invited to communicate with*

The Collins Service

The Recognized Standard of Financial Advertising

Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

FEBRUARY 1923

How Much Did We Sell Him Last Year?

By A. M. DeBebian

Manager Advertising and Publicity Department The Equitable Trust Company of New York

THIS QUESTION is frequently put to the sales manager of a commercial business.

If the sales manager's answer is not satisfactory—if Jones has not purchased a line of merchandise commensurate with the size and the volume of his own business, the sales manager must do some explaining. He must know the reason why Jones is not buying more.

Why is it that the average client of a bank uses but one service of the institution when he is the logical purchaser of numerous other services? Why is he allowed to buy such a small amount of bank service? Perhaps it is the attitude of the average banker towards those who seek to bring other banking facilities to the attention of the customer, "Hands off, he's a customer." This attitude is apt to prevent the proper presentation of other valuable services of the institution, utilization of which would prove mutually profitable to client and bank. Of course, the reason for the average bank executive's attitude is due to fear of offending the depositor or annoying him with an overabundance of personal solicitation, correspondence or printed literature. There is much to be said in defense of this attitude, unless careful and intelligent supervision of the follow-up work is constantly given.

I recall some years ago a file in a large Wall street investment house which interested me. It was called the grave

yard. In it were filed the cards of a number of one-time prospects who had once evinced some interest in the securities of that house.

Discreet inquiries regarding this file disclosed the fact that

all within it were "dead ones", figuratively at any rate. These names were objects of contempt. They had been tested—had not responded and were consequently worthless. Hadn't they proved this by refusing to reply to a carefully worded and well "iced" letter.

Some months later, this list, among others, was circularized with a more than ordinarily interesting letter and a booklet.

(Continued on page 301)

Make 1923 a Year of Financial Progress for Yourself


\$1

WILL OPEN AN ACCOUNT

Compound Interest Department
THE NATIONAL CITY BANK
OF NEW YORK
Ferry Street Second Branch
East River and Madison Ave.

**INTEREST ON DEPOSITS IS
COMPOUNDED MONTHLY AT THE
RATE OF 3% PER ANNUM**

Deposits made during any month may be drawn interest free on the first day of the following month.



1812 1923

Accounts may be opened and deposits made by mail.

At the beginning of this year we opened, in the City and County of New York, the National City Building at 100 Wall Street and Madison Avenue, a department which will demonstrate to you the value of the National City Bank.

Our confidence in the future of the National City Bank, however, is not based on the fact that it is the largest bank in the United States, or on the fact that it is the oldest bank in the United States, or on the fact that it is the most successful bank in the United States.

It is the fact that it has been open for more than a century and a half, and that it has been successful in every year of its history.

It is the fact that it has been successful in every year of its history, and that it has been successful in every year of its history, and that it has been successful in every year of its history.

great capacity. Accounts may also be opened and deposits made by mail. No need to open a bank account in person. The National City Bank will open an account for you by mail. The only thing you need to do is to send us a check for \$1.00, and we will open an account for you. The only thing you need to do is to send us a check for \$1.00, and we will open an account for you.

Accounts may be opened in the City and County of New York, and in every other city in the United States. The National City Bank will open an account for you by mail. The only thing you need to do is to send us a check for \$1.00, and we will open an account for you.

from the first of the following month, and interest will be compounded monthly. The only thing you need to do is to send us a check for \$1.00, and we will open an account for you.

The National City Bank believes that it is its duty to its customers to provide a service which is not only safe, but also profitable. The National City Bank will open an account for you by mail. The only thing you need to do is to send us a check for \$1.00, and we will open an account for you.

There is scarcely any responsible dealer that the average person cannot get the best for his money. There is scarcely any responsible dealer that the average person cannot get the best for his money.

The wise individual in the one who is responsible for the success of the average person. The wise individual in the one who is responsible for the success of the average person.

The National City Bank is a bank of the future. The National City Bank is a bank of the future. The National City Bank is a bank of the future.

It is well to determine how much you can afford to pay for your money. It is well to determine how much you can afford to pay for your money.

The National City Bank is a bank of the future. The National City Bank is a bank of the future. The National City Bank is a bank of the future.

When opportunity knocks, have your National City bankbook about you

New York's largest bank took a full page in newspapers at the beginning of the year to advertise its compound interest department. It is worth noting that interest on deposits is compounded monthly.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

FEBRUARY 1923

THE women's department of a recently opened New York bank not only gives the bank's women depositors advice on financial and business matters, but offers facilities for attending to a variety of matters of personal convenience for out-of-town women visitors to the city.

In addition to this there is a personal service bureau connected with the women's department, equipped to care for every need of the busy life of the woman of today. The comfortable and well-furnished club room of the bank where women depositors are enabled to keep business appointments, write their letters, or get a few moments rest from the stress of a shopping tour, is an added convenience.

Such services as these are bound to be appreciated by women who have dealings with this bank, and with other banks which make a special effort to provide for the careful counsel, comfort, and convenience of their women depositors.

Banks are finding more and more that such efforts to afford real and helpful service to women depositors are well worth while. This

is borne out by the ever increasing tendency on the part of banks in cities throughout the country to install women's departments, and to offer a variety of services to their women depositors.



A GROUP of associated telephone, light, and power companies of northern Kansas have adopted a very simple and direct method of promoting thrift among employees. These companies are making it compulsory for their employees to save at least 10 per cent. of their salaries. They threaten to stop hiring employees who do not comply with this ruling.

It is said that indications were after the plan was first put into operation, that the employees were saving from 15 to 30 per cent. of their earnings.

Such a precedent as is set by this plan of compulsory savings carries its dangers, and there are many employers who will not feel that it is expedient. It will take the test of time to prove the wisdom of such a course of action. There are apt to be a good many able and industrious employees who will want to save but who will resent the element of compulsion attached to the plan. In any event the results of the plan after it has been given a thorough trial will be worth noting.

A CITY TAX collector in Massachusetts has recently come forth with the suggestion that savings banks and savings departments of trust companies might do well to consider the formation of "taxpayers' clubs", organized along the lines of the Christmas and vacation clubs which so many banks are at present operating with such success.

The collector who made this suggestion has found that many delinquent tax payers are now paying their delayed taxes out of money received on their Christmas club deposits. He believes that a tax-payers' club would be a help to many people in enabling them to have sufficient money to meet their taxes when they are due.

The feasibility of this scheme is debatable, but it does furnish food for thought.



A good window display has certain advantages over many other forms of business solicitation. In the first place you are talking to your prospect at the point of contact. You can virtually call out to him as he passes by intent on other things. He may ignore the voice of your window, but at least he is apt to hear it.

Merchants have so long appreciated the value of window display, that it is very surprising that banks have been so slow to take the cue from them.

THE EQUITABLE TRUST COMPANY OF NEW YORK	NEW BUSINESS DEPT MAIN OFFICE
PROSPECT CARD	
PROSPECT FOR <input type="checkbox"/> BANKING SERVICE <input type="checkbox"/> INVESTMENT SERVICE <input type="checkbox"/> SAFE DEPOSIT SERVICE <input type="checkbox"/> TRUSTEE UNDER MORTGAGES <input type="checkbox"/> TRANSFER AND REGISTRAR SERVICE <input type="checkbox"/> REORGANIZATION SERVICE <input type="checkbox"/> FOREIGN BANKING SERVICE <input type="checkbox"/> FOREIGN EXCHANGE SERVICE <input type="checkbox"/> PERSONAL TRUST SERVICE <input type="checkbox"/> SAFE KEEPING SERVICE	<p>EMPLOYEES SHOULD BE AWARE TO THE POSSIBILITIES OF ACCOUNTS FROM PEOPLE WITH WHOM THEY COME IN CONTACT, EITHER IN A BUSINESS OR SOCIAL WAY. ENTER NAME OF PROSPECT ON THIS CARD AND HAND TO J. E. SMITH, MGR., NEW BUSINESS DEPT., PROMPTLY FOR INVESTIGATION AND FOLLOW UP. PROPER CREDIT WILL BE GIVEN TO THOSE SUGGESTING NAMES FROM WHOM BUSINESS IS SECURED</p> <hr/> <p>NAME _____</p> <p>ADDRESS _____</p> <p>BUSINESS _____</p> <p>OTHER CONNECTIONS _____</p> <p>PRESENT BANK CONNECTIONS _____ WOULD BE INFLUENCED BY _____</p> <p>SUGGESTED BY _____ DATE _____</p> <p style="text-align: center;">REMARKS (over)</p>

Prospect card that is distributed among the bank employees

How Much Did We Sell Him Last Year?

(Continued from page 256)

The response was astonishing, proving that a large percentage of those on the list were not dead, but very much alive.

The more I study bank follow-up systems and bank business development methods, the more I am convinced that those which fail—fail not because of lack of merit in the systems, but because of lack of persistency and intelligent application.

It is not easy to operate a follow up or new business system day after day particularly when the immediate response is not encouraging.

Yet there is no way of knowing how many of the seeds thus planted are taking root. Only recently, the chief executive of a middle western trust company sat at my desk and related an experience with a man who had come to him almost a year after he had written a letter soliciting his business, carrying this letter in his hand and ready to do business. I think that we are all impatient for results and discard as

worthless anything that does not have the desired effect immediately.

Impatience is almost a national trait, and while it keeps us ever active and destroys inertia, it often tears down where a more tolerant attitude would conserve.

A sheaf of form letters, a roll of two cent stamps and a battery of Hooven typewriters does not constitute a good follow-up system.

Yet in many institutions that is just what the follow-up department consists of.

I have always contended that banks generally, pay too little attention to the business of selling the whole organization to depositors.

A plain statement of this fact will usually evince some such reply as this, "Oh, we tried a great many different plans but they don't work out." No, and they never will work out unless pursued persistently and constantly. A vice-president of a New York trust company, who has made a signal success of his particular branch of banking, told me just the other day, that the success of his

department and the growth of his business were due probably more than anyone realized to the enthusiasm of his junior officers and clerks in securing business. "Everyone in my department", he said proudly, "is an active business getter, and they go after business, because they know it means promotion. If every employee of an institution would endeavor to create new business for the bank, it would mean a tremendous stimulus and a gigantic step forward".

The new business department of a large New York trust company issued some time ago a prospect card to be distributed among the employees of all the departments of the institution for their convenience in reporting prospects. On the face of this card is the following wording, "Employees should be awake to the possibilities of accounts from people with whom they come in contact, either in business or socially. Enter name of prospect on this card and hand to manager of our new business department for follow-up and investigation. Proper credit will be given to

TOTAL	NUMBER OF ACCOUNTS								
	500	1000	1500	2000	2500	3000	3500	4000	4500
ACCOUNTS CHECKED	A (4250)								
* Checking Only	(2805 = 66%)								
Checking + Savings	(669 = 15%) B C								
Checking + Safe Deposit	(409 = 10%) C D								
Checking + Savings and Safe Deposit	(280 = 7%) C D								
Checking + Investment & Safe Deposit	(48 = 1%) D								
Checking + Investment	(39 = 1%) B D								
<div>*CHECKING ONLY Above \$750.....841 B D " 1000.....660 C</div>									
<div>A—35% should carry Savings Accts.....1,487 Accts. held..... 949 Savings Prospects 538 B—All prime prospects for Safe Deposit Dept. Total names.....1,549 C—All prime prospects for Investment Dept. Total names.....2,018 D—All prospects for Trust Dept. Total names.....1,617 GRAND TOTAL 5,722</div>									

SERVICES THAT ARE NOW USED:

Checking.....	4,250
Safe Deposit.....	737
Savings.....	949
Investment.....	87
Total.....	6,023
1.4 accounts per customer.	

SERVICES THAT OUGHT TO BE SOLD:

Savings prospects.....	538
Safe Deposit prospects.....	1,549
Investment prospects.....	2,018
Trust prospects.....	1,617
Services to be sold.....	5,722
Services already sold.....	6,023
Total.....	11,745
2.8 accounts per customer.	

Courtesy of The Findex Company, N. Y.

An analysis of 4250 checking accounts of a typical bank

those suggesting names from whom business is secured".

You will find reproduced with this article, a chart giving an analysis of 4250 checking accounts of a typical bank. A glance at it will show the great number of users of bank serv-

ice who merely avail themselves of the facilities of one department, when they might profitably be converted into patrons of various other services. Some bank business authorities claim that the greatest possibilities for the development of new

business lie in the field of present customers. The failure to develop profitable customers into more profitable ones is a question that concerns every employee of a large banking organization. There is no member of a bank or trust company

-distinct advantages of a statewide banking connection-

to business men

to manufacturers

to wholesalers and jobbers

-distinct advantages of a statewide banking connection-

to the small and large depositor

Bank of Italy
San Francisco
Head Office - San Francisco
Branches - Los Angeles, Berkeley, San Diego, Santa Barbara, Santa Monica, Torrance, Van Nuys, West Hollywood, Woodland Hills, and other cities in California.

A recent series run in newspapers by the Bank of Italy, San Francisco, advertising the advantages of a statewide banking connection.

staff to whom this does not apply, in one way or another. To those employees having direct contact with clients their opportunities in this respect are at once apparent, yet, on

the other hand, the employees who form the great body of workers facilitating routine functions have also the chance to develop the present clientele, by methods that are logical.

"I see", said the president, after a pause. "You feel, then, that our savings department is in competition with every merchant in this city?"

"Exactly."

"H'm", mused the president. "Never thought of it in just that way. Well, what would you do about it?"

"Tell 'em how to save", continued the ad man. "Get down to cases. The budget system is all right as far as it goes, but it's too abstract. Most people are dumbbells when it comes to figuring percentages, but they know the difference between the cost of a theater ticket in the pit and one in the gallery. You can tell a man that he ought to save 10 per cent. of his salary, that his food ought to cost such and such a per cent., his clothing another per cent., and so forth—but it won't mean anything. Tell him to quit smoking ten cent cigars and take to a pipe—he'll understand that, all right. Tell him to sell that high-priced car of his and buy a jitney—he'll know what you're talking about. Tell him—"

But the president was holding up his hands in amazement.

"Hold on there, man," he exclaimed. "What do you suppose the cigar men and the auto dealers would say if we should come out with any such statement as that? Don't you know we have big commercial ac-

That "Don't Spend" Campaign

By T. N. T.

(The writer of this article is a well-known bank publicity man. The initials signed to this article are, of course, fictitious. At his request the editor of this department refrains from signing the writer's name—not because the writer is either ashamed of the article, or is at all insincere in what he says—but simply because the article presents a point of view departing to such an extent from accepted advertising procedure that he prefers that it be signed with a pseudonym.—THE EDITOR.)

AN ADVERTISING manager once had a bright idea.

"Look here", he said to the president. "We spend thousands of dollars annually in telling people that they ought to save money—and not one cent in telling them how to save it."

"What do you mean?" asked the president.

"Well, we talk thrift, thrift, thrift. We say, 'You ought to save. Save for the rainy day. Save to build a fortune. Save to buy a home. Save to educate your children'. But we don't give them a single clue as to how to go about it."

"Why should we?" asked the president. "The only way to save money is to save money. Any darn fool knows that much."

"That isn't the way to save

money", the ad man countered. "The only way to save money is *not* to spend it. We tell people to save, but we don't tell them not to spend."

"What's the difference?"

"Just this—all up and down the avenue are display windows—beautiful, alluring, spell-binding windows—that cry, 'Spend! Spend!' to every passer-by. In the newspapers most of the pages are taken up with ads that say, 'Spend here! Spend now!' On billboards men are greeted with the everlasting command, 'Buy this, or buy that!' They are eternally pestered to buy something—to spend money. And the only way they can save money is not to spend it. What good does it do to talk 'save', when thousands of others are working against us, talking 'spend'?"



A Modern Bank opens Today

The Opening—A week of opening—January 15th to 21st—has been determined upon rather than a single day, in order that visitors may have opportunity to inspect the unique and beautiful offices, and our officers, opportunity to become well acquainted with depositors.

The Name—Hamilton stood for that which was sound in banking and finance when the nation was founded. He even then had a clear conception of the principles now inherent in the Federal Reserve System, of which the Hamilton National Bank is a member.

The Location—The Bush Terminal Building is a landmark to all New York and most of the United States—in the transient and transportation centre, not only of the new business world but of all New York's travel, shopping, amusements, and hotels.

The Capital—The Organization Committee of the Hamilton National Bank planned a capital of \$1,500,000 in the belief that it is adequate for a new bank, a capital which will naturally be increased as business requirements justify.

Management—The members of the Board of Directors as well as the officers have been chosen because of broad experience in business and banking. It is a collective experience covering trade, manufacturers, commerce, investment, and economics.

EDWARD D. FISHER, President

L. E. Williams, Vice Pres. and Cashier Stanley J. Lathrop, Asst. Cashier
Sidney W. Guttmann, Assistant Cashier
Anne Seaward, Manager Women's Department

DIRECTORS

Irving T. Bush Leonard A. Biederman Elmer A. Sperry
Henry J. Thompson John M. Miller Peter D. Walter
Arnold H. B. Watson
Edmund D. Fisher Samuel W. Davis L. E. Williams
Arthur F. Hackett Frederick W. Franklin E. Peter Wells



HAMILTON NATIONAL BANK

130 West 42nd Street, New York

"... Men ... see the advantages of a bank wisely instituted and wisely administered."

—HAMILTON

This advertisement is one of a series run in New York newspapers announcing the opening of the Hamilton National Bank, located in the Bush Terminal Building, one of New York's landmarks. Effective use has been made in the layout of the impressive exterior of the building. The picture of Hamilton, and the quotation from him are both appropriate and well placed.

counts from cigar men and auto houses? Why, those fellows would go right through the roof!"

"Don't get excited", the ad man said, laughing. I haven't got anything like that coming out in the papers. I'm just talking in the abstract. Here's young Jones and his wife—haven't hardly saved a cent—and yet they're talking about buying a new machine—on time. I'll bet you there are hundreds and hundreds of young Joneses in that situation right here in this city, today. You know and I know that they ought not to get a new car—or any car at all, for that matter. You know

and I know that they can't afford it—that they ought to put all the cash they can scrape together into a savings account, instead of into payments on a new car. You know and I know that if they use their spare cash to make payments on a machine it will cost them at least 6 per cent.—whereas if they save the money first, they will get 4 per cent., making a difference of 10 per cent. in the actual cost of the car if they buy it with *money saved* instead of buying it on time. Well, there they are—these hundred of young Joneses all ready to spend money when they ought not to—and we sit

tight and don't say a word, because the automobile people carry their accounts at our bank. Now I'm not kicking against it—I just wonder which, in the long run, will mean the most business for our bank—the commercial account of an automobile company which sells on time, or the savings accounts of hundreds of young Joneses who have been started out right—who have been persuaded *not* to spend?"

"How could you get at them—these young Joneses?" the president demanded. "You can't go around town with a detective and pick them out."

"Nine-tenths of the folks in this city are young Joneses when it comes to spending", the ad man went on. "It may be a new auto, or a new rug, or the theater, or a fur coat—why, practically every family in town has some particular thing they're dead set on buying, although they know they ought not to. If the salesman gets to them first, they'll buy, money or no money. If we could get to them first, perhaps they'd save instead. But we've got to hit them at the weak point. We've got to talk about the thing they want to buy."

"Suppose we would come

The Fortune in Small Change

WHAT a fortune to discover every cent of small change! Every morning, in passing on to one's pocket, but a few cents are lost. Come to make others rich—put small change to work for you. The Mutual Savings Bank of New York, Bronx and Westchester Counties, has a plan that will enable you to save every cent of your small change. Every day of your month, as of your week or a year, you can save every cent of your small change. Every cent of your small change, when saved in the Mutual Savings Bank, will earn you interest. You can save every cent of your small change, and you can make others rich. The Mutual Savings Bank of New York, Bronx and Westchester Counties, has a plan that will enable you to save every cent of your small change.

THE MUTUAL SAVINGS BANK OF NEW YORK, BRONX AND WESTCHESTER COUNTIES

Approaching savings from the "small change" angle. This is one of the unusually good advertisements run in a cooperative campaign by the mutual savings banks of New York, Bronx and Westchester Counties.

right out in the newspapers with an ad like this—

THAT NEW FUR COAT YOU WANT TO BUY

Yes, you want it very badly. But—can you afford it—really? Be honest with yourself. Have you saved anything this year? Got enough laid away so that if you got sick, or lost your job, you could still carry on?

Got enough cash to pay for it—or were you planning to buy it on time? Credit is expensive, you know.

What's the difference if the other girls do have fur coats? You can get along without one—at least till you've saved the money for it.

You'll find, if you should happen to be up against it, that a nice fat savings account will keep you a good deal warmer than a fur coat.

Think it over.

And if you simply must have that coat—why not start saving up the cash for it, week by week, at the Average National Bank?

When the laugh had died down, the ad man went right on.

"I know it's funny", he said. "It's a scream. But doesn't it hit folks where they live? We could go right on with autos, and victrolas, and fifteen-cent cigars, and window-lamps, and even Sunday dinners—you know some families simply can't get so broke that they can't afford chicken for Sunday dinner. And every single topic we picked would hit its own particular crowd—the people who were being tempted, at that moment, to buy the thing that we used as the subject of our ad. We wouldn't just say 'save your money'—we would say 'don't spend it'. We would get right down to brass tacks and show folks just what is meant by the practice of this here well-known thrift we're always talking about."

The president removed his spectacles and stroked his nose. This always meant that the president was about to have his say—and the ad man kept quiet.

"Jim", began the president, "you are a visionary. You may be right in principle—but what you suggest is so utterly out of

Who's Who in Bank Advertising



H. C. BURKE, JR.,

Director of public relations Continental National Bank,
Fort Worth, Texas

MR. BURKE has been with the Continental National Bank as director of public relations since 1916, with the exception of a year and a half spent in the service during the war. He is in charge of the advertising, new business, and credit departments. Prior to his connection with the Continental National, Mr. Burke was with the Burke Advertisers' Service, Fort Worth, for two years. He is a graduate of the University of Chicago.

He has served as secretary, and later as vice-president, of the Fort Worth Association of Credit Men, and has been president of the Fort Worth Advertising Men's Club, and vice-president of the Associated Advertising Clubs of the World.

He is at present chairman of the Texas Council, National Association of Credit Men, member bulletin committee, Robert Morris Associates, and member Financial Advertisers' Association.

Do you ever talk things over with your home banker?

NEARLY every business man is conscious at times of being too close to his own business to see it clearly.

This applies to the merchant, manufacturer, farmer, professional man.

A talk with some of the officers of your home bank will often throw a flood of light just where it is needed most.

Money matters may never come up in the discussion—though you will probably get a clearer picture of contemporary finance, too, of unexpected value.

Your banker sees so much of so many different lines of business that his views come from a broad knowledge of the trend of affairs the country over.

All in all, your home banker can be your most valuable business acquaintance—if you will let him.

Not the least of his services is his ability to execute your banking business in New York.

THE FARMERS' LOAN AND TRUST COMPANY

16-22 WILLIAM STREET
NEW YORK

CHARTERED IN 1822
"FOR THE PURPOSE OF ACCOMMODATING
THE CITIZENS OF THE STATE"

The Farmers Loan and Trust Company, New York, recently took half a page in the SATURDAY EVENING POST for the purpose of setting forth the advantages to farmer, merchant, manufacturer, and professional man of talking over financial and business matters with their home banker. This is goodwill copy of a practical, helpful nature, and also an instance where such a medium as the Post can be used to good advantage by a bank. The advertisement itself is a splendid piece of workmanship.

the question that the only thing to do is to forget it—at least, for a good many years to come. Some day, somewhere, there may be a bank with nerve enough to try out that idea. But I doubt it. You aren't merely kicking at our advertising methods—you are bucking the whole merchandising system. Business is built upon sales, and sales depend upon the spending of money. Just as soon as you say a word to

discourage sales you tend to discourage business. If you discourage business, down go our commercial accounts. If you come out against one particular form of sales, we lose the accounts of the firms engaged in making those sales. No, Jim, you're all wrong somehow.

"And yet you're right about the Joneses—the hundreds and thousands of young Joneses who are about to buy something they cannot afford.

"And I can see that as a savings bank we are in competition, in a way, with every business which urges people to spend money.

"But you'll have to tackle the situation from some other angle.

"Here's an idea—people who have checking accounts use them to spend money. That's what they're for. One might even call them 'spending accounts'.

"You can get away with lots

of things in the abstract that you can't tackle in the concrete.

"Why not try to persuade every customer with a checking account to transfer 10 per cent. of his balance, every month, from his 'spending account' to a savings account?

"It wouldn't reduce our commercial deposits, because, according to your philosophy, if they didn't transfer it to savings they would spend it anyhow, on something else.

"You want something tangible—that's tangible enough for you. That's as simple as A B C. That's one way of saving money that the dumbest pair of young Joneses in town can understand."

The ad man sighed.

"You're right", he said. "You're always right. But gosh, what great sport it will be for the lucky ad man, fifty years from now, perhaps, who gets the first crack at that 'Don't Spend' campaign!"



Getting Bank Literature Into The Reader's Hands

By John T. Bartlett

AN ADVERTISING idea being used at present by the United States National Bank of Denver, to speed up distribution of trust department advertising literature, is a fair sample of the thought which bank advertising managers are giving the literature problem. Incidentally, the idea has been entirely successful.

A series of monthly trust department folders is being published. These are "three minute" folders. By actual timing, a person can read one in three minutes. Advertisements putting one folder or another in the series before the public use a reference to the "three minutes". The principle, of course, is that the average person will read a three-minute, otherwise

a very short, message, in order to satisfy his curiosity or interest, whereas he would not make a move toward a longer one. This is a typical advertisement—

"Is it true that my estate must remain 'in court' for a year after my death?"

The answer to this question and a brief explanation of the methods used by the courts in administering estates is given in our latest folder—

THE FIRST YEAR

It can be read in three minutes.

Why not call, write or phone for your copy?

The "three minute folder" device, it will be seen from the foregoing, works not alone, but in combination with another device. The latter is a first sentence deliberately picked to raise a question in the reader's

mind, a point on which he wishes enlightenment. "In court" is an ominous phrase to the average man. He associates with it the thought, "tied up". He is interested in knowing whether this will happen with his own estate, if so, whether it can be prevented.

Carried thus far by the advertisement, the chances are increased that he will apply for a folder if that folder, it is made clear, is quickly read.

The advertising manager of this bank, Mr. Gail, informed the writer that in addition to stimulating enquiries for the folder, the plan served a second useful end by restricting out-of-town requests, which were not desired for trust department literature. The effect of "three minutes" on out-of-town people, apparently, was to cause them to think such a piece of literature was not worth the trouble of writing for.

It is a fairly simple matter to get up bank trust department literature, for example, but it is quite another thing to get it distributed. It can't be



AMERICAN TRUST COMPANY

Broadway at Cedar Street, New York

DIRECTORS

WALTER H. BENNETT
1st Vice President
American Bank, Nat'l Bank

ORISON H. CLEVELAND
President
First National Bank

RAYMOND DOMINICK
President
Domestic & Foreign

STEPHEN B. FLEMING
President
International Agric. Corp's

FREDERICK B. FRANCIS
New York Agent
Canadian Bank of Commerce

FRANKLYN P. JACOBIN
C. M. Jacobin & Sons

HARRY A. KANLER
President

FREDERICK D. McKEAY
Vice President
K. W. Biss Co.

GROVER T. MORTIMER
President
Equitable Oil & Gas, Corp's

CHARLES J. OBERMAYER
President
Equitable Nat'l Mortgage Bank

MORRIS J. PERLIN
C. F. Perlin, Mortimer, Parker & Perlin

JAMES A. GOODMAN
Secretary

WILLIAM B. ROSE
Bank & Finance

LOUIS P. RUTHERFORD
1st Vice President
Equitable Nat'l Co.

ELBRIDGE GRANT SNOW
The Home Insurance Co.

DANIEL C. TERRY
The Trust Co. & Co.

CHARLES L. TITZ
The Trust Co.

GEOFFREY HARRINGTON
Schubert, Bagn, Gray & Todd

203 Menhaden Street Brooklyn

375 Fulton Street Jamaica

Bridge Plank North Long Island City

Transacts a General Trust and Banking Business
Interest allowed on Daily Balances

Statement of Condition December 30th, 1923

RESOURCES	
Cash on hand in Federal Reserve Bank and other banks	\$4,266,767.97
Demanded Loans (Secured by Collateral)	7,498,888.88
U. S. Government, State & Municipal Bonds	3,366,686.83
Other Stocks and Bonds	2,341,139.43
Time Loans (Secured by Collateral)	3,863,796.48
Bonds and Mortgages	1,677,866.68
Bills Purchased	3,339,638.49
Accrued Interest Receivable	124,112.87
	\$28,063,861.56

LIABILITIES	
Capital	\$3,000,000.00
Surplus and Undivided Profits	1,675,467.56
Reserve for Taxes	21,769.12
Other Reserves	81,266.64
Accrued Interest Payable	19,675.88
Unearned Discounts	26,793.86
Deposits	21,869,668.43
	\$28,063,861.56

A well balanced and proportioned layout in the statement of this New York bank. The arrangement of the directors names is particularly effective.

mailed or peddled out "blind", and after the bank's own customers have been reached, perhaps, through the means of enclosing literature as stuffers with monthly statements, there is still the principal field of business untouched.

The best person to give an advertising folder to is one who is sufficiently interested to ask for it. Banks are finding that window displays, information desk displays, etc., have excellent possibilities. And right here there are things, out of bank experience, which other banks that wish to distribute literature, can heed.

One of them is the importance of color. A bank advertising manager, locating samples of literature in the stock room for the writer, remarked—


"We're short of these bright blue ones, but have a lot of the others. There was a funny thing there. There isn't any more natural interest in the

subject of one booklet than in the subject of the other, but there was absolutely no comparison in the way the public carried the two home. The bright color outpulled the dull color two to one."

"At this bank, advertising literature is so displayed at the information desk that every visitor to the desk—there are hundreds in the course of a day—is "exposed" to it. In this instance, the bright blue caught the eye. Then, without doubt, there was a common transposition of feeling—from being attracted to the color, the visitor was attracted to the booklet. As regards the second color, some estimate of its power the writer believes is possible from the fact that he, personally, is unable to recall whether it was a dull brown or a dark gray.

A booklet window display so ingeniously conceived that it caused hundreds to stop and

If You Are Struggling With Your Tax Report—



This is how your representative is preparing a statement for you. He is explaining to you the meaning of the various items on your tax report, and is showing you how to fill out the various forms. He is also showing you how to fill out the various forms. He is also showing you how to fill out the various forms.

The UNION TRUST Co.
Cleveland, Ohio
Representative over 200 Million

A well prepared presentation of the services available at the tax department of this Cleveland bank in helping customers solve their income tax problems.

In Which Class Do Your Dollars Belong ?



There are two kinds of dollars—dollars that work and dollars that shirk. Stored away in the safe deposit boxes of countless numbers of people are millions of dead dollars—dollars that should be earning interest for their owners.

If these dollars could only speak for themselves, undoubtedly they would say: "Give me a chance to work for you—to make money for you—to multiply. Do you not know that idle we are of no use to anyone, and that we can be utilized to build railroads, generate electricity, build houses and factories, contribute to prosperity, and at the same time make money for you?"

"Invest me today at 6%, and in 12 years I will have doubled myself—in 19 years tripled myself."

Out—out with the dead dollars in your safety vaults. Invest them in our good, safe First Mortgage Real Estate Gold Bonds. Once you experience the fascination of clipping coupons and earning interest, you will never again permit your money to remain idle.



Live dollars are hard working dollars—they are always found in good company plugging along industriously on things worth while. The owners of these live dollars would no more think of permitting them to remain idle than they would of stopping work themselves.

Every dollar they possess is on their "payroll"—toiling along steadily day in and day out, and always doing a good day's work.

The liveliest of live dollars are usually found invested in our good, SAFE, First Mortgage Real Estate Gold Bonds. Here they are yielding, with safety, a steady, sure return of 6% year after year.

An investment of one hundred dollars will earn six dollars annually for you; five hundred dollars will earn thirty dollars; one thousand dollars will earn sixty dollars annually.

Remember, you won't have to work so hard yourself if you have your money working for you.

LIBERTY TRUST & SAVINGS BANK

200 NEVELY ROAD AND KEDDIE AVENUE
Resources Over \$7,000,000.00

NEVER A LOSS TO A LIBERTY INVESTOR!

The above is a reproduction of the inside pages of a four-page folder prepared by the bond department of a Chicago bank in the interest of first mortgage real estate bonds.

look it over is an example of what can be done in this way to get literature distribution. The bank window was a small one—perhaps five feet wide, with a depth of two and a half feet. The advertising manager had obtained printed sheets of the booklet, before being folded and cut. These were creased and the lower halves containing the text of four separate pages, suspended from the edges of two shelves forming at the back of the window a very broad open "V".

On other shelves half open booklets were displayed. On the floor, close up to the glass, were still more booklets, opened at different points and laid flat. In the center of the window was a window card, informing the onlooker that the booklet could be obtained free at the information desk.

This window "pulled" because it presented the same booklet to the public in many different aspects. The "interest arouser" without any doubt was the un-

folded and uncut sheets, giving the reader a glimpse of a booklet "in the making".

This was an excellent display; it actually made the public enter the bank and ask for the booklet; but there was something about it that dissatisfied the advertising manager.

"The minute I clapped my eyes on it I knew something was wrong", he told the writer, who asked him about results. "It wasn't bright enough. There wasn't snap to those displayed booklets."

"I got a lot of color samples of stock and spread them out on my desk here. Then I called different persons about the office in and asked them to pick out one. The color that was most popular I have had the remainder of the edition bound in. There they are." He pointed to stacks on his shelves of bright blue booklets.

Yes, banks are using some ingenious methods in the distribution of bank literature. They are seeing to it that it is made easy to read, and they are trying to get it more in the hands of persons whose interest has been aroused in it prior to their receiving it.



The idea of this bank's exhibit at a recent merchants and industrial exhibition in Norwich, Conn., was to show the Chelsea Savings Bank as a bank of community service. Therefore a small community scene was planned illustrating the different ways in which the bank serves the community. On the extreme right is a model of a store building illustrating the mercantile reserve department, where small stores and mercantile houses may deposit regularly each week thereby creating a ready cash reserve for any unexpected call that may arise. Between the bank and the store on high ground is a small school house illustrating the school savings clubs of which the Chelsea has eighty-nine. In the rear of the school is a Christmas tree representing The Chelsea Christmas Club.

How Banks Are Advertising

THE IRVING Bank, New York, has recently published the 1923 edition of "Practical Questions and Answers on the Federal Tax Laws". In this book answers to many problems which may vex the individual and business concerns in making up their annual income tax returns this year are furnished.

The book, which has been published as an annual for several years, has an unusual value because of amendments and provisions in the Federal Income Tax Law which became effective first on incomes in 1922.

The book consists of 144 pages divided into three parts. The first section includes a review of changes affecting returns for the first time this year. The second section covers in question and answer form a wide range of knotty problems. In the third section is printed the complete text of the law with amendments. The book has been prepared by experts on income tax laws and is authoritative.

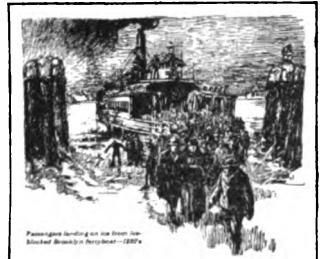
As THOUSANDS of busy commuters and others surged through the concourse of the Grand Central Terminal on December 18, last, there was a perceptible slowing down in

their steps and all eyes were focused on the north balcony just above the entrance to the trains.

There, over the week-end, as if by magic, an enormous sign had taken form in the space between the two gigantic central pilasters.

It was built for the United States Treasury Department in connection with its extensive publicity campaign to reach the holders of the \$625,000,000 War Savings Stamps of the 1918 series which matured January 1, 1923. In letters two feet high Uncle Sam invited the holders of these stamps to exchange them now for his new Treasury Savings Certificates and thereby "keep their investment growing". It was pointed out that this could be done through post-offices, banks or any of the three offices of the Federal Reserve Bank located at 97 Maiden Lane, 125th street corner Fifth avenue and Twenty-third street corner Fourth avenue, recently opened for the better accommodation of stamp holders.

The sign is said to have been one of the largest ever constructed for indoor display. It was, however, in such perfect harmony with its monumental surroundings that its great



In 1883 when the Seaboard was established modern New York didn't exist

In the early '80s, Seaboard was often looked by the far Southern East River from its magnifying and oblique business was started in South The revolving party for the Brooklyn Bridge did not start until 1883 and the City of Brooklyn housed its own Mayor until 1898.

The World Building, now devoted by its neighbors, had a skyscraper in the 1880's. Stage coaches rolled up and down Broadway. The electric light was still a new toy and the telephone was only in the houses of the favored few.

Modern New York and the Seaboard have grown up together. Growth has necessarily created new sets of conditions and new opportunities for Seaboard.

Today and tomorrow, as in the past, the Seaboard can be depended on to meet the changing business needs of its clients with every possible service and consideration.

The Seaboard maintains complete banking and trust services at three convenient locations.

The Seaboard National Bank

Head Office: BROAD AND DEAPER STREETS
 Atlantic Branch: 115 BROADWAY
 Chicago Branch: 30 EAST 43RD STREET

The Seaboard National Bank has recently been running a very interesting series of newspaper advertisements relating to New York City in the early '80's during the period which marked the founding of this well known bank.

size—28 by 40 feet—was not readily appreciated by the casual observer. Massively framed in bronze gilt, with the rays of a powerful spot light played full upon it, the sign presented a striking appearance.

The Cost of Moving

MAY not be great — but added to the purchaser's bill, new furniture, washing machine or a rug — the return of the savings account for a month's emergency, doubles down.

But the bank is to borrow money, but a customer's time is time, surely made, to protect the family budget for the difficult year.

Worry Costs More Than The Interest

Chicago Morris Plan Bank has a plan to help you get your money back in a hurry.

The Chicago Morris Plan Bank
 A STATE BANK
 21 North La Salle Street
 Capital \$1,000,000.00

Find Out for Yourself

It may be in talking with a relative who is in a hurry to get out of a "The Morris Plan" may meet the situation of any one certain family.

Often people come in to see in person of course, and they find that The Morris Plan could have been used to help them out of a tight place.

Come In — Find Out For Yourself

The Chicago Morris Plan Bank
 A STATE BANK
 21 North La Salle Street
 Capital \$1,000,000.00

"What's it Cost"

To get out of this Morris Plan loan of \$100.00

1st payment of \$10.00 on a 10% interest rate

Then get \$70.00

Then get \$60.00

Then get \$50.00

Then get \$40.00

Then get \$30.00

Then get \$20.00

Then get \$10.00

Then get \$0.00


The Chicago Morris Plan Bank
 A STATE BANK
 21 North La Salle Street
 Capital \$1,000,000.00

Your Grandfather

Did you ever hear him say that the gold old man was better than the money that was in his pocket? Well, he was right. The gold old man was better than the money that was in his pocket. The gold old man was better than the money that was in his pocket.

The Chicago Morris Plan Bank
 A STATE BANK
 21 North La Salle Street
 Capital \$1,000,000.00

A few samples of the unusually good advertising which the Chicago Morris Plan Bank has been running in newspapers explaining the Morris Plan service.



"To Ladies Alone—"

During the financial storm of 1837, when Chemical Bank notes, alone, were accepted "Good-as Gold," James Gordon Bennett, the elder, won the appreciation of the community by announcing in his little two-year-old newspaper, that he would pay specie upon five-dollar notes of the Chemical Bank—"to ladies alone."

"My object," he said in the New York Herald, of May 16, 1837, "is to furnish as much as I can the gentler sex with change to make their little purchases in the shops and markets, and to rescue as many as I can from the arms of the shavers and speculators now flooding the city."

"But," he reflected, also, that I only redeem the little Chemical Bank's notes, because I like full confidence in the character and integrity of John Mather, Esq., its worthy president, and the other directors of that institution."

"The hours for redemption are between 11 and 1 o'clock tomorrow, at 21 Ann Street, five dollars for each person. Be punctual and be pretty, for once the world is not yet at end."

**GOOD AS GOLD THEN
GOOD AS GOLD TODAY**

Seeking New Business On Our Record

**THE
CHEMICAL
NATIONAL
BANK
OF NEW YORK.**

BROADWAY AND CHAMBERS, FACING CITY HALL

During the financial storm of 1837, James Gordon Bennett, founder of the New York Herald, then in its second year, announced that he would pay specie upon \$5 notes of the Chemical Bank—"to ladies alone". The Chemical Bank made that notice the basis of this most interesting advertisement.

THE HIBERNIA Bank and Trust Company, New Orleans, has published an unusually interesting booklet on the comprehensive service rendered by its research department.

As an illustration of the kind of service this department offers, the following few questions are given from among the large number that the department was called upon to answer in the course of a business day:

What were the wages of farm labor in the various states for 1919, 1920 and 1921?

Will you furnish me with a list of the Congressmen and Senators of Louisiana?

Will you give me the initials and address of a party in Philadelphia?

What was the value of imports and exports at New Orleans from 1911 through 1920?

Will you give me a table of

the cost of living in various cities in the United States from 1917 through 1921?

In addition to the helpful services rendered to customers of the bank, the research department of the Hibernia serves as an invaluable source of information for the officers and for many of the departments of the bank, particularly such departments as credit, new business and advertising.

THE CLEVELAND Trust Club, volunteer employee business

getting organization of the Cleveland Trust Company, popularly known as the "Boosters", reached the goal of its annual six-week holiday campaign, \$1,326,000 in new accounts in four weeks. To stimulate interest in the campaign, quarter-page advertisements were run in Cleveland newspapers.

To arouse the enthusiasm of the children of Cleveland, and to stimulate their interest in thrift, a Christmas party, which had been well advertised, was



One Year Ago Today

One year ago today we moved into our New Building.

One year ago today our deposits were \$17,600,000.00, today they are \$44,500,000.00.

One year ago today our customers numbered 48,908, today this number has grown to 34,041.

One year ago today we had but 28 windows serving our customers in our former banking room, today we have 42 windows.

One year ago today in our old quarters our Safe Deposit Department was equipped to serve 3,000 customers, today it is equipped to serve more than twice this number.

One year ago today our Safe Deposit Department had but 5 coupon booths and 1 committee room, today in its present home it has 26 coupon booths and 3 committee rooms.

It is only natural that on this our first anniversary we should look back over what has happened during the past twelve months and express to our friends our sincere appreciation for the substantial and continuous co-operation that has enabled us to go forward. New Orleans, however, is growing—its institutions, its business, its commerce all are expanding, and it is not well to spend too much time contemplating history. And so right now we desire to pledge ourselves to renewed efforts through the months and years to come in endeavoring to serve the business community with such a measure of efficiency and accuracy and fidelity as will merit constant approval.

Hibernia Bank and Trust Company

New Orleans, U. S. A.

The Hibernia Bank and Trust Company of New Orleans commemorates the completion of its first year in the new Hibernia building.

given. At the party Santa Claus distributed candy and savings accounts to the children present.

The members of the Boosters have contributed their measure toward giving the Cleveland Trust Company the distinction of having the largest number of depositors of any bank in the country.

THE THOUSAND DOLLAR Club plan as operated by the City Bank Trust Company in Syracuse, New York, has proven a great success in the first few months of its existence. It brings life insurance within the reach of those who have considered it beyond their means. It places a definite reward on saving, because it guarantees

the goal. Approximately 600 accounts have been opened, which means a potential deposit in the bank's special interest department of \$600,000. It means that the insurance company which is coöperating with this bank has written \$600,000 in life insurance through the club.

Take, for example, a young married man 24 years old. He is working for a small salary. By joining the Thousand Dollar Club he pays \$8.20 into the bank each month. At the end of ten years he has \$1000 on deposit in that bank, and all through those ten years his life has been insured for \$1000 for the benefit of his wife, and he is only taking about \$2 a week out of his pay envelope.

**THE
NATIONAL PARK
BANK
OF NEW YORK**
214 Broadway
Organized 1856

**TRANSACTS A GENERAL
BANKING BUSINESS**

Capital, Surplus and Undivided Profits—\$13,000,000

Authorized to act as Executor, Trustee, Administrator,
Guardian and in any other Trust capacity


Receives Securities for Safe-Keeping
and Collection of Income

Sums Sold and Purchased
for Customers' Accounts

A highly developed Credit Information
Service available to
customers

Foreign Exchange, Commercial and
Travelers' Credits issued—Correspondence in all principal
cities of the world

Safe Deposit Vaults at
moderate rental



An old line commercial bank of New York lists the variety of banking services which it has to offer. This presents quite a contrast to the advertisements of commercial banks in New York twenty years ago.

If he dies his wife receives the \$1000 from the insurance company and also the money on deposit in the bank at the time of his death. Should he die at the end of five years this amounts to \$450.65. So the widow receives \$1,450.65.

Four per cent. interest, compounded semi-annually is paid on the deposits in the Thousand Dollar Club.

BANKING BY MAIL, a booklet published by the Williamsburgh Savings Bank of Brooklyn is one of the most readable and well presented booklets on this subject that has come to our attention.



Dayton Joins Edwin Bird Wilson, Inc.

THANDEUS S. Dayton, for five years publicity manager of the Guaranty Trust Company of New York, and for nearly a year since then, New York City staff representative of the Philadelphia Public Ledger's Business New Section, has joined the organization of Edwin Bird Wilson, Inc., advertising agents, New York City.

The Straus City

If we could group together in one city all the buildings financed by S.W. Straus & Co., how large a city would it be? In the first place, we would have the largest investment city in the world. If we could view this city from a thousand feet above the ground, we could see all these buildings in a photograph.

S.W. STRAUS & CO.
INCORPORATED IN NEW YORK
42 YEARS WITHOUT LOSS TO ANY INVESTOR

New York—Store Building
New York—Finance Building
New York—City Hall
New York—City Hall
New York—City Hall



The drawing in this advertisement shows a composite city made up from photographs of various buildings among the number which S. W. Straus and Company has financed.

Bank Advertising Exchange

IMPORTANT NOTICE

This list has been completely revised. All members are urged to correct their mailing lists accordingly. All of those named below have agreed to exchange booklets, folders and other publicity matter as issued during the coming year. In order that the fullest measure of mutual helpfulness may be brought about in 1928, every member is urged to live up to this agreement conscientiously and to make a liberal distribution of advertising material.

- Albany, N. Y., City Svgs. Bank, F. H. Williams, treas.
 Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy.-treas.
 Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.
 Berkeley, Cal., Berkeley Com'l & Svgs. Bk., G. L. Pape, V. P.
 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, A. E. Leighton, adv. mgr.
 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, V. P.
 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, asst. tr. off.
 Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
 Charleston, W. Va., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.
 Chicago, Ill., Bauder-Baker, 738 S. Michigan Ave., R. E. Bauder, pres.
 Chicago, Ill., Critchfield & Co., L. E. Delson, finan. adv. mgr.
 Chicago, Ill., Liberty Tr. & Svgs. Bank, H. J. Bilansky, mgr. bus. ext. dept.
 Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, mgr. serv. dept.
 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, pub. mgr.
 Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
 Cleveland, Ohio, Central Nat'l Bank, R. J. Izant, adv. mgr.
 Cleveland, Ohio, Cleveland Tr. Co., I. I. Sperling, pub. mgr.
 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. L. 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, cash.
 Elmira, N. Y., 2nd Nat'l Bank, Helen E. Mal-lory, adv. mgr.
 Evansville, Ind., Nat'l City Bank, Josephine C. MacCorkle, pub. mgr.
 Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
 Flint, Mich., Citizens Com'l & Svgs. Bank, H. E. Potter, asst. cash.
 Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
 Gardner, Mass., Gardner Tr. Co., P. O. Ahlin, V. P.
 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. Worm-wood, 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, adv. dept.
 Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy. & treas.
 Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
 Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
 Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
 Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
 Lima, Peru, S. A., Banco Mercantil Americano del Peru.
 Long Beach, Cal., Long Beach Nat'l Bank, P. L. Hudson, asst. cash.
 Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
 Los Angeles, Cal., Pacific-Southwest Tr. & Svgs. Bk., R. M. MacLennan, adv. mgr.
 Los Gatos, Cal., 1st Nat'l Bank, C. F. Ham-sher, pres.
 Madrid, Spain, Banco Hispano Sulzo, Apartado 1023, E. C. Hirt.
 Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, 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, mgr. bus. serv. dept.
 Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace, treas.
 Minneapolis, Minn., Midland Nat'l Bank, L. L. D. Stark, asst. tr. off.

- 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 & Sons, Apartado No. 6.
 Montreal, Que., Banque d'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, secy. to pres.
 New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. H. Wisdom, 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., 65 Broadway, S. D. Malcolm, gen. mgr. adv.
 N. Y. C., American Union Bank, R. Stein, asst. cash.
 N. Y. C., Bank of America, Withers Woolford.
 N. Y. C., The Bankers Magazine.
 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., The Farmers Loan & Tr. Co., I. H. Meehan, asst. V. P.
 N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd St., E. S. Van Leer, asst. cash.
 N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, V. P.
 N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
 N. Y. C., North Side Svgs. Bank, A. A. Elvirch, secy.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, new bus. mgr.
 Northampton, Mass., Hampshire Co. Trust Co., G. S. Willis, pres.
 Norwich, Conn., Chelsea Svgs. Bank, J. D. Coit, asst. treas.
 Oak Park, Ill., Oak Park Tr. & Svgs. Bank, L. A. Claraham, 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, adv. mgr.
 Phila., Pa., Overbrook Bank, R. H. Thompson, V. P.
 Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
 Phila., Pa., Tradesmen's Nat'l Bank, H. E. Dolly, asst. cash.
 Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett, mgr. svgs. & pub. dept.
 Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter, asst. cash.
 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. cash.
 Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbreth, mgr. svgs. dept.
 Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., asst. cash.
 Richmond, Va., Virginia Tr. Co., W. Scott, 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. mgr.
 San Antonio, Tex., Central Tr. Co., D. Ansley, V. P.
 San Francisco, Cal., 1002 Monadnock Bldg., L. G. Peede.
 San Francisco, Cal., Anglo-California Tr. Co., R. P. Anderson, asst. mgr. bus. dev. dept.
 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., 3rd Nat'l Bank, Theda A. Hopps, mgr. new bus. dept.
 Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
 Shelbyville, Ill., 1st Nat'l Bank, J. C. Eberspacher, V. P.
 Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
 Smithtown Branch, N. Y., Nat'l Bank of Smithtown Branch, J. A. Overton, cash.
 South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
 Spokane, Wash., Old Nat'l Bank-Union Tr. Co., A. F. Brunkow, pub. mgr.
 St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, pub. mgr.
 St. Louis, Mo., 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, asst. to pres.
 Stockholm, Sweden, Svenska Handelsbanken, P. G. Norberg, pub. mgr.
 Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
 Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Bize, pres.
 Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, asst. secy.-treas.
 Toronto, Canada, Canadian Bank of Commerce, A. St. L. Triggs, secy.
 Toronto, Canada, H. J. Coon, 68 Farnham Ave.
 Toronto, Canada, Home Bank Monthly, Home Bank of Canada, 8 King St. West.
 Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off. & pub. mgr.
 Tuscaloosa, Ala., City Nat'l Bank, S. F. Claibough, V. P. & cash.
 Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
 Valdosta, Ga., Merchants Bank, A. F. Winn, Jr., V. P.
 Warren, Pa., Warren Nat'l Bk., R. W. Mackay, cash.
 Washington, D. C., Federal Nat'l Bank, John Poole, pres.
 Washington, D. C., Union Tr. Co. of D. C., W. S. Lyons, asst. secy.
 Washington, D. C., Washington Loan & Tr. Co., E. H. Thompson, pub. mgr.
 Watertown, N. Y., Jefferson Co., Nat'l Bank, R. W. Oakes, asst. cash.
 Wausau, Wis., Marathan Co. Bank, H. C. Berger, cash.
 Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
 Wellsboro, Pa., 1st Nat'l Bank, M. L. Matson, adv. dept.
 West Chester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall, V. P.
 Wilkes-Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
 Wilkes-Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. pub. dept.
 Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, pres.
 Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
 Youngstown, Ohio, 1st Nat'l Bank & Dollar Svgs. & Tr. Co., J. N. Higley, pub. mgr.
 Zurich, Switzerland, J. Muller, 49 Sonneggstrasse.
 Zurich, Switzerland, Union de Banques Suisses, H. de Muralt, sub-mgr.

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**

Unusual Hold-up Foiled by Teller's Quick Wit

HOW the rare presence of mind and cool courage of a paying teller frustrated an unusual and daring attempt at bank robbery is told in a recent issue of the *Teller*, house organ of the Sterling Bank of Canada, Toronto. The story follows:

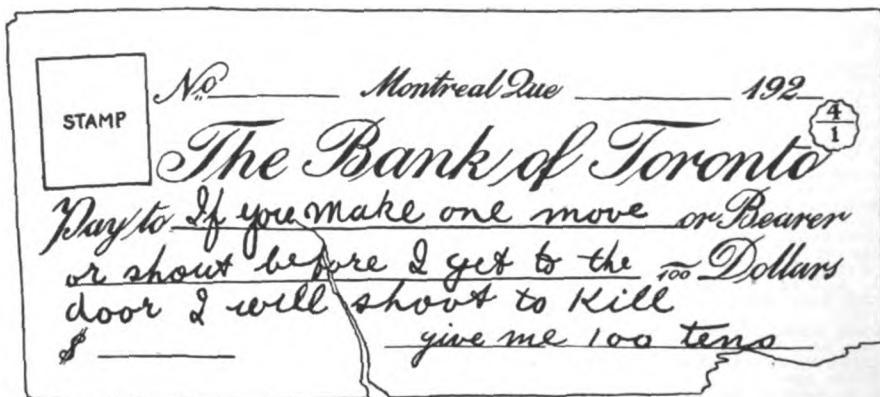
On November 18, C. H. Morrow, paying teller in our Montreal, St. James Street Branch, completely frustrated a daring hold-up.

At 11.15 a. m., a man about thirty-five years of age, dark and wearing heavy glasses, approached the wicket and handed

dit took to his heels and escaped through the door leading from our office to the lobby of the building.

Mr. Morrow's coolness and judgment under the tense circumstances of the moment is of a character seldom displayed, and is highly praiseworthy and intelligent. At great personal danger to himself and at the same time keeping absolute control of the situation by his presence of mind and adroitness, he took the bandit completely off his guard and set himself for all time as an outstanding example of fearless courage and brave conduct.

Whilst the bandit's scheme was completely foiled and he went away without a cent, the



Check presented to teller in attempted hold-up

him a Bank of Toronto check form on front of which was plainly written—"If you make one move or shout before I get to the door, I will shoot to kill give me 100 tens."

Immediately after presenting the "check" he covered Mr. Morrow with a revolver which was concealed by being wrapped in a red bandana handkerchief. Mr. Morrow took the "check", read the message and told the hold-up that he did not have 100 tens handy, but had ones and twos. He was then ordered to "give me those and hurry up".

Mr. Morrow started to put a few bundles of ones on the counter from under the desk, and when he saw the hold-up divert his gaze from himself to the money, he ducked under the counter, grabbed his revolver, stood up and fired two shots, neither of which apparently hit him. One passed through the center of the large plate glass window opposite his wicket, and the other lodged in the wall near the ceiling.

As soon as the shots were fired the ban-

sum of money demanded by him was not large. But the same would have happened had it been ten times the amount and the fact that only a thousand dollars was involved proves clearly that Mr. Morrow's mind functioned quickly and well.

Such action as these cannot go unmentioned, even though Mr. Morrow's modesty in the matter would not permit it. It is almost needless to say that the bank has been pleased to suitably reward Mr. Morrow, in addition to which, as a permanent token to the act itself, they have presented him with a beautiful gold watch. In this connection the following letter was written to Mr. Morrow by the General Manager: "Dear Mr. Morrow—

"On behalf of the Directors of this Institution I have much pleasure in presenting you with the enclosed cheque for \$200, and also a gold watch, as a mark of our appreciation of your services in connection with the attempted robbery in Montreal office on Saturday morning, November 18, 1922."

Fundamentals of Foreign Trading

By Dr. W. F. Gephart

Vice-president First National Bank in St. Louis, Dean of the School of Commerce and Finance, Washington University

IT is an interesting illustration of how the primitive mind persists when we observe the reaction to any idea or phrase which includes the word "foreign". Foreigners were to our ancestors so usually enemies that we yet have an instinctive fear or suspicion that they will again, as in primitive times, come over the mountains or land on our shores and steal our "cattle and women". The Greeks were accustomed to call strangers barbarians and much of this attitude yet remains among the peoples of modern nations notwithstanding that the increased frequency of contacts by travel and exchange of goods has tended to prove that various divisions of the human race differ in final analysis very little.

In no other department of human thought is this old idea of suspicion of the foreigner more prevalent than in connection with our foreign trading. Robbery and trickery were so long characteristics of trading that many of the old ideas regarding it persist in modern times. It was commonly believed in medieval times that in every trade one party was necessarily the gainer at the expense of the other. This arose largely from the fact that much business was indeed characterized by trickery or that the sale was in the nature of a forced sale where one party could take advantage of the other. Notwithstanding that the ethics of trade have greatly improved since medieval times and notwithstanding that the market has developed from a local to a national and international market where forces of demand and supply operate with great freedom, medieval ideas of trading have persisted long after the conditions have changed.

But much of the confusion and erroneous thinking about international trade results from a mistaken under-

standing of the function of money in international trading. When the national states were developing it was a matter of great importance for these young developing nations to secure a supply of money. This desire to secure money by which soldiers might be hired and wars carried on gave character to their commercial policies. Money then was indeed a much more important measure of wealth than it now is.

But, as Adam Smith states, "That wealth consists in money, or in gold and silver, is a popular notion which naturally arises from the double function of money, as the instrument of commerce, and as the measure of value. In consequence of its being the instrument of commerce, when we have money we can more readily obtain whatever else we have occasion for, than by means of any other commodity. The great affair, we always find, is to get money. We say of a rich man that he is worth a great deal, and of a poor man that he is worth very little money. A rich country, in the same manner as a rich man, is supposed to be a country abounding in money; and to heap up gold and silver in any country is supposed to be the readiest way to enrich it."

But since the time of Adam Smith international trading has developed until now we are in the era of world markets which is another way of stating that the prices of commodities are determined no longer by the supply or demand in any one community or in any one nation, but by the conditions of world supply and demand. A commodity moves in international trading just as in domestic trading, because both the seller and the buyer receive a gain. Nor does the amount of money in a particular nation have, as in earlier times, as much effect in determining the price level.

The function of commerce is to bring a free exchange of goods whereby not only the parties to the exchange themselves are enriched, but the nation as well. In other words, international commerce enormously furthers what the older economists called the division of labor. As John Stuart Mill stated, "Commerce is virtually a mode of cheapening production; and in all such cases the consumer is the person ultimately benefited; a country which produces for a larger market than its own, can introduce a more extended division of labor, can make greater use of machinery, and is more likely to make inventions and improvements in the processes of production".

It has been particularly difficult in our own country to secure a true appreciation of what foreign trade means to our people. The country is so vast in extent, so bountifully supplied with natural resources that it seems but natural for many to insist that we should buy as little as possible from other people and yet at the same time, it is insisted that we should sell as much as possible. International trade in final analysis must always be a matter of the bartering of goods, not necessarily between the two trading nations but among the several great international trading nations. For example: The United States may pay for its coffee from Brazil by exporting its wheat to Europe, relying upon Europe to pay for our wheat by sending goods to South America to pay for our coffee. It is not the purpose of modern international trading to so arrange its foreign trade that it may have what is called a balance of trade with each nation that must be settled in gold. Indeed, if every nation followed to its logical conclusion this assumed desirability of having a balance of trade with every other trading nation there could be little movement of goods in international trade. It is not money that we want in final analysis but goods and services which satisfy human wants. Money must always be a means to an end, since it can satisfy no real human want except

insofar as it is the wherewithal to get goods.

The United States continued for many years a nation producing, primarily, raw commodities and these, because of their character, largely sold themselves. We did not need to concern ourselves about devising elaborate trading organizations. Our surplus food commodities were always in demand. During the last several decades, however, our manufacturing industry has been developing by leaps and bounds, and we now find ourselves in position to supply a surplus of many manufactured goods which must be sold in foreign markets and at the same time, because of our increasing population, there is a relative decrease in the amount of food commodities which we have for sale abroad. In other words, we have reached a point in our industrial development where we must give more careful thought to our foreign trading not only as a matter of devising more appropriate commercial legislation but also in implementing the numerous financial and business agencies for foreign trading.

EFFECT OF WAR ON FOREIGN TRADE

It is well known how the war affected our foreign trading. We secured an enormous volume of business and the favorable balance during many of these years was settled in gold until now we have the largest stock of gold that has ever been accumulated by a nation. The situation in its bald, simple elements is relatively clear. We must have increased markets for our manufactured commodities. These commodities will meet the strong competition of similar goods produced by other nations, especially by those of Europe. We cannot expect, nor do we want an increase in our gold supply. Indeed, no other one thing could, perhaps, further the possibilities for extending our foreign trade more than a redistribution of the gold supply of the world. Nor need we fear the importation of too many manufactured goods. Our vast population,

our diversity of industry, our business organization, and labor efficiency will guarantee us against impoverishment when we make a mutually advantageous exchange of goods, whether manufactured or otherwise.

It is not commonly understood what a variety and extent of demand the hundred odd millions of people in the United States have for goods. It is easy to comprehend that certain tropical products cannot profitably be produced and, therefore, must be secured by the exchange of goods. But, it is not so easy to understand that there may be equally as great a gain to our people by importing other goods which we might produce but which in doing so would entail a greater cost than to import them. It is better for a people as well as an individual to devote their capital and energy to the making of those things in which they have a comparative advantage. Many lawyers could doubtless write a better letter than their secretaries. Many physicians could give an anesthetic better than their assistants, but it is better to do a difficult task in a superior manner and permit ordinary tasks to be done passably well.

Nor does it follow from the above principles that the United States should or is ready to follow the policy of what has been called free trade. The principle of protection has in many instances undoubtedly justified itself in the development of our industrial life, and there is yet reason to use this policy, provided always it is wisely applied so as to contribute to the general welfare of our people. But, we have become a great nation with a variety of industries, a large population, great capital accumulation, and a surplus of goods for sale. The sale of these goods must depend upon what we are willing to take in exchange for them. It cannot be gold. First, because other nations do not have gold in sufficient quantities, and second, because we do not need or want gold in unlimited quantities. Goods and productive ability are the true measure of the wealth of a nation

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and not gold. It is said that the Spaniards in the old days of their gold seeking were accustomed to ask of the natives when they landed on a strange shore whether there was any gold or silver to be had in the country, whereby they were able to judge whether it was worth while to conquer the country or to make a settlement. For a similar reason, Adam Smith relates, that when the Monk, Carpino, was sent as an ambassador from France to a descendant of Ghengis Khan he was asked by the Tartars whether in his country there were plenty of sheep and goats, for these animals were the money or measure of wealth in the Tartar country. The Tartars were nearer right than the Spaniards, but we are neither Tartars nor Spaniards, living in the past centuries, but a people living in 1923 in one of the richest and most highly diversified and industrial nations.



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Reparations and European Finance

By Elisha M. Friedman

(Mr. Friedman is vice-president of the Overseas Securities Corporation, lecturer on finance at New York University and author of "International Finance and its Reorganization", and of other works on the international economic effects of the war. He has recently returned from a seven months' business trip through Central and Western Europe and summarizes his impressions in this survey.—THE EDITOR.)

EUROPE today is suffering from the effect of the Treaty. The old balance of power, which despite its defects at least kept Europe in equilibrium, has been destroyed, and the League which was to control as the substitute is powerless to enforce any policy. A new balance of power seems to be emerging in Europe, and the re-alignments are indicated in the recent events in the Near East.

The failure to solve the reparation question is largely the cause of the present European crisis, of the depreciation of the mark, of consequent feverish industrial activity in Germany, and of unemployment in England and the other countries. The fall of the mark induced a sympathetic fall of the franc. If Europe, and indeed the world, is again to function on a healthy economic basis, the 60,000,000 people in Germany must be again producers on a basis other than that of the present hectic and purely artificial activity and consumers on a basis other than that of almost a whole nation existing like the submerged tenth, underfed, under-clothed, undersheltered.

Worse still, to this failure to solve the reparations questions may be ascribed much confusion of economic thinking upon the part of the masses and much of the intensification of national hatred by the jingo press in Europe. Writers frequently accuse the German Government of dishonesty because the reparation payments have not been fully met. The Germans reply that even with the best intention, it would be impossible in the present state of German finances to pay the sums demanded, and they point to the approximately eight milliard gold marks already paid of

which about two-thirds were devoted not to repairing the devastated areas, but to maintaining an Army of Occupation to collect further impossible sums.

In some quarters it used to be said (until the violent collapse of the mark) that the depreciation of the currency was the deliberate work of German government officials and financiers. In reply the Germans point to the tremendous loss in wealth and income to German banks and bankers resulting from the depreciation of the currency. The Deutsche Bank's salary and overhead were about 65 per cent. of gross income in 1913 and 94 per cent. in 1921. In the latter year dividends on a gold basis were a small fraction of the pre-war amount. The bond-owning classes in Germany have been ruined, the Government employees and salaried classes have been reduced almost to starvation. The first class railway coupes, the hotels and the taxicabs in Germany are being used chiefly by foreigners, while the comedown Germans ride in the third class coach, regard the hotels as the foreign colony and rate a taxicab trip as a wild extravagance. The recent cataclysmic decline of the mark, foreseen by many Americans traveling in Europe, has scotched the charge that the Germans themselves are the instigating factors. Will other economic truths be learned only after Europe is in ruins?

IS GERMANY PROSPEROUS?

Returning voyagers frequently report that Germany is the only prosperous country in Europe, and on the other hand they tell of the fabulously low prices, in dollars though not in marks, at which goods may be had. A suit or

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topcoat may be had to measure for about ten dollars. A six course lunch at a first class Munich hotel, for example, was to be had for 400 marks when marks were selling 4000 to the dollar, or equivalent to ten cents per meal, and across the border in Switzerland a single pear cost 60 centimes or about 12 cents. The depreciation of the mark has resulted in sales below the cost of production and in consequent losses, in goods though not in marks, by merchants. These find their inventories of materials shrinking in quantity while their wealth in marks increases.

Germany as a nation is living on its capital. Repairs are not being made, clothes are being worn out and corporations and individuals are rapidly marching to ruin. By means of unlimited note issues to pay reparations, the government picks every pocket and robs every till. The decline of the mark decreases the liquid capital of companies, and as a result new shares must be issued to supply the capital which is lost. The huge volume of new shares issued for cash is a sign not of prosperity, but of the shrinkage of capital.

Not the least of the evils of the reparations clauses of the Treaty and of the resulting decline of the mark are the false prosperity which it has created and the atmosphere of misunderstanding and suspicion which it has engendered. The low cost of living, resulting from printing money to meet reparations and related charges, attracts idle foreigners to Germany.

With the cessation of the depreciation of the Austrian kroner, and the overtaking of depreciated exchange by rising prices, the world price level has been reached in Austria. The foreign denizens of Vienna hotels have crossed the border to Germany. This element feeds out of the national kitchen in common with the Germans. They bid up prices for the natives and decrease the available supply. To protect its citizens, the government has discouraged such immigration by visa restrictions and by other means. However, in accordance with this policy those foreigners that do enter are made to pay higher prices and special taxes.

Quite ignoring the fact that discriminating legislation is confined to no one country, and that including the tax, the cost in foreign currency of rooms in a first class Berlin hotel, opera seats, meals, etc., are considerably under New York or London prices, a prominent London newspaper conducts a campaign of misinformation, under the title "Germany making us pay"; and thus adds to confusion and animosity prevalent among the masses. Europe sorely lacks statesmen and journalists with intellectual honesty and courage.

WHAT EUROPE NEEDS FOR RECOVERY

The political world is slowly realizing that the predictions of the economists in 1919 and 1920 were correct, and that some prompt solution must be applied to the reparation problem. The

remedy is not new. Only its execution would be. For the recovery of Europe, it is necessary to establish a moratorium on reparations payments and to reduce the amount to a basis which can be paid, which fortunately will cover the cost of rebuilding the devastated areas but not intangible claims, inadmissible under the Armistice contract, which swell the total sum, and thus reduce France's proportion thereof.

Furthermore it is necessary to redistribute the quotas on the basis of actual devastation suffered, so that France will receive by far the largest part and to subrogate the reparations claim to an international loan to Germany, the chief proceeds of which shall be turned over to France for reconstruction purposes. A part of the loan should be used to reestablish German credit, in order that she may be able to pay the necessary additional sums to France. In the adoption of this program, America must support the moderate parties in Europe as against the intransigents, and the American press has a duty to free the truths from war-born prejudices.

Until German credit is rehabilitated it is futile to say that just as France had to pay in 1871, so Germany must pay now, and that an army of occupation ought to be maintained to enforce collection. It was not the presence of the German Army in 1871, but good French credit (after a brief seven months war) that made payment of the indemnity possible.

After the World War of fifty-two months, the credit of the German Government was greatly reduced and, through the reparation clauses of the Treaty it was practically extinguished. How many American investors would buy a German loan today? Yet the bulk of the indemnity of 1871 was met by a foreign loan. The prerequisite to the restoration of the devastated areas, indeed, to the recovery of Europe, is the rehabilitation of German credit. In the present economic organization of society it is impossible to ruin one



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country and at the same time benefit others. The failure to understand this elementary fact is responsible for the slogan "no clemency to Germany" which necessarily means "no reparations for France", and "no recovery for Europe".

Historic analogies are misleading. It is not sound to say that because it took Europe over a decade to recover from the Napoleonic Wars, the world must suffer a similar period of crisis now. The world is more mobile today, communication is more rapid, international credit more extensive and more liquid and more readily available. Given a settlement of the reparations problem, the recovery of Europe should proceed more rapidly than it did 100 years ago. As for the Allied debt, the United States is not pressing any of the financially weak countries for immediate payment of interest or principal, and therefore,



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THE IMPROVEMENT IN ENGLAND'S POSITION

The exchanges are reflecting the financial conditions and prospects of European countries. England's position is improving continually, as is indicated in the decline of the floating debt, and of the currency note account, the improvement of the trade balance and of the bank ratio. The future of sterling is regarded by us in the United States in terms of the above factors. On the other hand, British bankers and economists watch the Federal Reserve Bank ratio and believe that if we should have another period of inflation, sterling should rise further. They believe also that if America continues to receive gold above the needs of industry and finance, then we should experience a gold inflation, very similar to that which occurred in Holland, Switzerland, Sweden and Spain during the war. There should result in the United States rising prices and a decline of the dollar in terms of sterling and other currencies which are not being inflated.

The exchanges of Sweden, Holland and Switzerland are practically at parity, and allowing even for the repatriation of capital fled from the countries with depreciated exchanges, these three countries should soon be ready to re-establish the gold standard. In a less short interval, Denmark and Norway should do likewise. However, bankers in these countries do not expect, and will not risk the return to a gold basis before England takes the step. Similarly the new countries, Finland and Czecho-Slovakia, which by courageous financial measures have improved the currency, will wait for the re-establishment of the gold standard in Great Britain, before they will re-value their currency or adopt a new unit. It is therefore of the utmost importance for these countries, indeed the world at large, that the pound sterling come to parity as soon as possible.



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As for Belgium, France and Italy, their budget deficits are decreasing each year and instead of meeting them by note issues, the less hurtful process of floating treasury bills is used. Unfortunately, France is not publishing the total amount outstanding and thus injures her credit probably more than if she did publish them. However, so long as the French bond buyer has faith in ultimate repayment by his Government it can carry on with the present methods.

The adventure in the Ruhr district is filled with financial dangers to France. The cost may run into the billions of paper francs per annum, depending on the extent of sabotage and passive resistance by Germans, and the domestic as well as the foreign investor may become alarmed, needlessly perhaps, at the prospect. Not the benefits to France, but the mutual damage to both

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France and Germany may bring about an early settlement.

In a country such as France, in which the service of the debt is about 50 per cent. of the total budget, and in which the deficit now ranges from, roughly one quarter to one third of the total budget, the problem of eliminating the deficit should not prove insuperable. However, until the elections in the fall, no great tax reform is to be anticipated. Parties cannot risk such policies on the eve of an election. Admittedly the immediate fiscal future of France is grave. However, should the reparations problem be solved and as a result international credit be made available to her through a loan to Germany, France should be able to bring her finances to a sound condition within a few years.

SHOULD UNITED STATES BE WORLD'S BANKER?

It was frequently charged in Europe, and with self recrimination at home that the United States lost a golden opportunity to become the world's chief banking power. However, the statement is hardly tenable. America made great strides recently in international financing as is revealed in a comparison of the New York security lists of 1913 and 1922 and in the statistics of foreign trade acceptances in the Federal Reserve System. However, only with the

close of the war was American capital free to seek new fields and it is too much to expect that in the intervening four years America could attain a position such as that built up by Great Britain during almost as many generations, certainly as many decades. It requires more than mere accumulation of capital to make a nation the world's banker. England is geographically nearer the densely populated portions of the world. She enjoys the banking connections, the personnel and the established interests. Above all, England has matured economically, whereas the United States still requires considerable capital at home for the development of its resources. Our interest rates and security yields for foreign bonds and standard shares are relatively higher than in London. For this reason England must remain the world's premier lender. With the return of sterling to parity the current advantage, to the foreigner, of borrowing in dollars will disappear. However, the American capital market will not be relegated to its pre-war position. In fact, as time goes on, the United States will take an increasing interest and participation in non-American affairs. New York will not displace London, but with the growing education and confidence of the American investor in foreign investments, New York will become not the sole center, but an important focus of international finance.



The Seizure of the Ruhr

By Senator David R. Reed

Senator Reed's speech in the United States Senate which is reproduced below has aroused widespread interest both in this country and in Europe. At a time when so many voices are being raised in disapproval of the French policy it seems both fair and wise to set forth these words of the Senator from Pennsylvania calling attention to certain fundamental truths of right and justice that public opinion is perhaps too apt to overlook in its concentration on the purely economic phases of the present situation. —THE EDITOR.

WE have heard expressions of sympathy with one side or the other in the present European crisis. We have heard perhaps many more expressions of sympathy with the Germans than with the French. I think these questions ought to be looked at from the standpoint of the American; not the pro-French, not the pro-German, but the pro-American, and I believe there is a distinct pro-American viewpoint and pro-American policy which should be followed, not only in the debates here, but in the actions of our administration.

There is a tendency these days among a certain group of people, to take pains to show pity for the criminal who has met with justice. We find people in America who are inclined to send flowers to murderers, and to forget the crimes and the victims which brought the murderers to their present pass. They complain of the rudeness of the warden to the imprisoned convict, and they never think of the victim of that convict's original crime. That is what we are in danger of doing now in our discussion of this crisis on the Ruhr. We are forgetting what it was that brought Germany to her present pass. We are forgetting why the French have found it necessary to invade that district. We are forgetting what those Germans did to bring themselves into the predicament in which they find themselves today.

Why the sudden outbreak of sympathy for one of those two nations? Why was it that in 1914 we did not break out with a similar outburst of sympathy

with the Belgians? Heaven knows their country was invaded with fire and with sword, and not merely the threat of it. Their country was invaded in direct violation of a treaty to which this country was a party, and yet we did not raise our voices in this fashion to sympathize with the Belgians who were invaded.

Northern France was devastated, its churches, its homes, its fields, and its orchards laid waste, but somehow our sympathy did not break into voice the way it has been doing here in recent days.

All the laws of nations were defied when the Germans let loose their poison gas at Ypres, and we sat quiet. We did not break into voice then, as we are doing now at an invasion that is not attended by murder and disregard of international law.

The women and children at Lille were deported by the invader, and sent off in practical slavery to work in German factories; but somehow the Senate of the United States remembered then that it was American, and it managed then to control its expressions of sympathy.

When, in the spring of 1915, our German friends, with whom we were at peace, saw fit to torpedo the *Lusitania*, and hundreds of Americans had their shrieks of agony stifled with the gurgle of death as they sank into the Atlantic Ocean, somehow we managed to stay neutral. Then why in God's name can we not stay neutral today, when retribution is coming to those murderers of Belgians, and French, and Americans?

What is it that drags us to the front now to protest because Germany has to pay what she has promised to pay? Why should we suddenly grow maudlin in sympathy because the murderer is having to expiate his crime? Why should America throw herself into this present difficulty in the Ruhr and take steps to show her pity for these people

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who are asked to pay only what they have promised to pay, who have been excused from the payment of penalties, who have been excused by us from the payment of our war costs, who have been excused for all the burdens of taxation they have thrown on the civilized nations of the world.

There is talk about the unborn children of Germany having to pay these reparations. There is not a man or a woman or a child who hears my voice at this minute who will not be dead long before the American people have ceased to pay excessive taxes as the result of German violation of international law. We will all be dead before American taxpayers have ceased to pay tribute to Germany's desire to control the world. Do not we forget that when we begin to wallow in sympathy with German taxpayers?

What Germany is asked to pay now is the mere cost of restoration of the damage she did in Belgium and France and the mere cost of the police force which has had to stand guard along the Rhine.

I am not speaking alone my own sentiments, my own private views. I think I am speaking as the Americans who fought in France would speak if they were here; I think I am speaking as our men who died in France would speak if they could utter their thought today. I tell you we are forgetting our own dead when we begin to waste sympathy because France has levied execution for this reparations debt.

There was a default—clearly there was a default—in the reparations payable by Germany; clearly there is no inclination on the part of the Germans to pay those reparations. The bully who swaggered in 1914, 1915, 1916, and 1917 now whines because he is beaten. Every bully whines when he is beaten. Are we going to allow ourselves to be deceived by that?

What talk did we hear of unborn generations of French when in 1916 and 1917 the Germans thought they were going to win, and their experts were busy calculating what was the utmost franc they could make France pay, and what was the utmost pound that they could make Great Britain pay, and what was the last dollar that they could squeeze out of this great Nation of ours, which they so mightily envied? Did any of the Germans stop to think about the unborn generations of American children whom they then proposed to tax? If they did their voices did not reach our ears. There was no sympathy shown them in what they were doing and what they proposed to do.

Of all the lost arts of which civilization is deprived today, including the art of tempering copper and the various arts of glass working that are dead and that have disappeared from civilization, there is no art that is so much missed as the art of minding one's own business.

It has fallen into disuse. We have forgotten how to mind our own business. But in that, if we can revive that art, lies the true American policy. This af-

fair is not our concern. We said we did not want reparations; therefore we are not a creditor. We need not show a pro-French sympathy if for any reason we prefer not to, but for God's sake let us not sympathize with the murderer. Let us stand off and let France collect her debt if she can.

We are told they are starving Germans in the Ruhr district, but by whom are we told it? By a German communiqué. If German official announcements of current events are truthful today, it is the first time since 1914 that they have been truthful, and we need not get excited about the French starving the Germans until we have some better evidence of it than a statement from Berlin. Our policy should be—and again I say it—our policy should be to mind our own business, particularly now, when our ally and our comrade on the battlefield is trying to get no more than has been promised to her.



Great Britain


With Great Britain's acceptance of the terms of the Debt Funding Commission of the United States for the funding of the British debt, and the probability that the United States Congress will put its stamp of approval upon these terms, there promises to be a settlement of this most important question which will react favorably not only upon the stability of exchange and the encouragement of trade between Great Britain and the United States, but upon international conditions generally.

The report of the Debt Funding Commission of the United States covering its proposal, accepted by Great Britain, for the funding of the British debt to the United States, reads as follows:

The British Government designated as its representatives the Right Hon. Stanley Baldwin, Chancellor of the Exchequer, and Montagu Norman, the governor of the Bank of England, who have conferred with the commission in Washington and presented facts relating to the position of the British

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Government. The commission has also met frequently in separate sessions and has given the fullest consideration to the problems involved in the funding of the British debt to the United States.

It became manifest at the outset that it would not be possible to effect an agreement for funding within the limits of the act approved February 9, 1922, and the commission has, therefore, considered the practicability of a settlement on some other basis, and though it has not been able, in the absence of authority under the law, to conclude negotiations, it unanimously recommends for submission to Congress a settlement with the British Government as follows:

Principal of notes to be refunded, \$4,074,818,358.44.

Interest accrued and unpaid up to December 15, 1922, at the rate of $4\frac{1}{4}$ per cent., \$629,836,106.99.

Deduct payments made October 16, 1922, and November 15, 1922, with interest at $4\frac{1}{4}$ per cent. thereon to Congress a settlement with the British Government as follows: \$100,526,379.69.

Total, \$4,604,128,085.74.

To be paid in cash, \$4,128,085.74.

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Total principal of indebtedness as of December 15, 1922, for which British Government bonds are to be issued to the United States Government at par, \$4,600,000,000.

The principal of the bonds shall be paid in annual instalments on a fixed schedule, subject to the right of the British Government to make these payments in three-year periods. The amount of the first year's instalment will be \$23,000,000 and these annual instalments will increase with due regularity during the life of the bonds until, in the sixty-second year, the amount of the instalment will be \$175,000,000, the aggregate instalments being equal to the total principal of the debt.

The British Government shall have the right to pay off additional amounts of the principal of the bonds on any interest date upon ninety days' previous notice.

Interest is to be payable upon the unpaid balances at the following rates, on December 15 and June 15 of each year; 3 per cent. semi-annually, June 15, 1923, to December 15, 1932, inclusive; 3½ per cent. semi-annually, June 15, 1933, until final payment.

For the first five years one-half the interest may be deferred and added to the principal, bonds to be issued therefor similar to those of the original issue.

Any payment of interest or of principal may be made in any United States Government bonds issued since April 6, 1917, such bonds to be taken at par and accrued interest.

The commission believes that a settlement of the British debt to the United States on this basis is fair and just to both Governments and that its prompt adoption will make a most important contribution to international stability. The extension of payment both of the principal and interest over a long period will make for stability in exchange and promotion of commerce between the two countries. The payment of principal has been established on a basis of positive instalments of increasing volume, firmly establishing the principle of repayment of

the entire capital sum. The payment of interest has been established at the approximately normal rates payable by strong governments over long terms of years.

It has not been the thought of the commission that it would be just to demand over a long period the high rate of interest naturally maintained during the war and reconstruction, and that such an attempt would defeat our efforts at settlement. Beyond this the commission has felt that the present difficulties of unemployment and high taxation in the United Kingdom should be met with suitable consideration during the early years, and therefore the commission considers it equitable and desirable that payments during the next few years should be made on such basis and with such flexibility as will encourage economic recuperation not only in the countries immediately concerned but throughout the world.

This settlement between the British Government and the United States has the utmost significance. It is a business settlement, fully preserving the integrity of the obligations, and it represents the first great step in the readjustment of the intergovernmental obligations growing out of the war.

LOAN PERIOD EXPENSE IN UNITED STATES

Authentic figures, giving in detail the expenditures made in the United States by the British Government during the period in which loans were made to Great Britain by the United States Government, have been obtained by the Bankers Trust Company, New York.

In brief, the figures show that while the total cash advances of the United States to Great Britain amounted to \$4,277,000,000, the British Government expended in the United States during the same time the sum of \$7,220,000,000. That was \$2,943,000,000 more

than the total amount lent to Great Britain.

The items upon which these British expenditures were made in the United States were as follows (April, 1917, to November, 1920):

Purchases of munitions (including horses, etc.)	\$1,536,000,000
Cotton purchased, cereals purchased (to July, 1917) and bills of exchange bought to meet expenditures in United States.....	1,683,000,000
Payments for cereals after July, 1917	1,375,000,000
Purchase of other foods.....	1,169,000,000
Tobacco purchased	99,000,000
Paid for other supplies	215,000,000
Payments for shipping	49,000,000
Interest paid to the U. S. Treasury	388,000,000
Repayment of loans raised in the United States	353,000,000
Purchases of silver	262,000,000
Paid in miscellaneous ways	91,000,000
	<hr/>
	\$7,220,000,000

A number of the above purchases (notably cereals, sugar and munitions) were made by the British Government for other Allied governments and those governments subsequently repaid Great Britain \$1,854,000,000. However, after deducting those repayments, the net expenditures by Great Britain in the United States for British purposes were \$5,366,000,000, or above \$1,000,000,000 more than was lent to the British Government by the United States.

The above expenditures were provided for as follows (April, 1917, to November, 1920):

Loans by U. S. Treasury (net after deducting repayments)	\$4,197,000,000
Dollars paid by U. S. Government to British Government for sterling required to make payments in England	449,000,000
Dollars paid to British Government for rupees and gold from India sold to U. S. Treasury.....	81,000,000
Money raised by the British Government from other sources.....	639,000,000
	<hr/>
	\$5,366,000,000

The final item includes any payments to Great Britain for services rendered (such as transportation of troops, etc.) which the United States made in dollars in America, together with such sums as the British Government amassed from interest on or sales of American securities owned by it, shipments of gold and other exports, and so forth.



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France

"The French troops will remain in the Ruhr as long as may be necessary to assure the payment of reparations, but not a single day longer", said Premier Poincaré in a recent statement to newspaper men.

"Paralyzing the mining industry in the Ruhr", continued Premier Poincaré, "may inflict hardships on France as well as Germany, but Germany is the greater loser, and France will show the endurance necessary to outwit the German Government". Poincaré said further:

We intend to hold the mining and industrial basin until Germany fulfills its agreement. After the 1870 War the Prussians maintained a garrison in France until the last centime of indemnity had been paid. It may be a matter of five years before Germany gives sufficient proofs of its sincerity of paying reparations, and may be consider-

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ably less if the German Government reorganizes its financial system on a sound basis and obtains a foreign loan, which would be applied on the reconstruction of the devastated regions of France. But France is unanimously determined not to abandon its guarantees in the Ruhr until then.

Propaganda asserts that France is spending huge sums on the military operation of the Ruhr. This is entirely false, as we have not mobilized a single soldier and the troops used were already with the colors. The cost of maintaining the force in the Ruhr is slightly more than in France, owing to the transportation of food and supplies, but to an unappreciable amount. We are prepared now to set in operation the customs control barrier around the Ruhr, preventing the shipment of all coal and coke to Germany, diverting a certain proportion to France, Belgium and Italy. Until now we had seized only a little fuel in the Ruhr, but henceforth we intend to take a reasonable percentage. If the miners strike Germany's deliveries will be cut off.

France does not intend to attempt to exploit the Ruhr mines and factories. The employees are free to work or strike as they wish, but they will be the hardest hit and Germany will be chiefly affected if the Ruhr is paralyzed by strikes.

We are ready to ensure the operation of railway trains, haul coal and transport troops, foodstuffs and civilian traveling also, but we will not attempt to operate a normal service.

TEXTILE INDUSTRY RECOVERS

A report to the Textile Division of the Department of Commerce at Washington says that at the end of the war

the textile industry of Lille, Roubaix, Turcoing, and adjoining territory, found that barely more than the four walls of the mills remained. Reconstruction has proceeded since at such a rate that today the mills are, according to the most authentic reports, at 90 per cent. of their pre-war condition.

This reconstruction has been accomplished under the individual initiative of the mill owners. It has been financed by the mills themselves, by bank and by whatever aid the government could supply. Thus it has come to pass that much of the mills' resources are tied up in this work and that they are also obligated to the banks in a varying degree.

With the reconstruction practically finished, certain members of the textile industry, following other industries, have organized a syndicate known as the "Groupement des Industries Textiles," the object of which is to convert these tied up funds into immediate working capital. The emission took place in the first week of October and was for a maximum amount of 152,300,000 francs, divided into 304,600 shares, issued at 175 francs, par value 500. Interest is 6 per cent. payable semi-annually. Each manufacturer participating in the loan guarantees it for the part he takes, which, in sum, represents the amount of his loss sustained during

the war. No concern can enter the "Groupment" without having its claim approved and passed by the government. Hence, the amount of the issue approximates the loss sustained by the textile industry of this district as a result of the war. It is understood that these claims are eventually to be paid by the German reparations and in measure as the claims are settled the shares will be redeemed at par.

Italy

The Italian metallurgical industry continues to show the improvement which began some months ago, says a cable to the Department of Commerce at Washington. Some firms are now working on full time and important export orders have been received. The production of agricultural implements is increasing.

The demand for cotton goods has waned. Most factories are working normally. The purchase of wool has declined on account of high prices. Domestic and foreign demand for woolen goods has diminished.

Manufacturers of food products report active business. Old-established chemical manufacturers are busy in spite of German competition, but some war enterprises have been liquidated. The sulphur crisis is being relieved by the flotation of a bond issue guaranteed by the Government which will permit the carrying of stocks which have accumulated during the dull period.

Financial conditions in general are satisfactory, but there is still a scarcity of capital for investment. Net increases in the amount of corporate capital in November amounted to 92,000,000 lire compared with a decrease of 28,000,000 lire in October, and an increase of 262,000,000 lire in September.

The revenues of the Italian Government since the beginning of the fiscal year in July compare favorably with last year's and still more favorably with the advance estimates for this year.

Statistics of total exports and imports of Italy for the first six months of 1922

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are now available. Imports from January to June reached a total of 7,746,000,000 lire, a decrease of 999,000,000 lire compared with 1921; and exports totaled 4,198,000,000 lire, an increase of 237,000,000 lire compared with 1921. The unfavorable trade balance for the first half of 1922 is, therefore, 1,236,000,000 lower than in the first half of 1921.

Imports from the United States for the six months amounted to 2,165,000,000 lire, a decrease of 1,255,000 lire from 1921, while exports to the United States equalled 378,000,000 lire, a decrease of 163,000,000 lire from 1921.

Statistics of official imports in November show that grain imports are greater than at any previous time this year. About three-fourths of the grain imported comes from North America.

The potato crop of 1922 amounts to 1,265,000 tons compared with 1,600,000

tons in 1921. The hemp crop is also considerably less than average, owing to insufficient summer rains and to decreased acreage. The olive crop is unusually large, being estimated at 1,553,000 tons this year, compared with 1,021,000 tons in 1921, and 1,388,000 tons the average for the past five years.

Germany

The commercial and industrial outlook of Germany is so clouded by the Ruhr occupation as to make any prediction as to the immediate future impossible. Prior to this incident, the effect of money tightness and the decrease in domestic purchasing power was noticeable in German industry, says a cable to the Department of Commerce at Washington. Cotton textiles as well as other branches of the textile industry were much affected by these conditions; the leather industry was suffering from the lack of demand from shoe manufacturers; and the iron and steel market, active early in December, had become dull toward the end of the month. The heavy iron and steel industry was complaining of production curtailment on account of reparation deliveries of coal and coke.

Exports in the iron and steel industry were increasingly hampered during December by recent production costs, foreign competition, and prohibitive foreign tariffs. Foreign competition is having a more noticeable effect on the German chemical industry. Exporters of paper were complaining against the high export tax. Exports of cotton textiles were decreasing supposedly on account of American and Japanese competition; the wool weaving branch reported similar conditions. Linen goods were selling well, but the silk industry continued inactive with only the velvet branch supplied with foreign orders.

NOTES EXCEED TRILLION MARKS

The note circulation of the Reichsbank at the end of December, 1922, amounted to 1,200,000,000,000 marks,

compared with 754,000,000,000 marks at the beginning of December and 469,000,000,000 at the beginning of November.

Private discounts at the Reichsbank amounted to 422,235,000,000 marks on December 30, as compared with 247,000,000,000 a month before and 101,000,000,000 two months before. At the end of July the private discount figure had stood at 3,000,000,000 marks.

The floating debt in treasury bills, which was stated to be 1,166,000,000,000 on November 30, amounted at the last of December to 1,495,000,000,000 marks.

Practically no wage agreements have been fixed for January on account of the fact that employers generally are awaiting political developments before assuming wage obligations.

There have been surprisingly few strikes of any kind, exclusive of the Ruhr, this being attributed by the employers' association to the fact that the unions are no longer able financially to support strikes. The only large strike during December was at the Ludwigshaven plant of the Badische Aniline and Soda Factory; the strikers won, gaining wages considerably above the average.

The cost of living, as indicated by the government index, showed a 55 per cent. increase from November to December as compared with 102 per cent. increase from October to November. Rents in Berlin averaged on January 1 about forty times the pre-war figure as compared with thirty times at the beginning of December. The advance is due to an increase in the supplementary payments under the maximum rent law.

Belgium

The Belgian business and industrial situation continues to be dominated by uncertain political conditions and resulting exchange fluctuations, says a cable to the Department of Commerce at Washington. The metallurgical market is still uncertain, with frequent in-

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quiries but few actual orders placed. In spite of a continued rise on pig-iron and semi-finished products, prices of finished products have declined due to the desire of plants having few forward orders to obtain new business. From the construction shops it is reported that Poland is ordering 180 locomotives in Belgium, although the French are said to be dissatisfied, since at least a part of the money for the purchase will be raised in France.

The coal market is unchanged except for some small concession in domestic grades for export, due to slackened demand during mild weather. Imports from England are large and usually sell below Belgian prices, but imports from France are greatly diminished.

The woolen industry is hampered by continuation of the strike at Verviers which is reducing production and threatens to spread. Low franc exchange is at present favorable to other textiles, and the outlook is good; but any considerable improvement in the

franc would probably cause a setback if high prices continue. Consul Nasmith at Ghent reports that the rise in dollar exchange has reduced cotton buying to a minimum, and the cotton industry is entirely dominated by exchange conditions. The linen situation continues good, with prices firm but less business than is usual at this time of the year.

Scandinavia

Steady appreciation of the exchange value of the Norwegian crown, a continued deflation of the note issue, and increasing exports, are lessening the economic tension in Norway, according to a cable to the Department of Commerce at Washington.

Industrial production is still very small except in those industries manufacturing for export. Lumber and paper pulp exports are favorable. The paper market is firm with rising prices; all paper mills are running but water scarcity causes a curtailment of pulp

mills' output. Lumber demands are brisk especially from Australia while the saw mills are well occupied and large winter cuttings have been planned. The textile industry is well occupied.

Swedish conditions have shown no material change in the last two months but compared with a year ago there is considerable improvement, according to cabled advices received by the Department of Commerce at Washington. Industrial conditions seem to be slightly improving and prices are falling. The October trade balance is favorable and shipping active; labor conditions, however, are unsettled.

On December 1 the funded debt of Sweden amounted to 1,458,000,000 crowns and the floating debt to 98,000,000. The circulation of the Swedish Riksbank on December 9, amounted to 522,000,000, as compared with 550,000,000 at the middle of November. The rise of the Swedish crown above dollar par is causing difficulty to Swedish exporters, and the national bank is said to be purchasing foreign exchange to keep down the value of the crown.

Switzerland

The Swiss Government appropriated for the year 1922 more than 50,000,000 francs, or 10 per cent. of the entire budget, for subventions to various industries in the country, according to a report to the Department of Commerce at Washington. The reason for this action is that the economic stability of Switzerland depends on the maintenance of certain established industries, and the Government believes that they must at all costs be saved from destruction during the present period of depression. It is considered more advantageous than unemployment subsidies, which are unproductive and in some ways harmful.

The industries subsidized are the following: (1) the watch-making industry; (2) the milk industry; (3) the hotel industry; (4) the agricultural industry (cereals); (5) the agricultural industry

(potatoes); (6) the stock-raising industry; (7) the embroidery industry.

In the watch-making industry an initial subsidy of 5,000,000 francs was granted on December 6, 1921, and an additional 6,000,000 francs on October 12, 1922. The bounty is paid only on complete watches and jewelry (connected with watch-making, not exceeding 150 francs in value per piece). During the period since the establishment of the subsidies, there has been a decrease in unemployment in the industry and a steadying of foreign trade which has been attributed largely to the effect of the subsidy.

The most important subsidy, from the standpoint of cost to the Government, is that to the milk industry. It was granted to cover the losses occasioned to producers by the fixing of a price for milk and milk products below the cost of production in order to increase consumption and to circumvent competition of foreign condensed milk. The total subsidies granted in 1922 amounted to 32 1/8 million francs.

Spain

Favorable features in the Spanish situation outweigh such unfavorable factors as the depression in the metallurgical industry and the lack of demand for the agricultural products of Central Spain, says a cable to the Department of Commerce at Washington. The provisional budget for 1923-24 shows a decreased deficit, compared with last year; proposed expenditures having been brought, on paper, to within 337,000,000 pesetas of expected revenues. A liberal ministry has been elected which is expected to favor the development of foreign trade. The international value of the peseta has increased from 15.25 cents on November 14 to 15.70 cents on December 14. Railroad earnings this year to December 1. are 20,000,000 pesetas above those of the same period last year. Note circulation has been reduced from 4,174,000,000 pesetas to 4,105,000,000.

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active. In the Bilbao district, although the metallurgical situation is still discouraging, conditions in other mining industries are somewhat improved. In November, exports of iron ore from Bilbao amounted to 40,000 tons compared with a normal monthly export of 230,000 tons. The high cost of operations is causing Spain to lose her export market for steel products.

In Central Spain there is general dullness because of the lack of demand for wheat with the consequent accumulation of large stocks. In the south and east the situation has been affected favorably by improvement in the exportation of horticultural products.

Czecho-Slovakia

General industrial conditions in Czechoslovakia remained unchanged, according to a cable to the Department of Commerce at Washington. Decreased activity is noticeable in the building in-

dustries. The annual statements for 1921 and 1922 of the Prague iron works show a loss of 8,500,000 crowns.

Commercial failures during October amounted to 402; the approximate resources ascertained in 380 cases amounted to 112,000,000 crowns, with liabilities of 265,000,000 crowns. The Moravian-Silesian Bank, with a capital of 40,000,000 crowns and deposits amounting to 400,000,000 crowns is in the process of liquidation. The Finance Minister declares that no other Czechoslovakia banks are embarrassed.

Austria

The Austrian political and economic situation has been somewhat improved by the final passage of the reconstruction bills by Parliament on December 3, and the reported passage by the British House of a bill ratifying the guarantee of an international loan, says a cable to the Department of Commerce at Wash-

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ington. The Austrian bills provide for the execution of interim loans to bridge the gap until funds from the reconstruction loan are available; for the administration, taxation reform, and economy measures which constitute the foundation of the reconstruction plan, insuring a balanced budget within two years; and for the creation of a new national bank.

The statement of the Austro-Hungarian Bank on November 23 reflects the stagnation of business and industry. The note circulation amounted to 3,134,000,000,000 crowns as compared with 2,978,000,000,000 crowns on October 31. Treasury certificates held by the Bank amounted to 2,561,000,000,000 crowns as compared with 1,384,000,000,000 crowns for the previous month.

The Balkans

Little change in conditions in the Balkan states is noted in cables to the Department of Commerce at Washington. Business generally is dull. Rumania is making and discussing economic agreements with neighboring countries. Exchange there has declined several points. The Reschitza works have increased their capital. The Rumanian cost of living continues to rise. The export of petroleum products and of lumber has fallen off considerably, but there has been a notable increase in grain exports and somewhat less in livestock.

In Bulgaria contracts for the long-talked of grain elevators have been

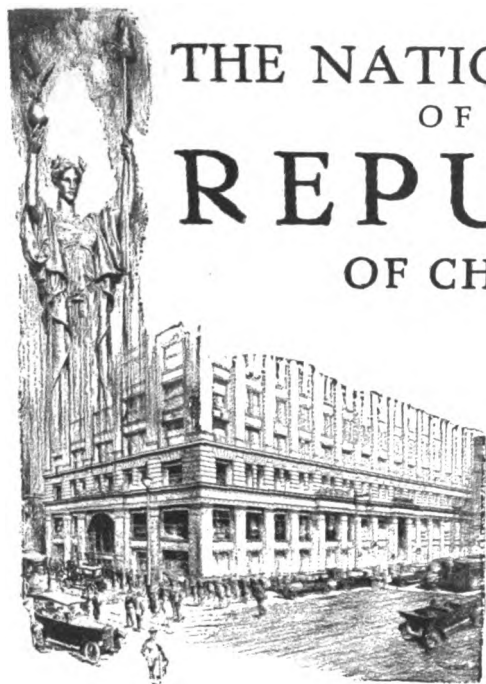
placed with an American firm. Not only is Bulgaria still desirous of floating a foreign loan in order to promote its reconstruction more rapidly, but reports are heard that municipal loans are also desired. The latter are to be used, if obtained, for various public improvements, including new construction and the purchase of necessary machinery.

The money stringency in Yugoslavia continues. Government control of transactions in foreign exchange are complained of by importers. Banknote circulation has decreased. Harvest returns were in general poor this year. Exports of Yugoslavia the first eight months show a gain (expressed in dinars) over last year.

India

India's exports for November, according to a cable to the Department of Commerce at Washington, were valued at 288,300,000 rupees, an increase of 81,700,000 rupees over October. At the same time imports declined by 22,700,000 rupees to a valuation for November of 206,400,000 rupees, giving a favorable balance, or excess of exports, for the month of 82,900,000 rupees, the highest in 1922.

The principal export items responsible for the increase were raw cotton, raw jute, and wheat. The decline in imports is largely due to the slackness of the piece goods trade, which continues exceedingly dull. Retail inquiries in Bombay are somewhat encouraging



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but at low prices. In the November importation of piece goods, Great Britain furnished 88 per cent. of the gray, 98 per cent. of the white, and 87 per cent. of the colored, an average loss of 2 per cent. wholly accounted for in the gray goods trade.

Japan

The financial situation in Japan is reported better in a cable to the Department of Commerce at Washington; the money market is much easier than a month ago, discount rates are low and money is plentiful. Liberal advances on the part of the Bank of Japan and a heavy carry-over of loans enabled the year-end settlements to be completed without difficulty and contributed to a definite stabilizing of the financial situation.

The total note issue at the end of December amounted to 1,880,000,000 yen, as compared with 1,516,000,000 yen at the end of November. The combined gold holdings of the Government and the Bank of Japan, at home and abroad, totalled 1,880,000,000 yen at

the end of December, a reduction of 7,000,000 yen during the month. Postal savings deposits amounted to 980,000,000 yen on January 8, 1923.

The total foreign trade for December amounted to approximately 801,000,000 yen, an advance of 44,000,000 yen as compared with November. Exports during December amounted to 158,000,000 yen and imports to 143,000,000 yen, advances of 17,000,000 yen and 26,000,000 yen, respectively. The increase in export values was chiefly in raw silk, silk textiles, cotton yarn, cotton textiles, knit goods, and matches. The increased import figure was accounted for almost entirely by raw cotton imports amounting to 48,900,000 yen for the month, as compared with 16,660,000 yen for November.

China

The Chinese Maritime Customs' revenues for 1922 have been announced at Haikwan Taels 58,600,000 or an increase of 4,000,000 Taels over 1921 figures, according to a cable to the Department of Commerce at Washington.

These figures mark a new high record in China's trade and seem to justify the continued optimism with which China's future trade is viewed by those familiar with China markets. All Chinese foreign loan and indemnity obligations administered by the Customs and secured on Custom's revenues have been met in full.

Renewed military activities in South China have further depreciated Kwantung Provincial notes to 66 per cent. discount value. The discount of these notes is the commonly accepted commercial barometer of South China trade. Shanghai bank stocks of silver are approximately normal at 60,000,000 Mexican dollars. Exchange has been unusually steady for some time. The Shanghai wholesale price index for December compared with 16,666,000 yen for November index figure.

Australia

General conditions in Australia continue encouraging, according to a cable to the Department of Commerce at Washington. Unemployment, unrest, and strikes are steadily diminishing; bank deposits are increasing; both exports and imports are increasing, and in November, for the first time since June, exports exceeded imports. Bank clearances in Sydney and Melbourne for the full year 1922, were £1,350,000,000, an increase of £31,000,000 over the 1921 figures.

November exports were valued at £12,600,000, an increase of £2,180,000 over October. November wool exports were 79,750,000 pounds. Unsold free wool on December 31 was 707,097 bales; unsold B.A.W.R.A. (war-time carry-over) wool was 555,000 bales.

November imports were valued at £12,390,000, an increase of £1,270,000 over October. A notable increase occurred in imports of motor vehicles, and petroleum, but imports of textiles, knitted apparel, machinery, iron and steel, were about the same as in October. The demand for American automobiles continues unabated.

No change has been made in the wheat crop estimates of 102,000,000 bushels. The cost of living continues to rise, the commodity index number for November being 1621 compared with 1589 for October.

Philippines

Business is looking up in the Philippines, according to a cable to the Department of Commerce at Washington. All produce is now bringing a profit to the producer, a condition which has not existed for two years. General indebtedness to the banks is being worked down steadily though money is still tight. Total exports for December were valued at 14,871,000 pesos, consisting chiefly of copra, copra cake, cocoanut oil, hemp, sugar, embroideries, cigars and tobacco. Hemp and sugar comprised approximately half the total exports in value. Total imports for December were valued at 12,428,000 pesos, giving the island a balance of exports over imports of 2,443,000 pesos. The principal imports were: cotton goods, 3,287,000 pesos; rice, 1,004,000 pesos; steel and manufactures, 820,000 pesos; a little over a half million pesos each of coal, flour, paper, and something over 350,000 pesos each of meat products, dairy products, and fish.

Most stocks of steel products are normal, but large sizes of mild steel bars are overstocked. There is a steady demand for mill and plantation supplies including pumps. Demand for paper, especially newsprint, is good. Tire stocks are normal. Cotton piece-goods are moving well. A large demand is reported for checked, narrow-woven tissues. The shoe industry is demoralized. The demand for printer's supplies is good but not for printing machinery. There is a lively movement of tractor parts, but tractors are overstocked. Passenger automobiles are in demand and more are being ordered. Small trucks are not selling except at sacrifices. The market for electrical equipment is stagnant. Imported food stocks are normal except of canned sal-

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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

mon which are light, with prices advancing rapidly. Condensed milk is selling at import cost.

The National Bank is contemplating advances of 2,000,000 pesos to sugar centrals for machinery extensions. No such extensions have been made in two years and they are much needed. The crop outlook is good. Estimated yield of the sugar harvest is 285,000 long tons.

Of the recently authorized government bond issue of \$21,000,000 over half or \$13,000,000 have been disposed of in New York, and the rest will probably be offered in June. The proceeds are to be expended \$6,000,000 for port works, \$10,000,000 for irrigation, \$5,000,000 for miscellaneous works. Legislation is being framed for an additional issue of 12,000,000 pesos for Manila waterworks and irrigation. A budget submitted but not yet passed shows a surplus. New legislation proposed includes increased liability of bank directors; increase in the merchandising

tax from 1 to 1½ per cent.; and a luxury sales tax of 5 per cent. on automobiles, tires, and other important import commodities.

South America

EXCELLENT CROP PROSPECTS IN ARGENTINA

By OWEN ROBERTS, F.R.G.S.

Anglo-South American Bank, Buenos Aires

Authoritative opinions go to show that the crops now being harvested in the Republic will produce a record yield, while the grain itself is of excellent quality. The beneficial effects of this are felt not only in agricultural but in industrial circles. Bag factory shares in anticipation of a strong demand have appreciated considerably; and numerous other industries will be directly affected by the transport and distribution of the harvest.

Naturally, the railway, port and

warehouse companies will be the first to benefit from this prosperity, which will be shared to a greater or lesser degree by manufacturers and producers whose interests are largely bound up in the country's staple industry.

At the instance of one of the deputies, a resolution has been made to, and sanctioned by, the Chamber of Deputies, recommending that the executive power take steps to study and report on the various projects relative to the frigorifico and live-stock industry, and to adopt measures for the defence of meat-producing and meat-consuming markets. The government already has the matter in hand and when definite conclusions are reached they will be presented to Congress for adoption or modification as may be thought fit.

In the wool market no exceptional activity has been displayed. Buyers there have been, but only at average prices. Fine grade wools have been in demand for the States and France.

An important order for signalling apparatus—one of the largest placed in South America—for use on the Argentine State Railways has just been awarded. The amount involved is in the neighborhood of \$750,000 m/n, and the contract is to be carried out by Messrs. Tyler & Co., Ltd., Railway Signal Engineers, of Dalston, London.

According to the budget proposals for 1923, the expenditure involved will amount to \$549,529,013.67 m/n in cash and \$54,555,445.02 in bonds, aggregating \$604,084,458.69 m/n.

AMERICAN HEADS PERUVIAN RESERVE BANK

Dr. Cumberland, who has been acting as financial adviser to the Peruvian Government, has been appointed manager of the new Banco de Reserva de Peru, according to a cable to the Department of Commerce at Washington.

The tariff bill which has been under discussion in the Senate for some time has been passed by that body and has gone to the Chamber of Deputies for consideration. Indications now point

to the acceptance of the Senate schedule, practically without change. There is no probability that the bill will become law before the middle of February.

Congress is also engaged in consideration of the budget. In addition to a higher customs tariff, increased taxation in other directions seems probable in order to meet the deficit.

CONDITIONS IMPROVING IN CHILE

Slow but healthy revival in business in Chile is reported at Washington. The reaction which was observed in October and November seems to have run its course. The great stores of nitrates in Chile and abroad have now been sufficiently reduced to justify exports, and sales are progressing satisfactorily. Total sales of nitrate since January 1 have been 1,300,000 metric tons. Chile's other great mineral export, red copper, remains fairly active. Copper exports January 1 to November 15, inclusive, were 110,000 tons, over twice as much as in the same period of last year.

The financial situation is much improved by the flotation through the National City Company of New York of the 105,000,000 peso tax exempt 7 per cent. loan. This is part of a 135,000,000 peso loan, the balance having been floated locally.

The Chilean state railways show a profit for the past nine months.

BRAZIL TRYING TO BALANCE BUDGET

The retrenchment policy of the Brazilian government and the continued scarcity of bills of exchange on foreign countries are the outstanding features of the Brazilian situation.

The budget which is now under discussion in the Senate will provide for a deficit of 958,000 gold and 266,440,000 paper milreis. Several definite measures are proposed both for the cutting down of expenditures and the increasing of revenue, but the decreases in the appropriations for the various government departments are insufficient to overcome the deficit. Various other proposed measures designed to make up the

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Directors:

M. W. H. BARRY, Esq. C. DE CERJAT, Esq. THE VISCOUNT GOSCHEN
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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.

deficit include: an increase to 60 per cent. of the gold quota of import duties; an increase of the internal revenue taxes on a large number of items including electric lights; the cancellation of contracts for public work; the abolition of special exemptions and reductions of import duties; foreign companies to pay an income tax on the net profits of operations in Brazil. The President has been authorized to fix a differential tariff of 30 per cent. on all foreign goods which compete with national products.

Mexico

The general business situation in the central portion of Mexico is better than had been expected after the recent banking crisis precipitated by the failure of several private banking houses throughout the Republic, according to cables to the Department of Commerce at Washington. As yet there have been no commercial failures of importance and it is generally reported none are expected. Merchants are pushing sales of old stocks and are requesting and are receiving little credit; such accommodations, of all kinds, are being restricted and there is an increasing tendency to place sales on a cash basis. Retail Christmas buying was much less than last year, but sales of automobiles in the Mexico City district were much better than during November, probably due to holiday buying; reports with respect to this trade from other sections of the

country are not so encouraging. There was a large stock of automobiles in Mexico City, imported in advance of the imposition of the 10 per cent. customs duties, collectible after the first of January.

Cuba

A distinctly optimistic tone in Cuba is reflected in a cable to the Department of Commerce. Increased government revenues, bank clearings and imports are reported. Interest rates have declined.

The sugar situation is encouraging. Another 4,000,000 ton crop is estimated, with prices (c. & f) above three cents, and practically no carry-over from last year's crop. Opinion in Cuba is that sugar prices are to rise perceptibly as the grinding season draws to a close. Colder weather is ripening the cane and sugar content is improving. Cane fires have been few, and up to the present no serious labor difficulties have occurred, though some mills have felt labor shortage, and the old "promedio" question is being reconsidered for adjustment.

Favorable reports come from all the tobacco districts of the Island, and the crop now being harvested promises to be a successful one. Tobacco exports for 1922 showed marked gains over the 1921 figures.

Banking liquidation proceeds as rapidly as the market will absorb the securities held as collateral. Of the eighteen banks which came under the

jurisdiction of the liquidation commission three have resumed business, three have been liquidated, and three are expected to be liquidated within a few weeks. The National Commission on Banking Legislation has just published its report on banking reforms, including a proposed reserve bank.

Improvements in paper and automobile sales are reported, as are depleted lumber stocks and a return to normal of the flour trade. Renewed building activity is also indicated.

The whole Cuban commercial situation is reviewed in detail in a special report from Acting Commercial Attache Edwards, which is being published as a Trade Information Bulletin by the Bureau of Foreign and Domestic Commerce and may be obtained from any district or coöperative office of the Bureau.



International Banking Notes

The directors of Lloyds Bank Limited announce that, after payment of salaries, pensions, staff bonuses and allowances, other charges and expenses, and the annual contribution to the provident and insurance fund, and making full provision for rebate, income tax, corporation profits tax, bad debts and contingencies, the available profit for the year ending December 31, 1922 is £2,068,875. To this has to be added £546,143 brought forward from the previous year, making a total of £2,615,018.

Out of this total, an interim dividend of 1s 8d per share, being at the rate of 162/3 per cent. per annum, and amounting, less income tax to £868,366, was paid for the half year ended June 30 last; £250,000 has been placed to the bank premises account and £100,000 to the staff pensions fund.

After making these appropriations, there is a balance of £1,396,652 remaining, and a dividend of the same rate, amounting, less income tax, to £898,809 has been declared, to be paid for the past half year, leaving £498,343 to be carried forward to the profit and loss account of the current year.

The available profit for the previous year was £2,529,124 to which was added £543,-

864, brought forward, making a total of £3,072,988. Out of this £1,676,844 was paid in dividends (at the same rate), £200,000 was applied in writing off the bank purchase account, £250,000 placed to the bank premises account, £200,000 to income tax reserve, £100,000 to the staff widows and orphans fund, £100,000 to the pensions fund, and £546,143 carried forward.

Comparative Statement

	1922	1921
	£	£
Profit	2,068,875	2,529,124
Brought forward	546,143	543,864
Total available	2,615,018	3,072,988
Dividend (16 2/3 per cent.)	1,766,875	1,676,844
Bank purchase account		200,000
Written off bank premises	250,000	250,000
Income tax reserve account		200,000
Widows and orphans fund		100,000
Pensions fund	100,000	100,000
Carried forward	498,343	546,143



The dates on which the Tenth National Foreign Trade Convention will meet in New Orleans have been postponed to May 2-4, 1923, according to announcement of O. K. Davis, secretary of the National Foreign Trade Council.

The convention will devote special attention to the European situation, the part played by imports in our national life, and transportation by rail and water. Group sessions will deal with the practical details of export sales management, finance, credits, and advertising, with particular consideration of problems affecting the Gulf Coast and the Pacific.



The statement of condition of Barclay's Bank, Limited, London, for the year ended December 31, 1922, shows that after payment of all charges, full provision having been made for bad and doubtful debts, the net profits amounted to the sum of £1,873,730 to which has to be added the sum of £535,251 brought forward on December 31, 1921, making a total of £2,408,982 which has been appropriated as follows:

To reduction of premises account and payment for buildings	£100,000
To staff widows' fund	50,000
To contingency account	250,000
To interim dividend, paid August 1, 1922, at the rate of 10 per cent. per annum on the "A" shares of £4 each fully paid, and 14 per cent. per annum on the "B" and "C" shares of £1 each fully paid, less income tax	741,572
To final dividend at the rate of 10 per cent. per annum on the "A" shares of £4 each fully paid, and 14 per cent. per annum on the "B" and "C" shares of £1 each fully paid, less income tax, payable 1st proximo	767,144
Balance to be carried forward	500,265



Banking Service in the Far East

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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
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Capital and Reserve
Over \$30,000,000

During the year the foreign business of the bank has been extended as a result of the establishment of "Barclays Bank (Overseas) Limited," in which Barclays Bank are the principal shareholders. This new bank has taken over the business of Cox & Co. (France) Ltd., in which company Barclays Bank already held a substantial interest. It transacts every class of banking and exchange business, and has its chief office in Paris.



The delegates of the American Bankers Association appointed by its president, J. H. Puelicher, to represent it at the International Chamber of Commerce meeting at Rome, Italy, as announced here are as follows: Fred I. Kent, vice-president Bankers Trust Company, New York, chairman; George M. Reynolds, chairman of the board Continental & Commercial Bank, Chicago; Oliver C. Fuller, president First Wisconsin National Bank, Milwaukee; Melville A. Traylor, president First Trust & Savings Bank, Chicago; Oliver J. Sands, president American National Bank, Richmond, Va.

The conference at Rome, which is the

second general meeting of the International Chamber of Commerce and will be held March 19-26, will take up problems of world business conditions. The Chamber is a world-wide federation of financial, commercial and industrial interests, without government or political control or motives of private gain. It was organized in Paris in 1920 by business men of the five Allied nations and its membership now includes twenty-six nations.



The net profits of the Skandinaviska Kreditaktiebolaget for the year 1922 amount, after writing off on stocks Kr. 968,559, and on debts Kr. 25,897,501, to Kr. 8,185,355, to which has to be added Kr. 3,947,520 brought forward from 1921, making a total of Kr. 12,132,875.

A dividend of Kr. 15 per share (10.56 per cent.) has been declared requiring Kr. 9,210,000 and leaving a balance of Kr. 2,922,875.81 to be carried forward.



The statement of condition of the National Provincial and Union Bank, Limited, London, shows that after making provision

The Yokohama Specie Bank, Ltd.

(Yokohama Specie Bank, Ltd.)

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed . . . Yen 100,000,000
 Capital paid up . . . Yen 100,000,000
 Reserve Fund . . . Yen 65,000,000

Branches and Agencies

Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsinan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Sourabaya	Tsingtan
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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for all bad and doubtful debts, and rebate of discount on current bills, the profits, including £889,249 brought forward, amount to £2,743,440, which has been appropriated as follows:

To interim dividend of 8 per cent. subject to deduction of income tax (£204,807 3s 1d) paid in July last	£744,753
To a further dividend of 8 per cent. subject to deduction of income tax (£186,188 6s 5d), making 16 per cent. for the year, payable February 2, 1923	744,753
Transferred to reserve fund	121,959
Transferred to pension fund	100,000
Transferred to bank premises account	100,000
Balance carried forward to 1923	931,974

The bank opened sixty-two new branches and agencies during the year, increasing the total number of offices to 1074.

◎

The statement of condition of the London Joint City and Midland Bank, Limited, for the year ended December 31, 1922, shows that, full provision having been made for all bad and doubtful debts, the net profits for the year amounted to £2,253,492 to which has to be added the balance of £777,253 brought forward from last account, making together a total sum of £3,030,745 which has been appropriated as follows:

To interim dividend for the half-year ended June 30, 1922, at the rate of 18 per cent. per annum less income tax, paid July 15, 1922	£708,670
To dividend for the half-year ended December 31, 1922, at the rate of 18 per cent. per annum less income tax, payable February 1, 1923	733,107
To reserve for future contingencies	500,000
To bank premises redemption fund	300,000
Balance to be carried forward to next account	788,967

Owing to expansion of business, the capital of the London City and Midland Executor and Trustee Company Limited has been increased by the issue of 100,000 new shares of £5 each, £1 paid, at a premium of 10s. per share. The whole of the capital of the company is held by the London Joint City and Midland Bank.

During the year, the bank has acquired the remaining forty-one shares of the Clydesdale Bank Limited which were outstanding and now holds the whole of the issued capital of that bank.

◎

At the general shareholders meeting of the Sumitomo Bank, Limited, Osaka, Japan, held on January 26, 1923, Sakio Imamura, agent of the bank's New York office, was elected director of the bank.



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Mr. Imamura will continue his present post as agent of the New York office at 149 Broadway until further notice.



The statement of condition of the London County Westminster and Parr's Bank, Limited, for the year ended December 31, 1922, shows that after paying interest to customers and all charges, making provision for bad and doubtful debts, allowing £262,325 for rebate on bills not due, the net profit amounted to £1,888,021, which with £519,708 the balance brought forward from 1921, leaves available the sum of £2,407,729.

This amount has been appropriated as follows:

To interim dividend of 10 per cent. (less income tax) paid in August last on the £20 shares (£5 paid up)	£512,646
To interim dividend of 6½ per cent. (less income tax) paid in August last on the £1 shares	87,576
To a further dividend of 10 per cent. (less income tax), making 20 per cent. for the year on the £20 shares (£5 paid up)	530,324
To a further dividend of 6½ per cent. on £1 shares (less income tax) making 13½ per cent. for the year	50,596
To bank premises account	200,000
To rebuilding account	150,000
To contingent fund	300,000
To balance carried forward	536,585

The statement of the Polish State Loan Bank, Warsaw, on its condition as of January 1, 1925, is to the effect that the equivalent of 110,536,622 gold marks are included among the assets of the bank. This sum is divided in three parts. A total of 61,300,295 marks are held in gold or other metal; a total of 3,649,854 marks are held in foreign currency; and the balance of 45,556,482.66 marks represents the debts of foreign correspondents to the State Loan Bank.

The total sum is equivalent to approximately \$27,000,000.



The Imperial Ottoman Bank of London announces that its Smyrna branch resumed normal service on January 1, 1923.



The Farmers Loan and Trust Company, through its president, James H. Perkins, announced recently that it is now affiliated with the Banque de Paris et des Pays Bas, and that its offices in Paris, after March 1, will be in the building occupied by that bank. James R. Barbour will remain in charge of the Paris business.

The institution was the first American

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*
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.

trust company to establish an office in Paris, which it has maintained for fifteen years. About a year ago it sold this office to the National City Bank, which assumed the banking functions of the Farmers Loan in Paris. The company, however, continued to maintain an office in Paris for the accommodation of its American customers. The announcement said:

"Through the new relationship the company is able to give its customers in France the complete facilities of a leading French bank, having all the relationships and advantages accruing to a native institution."

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At the regular meeting of the board of directors of the Equitable Eastern Banking Corporation held January 9, 1923, a quarterly dividend of 2 per cent. was declared on the capital stock of the company, payable January 11 to stockholders of record December 26.

Commencing with the June 29, 1922, declaration, dividends at the rate of 8 per cent. annually have been paid regularly by the Corporation. Previous to that date, divi-

dends were paid regularly at the rate of 6 per cent. per annum.

The Equitable Eastern Banking Corporation, which is a subsidiary of the Equitable Trust Company of New York, started in business on January 1, 1921, with a capitalization of \$2,000,000 dollars and a surplus of \$500,000. The corporation's statement of condition as of December 30, 1922, shows undivided profits of \$403,690, total capital, surplus and undivided profits amount to \$2,903,690.

The Equitable Eastern Banking Corporation which was organized to take over and further develop the large Far Eastern business of the Equitable Trust Company of New York has shown during the year 1922 a continuation of the excellent record made during 1921, the first year of its existence.

Arthur W. Loasby, senior vice-president of the Equitable Trust Company of New York was elected a vice-president of the Equitable Eastern Banking Corporation at the same meeting.

©

James S. Alexander, chairman of the board, has been reelected as head of the

French-American Banking Corporation. All directors and officers were reelected and William C. Thompson and Raymond C. Stanley were appointed assistant treasurers. The board of directors transferred \$150,000 to the surplus account, giving the bank a capital of \$2,000,000, surplus of \$750,000 and undivided profits of \$232,000.



The West Central branch of the Guaranty Trust Company in London has vacated its quarters, 29 Kingsway, because of the expiration of its lease, and will be located at Bush House, Aldwych, W.C.2.



The private bank of Cox and Co., London, through which the majority of British army officers receive their pay, and which has for generations acted as financial dry nurse to young lieutenants, is to lose its separate existence, according to a cable to the *New*

York Times. It is announced that with the consent of the Treasury and the Army Council its ordinary business, its special work as army agents, and the banking business of Henry S. King and Co., which it was on the verge of acquiring, will be absorbed by Lloyds Bank.

This latter bank, with a capital of £14,372,000, is one of the biggest banks in England. The capital of Cox and Co. is £65,000, and of King and Co. £100,000. They will be continued as branches of Lloyds.



The Banque de Paris et des Pays Bas, Paris, led all other member banks of the Paris clearing-house in the total sum cleared during the month of November last. Of the forty-three banks listed on the clearing-house statement for November the Banque de Paris et des Pays Bas led with a total clearance of 3,018,871,876 francs, as against 2,886,104,512 francs of the Société Générale, the next highest bank.



Our Duty to Europe Forbids Isolation*

By W. S. Kies

Chairman First Federal Foreign Banking Association, New York

ON every side we hear the argument that our nation of 120,000,000 people has resources sufficient within its own boundaries to practically maintain itself independent of the world. What comparatively few things in the way of raw materials and tropical products we do not produce we can easily buy. Therefore maintain a high tariff wall to keep out the manufactured goods and products of poverty-stricken Europe, cultivate reciprocal trade with South America and the rest of the world, withdraw entirely from Europe and let it work out its own salvation. At the same time we give Europe plenty of good advice ending with a demand that she pay us what she owes us. We forget how the debt was contracted, what obligations we assumed during that period, and our dis-

tinct and positive contribution toward bringing about the present tangle in which Europe finds itself. Congress passes a law appointing a debt commission and directing them to obtain a settlement from our debtors on impossible conditions, and public opinion supports the demand for payment without real knowledge either as to the capacity of our debtors to pay and what is equally important without knowledge of our capacity to receive payment or the effect of such payment upon the countries.

Suppose an extremely wealthy and prosperous individual, having all the comforts and luxuries of life at his command, should in the midst of a calamity to the community build a wall around

*From an address before the BANKERS' FORUM, New York.

his estate and refuse to have anything to do with his unfortunate neighbors; suppose when the privation, want and suffering were most intense he should send collectors to insist upon the payment of debts. What judgment would be passed upon such a man? Is our position as a nation any different? Europe is sick, tired and suffering. She cannot get out of the vicious circle. Her statesmanship seems bankrupt. Conflicting interests appear at every turn. Distrust and suspicion of each other's motives are so great as to block any concerted action. One nation and one nation alone has the confidence of all and can alleviate suffering and distress. It has the key to the problem and yet it not only will not contribute to the solution but refuses succor and help, and at the height of its debtor's distress suggests payment of its debts.

This is the policy of nation isolation. Is it one that fills us with pride, is it one that becomes a great nation that has just made a big sacrifice in a big way? But let us examine this policy from a cold and materialistic point of view. Is our present course of action consistent with the highest material welfare of the country? We are a great exporting nation. We have a surplus of raw materials and foodstuffs for which Europe heretofore has been our biggest customer. Before the war we sold Europe vast quantities of manufactured goods. Europe's purchases are now limited by her ability to pay. Some things she must have and will continue to buy from us, but only in the smallest quantities necessary for her very existence. The buying power of the rest of the world of which Europe was also the chief customer is likewise curtailed, and unless and until Europe is rehabilitated and reconstructed our foreign markets will be progressively restricted.

It is not necessary to argue the value of foreign trade. While in percentages it is small compared with our vast domestic commerce, nevertheless the successful sale of our surplus production in all lines is essential to the general prosperity of the country. It is an

economic law that cannot be gainsaid that the effect of an unsold surplus is to depress prices and unsettle conditions.

For certain periods due to a temporary effect of the law of supply and demand we may have prosperity, as it is likely that we shall have during the year 1923, but it is inevitable that surplus lines will accumulate unless markets can be found and the positive result of such accumulation will be industrial and agricultural depression. It is therefore to our material interest that those who were formerly our best customers be helped out of bankruptcy and into solvency so that they may again resume their business relations with us.

We today are a creditor nation irrespective of the ten or eleven billion dollars owed us by the governments of Europe. Loans, credits and unpaid bills for goods and supplies furnished will probably show Europe a debtor to this country of at least two billions dollars, and this figure is probably much higher. If Europe goes down through our failure to help these sums may be lost. It therefore is to our real interest to get into the situation and contribute something beyond our good advice toward its solution.

I have mentioned our material interests merely by way of answer to those who would measure our national policies by material advantages to be derived. Such argument, however, is I believe unfair to American manhood and character. A nation that is willing to sacrifice its blood and treasury in war for an ideal should be willing to use its intelligence, its ability and its energy in the reconstructive tasks of peace. We seek no territory, we have no ulterior motives. We need make no alliances nor need we mix up in the intrigues of Europe. Our coöperation is needed, our advice will be welcome, and under our leadership order may yet be brought out of chaos.

Let us place our participation on the broad ground of duty to civilization as a member of the family of nations. We are today the wealthiest nation of the

world. We are untouched by the war. Our resources are limitless and all the world is our debtor. The old world gave to us freely of its treasure, of its accumulated knowledge of the arts of civilization, and by reason thereof contributed materially to our marvelous growth and development. The breakdown of civilization in Europe may mean a slow return to the dark ages. When men struggle for mere existence advancement and progress are impossible. Cultural growth is stopped and destructive forces begin to operate. Extreme misery among the masses may bring revolt and a breakdown of the industrial and commercial structure. It is not stretching the fact to say that the entire capitalistic system of private property will be endangered if Europe is allowed to drift unaided to destruction.

It may be urged that conditions in Europe are being exaggerated and are not so bad as they seem. It is true that matters have unquestionably improved along many lines. Unemployment is less and more food has been raised this year. But underneath the surface the foundations are being undermined. Political conditions and the question of the debts are fundamental in their effect upon the permanent and economic future of Europe. Nations have an infinite capacity for suffering and stubborn vitality, and the process of disintegration is a slow one measured in decades. Economic and political forces are now being set in motion, which may not be easily overcome, and the results one quarter or half a century hence may be difficult even to imagine.

It is in our power to make a beginning toward the solution of the problem by an intelligent handling of the funding of the Allies' debts to us. It is idle to talk of payment of interest and debt within relatively short periods of time. We could well afford to cancel a portion at least of the debts of the Allies and in so doing make an investment that would repay us many fold over a long

period of years. But political conditions are such in this country that it is impossible to hope for such action which is justified by all the circumstances under which the debts were contracted. Cancellation being impossible let us handle the situation in a way that will be of real benefit to the world and that will mark the first step toward general rehabilitation. It would be wise to forget the interest which has accumulated and extend the payment of the principal over fifty years, or longer if necessary, with a moderate interest charge of 8 per cent. or $8\frac{1}{2}$ per cent. and an amortization charge of 1 per cent., both amortization and interest to commence in the case of the neediest nations five years from now. This will be the entering wedge, and our reasonableness and fairness in the handling of this problem will point the way to a similarly fair and reasonable adjustment of the reparations problem.

If in argument we insist that Germany's payments should be based on what she can reasonably pay, it is only likewise fair that the payments of our debtors to us be ascertained by the same analysis. If we make the first move towards a reasonable adjustment of these debts then we can speak with greater authority and influence in advising a just and fair settlement between France and Germany.

The funding of the Allied debts on a reasonable basis will enable us to be influential in a revision of the entire reparations settlements. Our first concrete task is to solidify public opinion in favor of a generous handling of the problem of Allied debts. The next step, and one which should have been taken before France entered the Ruhr, is to enact in substance the Borah resolution and call for a general economic conference to discuss debt funding, reparations and such other matters as must necessarily be solved in the bringing about of permanent peace. If this means taking the lead in the entire revision of the Versailles Treaty we alone are in a position to assume such re-

sponsibility with any reasonable probability of success.

No harm can come of such a conference and much good is possible. It is true that one conference will not be able to settle all the problems, but a beginning will be made, and if we approach the conference table in a broad-minded spirit and with a generous attitude in regard to the debts to us, some measure of success is assured.

The path of duty is clear. Our obligations to the world cannot be avoided. No nation ever had a greater opportunity to render a service to civilization and to make its place in history preëminent. Shall we prove equal to the occasion and achieve immortal greatness, or shall we either through material selfishness or confessed incompetence fail in this the most crucial moment of modern history?



The Dollar as World's Currency Unit*

By George L. LeBlanc

Vice-president Equitable Trust Company, New York City

A WORLD which would recognize the dollar as the currency unit par excellence would practically ignore any other currency. Now it becomes daily more pertinent that a good part of the world has chosen the dollar as its currency standard. In Austria—to give but one example—treasury bonds redeemable in dollars have been offered at a dollar price. When one speaks of stabilization one instantly has in mind the actual value of the depreciated currency in terms of dollars. But this very supremacy of the dollar makes it daily more imperative that we perform, in as perfect a manner as possible, the by no means easy duties of an international banker. Let me repeat it again: At the present stage we have outgrown the foreign trading activities, and dollar financing has increased and will keep on increasing our international banking.

Our prize object must be to give to this country an international banking service which will enable it to hold its premier position in the international market. But if I am permitted to speak frankly I must make it clear that the coöperation of all of us is indispensable.

I am not at all a pessimist. Only a confirmed optimist can afford to be a

foreign banker, but being a realist I am afraid that I do not exaggerate when I say that the foreign department is treated inside the bank as a stepchild, and in the market-place as an enemy. I am not going to propose the formation of a benevolent association to protect the downtrodden foreign departments, but I desire to ask my colleagues to get together and help themselves. We are practically handling the world's trade gratis. Our banks have been so eager in advertising our prowess that they have finished by offering our services for the mere asking. A prominent business man told me that seven new business solicitors had called upon him offering him foreign service at lower rates than those charged by his bank, and that without having the slightest idea of the rates he was being charged. Now, frankly, shall the foreign department become a mere inducement, a sales argument, cleverly played upon by the urbane business solicitor?

The foreign banking business should be rendered safe for those who devote their lives to it. I do not hesitate to tell you that I would not like to see my boys enter upon a foreign banking career which, as it stands at present,

*From an address before the BANKERS' FORUM, New York.

means nothing but hard work; a career whose casualty list is a very long one, and whose list of real successes is a very short one. Before the war the conditions in our foreign exchange departments were but little better than those prevailing in steerage departments, and if we do not take heed our international banking may be imperilled to the same extent.

In all humility, we foreign bankers can claim that we have created an organism which was practically nonexistent in our banks a few years ago. And in the light of the banking history of the last few years, we may perhaps be even permitted to believe that our work was successful and most useful to the business community. Have we not then the right to ask for at least a most favored nation treatment?

But if we desire to build upon strong foundations we must stand together; we must exchange our views, give and receive counsel, and listen in a spirit of good fellowship and broadmindedness to such suggestion as may tend to improve the situation. I am sure that if the international bankers were given a chance to meet around a table it would be easy to establish standard rates and it would not be long before we would recognize an unwritten code of ethics. To bring about such a happy consummation it is not necessary that we have recourse to a Landis or to a Hayes. The clearing-house, the Federal Reserve Board, the Bankers Association, could easily do for the foreign departments what they have done for the domestic departments. In one word, the foreign departments can do very well without the bossing of a super-czar, but they must conclude among themselves some sort of an entente cordiale.

Lazare Carnot, who whipped into shape the raw recruits who were to form the armies of the French Revolution, was called the *Organisateur de la Victoire*—the organizer of victory—and not the organizer of the army.

The question is not to organize international banking. What we are after is to organize a victorious, a successful



GEORGE L. Le BLANC

Vice-president Equitable Trust Company of New York

international banking. We have organized our offices and our traders' rooms; our branches and our affiliations. Let us now organize victory. Let us now see to it that the splendid efforts which were made by the foreign departments of so many of our banks, be strengthened by a loyal coöperation among ourselves.

The demands upon our foreign departments will, I am convinced, become heavier and heavier. We have to dispose of our agricultural surplus, and our industrial production and our mining output must perforce seek foreign markets.

More than ever the foreign departments in our banks must be prepared. This country will not give up the position it has gained in the international markets, and it is because foreign business cannot thrive without the assistance of its handmaiden, international banking, that I plead the cause of international banking.

American Mediation Needed Abroad

“OUR mediation is absolutely essential”, said Alvin W. Krech, president of the Equitable Trust Company, New York, in a recent address before the New York Association of Stock Exchange Firms, “for the proper and sane solution of the reparation and inter-Allied debt problems. Europe has come to the point where a super-mediator must step in and accept the weighty but inescapable responsibility of helping the world to find itself. Our premier position in the comity of nations gives us the right and the duty to call the world to order”. Mr. Krech continued in part:

The money cost of the Great War up to the end of the year 1919, calculated upon the basis of national currencies on their gold parity of exchange in dollars, was as follows:

For France, approximately 70 per cent. of her total pre-war national wealth; Great Britain, approximately 70 per cent.; Italy, 70 per cent.; Russia, who quit in 1917, 85 per cent.; all the other Allies except the United States, 30 per cent.; United States, exclusive of her advances to Great Britain, 15 per cent.

For the Central Powers—Germany, including reparations paid and the cost of Allied occupation up to the end of 1919, 70 per cent.; Germany's allies, 90 per cent. These percentages are the result of a careful examination of the best available data,* and they call forth several striking observations; first, the uniformity of 70 per cent. for each of the four great powers, showing that they all put their maximum economic and financial strength into the war. Second, the comparatively small percentage of the pre-war national wealth involved in the contribution of the United States in money to the prosecution of the war. Third, our realization of the burden which this comparatively small contribution on the part of the United States has imposed upon its nationals, demonstrating in a most vivid manner the insuperable difficulties of the European Allies to solve their financial problems through taxation alone.

England's policy from the beginning of the war was to set in motion a tax program of pay-as-you-go to the full limit of her capacity. This policy, however, was not adopted by any of the Continental allies, nor by Germany and her associates. To these percentages, therefore, must be added the annual accumulating budgetary deficits of the Continental countries involved since

the beginning of 1920, which, in the case of France, on rehabilitation account, will bring her total cost to well over 100 per cent. of her total pre-war national wealth; and in the case of Germany, a percentage so fantastic that it reaches into the clouds, due to her reckless currency policy.

The absorbing problem of all of these countries is how to meet the demands of these huge government debts, besides providing funds which are required for pensions, rehabilitation, and for covering the cost of the machinery of State.

The United States alone of all the belligerents is completely solvent and paying its bills day by day in every way. And now Great Britain triumphantly asserts her financial solidity in accepting, after a few minutes' discussion of her cabinet, the suggestions made by our Funding Debt Commission for the payment of her indebtedness to the United States!

England's high principles and bull-dog tenacity are bound to pull her through. Let me again say, British pride and British honor have always been the best collateral in the world!

How about the others? What will become of these huge Continental debts—burdens far beyond the capacity of the nations involved to bear?

These debts are expressed in paper. Their burden has been greatly lightened by the depreciation of the currency, and the French internal debt of \$250,000,000,000 francs, represents today less than 80 milliards in gold, which should be still reduced by the payment of the German indemnity. Germany, whose internal debt has practically ceased to exist, can and must pay some indemnity which will enable France to materially reduce her debt.

Germany can save herself; if she is ready to try with all her might she undoubtedly can issue a reparation loan and guarantee it in so satisfactory a manner, that not only her creditors will accept it in payment, but that she will also be able to dispose of a goodly share of this reparation issue to her own nationals.

Recently, I proposed that Germany should issue in full settlement of her reparations a 100-year obligation of the Reich with a collateral security of the obligations of her separate states, free cities and municipalities, allocated pro rata in accordance with their outstanding several obligations preceding the war, the service upon which should constitute a prior lien upon all taxation, to the amount of 24,000,000,000 gold marks, bearing 5 per cent. interest, and charged with a 1 per cent. sinking fund on the amount of any time outstanding, interest to begin, say, in 1927.

This loan, equivalent to 30,000,000,000 of

*“French Public Finance”—Bankers Trust Co.

gold francs, turned over to France, would reduce the French debt to less than 50,000,000,000 gold francs, requiring annually but 8 milliards in gold for interest payments. The French budget, which shows receipts amounting to nearly 20,000,000,000 paper francs, can certainly meet such a demand.

I think we may as well look upon the depreciation of the Continental currencies as a *fait accompli*. There is no other way of paying these huge debts except at the expense of the bondholder and the creditor class as a whole. Any attempt at substantial deflation is bound to meet with disaster in the business of the individual and with disaster to the finances of the state.

The water is over the dam, but this apparent cataclysm has actually saved the European governments from bankruptcy! The problem is solving itself, and the day is not far distant when each in turn can adopt an entirely new currency in volume ample enough to transact its business and secured by a proper ratio of reserve in gold, without foreign help.

There is but one deterrent, namely, the problem of the payment of their foreign indebtedness, which must be paid in gold. In the case of Germany it is reparations. With

France and Italy alike, inter-Allied debts.

In this sense Mr. Hughes is quite right in saying that reparations is the crux of the whole matter. But universal peace is really the crux of the whole matter.

I gave you at the beginning of my remarks the startling figures of the financial waste of war. Place beside them the hideous cost in lives! 24,500,000 killed and wounded! Can there be a more appalling demonstration of the awful economic waste and desolation—the hopeless futility of war to victor and vanquished alike?

Our intervention is absolutely essential for the proper and sane solution of the reparation and inter-Allied debt problems. Why, these are the very instruments in our hands to make our voice effective—almost imperative. Those questions must and can be solved, but solved only when the fundamental understanding has been definitely reached.

Europe has come to the point where a super-mediator must step in and accept the weighty but inescapable responsibility of helping the world to find itself. Our premier position in the comity of nations gives us the right and the duty to call the world to order.



London Bank's 250th Anniversary

THE Messrs. Hoare, whose banking house is at 37 Fleet street, London, has recently celebrated its 250th anniversary. The Lord Mayor of London was one of the many to congratulate the old house, whose history is rich in traditions. A copyright cable to the *New York Herald* gives the following interesting account of some of the traditions of this famous old bank:

A much treasured possession of the firm is a precious ledger, dog-eared and brown with age, with the first entry dated January 12, 1673. Even since the firm was founded one of the partners has slept every night on the premises, and that old tradition is still continued today. Every morning the partner on duty unlocks the door at 9 o'clock. The reason given for this custom is a fear that trains bringing members of the firm from the suburbs may be late.

Henry Hoare has a most remarkable hobby. He doesn't go in for golf or tennis,

as do other business men, but his favorite recreation is needlework. "At first I thought wool work a fool's game, but now I spend as much as twelve hours a day at it," he said. "This artistic work with the hands I find soothing and restful, and many of my men friends have now taken up the art." He loves color, and gets much satisfaction out of blending and designing patterns. He has copied tapestries 200 years old, using original colorings. He has done a delicate petit point piece, showing a deer drinking from a flower verged brook, and is now at work on a mantel panel which, he estimated, it will take him five years to complete.

"Try the needlework cure for nerves" is his advice to men.

Samuel Pepys was one of the original customers of the firm, and the books show that the author of the famous diary once overdrawed his account.

The house has also an interesting collection of old coins, including guinea gold pieces of the time of Charles I., 7 shilling pieces—a third of a guinea—of George II., and actual "pieces of eight" with the inscription "John V. Portugal." The gold

alone in these "pieces of eight" so often referred to in tales of the buccaneers, is worth £5.

Speaking of high theater rentals nowadays, the bank holds an old rental contract for Drury Lane of half a crown for every night performance, with the privilege of deadhead admission and running for 108 years from Christmas, 1791. The bank's vaults are part of the old wine cellars of the Mitre Inn, which still exists in the court back of the bank, openings for lowering the

barrels from Fleet street being still visible.

But perhaps the bank's most interesting relics are a sinister looking row of flintlock muskets with bayonets and ammunition pouches, ranged along the wall of a hall leading to the partners' room on the upper floors. These muskets were handed out to the clerks during the celebrated Gordon riots. Like all the firms in the city, most of Hoare's clerks received other firearms with which to fight in Flanders from 1914 to 1918, and many never came back.



Annual Statement of International Acceptance Bank

THE International Acceptance Bank, Inc., New York, was formed less than two years ago, on April 19, 1921, and a review of its various published financial statements offers ample proof that it has risen within this

length of time to a leading position of world importance. Inasmuch as the operations of the International Acceptance Bank, Inc., are devoted almost exclusively to foreign trade, its statement of December 30, 1922, shows that the institution has contributed largely to the substantial growth of dollar acceptances in world commerce. On that date its outstanding acceptances and letters of credit totalled \$34,445,359.92, as compared with \$14,501,970.17 one year ago, which places it in the front rank with the largest accepting banks in the United States. A further analysis of its statements shows an increase in undivided profits and reserves of from \$82,000 on December 31, 1921, to over a million dollars on December 30, 1922. The very liquid condition of the bank is shown by its holdings of \$18,040,301.28 cash and U. S. Government securities, as well as \$5,543,808.36 of acceptances of other banks and gilt-edged securities. Moreover, inasmuch as the International Acceptance Bank, Inc., operates under the regulations of the Federal Reserve Board, the collateral securing outstanding acceptances must of necessity be of a most liquid character.

When asked for a statement as to what he considered the most important factor contributing to the phenomenal growth of the International Acceptance



PAUL M. WARBURG

Chairman of the Board International Acceptance Bank, Inc.



DANIEL G. WING
Vice-chairman of the Board



F. ABBOT GOODHUE
President

Bank, Inc., F. Abbot Goodhue, president, said: "Probably the most apparent reason is the intimate and very satisfactory coöperation which we enjoy with the old established and well-known banking institutions here and abroad, who are our stockholding correspondents. Through this relationship we are in a position to provide our clients with a complete international banking service with individual local attention to his interests at any point in the world, as well as furnish him with first-hand trade and credit information. Our directors are particularly pleased with the policy we are observing of carefully spreading our risks both as to commodities and countries. Our acceptances cover all parts of the world but the aggregate for each country is carefully limited and in no one country among the so-called Central Power countries or even among the Allied countries have we acceptance liabilities in excess of \$2,000,000."

While Mr. Goodhue was optimistic

regarding business for the ensuing year, he said that much depended upon the course of events now taking place in Europe, that until the conditions over there become more crystallized, it was useless to make a forecast.

The annual statement is given here in full:

RESOURCES

Stockholders' uncalled liability	\$5,000,000.00
Cash on hand and due from banks..	\$ 7,154,615.18
Acceptances of other banks	2,115,254.74
U. S. Government Securities	10,885,686.10
Loans and discounts	2,699,975.05
Other bonds, securities, etc.	3,428,553.62
Customers' liability, acceptances (less anticipations \$1,788,354.48)..	27,045,621.51
Customers' liability under letters of credit	5,611,383.93
Total	\$58,941,080.13

LIABILITIES

Subscribed capital and surplus	\$15,250,000.00
Capital paid in	\$10,250,000.00
Undivided profits	969,519.76
Reserve for taxes, etc.	202,067.15
Due to banks and customers	13,074,143.30
Acceptances outstanding	28,833,975.99
Letters of credit	5,611,383.93
Total	\$58,941,080.13

At the annual meeting of the bank, Charles A. Stone, president of the American International Corporation, John T. Pratt, and Lucien Nachmann, a vice-president of the International Acceptance Bank, Inc., were elected directors. All the officers were also re-elected for the ensuing year, and the following appointments were announced: James P. Warburg, secretary, was made vice-president and secretary; Fletcher L. Gill, treasurer, was made vice-president and treasurer; Henry B. Kingman was appointed assistant secretary, L. D. Pickering, assistant treasurer, and W. T. Kelly, manager of the credit department.

The directors of the bank are as follows:

Paul M. Warburg, chairman of the board; Daniel G. Wing, vice-chairman, president First National Bank of Boston; F. Abbot 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; Lucien Nachmann, vice-president; John T. Pratt; 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; Charles A. Stone, president American International Corporation; Felix M. Warburg, Kuhn, Loeb & Co., New York; Thomas H. West, Jr., president Rhode Island Hospital Trust Co., Providence.



Confidence Needed in Europe

"CONFIDENCE is what is needed in Europe." That is the way in which A. P. Giannini, president of the Bank of Italy and California Joint Stock Land Bank, expressed his opinion of overseas conditions, after a year spent in travel and observation in the countries of Europe.

"I believe, however, that America should play her part, not only because the greatness of the country impels us to do so, but also because, being a great creditor nation of the world, we should see that none of the assets of any of our debtors is destroyed through the action of any of our debtors. It is, therefore, a moral obligation that we finish the job that we started during the war, and a cold blooded business proposition for the United States to help solve these problems.

"In Italy the change this past year has been indeed wonderful. She has shaken off the political intrigue with which she was surrounded and has

stepped forth with the fire of youth in her blood and the determination to make Italy worthy of the traditions of ancient Rome. Internally she has a program which aims at securing the greatest effort from all with the greatest measure of economy. Mussolini is seeing to it himself that officials of all classes begin their duties at the regular hour and give the country the benefit of a full day's work. He is ensuring order, social peace and happiness. Of great importance are the radical reforms instituted in the State railway system, designed to make the roads pay, before turning them over to private operation. The reforms contemplated have been put under the charge of a High Commissioner, Signor Torre, the forty-year-old leader of the Fascisti Parliamentary party. He will have an arduous task in cutting 60,000 men from the railroad pay roll and at the same time maintain a strict 8-hour day on all lines."

Uptown Branch of the Bank of New York and Trust Company



Hamilton

Founder Bank of New York

THE Bank of New York and Trust Company opened during the latter part of November its new Uptown branch at Madison avenue and Sixty-third street. This new branch of the recently organized Bank of New York and Trust Company, which represents a consolidation of the Bank of New York, founded in 1784, and the New York Life Insurance and Trust Company, founded in 1830, is the third office of the bank. The offices of each of the consolidating banks were retained at 48 Wall street, and 52 Wall street, the former now designated as the banking office and the latter the trust office.

Architecturally this branch represents a new departure in banking. Inside and out it has the appearance of a club, or even of a comfortable home. It is three stories high, built in the Georgian style, of red brick with white marble trimmings. The building contains all of the latest improvements and conveniences in banking office construction. The Adam interior further carries out the homelike effect, as the bank-

ing room is long and octagonal, resembling the spacious hallway of a home. Opening off this room are the manager's and the ladies' room, with ivory-tinted walls. The manager's room is so constructed that it commands a view of the entire lower floor. Particular provision has been made for the comfort and convenience of women patrons, the furnishings and hangings of the ladies' room being those of a well-appointed home.

In connection with the banking rooms, modern and improved safe deposit vaults have been installed which are operated by the Parish Safe Deposit Company of which Ernest H. Cook is the president, Henry Parish vice-president, and Owen H. Smith secretary and treasurer. This corporation is owned and controlled by the Bank of New York and Trust Company.

The vaults were installed by the York Safe and Lock Company of York, Pa.

MANAGEMENT OF THE BANK

In charge of the branch are Ernest H. Cook, vice-president and manager, Ralph M. Johnson, assistant manager, and Owen H. Smith, assistant secretary. Mr. Cook has been engaged in the banking business in the uptown district for more than thirty years.

The Bank of New York and Trust Company recognized that crowded thoroughfares and more crowded transportation facilities demanded of them an uptown branch, and have erected this homelike office where deposit accounts and personal custodian or safekeeping accounts and trusts will have the same careful attention and supervision as at the down town offices. The bank is a financial institution of moderate size which does not attempt to do as varied



ERNEST H. COOK

Vice-president Bank of New York and Trust Company in charge of the Madison Avenue Branch and president of the Parish Safe Deposit Company

a business as some of its larger competitors, but its officers endeavor to give personal attention to the needs of its customers, both in its banking and its trust business.

In the handling of safekeeping accounts and trust accounts it has the benefit of knowledge gained by a century of experience, while in commercial banking its service stands upon a foundation of 139 years.

The bank occupies a unique position in New York. Its trustees elect their own successors, and no change in ownership of its stock can bring about undesirable changes in its business policy. Continual control of this sort gives unusual stability in the administration of personal trusts. It is not financially interested in the distribution of securities among its clients. It places orders for purchase or sale of securities with any broker or banking house whom its

clients designate and makes no charge in connection with such matters.

OFFICERS AND TRUSTEES

Both of the banks which were consolidated were founded by men whose names have been household words in the history of New York and the United States, and some of whose descendants are members of the present board of trustees.

Herbert L. Griggs is the present chairman of the board of trustees, and Edwin G. Merrill, president. Honorary trustees are Frederic W. Stevens, elected in 1872; C. D. Leverich, elected in 1876; and Stuyvesant Fish, elected in 1883.

The board of trustees is composed of the following:

Edmund L. Baylies, Nicholas Biddle, Joseph H. Choate, Jr., Henry D. Cooper, Lincoln Cromwell, Wm. M. Cruikshank, Thomas Denny, Cleveland H. Dodge, Philip T. Dodge, Herbert L. Griggs, Edward J. Hancy, Robert C. Hill, Eustis L. 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, Paul Tuckerman.

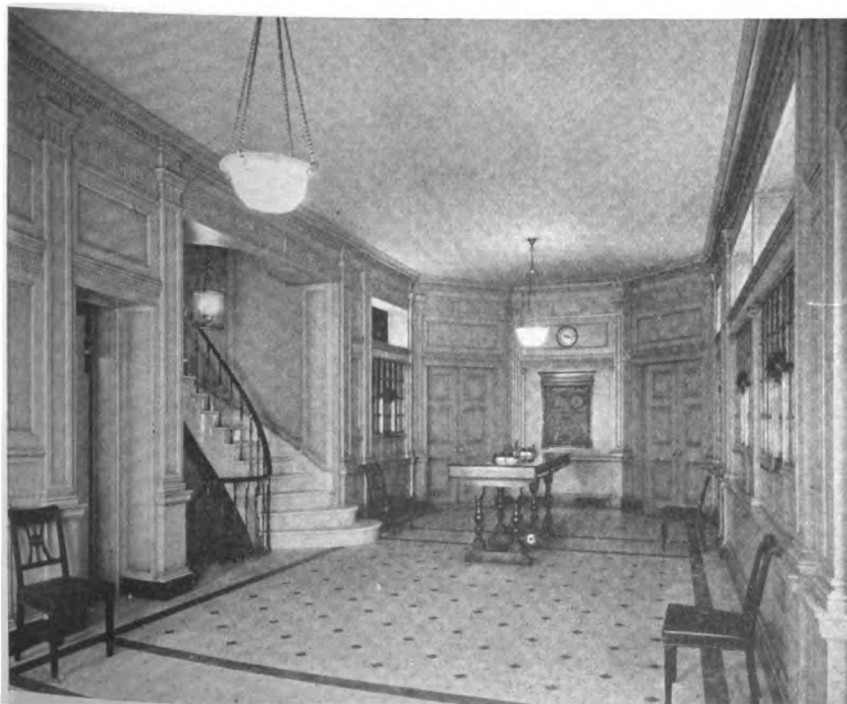
The officers of the bank at 48 Wall street are: L. F. Kiesewetter, Joseph Andrews, Robert E. Miller, vice-presidents; F. C. Metz, Jr., treasurer; A. F. Albro, Geo. W. Garretson, George S. Butler, William J. Kenmore, F. William Ziegler, assistant treasurers.

The officers at 52 Wall street are: Henry Parish, J. L. Van Zelm, Z. W. Van Zelm, vice-presidents, John C. Vedder, secretary; A. J. Purdy, Chas. Eldredge, William B. Austin, assistant secretaries.

The bank has resources of over \$100,000,000, deposits of over \$75,000,000 and surplus and undivided profits of over \$10,000,000.



New Uptown Branch of the Bank of New York and Trust Company at Madison avenue and Sixty-third street



The waiting room is long and octagonal, and resembles the spacious hallway of a private residence



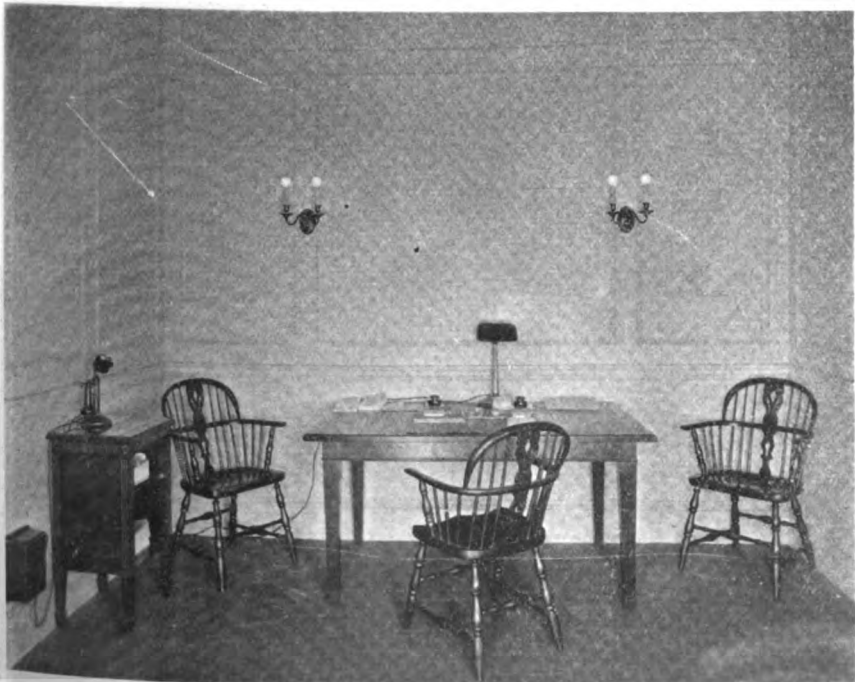
Mr. Cook in his private office with Frank Eaton Newman the architect who designed the building



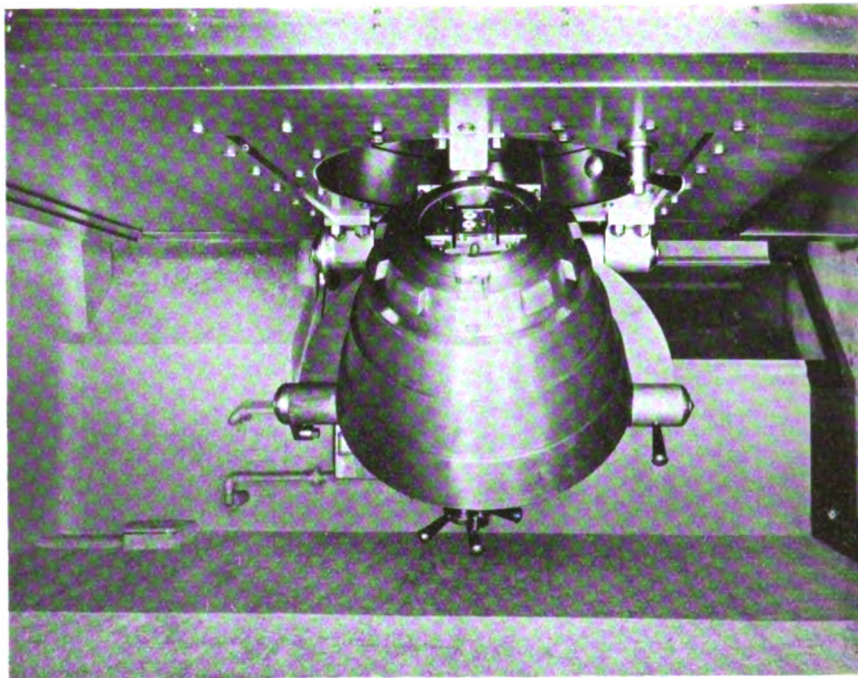
Entrance to the safe deposit department



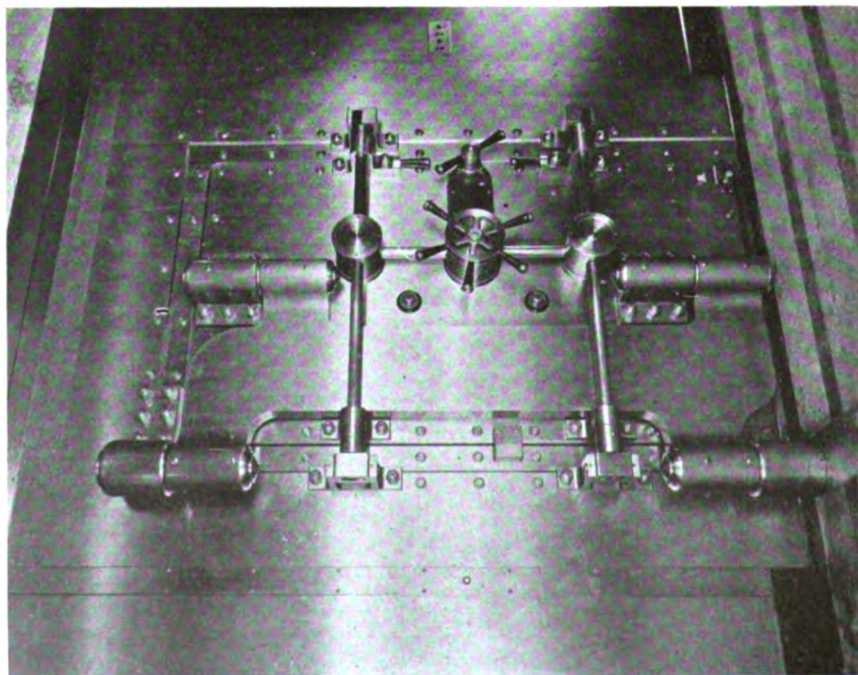
The furnishings and hangings of the ladies' room are those of a well-appointed home



One of the consultation rooms in the safe deposit department



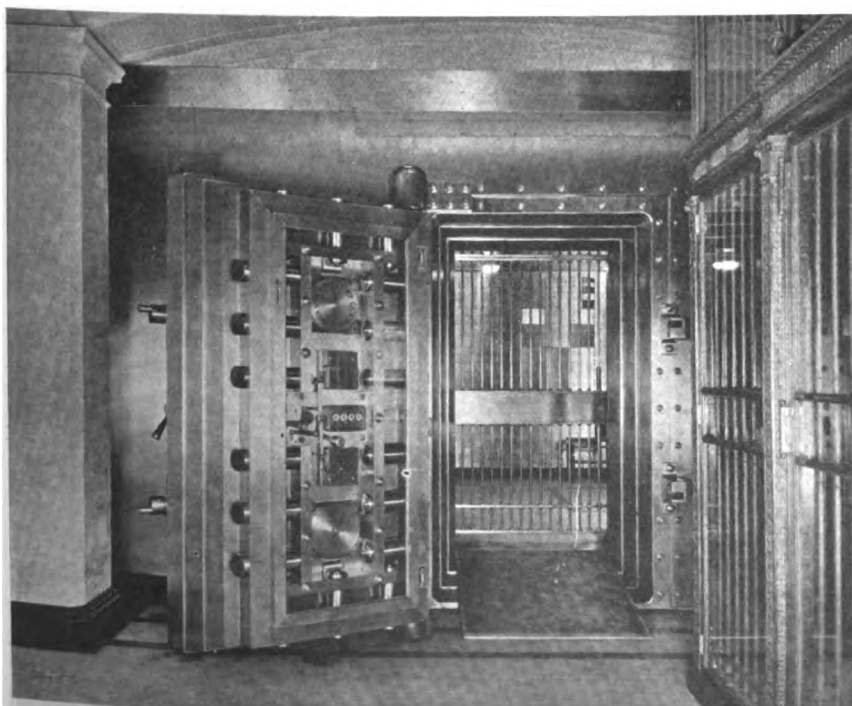
Emergency door to safe deposit vault, fitted like a cannon breech



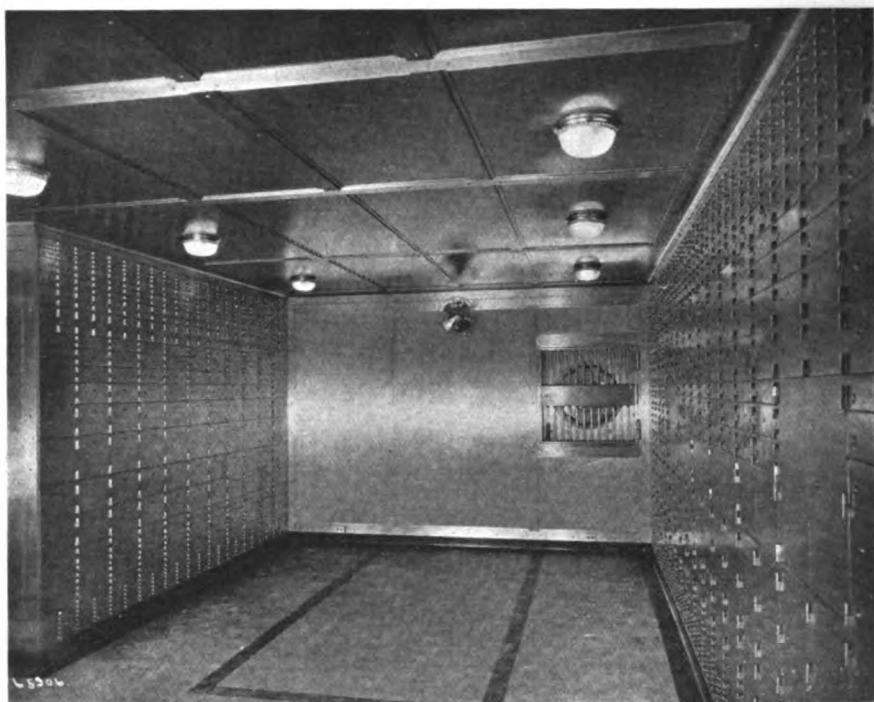
Main entrance to the safe deposit vault, closed



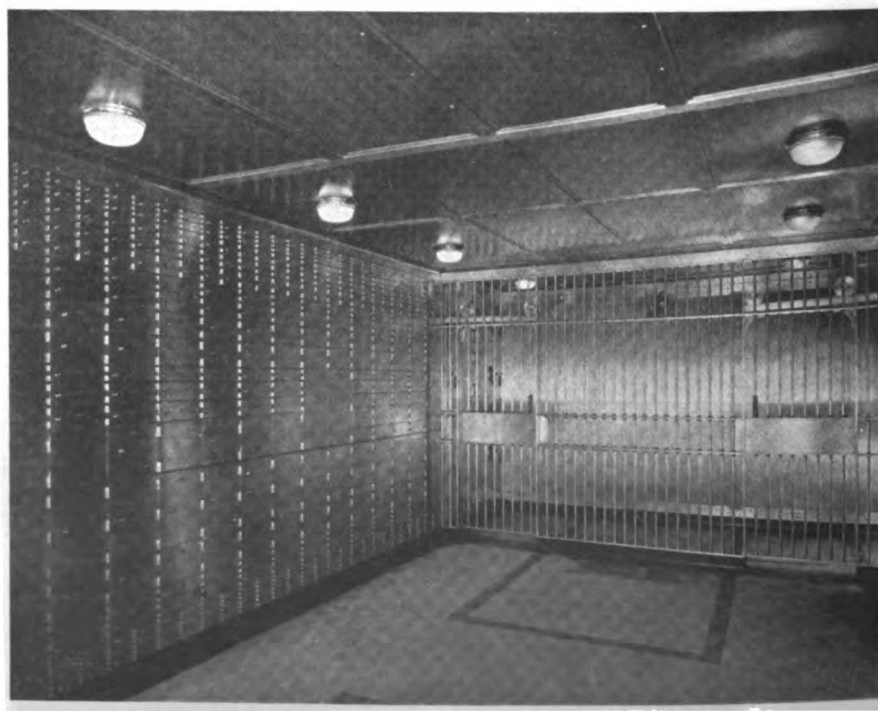
View of the safe deposit vault showing both main and emergency doors



Main entrance door to safe deposit vault open, showing heavy bolts, locks, etc.



View of the vault which shows the emergency door on the rear wall at the right



Safe deposit and security vault showing boxes and bank safes



Partial view in main banking room

Julian W. Potter Becomes President of Coal and Iron National Bank

WITH the election of John T. Sproull as chairman of the board of the Coal and Iron National Bank, New York, and the election of Julian W. Potter to the president's chair, another chapter may be said to have begun in the annals of this widely-known banking institution, which will shortly round out nineteen years of a highly useful and, in many respects, unique, career.

As one of its organizers, Mr. Sproull brought to the Coal and Iron Bank a wealth of banking experience gained prior to and during his term of office as president of the old Varick Bank, long a familiar landmark on Varick street. The Varick Bank, it will be remembered, was absorbed by the Coal and Iron Bank in 1904, coincident with the founding of the latter. Mr. Sproull stepped from the presidency of one institution to that of the other, amalga-

inating their joint resources and aligning the personnel of the new bank with that happy facility in the conduct of financial affairs and broad knowledge of men which he has since employed to such excellent advantage in the upbuilding of the Coal and Iron Bank.

As a man of vision, laboring always in behalf of a definite policy of expansion and increased usefulness for the institution, Mr. Sproull has also done much to dispel that ancient chimera, now fast disappearing, under the illusions of which all banking institutions formerly enjoyed a smug isolation from fields of endeavor not within the immediate sphere of banking. From any such platform, Mr. Sproull very early declared himself a dissenter, with the result that the Coal and Iron Bank, although highly conservative in the administration of all its departments, to-day strikes a very human note in its



JOHN T. SPROULL
Chairman of the board



JULIAN W. POTTER
President



Officers' quarters

general activities and in the service rendered to an ever-widening clientele. Mr. Sproull's retirement from the presidency is followed by the regrets of his co-workers, regrets which, however, are to some extent tempered by the fact that as chairman of the board of directors, his counsel and experience will still be available.

David Taylor, vice-president, who has been connected with the bank since it began business and who actively co-operated with Mr. Sproull in the development of the institution, will continue to devote his acute judgment and recognized ability to the conduct of the bank's affairs.

Julian W. Potter, the new president, was born in Bowling Green, Kentucky, in 1889. His rapid rise may be ascribed to two influences, intensive application to banking problems and formulas, or in other words, hard work, and a natural aptitude for finance through hereditary influence. Julian W. Potter is the son of J. Whitfield Potter, one of Kentucky's most prominent citizens and president of the American National Bank and the Potter Matlock Trust Company, both of Bowling Green, Kentucky. Reared in a banking atmosphere, Julian W. Potter imbibed the principles of banking at an age when most young men are still in the formative period.

His elementary education was received in the public schools of Bowling Green, from which he passed successively with honors to the Kentucky Military Institute and the University of Virginia.

In 1910, at twenty-one, he became a partner in the real estate insurance firm of Galloway, Hughes & Potter. Two years later found young Mr. Potter seeking practical banking knowledge as discount clerk of the American National Bank. Not long afterward he rose to the position of secretary and treasurer of the Potter Matlock Trust Company, in which incumbency the responsibility of making investments and handling trust estates devolved upon him.



DAVID TAYLOR
Vice-president

In 1916, Mr. Potter was elected to the vice-presidency of the American National Bank. At the time of his resignation, in 1920, the American National and the Potter Matlock Trust Company were the two largest banking institutions in Western Kentucky.

During the war Mr. Potter was County Chairman of the Second and Third Liberty Loan Campaigns and under his leadership both loans were oversubscribed. On the completion of the Third Loan he enlisted in the Naval Flying Corps. After three months at the Massachusetts Institute of Technology he was graduated and sent to the Naval Air Station at Pensacola as assistant and, later, Acting Discipline and Personnel Officer.

Mr. Potter came to New York in 1920 as assistant treasurer of the Guaranty Trust Company and has since been successfully connected with commercial banking in New York City.

The steady and consistent growth of

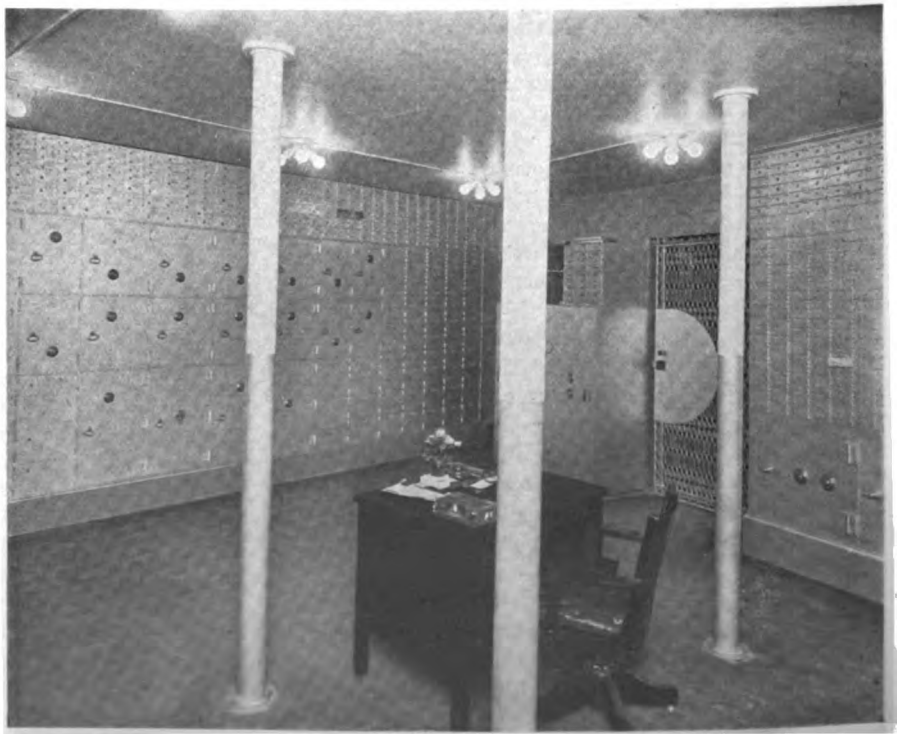
the Coal and Iron National Bank, together with the sound character of its investments, illustrates the truism that a bank reflects the character of those who direct it. Composed chiefly of men identified with coal, railroad and steel interests, the directorate of the Coal and Iron Bank stands for big, broadminded methods. Operated under such principles, it can be better understood why this bank, within a comparatively short period, has risen from practical obscurity to a commanding position in the banking world.

The Coal and Iron National Bank was organized in 1904 with a capital of \$300,000 and surplus of \$200,000 and with deposits of \$745,442 at the close of the first day of business. At the present time it has a capital of \$1,500,000, surplus of \$1,000,000, undivided profits of \$328,192, deposits of more than \$15,000,000, and with total resources of about \$20,000,000.

During the panic of 1907 the Coal and Iron Bank was not obliged to call a single loan, but on the contrary its re-

sources were so liquid that it was in a position to assist other institutions that applied to it for aid. During the late war, notwithstanding the extraordinary and unexpected demands made upon it, this bank was in a position to protect all of the interests and to supply all the demands of its customers, and through their coöperation to more than cover its allotment of subscriptions to all Liberty Loans.

The bank, of course, is fully equipped to conduct, along the most modern lines, all forms of domestic and foreign banking; issues domestic and foreign letters of credit for commercial and personal use; issues travelers' checks; deals in trade and bankers' acceptances; negotiable investments; acts as trustee, executor, administrator, transfer agent and registrar of stocks and bonds, guardian of estates, assignee and receiver; affords the convenience of safe deposit vaults; in short, extends every facility consistent with legitimate banking and conservative business that may be required by its customers.



Safe deposit vaults

ANNOUNCEMENT to the Public

EVERY struggle for democracy has not been great forces which are working in the everlasting interest of freedom for mankind. The last terrible world effort has not only created more abundant forces, but has spread the gospel of democracy to all the people of the earth.

Everywhere it has given understanding of the basic principles of democracy and inspired a permanent desire for participation in its results.

One of the greatest forces for enlightenment as to the benefits of independence has been the wide distribution and rapid circulation of money among the people.

The deeper machine of publicity and organization, set up to bring money from unproductive hiding places, has made it a working force for this safety and perpetuation of democracy. It has brought not only the value of money to a nation's freedom, but how vitally it contributes to the independence of the individual.

A group of men, made up of those most prominent in the building of this machine, have worked out a simple plan by which this distribution can be perpetuated and kept active in channels of legitimate commercial enterprise, and at the same time continue to teach the lesson of individual independence.

This plan naturally comes to us with unusual force, because we are dealing in money and serving business enterprises. In this capacity we can lend ourselves in a practical way to the furtherance of the project.

The plan permits Banks to issue Registered Bonds in small, as well as large denominations, and to guarantee them as to principal and interest; to fix the term of maturity to suit the investor, to pass against them as collateral, and to redeem them upon the request of the holder at any time, in accordance with the redemption table on the back of each Bond.

This form of Bond has been approved by

the United States Court for issuance by National Banks, and is sold in denominations of \$10, \$25, \$50, \$100, \$250, \$500 and \$1000, and at maturity dates of 10, 15, 20 and 25 years.

The National American Bank is to be one of a chain of Banks throughout the country to issue and guarantee these Bonds.

We heartily endorse the plan because it conforms with thoroughly sound banking practice.

It safeguards the money it accumulates, pays for its use, provides a profit for the Bank and gives publicity to a method by which anyone, no matter of what financial capacity, can make use of a safe depository for funds, and in a manner to suit his (or her) convenience and needs in almost every conceivable way.

It teaches forcibly the power of individual financial independence which, after all, is the real rock bottom of democracy.

Frank Brown
President,
National American Bank of New York.

THE COMPO PLAN

See p. 10, Vol. 68

The Bonds issued under this plan are known as "Compo Bonds." The features of Compo Bonds are explained below. You will find there also suggestions as to some of their many uses. The purchase of Compo Bonds is indeed very simple. They can be obtained by mail and at the Bank. There are no complications—no waiting and no risk.

Simple Detailed Explanation

Compo Bonds are issued and guaranteed by this Bank.

Compo Bonds are approved by the United States Court for issuance by National Banks.

Compo Bonds are registered (over your name or that of anyone you wish) and are therefore of no value to anyone except the registered holder.

Compo Bonds increase in value up to the day the full face value of the Bond is due in cash.

Compo Bonds can be retired in cash only for the full amount paid, with interest on shares on the back of each Bond.

You can always borrow money on a Compo Bond at the Bank without trouble or delay.

Compo Bonds are free from the ups and downs in value of the money, stock and bond markets.

Compo Bonds are sold at a price depending on how long you wish them to run. For example, a \$100, 10-year Compo Bond costs \$117.50. In 10 years its cash value is \$100.

Likewise, a \$100, 15-year Compo Bond costs \$124.50. In 15 years its cash value is \$100.

A complete table, giving the purchase price of each denomination, as applied to each stated term, is given herewith.

Some of the Many Uses to Which Compo Bonds Can Be Applied

For Your Own Use: As an safeguard against emergency necessities, they are a very real need. They are easy to obtain, you own a whole or more thereof, they accumulate to meet your needs. A full emergency fund will not offend anybody's eyes. Provide for the needs of old and infirm members. This will bring freedom from the care of your estate while it is still yours. Develop the spirit of independence which must come to the man or woman who owns Compo Bonds.

For the Baby: A child is born to you, to educate or to marry. Give it a Compo Bond as a gift. The child grows up or the mother, in money, the full face value of the Bond, at a period in its life when there is the greatest need for ready cash.



For Christmas Presents: Compo Bonds are the best and happiest answer to the problem of what to give your family, friends or employees at Christmas or at other times.

For Wedding Presents: What could be more valuable and "different" than a Compo Bond as a wedding present?

For Women: A woman is often entirely dependent upon her parents or husband for her support. Compo Bonds, purchased from time to time in small amounts, offer her a safe and simple means of gradually building up a source of income entirely her own.

For Business Surpluses: They are a particularly safe and convenient form of security for a business surplus. Their features meet all conditions brought about by business necessities.

For Indebtedness: It is difficult to find a better source of dealing with the indebtedness question.

For Life Insurance Benefits: Compo Bonds offer an excellent substitute for Life Insurance in those cases where the benefit by the insurance is gained through liquidity to your physical requirements.

All things there are many other splendid uses to be made of Compo Bonds. You can think of money more readily, but if you cannot afford them as they are, they are a good security in cash. One of the most important points about Compo Bonds is that they really take care of small hands as well as large.

The Simple Directions

STRICTLY the Bond wanted, as to amount of \$100, from the table below under the heading, "Amount of the Bond 'You' Invest," in any amount from \$10 to \$1000. This is shown in the first column.

Under the heading, "Term of Years or Months of Bond" (in second column) select the number of years you want the Bond to run—10, 15, 20 or 25 years.

In column three under "What You Pay for the Bond," and opposite the number selected to estimate you, will be shown the amount for which you may send your check or money order.

For example: A \$100 Bond (first column) for 10 years (second column) will cost you \$117.50 (third column). Order your own Bond and for any term that will best suit your convenience or purpose.

Compo Bonds are now ready for prompt delivery. Your order, either by mail, or at the Bank, will have our attentive attention.

Amount of the Bond "You" Invest	Term of Years or Months of Bond	What You Pay for the Bond
\$10 Bond	10	11.75
	15	12.45
	20	13.15
	25	13.85
\$25 Bond	10	29.38
	15	31.13
	20	32.87
	25	34.62
\$50 Bond	10	58.75
	15	62.26
	20	65.74
	25	69.23
\$100 Bond	10	117.50
	15	124.50
	20	131.50
	25	138.50
\$250 Bond	10	293.75
	15	311.25
	20	328.75
	25	346.25
\$500 Bond	10	587.50
	15	622.50
	20	657.50
	25	692.50
\$1000 Bond	10	1175.00
	15	1245.00
	20	1315.00
	25	1385.00

*Example is not forth above.

The Compo Bond plan is designed to care for the funds of people in all walks of life—from those dependent upon salaries to those of independent means. This form of investment, therefore, is truly democratic, and in that spirit we invite your participation. We are just as pleased to sell a ten dollar Compo Bond as a thousand dollar one. Start now to insure your financial independence.

NATIONAL AMERICAN BANK OF NEW YORK

3 West Fortieth Street, New York City
Member Federal Reserve System

Copyright, 1935, National American Bank, New York, New York



THE new building of the Liberty Trust Company of Newark, N. J., is carried out in a very harmonious combination of granite, brick and terra cotta.

The interior arrangement is such as to provide complete facilities to the bank's customers in comparatively limited space.

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

New Building of the Liberty Trust Company of Newark, New Jersey

ONE of the most perfectly equipped of the smaller individual bank buildings has just been

completed for the Liberty Trust Company of Newark, N. J., at the corner of Central avenue and Warren street of that city. The exterior of the building is of Colonial architecture and is constructed of a combination of granite, brick and terra cotta, the color scheme being quite new and very harmonious. High over the doorway are replicas of old Roman coins. These can be seen in one of the views of the full exterior of the bank. The view of the entrance shown on this page gives a very good idea of the pleasing lines of the Colonial architecture.

On entrance one passes through a vestibule which has been carried out in Tavernelle marble with a simple ceiling. The banking room is very large and commodious, the height being thirty feet. The decorations of the interior are all very simple, in keeping with the architectural style, but extremely tasteful and pleasing as can be readily seen in the accompanying views. The room receives plenty of daylight through the large circular-headed windows on all sides.

On the right as one enters is the president's office, which is a large room finished in American walnut. Next

come some of the tellers' cages and at the center of the banking screen in the rear is the entrance to the safe

deposit vault. The vault is of the latest type, electrically protected. To the right of the vault is a sound-proof room for the bookkeeping machines. Left of the vault are five coupon rooms, each fitted with all necessary equipment, and a small committee room for the use of the bank's customers. Here also are the stairs leading to the mezzanine.

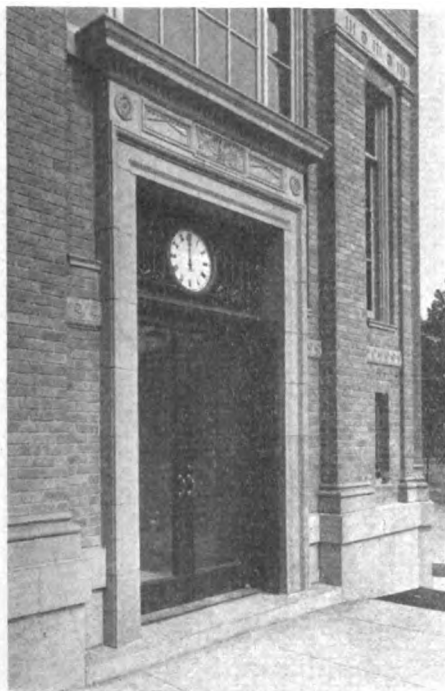
At the left on entrance are the well-appointed ladies' room and more cages. In the center of the room are two American walnut and bronze

check desks and a double settee of leather. The mezzanine is given over to the directors' room and for work space as needed in the future.

In the basement are the book vault and a silver vault for the bank's customers, these vaults having the same protection as the vault on the main floor.

The architect for the building was Alfred C. Bossom of 680 Fifth avenue, New York.

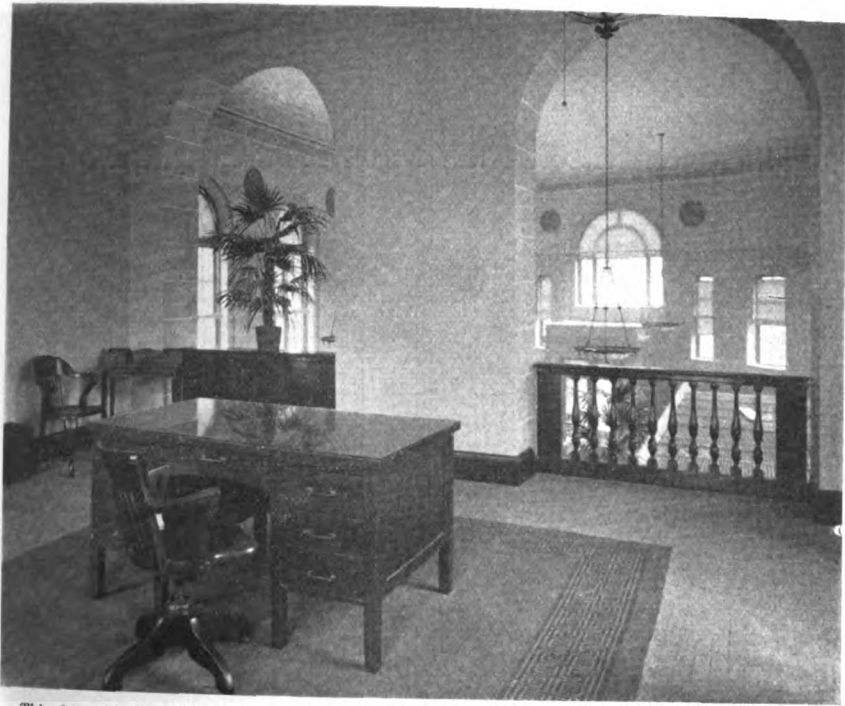
The officers of the Liberty Trust Company are G. Kautzmann, president; J. F. Wordley, Joseph Wotiz, John U. Weber, vice-presidents; J. L. Conger, treasurer; and Ernest Wester, secretary.



Artistic entrance to the Liberty Trust Company



The view at the left is of the banking room looking toward the rear and shows the entrance to the safe deposit department, a closer view of the grille being shown in the center picture. At the right is a view looking toward the entrance



This view taken from the mezzanine shows off well the simple but extremely tasteful architecture of the interior of the bank



The above is the first architectural sketch made by Alfred C. Bossom of the building and shows the small beginnings from which the completed buildings grow



G. KAUTZMANN
President



J. L. CONGER
Treasurer

Special features of service which the Liberty Trust Company offers to its clients are its \$1000 Club, safe deposit vaults and Building and Loan Association.

The \$1000 Club is becoming a popular beneficial part of the institution. It is a combination of a savings and insurance benefit of great value. As a part of the National Thrift Campaign it has done more than its share by creating a savings, which establishes an estate of at least \$1000 immediately with the assurance of \$1000 or more at the end of ten years. The large number of applications already received proves its value and popularity with the public. The plan provides for the person taking it

out if he lives and for those dependent on him if he dies.

The facilities provided for safe deposit in the new vault are much appreciated in the section owing to the fact that the bank will be obliged to increase the number of boxes within the near future.

A Building and Loan Association is operated in the bank under the supervision of the officers making it convenient for customers to pay on their shares during banking hours.

According to the last statement of the bank it is capitalized at \$200,000, has a surplus of \$50,000, undivided profits of \$52,270.92, and deposits of \$1,990,890.35.





Architect's drawing of the new building to be erected for the Trenton Trust Company of Trenton, N. J.

Trenton Trust Company of Trenton, N. J.

TRENTON is about to put up its tallest building. The Trenton Trust Company of which H. Arthur Smith is the president, and Washington A. Roebling, the engineer of the Brooklyn Bridge, is the vice-president, have just given instructions to go right ahead with their fourteen

story building, which will overtop any building in New Jersey's capital city.

This building will form the hub of the section of the town which contains the new Stacey-Trent Hotel, the new ten-story apartment house, etc., which is also about to be undertaken on Chancery Lane and the development of West

State street will emphasize this condition.

The building will contain twelve stories of offices above the main banking room which will be two-stories high. It will be modern in every particular and will be of limestone construction.

The banking room will occupy the entire first floor, which will be sixty-six feet fronting on West State street, and 149 feet deep. In this department will be the various banking rooms, officers' quarters, together with the trust department, which will be on the west side of the building separated by a lobby extending through the building from the main banking department. The auxiliary saving department will also be located on the west side, while the directors' room will be on the mezzanine floor, accessible from stairs and one of

the three elevators to be installed. Another elevator for freight will be installed in the rear.

The entrance to the vault will be in the rear of the public lobby, and this will be fitted with a huge circular screw door which will provide protection equal to that of any of the great Metropolitan banks. Judging from every point of view the new structure will be a monument to the Company's success in the past, and an assurance of greater success for the future.

The architect and engineer for the work is Alfred C. Bossom, whose offices are in the new First National Bank Building in Jersey City, for which he was also the architect. Mr. Bossom also has an office at 680 Fifth avenue, New York.



An Advertisement That Runs for 365 Days

AS the first greeting on the calendar for 1923 of the Union National Bank of Philadelphia are these words, "Happy hours and happy days await you in the year that is to be". At the beginning of a new year there is probably no one of us who does not have the feeling that once again a new year has come to bring us sorrow or happiness, and the mere feeling of beginning over beginning again makes us hope that we are going to have a good share of the happiness. This short greeting without a doubt has created a pleasant reaction toward the sender in the minds of those who received the calendars.

It is natural that business firms should create goodwill by taking this means of putting before the public a form of advertising that they can feel will not be wasted and thrown aside. For if a calendar is so designed as to fill a need, its place in the home or office is practically guaranteed for twelve

months, keeping the name of the sender constantly in a prominent position.

The banks are among the many business firms that take advantage of this way of putting their name before the people they want to reach. Certain banks have issued for some years the same kind of calendar, which has come to be looked for regularly each year to take the place of the discarded one.

The National Shawmut Bank of Boston has distributed a calendar on which the entire year is shown. The bank uses its building with the well-known Indian head super-imposed as decoration.

The Banque d'Hochelaga of Montreal always sends out a calendar that is extremely useful because of its large figures, and it keeps the bank itself in mind by using an excellent photograph of the city square showing the location of the bank building.

The Indian Head National Bank of Nashua, N. H., has distributed a small



(These are only three of the many calendars received, each of which advertises the bank in a useful way

house calendar, which has been made doubly useful by having printed on the back the fire alarm stations of the town, and fire gong signals. This idea is always used by someone in a small town, and it is always valued and consulted when the gong is heard. The bank may as well be the one to use the idea, and gain through it a place in the family kitchen or living-room.

A good majority of the banks this year have used the idea of showing on the calendar face the three current months. This makes a very useful calendar and is a good point to remember when planning one for the next year. This idea was used by the Marine Trust Company of Buffalo on whose calendar is reproduced an interior view of the bank in colors and also small drawings of each of the twenty branch offices in the city, giving the location of each.

The Union Trust Company of Cleveland who have shown a drawing of their new building now in course of construction, the Bank of Donora, Pa., and the Philadelphia National Bank have also used this idea. The calendar of the last-named bank is unusually attractive, a scene of the city being used, printed

in a pale blue, rose and white. On the first leaf of the calendar proper is given a short history of the bank.

The Industrial Trust Company of Providence, R. I., have distributed an attractive, small calendar printed in tints of brown.

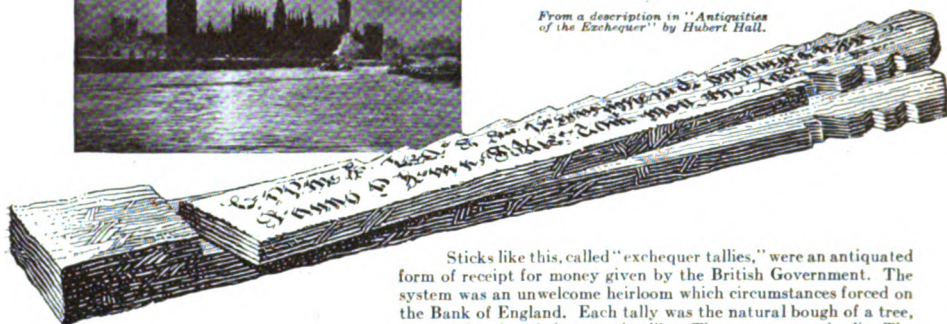
The Irving National Bank of New York have sent out their usual large business calendar.

Three banks we know of have for the past few years distributed historical calendars. Two of them have reproduced paintings of American artists on some great moment in American history, and the third has been using drawings of Old New York. The Union National Bank of Philadelphia has used a painting called "The Oath of Allegiance at Valley Forge" in colors. An historical sketch which is given here is attached to the calendar and a chart that is a key to the characters in the picture.

The spring of 1778 was the most critical time in the forming of this Nation and the gaining of its independence, for up to this time there had not been a united government with any real power, the Colonies carrying on the War for Independence through the Continental Congress, which was made up of



From a description in "Antiquities of the Exchequer" by Hubert Hall.



Sticks like this, called "exchequer tallies," were an antiquated form of receipt for money given by the British Government. The system was an unwelcome heirloom which circumstances forced on the Bank of England. Each tally was the natural bough of a tree, no two, therefore, being exactly alike. They were cut and split. The bank kept one part, the customer the other. The bank cut a notch in the tally to represent the amount of money involved in a transaction. A cut $\frac{1}{2}$ inch wide represented £1000, and 25 such cuts £25,000.

The Strange Case of a Great Fire

—how it was caused by improved banking methods

YOU will remember how Robinson Crusoe kept his calendar by cutting a notch in a stick each day. But maybe you do not know that the Bank of England once used the same system to keep records of transactions with customers, the sticks being called exchequer tallies.

There is in existence at least one of these strange sticks which bears the date of 1822. In 1834 Parliament made an official end of the system and decreed that all remaining exchequer tallies "be burned in the flues of the House of Lords."

Workmen were told to burn only a few tallies at once. Instead they threw a huge pile on the fire and in no time had a

chimney blaze on their hands. Before the excitement was over both houses of Parliament were smoking ruins.

The exchequer tally became a "back number."

More recently, since 1883, when the Seaboard was established, there have been many other startling changes in business and banking. But the expansion of the past 50 years—the telephone, electric light, "sky scrapers," subways, radio—was possible only because some banks were willing to help, willing when properly safeguarded to step off the beaten path, to adopt new methods, to do new things.

To be that type of bank is the aim of the Seaboard.

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.

representatives and delegates from the Colonies (afterwards forming states), who met in Philadelphia, and the Continental Congress accomplished only what it did by reason of similarity of interests of all the Colonies and the high moral singleness of purpose of the delegates from the various Colonies forming the Congress.

Our military fortunes were then at their lowest ebb. Our armies, such as they were, had been in many engagements, and while inflicting large losses on the enemy had really never been able to hold their ground, and had been always forced to move on. It was a blue winter at Valley Forge and very hard on the rank and file, no clothes having been given out and very little food, and to top it all, the officers and men, who had been freezing and dying for our cause, were asked to swear allegiance. This seemed to the men who had already suffered so much an insult and a great injustice, and nearly caused mutiny in the ranks. But patriotism won then, as it always has in this country, and the men who lived to the end of that conflict heard Independence ring throughout America.

The United States Mortgage and Trust Company of New York, one of these three banks has reproduced a painting by Paul Moran entitled, "The End of the Revolution". It shows the presentation on November 3, 1781, of the British Regimental colors to the Congress in session at Philadelphia, after the capitulation of Lord Cornwallis at Yorktown. These calendars on Revolutionary and Colonial subjects have been issued by this bank since 1911. To those who receive them regularly they come to have a particular interest and the new one is always looked forward to each year to replace the old. An interesting explanation of the picture is always attached to the calendar.

The capitulation of the British Army under Lord Cornwallis, and its Hessian auxiliaries, was signed at Yorktown, Va., on October 19, 1781, and the regimental colors of the enemy were delivered to Colonel Hamilton of the American Army.

General Washington sent Lieutenant Colonel Tilghman to Congress with the news of the surrender. Tilghman entered the city at midnight—October 23 and knocked so violently at the door of Thomas McKean, the president of Congress that a watchman was on the point of arresting him, refraining, however, on learning the officer's errand.

The illustration depicts the scene of the presentation at Philadelphia of the cap-

tured standards to McKean, representing the Congress, on Saturday, November 3, 1781, after the trophies had been received at Schuylkill by Volunteer Cavalry and escorted into the city amid the most enthusiastic demonstrations of joy on the part of the populace.



Each of the branches of the bank is shown on the margin of this calendar of the Marine Trust Company of Buffalo

The Chemical National Bank of New York depicts on their calendar, in six short chapters of pictures and paragraphs, some of the most significant events in the history of New York City with which the bank has been actively identified. It is based upon facts discovered in old files of daily papers and upon events chronicled in the bank's published history which is now being revised for publication on the one hundredth anniversary of the bank in 1924.

The Equitable Trust Company of New York distributed their very convenient desk memo-pads, and a large calendar, made very attractive through its color scheme of dark blue and yellow.

A Tour to Europe Exclusively for Bankers

(A European Tour such as that described below should afford a splendid opportunity for bankers to get together for a discussion of mutual problems and also to view European conditions first-hand and draw their own conclusions as to the remedies required. It would seem that a tour of this sort might profitably be made an annual affair.—THE EDITOR.)

A SPECIAL tour to Europe, for bankers, and embracing important points of interest in six countries—England, France, Italy, Switzerland, Germany and Belgium, will start from New York this summer on the largest and newest of ocean liners, the S. S. Majestic, on June 23, under the direction of Lifsey Tours, Inc., New York. This tour is exclusively for bankers, members of their families, and friends introduced by them.

The tour will be of seven weeks' duration, travelers returning to New York



S. S. Majestic, the world's largest liner, on which members of the Bankers' Tour will leave New York for Europe

on the S. S. "Olympic" Wednesday, August 15.

The itinerary selected includes the best in European travel, with every first-class accommodation that the countries afford.

An unusual and important feature of the tour will be a banquet to be tendered the visiting bankers at the Palais d'Orsay, in Paris, on July 9, at which the United States Ambassador to France, Hon. Myron T. Herrick will be the guest of honor.

B. E. Smythe of New York City,

formerly president and vice-president of the New York State Bankers Association said of this tour: "Mr. Lifsey, president of Lifsey Tours, Inc., agents for all the principal steamship lines in this country and abroad, has excellent European connections.

"On account of his familiarity with requirements and his personal acquaintance with so many bankers and their families, I have heartily agreed to assist him in every way possible in arranging a tour for 1923, leaving on the S. S. "Majestic," June 23, returning on the S. S. Olympic," August 15. The schedule has been arranged after careful thought on the part of myself and others and it is our belief that the territory to be covered and the points visited include the most attractive features.

"This tour is exclusively for bankers, their families and friends. In other words, a congenial and friendly party, and we hope and believe that the bankers throughout the country will appreciate this opportunity and avail themselves of this most delightful voyage."

Among the notable features of the tour may be mentioned special trains of the highest possible type for exclusive use of the members via the several railroads; all meals while in transit, served in dining cars; hotels selected are the best only, in the various places visited.

All automobiles will be of the highest grade. The cars in the mountain districts of Switzerland and Italy are especially built with extra brakes to insure safe climbing and descending in this mountainous country.

By traveling in special trains for their own exclusive use, members of the tour are relieved of the many petty annoyances incident to foreign travel. On all special trains expert tour managers, familiar with local conditions, will be

aboard, so that everyone will be enabled to see to the best possible advantage every point of interest.

A very condensed résumé of the tour follows:

- Saturday, June 23—Leave New York on S. S. "Majestic", White Star Line.
 Friday, June 29—Arrive Southampton, proceeding by train to London.
 Saturday, June 30—Day open for rest and individual sightseeing.
 Sunday, July 1—Automobile trip to Stoke Poges, Windsor Castle, Hampton Court Palace, returning through Richmond Park.
 Monday, July 2—In the forenoon, drive will be taken around city.
 Tuesday, July 3—Drive will be taken to the Houses of Parliament, Westminster Abbey, and Buckingham Palace.



A landmark in British political and financial history
—the Bank of England

Wednesday, July 4—Leave London by special train to Leamington, thence by motor to Warwick to inspect the wonderful castle. Luncheon at Warwick. After luncheon proceeding to Kenilworth, Stratford-on-Avon, visiting Shakespeare's birthplace.

Thursday, July 5—Leave London by special train for journey to Paris.

Friday, July 6—Automobile drive around Paris, visiting the famous churches, Napoleon's Tomb, the Madeleine, Notre Dame and other points of interest.

Saturday, July 7—Drive will be taken to the Place de la Concorde and to the Arc de Triomphe, where the Unknown Soldier is buried. A visit will be made to the Louvre, where will be found the famous picture of the Mona Lisa and the statue of Venus de Milo.

Sunday, July 8—Automobile drive to the Palace of Versailles.

Monday, July 9—Day open for rest and individual sightseeing. Banquet at the Palais d'Orsay at 7.00 p. m. Hon. Myron



Chillon Castle, Lake Geneva, immortalized by the poet Byron

T. Herrick, United States Ambassador to France, will be the guest of honor. Prominent French public men will deliver addresses.

Tuesday, July 10—Leave for two days' automobile tour of the battlefields, Chateau Thierry, Belleau Wood, the Rheims Cathedral, Fort de la Pompelle, Craonne, Hill 108, Chemin des Dames and Soissons.

Thursday, July 12—Day open for rest and individual sightseeing.

Friday, July 13—Leave Paris by special train for Montreux.

Saturday, July 14—Day open for individual sightseeing to such points of interest as the famous Castle of Chillon, immortalized by Byron.

Sunday, July 15—Leave Montreux by boat for sail on beautiful Lake Geneva to Geneva, arriving in time for luncheon.

Monday, July 16—Leave Montreux by special train for Zweisimmen-Spiez and Interlaken.



View from the canal of the famous St. Mark's church, Venice, with its campanile or bell tower



Picturesque Fluelen, on the Lake of the Four Cantons, Switzerland

Tuesday, July 17—Day open for rest and individual sightseeing.

Wednesday, July 18—Leave Interlaken by special train for excursion to the top of the Jungfrau, one of the wonders of the world, over 12,000 feet in height.

Thursday, July 19—Leave Interlaken by special train for Stresa, on Lake Maggiore.

Friday, July 20—Excursion by motor boat to Isola Bella, the Pearl of the Italian Lakes.

Saturday, July 21—Leave Stresa by special train for Milan.

Sunday, July 22—Automobile drive to the gorgeous Milan Cathedral, the Arcades and La Scala.

Monday, July 23—Leave Milan by special train via Verona to Venice.

Tuesday, July 24 and Wednesday, July 25—Excursions in gondolas and visit to St. Marks, Doges Palace, Bridge of Sighs and various other points of interest in Venice.

Thursday, July 26—Leave Venice by special train via Milan for Lugano.

Friday, July 27—Lugano is situated in the center of the Swiss-Italian Lakes and the afternoon will be spent in a steamer tour of the picturesque eastern section of the lake.

Saturday, July 28—Leave Lugano by special train through the beautiful Ticino Valley,

and the famous St. Gothard Tunnel to Fluelen, where a boat will be boarded for trip along the majestic Lake of the Four Cantons to Lucerne.

Sunday, July 29—A delightful excursion by boat and mountain railway will be taken to the summit of the world-famous Rigi and return.

Monday, July 30—Leave Lucerne at 9.00 a. m. by special train via Basle to Heidelberg.

Tuesday, July 31—In the forenoon, an automobile drive will be arranged visiting this ancient and historic town. After luncheon leave Heidelberg at 2.00 p. m. by special train for Wiesbaden via Frankfort, arriving at 4.00 p. m.

Wednesday, August 1—This day is left open in order that individual members of the party may avail themselves of the opportunity to visit Wiesbaden.

Thursday, August 2—Leave Wiesbaden at 8.00 a. m. by special train for Rudesheim where party will board special steamer for journey down the Rhine, passing St. Goar, Coblenz, Linz, embracing the most beautiful part of the river.

Friday, August 3—Leave Bonn by special train, arriving Cologne after the short run. An automobile drive will be taken around the city visiting all the important points of interest. Leave Cologne by special train, arriving Brussels, the miniature Paris.

Saturday, August 4—An automobile drive will be taken around Brussels, viewing the many points of interest.

Sunday, August 5—An automobile drive will be taken to the famous battlefields of Waterloo.

Monday, August 6—Leave Brussels by special train, for Paris.

Tuesday, August 7—Day open in Paris for shopping and final packing.

Wednesday, August 8—Leave Paris for Cherbourg where party will board the S. S. "Olympic", White Star Line.

Wednesday, August 15—Due to arrive NEW YORK.



Eligibility of Cooperative Market Paper for Rediscount

THE Federal Reserve Board recently announced an amendment to its Regulation B which makes eligible for purchase by Federal Reserve Banks on the open market bankers' acceptances with maturities up to six months which are drawn by growers or by cooperative marketing associations to finance the orderly marketing of non-perishable, readily marketable, staple agricultural products when secured by warehouse receipts covering such products. A statement sent out by the Federal Reserve Board says that:

This amendment to the Board's Regulation should be of material assistance to cooperative marketing associations in financing the orderly marketing of such agricultural products, and it is in line with the Board's policy of being as liberal as possible under the terms of existing laws and in ruling on the eligibility of the paper of cooperative marketing associations for purchase or rediscount by Federal Reserve Banks.

That the Federal Reserve Board is greatly interested in the cooperative marketing movement and has sought every opportunity to assist the organizers and managers of such associations to work out the best means of arranging their financing so that it should not only be sound but should also enable them to obtain the lowest interest rates for necessary credit is indicated by the number of very liberal rulings on this subject which the board has issued during the past eighteen months.

These rulings, having reference to what is called the "eligibility" of notes and drafts for rediscount, were made from time to time as questions were submitted from various sections of the country. They involved farm produce differing as widely as fruit from California, wheat from the Middle West and tobacco and cotton from the South, but the same principles of sound financing were involved in all, and in each case the cooperative association was a non-stock, non-profit corporation, the members of which consisted exclusively of growers of the particular crop which the association was organized to market. The growers agreed to sell and deliver their entire crops to the association, title passing at the time of delivery, and the association assuming absolute control over the commodities and their re-sale. Generally speaking, the commodities were pooled according to grades and after all of a particular pool had been sold the proceeds were distributed pro rata. It should be understood that the Board's ruling on this subject would not necessarily apply to associations operating on a materially different plan.

Several kinds of borrowings are involved. If the grower desires to do the borrowing himself he can draw a draft on the cooperative association at the time he delivers his crop, the association accepting it. He then discounts the draft at his local bank, which under the Board's ruling may rediscount it at a Federal Reserve Bank as agricultural paper with a maturity up to six months. If the association itself wishes to borrow directly from a bank in order to make payments to the growers who are its members, its notes are eligible for rediscount but the Board has held that under existing law such notes are commercial notes the maturity of which must not exceed ninety days, because the proceeds of such notes are used for the commercial purpose of buying the commodities from the growers. A bill now pending in Congress would make such notes eligible as agricultural paper with maturities up to nine months.

There was considerable discussion over the first mentioned case, where the grower draws his own draft on the association, as to whether the draft should be considered agricultural and have a six months' maturity. The law says the proceeds must be used for an agricultural purpose, and the point was made that the grower in all probability would use the money so obtained in paying debts previously incurred. It was suggested that unless this could be held to be an agricultural purpose, little agricultural, or six months, credit could be obtained in this way. In replying to this suggestion, the Federal Reserve Board ruled that when a farmer or grower delivers his crop to a cooperative marketing association actually engaged in orderly marketing and when he is obliged to borrow money for ordinary general purposes, such as the payment of obligations previously incurred in growing or harvesting the same crop, a draft drawn by him on the marketing association for a part of the market value of the crop may properly be considered as drawn for an agricultural purpose.

This ruling has rightly been regarded as a very liberal one, and will greatly facilitate the operations of cooperative associations—in fact has already done so. It is based upon the principle, long recognized by the Board, that the carrying of agricultural products for such periods as are reasonably necessary in order to accomplish orderly marketing is a legitimate and necessary step incident to normal distribution. The Board pointed out, however, that there is a distinction between carrying products for such periods as are reasonably necessary and mere speculative withholding from the market in the hope of obtaining higher prices. Under the Federal Reserve Act paper drawn to finance speculation is ineligible for rediscount. The Federal Reserve Board also pointed out that in determining whether or not an association is engaged in orderly marketing, rather than speculative holding, it is not improper to take into consideration the fact that each crop must ordinarily support the market until the next crop is harvested.

A further and material aid to cooperative marketing associations is the ruling that bankers' acceptances drawn to finance the domestic storage of commodities pending orderly marketing by such associations are eligible for rediscount. In creating such acceptances the association arranges for a credit with some national or state bank which accepts its drafts to the amount arranged for when covered by warehouse receipts, and after acceptance such drafts are eligible for rediscount or for purchase in open market by Federal Reserve Banks. Under existing law, they are eligible for rediscount only when they have not more than three months to run. Heretofore, they have been eligible for purchase by Federal Reserve Banks only when their maturities at the time of purchase did not exceed three months; but the new amendment to the Board's regulation permits them to be purchased with maturities up to six months. Bankers' acceptances are recognized as the most desirable form of credit, as they sell on the credit of the accepting bank as well as on their backing of staple collateral and they usually take the lowest rate of interest, if properly drawn and safeguarded.

One of the most recent, and also one of the most liberal rulings of the Board on this subject was to the effect that where a member of a cooperative association delivers his crop to the association and at substantially the same time draws a draft on the association which is accepted by it and discounted by the drawer at his own bank, such a draft is a "bill of exchange drawn in good faith against actually existing values" and, therefore, is not subject to the 10 per cent. limitation prescribed in the Federal Reserve Act on the aggregate amount of paper of any one borrower which a Federal Reserve Bank may rediscount for any one member bank.

TO accommodate ourselves to the growing needs of the banking and business world, and to develop our services and facilities apace with all modern commercial evolution, is our constant aim and endeavor.



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

THE passage by the Senate of the Kellogg bank tax bill, amending the national bank act to permit states to tax national banks, opens the way for the adoption by states of legislation seeking to establish the validity of taxes already collected on national bank shares.

The bill carried an amendment offered by Senator Calder of New York to validate taxes already collected from the national banks but declared by the courts to be illegal.

A fight was made against the passage of the bill by Senator Glass of Virginia, who questioned the propriety of Congress overthrowing the opinions of the court by giving its assent to taxes that had been declared unconstitutional, but the Senate adopted it, 50 to 18.

The bill differed greatly in language from that which passed the House of Representatives, although both included provisions for general taxing powers and the so-called validation of back taxes.

There was one late change. The revised draft provided that the rate on bank stock should not exceed the average of State rates on mercantile, manufacturing or business corporations. It was feared that the difficulty of averaging all rates within a State might prove to be so great the following amendment was adopted making the tax district the unit:

"Provided whenever by any taxing district the shares in mercantile, manufacturing or business corporations doing business therein are taxed, the rate applied by said taxing district to the shares in banking associations shall not exceed the average of rates applied by it to the shares in such other corporations or to the shares to such of them as are taxed therein."

The Calder amendment covering the validation feature reads:

"That the act of a State legalizing, ratifying or confirming a tax heretofore levied or assessed upon shares of national banking associations, or providing for the retention by said state of any of the tax heretofore paid, shall not be deemed hostile to, or inimical to, the interests of the United States or agency thereof: Provided, That the amount retained, or to be retained, by such state is not in any case greater than the tax imposed for the same period upon banks, banking associations or trust companies doing a banking business, incorporated by or under the laws of such state, or upon the moneyed capital or shares thereof."

Senator Calder said that his state had collected \$20,000,000 through the levy of a 1 per cent. rate on stock of surplus of national banks, while private banks, classed as individuals, paid an income tax. He informed the Senate that unless Congress acted favorably on the

pending legislation, New York State might lose all of this revenue. Senator Robinson of Arkansas said that the question of the right of states to tax and the validation of back taxes were two different questions and asked that the two be handled by separate bills. Senator Calder said he could not acquiesce because it was believed the validating section would fail if it were not included in the one bill.

VIEWS OF CALDER AND GLASS

There was an exchange of views between Senator Glass and Senator Calder concerning the position of New York on bank taxation.

"The difficulty in New York is that that State exempted from the bank tax private banking corporations," Senator Glass said. "Is it proposed now to pass some retroactive law in New York taxing these private banking corporations for the same period over which it is proposed to validate the tax of national banks?"

"I have not been advised whether it is the purpose or not, or whether it is the purpose of our tax commission or of our state authorities to ask for that legislation," Senator Calder replied. "For my part, I would do it if I could, and in enacting the pending bill we propose to provide in the future these private banks must be taxed."

Senator Glass said there would be just as much equity in passing a restrictive tax law as to validate the back taxes collected from national banks.

Senator Pepper, of Pennsylvania, who framed the revised Kellogg bill in the Committee on Banking and Currency, said that there was no question respecting the Calder amendment's constitutionality because it was merely a declaration of the policy of the United States in regard to the taxation of national banks.

Senator Lodge of Massachusetts, spoke in favor of the legislation while Senator Hiram Johnson of California, participated in the debate by reading a letter from the New York Comptroller.

When a vote was taken, the following Democrats opposed its adoption: Bayard of Delaware, Caraway of Arkansas, Culbertson of Texas, Dial, Glass, Harris of Georgia, Heflin, Hitchcock, McKellar, Overman, Pomerene, Ransdell, Robinson of Arkansas, Sheppard, Smith of South Carolina, Swanson and Walsh of Montana. Senator LaFollette joined.

RURAL CREDIT LEGISLATION

In discussing the proposed rural credit legislation pending before Congress, the "Guaranty Survey", published by the Guaranty Trust Company of New York, states that the present agitation for new or modified provisions for loans to farmers has its origin partly in conditions which are continuing features of our economic organization and partly in temporary circumstances. The Survey proceeds:

On the whole a larger proportion of the principal agricultural products than of manufactures of this country must be sold abroad, and in response to weakening markets the practicable and prompt voluntary curtailment of production by farmers is narrowly limited. This is due not merely to the restricted range of alternative uses to which farms and their equipment may be applied, but in part also to the time element in crop growing or live stock raising.

The major part of the exports of American farm products are sold in Europe. At best it will require some years for economic recovery there to restore approximately normal industrial conditions. And tariff rates which unduly restrict the market here for the products of European industries inevitably limit the European demand for our foodstuffs and raw materials of manufacture.

The seasonal character of agricultural production entails peculiar marketing problems. Adequate storage facilities for grain, cotton, tobacco, etc., available for the producers at distributing centers are obviously necessary if there is to be an orderly marketing of these products. These facilities must include not merely shelter, but provision for proper weighing, grading and certification of the commodities.

In addition, the producers should receive reliable and reasonably complete information about conditions in the consuming markets for their guidance in the sale of their commodities. Much of this information is regularly accessible now, but generally speaking, the sellers of farm products that



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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

have world markets are not so well informed about consumption as are the buyers about production.

ECONOMICAL MARKETING NEEDED

It is the opinion not only of farmers, but of competent students of marketing problems, that in the distribution of farm products there is an excessive duplication of middlemen, with a tendency to depress unduly the prices paid the producers and to raise the costs to the consumers. Doubtless much can be done to eliminate unnecessary services in the distribution of farm products, and of other commodities as well.

Successive percentage increases in freight rates have brought about relationship between the rates on raw commodities and those on finished products which, many farmers believe, represents disproportionately heavy costs of marketing their products. No new machinery is necessary, however, to correct any harmful inequalities in freight rates.

But with or without additional aids to orderly marketing such as have been suggested, and apart from the question of relative freight rates, there are important problems of credit with reference both to

the production and the marketing of agricultural products.

The kinds of credit which farmers seek are various. Many of their needs can be met by short-term loans for periods of not more than six or nine months. Much of this borrowing meets the ordinary requirements of commercial banking. On the other hand, there is a large field for long-term borrowing of the investment kind. Intermediate between these are credit needs whose periods range from about one to three years. Each of these classes of credit demands has all along been met in some degree by one or another agency, but often at unnecessarily high cost to the borrowers, which a better integration of the credit machinery might obviate.

The operation of the Federal Reserve System has made available for the farmer customers of member banks a vast reservoir of credit previously non-existent or beyond their reach. The fact that most of the state banks have not become members of the system, from choice or because of lack of qualification, has greatly restricted the proportion of the aggregate agricultural bank loans which may be discounted by Federal Reserve Banks. Moreover, the range of maturity of eligible agricultural paper is regarded in many quarters as too narrow.

But Will You *Get It?*

Your Bank will *pay* a considerable sum of money for new business effort during 1923. Will you *get* the same definitely satisfactory result from this money that you do from other investments?

No bank gets new business in quantity without paying for it but many banks

pay for new business without getting it.

If you have decided once for all to take your new business money out of the expense account and put it into the investment portfolio, we would like to show you what we are doing for banks like yours.

Our service covers the development of

New Business Departments
Commercial Departments
Savings Departments
Trust Departments
Investment Departments
Safe Deposit Departments
Real Estate Departments

Take your pencil, check the departments in which you are interested, tear out this advertisement and mail it to us.

The Bankers Service Corporation

19 and 21 Warren Street
New York City

AVAILABLE CREDIT LIBERALLY EXTENDED

To what extent bank loans to farmers have been increased by reason of the discount privilege, or how responsive the operation of the machinery has been to the changing needs of farmers, cannot be precisely determined. An attempt was made by the Federal Reserve Board to ascertain the comparative amounts of agricultural credits extended by the Federal Reserve Banks in 1919 and 1920. The figures reported, "while necessarily based on estimates, show conclusively that instead of there having been a curtailment in agricultural credits extended by the Federal Reserve Banks during the year 1920, the volume of such credits was nearly three times as great as the volume so extended during the year 1919." The estimated amounts of paper rediscounted with Federal Reserve Banks based on production and sales of farm products by eleven banks, figures for the New York Federal Reserve Bank not included, were \$729,000,000 in 1919, and \$1,980,000,000 in 1920. The estimates do not purport to include all discounts of paper representing assistance to farmers.

Some light is thrown upon the question of the comparative amounts of credit extended to agricultural and to all other classes of borrowers by investigations for the Joint Commission of Agricultural Inquiry, which indicated "that in general the expansion in the agricultural states during the period of inflation was at least as great, if not greater, than in the industrial states." It was found also from a study of reports of about 9500 member banks "that between May 4, 1920, and April 28, 1921, the loans and discounts of banks in agricultural counties throughout the country declined \$36,500,000, or slightly more than 1.2 per cent.; the loans and discounts of banks in semi-agricultural counties declined \$18,700,000, or 1.3 per cent.; and the loans and discounts of banks in non-agricultural counties declined \$827,100,000, or 5.6 per cent. The borrowings from the Federal Reserve Banks by banks in agricultural counties increased \$127,600,000, or 56.6 per cent.; borrowings by banks in semi-agricultural counties remained practically stationary; and borrowings by banks in non-agricultural counties declined \$629,100,000, or 28.5 per cent."

In the light of these statistics, it is evident that agricultural borrowers have shared liberally in the use of the country's available bank credit.

THE COST OF GOVERNMENT

The total cost of governing the people of the United States is nearly eight and one-half billion dollars a year, according to a computation made for *The Budget*, the monthly publication of the

COOK'S TRAVEL SERVICE

anywhere on the Globe

EUROPE 1923

"Knowing the new ropes."

That's the secret of today's successful European travel. Let "COOK'S" make you comfortable. Inclusive—individual, small party, and family tours arranged; all details attended to, worry eliminated. Many special escorted tours; varying lengths—itineraries—fares. Send for booklet, "Europe—1923."

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Another *Summer* cruise; like the immensely successful one of last season. Sail the enchanted sea of mythology and world history; see its famous, fascinating sights. Gather memories and mementos to delight a lifetime.

Start from New York June 30; on the splendid, new, oil-burning Cunard-Anchor Liner TUSCANIA. —63 Days.

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The Banker's Part

IF YOU ARE HARBORING weak competitive businesses you can in many cases forestall further economic losses by suggesting the use of our facilities.

THE MECHANICS of MERGERS and other permitted co-operative efforts, may be entrusted to us, —from the "get-together" stage to physical co-ordination of the merging components.

BANKERS EQUITY, INC.

52 VANDERBILT AVENUE
NEW YORK

National Budget Committee, by William P. Helm, Jr., its Washington correspondent.

On the basis of 40,000,000 workers, whose gross income is \$60,000,000,000 a year, this means that the burden of government on every man and woman in business or professional life, including the 2,000,000 persons who are on the public pay-rolls in nation, states, cities, counties and other municipalities, would be about \$220 annually. If they should contribute labor instead of dollars, every worker would give as his or her share more than seven weeks' labor every year. Every week every one of us would work approximately one day without pay as our contribution to the cost of preserving life, liberty, and the pursuit of happiness under our intricate and far-flung system of government.

Mr. Helm bases his estimates upon such official records as are available for the year 1921. These show the number of public servants in the United States to be not less than 2,000,000. In other

words, we have working for us today in civil life and in the national defense, full-time employees to the number of all the military forces we sent abroad during the World War. In the lists are more than 50,000 town and city firemen, 82,000 policemen, 115,000 guards, watchmen and doorkeepers, 107,000 common laborers, 12,000 detectives and 10,000 sheriffs, 56,000 city and county inspectors of various kinds, 32,000 postmasters, 225,000 sailors, soldiers, and marines, 2300 life-savers, and so on, down to snake doctors and star-gazers. The census of 1920 gives the total number of workers within the United States as 41,614,248. One out of every twenty is, therefore, on the public pay-roll. If the railroads of the country were to marshal their forces, they would fail to match the army of men and women holding remunerative Government positions. All the coal mines and all the automobile plants in the country combined fall short of the manpower of the Government. All the hired men on

Two Interesting Announcements

The growth and development of the Lumbermans National Bank of Houston has been so marked and its services extended to such a diversity of interests that it has outgrown the limitations of a trade name.

Operating under the second oldest National Banking Charter in Houston, therefore, it is entirely appropriate that this institution bear the name of

THE SECOND NATIONAL BANK of Houston

Further in line with the institution's progressive policies, the Stockholders have voted to increase the Capital Stock from \$600,000 to \$1,000,000, effective February 16, 1923.

These announcements will be of interest to many readers of THE BANKERS MAGAZINE, and are particularly interesting to Texans, as they are evidences of an added unit in the financial dynamo back of the growth of this wonderful country.

The Second National Bank of Houston, Texas

Prior to January 15, 1923

The Lumbermans National Bank

all the farms in the United States barely equal in number our public pay-roll attachés.

As to the cost of the various forms of Governmental activity, Mr. Helm gives the following summary for the calendar year 1921:

Cost of maintaining the Federal Government	\$4,666,671,594
Cost of maintaining forty-eight state governments	1,008,540,232
Cost of maintaining 253 municipal governments in cities of more than 30,000 inhabitants	1,638,296,052
Cost of maintaining the municipal governments of all towns and cities of from 2500 to 30,000 population	431,287,059
Cost of maintaining municipal governments in 12,905 incorporated communities of less than 2500 population	123,147,687
Cost of maintaining county governments in the forty-eight states	592,068,972
Total cost of American Government in 1921	\$8,460,011,587

"By this method of computation," Mr. Helm writes, "the total cost of American Government in 1921 was within hailing distance of eight and one-half billion dollars. That sum is beyond human imagination; no man can visualize it in bulk or power any more than he can conceive of space. But there are comparisons through which a sense of the magnitude of this sum can readily be obtained." He continues:

Assume, for instance, that all this money had to be paid out in gold. If we were to ferret out all the gold above ground in the world today the sum would be but little more than sufficient for one year's payments.

The national income of the United States recently has been estimated by leading economists at from sixty to sixty-five billions of dollars annually. The Government's own investigation dates so far back as to be of little value, but lends some credence to these estimates. Assuming that sixty billions is approximately correct, the cost of government is about 14 per cent.—more than one-eighth—of our National income.

We have 40,000,000 workers, or thereabouts. If the cost of government were to



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WAR DEP



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*Huge, Ocean-Rail Warehousing Development
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WHEN the cry "Men—more men!" was coming to America from the battlefields in France—

When industry, under the whiplash of war, was rushing munitions to the Atlantic Seaboard in daily trainloads—

Suddenly there developed a sinister shortage of ocean terminals.

Where to handle this avalanche of war materials—where to load them into ships for delivery in France—was the problem confronting the Government.

Port Newark was one of the answers to that riddle.

That was but five short years ago, and the same Port Newark base that met the Government's emergency is awaiting your purchase—awaiting the word that will set it to meeting *your* problem. All of its outstanding features, such as SITUATION, FACILITIES, IMPROVEMENTS and EQUIPMENT are enumerated in a profusely illustrated Booklet, which also specifies the Terms of Sale and gives detailed information. Booklet sent free on request.

Sealed Proposals will be opened on March 1st, in the office of the Quartermaster General, Room 2024, Munitions Bldg., Washington, D. C. The Booklet and Proposal Blanks may be obtained at this office or either of the two following addresses: Quartermaster Supply Officer, 1st Ave. & 59th St., Brooklyn, N. Y.; Quartermaster on the premises, Newark, N. J.

The Government reserves the right to reject any or all bids.



EQUIPMENT

The Corporation Manual

Twenty-fourth 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

be equally distributed among them, the burden on every man and woman in business or professional life, including the 2,000,000 Government workers, would be about \$220 a year. On the basis of five persons to one family, the cost of government is about \$400 per family per year.

Or figure it still another way. Our 40,000,000 workers enjoy an estimated gross income of \$60,000,000,000. Of that they contribute about 14 per cent. for the maintenance of the Government. If they should contribute labor instead of dollars (and they do, of course, pay in labor) every worker would give as his share more than seven weeks' labor every year. Every week every one of us would work approximately one day without pay as our share of Government upkeep and our contribution to the cost of government.

INCREASE IN SAVINGS DEPOSITS

Savings deposits in the United States increased by about \$1,500,000,000 in 1922 as compared with 1921, according to preliminary figures tabulated by the Savings Bank Division of the American Bankers Association.

The figures show that, compared to reported savings deposits on June 30, 1921, of \$16,618,595,000, the amount for the corresponding date in 1922 was \$18,087,493,000. The preliminary tabulation for 1922 is as follows:

AMOUNT OF SAVINGS DEPOSITS JUNE 30, 1922

Mutual savings banks (complete).....	\$ 5,802,751,000
Other state banks (41 states).....	6,189,128,000
Trust companies (32 states).....	1,894,138,000
Private banks (14 states).....	123,106,000
National banks (complete).....	4,078,370,000
Total reported	\$18,087,493,000

The number of savings accounts indicated by the partial data in hand was 28,955,526 on June 30, 1922, as compared to 26,637,831 on the corresponding date in 1921, a gain of 2,315,695. For both the amount of savings and the number of depositors, later data of states from which complete returns have not yet been received are expected to show larger gains for 1922 than are here indicated.

The preliminary tabulation showing the number of savings accounts on June 30, 1922, is as follows:

NUMBER OF SAVINGS ACCOUNTS JUNE 30, 1922

Mutual savings banks (complete).....	9,493,781
Other state banks (17 states).....	6,599,604
Trust companies (15 states).....	3,894,279
Private banks (4 states).....	92,535
National banks (complete).....	8,873,327
Total reported	28,953,526

School savings systems reported deposits of \$5,500,000 during the last school year, an increase of 40 per cent. over 1921 and 100 per cent. over 1920. The number of school systems also increased by over 100 per cent. during the last school year, and the number of pupils reported as participating was 1,271,000, a growth of 50 per cent. over the previous school year. The momentum now obtained by the school savings movement indicates that there will be a large increase in savings and in participants during the coming school year.

The data collected by the Savings Bank Division indicates that life insurance, not including beneficial societies or the Government bureau, now carried on American lives totals more than \$50,000,000,000. Premiums on new business during the year ending November 1, 1922, amounted to \$225,980,000. The total premiums, including the payments on annuities, paid during the year, amounted to more than \$1,500,000,000. The amount of new life insurance purchased during the year 1922 was \$9,300,000,000, an increase of \$600,000,000 or 7 per cent. over 1921.

Building and loan associations reported an increase of 17 per cent. in members and 15 per cent. in resources during the year. On the other hand,

postal savings have decreased steadily in 1922. Government securities in large amounts were absorbed, new Treasury bonds being allotted to the extent of \$327,559,600 on cash subscriptions, and Treasury Savings Certificates have sold to the extent of \$118,973,296.

CLEVELAND BANK OPTIMISTIC

"General business at the beginning of 1923 is good and getting better," says The Cleveland Trust Company, in its Midmonth Business Bulletin for January. The year will probably be one of business prosperity in America, with increasing profits, rising prices, rising wages, and advancing costs of living, the bank believes.

"Among the factors tending toward a continuation of prosperity there are four of special importance," says the bulletin. "The first is the momentum of the present movement of business prosperity. Every industry is more prosperous than it was a year ago. Profits are higher than they were last winter, but not yet so large as to destroy business caution." The bulletin continues:

Unemployment has almost disappeared. Wages have advanced. Prices have advanced but not far enough to cut down buying. Under these conditions it is reasonable to look for further advance in general business.

The second important factor is the still unfilled shortages that came into existence as results of the war and the recent depression. Conspicuous among these are the shortages of building construction, railroad equipment, passenger and commercial automobiles and stocks of miscellaneous merchandise sold by retail stores. Great progress has been made toward satisfying these shortages, but their pressing needs have not yet been met.

The third constructive factor consists of the generally rising prices of wholesale commodities. It is a practically invariable rule that when prices rise, business activities increase, and when prices fall, business slows down. The advance of prices promises to go considerably further before it halts.

The fourth factor making for further extension of business activity consists of the abundance of credit. Interest rates are now low. They will almost surely rise during the year, and this upward movement will probably be noted in the near future, but it is

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entirely unlikely that business will be handicapped this year by any credit stringency.

THE COTTON SUPPLY IN 1923

Contrary to prevailing opinion in the cotton trade, the Federal International Banking Company sounds a note of caution in regard to cotton supply in 1923. Analyzing reports from 618 cotton belt banks and cotton merchants expressing the average opinion that profitable prices for cotton can be maintained with an increase of acreage of 10.58 per cent. over the acreage of 1922, the bank's monthly publication, the *Federal International News* says:

In the bank's opinion, based upon a comprehensive view of the whole producing region and upon a diligent study of the world conditions, the prudent course for the South is not to increase cotton acreage but to cultivate more intensively if possible for better acre

yield and for more efficient boll weevil control. Such a course, under average weather conditions, would increase production by probably 2,000,000 bales which is a liberal allowance for increased consumption. At this time, with the cotton consuming year nearly half gone, there is no indication of materially increased takings of the preceding season. On the other hand, there is evidence that price advances will tend to check consumption.

American consumption appears to have reached the rate of comparative saturation. While not all regions of the United States are prosperous, the average condition is so nearly normal that buying for ordinary use is unrestricted. Increased domestic consumption, therefore, will likely be only the reflection of increase in population and development, and that will not be considerable in the next twelve months.

CROP STATISTICS FOR 1922

Final crop statistics for 1922, as published in detail by the Department of Agriculture, are the subject of a brief analysis by the statistical department of the Liberty Central Trust Company of St. Louis. Valuation figures are dealt with in particular, the findings being given below.

Measured by estimated value of all crops, Texas is the leading agricultural state. Iowa ranks second, and Illinois third, Missouri is tenth. Of the ten leaders, six may be classified as "middle western". Two are in the cotton belt, one is in the East, and one in the Pacific group.

An interesting fact is that North Carolina ranks fifth in the list, following California and showing a higher figure than such states as Kansas, Minnesota, Ohio and New York. A large tobacco crop, accounting for more than 25 per cent. of the entire valuation, seems to have been the factor responsible for placing North Carolina well ahead of most of the other cotton states.

It should be remembered that the data given are based on December 1

values and do not take into consideration the quantity of products previously sold at other prices, or held for the future when there may be further changes. Neither do they allow for the fact that some crops are not actually sold, in their entirety. Nevertheless the figures do furnish an interesting and useful basis for comparison.

PUELICHER SPEAKS ON UNSOUND MONEY

Confidence in prosperity has obscured a menace that may destroy it, it was declared by J. H. Puelicher, president of the American Bankers Association, in an address before the Bankers Clubs of Kansas City, Missouri, and Kansas City, Kansas, and local chapters of the American Institute of Banking. He referred to the agitation for unsound money that, he said, has not subsided with the advent of better times but was growing to threatening proportions in many sections. Mr. Puelicher said:

While we can say without hesitancy that the business and financial systems of the nation are in as sound a condition as at any time in our history, the attitude of large groups of people in some parts of the country towards unsound money agitation cannot be ignored. Over-confidence in prosperity that obscures this menace may result in the destruction of the prosperity that undoubtedly lies ahead if we maintain our financial balance.

In the Middle Western states, the growth in unsound money doctrines, and unwarranted attacks on the Federal Reserve System which is the bulwark of our financial stability, are cause for serious consideration and action.

The staunchest business system imaginable can be undermined by unsound money and unsound banking theories. If they gain a foothold among the people, under the guise of measures of social justice, no business system is safe.

We have seen the harm this can do in this country in previous periods of agitation. We see the harm it is doing today in other nations. The greatest social justice that can be established is through the maintenance of sound business.

Business is really sound in the long run, only when it serves the best interests of all the people. Selfish interests, at times, have succeeded in gaining temporary advantages at the expense of others. But the intelligence of democracy and the working of nat-

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ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

ural economic forces sooner or later restore more equitable conditions.

The workings of these principles could only be thwarted, and inequalities in social opportunity under our business system could be created by unsound money conditions and unscientific banking methods that would result from the application of radical doctrines to them.

In view of these facts and of conditions existing today, the American Bankers Association places particular importance on its public education activities aiming to extend the prevalence of understanding in regard to fundamental business and banking principles among all the people.

It is not enough that bankers understand banking. It is not enough that business men understand business. They must understand each other's work. Above all, the general public must understand the basic principles of business and banking if these activities are to be protected to go on doing the public's work and serving its best interests.

Mr. Puelicher also announced that a leading item in the activities of the American Bankers Association during 1923 will be an aggressive drive to bring about better "economic acquaintance-ship" between bankers and farmers.

"I would like to put every farmer in a bank for a while and every banker on a farm for a while," Mr. Puelicher said. "The farmer and banker have never known enough about the ins and outs of each other's job. It is going to be a main task of the American Bankers Association during the year to bridge this gap." He continued:

The Association is whole-heartedly in favor of sound measures, now being developed at Washington, for adequate credit facilities, on a national scale, for the farmer

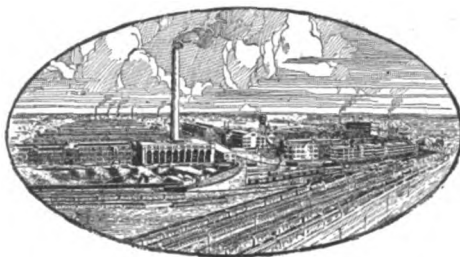
in keeping with the turnover and other conditions peculiar to his business. The Association is also heartily in accord and will lend its support to measures for the more orderly marketing of farmer products.

But more than that the Association is going to study first-hand, through qualified men, the problems and needs of the farmer and bring them home to the bankers of the country. It is also going to give the farmer, through its Committee on Public Education and other activities, a greater opportunity than ever before to understand the fundamentals of good banking policy.

THE COAL SITUATION

"The bituminous coal operators and miners of the central competitive field, which virtually means all of the unionized territory have come to the agreement to have no strike this year", says the current bulletin of the National City Bank, New York. "This understanding was reached", continues the bulletin "by the action of the operators in deciding to make no effort to reduce the present wage rates—in other words by their conceding without a contest the issue over which the strike was called last year. Doubtless that was the easy way of dealing with the problem so far as the operators were concerned, and there remains only for the consumers of coal to pay the price." The bulletin says further:

Wages are now fixed on a basis which is justified upon the theory that the miners will have work approximately only two-thirds of the time. In other words, there are too many miners for the amount of coal to be mined, and inasmuch as it has been con-



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sidered an undue hardship to require some of them to find other work, public sentiment has supported the doctrine that the price of coal should carry the burden of idle time.

A preliminary report of the Fact-finding Coal Commission was filed on January 15, in which the Commission says that there are "too many coal miners and too many mines," and that "there can be no permanent peace in the industry until this underlying cause of instability is removed."

It goes on to say:

"There can be no satisfactory agreement as to wage rates, and no lasting peace between operators and men, unless steadier employment can be provided. There can be no satisfactory solution of our transportation problem so long as the railroads are subjected to sudden peak loads of coal traffic at the season when the demands of agriculture and industry are at their height."

All of this was well known to everybody familiar with the industry. With the revival of industry it is probable that more coal will be wanted than for the last several years, but if work is steadier the argument for the present wage rates per ton to cover idle time will weaken, and the public should have a day in court.

The Commission having now located the seat of the difficulty in the coal business, the rest of its labors may be given to discovering why surplus coal operators and surplus miners are not eliminated from the coal industry as surplus people are from other industries. The natural economic adjustments usually take care of such situations, and it is safe to say that something interferes with the free play of natural forces in the coal industry or a natural settlement would be found. The Commission is a competent body and should produce good results.



Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

Executive Council, A. B. A.—at Rye, N. Y., April 23-26.

Investment Bankers Association—at Washington, D. C., October 28-31.

New York—June 11-18.

Pennsylvania—at Atlantic City, May 28-25.

CONSOLIDATION OF IRVING BANK AND COLUMBIA TRUST COMPANY

The consolidation of the Irving Bank, New York, with headquarters in the Woolworth Building, and the Columbia Trust Company, 60 Broadway, went into effect at the close of business February 7, and on February 8 the fourteen offices of the merged institution in Manhattan, Brooklyn and the Bronx opened their doors under the new name, Irving Bank-Columbia Trust Company.

Interest in this merger extends well beyond the banking fields. It possesses points of more than ordinary significance to the business life of the entire community as well. That in point of size of the two uniting institutions it is one of the most important consolidations ever brought about in this country may be regarded as incidental. Its real importance to the general public lies in the greater service which, as a result of the bringing together of the high specialized departments of both institutions, the combined company can now offer to business. It is a move quite in step with the development of America's commercial life, and a logical outcome of this development.

Several unusual features in connection with the merger have attracted widespread attention. The Irving, for a number of years, had been a national bank, operating under a Federal charter and devoting its efforts chiefly to developing services to promote the conduct of commercial operations at home and abroad. When the Federal Banking Law was amended a few years ago to permit the exercise of trust and fiduciary powers by national banks, a consolidation was effected with the Irving Trust Company, an affiliated institution, which provided complete facilities for the conduct of

all banking and trust business. This movement was toward fulfillment of the modern banking idea—the idea of completely rounded out usefulness in every phase of personal and commercial business where a bank can be of service to the public.

This was a step forward entirely in keeping with the progress of business development. It has been recognized, however, that national banks still are more limited in the sphere of their possible usefulness than are banks operating under charters granted by the State of New York, and the growing business requirements of the rapidly increasing and shifting population of New York have made further extension of banks and banking activities essential.

For more than a quarter of a century the Columbia Trust Company has specialized in the development of its trust services—personal and corporate—influencing individuals in applying business management to their personal affairs and serving corporations as fiduciary agent. Besides its office in the Wall street section at 60 Broadway, it has maintained offices at Fifth avenue and Thirty-fourth street and at Park avenue and Forty-eighth street, in the central business section of Manhattan; at 125th street and Seventh avenue in Harlem, and at 148th street and Third avenue in the Bronx.

The former Irving Bank, for its part, contributes to the merger the accumulated experience of more than seventy years of specialization in commercial banking, much of it on a world scale, with services developed by the steadily increasing demands of America's commercial growth. In addition to the office in the Woolworth Building, it brings to the new institution five offices in Manhattan and three in Brooklyn. The Manhattan offices are at 81 Fulton street, 92 West Broadway, Broadway and Eighth street, Fifth avenue and Thirty-second street, opposite the Grand Central Terminal. The offices in Brooklyn are at 350 Fulton street, Flatbush and Linden avenues and New Utrecht avenue and Fifty-third street.

The new Irving-Columbia has announced

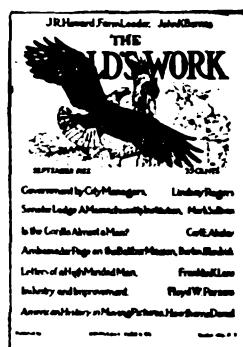
"Petering" and "Electing" Financial Babes

The Newest Methods of Stock Selling
"Reloaders"—A Description of Two of
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Houses of the Underworld of Finance

Read about it
in the March Issue
of the

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that in the future, as heretofore, each office will be a separate and distinct banking unit, equipped to meet all the banking requirements of its respective neighborhood. So far as its customers are concerned, the only changes are that the Irving-Columbia is newer, larger and under a new name, offering in combined form all the elements of service that have been tested and tried by both institutions in their long years of successful operation in domestic and foreign trade. The larger number of offices also make for the greater convenience of customers, in that they carry the facilities of the combined institution closer to sections that formerly were reached only by one of them. Both the Irving and the Columbia have been members of the Federal Reserve System and of the New York Clearing Association, and the consolidated institution will continue these memberships.

The Irving-Columbia will have a capital of \$17,500,000 and surplus and undivided profits of \$10,500,000. Lewis E. Pierson, chairman of the Irving board, and Harry E. Ward, president of the Irving, hold those offices in the institution. Willard V. King, president of the Columbia Trust Company, who had contemplated retiring because of his health before the merger was decided upon, becomes chairman of the advisory board in charge of the office at 60 Broadway. Commenting up the new institution, Mr. Pierson said:

The Irving-Columbia may be considered as a new or as an old institution, depending altogether upon how you look at it. New power of usefulness will come through the consolidation, and every element of strength possessed by the consolidating institutions will be preserved. In point of size, with the combined resources, the Irving-Columbia is new. It is new in name, and, with respect to the Irving's participation, new in the sense that it will operate under a State, instead of a National charter. It is new also in that it provides a more fully rounded out and more widely distributed service for the public.

But here the newness ends. The commercial banking methods, facilities and services developed by the Irving during an active experience of more than seventy years in the field of commercial banking, and the marked excellence acquired by the Columbia in the field of personal and corporate trust service, will go on, unimpaired and unchanged, save for the improvement which comes with time. The old intimacy of personal relationship with customers will remain undisturbed. The same officers and employees will be at the same places, following the same policies and business methods. In other words, back of the service which will be available in the consolidated institution, the customer will find larger resources, more fully rounded out facilities, broader experience and connections, but nothing in any way to disturb his arrangements or change the size or nature of the banking unit to which he has been accustomed.

METROPOLITAN TRUST DIRECTORS

At a meeting of the Metropolitan Trust Company of New York the following di-

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Vice-President

RICHARD S. MCKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

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rectors were elected to succeed themselves:

Philip D. Armour, first vice-president Armour & Co., Chicago; Van Lear Black, president Fidelity Trust Co., Baltimore; Theodore C. Camp, director Lawyers Mortgage Co.; Haley Fiske, president Metropolitan Life Insurance Company; William B. Joyce, chairman board of directors National Surety Co.; Raymond T. Marshall, treasurer Willcox, Peck & Hughes; Charles W. Ogden of Ogden & Wallace, Iron and Steel; Harold B. Thorne, vice-president Pierce Oil Corporation; William Ross Proctor of Abbott, Hopkin & Co.

The following new members of the board were elected:

William D. Baldwin, chairman of board Otis Elevator Co.; Ralph Crews, member firm of Shearman and Sterling, lawyers.

Earl D. Babst, president of the American Sugar Refining Company, retired from the board in accordance with a ruling of the Federal Reserve Board, which refused to consent to his continuing to be a director of the Metropolitan Trust Company and a director of a prominent national bank.

NEW PIERCE-ARROW PLAN OF FINANCING

Bankers for the Pierce-Arrow Motor Car Company announced recently the plan of new financing to take care of the company's floating debt. The plan calls for the issuance of \$3,500,000 one-year 6 per cent. notes to be secured by part of an authorized issue of first mortgage bonds. None of the mortgage bonds, however, are to be sold at this time. In addition, the plan calls for the sale of \$4,200,000 8 per cent. debentures; these to carry a bonus of three and three-quarter shares of prior preference stock for each \$1000 of debentures.

The new securities will first be offered to stockholders of the company on a pro rata basis. The amount not taken by the stockholders will go to the underwriters.

According to the bankers, the plan is subject to approval by the board of directors.

In a statement issued by a member of the banking group which will underwrite the new securities, it is said:

The Pierce-Arrow Motor Car Company in 1922 completed a very satisfactory year, and in its forthcoming annual statement will show earnings, before depreciation of plant and fixed assets, of \$1,279,000. The depreciation for the year amounted to \$708,000, or 12.7 per cent. of the net book value of its fixed assets. Earnings after depreciation amounted to \$572,000. The interest paid was \$561,000, leaving a small surplus for the year.

During the year the company has paid off \$1,000,000 of its floating debt, and the remainder will be paid off by the following arrangements: The company has placed \$3,500,000 of one-year 6 per cent. notes, secured by \$4,200,000 first mortgage bonds, part of an authorized issue of \$6,000,000, no part of which it is contemplated to sell at this time. The company is also about to offer its shareholders for \$4,200,000 cash, 20-year 8 per cent. debentures, amounting in principal to \$4,200,000, redeemable at 110 and carrying a sinking fund, beginning in 1926, payable out of net earnings, sufficient to retire a maximum of \$250,000 face amount of the bonds annually. With these \$4,200,000 8 per cent. debentures will go 15,750 shares of a new issue of prior preference cumulative stock (entitled to \$8 per share dividends per annum) which will be apportioned on the basis of three and three-quarter shares of prior preference stock for each \$1000 of 8 per cent. debentures.

This prior preference stock will be convertible into common at the rate of five shares of common for one share of prior preference. It is understood that J. & W. Seligman & Co., Hayden, Stone & Co., Chase Securities Corporation, and O'Brien, Potter & Co. of Buffalo, will underwrite this offering. These transactions pay off the company's floating debt and leave it with an ample margin of working capital for the expanded business to which it looks forward with confidence.

Under President Forbes, the company has shown a gratifying return to its old-time prosperity, which was temporarily checked during the year 1921, when a large loss was incurred, due to heavy inventory losses.

NEW CHATHAM AND PHENIX BRANCH

A new branch for the Chatham and Phenix National Bank of New York is being erected

on the southeast corner of Bowery and Grand streets at a cost of almost \$400,000.

The structure will be four stories and basement in height, one story being concealed behind the parapet. The building is to be of Doric design of Indiana limestone above the granite water table course. The interior is to be fitted for banking room in first story and mezzanine, and with up-to-date safe deposit department in the basement.

Charles L. Calhoun is the architect. The building is to be erected around the present banking quarters located on the same plot, without causing interruption to the operation of the bank.

INDEPENDENCE INDEMNITY COMPANY OPENS NEW OFFICE

The Independence Indemnity Company opened on January 22 its Metropolitan office at 136 William street. The company is organized with the largest commencing capital and surplus in the history of the business, a capital of \$1,000,000 and surplus of \$2,000,000, for the purpose of issuing all forms of casualty insurance and surety bonds. The head office is in Philadelphia. Charles H. Holland is the president and Benjamin Sturges is resident vice-president at the Metropolitan office.

CENTRAL UNION TRUST APPOINTMENTS

The following appointments have been made by the Central Union Trust Company of New York: Herbert L. Williams and H. J. Vallery, assistant treasurers, and at the Forty-second street branch, H. F. Gibson and Miss Mina H. Bruere, as assistant secretaries.

CHEMICAL NATIONAL BANK OF NEW YORK

The condensed statement of condition of the Chemical National Bank of New York at December 30, 1922, showed total resources of \$161,870,949.27, surplus \$13,500,000, undivided profits \$2,611,596.62, deposits \$132,634,912.88.

In his annual report to the shareholders, Percy H. Johnston, president of the bank, referred to his recent tour of Great Britain and other European countries, and gave his opinion on conditions in America and in Europe as follows:

Although it is beyond the ability of any man to forecast what the year 1923 holds in store, yet it is our conclusion that American



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The Martinique offers comfortable rooms at moderate rate, and in its dining rooms, which are most attractive, one finds the best food, well served and at reasonable prices; Club Breakfasts, Special Lunches and Dinners, or a la carte service if preferred.

The hotel is situated in the center of things in general, being convenient to shopping and wholesale districts and adjacent to the theatre section.

There is an entrance from the hotel to the New York Subways and Hudson Tubes, affording direct communication with the Pennsylvania, Grand Central, and Railroad Stations at Jersey City.

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business has definitely emerged from a state of depression and has progressed into a constructive period of recovery.

During the past summer your president, accompanied by the vice-president in charge of the foreign department, made an extended tour of Great Britain and the principal European countries. Opportunity was afforded to interview and to confer with the leading bankers and business men of the various countries visited and it is upon those personal observations that the following suggestions are based. It is futile for us to look for the return of full prosperity in America until the reestablishment of war-torn Europe on a sound economic basis. America cannot have continued prosperity while Europe is at the same time prostrate. The question of an economic readjustment cannot and will not take place until the matter of reparations is definitely concluded and its faithful performance is undertaken in the right spirit. This is Europe's job and must be solved by Europe before the rest of the world can sit at the council table and work out a general plan for stabilization and the reestablishment of sound commercial intercourse between nations.

DISCOUNT CORPORATION OF NEW YORK

The fourth annual report of the Discount Corporation of New York at December 30, 1922, shows total resources of \$130,146,-876.16. After making provisions for taxes, the net profits for the year were, \$548,428.24.

Dividends at the rate of 6 per cent. per annum, amounting to \$300,000 were declared during the year, leaving \$248,428.24 to be added to the undivided profits account, which now stands at \$1,258,054.95. The volume of business transacted by the corporation during the year 1922, said John McHugh, chairman, was somewhat in excess of 1921 and the diminution of business in bankers' acceptances was more than made up by greater activity in United States Treasury Certificates and Notes.

The officers of the Corporation are: John McHugh, chairman of the board; Ernest C. Wagner, president; Jerome Thralls, vice-president; Dudley H. Mills, secretary; M. Greacen Briggs, Gerald F. Beal, assistant secretaries.

The directors are: George W. Davison, Francis L. Hine, Gates W. McGarrah, John McHugh, Charles E. Mitchell, J. P. Morgan, James H. Perkins, Seward Prosser, Charles H. Sabin, Ernest C. Wagner and Albert H. Wiggin.

FULTON TRUST COMPANY CHANGES

H. H. Cammann, who had served as vice-president of the Fulton Trust Company of New York since the organization of the company, has resigned, and Charles M. Van Kleeck was promoted from second vice-president to succeed him. Arthur J. Morris was moved up from the position of secretary to succeed Mr. Van Kleeck and Percy W. Shepard was promoted from assistant secretary to the secretaryship.

JOHN McHUGH

John McHugh, president of the Mechanics and Metals National Bank, New York, has been elected a director of the Chicago, Milwaukee & St. Paul Railroad, filling a vacancy occasioned by the recent death of William G. Rockefeller.

Mr. McHugh is a director of a number of financial institutions, but special interest is attached to his election to the board of the St. Paul Railroad, inasmuch as he began his career as a railroad man on the Grand Trunk Railway, at his birthplace, Belleville, Canada. He started there as a telegraph operator in 1883 at \$10 per month. He remained with the road seven years, rising to division agent by 1891, when he resigned, refusing further promotion to go West. It was shortly thereafter that he entered the banking field, which has been his chosen profession since.

NATIONAL BANK OF COMMERCE

At the annual shareholders' meeting of the National Bank of Commerce in New York, all the members of the board of directors were reelected and Charles B. Seger, president of the United States Rubber Company, and George E. Roosevelt, of the banking firm of Roosevelt & Son of New York City, were elected directors of the bank.

NATIONAL CITY BANK
APPOINTMENTS

The National City Bank, New York, appointed Edward F. Barrett assistant vice-president and George W. Lamm and Paul L. Kiernan assistant cashiers. Mr. Barrett was formerly an assistant cashier.

NATIONAL AMERICAN BANK
ELECTS TWO NEW
DIRECTORS

At a meeting of the board of directors of the National American Bank, New York, Thomas J. Watson, president of the Computing-Tabulating-Recording Company, of New York City, and Philip Le Bouttelier, director and general manager of Best & Co., of New York City, were elected new members of the board.

A statement of January 1, 1923, of the National American Bank shows that its deposits have increased 44 per cent. during the past year, the total as shown by this statement being \$4,133,826.88, with total resources of nearly \$6,000,000.

GUARANTY TRUST COMPANY OF
NEW YORK

At the annual meeting of the stockholders of the Guaranty Trust Company of New York held on January 17, the following directors were reelected to serve for three years: A. C. Bedford, Edward J. Berwind, Marshall Field, Eugene G. Grace, Albert H. Harris, Frederic A. Juilliard, Thomas W. Lamont, William C. Lane, Charles A. Peabody and Edward R. Stettinius.

At the annual meeting of the board of directors, held immediately following the meeting of the stockholders, the officers of the Company were reelected for the ensuing year.

EDWARD S. BLAGDEN

The Bank of America, New York, at the annual meeting of its board of directors appointed to the position of assistant vice-president, Edward S. Blagden, assistant



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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

cashier. Mr. Blagden is in charge of the Madison avenue office of the bank.

WILLIAM T. MULLALLY

William T. Mullally, president of William T. Mullally, Inc., New York advertising agency, has been appointed by the president of the Associated Advertising Clubs of the World to serve on the Auxiliary Board of Governors of the Arbitration Society of America. This society is endeavoring to secure a uniform State arbitration act which is being introduced in as many as possible of the forty-four states whose legislatures meet in 1923.

CAPITOL NATIONAL BANK ABSORBS NORTH AMERICAN

The Capitol National Bank, Seventh avenue and Thirty-seventh street, New York, has taken over the North American Bank, establishing for itself an office in the lower East Side. The North American Bank is located at Canal and Orchard streets and will henceforth be known as the Capitol National Bank, Canal Street office. In taking over the North American Bank the Capitol National registers its rapid expansion. In seven months it has built up deposits which today exceed \$7,500,000, and it has capital and surplus of \$2,500,000. The bank was founded on June 5, 1922, for the mercantile trades.

NEW YORK TRUST COMPANY

At the annual meeting of stockholders of the New York Trust Company retiring directors were reelected.

CHATHAM & PHENIX ELECTIONS

At the annual meeting of the Chatham & Phenix National Bank of New York, the directors were reelected. Harvey H. Robertson, formerly assistant cashier, was elected a vice-president and Warren W. Lamb and Abner Jackson were appointed assistant cashiers.

HARROD C. NEWLAND

Harrod C. Newland has recently been appointed assistant vice-president of the Chemical National Bank of New York. He was formerly assistant to the president.

"Doc" Newland, as he is known to his banker friends, went to the Chemical National in 1920 from the National City Bank of New York, with which he was connected for about ten years. Mr. Newland, who is a

member of the Kappa Sigma Fraternity, is a graduate of Perdue University. During the Spanish War he was Hospital Steward in the 158th Indiana Voluntary Infantry. Before Mr. Newland came to New York he spent some ten or twelve years in Memphis, Tennessee.

ROGERS G. GOULD

Rogers G. Gould has been appointed manager of the bond department of the Mechanics and Metals National Bank of New York.

FIFTIETH ANNIVERSARY WITH IRVING BANK CELEBRATED

Recognition of fifty years of continuous service was given by the board of directors of the Irving Bank, New York, to Benjamin F. Werner, a vice-president of that institution, who on January 31 celebrated the fiftieth anniversary of his association with the bank. A substantial sum of money and a set of resolutions, handsomely engrossed, were presented to Mr. Werner. Many business and personal friends called on Mr. Werner at the office of the bank in the Woolworth Building to offer congratulations. The resolutions adopted by the board follow:

The directors of the Irving Bank, New York, in recognition of long and honorable service, and as a tribute to unusual character and personality, offer this testimonial of their regard for Benjamin F. Werner, vice-president, who, tomorrow, (January 31, 1923) rounds out a full fifty years of service with this institution.

With the exception of a short experience as a boy in the private banking house of M. K. Jesup & Company, the entire business life of Mr. Werner has been spent with the Irving beginning as a clerk in the bookkeeping department in 1873. From this point, the story of his progress runs straight and clear, each succeeding year bringing out more strongly the splendid qualities which have earned for him, the warm affection of his friends, and the respect and confidence of all.

Tireless energy, unfailing devotion to duty, an accurate sense of values in men, a judgment sound and impartial, a high sense of honor, and through it all, a broad vein of kindness and sympathy—these are the qualities which make Mr. Werner strikingly exemplify that most unusual type, the efficient man of business with always time to love his fellow men.

And now, upon the completion of Mr. Werner's half-century of banking we gladly embrace this opportunity to congratulate him upon his achievements in his chosen field, to compliment him upon his standing with men, to express to him our strong personal regard, and to wish him many added years of happy usefulness.

MORRIS PLAN COMPANY OF NEW YORK

Total loans of the Morris Plan Company of New York made during the year 1922 were \$13,768,751 and the total loans outstanding at the end of 1922 were \$11,956,-

357.92 as compared with loans of \$851,040 in 1915 and \$794,175 outstanding at the end of 1915, the first year of operation.

Compared with a capital of \$500,000 and undivided profits and reserves aggregating \$30,161.23 at the end of 1915, the balance sheet now shows a capital of \$1,000,000 and undivided profits and reserves amounting to \$579,080.48.

During the eight years of operation dividends amounting to \$330,000 have been paid the stockholders.

Investment certificates outstanding at the end of 1915 were \$47,244 compared with \$5,949,566.21 at the end of 1922.

The company during the past eight years has made 291,669 loans amounting to \$54,211,678 with an average loan of \$186 per person.

GEORGE S. TALBOT

The Battery Park National Bank, New York, announces the appointment of George S. Talbot, formerly assistant cashier, to the office of assistant vice-president.

WALTER BENNETT

Walter Bennett, vice-president of the American Exchange National Bank of New York, has been elected a trustee of the Emigrant Industrial Savings Bank.

NEW YORK CHAPTER INSTITUTE OF BANKING

The New York Chapter of the American Institute of Banking has issued its pamphlet giving in detail the courses of banking offered for the spring semester which began February 5.

These educational courses are offered by the Chapter in coöperation with Columbia University, thus assuring a uniformly high standard of excellence. They have been carefully planned to meet the needs of those engaged in the banking profession. In addition to an extensive program of educational classes, the Chapter offers its members the use of a well organized library, the advantages to be gained from attendance at the Bankers Forum, and the cultural training to be had through participation in the activities of the Debate Section and the Public Affairs Committee. The Chapter furthermore endeavors to promote a feeling of good fellowship among its members through occasional social events.

Information on the courses for the term can be obtained from the Chapter rooms at 15 W. 37th street, New York.



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Burke's Type Cleaner—For the typist, the printer, the etcher and engraver. It makes the type as clear and bright as when the type was new. Instantly removes all dirt and oil caked in the type crevices and is non-inflammable.

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Spring 6387

Nicholas Murray Butler, president of Columbia University, in the January issue of "Chapter Notes", the monthly letter sent to the members of the Chapter, congratulated the officers on the remarkable growth of the local chapter since the time that the University lent its coöperation to the enterprise.

President Butler, in telling of his interest and enthusiasm at the continued growth of the organization, remarked that "the individual students enrolled now number nearly 3000, and that there are seventy classes taught by thirty-seven instructors." The local chapter was so cramped for space last year that it had to secure larger quarters. When the new rooms at 15 West Thirty-seventh street were leased it was thought that there would be sufficient space to take care of the organization's growth for some years to come. However, even now a "pinch" is again beginning to be felt.

Columbia responded to an appeal of the local chapter of the A. I. B. for "aid in supplying suitable instruction for the bank clerks of the city" in 1915. When calling

attention to this President Butler wrote, "The director of University Extension offered to assume for the University the direct supervision of the educational work of the chapter. This meant that Columbia agreed to accept responsibility for subjects and courses offered, to select suitable instructors and to maintain general control of the educational work in coöperation with the Chapter's Educational Committee." He further on mentioned that "Experience has taught us not to wonder that this action was taken with considerable misgivings on the part of many of the officers of the Chapter."

S. STERN BECOMES DIRECTOR AND VICE-PRESIDENT

At a meeting of the board of directors of the Seaboard National Bank, New York, held February 1, 1923, S. Stern was elected a director and vice-president.

He will have charge of the foreign department of the Seaboard, a position he is well qualified to fill due to his many years of experience in banking in England, France and Germany. Mr. Stern was formerly vice-president of the Columbia Trust Company and had charge of their foreign department.

He is a well known writer on economics and an authority on foreign exchange, being the author of *The Foreign Exchange Problem*, which is used extensively as a text book in numerous colleges. His acquaintance and general knowledge of foreign exchange conditions throughout the prominent countries of Europe should prove to be a valuable acquisition to the Seaboard in the further enlargement and development of the foreign department of that institution.

JAMES P. GARDNER MADE VICE-PRESIDENT

James P. Gardner was elected a vice-president of the Hanover National Bank of New York at the annual meeting held on January 9. Mr. Gardner formerly held the position of assistant cashier. Having entered the employ of the bank as a young man he gradually worked his way up through various positions to that which he holds today. Mr. Gardner received his training in the best school—that of experience—and in connection with this experience has also been a student of banking, having studied at the American Institute of Banking and availed himself of other courses of study along banking lines.

HOLD HOUSEWARMING

In honor of the opening of its new and enlarged banking rooms at 125th street and Eighth avenue, the United States Mortgage & Trust Company of New York, gave a housewarming at that office Saturday afternoon, January 20 for the officers and employees of the Company and those of the United States Safe Deposit Company. Refreshments were served.

CHEMICAL NATIONAL BANK ELECTIONS

At a meeting of the board of directors of the Chemical National Bank of New York held January 10, the following officers were elected:

Percy H. Johnston, president; Edwin S. Schenck, first vice-president; Frank K. Houston, Clifford P. Hunt, Isaac B. Hopper, Jesse M. Smith, Wilbur F. Crook, Rumsey W. Scott, Samuel T. Jones, N. Baxter Jackson, Robert D. Scott, vice-presidents; James L. Parson, James McAllister, Charles Cason, Harrod C. Newland, assistant vice-presidents; Samuel Shaw, Jr., cashier; Clifford R. Dunham, comptroller; John G. Schmelzel, John B. Dodd, Harry L. Barton, Francis J. Yates, Albert Quackenbush, Chester Morrison, Paul Tate, assistant cashiers; Ernest J. Waterman, trust officer; Stephen L. Jenkinson, assistant trust officer; Robert B. Raymond, manager foreign department; Henry M. Rogers and Herbert I. Sayers, assistant managers foreign department.

WILLIAM M. HAINES

William M. Haines, formerly of the Citizens' National Bank before it was consolidated with the Chemical National Bank of New York and more recently vice-president of the Chatham & Phenix National Bank, has just accepted a post with the Chemical National Bank of New York. It is understood that his activities will be largely of a new business nature.

CHASE NATIONAL BANK APPOINTMENTS

The directors of the Chase National Bank of New York have appointed Alverton H. Aseltine, assistant cashier, Luke A. Margraff and Edward A. Reynolds, assistant managers of the foreign department, and Henry L. Nichols, assistant manager of the Hamilton Trust branch.

Alverton Aseltine is a Canadian by

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parentage and education, although he was born and spent the first year of his life in Oswego, New York. His childhood was spent in Kingston, Ontario, and there he went through the public and high schools and the Collegiate Institute. Deciding against a professional career, with which end in view he had entered the Collegiate, he came to New York to go into business. He became identified with the *Commercial and Financial Chronicle*, where he remained for sixteen years. In connection with his work for the *Chronicle* he traveled extensively through the United States, Canada and Europe. Today he holds the record of thirty round trips to the Pacific Coast.

After leaving the *Chronicle* Mr. Aseltine spent about two years with the National City Company, and a longer period with the Equitable Trust Company, where he was associated with the bond department. From there he went to the Chase Bank in August, 1918.

CRISSINGER IS NOMINATED FOR RESERVE BOARD

President Harding on January 12 filled the vacancies on the Federal Reserve Board

by elevating D. C. Crissinger, of Marion, Ohio, from Comptroller of the Currency to the governorship as a successor to W. P. G. Harding, whose term expired last August, and naming Milo D. Campbell of Coldwater, Mich., as the new "dirt farmer" member of the board.

With these nominations he sent to the Senate the name of James C. McNary, a Southwestern banker, as a successor to Mr. Crissinger as Comptroller.

Daniel R. Crissinger of Marion, Ohio, was born in 1860 in Marion County, Ohio, a few miles from the birthplace of President Harding. He has long been recognized as one of the leading members of the bar of Central Ohio. He was among the organizers of what is now the National City Bank & Trust Co. of Marion, and for fifteen years was its president, retiring when he became Comptroller of the Currency at the incoming of the Harding Administration.

Mr. Crissinger is the owner of several large farms in Marion County, which he has personally managed. He has been one of the most extensive and successful live stock raisers and feeders in his section of the state. He is also a director in the

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Marion Steam Shovel Co. and for many years was its general counsel. He is vice-president of the Marion Union Stock Yards Co. and a director of the Marion Packing Co. and the Marion County Telephone Co. With the incoming of the new Administration, President Harding named him to be Comptroller of the Currency, in which position, in addition to the general administrative supervision of the national banks, he has been an ex-officio member of the Federal Reserve Board. He has thus acquired a thorough familiarity with the national banking situation as well as with the duties and functions of the Federal Reserve Board.

Milo D. Campbell, of Coldwater, Mich., has long been prominent in his state, and more recently a national figure because of his activity in behalf of farmers' organizations. He was elected to the Legislature in 1885, and from 1885 to 1891 was secretary to Governor Luce. Later he became Insurance Commissioner, making a record for efficiency.

Following his services in this position, he was appointed Chairman of the State Tax Commission and was among the leaders in tax reforms whereby \$300,000,000 was added to the taxable basis of the state. The entire system of railroad taxation was reorganized in this period. Mr. Campbell has been president of the State Board of Prisons and Reformatory Institutions, Mayor of Coldwater and United States Marshal for the Eastern District of Michigan.

Throughout his career he has been especially interested in farmers' concerns, and is at present President of the National Milk Producers' Association and prominent in other farmers' organizations. He has been prominent especially in developing programs of cooperative business organizations among farmers, and has been widely in demand as a speaker on these and related topics.

James G. McNary of New Mexico is a man of very extended business interests in the Southwest. He has for a long period been extensively interested in banking throughout that region and in addition has large holdings in lumber development in Louisiana. In his earlier career he was engaged in the newspaper business at Las Vegas, N. M. A number of years ago he reorganized a bank at El Paso and through this operation became president of the First National Bank of El Paso.

His large interests in both Texas and New

Mexico have given him intimate acquaintance with the entire Southwestern country. He has served as president of the First National Bank of El Paso and of the First National Bank of Las Vegas, as a member of the board of the First National Bank of Albuquerque and has been connected with various other banks. During the war he offered his services to the Government and was with the Y. M. C. A. in France in an important capacity.

HAS BEEN BANKER FIFTY YEARS

Charles R. Dusenberry, aged 93, president of the Westchester Trust Company of Yonkers, N. Y., is observing his golden jubilee in the banking business.

Bank officials disclosed yesterday that he had just completed fifty years in the banking business. He is still hale and hearty and goes to his office every day. He is said to be the oldest active banker in the state and has just been reelected president of the Westchester Trust Company, the largest banking institution between New York City and Albany.

He helped to found the Citizens' National Bank of Yonkers in 1873, when he was Supervisor of the Town of Yonkers. Later this bank was consolidated with the Westchester Trust Company, and Mr. Dusenberry was more than 80 years old when he became head of the institution. He was born in Manhattan, but in 1837 moved to Yonkers and was reared on a farm there. When Yonkers was made a city he served for eighteen years as Police Commissioner.

SEABOARD NATIONAL BANK OF NEW YORK

At the annual meeting of the stockholders of the Seaboard National Bank of New York on January 9, for the election of directors the present board was unanimously reelected to serve the ensuing year.

At a meeting of the board of directors on January 11, the entire staff of officers were reelected.

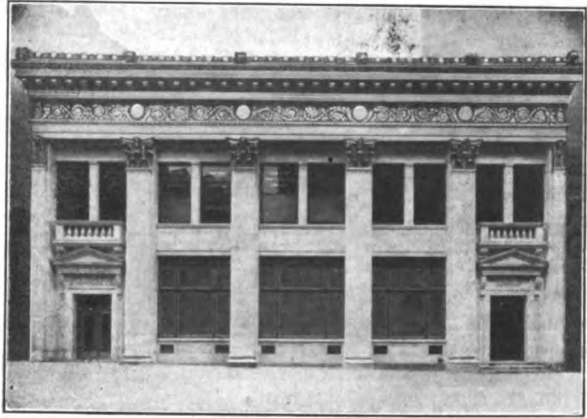
BANK MERGER

The merger of the Power City Bank and the People's Bank, both of Niagara Falls, N. Y., was to be completed by February 1. The combined institutions will have a capital of \$1,000,000, surplus in excess of \$500,000 and resources of more than \$15,000,000. A new building will be erected.

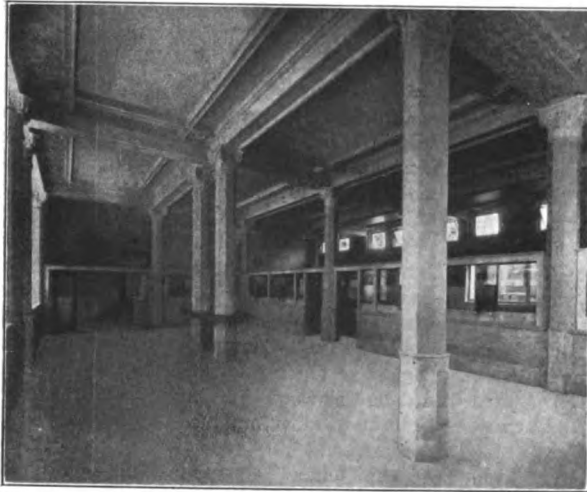
**NEW OFFICE OF THE
AMERICAN TRUST
COMPANY IN
BROOKLYN**

A significant event in metropolitan financial circles was the opening on February 5, of the new Brooklyn office of the American Trust Company at 205-209 Montague street. The main office of the company is at Broadway and Cedar street, Manhattan.

The new building is in the center of Brooklyn's financial district. The outside is



Brooklyn office of the American Trust Company



Interior of the banking room

give the maximum amount of light without glare. In the center of the concourse are arranged comfortable seats, back to back, for the accommodation of customers. At the front are the officers' quarters separated from the concourse by a marble railing. A feature of the interior decoration is a handsome marble stairway of Italian design leading to the second floor. The second floor is occupied by the law and closing departments of the Title Company.

After business hours, President Harry A. Kahler and the directors and officers of the Company held an informal reception in the new building.

of Vermont marble with Corinthian columns. There are two entrances, one at 209 Montague street for the American Trust Company, and one at 205 Montague street for the New York Title and Mortgage Company, an affiliated institution.

The interior gives an impression of dignity and space. As one enters he sees a concourse of generous proportions. The floor is of gray tile. The bank screens and wainscoting are Botticini marble, and all furnishings are walnut. Specially designed lighting fixtures have been installed to



Entrance to the safe deposit department

NEW DIRECTORS OF PHILADELPHIA BANK

A. W. Calloway, president of the Davis Coal and Coke Co., and M. C. Kennedy, vice-president of the Pennsylvania Railroad Company, have been elected directors of the First National Bank of Philadelphia.

BANKERS PUBLISH SURVEY OF LOUISVILLE & NASHVILLE RAILROAD

Brown Brothers & Co., 59 Wall street, New York, have just published for general distribution a most interesting and unusually detailed survey of the position of the Louisville & Nashville Railroad Co. This pamphlet is of great interest, not merely to the holders of Louisville & Nashville securities, but to all investors in railroad securities. It illustrates the working out of the Transportation Act of 1920 in the case of the Louisville & Nashville as one of the stronger railroad properties of the United States.

Included in the booklet is a map of the system showing in detail the sources of the road's most important traffic.

The study points out particularly the strongly entrenched position of the road in the states of Kentucky, Tennessee and Alabama. The present position and outlook for the Louisville & Nashville is summed up in one of the paragraphs as follows:

In spite of the development during the past two decades of the territory served by the Louisville & Nashville, the newness of the growth of this section of the South is one of its chief points of strength. This is the factor which affords great promise in regard to the future of the road. Much of the resources of Alabama, Kentucky and Tennessee remain among the great virgin stores of the national wealth of the United States. Their full possibilities are a matter for the next generation to prove. With the development of these vast resources and the consequent growing prosperity of these states, there must follow steadily increasing demands for railway transportation—demands which the Louisville & Nashville, by reason of its strategic location and the far-sighted improvements of the past twenty years, should be able to supply.

RAY GIDNEY ELECTED VICE-PRESIDENT AND DIRECTOR

Ray M. Gidney, controller of the Federal Reserve Bank of New York City, was elected vice-president and director of the Citizens Trust Company of Buffalo, N. Y., at a meeting of the board of directors of that institution today. Besides being prominently known in national banking circles, Mr. Gidney has many friends in Buffalo, due to his two year stay here with the local Federal Reserve Bank.



RAY M. GIDNEY

Newly elected vice-president of the Citizens Trust Company

Mr. Gidney was born in Santa Barbara, California in 1887, and entered the employ of the Commercial Bank of Santa Barbara at the age of fifteen. After six years of bank work there, he entered the University of California in 1908 and graduated with honors in 1912. From 1912 to 1914 he was with the First National Bank of Bakersfield, California.

When the Federal Reserve Board was organized in 1914, Mr. Gidney went to Washington as private secretary to Honorable Adolph C. Miller, member of the Board. He later served a short time as Federal Reserve Examiner to examine Federal Reserve Banks, and in April, 1917, was appointed Assistant Federal Reserve Agent at the Federal Reserve Bank of New York. When the Buffalo branch of the Federal Reserve Bank was established in Buffalo in 1919, Mr. Gidney was selected to act as manager and continued in this position until September, 1921, when he returned to New York to become controller at large of the Federal Reserve Bank there.

Officials of the Citizens Trust Company said that Mr. Gidney would return to Buffalo February 1, to take up his new duties.

HARRY GALE McNOMEE

Harry Gale McNomee has joined the staff of Edwin Bird Wilson, Inc. Mr. McNomee was formerly vice-president of Medley



HARRY GALE McNOMEE

Scovil & Co., and previous to that connection was news editor of *The Daily News Record* and *Women's Wear* and a special writer for other New York newspapers.

BROTHERHOOD BANK PURCHASES INTEREST IN EMPIRE TRUST

The Brotherhood of Locomotive Engineers has purchased a substantial interest in the Empire Trust Company, New York, according to an announcement made by Leroy W. Baldwin, president of the trust company. The affiliation of the fifty-year old railroad brotherhood, consisting of 90,000 members, with the banking institution is expected to give an impetus to other labor organizations which have undertaken banking enterprises. It is hoped by those interested that such affiliation between labor and financial organizations will promote a better understanding between labor and capital.

Warren S. Stone, Grand Chief of the Brotherhood of Locomotive Engineers, and William B. Prenter, secretary and treasurer and for forty years financial adviser of the brotherhood, will represent the union on the directorate of the trust company. Other directors are Charles M. Schwab, T. Coleman du Pont, August Heckscher and Minor C. Keith.

The Empire Trust Company, organized twenty-two years ago, has a capital and surplus of more than \$4,000,000 and resources of nearly \$60,000,000. It is located at 120 Broadway. President Baldwin said:

Knowing that the Brotherhood of Locomotive Engineers was about enter the banking field in New York City, it occurred to me that an association with this powerful and far-reaching labor organization would be of great advantage to the Empire Trust Company. At the same time the brotherhood was desirous of affiliating with a strong banking institution in the financial district so that it could more advantageously handle its large investments and its banking interests.

Under arrangements that have been worked out the brotherhood has purchased a substantial interest in the Empire Trust Company. This arrangement, unquestionably, will add many millions to the deposits of the Empire Trust Company.

In all of the negotiations that have taken place with Mr. Stone and his colleagues we have found them to be keen, capable, forward-looking business men. They think straight, talk straight and act straight. Throughout the negotiations our relations have been most pleasant. We will work together in close harmony under the present management and organization of the Empire Trust Company, which will remain intact.

ANNUAL ELECTION OF FIDELITY TRUST COMPANY OF BUFFALO

The directors of the Fidelity Trust Company of Buffalo, N. Y., elected at the annual stockholders' meeting, Albert E. J. Krauss and Joseph E. Bright as assistant secretaries and Edward W. Miller, auditor. For the last three years Mr. Krauss has been a member of the auditing department, previous to which time he had worked as a teller. Mr. Miller has had a well rounded banking experience through his work in the various departments of the bank.

At the same meeting these officers were reelected: Clifford Hubbell, president; Harry T. Ramsdell; Thomas B. Lockwood, Lewis G. Harriman, vice-presidents; Merle H. Denison, secretary; Lloyd P. Williams, treasurer; Walter L. Curtiss, George B. Macphail, assistant secretaries; Frederick J. Federlein, assistant treasurer; Samuel G. Easterbrook, trust officer; Thomas Cantwell, assistant trust officer; Harley F. Drollinger, manager new business department; A. Erwin Rankin, Richard S. Graham, assistant secretaries.

ADRIAN H. MULLER & SON

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BONDS EVERY WEDNESDAY

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The following directors were reelected: Franklin D. Locke, chairman of the board; Frank B. Baird, Joseph G. Dudley, Charles W. Goodyear, Charles L. Gurney, Lewis G. Harriman, Clifford Hubbell, Harry D. Kirkover, Thomas B. Lockwood, Eugene J. McCarthy, Edward McM. Mills, Robert W. Pomeroy, Harry T. Ramsdell, A. H. Schoellkopf, Edwin C. Sutton, Henry P. Werner, W. A. Wickwire, Langdon B. Wood, Ralph G. Wright, Perry E. Wurst and Clinton R. Wyckoff.

HENRY CLEWS, DIES

Henry Clews, head of Henry Clews & Co., and a leader in the banking world for more than half a century, died on January 31, at his home, 27 West Fifty-first street, New York.

Mr. Clews, who was 88 years old, had been in failing health for several months. The direct cause of death was chronic bronchitis.

Henry Clews was born in Staffordshire, England, on August 14, 1834. He was the youngest son of James Clews, who was a manufacturer of pottery. Clews senior brought his son to this country on a visit in 1849 and the latter was so imbued with the progressive ideas of the American people that he made up his mind to stay as it seemed to him that the United States was the land of opportunity.

He was educated under Dr. Palin in Surrey, and was to have entered Cambridge University to study for the church, but the lure of the new land drew him to a business career. With the sanction of his father he applied for a position in the important woolen goods house of Wilson G. Hunt & Co. and was accepted. He remained in their employ nine years.

Although his prospects justified the belief

that he would make a successful merchant, he was obsessed with the thought that the financial world was where he belonged. He founded the firm of Stout, Clews & Mason, which afterward became Livermore, Clews & Mason and later Henry Clews & Co.

During the Civil War he was one of the Government's agents in floating the various bond issues of that period. When Secretary Chase of the Treasury was congratulated on the success of the large 5-20 loan he said: "I deserve no credit. If it had not been for Jay Cooke of Philadelphia and Henry Clews of New York the loan could not have been floated." This made Mr. Clews a national figure in the financial world and he maintained this position up to the time of his death.

Mr. Clews was a Republican in politics and years ago exerted a powerful influence in the councils of the party. He never sought nor held a political office. General Grant invited him to enter his Cabinet as Secretary of the Treasury and in 1870 a strong effort was made to induce him to accept the nomination for Mayor of New York City. He was one of the oldest members of the Union League Club and the next oldest of the New York Stock Exchange, which he joined in June 1864. He was a prominent member of the old "Gold Room" and it was due to his efforts and advice that the Government sold gold during the Black Friday panic in September 1869, which sales broke the corner in that coin.

Henry Clews was the author of "Fifty Years in Wall Street," which is the only authority on many of the stirring events which occurred during the period covered by that work. He also wrote several other books and essays on current topics. His writings and lectures favoring the American Peace and Arbitration League, of which he

was chief organizer, were both intensely interesting and instructive.

The degree of L.L.D. was conferred upon him by the State University of Kentucky and the Willamette University of Oregon and Ph.D. by the Ohio Northern University. For three years, during the late war, Mr. Clews was treasurer of the Dollar Christmas Fund for Destitute Belgians. After the war was over he received a decoration from King Albert to show his appreciation of the great success of the fund. He was also treasurer of the British War Relief Club and the Rumanian Relief Fund and was decorated by the Rumanian Government for his efforts.

E. T. ESHELMAN NEW PRESIDENT OF SYRACUSE BANK

Elmer T. Eshelman, first vice-president of the First Trust and Deposit Company,



E. T. ESHELMAN

Newly elected president of the City Bank and Trust Company, Syracuse

Syracuse, N. Y., was elected president of the City Bank Trust Company, Syracuse, at the annual meeting of the board of directors on January 17. He succeeds Stewart F. Han-

cock, who was elected chairman of the executive committee.

Mr. Eshelman went to Syracuse in October, 1917, to become treasurer of the Syracuse Trust Company. He had previously been chief examiner in the western section of the state for the State Banking Department. On October 1, 1918, he was elected vice-president of the Syracuse Trust, and on January 30, 1920, went to the First Trust and Deposit Company as first vice-president. Mr. Eshelman assumed his new duties on February 1.

Mr. Hancock will resume the practice of law which he discontinued at the time of his election, two years ago, as president of the City Bank Trust Company to succeed Arthur N. Ellis. He will continue to serve the bank in his new capacity and as its counsel.

MELLON NATIONAL BANK OF PITTSBURGH

The statement of condition of the Mellon National Bank of Pittsburgh, Pa., at December 31, 1922, showed total resources of \$132,402,927.67, surplus and undivided profits \$5,150,238.20, and deposits \$109,099,141.54.

PROMOTIONS AT MARINE TRUST COMPANY OF BUFFALO

At the annual meeting of the board of directors of the Marine Trust Company of Buffalo, held January 10, 1923, Samuel M. Johnson was elected a vice-president and Henry J. Beitz, secretary.

Mr. Johnson started his banking career as a messenger at the Bank of Buffalo in 1905, after three years going to the Bank of Gowanda as assistant cashier and returning to the Market Bank in 1916 as cashier. After four years of service at the Market Bank he was elected cashier of the Bank of Buffalo. At the merger of the Bank of Buffalo and the Marine Trust Company he was made secretary, which position he has held until his election as a vice-president.

Mr. Beitz started his banking career in 1904 in the Marine National Bank. He was elected assistant cashier in 1918 and assistant secretary in 1919 when the Marine National Bank changed to the Marine Trust Company which position he has held until his election as secretary.

The ability and untiring energy of these two officers have been rewarded by their election to higher official positions.



The officers of the Chemical National Bank of New York recently held a "New Business Dinner"
The above is a reproduction of the cartoons which appeared on the back of the menu card used on this occasion

EXTRA DIVIDEND AND SURPLUS INCREASED

At a regular meeting of the board of directors of the First National Bank of Cooperstown, N. Y., held January 31, a dividend at the rate of 3 per cent. and an extra dividend of 1 per cent. was declared payable February 1, from earnings during the last six months, and \$25,000 was added to surplus, making that item \$125,000. The period just closed has been the most prosperous in the history of the bank and both earnings and deposits are at record figures.

SECOND NATIONAL BANK OF PATERSON CHANGES

The directors of the Second National Bank of Paterson, N. J., decided to increase the official force by adding a second vice-president, the rapid growth of the business having prompted this change.

Edwin N. Hopson, who has been cashier of the bank for a number of years, was promoted to the new vice-presidency, and Wessels Van Blarcom, who has been connected with the bank for thirty-four years and rose step by step from a minor clerkship to the office of assistant cashier was chosen as Mr. Hopson's successor as cashier.

A new director was chosen in the person of Edwin R. Russell. The list of officers and directors is as follows:

William D. Blauvelt, president; Edwin N. Hopson, Samuel S. Evans, vice-presidents;

Wessels Van Blarcom, cashier; Ernest E. Blauvelt, Roland G. Eves, assistant cashiers. The directors are: William D. Blauvelt, J. Albert Van Winkle, William I. Lewis, Samuel S. Evans, Dr. Francis H. Todd, Charles Curie, Edwin N. Hopson, Felix G. Pettet, Gerald B. Jackson, James Wilson and Edward W. Russell.

NORTH CREEK NATIONAL BANK

The statement of condition of the North Creek National Bank of North Creek, N. Y., at the close of business on December 29, 1922, showed total resources of \$1,055,696.99, surplus \$60,000, undivided profits \$23,465.85, deposits \$890,938.84.

ANNUAL MEETING OF SPENCER BANK

At the annual meeting of stockholders of the Farmers and Merchants Bank of Spencer, New York, a dividend of 8 per cent. was declared.

After the annual report was given a business session was called at which the following directors were elected:

A. Max Fisher, M. L. Fisher, B. B. McDowell, M. B. Ferris, F. B. Cooper, H. H. Fisher, F. C. Bartholomew, Charles A. Seely, H. L. Emmons, H. M. Rowe, F. B. Smith. The directors met immediately and elected the following officers:

A Max Fisher, chairman of the board of directors; M. L. Fisher, president; B. B. McDowell, vice-president; F. B. Cooper,

cashier; Claude J. Tompkins, assistant cashier.

The comparative statement showed deposits, January 1905, to be \$45,000; January 1919, \$140,000; January 1922, \$285,000; January 1923, \$308,000.

DIME BANK TITLE & TRUST CO.

The statement of condition of the Dime Bank Title & Trust Company of Wilkes-Barre, Pa., at December 30, 1922, showed total resources of \$2,689,973.48, surplus \$200,000, undivided profits, \$28,685.04, and deposits, \$2,002,388.44.

In 1909 the deposits of the bank were \$440,360.29 and total resources \$746,665.54, and there has been a steady growth every year since.

NEW OFFICERS AND DIRECTORS OF NEWARK FIRM

General Motors Corporation announces the following election of officers and directors of the Klaxon Co., Newark, N. J.: William M. Sweet, president; Fred W. Ayers, vice-president; M. I. Mullen, secretary and treasurer.

The board of directors is as follows:

William M. Sweet, Fred W. Ayers, Alfred P. Sloan, Jr., John L. Pratt, John T. Smith.

Fred W. Ayers who has just been made vice-president has for the last two years been connected with the Klaxon Co. as general works manager.

BANK OFFICER EXPERT IN DEVELOPMENT WORK

At a recent meeting of the board of directors of the Union Trust Company of Rochester, at which the bank's officers for the year were designated, Charles H. Moore was elected vice-president in charge of the trust department.

For a number of years before his affiliation with the Rochester institution, Mr. Moore was identified with trust activities and bank development work. At the Philadelphia convention of the Associated Advertising Clubs, an exhibit by a Spokane trust company, for which Mr. Moore was then publicity manager, received one of the three awards made in a country-wide competition by banks.

Subsequently he served as chief of staff in the editorial departments of financial publicity organizations in St. Paul and

New York. Articles which he has contributed to bank magazines and financial advertising journals have given Mr. Moore's name high standing in banking circles.

A native of central New York, Mr. Moore was educated in the law and admitted to practice in this state in 1900.

ELECTED VICE-PRESIDENT BANK OF PITTSBURGH

At the meeting of the board of directors of the Bank of Pittsburgh N. A., held January 15, Sidney B. Congdon was elected vice-president in charge of the bank's credit division, succeeding E. M. Seibert who has resigned on account of ill health. Mr. Congdon, who assumed his new duties on January 17, has been National Bank Examiner in Pittsburgh and Cleveland districts for the past three years.

He was born October 3, 1891, in Wisconsin, was educated in Chicago, Ill., and Mt. Vernon, Ohio, and in September, 1911, accepted an appointment in the office of the Comptroller of Currency at Washington, D. C., where he was active in the organizing of the Federal Reserve Banking System. In May, 1918, he was commissioned as National Bank Examiner.

Shortly following this appointment he acted temporarily as assistant to the Director of Finances and Purchases of the U. S. Railroad Administration, relinquishing this position in 1919 to resume the examination of National Banks in Washington, D. C. In January, 1920, he was transferred to the Fourth Reserve District where he has since been engaged in the examination of National Banks in Pittsburgh, Cleveland and Cincinnati, maintaining his office and residence in Pittsburgh.

Mr. Seibert, the resigning vice-president, has been retained by the bank in an advisory capacity and leaves with the best wishes of the organization. He expects to go to Atlantic City shortly for an extended visit to recuperate his health which has been failing for the last year.

FOURTH STREET NATIONAL BANK ELECTS OFFICERS

At the meeting of the directors of the Fourth Street National Bank of Philadelphia the following officers were unanimously reelected: Sidney F. Tyler, chairman of the board; E. F. Spanbavker, president; R. J. Clark, vice-president and cashier; W. K. Hardt, W. R. Humphreys, vice-presidents, and R. J. Clark, cashier.

MORRIS PLAN INSURANCE PROGRESS

The Morris Plan Insurance Society has completed its fifth year, having issued 34,200 policies in the year 1922 for an aggregate amount of \$8,223,600. Since November 1917, it has issued 139,000 policies for \$27,853,600. The Society's capital is \$100,000, and on December 31 its surplus, undivided profits and reserves amounted to \$279,000, of which 69,000 had been accumulated in 1922. The Society was organized primarily for the purpose of insuring borrowers from the 100 Morris Plan banks and companies in the United States for the amount of their loans so long as they are outstanding—usually fifty weeks.

J. EDWARD POOLE ELECTED VICE-PRESIDENT

J. Edward Poole, a well known, Albany insurance man, has been elected a vice-president of the Home Savings Bank of Albany, N. Y. He has been a member of the board of trustees of the institution for years. Mr. Poole is a member of the board of directors of the Insurance Federation of the State of New York and is active in the New York State Association of Local Agents.

PROVISION TRADE TO HAVE NEW BANK

A new bank, the Franklin National Bank of New York, has recently been organized to serve the grocery and provision trade. Arthur P. Smith, with the Irving National Bank for many years, will be president, and T. K. Smith, formerly with the National City and Chase National Banks, will be first vice-president. The stock of the bank is to be placed in a voting trust for five years in order that the institution might be entirely independent, it is explained in the prospectus, which adds:

"The organizers are for the most part men who are actively associated with the business of the district. After a careful canvass they believe that there is a distinct need for an independent bank, with offices readily accessible to the customers desiring accommodation. In fact, sufficient assurances of support have already been given by many prominent mercantile houses in the vicinity to assure the initial success of the plan."

The directors will include the following: Charles L. Bernheimer, president Bear Hill Manufacturing Company; L. F. Bridges of Sanford & Timpson and president Dried Fruit Association of New York; M. W. Harrison, vice-president National Association of Owners of Railway Securities; George W. Jacques of Masten Nichols, Albert T. Johnson, vice-president Borden Company; Frank Presbrey, president Frank Presbrey & Co.; Charles W. Weston, vice-president Metropolitan Trust Company, and A. B. Squire, president the Squire Company.

NATIONAL BANK OF SOUTH AFRICA GIVES ENTERTAINMENT

L. R. Morgan, agent of the National Bank of South Africa, 44 Beaver street, New York City, presided at a unique entertainment given by the members of the staff at the bank premises February 9. This was the first social gathering of the staff, and hereafter it will be made an annual affair.

The large main office was cleared of desks and decorated throughout. The program showed very considerable talent, some of it hitherto unsuspected, among the staff.

The National Bank of South Africa is one of the largest banking institutions in its field, having over 500 branches throughout South Africa.

WILLIAM H. JAQUITH

William H. Jaquith, formerly assistant cashier of the Coal and Iron National Bank of New York has been made a vice-president.

OPENS NEW OFFICE

The Central National Bank of Philadelphia announces the opening on February 15, of a new office of the bank at Broad, Cambria and Glenwood avenue, Philadelphia. The bank, according to its statement of December 29, 1922, showed total resources of \$33,514,951.27, surplus and profits \$4,869,416.39, and deposits \$27,081,894.95.

PERCY H. JOHNSTON

Percy H. Johnston, president of the Chemical National Bank of New York, was a guest at the Annual Gridiron Dinner held in Washington on February 10.

How to Succeed in the Bank

A New Book by W. R. MOREHOUSE

Price \$2.50

"OPPORTUNITY never knocks at the door of the young banker who has folded his arms, seated himself in a comfortable chair, and is waiting for something to happen. Opportunity is for those who are on the lookout for something more responsible to do."

So begins the first chapter of "How to Succeed in the Bank", and in the latest book of this favorite author on banking subjects he frankly discusses with bank employees such important subjects relating to daily work and daily contact with fellow workers, as salaries, promotions, fitness, punctuality, permanency, brains, work, service, personal appearance, broken promises, foolish notions and twenty or more just as interesting subjects.

Mr. Morehouse writes from experience. For twenty years he has been in close personal contact with bank employees. He knows what it takes to succeed. Beginning in 1902 as bookkeeper and janitor in a small country bank, he today occupies the position of vice-president in the Security Trust and Savings Bank of Los Angeles, with resources exceeding \$165,000,000.

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I enclose \$2.50 for a copy of "How to Succeed in the Bank" by Morehouse.

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Bank.....

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Every bank employee should have a copy. Every bank executive should see that each employee has a copy.

For the banks wishing to present copies to their employees a special price will be quoted on request

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

FACTORS that have retarded general business in New England are gradually being overcome and each week sees a substantial advance in the volume of trade. The long period of labor troubles in the textile and building trades during 1922 could not be overcome at once, but it can be truthfully said now that they have been overcome and in every part of New England employment is almost at the maximum.

The shoe factories, which lagged behind the other major industries, are making rapid progress and now seem assured of capacity business in the spring. The textile mills are already running around 80 to 90 per cent. The biggest factor in the woolen industry has just made a declaration of prices for the fall season of 1923 that has done much to improve conditions. The price level that has been declared is one that will enable jobbers and retailers to market the product at prices interesting to the consumers, and it is felt that this one big merchandising move has done more to improve general business in New England than can be adequately measured. It means full employment for thousands of hands, it means big orders for raw materials, it means good business for the retail stores.

Retail trade, barring the handicaps imposed by extreme weather conditions, is excellent. Credit conditions are normal, merchants are not borrowing as freely as the banks might wish, but the demand for money is slowly increasing as merchants gain the courage to stock up more and more heavily.

Transportation has been hard hit by the extreme weather and the generally poor condition of the rolling stock of the roads serving New England. This is, in fact the greatest single factor acting as a deterrent to capacity business in New England.

Banking conditions are satisfactory. Savings accounts have shown tremendous gains, even in districts affected by strikes, and there is an abundance of money for mortgages and other commercial purposes.

Real estate is quiet, and has probably reached its dullest point for the year. This is perfectly natural, and all signs point to a big real estate movement early in the spring. The speculative builder and the speculator in real estate, who have been inactive factors for the past two or three years, will play a big part this spring, for the housing shortage has been by no means overcome as yet, and the present level of building costs is such as to attract considerable speculative money, even at the lower levels that now prevail for rents. Building materials, not now in active demand, are being accumulated in large quantities to take care of the spring rush, and there is nothing at present to indicate any material rise in building costs for the early spring season.

Labor conditions are, at the moment, satisfactory. There are threats of new demands in the textile industry and in the building industry, but these demands emanate from a small minority of the workers and there is better than an even chance of avoiding any further interruptions to production.



CONVENTION DATES

Vermont—at Montpelier, February 22.

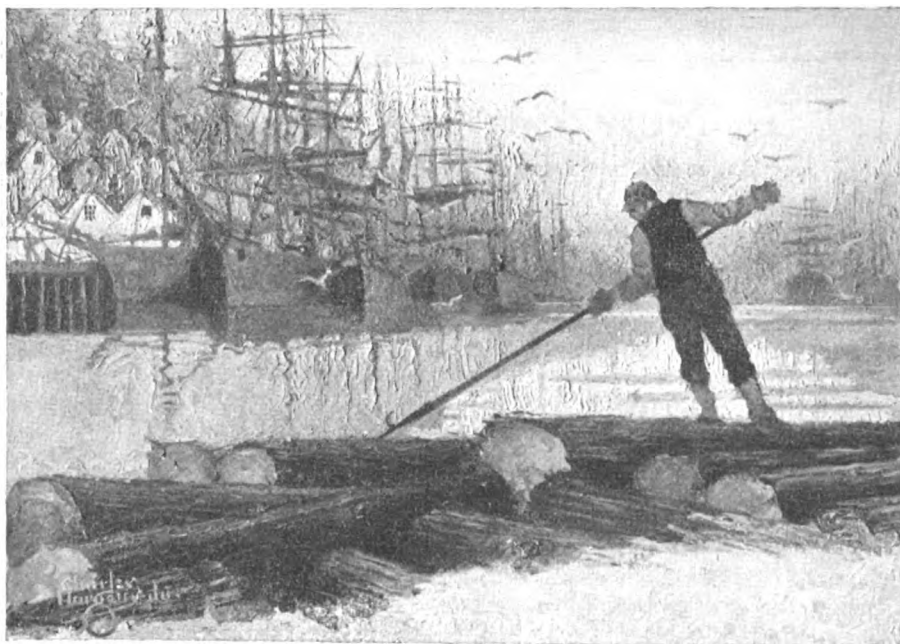
HARRY L. JONES

Harry L. Jones was added to the directorate of the Massachusetts Trust Company, Boston, at the annual meeting of the stockholders on January 9. All the old directors were reelected.

NATIONAL SHAWMUT ELECTIONS

At the annual meeting of the National Shawmut Bank of Boston, Thomas Hunt, of the law firm of Gaston, Snow, Saltonstall & Hunt, was added to the board of directors.

Edward A. Davis, an assistant cashier of



Where news begins

BEFORE keen reporters ferret out the features of news, before scurrying newsboys receive their bundles of dailies, thousands of trees must fall to provide an endless supply of wood-pulp. Without cheap paper, newspapers would be too costly for wide circulation.

From the great spruce forests of Maine and lower Canada, logs come down to New England pulp mills that have been producing paper for generations. These mills are important sources of the nation's newsprint, and many of

them are old clients of this bank.

In the paper industry, as in all other New England industries, The National Shawmut Bank is fortunately placed to render quick, intelligent service. Through branches and close connections wherever there is need to transact financial business, this bank can often save clients days and dollars.

The services of Shawmut can also be used in unusual ways to secure reports and carry out instructions as effectively as a personal representative.



**THE NATIONAL SHAWMUT BANK
of BOSTON**

the bank, was elected a vice-president, and George E. Pierce of the credit department was elected an assistant cashier.

GREENWICH BANK MERGER

Announcement is made of the merger of the Putnam Trust Company and the Greenwich National Bank both of Greenwich, Conn. The merger, it is stated, represents total resources of \$5,600,000. The organization will be known as the Putnam Trust Company.

ROBERT DARLING

Robert Darling has been elected a director of the First National Bank of Hartford, Conn., to succeed the late James H. Knight.

BANK MERGER IN VERMONT

The Peoples National Bank of Brattleboro, Vt., with a capital of \$200,000, and of which J. G. Estey is president and the Vermont National Bank with a capital of \$250,000, and of which J. M. Tyler is president, have consolidated under the corporate title of The Vermont-Peoples National Bank of Brattleboro, with \$400,000 capital.

MASSACHUSETTS TRUST COMPANIES ASSOCIATION

Waldron H. Rand, Jr., vice-president of the Commonwealth Trust Company of Boston was elected president of the Massachusetts Trust Companies Association at the annual meeting and luncheon on December 27. H. L. Sherman, president of the Merchants Trust Company of Lawrence, was elected vice-president; A. J. Meserve, vice-president of the Brookline Trust Company, secretary-treasurer. The following were elected to the executive committee to serve until 1925, Allan Forbes, president of the State Street Trust Co.; to serve until 1926, A. C. Ratshesky, president of the United States Trust Company of Boston and Leland H. Cole, president of the Naumkeag Trust Company of Salem.

COMMERCE AT BOSTON SHOWS LARGE GAINS

Heavy increases in the foreign commerce of the port of Boston are shown in the figures just tabulated by the United States customs officials for the calendar year 1922.

A total of 1837 vessels of all types arrived at Boston from foreign ports during 1922, representing 4,289,416 net tonnage, compared with 1434 vessels of 2,999,593 tons for 1921 and 1181 craft of 2,249,870 tons for 1920. The 1919 figures were 1022 boats of 1,771,657 net tons.

Of the total vessels arriving here from foreign ports, 1032 were registered under the British flag, 584 under the American flag, 79 Norwegian, 41 Dutch and 29 Danish. Thus British bottoms handled nearly half the business of the port, for the 1032 British vessels represented 2,075,414 net tons. Similar conditions prevailed in the outbound vessels, for the total number of vessels that cleared for foreign ports in 1922 was 1214, having a net tonnage of 2,476,011, of which 735 were British, with 1,144,817 net tons represented.

COMMONWEALTH TRUST COMPANY

The statement of condition of the Commonwealth Trust Company of Boston, Mass., at December 30, 1922, showed total resources of \$35,189,002.40, surplus \$1,000,000, undivided profits \$336,342.73 and deposits \$32,102,659.67.

FIRST NATIONAL OF BOSTON ELECTS DIRECTORS

At the annual meeting of the stockholders of the First National Bank of Boston on January 9, two new directors were elected, Andrew G. Pierce, Jr., of New Bedford, vice-president American Woolen Co., and Matt B. Jones, president New England Telephone & Telegraph Co.

CITY BANK & TRUST COMPANY OF HARTFORD

At a recent meeting of the directors of the City Bank & Trust Company of Hartford, Conn., Vice-president Leroy W. Campbell was elected a director, and Vice-president Alfred W. Jacobs was made secretary.

JOSEPH L. FOSTER

At the annual meeting of the stockholders of the Webster & Atlas National Bank, Boston, Joseph L. Foster, vice-president and cashier of the institution, was elected a director in place of Granville E. Foss, resigned.

The Business Law Journal

A New Publication That Will Appeal to Banks

IN January will be issued the first number of a monthly publication, "The Business Law Journal," which will contain the current important commercial decisions of the State and Federal Courts.

Each issue will present 50 to 60 such decisions. Each decision will be set forth at sufficient length to explain the facts, the question presented, the court's conclusion, and the reasoning upon which the same is based. These decisions should be brought to the attention of the men in your organization to whose departments they refer.

The following is a partial list of the subjects, under which the decisions will group themselves:

Corporations	Negotiable Paper
Insurance	Mortgages
Sales	Bankruptcy
Brokers	Taxation
Contracts	Workmen's Compensation
Banking	Federal Trade Commission Decisions

By reason of the ever extending field of commercial activity, into which the banks of the present day are entering, this new publication is one that will particularly appeal to banks.

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Southern States

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ECONOMIC CONDITIONS IN THE SOUTHERN STATES

BY THOMAS EWING DABNEY

WITH the banks in a stronger position than they have ever been; with cotton and sugar selling for 50 per cent. more than they did a year ago; with the larger rice crop compensating for the lower price of that cereal; with pine lumber bringing an increase of 29 per cent., and production rising; with exports and imports greater; with a heavier movement of freight both by train and by the Government's waterway service; with savings accounts increasing, homeowners multiplying and real estate moving steadily to higher levels; with employment improving and the tide of industry setting into this section—the South enters 1923 with most of the promises of 1922 fulfilled, and still brighter promises for the future—promises that are easier of realization on the principle that it is easier to accelerate a machine than it is to start it.

There is no more certain indicator of business than the sales of department stores. They accurately and immediately reflect the buying power of the people. And, except in a few localities, the business improvement here has been steady. To quote the latest figures available, the section improved an average of 3.9 per cent. in November, compared with November, 1921. In Birmingham, the improvement was 23 per cent.; in Chattanooga, 7.2 per cent.; in Jackson, 0.9 per cent.; Atlanta, New Orleans and Nashville registered a decline of 0.6, 1.5 and 3.3 per cent., respectively. Other cities in the district showed an increase of 9.5 per cent.

Here are the basic elements in the present situation:

Cotton, which last January was selling at 16 to 17 cents, is selling at 25 to 26 cents. Is the price sound? How long can it be expected to be maintained? Look at the following figures:

The crop of 1921 was 8,000,000 bales; the carryover 9,000,000 bales, giving a total supply of 17,000,000 bales. The crop of 1922 is 10,000,000 bales, the carryover 5,000,000

bales, giving a total supply of 15,000,000 bales. Consumption in 1921 was 12,800,000 bales, or 4,200,000 bales less than the supply. Consumption during the present season is estimated at 12,500,000 bales, or 2,500,000 bales less than the supply. This carryover of 2,500,000 bales is very low; about half the carryover of last year. With this small carryover, we may expect a short crop in 1923, because of the boll weevil, unless there is an exceptional growing season. We may therefore expect higher prices.

Though the sugar crop of the South (Louisiana) was somewhat below that of 1921, the price is so much better, and other conditions have improved so greatly that we can claim great improvement in this industry. The price has risen from 3.50-3.90 cents



Wm. Branch
Our First President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000
Surplus and Profits over 1,875,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Bank of Charleston

National Banking Association

Charleston,

S. C.

Established 1834

The Bank of Charleston succeeded to business of liquidating branch Bank of the United States.

Capital and Surplus . . \$1,500,000.00
Resources . . . \$12,500,000.00

to 5.25-5.63 cents. By the new tariff, the Louisiana planter has a 1.76 cent advantage over the Cuban planter, instead of a 1.60 cent advantage the year before. Europe's demand, during the past year, has increased tremendously; the United States, during the first nine months of the year, shipped thirty times as much sugar to Europe as in 1921. Furthermore, the American sugar beet crop is exceptionally low, and the per capita consumption of sugar has risen to more than 100 pounds in the United States.

Despite the slow domestic and foreign demand, rice has developed a remarkable firmness of price. It is true that the price is about one cent below that of 1921; but the crop was small then; this year, it has been large. The added strength comes from the organization of rice farmers and the receipt of financial aid from the Government and from local banks as a result thereof. The rice farmers don't have to dump their product upon a heavy market.

Cypress mills report the finest year in the history of that industry. Southern pine has made a notable improvement. The 1922 production of Southern pine was about a billion feet, board measure, greater than that of 1921. Production was about 90 per cent. of normal; shipments 88.5 per cent. of normal; orders 100 per cent. In 1921, production was only 77.6 per cent. of normal; shipments 81.4 per cent.; and orders 85.3 per cent. The first four months of 1916 are the basis for normal.

About 175,000 persons were employed in the Southern pine industry in 1922—an increase over 1921; their payroll was about \$175,000,000. Production costs dropped appreciably, and the heavy demand for building, and for the railroads caused the prices

to rise an average of 29.5 per cent. above the level of January, 1922. For 1923, the signs point to a continuance of this demand. The railroads should duplicate their orders of 1921, when they built 150,000 cars; house construction plans already announced indicates that the building program of 1923 will be a full one.

The development of New Orleans' most valuable import trade—coffee—made important economic progress. It is true that imports fell off about a million bags, but that was due (1) to the fact that there was less to import, Brazil's crop being very small; and (2) to the economical buying by the green coffee trade of this country because of the valorization system, by which the Brazilian government has forced the price to an economic level. The trade entered 1923 with extremely low stocks, waiting until the large crop, forecast for Brazil in 1923, forces prices down. New Orleans maintained and improved its relative position as an import center.

The economic development mentioned has been towards increasing the sales territory of New Orleans. This has been done through removing freight discriminations against the port, formerly enjoyed by Galveston, both into Texas and into central territory. Now the fight is to be carried to the East, in a case that is being prepared to cause the Interstate Commerce Commission to put New Orleans on a parity with New York in less-than-car-lots into central territory. If New Orleans wins this case, it will increase the port's sales territory by about 25 per cent.

Though the transportation situation has not been fully rectified, it has been improved considerably. Shipments of coal, lumber and other commodities are being made with greater regularity and speed.

Evidences of improvement are also contained in the fact that failures in the sixth Federal Reserve District have declined more than 40 per cent. in number and 48 per cent. in liabilities, compared with the same period last year.

The volume of debits to individual accounts for the second week in December shows an increase of almost 17 per cent. over the corresponding week of the year before. Both demand and savings deposits continue to show increases over figures for the same period of 1921.

Manufacturing in the South shows an increased output. Statistics compiled by the Government show that the consumption of

cotton is increasing not only in the United States as a whole, but in the cotton-growing states as well. Industries in other lines already established are extending their operations; and new ones are establishing in the South.



CONVENTION DATES

Georgia—at Savannah, May 10-12.
Investment Bankers Association—at Washington, D. C., October.
National Association of Credit Men—at Atlanta, June 12-15.
Mississippi—at Meridian, May 8-9.
North Carolina—at Pinehurst, May 3-5.
Louisiana—at Shreveport, April 18-19.

TOPICS TO BE DISCUSSED AT LOUISIANA CONVENTION

The question of taxing municipal bonds, results of cooperative marketing, and the transportation problem will be the three principal topics discussed by the Louisiana Bankers Association, which holds its annual convention April 18-19 at Shreveport.

Preliminary details of the program were worked out by the executive council which met in New Orleans for the purpose.

The "tax-exempt" question is one of the most important that is now before the country. Some bankers are in favor of removing the present exemptions, some are opposed to it. The subject is to be presented from both points of view, and it is probable that the association will take a vote.

Coöperative marketing will be discussed from the standpoint of what it has accomplished. It is the sentiment of representative bankers that this is the solution of the agricultural problem.

Transportation will be discussed from the standpoint of the farmer, the manufacturer, and the merchant. The condition of the railroads will be carefully analyzed.

Other subjects will have relation to improvement of business and progress.

One speaker will be furnished by the American Bankers Association. Others will be chosen by the executive council, who will seek to have recognized authorities on the various subjects talk.

The Louisiana Bankers Association includes in its membership practically every bank in Louisiana. It was founded in 1899.

Present at the meeting were: L. O. Brous-

sard, president Bank of Abbeville, chairman of the executive council; W. S. Craig, cashier Tallulah State Bank, president Louisiana Bankers Association; C. G. Rives, vice-president Interstate Bank of New Orleans, vice-president; J. C. Barry, cashier Bank of Lafayette, secretary; W. J. Mitchell, vice-president Canal-Commercial Bank of New Orleans, treasurer; S. Arthur Knapp, vice-president Calcasieu National Bank, Lake Charles; R. H. Miller, cashier Bank of Minden; L. M. Pool and John Dane, president and vice-president Marine Bank, New Orleans; Joseph L. Fisher, cashier Peoples State and Savings Bank, Morgan City; H. Flood Madison, Bastrop State Bank; Eugene Cazedessus, vice-president Bank of Baton Rouge; Charles deB. Claiborne, vice-president Whitney-Central Bank; E. T. Merrick, attorney Canal-Commercial Bank, New Orleans, chairman legislative committee.

BANK OF COMMERCE AND TRUST COMPANY

The annual statement of condition of the Bank of Commerce & Trust Company of Mansfield, La., at the close of business on December 30, 1922, showed total resources of \$2,863,333.17, surplus \$20,000, undivided profits \$23,875.21, deposits \$2,524,227.76. The bank is capitalized at \$100,000.

HIBERNIA BANK ELECTIONS

The Hibernia Bank & Trust Company of New Orleans takes pleasure in announcing the promotion of William B. Wisdom to publicity manager of their institution. Mr. Wisdom entered the employ of the bank in August 1921, and has been a member of the advertising staff since January 1922.

Mr. Wisdom succeeds William Edward Brown, who has been promoted to the sales force of the Hibernia Securities Company, Inc. Mr. Wisdom is also a native Orleanian, a graduate of Washington and Lee University, and is a former newspaper man.

At the annual meeting of stockholders of the bank the following directors were reelected for the ensuing year:

C. F. Allgeyer, Gus B. Baldwin, A. Brittin, E. J. Caire, R. E. Craig, H. Genes Dufour, Peter F. Dunn, C. P. Ellis, F. W. Ellsworth, F. W. Evans, John T. Gibbons, Jr., Geo. J. Glover, H. R. Gould, R. S. Hecht, Alvin P. Howard, Paul F. Jahncke, Ferdinand Katz, Frank L. Levy, Ernest M. Loeb, J. J. Manson, D. B. Martinez, C. S.

Mathews, Bernard McCloskey, Hugh McCloskey, J. S. Otis, W. L. Richeson, E. G. Schlieder, W. P. Simpson, Hugh E. Vincent, Frederick Wilbert, R. W. Wilmot, S. Zemurray.

J. B. H. DUNN ELECTED VICE-PRESIDENT AND DIRECTOR

At the regular annual meeting of the stockholders of the National Bank of Baltimore, John B. H. Dunn, one of Baltimore's best known bankers, was elected vice-president and director of the institu-



JOHN B. H. DUNN

Recently elected vice-president and director of National Bank of Baltimore

tion. Until recently he was identified with the Merchants National Bank as vice-president where in 1892 he started as runner. He is also a director of the Savings Bank of Baltimore, having succeeded the late Douglas H. Thomas, and is treasurer of the Export and Import Board of Trade and of the Family Welfare Association.

Mr. Dunn goes to the National Bank of Baltimore with thirty-one years of banking experience. His hosts of friends wish him every success in his new undertaking.

Other newly appointed directors are: Frank J. Caughy, Caughy & Co.; Wm. J.

Delcher, cashier; Theodore N. Austin, assistant cashier.

LOUISIANA SAFE DEPOSIT ASSOCIATION

Louisiana Safe Deposit Association composed of twenty-five safe deposit companies of New Orleans and nearby cities has been organized with the following officers: L. E. Thoman, manager safe deposit department Hibernia Bank & Trust Company, president; N. Riviere, assistant custodian Canal Commercial Trust and Savings Bank, first vice-president; Jules J. Bayle, manager City Bank, branch of the Whitney Central Bank, second vice-president; Morris Baudin, manager safe deposit department Ninth Street Market Branch of the Canal Commercial Bank, secretary and treasurer.

BLUEFIELD NATIONAL BANK

The statement of condition of the Bluefield National Bank of Bluefield, West Virginia, at December 30, 1922, showed total resources of \$1,311,305.71, surplus and undivided profits \$53,674.96, and deposits \$732,291.59.

HIIBERNIA SECURITIES COMPANY

H. R. Gould of H. R. Gould & Co. and F. W. Evans, president and general manager of D. H. Holmes Company have been elected to the board of directors of the Hibernia Securities Company to succeed the late P. H. Wilkinson and Adolph Katz.

The complete personnel of the board of directors of the Hibernia Securities Company, Inc., is as follows: C. E. Allgeyer, Gus B. Baldwin, A. Brittin, E. J. Caire, R. E. Craig, H. Generes Dufour, Peter F. Dunn, C. P. Ellis, F. W. Ellsworth, F. W. Evans, John T. Gibbons, Jr., Geo. J. Glover, H. R. Gould, R. S. Hecht, Alvin P. Howard, Paul F. Jahnecke, Ferdinand Katz, Frank L. Levy, Ernest M. Loeb, D. B. Martinez, J. J. Manson, C. S. Mathews, B. McCloskey, Hugh McCloskey, J. S. Otis, W. L. Richeson, W. P. Simpson, E. G. Schlieder, Hugh E. Vincent, Frederick Wilbert, R. W. Wilmot and S. Zemurray.

A WOMAN BANK OFFICER

Emilie N. Plack of Norfolk, Va., has been elected vice-president of The Morris Plan Bank of that city—the oldest of The Morris Plan banks and companies now in successful operation in over 100 cities. Mrs. Plack

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1863

with

EXPERIENCE — Over fifty - seven
years

STRENGTH — Capital and Surplus
\$4,000,000.00

OFFICERS — Experienced, capable and
well versed on conditions
and credits thruout this
territory :

invites your business

JOHN M. MILLER, JR.
President

Resources over \$30,000,000

retains the position of cashier, which she has held for several years before her promotion.

INVESTMENT BANKERS CONVENTION

The twelfth annual convention of the Investment Bankers Association of America will be held early next October in Washington, D. C., according to an announcement made on behalf of the Board of Governors of the Association.

Preliminary arrangements for the annual gathering are now being made by the Board of Governors working in coöperation with the Washington members of the Association. The exact dates of the meeting at the national capital will be definitely fixed at the meeting of the Board of Governors to be held at White Sulphur Springs in May. At that time committees will also be chosen to arrange all of the details of the convention which is expected to be one of the most important in the history of the organization. In view of the fact that the convention is to be held this year at the seat of the Federal Government, it is expected that many high Government officials will be the guests

of the bankers during the course of the meetings. The convention was held last year at Del Monte, California.

ANNUAL MEETING OF CITY BANK AND TRUST COMPANY

At the annual meeting of the stockholders of the State & City Bank and Trust Company, Richmond, Va., recently held B. E. Geer, of Greenville, S. C. and Oscar E. Parrish, were added to the board of directors. Mr. Geer is president and treasurer of the Judson Mills of Greenville. Mr. Parrish is president of the Broad Street Bank of Richmond, one of the most thriving financial institutions in Virginia.

The annual statement of the State & City Bank and Trust Company, at the close of business December 29, 1922, showed total resources in excess of \$21,700,000, loans and discounts were \$13,444,000, and deposits exceeded \$15,540,000.

Following are the names of the officers of the institution: William H. Palmer, chairman of the board; Julien H. Hill, president; R. E. Cunningham, W. S. Ryland, Jesse F. Wood, B. Frank Dew, H. H. Augustine, Walter S. Robertson and T. T. Hyde, Jr.,

vice-presidents; Mr. Wood is also cashier; Joseph M. Hurt, Jr., trust officer; S. Y. Tyree, Lawson H. Cooke, W. J. Whitehurst, E. E. Wilson, C. B. Fleet, Jr., S. W. Phillips, W. H. Gilman, Randolph C. Harrison and Joseph C. Edens, assistant cashiers; E. F. Diggs, auditor.

The complete condensed statement of the bank is as follows:

RESOURCES	
Loans and discounts	\$13,444,192.10
Overdrafts	8,669.77
Stocks and bonds	1,393,012.62
United States bonds borrowed	500,000.00
Cash and due from banks	4,433,985.73
Customers' liability account of acceptances	679,639.49
Acceptances of other banks sold with our endorsement	526,000.00
Interest earned but not collected	32,751.76
Real estate, banking house, furniture and fixtures	598,064.50
Other real estate	13,064.66
Other resources	75,557.29
	<hr/>
	\$21,704,937.92
LIABILITIES	
Deposits	\$15,541,938.77
Bills payable and rediscounts	1,494,800.00
United States bonds borrowed	500,000.00
Liability account of acceptances	679,639.49
Liability account of acceptances of other banks sold with our endorsement	526,000.00
Unearned discount	93,352.36
Reserve for interest, taxes and contingencies	281,215.75
Capital stock	1,200,000.00
Surplus and undivided profits	1,387,991.55
	<hr/>
	\$21,704,937.92

Following is the list of directors: James H. Anderson, Richmond; Hugh Antrim, of C. W. Antrim & Sons; S. T. Beveridge, of S. T. Beveridge & Co.; Joseph P. Brady, clerk U. S. District Court; Spencer L. Carter, vice-president Virginia-Carolina Chemical Co.; James D. Crump, Richmond; Robert S. Crump, president Standard Paper Mfg. Co.; H. W. Ellerson, president Albemarle Paper Mfg. Co.; H. L. Ferguson, president First National Bank, Newport News, Va., president Newport News Ship-

building & Dry Dock Co.; B. E. Geer, president Judson Cotton Mills, Greenville, S. C.; Horace S. Hawes, of S. H. Hawes & Co.; Julien H. Hill, president; C. K. Lasiter, president Consolidated Machine Tool Corp. of America; J. Jordan Leake, of Leake & Buford, Attorneys; James I. Miller, president F. P. Taylor Co., Inc.; Edwin A. Palmer, principal agent Mutual Assurance Society of Va.; William H. Palmer, chairman of board, president Virginia Fire & Marine Ins. Co.; Oscar E. Parrish, president Broad Street Bank; H. R. Pollard, Jr., president Pollard & Bagby, Inc.; W. S. Rhoads, president Miller & Rhoads, Inc.; Henry C. Stuart, Elk Garden, Va.; E. B. Sydnor, president Richmond Dry Goods Co.; Granville G. Valentine, president Valentine Meat Juice Co.

CONDITION OF LOUISIANA STATE BANKS

Hon. J. S. Brock, Commissioner of State Banks for the State of Louisiana has issued a most interesting report covering the development of banking in the State of Louisiana during 1922. His report also includes significant figures comparing the banking situation in Louisiana during the peak of the inflation period in 1919 with conditons today. The report is as follows:

"I beg to submit a copy of the compiled statement of the nine state banks, savings banks and trust companies in the City of New Orleans; also a consolidated statement of condition of all the state banks in Louisiana as of December 30, 1922, together with charts showing fluctuations of certain important items of assets and liabilities covering a period of five to seven years.

"A comparative table for the years 1919, (the peak of the inflation period) 1921 and 1922, is as follows:

RESOURCES	221 state banks as of Dec. 1919	221 state banks at close of 1921	230 state banks at close of 1922
Loans and discounts	\$202,111,096.10	\$213,408,210.77	\$218,430,996.51
Overdrafts	2,317,823.26	995,539.14	1,289,456.22
Stocks, bonds, and certificates	48,338,241.44	35,894,758.96	38,330,253.11
Banking houses, fixtures and real estate	9,210,628.90	15,037,619.69	16,334,108.65
Cash on hand and due from other banks	102,993,020.15	68,604,158.78	78,716,261.87
Customers liability, letters of credit and acceptances	15,383,147.66	8,202,921.08	11,627,315.41
Items in suspense	148,498.76	99,584.68	134,768.50
Total	<hr/> \$380,502,456.25	<hr/> \$332,242,793.10	<hr/> \$364,863,160.27
LIABILITIES			
Capital stock paid in	\$ 18,991,990.00	\$ 23,044,340.00	\$ 23,227,790.00
Surplus and profits	13,309,843.57	16,128,173.15	16,244,983.92
Reserve for interest and taxes	516,706.37	653,846.44	676,978.11
Savings deposits	54,174,702.86	63,977,548.53	68,710,265.65
Other deposits	257,982,659.91	187,946,673.40	237,309,899.29
Bills payable	312,157,362.77	251,924,219.93	306,020,164.94
Rediscounts	20,697,114.20	32,361,427.47	6,247,356.04
Liability on letters of credit and acceptances	14,829,639.34	8,140,786.11	13,445,997.26
Total	<hr/> \$380,502,456.25	<hr/> \$332,242,793.10	<hr/> \$364,863,160.27

"The figures given in the comparative tables and charts herein speak for themselves and comment is hardly necessary.

"At the close of business December 30, 1922, the total deposits of all state banks, savings banks and trust companies, amounting to \$306,020,164.00 show an increase of \$54,095,945.00 over December 31, 1921, which is almost equal to the total deposits as of December 31, 1919, the peak of the after-war inflation period. And when the dollar value of December 31, 1922, as compared to the dollar value of December 31, 1919, is taken into consideration, it could be safely said that our December 31, 1922, deposits value exceed any previous record. Although the total deposits at close of 1922 are a little under the total deposits at close of 1919, yet the savings deposits at close of 1922 show a net gain of \$14,535,562.79 over the close of 1919.

"Another striking feature of the comparative table herein is the great reduction in the item of borrowed money, under the heading of bills payable and rediscounts, as follows: \$20,697,114.20 (at close 1919); \$61,330,055.88 (at close 1920); \$32,351,427.47 (at close 1921); \$5,247,356.04 (at close 1922)."

CAROLINA NATIONAL BANK OF COLUMBIA

The board of directors of The Carolina National Bank of Columbia, S. C., announce the election of the following officers: W. A. Clark, chairman of the board; Joseph M. Bell, president; T. S. Bryan, R. S. DesPortes, vice-presidents; John D. Bell, cashier, Thos. J. Fickling, Jas. J. Robb, assistant cashiers.

AMERICAN NATIONAL BANK OF NASHVILLE

In his annual report to the stockholders of the American National Bank of Nashville, Tenn., the president, P. D. Houston, had the following to say about the growth of the bank during the past year:

As the deposits of banks are but the reflection of the business of the country, a comparison of present Southern bank deposits with a year ago, shows a remarkable upward movement.

In our own institutions the increase was over five million dollars, or about 29 per cent. over the same period of 1921, which is convincing evidence that our progress has been satisfactory.

Our total loans are slightly lower than they were in December, 1921, and for the past several months the demand for commercial loans was very limited and interest rates much less than for several years past.

Mortgage loans made through our Trust Company have been in good volume and have pro-

vided investment for our steadily increasing savings deposits and trust funds.

Bills payable and rediscounts shown in our statement of a year ago, amounting to about five million dollars, were paid out during the early part of the year and notwithstanding the reduction in interest rates, our earnings were greater than in 1921 when our loans were much larger. The regular dividends were declared by both our institutions and an extra dividend of 2 per cent. was declared by our National Bank and 1 per cent. by our Trust Company and all losses ascertained during the year have been charged off. We have also written off on our building and fixture account the full amounts permissible under the income tax regulations and have maintained full reserves for contingent liabilities.

We feel that our organization was never more efficient and our facilities more complete as we are equipped to handle or take care of any legitimate financial transaction originating in our territory.

BANK OF COMMERCE AND TRUST COMPANY

The Bank of Commerce and Trust Company of Mansfield, La., at the close of business on December 30, 1922, showed total resources of \$2,863,333.17, surplus \$20,000, undivided profits \$23,875.21, and deposits \$2,524,227.76.

BLUEFIELD NATIONAL BANK

The statement of condition of the Bluefield National Bank of Bluefield, W. Va., at December 30, 1922, showed total resources of \$1,311,305.71, surplus and undivided profits \$53,674.96, and deposits \$732,291.59.

PRESIDENT OF GALVESTON BANK CELEBRATES FIFTIETH ANNIVERSARY

Almost coincident with the fiftieth birthday anniversary of I. H. Kempner, president of the Texas Bank & Trust Company of Galveston, Texas, is the announcement of the erection of a million dollar eleven-story skyscraper. This building will not only stand as a testimonial to the faith of its president in Galveston and its progress but in addition will be one of the finest structures of the South.

Mr. Kempner was born in Cincinnati, Ohio. He attended the Ball High School in Galveston up to the year 1886 and for the following three years attended high school at Bellevue, Virginia. From the years 1889 to 1893 Mr. Kempner attended Washington and Lee University. Mr. Kempner was unable to complete the college career which had been mapped out for him owing to the sudden death of his father and while a very young man was called home to take charge of the cotton factorage and other business interests of the Kempner family. He purchased controlling interest in the Island City



Good Management of Coal Properties

There are no dark secrets or mysterious methods by which Peabody management adds to the profits of coal properties.

The results accomplished are due to common-sense business methods; wise handling of funds both in saving and spending; tested systems of development that promote future economical operation; comprehensive knowledge of the most efficient mining methods acquired through long and varied experience, and above all a vigorous, aggressive, seasoned organization functioning smoothly under intelligent and capable direction.

Proof of the value of Peabody Mine management is found in its steadily growing clientele.

Descriptive booklet mailed on request.

PEABODY COAL COMPANY

CHICAGO

Founded 1883

Operating 44 mines with annual capacity
of 23,000,000 tons

Savings Bank, the name of the bank being changes in 1902 to the Texas Bank & Trust Company, of which institution he is president.

Mr. Kempner is connected with many other industries in the South as an officer or director.

LUMBERMANS NATIONAL BANK OF HOUSTON CHANGES NAME

The Lumbermans National Bank of Houston, Texas, has changed its name to the

Second National Bank since the first of this year. The capital of the bank has been increased from \$600,000 to \$1,000,000 effective February 16. In the course of the steady development and growth through which the Lumbermans National Bank has been passing, it was finally thought that a more appropriate title should be selected. The name "Lumbermans" of which the bank has been very proud has given the impression that the bank does not give the same attention to other lines of business than that indicated by the name. As the bank's facilities have been extended equally into every avenue of commercial and industrial life, the stockholders have felt that the name should not be bounded by trade limitations.

The new title has been chosen after much careful consideration and it was the consensus of opinion in selecting it that a numeral was most desirable. The bank operates under the second oldest national banking charter in Houston, due to liquidations and consolidations of other banks, and its new name is therefore appropriate.

There will be no change in the bank's officers or directors or in the policies which have been the groundwork of its growth from the day of its opening.

MELVILLE C. BRANCH HEADS MERCHANTS NATIONAL

Melville C. Branch has been elected president of the Merchants National Bank of Richmond, Va., to succeed John Kerr Branch, who resigned to become chairman of the board of directors. Mr. Branch was born in Atlanta in 1875, and went to Richmond in 1895 where he entered the banking house of Thomas Branch & Co. In 1910, Mr. Branch was elected a director of the Merchants National Bank and in 1920 was appointed vice-president in charge of the trust department.

Upon the organization of the Old Dominion Trust Company Mr. Branch was elected a director and first vice-president, which positions he held until last year, when that trust company and the National State and City Bank were merged into the State and City Bank and Trust Company.

The other officers elected are: Thomas B. McAdams, John A. Branch, W. F. Augustine, G. J. Jones, John C. White, vice-presidents; L. B. Thomas, H. P. Gillespie, assistant vice-presidents; H. H. Harris, cashier; Oliver C. White, F. C. Lafferty, B. R. Dudley, Jr., assistant cashiers.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

THE responses of Chicago banks to the calls for statements of their condition at the end of last year showed a remarkable jump in savings deposits which gives an interesting sidelight on the prosperity of the central west at the close of 1922. These "rainy day" accumulations increased \$40,000,000 between the time of the last previous call, September 15, and the end of December, or at the rate of about \$400,000 a day, which is a demonstration of thrift that has never been surpassed in this part of the country. The total of savings accounts in the city is now at the high record figure of \$542,865,000, exceeding by some \$31,000,000 the previous high mark of \$511,000,000, reached on June 30, 1922. There was a dip in these deposits during the summer to a total of \$502,000,000 in September, but soon after that date they resumed their upward course and the rate of increase grew more rapid as the twelvemonth drew to a close.

One need not seek far for the cause of this gain in accumulations of persons of small means, which for the most part represents the laying away of surplus earnings. Everyone who wishes to work has employment and wages are high—higher in a considerable number of cases than at the peak of inflation which followed the signing of the armistice. This is particularly true in the building trades, in which there is the greatest activity, and it applies also to other industries in which operations have been on a constantly enlarging scale for some months and there has also been a swelling of pay-rolls.

Another surprising thing about this showing is the fact that it comes on the heels of a holiday trade that broke all records in the history of the stores of the city. Public expenditures in the few weeks preceding Christmas, in large part for the purchase of gifts, have been reliably estimated at \$100,000,000—of which \$80,000,000 was in the department stores of the loop district and

\$20,000,000 in the outlying districts. Evidently this stuffing of Christmas stockings was not at the expense of savings.

The statement of the banks showed a general strengthening of their position. The increase in deposits in the interval between calls was more than \$111,000,000, while the increase in loans was less than \$25,000,000.

It is worth while noting that since the first of this year the increase in deposits, especially savings, has not slackened. One of the largest of the savings banks, which at the end of December credited nearly \$1,000,000 in interest to its savings depositors, had not, at the end of the first week of the new year, "lost" this interest, so great had been the increase in deposits of this kind.



Write for Booklets
on the
Analysis of Accounts



Fourth and Pine

Saint Louis



*"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

This abundance of funds would seem to forecast an easing of the money market, but bankers generally do not expect any material change in interest rates in the near future. It is usual at this time of year for the balances of country banks in the metropolitan institutions to expand in anticipation of large amounts of farm obligations, which as a rule fall due on March 1. The needs of the Government in the financing of its floating debt, however, have upset the calculations of normal peace times, and it is expected that if any material easing in conditions comes about there will be offerings of treasury certificates in sufficient amount to take up much of the slack. Commercial paper still rules at 4½ to 5 per cent., with bank loans at 5 to 6 per cent.

In the wholesale field the year starts with encouraging prospects. The depletion of stocks because of the heavy buying of general merchandise during the holidays is already making itself felt in orders considerably in excess of those at the correspond-

ing time last year, and in an increased number of country buyers in the city markets. The steadiness of the prices of staple textiles, which recently have undergone moderate advances as a result of somewhat larger advances in primary markets and in raw materials, has also stimulated buying by inspiring greater confidence in the future. Distribution of cottons, woolens and silks is on a liberal scale. Hardware, glassware and crockery are considerably more active than a few months ago, while all lines of builders' supplies continue to reflect the influence of the building boom, which, because of the open winter has kept up at an unusual rate for this time of year. The markets for materials also are strong and the tendency of prices is upward. The expenditure in Chicago alone for new construction work in the year 1922 amounted to \$227,000,000, by far the largest ever known in the city, and yet the providing of new quarters for tens of thousands of families has made hardly any impression on the housing needs. It is reasonable to expect, therefore, that operations on an even larger scale will continue during the current year. Indeed, the plans now on architects' boards and the inquiries for materials add to this assurance. Moreover, there is the prospect that labor conditions will be less unfavorable this year than last, for while there is certain to be a shortage of skilled artisans these forces are being increased constantly by the training schools established under the direction of the committee for the enforcement of the Landis awards. While there is every reason to expect that wages will remain high, those conducting building operations probably will be less harassed by hold-up methods in the particular trades in which the lack of workmen has been most acute.

Steel mills of the district are operating at 75 to 85 per cent. of capacity, the highest rate since the beginning of the rail and mine strikes last summer. They are nearly all booked full for the first three months of the year, and in some departments—notably rails and track accessories—for the first half. Railroad buying continues in liberal volume. Orders for 10,000 or more cars were placed in the closing fortnight of the old year and there are still inquiries for 30,000 more in the market. There is also more liberal taking of materials by the implement and automobile manufacturers.

In a survey of the improved business situation one of the most potent factors is the increase of \$2,500,000,000 in the pur-

chasing power of the farmers of the country as a result of the prices received from the crops of 1922 as compared with the returns in the previous year, in which gain the central west shares generously. This has changed sentiment greatly for the better and revived buying in many lines. Perhaps the most noteworthy evidence of this improvement is seen in the sales reports of the large mail order houses for December and for the whole of 1922. The gains in the last month of the year were 20 to 50 per cent. over the figures for December, 1921, and the increases for the last three months of the year were sufficient to wipe out substantial losses sustained in the earlier months of 1922, and permit the largest of these houses to close the year with a net gain in sales over those of 1921. The farmer is filling his needs on a more liberal scale than for two years past and this fact has improved the position of the merchant and the country bank. There is still a substantial amount of holdover loans unliquidated, and it probably will require another year of goods crops and fair prices to clear the financial situation in the agricultural states of the district, but much headway has been made in that direction.

Investment demand is good, indicating that the plenitude of funds is not confined to those who deposit their surplus in savings banks. The market was pretty well supplied toward the end of the old year, but the manner in which new security issues to the amount of more than \$200,000,000 were taken in the first week or so of the new year seems to give evidence that the surfeited condition has passed, for a time at least.



CONVENTION DATES

Am. Inst. of Banking—at Cleveland, July 17-20.

Illinois—June 26-27.

Missouri—May 22-23.

Iowa—at Davenport, June 5-7.

Wisconsin—at Milwaukee, June 19-20.

ST. LOUIS UNION TRUST ELECTS OFFICERS

At a meeting of the board of directors of the St. Louis Union Trust Company, January 18, the following officers were elected: John F. Shepley, chairman of the board; Isaac H. Orr, president; Robert S. Brook-



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**

ings, James H. Grover and Arthur H. Burg, vice-presidents; George G. Chase, trust officer; I. C. Post, Warren McGinnis, Hugh B. Rose and Edward G. Grubb, Jr., assistant trust officers; Alexander Hamilton, treasurer; J. S. Walker, assistant treasurer; Wallis G. Rowe, secretary; Wm. F. Haines and Geo. M. Pyle, assistant secretaries.

John F. Shepley, former president of the St. Louis Union Trust Company, was elected chairman of the board to succeed N. A. McMillan, who was recently made chairman of the board of the First National Bank, an affiliated institution.

Isaac H. Orr, the newly elected president of the St. Louis Union Trust Company was for a number of years senior vice-president. Mr. Orr as a young lawyer, nearly thirty years ago, accepted a position as trust officer of the St. Louis Union Trust Company. He was the first person in Missouri to hold such a position. Both the office and the business relating thereto were new in that vicinity and required a large amount of original work to develop trust business for a corporation. During all these years he has had the satisfaction of seeing the trust business of his company grow to be one of the largest in the country.

Mr. Orr has always taken an active interest in trust company matters generally. He was present and assisted Breckinridge Jones in the organization of the Trust Company section of the American Bankers Association, and has served many times on its important committees. He also assisted in the organization and became the first president of the Trust Officers' Association of St. Louis.

While Mr. Orr has devoted his life to the development of the trust company business, at the same time he has been interested in many other enterprises. He is at present a director in a number of corporations including the following: Brown Shoe Company, American Automobile Ins. Co., Blanke-Wenneker Candy Co., Monward Realty Company, Income Leashold Company. He is a member of the following clubs: Bankers, Noonday, City, University, St. Louis Country.

Edward G. Grubb, Jr., who was elected assistant trust officer, was formerly assistant in the probate department, and Geo. M. Pyle, who was elected assistant secretary, was formerly an attorney in the trust department.

Alexander Hamilton, newly elected treasurer, was formerly assistant trust officer and

Wallis G. Rowe, the newly elected secretary, was formerly assistant secretary.

All other officers mentioned above were reelected for the year.

JAMES E. BROCK DIES SUDDENLY

James E. Brock, secretary of the Mississippi Valley Trust Company, St. Louis, since 1902, died suddenly of heart disease during a conference in the directors' room of the company, January 13, 1923. Up until the moment of his collapse he had appeared in the best of health and had been convers-



JAMES E. BROCK

Secretary of the Mississippi Valley Trust Co.,
St. Louis

ing pleasantly on business matters. Physicians state that death was instantaneous.

Born in Richmond, Ky., in 1862, Mr. Brock was educated at the Transylvania University, Lexington, Ky., and became successively an accountant, instructor in the Commercial College of the University of Kentucky, and cashier of the Southwestern office of the New Home Sewing Machine Company. In May, 1891, he became associated with the Mississippi Valley Trust Company, and was elected assistant secretary in 1897 and secretary in 1902.

INLAND TRUST & SAVINGS BANK TAKES OVER MILWAUKEE- IRVING STATE BANK

The opening of the Inland Trust & Savings Bank at 4017 Milwaukee avenue, near Irving Park Boulevard and Cicero avenue,

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*

Chicago, took place recently. This newly organized bank has received its charter from the State of Illinois and commences business with a paid in capital and surplus of \$225,000.

The stockholders have acquired the entire business of the Milwaukee-Irving State Bank, which previously occupied the same quarters. All deposits of the Milwaukee-Irving State Bank, both checking and savings, are taken over by the Inland Trust and Savings Bank.

John F. Smulski, president of the North-Western Trust & Savings Bank, is chairman of the board of directors of the new bank. William H. Schmidt, vice-president North-Western Trust & Savings Bank; Walter J. Raymer, president Fullerton State Bank; George R. Benson, of Benson & Rixon, clothing merchants; F. E. Lackowski, of F. E. Lackowski & Company, realtors; I. H. Himes, attorney at law; Emil H. Bengson, of the Bengson Fireproof Warehouse Company are members of the board of directors. Chas. H. Ummach is president of the new institution and Frank Iwicki, cashier. P. H. Clovin, formerly cashier of the Milwaukee-Irving State Bank, has been elected

vice-president of the new institution and will be an active member of the staff.

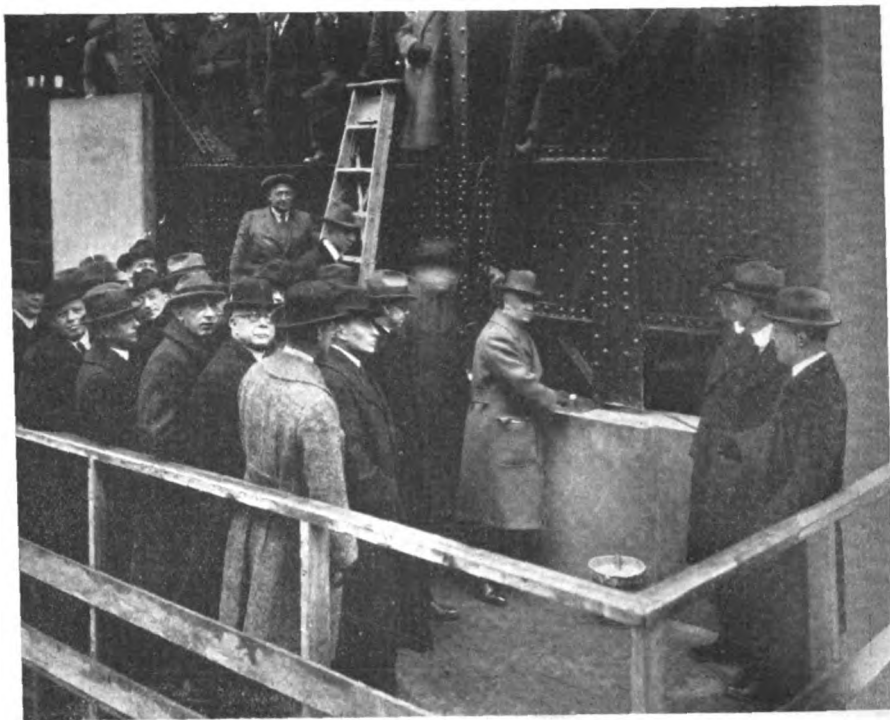
Ralph Van Vechten, vice-president and director of the Continental and Commercial Banks, Howard G. Hetzler, president of the Chicago & Western Indiana Railroad, with Mr. Raymer, compose the advisory committee.

Application has been made for the admission of the Inland Trust & Savings Bank as an affiliated member of the Chicago Clearing House Association.

The taking over of the Milwaukee-Irving State Bank came somewhat as a surprise to the business men of the neighborhood and aroused considerable interest among them. Judging by the hearty welcome accorded the new institution on the opening day by the community, its success is assured.

UNION TRUST COMPANY BUILDING CORNERSTONE LAID

On Wednesday, January 24, at 11.30 a. m., J. R. Nutt, president of the Union Trust Company, Cleveland, Ohio, himself took the silver trowel and laid the cornerstone of the new twenty-story Union Trust Building at



President Nutt of the Union Trust Company, Cleveland, laying the cornerstone for the bank's new building

the corner of Euclid and East Ninth street. The ceremony was not open to the public. Only a number of the officers of the bank were present. The ceremony itself was very brief and consisted only of a short address by Mr. Nutt.

It is interesting to note the nature of the documents which were placed inside the cornerstone—things which are to lie there, undisturbed, for years upon years—things which may prove to be of considerable interest as historical relics at the time when the cornerstone is next opened—whenever that may be.

Inside the copper box which was placed within the cornerstone were sealed the following items:

First financial statement of the Union Trust Company and also a current statement.

The savings pass book used at the Union Trust Company on the date of the laying of the cornerstone.

A series of advertisements announcing the formation of the Union Trust Company on January 1, 1921.

A few of the various current publications of the Union Trust Company, including its business magazine, "Trade Winds".

Photographs of a number of Union Trust officers.

The current broadcasting schedule of the Union Trust Radio Station, WJAX.

Current issues of the Union Trust house-organ, "The Teller".

Copies of the newspapers published in Cleveland on the date of the laying of the cornerstone.

A photographic history of the progress of the building, from the turning over of the first shovelful of dirt until the date of the laying of the cornerstone.

The annual report presented to the board of directors at its last meeting, January 19, 1923.

A photograph of the group present at the laying of the cornerstone.

A photograph of each of the offices of the Union Trust Company.

A photographic reproduction of the original newspaper article announcing the erection of the new building.

ANNUAL ELECTIONS AT MIDLAND NATIONAL

Charles B. Mills, president of the Midland National Bank, Minneapolis, Minn., announces the election to the directorate of the bank of the following new members:

J. P. Bruer, formerly president Minneapolis National Bank; E. E. Ellertson, president Russell-Grader Manufacturing Co.; James T. Hazard, James T. Hazard Company, Insurance; Willis C. Helm, treasurer Russell-Miller Milling Co.

These men were elected at the annual stockholders meeting which was held on January 9.

Announcement is also made of the appointment of J. K. Cornelysen, formerly

auditor, to the position of assistant cashier. Mr. Cornelysen was formerly examiner with the State Banking Department of South Dakota. This appointment was made by the directors at their annual meeting on January 11.

DROPS TITLE OF EXECUTIVE MANAGERS

At the First National Bank in St. Louis, by a change in the by-laws, the title of executive managers has been dropped, and the office of chairman of the board created. President F. O. Watts explained that the form of organization which was adopted as a matter of expediency at the time of the consolidation of the three banks is no longer necessary, and the change now announced merely gives the organization the form commonly used by banks. N. A. McMillan, formerly executive manager, becomes chairman of the board, and F. O. Watts, president. All other officers were reelected.

Chas. E. Bascom, secretary and treasurer of the Broderick & Bascom Rope Company was elected to fill the vacancy in the board of directors made by the retirement of J. D. Bascom, his father, a director of the bank for many years, who is now making a trip around the world. There were no other changes.

AKRON BANK MERGER

Stockholders of the First-Second National Bank and the Peoples Saving & Trust of Akron, Ohio, have approved plans for a merger and formation of a new state bank, following surrender of the national charter by the First-Second. The new institution may be known as the First Trust & Savings Bank. Total resources will be around \$26,000,000.

CONTINENTAL AND COMMERCIAL NATIONAL BANK ELECTIONS

The election of J. Fletcher Farrell as director adds to the board of the Continental and Commercial National Bank of Chicago a man of wide experience in the banking field. Mr. Farrell is vice-president of the Sinclair Consolidated Oil Co., was formerly connected with the Third National Bank of St. Louis and as vice-president with the Fort Dearborn National Bank of Chicago. Prior to entering the financial field Mr. Farrell was assistant State Treasurer of Missouri.

C. A. Birdsall and A. J. Stillwell were elected assistant cashiers. Both of these men come from the new business department of the bank.

Wm. G. Macintosh, who was for a long time in active charge of the foreign department as assistant manager, was appointed manager.

The Continental and Commercial Trust and Savings Bank stockholders elected Edward F. Carry, president of the Pullman Co., to the board. Mr. Carry is also on the board of the National Bank.

E. D. Brooks, of the bond department, was made manager of sales, and Ray L. Junod and George A. Waldorf, assistant managers of the department.

FIRST NATIONAL BANK IN DETROIT

The First National Bank in Detroit at the meeting of its board of directors added two officers to the staff.

Fred Brown, who has been chief national bank examiner of the Chicago Federal reserve district for the last two years, was made vice-president of the First National Bank. Mr. Brown has been in the examining work for twelve years. He was appointed national bank examiner in 1911 by Comptroller Murray and examined banks in nearly all of the states in the San Francisco and Minneapolis Districts, largely on special assignments. In 1917 he was appointed chief national bank examiner in the Minneapolis district and in September, 1921, was transferred to the Chicago district as chief examiner. Prior to this appointment Mr. Brown was engaged in the banking business in the Pacific-Northwest and through these connections he has acquired an unusually wide acquaintance among the bankers of the central west and far west.

Raymond A. Jacobs goes to the First National Bank as assistant vice-president. For the last five years Mr. Jacobs has been with the Third National Bank of Springfield, Mass., first in the capacity of assistant cashier and since 1920 as assistant vice-president. From 1913 to 1918 Mr. Jacobs was treasurer and manager of the Morris Plan Bank of Springfield, Mass. Prior to that time he was with Hayden, Stone & Co., bankers, in Boston.

UNION TRUST OF CHICAGO INCREASES SURPLUS

At the annual meeting of the stockholders of the Union Trust Company, Chicago, held

January 9, at the bank, all of the members of the board of directors were reelected. At the meeting of the board of directors immediately following, all of the official staff were reappointed and the board voted to increase the surplus from \$2,700,000 to \$3,000,000, bringing the combined amount of capital and surplus from \$4,700,000 up to \$5,000,000.

It is of interest to note that of the present amount of capital and surplus, \$3,875,000 has been earned by the Union Trust Company since it began to transact a banking business exclusively in 1869 under the management of Stephen W. Rawson, the father of Frederick H. Rawson who has been president since 1906.

NOEL STATE BANK

Three new names have been added to the board of directors of Noel State Bank of Chicago. They are: Bernard Brozowski, John S. Edwards and Ole Gullicksen.

Otto J. Hartwig was reelected chairman of the board and two additional assistant cashiers were appointed, Peter I. Bukowski and Wm. H. Oellerich. Erazm Oulashin was appointed manager of the foreign department.

ILLINOIS BANKERS TO ORGANIZE A MUTUAL

Arrangements preparatory to launching a mutual casualty and surety company have been made by the Illinois Bankers Association. At a meeting of the executive council the committee rendered its report which embodied the recommendation for the formation of this company. Claiming that the majority of the banker members were dissatisfied with the standard provisions of the burglary policies and fidelity bonds issued by the established companies, and with practically 1800 banks in the state to be solicited, the committee pointed out that nearly \$50,000,000 of insurance is involved. The bulk of this business is now carried in established burglary and fidelity insurance companies.

The proposal came in the form of a resolution, proposed by the insurance committee, which was adopted. Following the approval of the recommendation by the executive council, instructions were given to the administrative committee, and the secretary of the association, as well as the insurance committee, to proceed immediately toward working out the details necessary for launching the enterprise.

CLEVELAND TRUST OPENS ANOTHER BRANCH

The fifty-third branch of the Cleveland Trust Company is scheduled to open June 1 on the northeast corner of Lee and Tullamore Roads, Cleveland Heights, according to announcement by Vice-president F. H. Houghton, in charge of the branch management department of the bank.

The new office when opened will give the Cleveland Trust Company probably more branch banks than are maintained in any one city by any one bank, with the possible exception of the Corn Exchange in New York. All the new banks are in line with the company's pioneer policy established twenty-five years ago, to take the bank to the people. These offices are not branches in the sense of the word, each being fully equipped and functioning with complete facilities for the handling of all bank business.

FIRST NATIONAL BANK OF BURTON

The statement of condition of the First National Bank of Burton, Ohio, at December 29, 1922, showed total resources of \$880,241.94, and deposits of \$710,436.53. This is an increase in both figures over the December 31, 1921, statement.

SECOND WARD BANK ADDS DIRECTORS

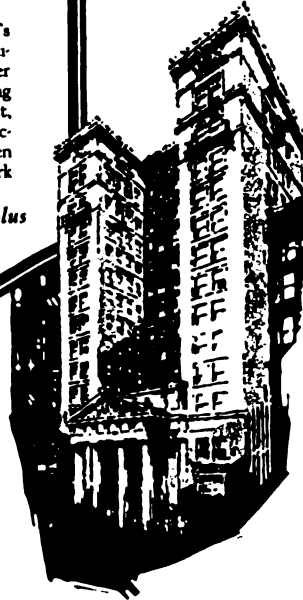
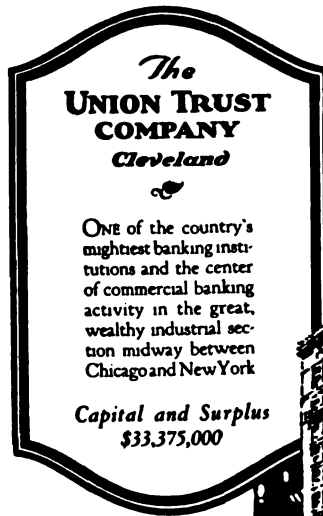
The Second Ward Savings Bank of Milwaukee, Wis., at its annual meeting added three new directors to the board, reelected the old directors, and at the directors' meeting following reelected the old officials and added three assistant cashiers, which was the only change made in the official personnel.

The new directors are former Governor Emanuel L. Phillips, Alex B. Uhrig and John W. Kieckhefer.

The three new directors are well known in business and financial circles.

Mr. Phillips was governor of Wisconsin for three terms, and is president of the Union Refrigerator Transit Company and Mi Lola Cigar Company. His many civic and industrial interests in recent years have brought him before the public as one of the best known of Milwaukee's citizens.

Alex B. Uhrig, president of the Milwaukee-Western Fuel Company, was for many years vice-president and actively in charge of this interest.



John W. Kieckhefer, through his successful building up of one of the older box and container businesses of the middle west, has become one of the better known of the younger business men of Milwaukee.

WOODLAWN TRUST AND SAVINGS BANK

The statement of condition of the Woodlawn Trust and Savings Bank of Chicago at December 29, 1922, showed total resources of \$7,565,861.08, surplus and undivided profits \$194,224.53, and deposits \$6,954,596.71.

SUCCESSFUL DRIVE FOR NEW ACCOUNTS

The North American Savings Bank, Cleveland, closed a three weeks' drive for new business, January 19, with 1750 new accounts and a total of \$270,000 in initial deposits. Although one of the smaller banks of Cleveland and located far from the center of business, the bank has made a record in this contest. Officers and employees were grouped in two competing teams, and that led by J. Breskvar won the contest.

At the end of the campaign, directors and the bank staff held a dinner to celebrate the victory. Speakers were Dr. J. M. Selisker, president; F. Paulin and J. Breskvar, vice-presidents; F. M. Jakin, secretary-treasurer; A. R. Fraser and P. C. Berg, vice-presidents of the Guardian Savings & Trust Co. The new business department of The Guardian cooperated with the North American Savings Bank in setting up the campaign.

ANNUAL ELECTIONS AT GUARDIAN SAVINGS AND TRUST COMPANY

Louis J. Kaufman, assistant treasurer, was elected to a vice-presidency in The Guardian Savings and Trust Company, Cleveland, at the annual meeting of the board of directors, January 16.

For five years Mr. Kaufman has been an assistant treasurer in the savings department. He joined the Guardian staff eighteen years ago as a clearance clerk. Later he became head of the foreign exchange department. In 1911 he was president of the Cleveland Chapter of the American Institute of Banking and was the second

president of the Guardian Club, which is made up the bank's employees.

Other promotions were: Assistant secretary, J. J. Luthi, formerly assistant trust officer; assistant treasurers, G. F. Tueter, manager Rocky River office; W. H. Steinkemp, manager Lakewood office; E. F. Masch, loan department; assistant trust officers, T. P. Reitingger and T. F. Buzard.

All other officers were reelected.

The entire membership of the board of directors was reelected at the annual meeting of stockholders. Members of the auxiliary board were reappointed and three new members added: C. B. Bowman, president Geo. H. Bowman Co., A. W. Dean, vice-president Pittsburgh & Ohio Coal Co., and X. C. Bolton, credit manager Warner & Swasey Co.

Reports of President J. A. House and of Comptroller W. R. Green showed marked growth for the Guardian Savings & Trust Co., during 1922. Deposits increased \$23,790,331. Resources grew from \$93,706,392 to \$103,764,701. The bank's six branches contributed a marked proportion of this growth in customers and deposits.

CENTRAL MANUFACTURING DISTRICT BANK

At the annual meeting of the Central Manufacturing District Bank, Chicago, held January 10, all the directors and officers of the bank were reelected, and in addition A. T. Johnson was appointed auditor.

At the meeting of the board of directors on February 5, Frank L. Webb, vice-president and cashier, was elected a director of the bank.

NATIONAL CITY BANK OF CHICAGO

The regular annual meeting of the National City Bank of Chicago was held January 9. All of the present officers and directors were reelected and Wm. Edgar, who has served the bank for many years as auditor, was elected an officer.

RIDGELY BANK IS BANQUET HOST

Financial worries of the moment were laid aside when 150 persons comprising the officers, stockholders and friends of the Ridgely-Farmers State Bank of Springfield, Ill., assembled recently for the first get-together-and-get-acquainted banquet arranged by a local banking house.

Discussion of dividends, deposits and

loans were crowded into the background as the guests partook of an elaborate dinner. Discounts and mortgages held no place in their minds as a short program of vocal and orchestra music served as entertainment cocktails for the enjoyment of three interesting addresses.

The novelty of the idea of a get-together dinner makes it certain that the function will hereafter become a part of the bank's schedule.

The consolidation of the old Farmers' National Bank with the Ridgely National Bank, under the name of the Ridgely-Farmers' State Bank, was effected in February, 1919, making the present institution one of the largest and strongest banking houses in the state, outside of Chicago.

FIRST NATIONAL COMPANY ELLECTS OFFICERS

At the annual meeting of the First National Company, Investment Division of the First National Bank in St. Louis, the following changes in personnel were made: Alfred Fairbank was elected vice-president. Before his present connection with the First National Company in June 1920, Mr. Fairbank was manager of the Southwestern Division of the Red Cross composed of the States of Missouri, Arkansas, Texas, Kansas and Oklahoma. Harley A. Watson was made bond officer; Frank L. Berryhill, assistant bond officer; and Walter Schnepel, assistant treasurer.

The other officers of the company, of which F. O. Watts is president and Henry T. Ferris, vice-president, were reelected.

NATIONAL BANK OF COMMERCE IN ST. LOUIS

The statement of condition of the National Bank of Commerce in St. Louis at December 26, 1922, showed total resources of \$90,906,073.48, surplus and profits \$5,225,689.71, and deposits \$70,029,299.03.

HOWARD W. FENTON

Howard W. Fenton, who entered the employ of the institution twenty-seven and a half years ago as a clerk at a salary of \$6 a week, was elected president of the Harris Trust and Savings Bank of Chicago on January 10, succeeding Albert W. Harris, who became chairman of the board of directors. Mr. Fenton was chosen a director of the bank in 1910 and vice-president in 1911.

TO MAKE THIS YEAR BIGGEST IN HISTORY

With a trip to Bermuda next January an outstanding inducement for redoubling their efforts, members of the National Cash Register Selling Force are determined to make 1923 the biggest year in the history of the company.

Officials of the company have utmost confidence in the ability of the selling force to shatter former records. Addressing the 333 Hundred Point salesmen who held conventions in Dayton and New York during the week of January 22, J. H. Marringer, vice-president and general manager, warned them against pessimism.

To be eligible for the Bermuda trip a salesman must sell at least 100 per cent. of his quota for the year. With their quotas increased twenty-five per cent. over 1922, a less optimistic, less determined group of salesmen might not enter the year with the confidence all expressed during the convention.

In 1922 the American selling force broke all selling records for the month of August, October, November, and December, and started the new year with the biggest January in the company's history. The company's foreign business showed a big increase last year, also. It was 50 per cent. better than 1921.

Early in 1922 F. B. Patterson, president of The National Cash Register Company, issued a warning against "waiting". In a message to the selling force, he told the members that while there were many encouraging prospects for the near future it would be best for them to go more than half way to meet the prosperity which seemed to be "just around the corner". The answer to the suggestion was a redoubling of efforts and never before did the selling force work harder. The same warning has been issued for 1923.

Under the direction of Charles E. Steffey, general sales manager, this year's selling campaign will be most intensively conducted. As a starter the Hundred Pointers in convention became charter members of a "Door Knob Puller's Club" and salesmen throughout the country joined as soon as apprised of its existence. Local conventions are to be held in all sections of the United States and Canada and right up to the last day

of the year N. C. R. salesmen will be seen pulling door knobs in every hamlet, village, town, and city in America.

Announcement was made at the convention that the company's already long line of cash registers will be extended in the event there is a demand for additional types of machines. It was stated that while the company is now manufacturing 365 different types of cash registers, its policy is to build machines for every kind of business and its lines will be increased if necessary.

C. HUNT TURNER, JR. ELECTED SECRETARY

At a recent meeting of the board of directors of the Mississippi Valley Trust Company, St. Louis, C. Hunt Turner, Jr., was elected secretary to fill the vacancy oc-



C. HUNT TURNER, JR.
Elected secretary of the Mississippi Valley Trust
Company, St. Louis

casioned by the death of James E. Brock.

Mr. Turner is well known among the banking fraternity, particularly in foreign exchange circles. He was educated at Smith Academy, St. Louis, St. Paul's School, Concord, N. H., and graduated from Harvard University. He entered the Mississippi Valley as a clerk, and became assistant secretary in 1906.



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

INDUSTRIAL activity is being carefully followed by the western states as they pass the first month of the new year. As the West watches the steel mills operating at the longest hours in many months and as it observes the increase of prosperity of other industrial plants, it is filled with mixed feeling. On the one hand, it is gratifying. On the other, it is at least a bit restless or perplexed, if not envious. The reasons for this mixed feeling are not hard to find. On the one hand the West, in common with other great agricultural areas, is feeding and marketing more meat animals than a year ago. It knows well that the foreign demand is unimproved. Yet, with an increase of more than a million head for the winter season to date in the slaughtering of hogs alone, and with larger supplies of beef and mutton, it finds that domestic consumers are providing quite satisfactory outlets—outlets that average higher gross returns in money than a year ago. When it contemplates that this is an outcome of the increased industrial activity of the country, it is naturally gratified. On the other hand, when it boasts as all other sections are doing, the disparity between agricultural prices and the manufactures that are produced by industrial districts, a disparity that is to the disadvantage of the western agricultural industry, it has different feelings.

Thus, the western states are perplexed. They appeal for a correction of existing disparities. They want to buy steel, lumber, fuel, and other products at prices more in proportion to the relationships that existed prior to the war in Europe. A year ago the West denied itself many of the products of factories that it is now buying because the price disparities were then greater and its own needs less urgent. It would like to force manufactures down more, or raise its own prices. In considering measures to obtain these results, it becomes most perplexed.

Obviously, the fact that the greater output of meat animals for slaughter in the West is being absorbed at quite satisfactory prices is due to the ability of the laboring classes to purchase more meat out of their increased earnings as compared with a year ago. It is estimated, for example, that meat consumption for 1922 increased more than twenty pounds per capita over the annual average in the recent years of enforced economy in the use of meat. With this immense assistance for its important livestock industry, arising from the improved labor conditions at the industrial districts, shall the western states revolt against the products of that labor and bring about reduced employment and thereby force the housewives of laborers to carry home less meat and less of other foodstuffs in their market basket?

With advances in grain, livestock, wool, cotton, and hide prices over a year ago because of the larger domestic demand and the improved credit condition, the West wants to see labor continue to enjoy full employment. It is still agitating against price disparities, but with somewhat better gross revenue and with more credit, it has forgotten some of its discontent. One of the prices it has paid in forgetting, as it has already been pointed out, is an expansion of its capital or farm mortgage obligations to the greatest total in history. It is not entirely unwilling to make further increases in that indebtedness. Its "farm bloc" members in Congress are, on the whole, being applauded by their constituents for their activity in enacting additional credit legislation. In Kansas the farming population witnessed during January the installation of a governor who proposes to give the state a banking system along the lines of the Federal Reserve system to open more sources of credit. Oklahoma has similar dreams. Both states and the West as a whole already have more than ample sources of credit for all who possess sound collateral, but many are dreaming of better times through some artifice. These dreams will not injure the West seriously, if at all,

1866



1923

Complete Financial Service

**The Omaha National Bank
The Omaha Trust Company
OMAHA, NEBRASKA**

Resources over - - \$35,000,000

for the producers who are depending upon some artifice to lift them economically are few in number. However, unless world developments bring an era of higher prices, the West will find itself injured through the expansion of its capital obligations.

The inexorable laws of economics decree that the price disparities of today must disappear. Agriculture cannot go on spending and spend out of proportion to its income when it is without limitless sources of credit. Sooner or later the industrial districts that are benefiting far more than farmers from high tariffs will find that they are manufacturing more goods than they can sell. Unless foreign conditions change, the industrial districts will find that, irrespective of the tariff, they face the necessity of meeting the competition of cheap foreign labor that is today so restrictive upon the export demand for wheat provisions and other products of agriculture. These restrictions make it necessary for farmers, who produce a surplus over even the present increased domestic consumption, to sell their products at prices that are really cheap in comparison with labor and, of course, out of line with industrial articles.

What the West wants more, therefore, is action that will make Europe a larger buyer of meat, wheat and other products. If the West could only enjoy a fair increase in the foreign demand for its farm and range products, competition for its domestic market would be lessened with probable advances in prices. Some in the West who are pessimistic about Europe are even advocating measures to retard agricultural production to a degree that will make it unnecessary for farmers to look to foreign outlets.

At the moment there is a basis for encouragement over the start that was made during the first month of the new year. Grain, livestock, cotton and wool are not only higher than a year ago but also higher than a month ago. However, the marketings of the month of January were not up to the producing capacity of the western states. So, even with better prices, there was a little restlessness because a majority of its products were not taken with more vigor or more eagerness. Probably the greatest improvement of any market was in mules and horses, notably mules. A year ago the South was in a seriously strained financial situation and could not afford to buy mules

in normal numbers for its farms. Today with cotton above 28 cents during January, it has more funds and more credit, and is paying as much as \$50 a head more for mules than a year ago and taking considerably larger numbers. It is also taking more provisions and more flour. The West is profiting, of course.

In the market for cereals, wheat shows only a small rise, for export trade has not increased materially even with a large part of Canada's great surplus out of the way. Corn and oats have been affected by mild weather, but are far higher than a year ago, showing greater improvement than wheat. The better credit situation is helping farmers who have succeeded in carrying wheat of the 1922 crop thus far to hold on longer in the hope of advancing prices and this is a factor in the market. Flour trade is quieter than usual at this season because of unwillingness of domestic handlers to carry large stocks and only a fair export business. There is a better tone in hay than in months, which is largely traceable to increased buying in the cotton states.

Financially, no considerations of existing conditions in the West would be complete without reference to the weather of December and January. The extreme mildness reduced feed consumption on such a great scale that millions of dollars were saved in feed bills. Bank deposits in the West are larger than they would have been today had normal winter temperatures prevailed. Loans have been reduced partly because of the economies made possible by the mild temperatures, the mildest in many years. On the other hand, the dry weather of the months of December and January was not favorable to hard winter wheat on the large acreage in Nebraska, Kansas, and Oklahoma, but there is still plenty of time for making great improvement in that respect. The live stock industry has profited from the mild weather through the saving in feed and also in the better physical conditions of its herds and flocks. This will tell later in the year in larger crops of calves and lambs. Money is comparatively easy in this territory, but there are still many slow loans that make for conservatism among bankers. Greater confidence and greater hopefulness as compared with a year ago are discernible, however, but every forecast and, in fact, almost every commitment, it is realized, depends upon what happens in Europe. The reliance upon Europe is greater than a year ago because urgent needs that followed

the economies of the period of deflation have been met in a large measure and there is need for wider markets.



CONVENTION DATES

Kansas—at Hutchinson, May 24-25.

South Dakota—at Rapid City, June 21-23.

North Dakota—Bismarck, June 27-29.

Utah—at Logan, June 15-16.

Nevada—at Winnemucca, early summer.

ANNIVERSARY OF HELENA BANK

The officers, directors and employees of the Union Bank & Trust Company of Helena, Mont., celebrated the twenty-fifth anniversary of the opening of the bank with a dinner on January 17.

BANK MERGER IN OKLAHOMA CITY

The First National Bank of Oklahoma City, Okla., has purchased the Southwest National Bank. The Southwest National has deposits of approximately \$2,500,000 and the First National has deposits of almost \$15,000,000, with a capitalization of \$1,000,000.

COLORADO BANK INCREASES CAPITAL

The stockholders of the Colorado National Bank, Denver, at their annual meeting on January 9 ratified the proposed increase in the capital stock of the institution from \$500,000 to \$1,000,000, which the directors subsequently declared as a stock dividend. The increase came from the undivided profits of the bank. At the annual election of officers, held on the same day, Merriam Berger was made an assistant cashier.

JAMES RINGOLD BECOMES PRESIDENT

James Ringold was made president of the United States National Bank, Denver, Colo., succeeding W. A. Hoover, who becomes chairman of the board.

DEATH OF A. E. ASHER

The officers and directors of the Commercial National Bank of Hutchinson, Kansas, announce the death of A. E. Asher, January 28, in Kansas City, Missouri.

Mr. Asher has been president of the bank since its organization, and in his going the City of Hutchinson and Reno County have lost one of their best citizens.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

CONVENTION DATES

California—Long Beach, May 23-26.

MERCANTILE TRUST COMPANY CHANGES

At the annual meeting of the Mercantile Trust Company of California, changes in the official staff affecting the Berkeley branches, resulted in the following advancements:

G. T. Douglas was made a vice-president and G. C. Pettygrove, assistant vice-president. Both these officers have been connected with East Bay banking institutions for a number of years, having been associated for a long period of time with the First National Bank of Berkeley and the Berkeley Bank of Savings & Trust Company, pioneer financial establishments of the early eighties.

Several of the other East Bay branch officers also received recognition, L. R. Smith, formerly assistant manager was made manager of the Telegraph Avenue Branch; T. M. Robinson, Jr., manager of the Elmwood Branch; J. R. Fowle, manager First of Emeryville Branch, and R. I. Nevin, manager of the Albany Branch.

SCANDINAVIAN-AMERICAN BANK SHORTENS NAME

With the filing in Olympia of amended articles of incorporation, the Scandinavian-American Bank, Spokane, Wash., began the new year under the name of The American Bank of Spokane.

"There will be no change in shareholders, directors, or personnel of the bank's staff," stated Clyde Johnson, its president, "as this is merely a shortening of name for the convenience of depositors. The fact that the name has been almost universally shortened to 'S. A. Bank' was a considerable factor in prompting this decision".

Coincident with the change of name, the banking room itself has been completely remodeled and redecorated to quite an extent. The chief change has been the building of new quarters for the credit department, in charge of the cashier, C. R. Dahn. The counter of this department carries out a

style uniform with the officers' counter, across the lobby at the southeast corner, which is in green and white Italian marbles. New valances of gray trimmed in black have been placed in each window with screens below in the same color scheme, which carry the newly adopted emblem of the bank—an eagle with spread wings within a circle which bears the bank's name. The ceiling and walls have been redecorated in buff and French gray.

The year 1922 has witnessed a marked growth in the deposits of the bank. From \$1,341,000 December 31, 1921, they have increased to a net gain of over \$300,000. The capital remains the same at \$100,000, and surplus and undivided profits are now over \$50,000.

The Scandinavian-American Bank was established in 1908 by O. A. Johnson and his associates, all of Spokane. At that time Clyde Johnson, the son of the first president, entered as the bank's messenger. In the fourteen years intervening he has occupied practically every position and upon the death of his father two years ago was elected president, at which time O. Larsen, vice-president, was made chairman of the board of directors.

The directors and officers are: W. H. Farnham, Martin Woldson, L. G. Heiberg, J. Johnson, Frank Swanson, C. Oscar Peterson, C. P. Lund, N. Norman, O. Larson, C. R. Dahn, Clyde Johnson and A. Gleason.

FIRST NATIONAL BANK OF LOS GATOS

The shareholders of the First National Bank, Los Gatos, Cal., held their annual luncheon on January 9. The luncheon was followed by the annual stockholders meeting and election of directors.

The practice of preceding the annual meeting of the shareholders with a luncheon, at which the shareholders can meet together informally and socially, was inaugurated last year.

President C. F. Hamsher, in his annual report, reviewed the business of the past year, stating that it had been the most suc-

First Bank to Incorporate in Hawaii

THE BANK OF HAWAII, LTD.**HONOLULU, HAWAII**

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Capital, Surplus and Undivided Profits \$2,626,113.21
 Total Resources 23,155,587.05

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E. D. Tenney, Vice-Pres. E. F. Bishop, Vice-Pres.
 Boxor Damon, 2d V.P. G. G. Fuller, 2d V.P.
 Frank Crawford, 2d V.P. R. McCorriston, Cash'r

Branch Banks:—Lihue and Kapaa, Island of
 Kauai; Waipahu, Wailua, and Pearl Harbor,
 Island of Oahu.

Prompt handling of collections through close con-
 nections on each of the islands in the Territory.

cessful year in the history of the bank since its organization in 1911. The average daily increase of its deposits was 17 per cent. over the previous year.

The former board of directors was re-elected, consisting of F. W. Knowles, Ed. Howes, C. F. Hamsher, A. L. Cilker and L. H. Walker.

The directors reelected the following officers for 1923, consisting of C. F. Hamsher, president; F. W. Knowles, vice-president; H. L. Roberts, cashier; O. E. Lapum, assistant cashier, assisted by Earl Allison, Pearl Hook and Lula M. Snyder.

LARGE INCREASE IN DEPOSITORS

Increase in the number of depositors of the Bank of Italy to 401,798—a gain of more than 100,000 during 1922—and a total greater than that of any bank in the United States was pointed to by A. P. Giannini, president of that institution, at the bank's annual meeting.

"One person out of every eight in California is a customer of the Bank of Italy" said Mr. Giannini in his report to the stockholders. "Its gain is further reflected in the \$60,000,000 growth in our resources. We have completed what is undoubtedly the greatest year in the history of the institution, not only with respect to the increases recorded, but also in the development and perfecting of our organization."

During 1922, the bank gained more than \$60,000,000 in resources, the figures being in excess of \$254,000,000. Total capital, surplus, and undivided profits amounted to more than \$22,500,000—increase over 1921 of approximately \$7,500,000. The same board of directors and officers were reelected.

A note of congratulation upon the year's

record of the Bank of Italy was received from the Cleveland Trust Company of Cleveland, Ohio, the second largest bank in the United States in point of number of depositors.

The Bank of Italy now has sixty-three branches in forty-two California cities, in addition to the affiliations throughout California, in New York City and abroad.

SECURITY COMPANY ORGANIZED

Organization of the Security Company, owned by the Security Trust and Savings Bank of Los Angeles has been completed with the election of its officers and the company is now prepared to enter actively in the investment and business field. It begins operations with an authorized capital of \$1,000,000, of which \$450,000 has been paid in, and all of which is owned by the stockholders of the Security Trust and Savings Bank. The officers are as follows: President, J. F. Sartori; vice-presidents, M. S. Hellman, George M. Wallace, James E. Shelton, John T. Cooper and George R. Martin; treasurer, Edmund W. Pugh. Mr. Shelton will also act as secretary.

The new company will take over the present bond and investment business of the bank, which was established several years ago and of which George R. Martin has been the head. It will occupy the present quarters of the bond department on the mezzanine floor of the bank building at Fifth and Spring streets. It also will have representatives at the various branches of the Security Trust and Savings Bank.

The Security Company will underwrite bond issues originating in the West as well as participate in the underwriting in the Eastern financial centers. It will thus provide for the distribution to the public, locally, of the highest grade of bonds available both in California and the Eastern markets. The company's investment service will include not only the advice of its experienced officers on matters of investment, but also the furnishing of statistical data, quotations, reports on investment issues and general market information. In short, it will include all the functions heretofore performed by the bond department of the Security Trust and Savings Bank and many others of a larger scope. The organization of this company is a move in line with the growing tendency to provide for the financial needs of the Pacific Coast by Pacific Coast investment concerns to a much larger extent has ever before been the case.

Previous to the World War practically all of this financing was done in the East. Since then, however, each year has witnessed a larger part of it taken care of here, principally by Los Angeles and San Francisco houses. A number of large security issues, originating on the Coast, notably the \$22,000,000 Spring Valley water bonds, have been financed in this way, the Security Trust and Savings Bank and the First Securities Company having been among the largest and most important factors in that deal.

NEW VAULTS OPENED

The new safe deposit vaults of the Old National Bank-Union Trust Company of Spokane, Wash., were opened recently. The work of finishing the basement and mezzanine floor and the installation of the vaults and boxes has been under way since last spring and represents an investment of \$150,000.

There has been a complete rearrangement of the tellers' wickets which now extend virtually around the entire banking room lobby. Seven additional tellers' cages have been erected, permitting an extension of the bank's alphabetical divisions of the paying and receiving tellers. The new arrangement gives the bank thirty-one tellers' windows and six officers at the lobby counters on the main floor.

The new quarters provide for two assistant cashiers adjoining the savings and foreign departments, where they will act as signing officers for certificates of deposit and foreign drafts. New accounts will also be opened at this new location.

A complete relettering system has been adopted for all wickets, electric signs designating the window and number.

INCREASE IN BANK DEPOSITS

Spokane bank deposits made an increase of \$1,172,521 during 1922 and an increase of \$269,113 in three months and a half, since the last bank call, according to figures issued by the twenty banking institutions of Spokane, Hillyard and the Spokane Valley, following calls from the Comptroller of the Currency and from the Washington Supervisor of Banking. Absolute confidence prevails, bankers state, as is shown by the fact that loans and discounts are now \$4,337,107 greater than a year ago. Cash on hand is less than a year ago by \$1,879,501 and the surplus and undivided profits have increased in a year by \$286,168.



**"Hand them a letter
to this Bank"**

Your patrons and friends visiting California will be extended every courtesy and consideration at the *Security Bank* if they bear a letter of introduction from you.

**Resources Exceed
\$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**

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

A SURVEY of business conditions in Canada reflects a healthy change during the year as might be expected from the reading of the exchange barometer indicating a return to normal in economic relations with the United States. Reports from the manufacturing centers indicate little or no unemployment and with rising wages there has been a marked increase in buying power and a better movement of goods, although there is still caution being displayed by retailers and most of them are continuing to buy from hand to mouth with the result that stocks in retailers' hands are generally below normal. Such industries as mining and lumbering are active while pulp and paper and textile plants are busy with an improvement also in general manufacturing.

But while the improvement referred to is marked in the industrial centers in rural districts, where business depends on the purchasing power of the farmer, the slump in prices for agricultural products is still tending to keep conditions dull. This condition varies with the extent to which stock raising, dairying and other forms of mixed farming are being employed. Where products of the field have been sold on the open market the farmers are complaining bitterly that there is not sufficient margin to meet increased taxes and other costs of production and overhead. Ontario and Quebec, therefore, seem to have enjoyed the greatest measure of revival with both industrial and mining activity to aid the production of wealth in addition to smaller industries and mixed farming. The improvement in the Maritimes and in British Columbia is not so marked but there is an improved tone with more confidence in the future.

In the western provinces, the great wheat growing area, however, despite the largest total field production in the history of the country, conditions are far from satisfactory and, in some districts of large extent, are described as really critical. The same enthusiasm which marked the real estate boom

in western Canada ten years ago was responsible during the period of high prices for wheat for a marked extension of the area under cultivation. Wheat tracts were enlarged in borrowed money requiring additional equipment and other investments. When it would have been good business for the farmer to have put part of his profits aside to pay off existing obligations, the wartime call for increased production was answered. If today the western farmer is suffering from the consequences, that feature should not be forgotten. With the decline in prices many farmers found that they suffered losses in proportion to their acreage and that they had not the reserve from the fat years to fall back upon. In large districts too there have been recurrent years of poor crops which have exhausted the resources and the credit of many farmers and business men as well. Good crops—more than one—are needed to bring back prosperity in these districts and in the meantime there is the immediate problem of getting a crop in next spring.

But although Western Canada is young and inclined to be on the heights or in the depths in business sentiment, the fact remains that it has passed the test stage as a world factor in the production of wheat and it is merely a question of time until an adjustment is reached to bring the farmers' buying power into line with the cost of manufactured products.

It is evident, however, that any new movement for higher prices for manufactured goods, such as has already made itself evident through the labor shortage in some of the trades turning out fundamental materials, is likely to have the effect of checking the farmers' buying.

SAVINGS INCREASING

An increase in savings deposits is an outstanding feature of the latest statement of the Canadian chartered banks. In view of the fact that these deposits show a decline of about \$85,000,000 as compared with a year ago the increase of \$11,000,000 during the last month reflects both an improvement

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.



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Foreign Department
Standard Bank of Canada
TORONTO

Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	5,000,000.00

in earning power in industrial communities and also the effect of the marketing of the crop. Current loans showed a seasonal contraction being down more than \$17,000,000 and over \$100,000,000 less than a year ago, as the result of the general deflation experienced in trade and industrial circles. The total assets of the Canadian chartered banks amounting to \$2,690,000,000 showing a contraction of about \$134,000,000 during the year. The reduction of over \$100,000,000 in current loans during that period is the most important change and it is rather significant that call loans abroad, being loans in Wall street, are \$11,500,000 greater, amounting to over \$200,000,000.

CANADA'S 1922 BORROWINGS

Canada's borrowings in the United States increased last year, this no doubt being an important factor in bringing the Canadian dollar back to par in the United States. A new high record was made. The percentage of United States borrowings to total borrowings changed but little from 1921, however, and was smaller than in 1920.

BANK OF NOVA SCOTIA

In view of the general contraction in current loans of the Canadian banks during the year the fact that there was a decrease of only \$646,000 in these commercial credits by the Bank of Nova Scotia is an outstanding feature of the annual report of that institution. At the same time loans outside Canada, presumably in Newfoundland and

the West Indies, increased by \$1,898,000, but call loans were cut down by \$1,346,000.

The bank loans on grain and staple commodities showed a decline of \$9,540,000 but there was an increase in holdings of Dominion notes of \$4,180,000 and \$2,800,000 in government securities while a new item of \$1,243,000 appears for loans on United States currency and British Treasury demand notes. These investments enabled the bank to maintain a strong liquid position.

Savings deposits declined about \$4,000,000, a comparatively small sum in view of the total held and the general tendency in regard to these deposits.

The maintenance of current loans was no doubt largely responsible for the fact that a substantial increase in profits was shown—from \$2,111,733 to \$2,122,682. An addition of \$35,000 to the reserve fund made a total of \$19,500,000 including the premium on the issue of \$300,000 new stock made in July last; \$1,557,383 was paid out in dividends, \$97,464 for circulation taxes, \$75,000 contributed to the officers' pension fund, \$250,000 written off bank premises, and \$35,000 transferred to reserve fund, leaving a balance of \$173,162 carried forward to next year.

DOMINION BANK

The fifty-second annual statement of the Dominion Bank of Toronto, Canada, shows total resources of \$130,064,364, including quick assets of \$57,044,731; commercial loans of \$65,443,488, and Government and municipal securities, \$13,704,012. Deposits

total \$98,353,998, while the bank's capital is \$6,000,000, and the reserve fund and undivided profits, \$7,999,637.

At the recent annual meeting of stockholders, held in Toronto, Clarence A. Bogert, general manager, urged the revision of the Canadian Bank Act on the ground that since its passage four years ago some of the Provincial Governments had become actual competitors of the banks in obtaining deposits from the public. The average rate of taxation of banks by the Provincial Governments, he said, had increased 50 per cent. in the last four years, while municipal tax rates had increased from 50 per cent. to as high as 100 per cent., in some instances. Since 1913, he said, taxes on capital invested had increased from 1.39 per cent. to 6.26 per cent. and the aggregate taxation on net earnings of banks had increased from 8 per cent. to 27 per cent., as of 1922.

CANADIAN BANK OF COMMERCE

A reduction of about \$13,000,000 in current loans in the annual statement of the Canadian Bank of Commerce to November 30, 1922, reflected that further industrial and financial deflation throughout the country which continued as a feature of the post-war readjustment. This deflation was also indicated in a reduction of \$22,000,000 in total assets and a very satisfactory showing is made in profits in view of this condition. The total of \$3,002,435 compared with \$3,116,137 in the previous year and \$3,306,244 in 1920 but was practically the same as the figure for 1919 and substantially above the best previous years. The distribution of profits indicated in the following summary allowed a substantial addition to the reserve.

In addition to the change in current loans, in which connection it should be mentioned that not only were earnings well maintained but over-due debt reduced by \$110,000, the balance sheet shows a reduction of about \$18,500,000 in savings deposits but in view of conditions prevailing the fact that this

was only a little over 2 per cent. of the total is important.

Holdings of Dominion notes were reduced by \$13,000,000 but with an increase in loans on Government securities and in the gold reserve the ratio of immediately available liquid assets was well maintained. The amount deposited in the central gold reserve now consists of \$10,000,000 in gold, as against \$5,500,000 a year ago.

BANQUE D'HOCHELAGA

The Banque D'Hochelaga annual report provides a record of commercial activity and earnings and liquid position well maintained in the face of existing business conditions. A comparison of the net earnings for several years back shows unusual stability in the totals with over 15 per cent. earned on the capital stock year after year. Profits for the year just closed amounted to \$604,830 compared with \$630,902 one year ago, leaving a balance of \$94,536 to carry forward as compared with \$184,706 at the end of 1921.

The amount of deposits which stands at \$53,570,029 compares with the total of \$55,150,696 for 1921, a decrease of \$1,580,667, which is in line with the general tendency amongst the majority of banks during the past year. Another result to be expected was a reduction in current loans in Canada by \$4,516,749, which brings the total down to \$35,137,754. This is \$4,366,000 less than the total for 1920.



ROYAL BANK MANAGER RETIRES

Sir Herbert Holt, president, announced at the annual meeting of the Royal Bank of Canada that Edson L. Pease had decided to relinquish the office of managing director and chief executive officer after forty years of service, and the office will be discontinued.



THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SEVENTH YEAR

MARCH 1923

VOLUME CVI, NO. 3

The American Attitude Towards Europe

FOR some time an effort has been made to point out in these pages what was regarded as our duty towards the problems long pressing for solution in Europe. These views were not expressed until after a somewhat extensive survey of these problems made on the other side of the Atlantic. It has been realized, with deep regret, that these opinions ran counter to those held by the present Administration charged with the responsibility of acting in the matter. Without being in the least unmindful of the serious economic condition of a number of the European countries, THE BANKERS MAGAZINE has insisted that the essential conditions first to be dealt with were political in their nature. In his speech delivered at Boston, during the last national campaign, Secretary of State Hughes took substantially the same view, and in order to present his position fairly and clearly it will be necessary to quote at some length what was said. After stating that the United States favored "an international court of justice for the determination according to judicial standards of justiciable international disputes," the Secretary of State further declared:

"It should be remembered that the great problems that now vex the European nations and retard recuperation are not, except to a minor degree, of a legal or justiciable nature which can be solved by judicial tribunals.

"Nor are they matters pertaining to health and mere humanitarian endeavor, vastly important as matters of this sort are. We always have been and are most desirous to aid, and we are aiding, in such undertakings. Members of our Public Health Service have been in attendance at sanitary conventions abroad and our experts are associated with efforts to prevent disease, to curtail commerce in narcotics and to coöperate in the prevention of traffic in women and children. It is a moderate statement to say that no people are doing more than we are doing to promote through philanthropic effort the welfare of mankind.

"The fundamental and pressing problems of Europe are political problems involving national hopes and fears; deep-seated

convictions, as to national safety and opportunity; national ambitions, in some cases long cherished, in others recently awakened; established policies which have become postulates in the thought of peoples. Each nation is its own judge in such matters of policy and, whether acting in or out of groups, will follow its own interests save as some special exigency may control. It is clear that the great Powers will not permit the interests which are deemed to be really vital to them to be decided upon in any large group containing members who are not regarded as essential factors in a prosecution of policy. Such interests inevitably are and will be reserved for direct negotiations in conference or otherwise between the Powers immediately concerned. The course of these negotiations is naturally determined on each side by conceptions of national interest and they are the same in character as negotiations between Powers with different policies have always been.

"The reason that the main problems of Europe cannot be solved, save as Europe helps herself, lies in the fact that each major difficulty centers in the self-determined action of independent states and is beyond external control. The chief trouble at this time in Europe is that the great Powers have not been able to agree as to questions which being distinctly European questions directly concern them, and their want of agreement is due to different conceptions of essential national policy. As soon as you go to the root of any major difficulty in Europe you find this to be the unmistakable cause. For us, international coöperation does not mean that we should embroil ourselves in controversies not involving our own interests but growing out of the age-long rivalries and conflicting interests of European powers having policies which we do not assume to criticise but in which we have no share. There is no reason why we should fritter away our helpful influence by becoming a partisan of either party to such controversies, much less make the fatal mistake of attempting to assume the role of director."

It will be seen that Mr. Hughes recognizes that "The fundamental and pressing problems of Europe are political problems". No truer or clearer statement of the situation has been made by anybody.

But two months after his Boston speech, speaking at New Haven, and discussing the subject of German reparations, he seems to have been less clear. He said:

"The situation does call for a settlement on its merits. The first condition of a satisfactory settlement is that the question should be taken out of politics. * * * The fundamental condition is that in this critical moment the merits of the question, as an economic one, must alone be regarded."

When the Secretary of State declared, as he did at Boston, that "The fundamental and pressing problems of Europe are political problems", he spoke with that directness and clarity of thought and speech for which he has been long distinguished. But his New Haven utterances seem to represent a shifting of ground completely. He would take the reparations problem out of politics. It is difficult to see how any one in the least cognizant of European politics, and especially of the public opinion prevailing in France and England, could possibly have expressed this view. Mr. Hughes here seems to have dropped the role of the keen-minded lawyer and statesman for that of an advocate pure and simple, for he was proposing in this speech, that the fixing of German reparations should be left to the determination of an expert financial commission whose members should be appointed from their respective countries. He ignores his "fundamental and pressing problems" of a political character, and says that reparations should be fixed by a commission of financial experts, and that "the question should be taken out of politics".

Were the proponent of this suggestion any one less distinguished than Mr. Hughes, it would be difficult to refrain from saying that he was dodging the main issue, which he himself had so recently recognized as being of a political character. Certainly, it can be justly said, even of Mr. Hughes, that he only clouded the situation by his New Haven speech, whose effect in France was decidedly unfortunate.

The true policy for the American Government would be to act upon what Mr. Hughes said at Boston, namely, that "The fundamental and pressing problems of Europe are political problems", and to do what we can to help in their solution. We gain nothing in refusing to face a situation which Mr. Hughes so clearly defined at Boston, but which he seemed bent on making something else at New Haven.

But Mr. Hughes failed in other respects correctly to envisage the situation in his New Haven speech, as evidenced in the following quotation:

"But what is our attitude toward the question of reparations, standing as it does as a distinct question, and as one which can not be settled unless the European governments concerned are able to agree?

"We have no desire to see Germany relieved of her responsibility for the war or her just obligations to make reparation for the injuries due to her aggression. There is not the slightest desire that France shall lose any part of her just claims. On the other

hand, we do not wish to see a prostrate Germany. There can be no economic recuperation in Europe unless Germany recuperates."

But the wish which Mr. Hughes expresses for German economic recuperation, and which is shared quite generally in the higher circles of finance in England, brings political considerations to the fore again. A strong economic Germany is bound at no distant day to acquire military strength. France will continue to feel nervous in witnessing Germany's rise to economic power, especially in the absence of a guaranty against further military aggression by Germany, such as might have been afforded had the United States and Great Britain formed an alliance with France, an opportunity which failed because of the refusal of the Senate to ratify an agreement made by Mr. Wilson with that object in view. As Viscount Grey of Fallodon recently declared, "the bottom was knocked out of the European peace when the United States refused to join England in protecting France against Germany".

The divergent views of France and Great Britain in regard to reparations gave rise to the apprehension of political events of the gravest character. Should these forebodings be fulfilled—and it is most earnestly hoped they may not—can we escape responsibility for failing in taking action that might have saved the world from this fresh calamity?

Lengthened Farm Credits

IN increasing the length of maturity of agricultural acceptances from three to six months the Federal Reserve Board has given recognition to the strong demand which has existed for some time among the farmers of the country for more extended farm credit. It was pointed out, in making this extension, that it was intended to afford facilities for orderly marketing of crops in a legitimate way and not for mere speculative withholding from market in the hope of securing higher prices. The distinction may be rather too fine to be drawn in all cases, but there is much to be said in favor of providing means that would obviate the immediate dumping of farm products on the markets within a very short period after production. When such dumping takes place it not only tends to deprive the farmer of a fair price for his crops but also makes for a demoralized state of the market which really benefits nobody, though those skilled in taking advantage of this demoralization may be able to reap gains at the expense of the community.

It remains to be seen whether or not this extension of time will

be satisfactory. Demands have been made already for still further lengthening of the maturity of this class of paper, and no doubt many plausible reasons will be advanced in favor of such demands. Prices of farm products have lately shown a rising tendency, and the action of the Federal Reserve Board may be expected to increase this tendency. It will be fortunate if the action referred to gives such support to agriculture as to insure abundant and steady production (so far as this is dependent upon credit facilities), but it would be unfortunate if it afforded opportunities for speculative holding of the crops. Should the period of maturity of farm paper be much extended beyond the concessions already made by the Federal Reserve Board, this encouragement to speculation might be expected as a result.



Political Pressure Upon the Federal Reserve System

AS a result of the so-called deflation policy of the Federal Reserve Board, bitter attacks were made upon Governor Harding, and these attacks have prevented his reappointment. We have thus introduced a new and exceedingly dangerous element into our banking system, namely, political pressure. Just how serious is this condition was well set forth in a recent letter which Lewis E. Pierson, president of the Merchants Association of New York, addressed to President Harding. Mr. Pierson very justly said:

“Unless a determined effort is made at once to arrest present efforts to bias the minds of a large portion of our people, the Federal Reserve System may become so disorganized that we may ultimately see a repetition of the disastrous history of the first and second Banks of the United States.”

It would seem that Mr. Pierson's appeal to President Harding not to be influenced by the attacks made upon the Federal Reserve Board was unavailing. The failure of the President to reappoint Governor Harding may be fairly interpreted in that light. As Mr. Pierson points out, it will be difficult in the future to secure the services of able and conscientious men on the Federal Reserve Board if they can thus be successfully and unjustly attacked.

There may be a difference of opinion as to the exact wisdom with which the so-called policy of deflation was applied by the Federal Reserve Board. Evidence is lacking that the Board's critics could have done better or even half so well. That in the spring of 1920

a policy looking towards gradual deflation was absolutely required, no sane observer of financial conditions at that time could possibly deny. The Federal Reserve Board was bound to take note of the situation and to act in accordance with the necessities of the case. As a matter of fact it acted with great caution and with as much wisdom as rightfully could be expected. The deflation policy hurt; it always does. But instead of criticising the Board for what it did in putting a check on credit expansion, it would probably be more accurate to say that this policy was not applied soon enough and that it stopped short of enforcing the degree of liquidation required. However that may be, it appears that Governor Harding failed of reappointment for having performed his duty conscientiously and with far more than ordinary ability.

Theoretically the appointment of members of the Federal Reserve Board is lodged in the hands of the President for the protection of the public. But if members of the Board are to be punished for a conscientious and skillful performance of their duties, this prerogative of Presidential appointment may lead to grave abuses.

When Congress can successfully exert political pressure upon the President in making appointments to the Federal Reserve Board, a most dangerous precedent is established. In the long run it will surely work mischief.



Putting Gold in Circulation

NOW that the Treasury has withdrawn its objection to the circulation of gold, thus relieving the country of another of the restrictions made necessary by the war, we may expect to see gold certificates again enter into circulation, although it is hardly to be expected that the actual coin will circulate even to the limited extent that prevailed before the war. This for the simple reason that the people have become more accustomed to paper, and quite generally prefer it to the coin.

It is often contended that our present large stock of gold tends toward inflation. If this view be correct, the tendency can be checked to an extent at least by reducing the quantity of Federal Reserve Notes in circulation and supplying their place by gold certificates. Since the latter can be more freely used as reserves, by withdrawing them from the banks the supply of reserve money would be diminished and the creation of bank credit rendered less easy. Whether this process will be necessary or even desirable is by no means as certain as our large supply of gold may lead one to

infer. The new tariff may possibly materially reduce our "favorable" trade balance so that we shall import less gold than formerly, and opinion has been expressed in well-informed quarters that it may not be unreasonable to expect an early disappearance of net gold imports.

If political conditions in Europe would quiet down and a general economic restoration follow in that quarter of the globe, an excellent use could be found for much of our gold in putting greater value behind the depreciated currencies with which many of the European nations are at present afflicted. That our gold stock is as idle as many suppose is one of the fictions of finance. It constitutes a solid support for our own extensive credit structure and enables us to make loans, as we are still doing, to various quarters of the world.



Our Present Era of Prosperity

ONCE more this country has fortunately entered upon a new era of prosperity, which it is hoped may prove of a healthful nature and of a lasting character. The grounds for such hopes are less satisfactory than could be wished. In the first place, what many careful observers have regarded as indispensable to any permanent return of prosperity to this country—partial restoration in Europe—has not taken place. On the contrary, our present revival in business has happened without such European restoration and when in fact things are looking blackest in that part of the world. It may be well to give careful study to the situation. It is clear that we are on the upward grade and have passed far beyond the low point of the late depression. But it is less clear just what this fortunate turn of affairs really means. It may signify nothing more than a somewhat feverish effort to fill up the comparative vacuum which the depression created. But as the depression itself was severe, the reaction that has set in may carry us along for a considerable period, possibly even until things have cleared up a bit across the Atlantic.

It may be interesting to look the worst in the face. What would happen to us if a new war should break out in Europe? Whatever of apparent temporary profit such a catastrophe might promise, the result in the long run could not fail to exert a profoundly depressing effect. It would indefinitely delay, even if it did not forever destroy, the application of that restorative process which must inevitably precede any permanent betterment of the European situation. And yet, deplorable as is such an outlook, we may be called on to face it.

This constitutes one of the uncertain elements in our present era of prosperity. But it is quite natural that our people should not forever remain under the spell of the European spectre. They wish to go ahead and devote themselves to the arts of peace—to build homes, to develop trade and industry of every sort. This wish, carried into effect, explains the commencement of a new era of prosperity, which let us hope may prove of long duration.



Our Coal Shortage Caused by Too Much Coal

NOW that we have been officially informed, by a commission created to investigate the subject, that the shortage of coal is really due to the actual or potential supply of that commodity being excessive, we may all rest easier. Prophets of disaster are fond of pointing out that the coal underneath the earth's crust is growing scarcer all the while, and that in some millions of years there will be no coal to be had. But our present coal difficulty is of another sort. We can't get coal simply because there is too much coal and especially because there are so many miners of coal. Just as the grocery salesman explained that apples were so high because they were so plentiful that it did not pay anybody to pick them. Some millions of bushels of potatoes were allowed to rot in California during the past season, it is said, because there was no profit in digging them.

The situation which these incidents represent—and they are capable of almost indefinite multiplication—betrays a shocking lack of efficiency somewhere in American economic organization, a lack which our statesmen and business men seem unable to remedy. With such bountiful supplies of fuel and food, it would seem an attainable ideal to bring these necessities of life to the doors of the humblest citizen at a very moderate cost. But while there was so much coal and so many men to mine it in Pennsylvania, Ohio, and Virginia, that it was unprofitable to operate the mines, in New York, less than a thousand miles away, people were suffering from cold and found it difficult to get coal even by offering a very high price for it. Doubtless in many parts of the country people would gladly have paid a fair price for the California potatoes which were allowed to remain in the ground.

High wages, high costs, high profits seem to have absorbed more of our attention than an abundant supply of food and fuel

available to all of our people who are industrious. It is discreditable to our boasted progress that we should be unable to produce coal and food except at prices which many who are industrious can not pay.

A New Source of Wealth

ASTOUNDING discoveries of riches which have lain concealed for centuries in the tombs of the ancient Kings of Egypt give rise to speculations regarding this new source of potential wealth. It would not be surprising to hear, in view of these amazing discoveries, of the formation of heavily-capitalized corporations formed for the purpose of prosecuting explorations along these somewhat novel but promising lines. If we are to credit the reports of these finds, they may be regarded as at least as promising as many of the mining enterprises and oil explorations that have successfully coaxed as many millions from the pockets of "investors".

In this comparatively new field, the services of the archaeologist will be more in demand than those of the mining engineer or the oil wizard with his divining-rod. Not only shall we want to know where the greatest treasures are buried, but to be told what races indulged in this method of attempting to carry their possessions with them to another world, and at what age in human history this practice was discontinued. Probably ethical considerations may enter in to some extent to curb enterprises of this sort. While nobody seems to have any conscientious scruples about despoiling the graves of the ancient Egyptian monarchs, who were probably a pretty bad lot anyway, some hesitation may be felt in opening the graves of our more immediate ancestors in the search for buried treasures. The line may be appropriately drawn at least at one's grandfather. Beyond that line of relationship it would probably be indecent to venture, and the enterprise would very likely yield but little ready cash anyway.

The ancient kings who thus sought to make themselves comfortable in their journeyings through other worlds will no doubt be made the subjects of much undeserved sympathy. They are really getting no more than their deserts for attempting to extend their greed beyond the confines of human existence. It is a fair guess that if all the buried gold could be exhumed it would go far towards stabilizing the great mass of paper currency now in existence. Who can gainsay the statement that thus employed it would be serving a more useful purpose than if left buried in forgotten tombs?

Recent developments clearly foreshadow the art of grave-robbing as a source of wealth not to be despised by those of an enterprising turn of mind.

Prominent in Rural Credits Legislation



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Upper left : Senator Irvine L. Lenroot, of Wisconsin. Upper right : Senator Arthur Capper, of Kansas.

Lower left : Representative James G. Strong, of Kansas.

Lower right : Representative Sydney Anderson, of Minnesota.



D. R. CRISSINGER

Whose appointment by President Harding to the office of Governor of the Federal Reserve Board, succeeding W. P. G. Harding, has been confirmed by the Senate

MR. CRISSINGER is a lawyer by training. He was appointed Comptroller of the Currency by President Harding, assuming his duties on March 15, 1921. This appointment was based on the President's acquaintance with his qualifications through association with him in banking and business enterprises in Marion, Ohio. On March 2, 1923, the Senate confirmed his nomination by the President to become the new Governor of the Federal Reserve Board. He is president of the National City Bank and Trust Company of Marion.



W. P. G. HARDING

Governor of the Federal Reserve Bank of Boston and former Governor
of the Federal Reserve Board

MR. HARDING became a member of the Federal Reserve Board on August 10, 1914. On August 10, 1916 he became governor of the Board, in which office he remained until the expiration of his term on November 20, 1922. He was appointed Governor of the Federal Reserve Bank of Boston on January 6, 1923, assuming his duties on January 15. In 1918-19 he was managing director of the War Finance Corporation. From June 1902 to July 1914, he was president of the First National Bank of Birmingham, Alabama. He was president of the Alabama State Bankers Association in 1908, and president of the Birmingham Chamber of Commerce in 1913. He received the degrees of A. B. in 1880, and A. M. in 1881, from the University of Alabama, the youngest full graduate in its history.



THOMAS P. KANE

Deputy Comptroller of the Currency, whose sudden death occurred
March 2, 1923

MR. KANE who knew personally, with two exceptions, every Comptroller of the Currency since the organization of the bureau in 1863 and who was himself connected with the Comptroller's office since 1886, died suddenly and peacefully in his home in Washington on March 2. Before his death he had completed a monumental work on the Government supervision of the banks which he entitled "The Romance and Tragedy of Banking", which has been enthusiastically received by bankers and the public in general. During the last months of his life he had the satisfaction of reading letters of congratulation and appreciation from all parts of the country. Mr. Kane was loved and admired by his associates and universally respected by all with whom he came in contact. In his death the Treasury Department and the Nation have lost a faithful and valuable public servant.

Savings Departments in Banks of Discount and Trust Companies

By William H. Kniffin

THE receipt of time deposits in banks of discount and trust companies has obtained for many years past and the right to receive such deposits has never been questioned. This right has been assumed rather than specifically conferred. It has been accepted as part of the general function of deposit, one of the three cardinal principles of banking.

The National Bank Act does not confer this right, although national banks have for years exercised it by tacit consent of the various Comptrollers of the Currency. The Federal Reserve Act does not specifically confer this right, but does so by implication in defining what is a time deposit. The term "savings accounts" does not appear in the National Bank Act, and is used in connection with national banking institutions for the first time in the Federal Reserve Act.

But whether this right has been assumed or specifically granted, banks of discount and trust companies have for many years operated what is now commonly called the "savings department". In many places the evidence of a time deposit has been the certificate of deposit, which is one of the most elastic instruments used in banking. Through it the bank can make any agreement with the customer in respect to a deposit of money that is consistent with law. It can meet the wishes of the depositor perfectly in the matter of term of deposit, interest rate, negotiability, and the contract of payment as respects the payee. The bank can know exactly what payments it will have to meet at stated times and arrange its investments accordingly. The issue of a certificate of deposit and the bookkeeping in connection therewith is, however, less expeditious than obtains in the issuance of pass books and the certificate does

not find the ready acceptability that attends the use of pass books as representative of time deposits. The disadvantage of the pass book lies solely in the fact that the rules regulating such deposits must be uniform and cannot be altered to meet the various needs of the customers.

THE SAVINGS OF THE MASSES

The banks of discount and trust companies throughout the land have of late years realized the importance of the savings of the masses as a financial factor of no mean import, when such savings are gathered together under the control of a bank. At first these savings accounts were merely accepted as a matter of course, whether represented by certificates or pass books. As the thrift idea has spread and banks have realized its possibilities, they have gone out after such business with well planned campaigns of education and invitation.

From an incidental part of the day's business, the savings department has become an important part and in many cases the most important part of the bank's many activities. In a period of about twenty-five years the savings deposits in banks of discount have reached a figure quite as large as the savings banks have assembled in more than a century. This may be traceable to two facts: (a) The banks of discount outnumber the savings banks by the ratio of about thirty to one; and (b) the more aggressive methods used by the banks of discount in inviting such business.

The receipt of such money is costly in the fact that the greater part of the earnings arising from such deposits are given back to the depositors in the form of interest, the going rate being from 3 to 4 per cent. against a maximum of about 2 per cent. on checking accounts and in many banks no interest at all.

The offsetting feature is the permanency of such deposits, allowing them to be invested in long time securities.

The climax of this movement was reached when the National City Bank of New York, the largest bank in this country, opened a savings department and announced in expensive full-page advertisements in the New York papers that it would receive savings accounts as low as \$1. Whatever the motive that prompted this departure from "dignified" banking as defined in Wall Street, it marks an epoch in American banking practice. That the venture has met with more than expected results is borne out by the bank's recently published statement in this regard. It is proof positive that no bank is too large to cater to the masses and the larger the bank the more successful will such a venture be. It makes saving popular. It makes it safe and profitable. It brings the safety of a great institution within the reach of the little fellow. It is like the king buying his tobacco of a little shop. It helps the shop keeper and doesn't harm the king. It is like the Government selling thrift stamps. It helps the Government and the saver at the same time. It dignifies a twenty-five cent investment and doesn't injure the Government.

SAVINGS DEPARTMENTS MUST BE ORGANIZED

To such an extent has the savings department grown that it can no longer be treated as a minor part of the bank's work. It must be as well organized as any other department, and this organization should be as complete and as efficient as obtains in a well managed savings bank. A savings department organized and operated along the following lines will be found to function satisfactorily.

1. There must first be a set of rules and regulations adopted by the board of directors governing this department. These rules should cover: (a) The receipt and payment of moneys; (b) Lost books; (c) Joint and trust accounts; (d) Interest rules and rates; (e) Notice

of withdrawal; (f) Accounts of deceased persons.

2. The receipt and payment of monies must be prompt and expeditious.

3. The bookkeeping system must be simple yet adequate.

4. Interest on deposits should follow savings bank rules.

A workable set of rules will be found in the following:

RULES AND REGULATIONS

Governing Interest-Bearing Accounts

DEPOSITS

On making the first deposit, the depositor shall be required to subscribe to the rules and regulations governing the interest-bearing accounts in the bank, and the signing of the signature card is such assent. If such subscription be not made at the time the account is opened, the retention of the book shall be deemed such assent.

Deposits will be regularly entered in a pass book given the depositor, which shall constitute his voucher for the deposits and drafts entered therein; but the balance shown in the balance column is for convenience only and is not guaranteed until the book has been duly presented to the bank for balancing.

WITHDRAWALS

Withdrawals may be made personally or by order in writing, accompanied by the pass book, or by letters of attorney duly authenticated, and no person shall have the right to demand any part of the principal or interest without producing the pass book.

All payments made to persons producing the pass book, with or without an order purporting to be signed by the depositor shall be deemed good and valid payments to depositors, and shall fully discharge the bank therefrom. Moneys deposited in interest-bearing accounts will ordinarily be paid on demand, but the bank reserves the right at any time to require at least thirty days' previous notice of intended withdrawals; and the payment of deposits on demand shall not operate to waive the right to require such notice of withdrawal.

DECEASED PERSONS' ACCOUNTS

Upon the death of a depositor the balance due shall be paid to the legal representative, the bank reserving the right to make such payment of small balances as the circumstances warrant, upon receipt of satisfactory indemnity.

LOST BOOKS

In case of the loss or destruction of the pass book, immediate notice must be given

DATE		I hereby agree to be bound by conditions printed on reverse side	
NO.			
AMOUNT			
\$			
AGE		RESIDENCE	
"			
BIRTH PLACE		FATHER'S NAME	
OCCUPATION		MOTHER'S NAME	

A well arranged signature card

to the bank in writing. A new book or payment of the amount due will only be made upon receipt of affidavit of loss and indemnity satisfactory to the bank officials.

DEPOSITS IN TWO NAMES

Deposits opened in two names "payable to either or the survivor of either", shall be payable to either party presenting the pass book, and upon the death of either, the balance due thereon shall be paid to the survivor.

Deposits made in trust for another shall be payable to the trustee during life and any balance due thereon upon his death shall belong to and be paid to the beneficiary.

INTEREST

Deposits made on or before July 10 and remaining in the bank until January 1, will be credited with six months' interest.

Deposits made between July 10 and October 3 and remaining in the bank until January 1 will be credited with three months' interest.

Deposits made on or before January 10 and remaining in the bank until July 1, will be credited with six months' interest.

Deposits made between January 10 and April 3 and remaining in the bank until July 1, will be credited with three months' interest.

ASSIGNMENTS

No assignment of interest-bearing accounts, in whole or in part will be recognized unless the bank shall have been notified in writing of such transfer.

DORMANT ACCOUNTS

Accounts on which no deposit or withdrawal has been made for a period of ten years shall be deemed dormant, and no further interest allowed. The entry of interest shall operate to prevent the account from becoming dormant.

NOTICE TO DEPOSITORS

Notices to depositors displayed in the banking room and published for two successive weeks, in a newspaper will be deemed notice to each and every depositor respectively.

Where the volume of business is sufficient, a separate department complete in itself should be operated for savings accounts, thus taking all such work from the commercial teller. Where the volume is small and the force limited, this work must be delegated to the regular force as part of the day's work.

In opening new accounts the same identification questions should be taken on the signature cards as are taken in savings banks, namely, signature, age, residence, father's and mother's name, occupation and birth place, etc. For illiterates, the finger print system should be used. Accounts are run by number, and in making up the supplies, the pass book, signature card, ledger card and

ledger accounts. If desired the cards so affected may be held out after posting in order to prove the extensions. This is done by taking the old and new balances on the cards so affected and the difference must agree with the teller's totals. If this is not desired, a monthly or quarterly trial balance will answer the purpose, due care being taken in making extensions. When a balance on the ledger has been proven to be correct by trial balance, it should be marked with a check to indicate that up to that point the balance is correct. If a daily proof of extensions is not made, the balances should be examined before or during a trial balance period, and after the credit of interest, and marked by some special mark such as a cross on the division line, to indicate that the balance up to that point has been examined and is correct. Any errors that require a search will not ordinarily be found in the balance if this extension proof is given due thought.

THE "BLIND" SYSTEM OF POSTING PROOFS

For each group of accounts there will be a deposit and a withdrawal sheet for each day. The lines should be numbered by the printer, thus showing the number of transactions daily at a glance. First comes the account number, then the name, then a blank column, a perforation, and the amount column.

After posting to the accounts, the items are listed on the group sheets, leaving the amount in the blank column to be entered later. The perforation is torn off, containing the amounts only, and goes to the bookkeeper, who makes the postings to his control accounts.

The proving clerk takes the group sheet, which now contains only the number of the account and the name of the depositor. Turning to the account he posts in the blank column whatever he finds posted under that date. When his sheet is complete he makes a total and takes it to the bookkeeper who compares it with his stub and the two must agree. If discrepancy exists, a matching of the stub and main sheet will show what

account is in error. No other proof of posting is necessary and a re-checking is a waste of time. When intelligently done, this blind system of posting proof is well nigh infallible.

TRIAL BALANCES AND VOUCHERS

Trial balances are taken at frequent intervals, by groups. Interest is computed on sheets according to the bank's rules and posted to the cards. The sum of the interest sheets and the total of interest posted on the cards will prove the posting to have been done correctly.

The deposit tickets and withdrawal blanks should be filed by months for reference, and closed pass books filed numerically.

SUPERVISION OF SAVINGS DEPARTMENTS

In national banks, the savings department will be under the control of the Comptroller of the Currency and governed by the National Bank Act and Federal Reserve Act, insofar as they make provision for such accounts. These provisions are in the main three: (a) As to reserve. In all banks members of the Federal Reserve System a reserve of 3 per cent. must be carried against time deposits; (b) As to what is a time deposit, which is a deposit on which notice of withdrawal of at least thirty days may be required; (c) The amount of mortgage loans permissible, which is not to exceed one-third the time deposits, or one-fourth the capital and surplus.

As the National Bank Act and Federal Reserve Act, makes no provision for the payment of deceased persons accounts and the payment of joint and trust accounts, the bank will be safe if it follows the state law in respect to such payments. In state banks and trust companies, the bank must be governed by the state laws in all respects, and where the general banking act does not cover the point in question, the bank will be safe if it follows the savings bank law of the state in such matters.

LIST OF WITHDRAWALS					
SAVINGS DEPARTMENT					
Bank of Rockville Centre _____ 192____					
Book Number	NAME	AMOUNT	AMOUNT	AMOUNT	AMOUNT
1					
2					
3					
4	This column left blank for proving clerk to enter whatever he finds posted on that account under the checking date.				
5					
6					
7					
8	This part torn off and given to bookkeeper before work is checked.				
9					
10	Totals of two columns must agree.				
11					
12					

Group sheet and posting proof

DECEASED PERSONS' ACCOUNTS

In making payments on deceased persons' accounts, the bank should require certificate of administration, or letters testamentary as the case may be, death certificate and consent to pay from the state tax commission where state inheritance tax laws are in force. The state law must be followed in making such payments, as well as in accepting and paying on joint and trust accounts. Thus, in New York, the consent of the State Tax Commission must be obtained in making payment on deceased persons' accounts and on joint and trust accounts where one of the parties is dead. All banks in New York must be governed by the New York state law in this respect the same as savings banks, and are safe only as they do so. While the state has no jurisdiction over national banks except as to taxation on their real estate and bank shares, it has jurisdiction over the descent of property of its citizens, and banks whether state, national or savings, must guide themselves accordingly.

LOST PASS BOOK

I have never been greatly impressed with the routine and the safeguards thrown around lost books as operative in many banks. The process is too cumbersome and in many cases wholly unnecessary. While a bank should be protected against the possibility of loss from books that cannot be produced, they should exercise reason in obtaining such protection. The risk from a duplication of books is nil and may well be assumed as part of the risks of banking. Ordinarily an affidavit of loss or destruction of the book is sufficient. At times an indemnity bond should be required, as where the amount is large; but the advertising of lost pass books accomplishes no good purpose except to comply with a by-law that might well be made more elastic. If the re-issue of a book is marked "duplicate" and the account so marked, and comparison made with the ledger at every transaction, the lost book issue raises no serious barriers to safe banking in the savings department.

The Labor Bank Movement

By Leroy Peterson

(Mr. Peterson was formerly with the Guaranty Trust Company of New York from which institution he recently resigned to become the cashier of the new Amalgamated Bank of New York which will open for business about April 1, as the first labor bank in New York City.—THE EDITOR.)

ALMOST twenty years ago at an annual convention of the American Federation of Labor a delegate arose and proposed the following resolution:

WHEREAS, The American Federation of Labor with its 121 National and International Unions, 89 State branches, 521 Central Bodies and 1725 Trade and Federal Unions, as well as over 50,000 local unions affiliated with the respective national unions, and

WHEREAS, each and every one of these unions deposit their money in savings banks and national banks, and

WHEREAS, for \$10,000 deposit a charter for a national bank can be procured, and

WHEREAS, the amount of money today owned by National and International Unions, local and Federal Unions, could start from five to twenty national banks or savings banks in different parts of the United States, therefore be it

RESOLVED that the American Federation of Labor go on record in favor of establishing workmen's banks in different parts of the United States, and that the incoming executive board of the American Federation of Labor be empowered to select the cities where said workmen's banks should be established, and that each national and international union, state branch and central labor union, federal and local union affiliated with international unions deposit their money in said banks and thus conduct an annex to the American Federation of Labor, banking depositories for the money of their respective organizations.

The resolution itself was shelved, but the vision of that worker was like a seed that lies dormant until the hand of the planter drops it into fertile soil. Since that convention nearly a quarter of a century ago, the seed of this idea of banks owned and controlled by organized labor has been germinating in the minds of thinking labor leaders. At last, within the past three years, the seed has suddenly taken root, with a resultant flourishing growth over the surface of this country marking the entry of labor into the banking field.

The time has been short for any growth to manifest its full stature, but it has been sufficient for the seeds of three large banks and many lesser ones to take root and establish themselves so firmly that there is every prospect of their future welfare. It has also been sufficient for the contemplation of numerous other labor banks, soon to be set in operation.

The attention of the whole country has been suddenly directed to this new development in the ranks of labor, and speculation is rife concerning the chances for the future of such an apparently rapid beginning. In that speculation, there is this fact to be borne in mind: that, while such a rapid development might indicate an inflated mushroom growth, a more careful scrutiny of events during the past quarter of a century reveals this wave of labor banks to be a logical and almost inevitable result of the basic change in the attitude of organized labor in respect to its position in the industrial world. For forty years the main tenets of labor unions have been, shorter hours and more pay, without any real interest as to where the money was coming from. There was little cause for worry in those early years, since capitalism in its terrific exploitation of new fields brought forth untold wealth. Now that those vast fields of exploitation have been more fully covered, and the pressure of the war years is making itself felt, competition is keener and the creation of wealth more difficult. It has become necessary for both capital and labor to look about and make a study of basic economic laws.

Labor has come to the realization that shorter hours and more pay are not necessarily sound economic doctrines. Until the war, these self-protective

tenets held good. But then labor realized that its constantly increasing wages were always a step behind the constant increases in prices and that the purchasing power of their increasing wages instead of becoming greater, continued to decrease. It became evident to them that they must in some way share in the earnings and profits and losses of industry, either through some form of joint ownership or through stock control. They are now well on the road to obtaining this joint control by means of their new role as bankers and purveyors of credit. They are going ahead at an unbelievably rapid pace through the investment of their accumulated savings in bonds (the first mortgages on industry) and, as will become more and more important, through commercial loans by their banks in regular commercial business. That is why labor has decided to control its credit by establishing its own banks.

THE FIRST LABOR BANK

The pioneer in the establishment of a labor bank was the International Association of Machinists, under the direction of Wm. H. Johnston, its president. Their bank, the Mount Vernon Savings Bank of Washington, was opened for business in May, 1920. It has a capital of \$200,000 and its resources have now reached \$2,700,000. The majority of the stock is owned by the grand lodge of Machinists and the balance is owned by members of the union as well as outside investors. The board of directors is composed of twenty-one members, four of whom are officials of the Machinists, two others officials of labor organizations, and the remaining fifteen bank employees and outside business men. However, the ownership of a majority of the stock by the grand lodge gives the union full control of the board of directors.

THE CLEVELAND BROTHERHOOD BANK

The second labor bank to be established, but the first one owned entirely by a labor union, was the Brotherhood of Locomotive Engineers Coöpera-

tive National Bank which was opened for business in Cleveland, Ohio, on November 1, 1920. The Brotherhood itself as an organization owns the majority of the stock and the balance is distributed among its individual members. This bank is capitalized at \$1,000,000 and now has a surplus of \$500,000, four-fifths of which has accrued from earnings.

The success of this bank was instantaneous. For the first twenty months of its existence its deposits poured in at the rate of \$800,000 a month and it now has total resources of approximately \$25,000,000. The guiding spirit is Warren S. Stone, who is president of the bank and also of the Brotherhood of Locomotive Engineers. Its phenomenal success so confirmed the leaders of this union as to soundness of their experiment, that within a year they had purchased the controlling interest in two existing banks, one at Hammond, Indiana, and the other in Nottingham, Ohio. This they followed with the purchase of the sixteen story Union National Bank Building in which to house another of their banks in Cleveland.

PURCHASE OF STOCK IN EMPIRE TRUST

Their last and probably most interesting venture came in January of this year when they purchased a large block of the stock of the Empire Trust Company in New York City. It is evident, however, that it will not be through such a method that this union will actively enter the banking field in New York. Indeed Warren S. Stone, in a recent interview stated that it was their intention shortly to open a bank of their own here in New York.

The third labor bank to be established was the bank organized by the Amalgamated Clothing Workers of America in 1922 in Chicago, under the guidance of Sidney Hillman, president of the Amalgamated Clothing Workers of America. It followed the example of the Engineers rather than that of the Machinists in that all the stock of this bank is held by members of the Amalgamated Union. Following the example

of the Cleveland bank dividends are limited to 10 per cent. and excess earnings may be used to extend the facilities of the institution or be paid back to the depositors in dividends. The board of directors is composed of eleven men, eight of whom are also members of the general executive board or of the joint board of the local unions of the Amalgamated Clothing Workers in Chicago. In the first three months of business the bank received deposits of practically \$1,000,000. There are now more than 3500 savings and commercial depositors.

TO OPEN FIRST NEW YORK LABOR BANK

Within the next few weeks the Amalgamated Clothing Workers of America will open the first labor bank in New York City, which will have a capital of \$200,000. The stock will be sold for \$150 per share, thus creating a surplus fund of \$100,000. Banking rooms are now being prepared at the corner of Fourteenth street and Fourth avenue. Judging from the growth of their bank in Chicago, the success of this bank is practically assured, especially since this union has a membership of more than 60,000 in and about New York, whose savings they may count upon for immediate deposit.

These then are the three big labor banks now in existence. They are sponsored by three powerful unions, and are therefore the natural forerunners for the great body of slower moving labor organizations. But the others are coming along inspired by the success of the big three. Even during the past year, there has sprung up over night a crop of smaller labor banks. There is the Producers and Consumers Bank in Philadelphia organized by a Philadelphia capitalist, Wharton Barker, and the local Central Labor Union.

There are labor banks in Birmingham, Alabama and San Bernardino, California, organized by local railroad workers, with the assistance and advice of the Brotherhood bank in Cleveland. Labor banks also have been established in Tucson, Arizona and Three Forks, Montana.

Plans for the future are moving no less rapidly. Eleven new banks have been authorized by labor groups in different cities and will open their doors during the coming year. The Federation Trust Company is being organized in New York City by the joint efforts of the local Central Labor Council and the State Federation of Labor. The Brotherhood of Railroad Clerks and the Order of Railway Telegraphers at their last convention authorized the establishment of banks in Cincinnati and St. Louis. The railroad workers in Harrisburgh, Pa., Spokane, Washington and Minneapolis, Minn., have voted for labor banks. In Port Huron, Mich., Buffalo and Los Angeles banks are soon to be established.

GENERAL POLICY OF OPERATION

The general policy upon which all labor banks have been established is one of increasing consideration for the small depositor. An analysis of their form of organization reveals to the practical banker the basic feature wherein lies their peculiar strength. The outstanding features peculiar to the Cleveland bank, taken as the type for this new form of banking institution, and which mark the difference from our established custom for banks, are the following: First, a 100 per cent. ownership by a labor organization. Second, a limitation of dividends on invested capital to 10 per cent. Third, a sharing of profits with the depositors.

There is yet another asset of the labor bank which private bankers would do well to be aware of, and that is the assured resources for deposit both from the funds of the organization and the savings of its members. Any banker will fully appreciate what these assured deposits mean. While all banks are under careful scrutiny and supervision in order to make their money they must either have large deposits or make big profits. In order to make big profits with small deposits, they must take big risks and are liable to failure. This is true of small private banks which more usually have difficulty in attracting de-

posits. Labor banks, of course, obtain large deposits with ease because they have the enormous savings of their membership to draw on and the funds of their local unions assured them. Therefore, they can afford to take a small profit, which in the aggregate nets them a good return on their investment, and is in the last analysis, the soundest banking. This may, in part, account for the unbroken record of success of all already established labor banks.

Another reason for their unqualified success is that in every case these labor organizations have appreciated the necessity of hiring trained bankers to help them conserve their credit. To date every indication shows conserva-

tive management and operation leading toward a phenomenal but solid success. The growth of the number of these banks and the amount of their deposits for many years to come will be determined not by the amount of savings of workers in other banks but by the number of available practical banking men with an intelligent and sympathetic point of view.

The logic of this whole movement is unanswerable. Its impetus is bound to carry it far—and its sound-headed banking principles put into effect by trained men for the benefit of its workers-owners bid fair to incorporate the labor bank as an established institution of the future.



Auditing a Country Bank

By R. L. Woodworth

Assistant cashier Peoples Bank of Barre, Vermont

IT would be interesting, would it not, to visit all the country banks as a bank examiner and observe the different methods of bookkeeping in use? Some day I hope that a discerning and human bank examiner will give us a sketch of his out-of-the-ordinary experiences.

"Let the bank examiner do it; that is his business", may be said to be the attitude and policy of some country bankers concerning the auditing of the bookkeeping operations of their banks. This, at least, was apparently true of one bank which was described recently.

It was not a small bank as country banks go, the assets being in excess of three millions. Nothing was legally wrong with the affairs of the bank. However, the loans had not been listed since the examiner's previous visit; the individual ledgers had not been proven for a number of months; the Liberty bonds left by customers for safe-

keeping had never been checked; everything about the bank had been operated with implicit faith in the accuracy and honesty of the clerks.

Such faith in them is a beautiful tribute to the character of the bank's working force. Yet the best of clerks do make a mistake occasionally. When those mistakes are allowed to go un-found for months, it requires much more work to check and find them than if they are discovered soon after they are made.

Anyone with bank bookkeeping experience knows how easy it is for a mistake to occur—an endorsement is not made on a note although the loan ticket goes through the day's work; a Liberty bond is taken from the case and no record made of its disposal; a transposition of figures is made while entering an amount. Mistakes like these are as a rule unintentional and can be located and corrected by checking. But

	January	February	March	April	May	June
Loans Proven	_____	_____	_____	_____	_____	_____
Collateral Checked	_____	_____	_____	_____	_____	_____
Reconcilements:						
Federal Reserve Bank	_____	_____	_____	_____	_____	_____
First National Bank	_____	_____	_____	_____	_____	_____
Other Banks	_____	_____	_____	_____	_____	_____
Bonds Proven	_____	_____	_____	_____	_____	_____
Bonds Valued	_____	_____	_____	_____	_____	_____
Savings Account Proven ...	_____	_____	_____	_____	_____	_____
Commercial Accounts	_____	_____	_____	_____	_____	_____
Certificates of Deposit	_____	_____	_____	_____	_____	_____
Cashiers Checks Proven	_____	_____	_____	_____	_____	_____
Liberty Bonds Checked	_____	_____	_____	_____	_____	_____
Cash Verified	_____	_____	_____	_____	_____	_____
Liability Ledger Proven	_____	_____	_____	_____	_____	_____

Audit report

can you imagine the number of chances for error where the work is not audited for several months? How would you like to be the examiner whose business it is to see that there is nothing wrong with that bank?

Loose methods are not only unbusinesslike but they are also a temptation for clerks who are under sudden economic pressure or feel the desire to get rich quickly. Officials who allow such conditions to exist cannot refuse to share the blame if any of the clerks "go wrong".

The system of auditing a country bank outlined below was approved by a bank examiner as desirable in every country bank. The above "Audit Report" is the key to the system:

The various items are self-explanatory and show the scope of the audit. Some banks might need to add other items and some may be omitted. The idea is to have the whole work of the bank proven every month.

The following suggestions about the work may be helpful:

The loans are proven by one of the tellers other than the note teller.

The collateral is checked by going through the loans and making a notation of the collateral called for on a slip of paper, a separate slip for each loan.

These slips are then sorted and the collateral checked from these slips. After the slips have been made once, the work each succeeding month is small as only the paid loan slips are taken out and slips made for new loans. All of the collateral is checked each time.

Correspondents' accounts are reconciled by a clerk who makes no entries in the ledger. His reconcilements are also checked by an officer.

Bonds are proven by listing and counting the bonds. The valuation of the bonds shows the officers the market value of the bonds each month.

The savings accounts are proven by a clerk who handles the accounts only in emergencies. The daily changes on the accounts are posted on the ledger cards by the tellers when they make the entry in the customers' pass books, thus verifying the amounts each time the customers present their pass books. This posting of the ledger card is done at the window in front of the customer so that he can see that the bank's record agrees with his pass book. At the close of the day, the day's work on the ledger cards are proven by a clerk who makes no entries on the cards. In addition to this daily proof, the monthly proof is made by another clerk.

The individual ledgers of the commercial accounts are proven just before the monthly statements are made up.

Certificates of deposit and cashiers' checks are proven and filed numerically.

Cash is counted by an officer at least once a month at no fixed time.

The customers' Liberty bonds left for safe-keeping are under the dual control of an officer and a clerk and are checked to a card record of the bonds.

When a proof has been made, the proof sheets are handed to the officer in charge. He notes on the "Audit Report" the date of the month the proof was made and the initials of the clerk who made the proof. The proof sheets are then filed until the next month's proof of the same item is made.

The work of proving and checking is arranged so as not to interfere with the regular work. By having the proofs made every month, there is only a month's work to check if there should be a mistake made.

The results of the method outlined above is to keep all the clerks "on their toes" and keep up their interest in the work. It gives the officers of the bank confidence that "the precise bookkeeping operations whose deadly accuracy is essential to safe and profitable banking" are being done with "deadly accuracy". When the bank examiner raps on the door, they can greet him with a smile, knowing that he will find everything shipshape and accurate.



Closing the Gaps in the Income Tax

Unearned Income Escapes High Surtax

By Morris F. Frey

Assistant treasurer Guaranty Trust Company of New York

FOLLOWING the recent recommendations of the Secretary of the Treasury, the Committee on Ways and Means of the House has reported certain bills amending the income tax provisions of the Revenue Act of 1921. These amendments, changing the law with respect to deductions on account of capital losses and exchanges of property held for investment, are designed to close up certain gaps which the Department feels have been effectively used in the avoidance of taxes.

It seems unfortunate that Congress, while considering these recommendations, should not have looked also to the even more important suggestion of the Secretary of the Treasury and revised the rates of surtax to a practical and productive level. Undoubtedly, one of the defects in our present income tax law, the remedy of which

is most urgent, is the lowering of surtax rates in the higher brackets. Although the recently reported amendments will save to the Government certain taxes which otherwise would probably not be imposed, the big gap in the present law which prevents the Government from receiving a large amount of taxes on unearned income of the large investor, remains untouched.

HIGH SURTAXES NOT PRODUCTIVE

The principle of the progressive income tax is theoretically sound. It is just and equitable that an individual possessing a large income should pay taxes at a higher rate than the individual with a small income. The rule of ability to pay, however, should be applied within reasonable limitations, and not without giving due thought to practical considerations. With respect

to the present excessively high surtaxes, the experience of the Treasury Department in the last few years has been that, beyond a certain point, such rates have ceased to be productive and that the law, in so far as it imposes taxes on the income of the large investor, has utterly failed in its purpose.

An examination of statistics compiled by the Treasury Department for recent years, shows that there has been a remarkable decline in the larger taxable incomes at the very time when the aggregate net incomes reported have been increased. The returns for several years from surtaxes have been steadily decreasing, from about \$800,000,000 for 1919 to about \$590,000,000 for 1920, and about \$450,000,000 for 1921. According to the estimates of the Department, the total yield of all surtaxes in respect of business of the taxable year 1922 will not exceed \$350,000,000. On the other hand, the figures of the Treasury Department show that while net incomes of all classes during the period from 1916 to 1920 increased from \$6,298,577,620 in 1916 to \$23,735,629,183 in 1920, and the number of returns increased from 487,086 in 1916 to 7,259,944 in 1920, the amount of incomes over \$300,000 decreased from \$992,972,986 in 1916 to \$246,354,585 in 1920, and the number of returns of incomes over \$300,000 decreased during the same period from 1296 in 1916, to 395 in 1920. During the same period, investment income of all classes increased, while in incomes over \$300,000, investment income shrank from \$706,945,738 in 1916 to \$229,052,039 in 1920. This marked decline in taxable incomes of over \$300,000, in the face of the increase in the aggregate investment income reported, would seem to indicate beyond any doubt, that the large investor is avoiding the tax on unearned income, thus leaving the excessive burden of high surtaxes to be carried by those whose incomes are the result of personal energy and industry.

The Secretary of the Treasury states, in his report, that there are several avenues open for the large investor to avoid high surtaxes. One of these is the deduction of capital net losses which is covered in one of the amendments above referred to. Another means of reducing high surtaxes of the large investor is through a division of the taxpayer's property. This course is always open and cannot properly be restricted. The most effective avoidance, however, is in the investment of capital in tax-exempt securities.

UNEARNED INCOME ESCAPES

Two remedies have been proposed for stopping the leak afforded by investment in tax-exempt securities: First, an amendment to the Constitution permitting the taxation of state and municipal bonds by the Federal Government and, second, the reduction of surtaxes to a point which will make investment in taxable issues productive to the large investor.

At the present time, there are outstanding about \$11,000,000,000 of tax-exempt bonds, and such issues are increasing at the rate of about \$1,000,000,000 per annum. The proposed amendment prohibiting the issuance of tax-exempt bonds, if adopted, cannot become completely effective for some years. Furthermore, the amendment under its terms would apply only to future issues so that, if it should be ratified, there will still be outstanding for investment a large volume of tax-exempt securities. Thus, the prohibition, though it may eventually eliminate the abuse, cannot effect a complete remedy, at once. If the defect is to be cured promptly, it must be by revision of the rate of tax.

EXEMPT SECURITIES ATTRACTIVE

The advantages to the large investor of investment in tax-exempt securities are apparent. Why should a taxpayer with a large income invest in securities upon which he will be compelled to pay a 58 per cent. tax when sufficient

investments are available which pay a fair rate of return and are exempt from all taxes? It is now generally recognized that investments in tax-exempt bonds have been largely resorted to for the purpose of escaping the high surtaxes. As stated above, billions of these bonds are now outstanding, and undoubtedly additional issues will be brought out in substantial amounts unless or until they are prohibited. The large investor will naturally continue to increase his holdings in such securities and no criticism can be directed toward him for investing his funds in a way which will produce the largest return consonant with safety. If Congress sees fit to enact laws which will result in making such securities more productive from the point of view of the amount of the yield, such investments will be preferred to other investments upon the income return of which the same law reflects adversely.

The practical effect of investment in tax-exempt securities, both on the amount of tax paid and on the net return of income of an individual subject to surtaxes in the higher brackets, is illustrated in the following case:

Suppose an individual who has an income of \$100,000 a year from his business, to have owned \$1,000,000 par value of the 4 per cent. bonds of the X Railroad Company, due in 1943. These bonds, on December 16, 1922, were selling on a 5 per cent. basis, or at 87½ per cent. The gross income from this investment is \$40,000 per annum. This income, being subject to tax at the rates applicable to incomes between \$100,000 and \$150,000, the sum of \$21,600 of the \$40,000, or 54 per cent. thereof (2 per cent. normal tax being paid at the source), would be paid to the Government on account of income tax, leaving the taxpayer \$18,400 net on his investment.

If the taxpayer had sold his railroad bonds on December 16, 1922, and invested the proceeds thereof, namely \$875,000, in 4½ per cent. municipal bonds, due 1943, selling on December 16, 1922, at 103.35 to yield 4.25 per



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cent., he would obtain \$846,000 par value thereof which would give him an annual income of \$38,070 net, or nearly \$20,000 more than the investment in taxable issues.

From the foregoing case, one may readily see the inducement offered the possessor of income which is large enough to fall within the higher brackets of the surtax, to invest his funds in tax-exempt issues. An investor cannot, certainly, be expected to purchase taxable issues, yielding 5 or 5½ per cent. which, after the payment of tax will leave him net from 2½ to 2¾ per cent. on his investment when he may purchase high-grade non-taxables, yielding net from 4 to 4½ per cent. The avoidance of tax is made possible by a defective tax law.

DEPRIVES PRODUCTIVE ENTERPRISE OF CAPITAL

The present high surtaxes, aside from encouraging the large investor to avoid

tax on unearned income, have other injurious effects. By the large investment of funds in non-taxables, industrial enterprises are deprived of capital which would otherwise be directed into such channels. Furthermore, under present conditions, an exorbitant rate of tax is imposed upon the individual whose income is the direct result of his personal initiative, activity, and industry.

A lower rate would result in directing capital to taxable issues and, at the same time, would relieve the taxpayer whose income is derived from his individual effort. The decrease in tax on earned income would, in all probability, be made up by the additional tax collected on unearned income of the large investor, and the net return to the Government would probably not be diminished.

After five years' experience with the administration of an income tax which imposes high rates of surtax, it is generally felt, by those who have been intimately associated with its practical application, that the following conclusions are clearly justified:

(1) That the high rates of surtaxes on unearned income are becoming less productive every year, notwithstanding the increase of investment income.

(2) That such rates impose an unjust burden on the taxpayer whose income is the result of his personal activities and industry.

(3) That the reduction of surtaxes to a point which will attract the investor to taxable securities will relieve the heavy burden on earned income and that the reduction in revenue thus produced will probably be made up by the amount derived from taxes collected on unearned income of the large investor.

(4) That although amendment of the Constitution, permitting the taxation of state and municipal bonds, would eventually close this avenue of avoidance of surtaxes by the large investor, it would not effect a prompt remedy.

(5) That the only means of immedi-

ately imposing a more nearly equal burden on earned and unearned income, is by lowering the surtax rates in the higher brackets.



The Test of Credit

By J. H. TREGOE

THIS is the era of credit. It is amazing how the use of credit and credit instruments has grown since the industrial revolution a century and a half ago and what a necessary part credit is playing in domestic and world trade.

Familiar things are usually taken as they are and receive but little study. It is so with credit. Credit has become a part of our daily lives interwoven into our trade. This very familiarity with credit has been, probably more than anything else, the reason why we have not questioned very much what credit is.

Credit, the invisible element in man's relations, has much to do in building up a prosperous nation; the misuse of credit causes great damage—that fact cannot be too greatly stressed. A better understanding of credit is therefore essential. If the proper use of credit is of the utmost importance to our individual and social happiness and prosperity, is it not imperative that it be better understood especially by the men who deal in credit affairs.

Now the test of the goodness of credit is its liquidating power. Will the credit be extinguished according to the contract upon which it rests? That is the question. This liquidating power involves many elements, and careful appraisal of these elements is the important credit task. These credits involve the willingness and the ability of the promiser to redeem or extinguish the credit. This question should always be asked when a credit is under consideration: "Will or can it be liquidated according to contract?"



Courtesy of the Fulton Trust Company of New York

Down-town New York and the Battery in 1801, as viewed from the Brooklyn shore

Historic Wall Street

Finance and History Vie With One Another to Make Lower New York Interesting

By T. D. MacGregor

Vice-President Edwin Bird Wilson, Inc.

WHILE the oldest buildings in New York are young compared with many to be found in the old world—the medieval cathedrals, and the relics of ancient Egypt, Babylon, Greece and Rome—nevertheless there are some real historic shrines and memories in the financial district of the metropolis, which add greatly to its interest.

St. Paul's Chapel and churchyard, occupying the entire block bounded by Broadway, Fulton, Church and Vesey streets—property said to be worth now around \$10,000,000—is particularly noteworthy, as it is a quiet and quaint piece of the eighteenth century preserved intact and set down among the skyscrapers and the ultra-modernity of the busiest part of the world's greatest city.

While the actual real estate within the iron fence of St. Paul's is immensely valuable, the value of the old church

and its surroundings from a spiritual, sentimental or patriotic standpoint is inestimable. St. Paul's does not belong solely to Trinity Parish or to New York. It is likewise a national heritage, in a class with Independence Hall, Carpenter's Hall and old Christ's Church in Philadelphia, or Faneuil Hall and the Old State House in Boston.

In the hurly-burly of metropolitan life and the feverish activity of the financial district, it is refreshing to have sanctuary like St. Paul's. The building of that noble piece of ecclesiastical architecture was begun on May 14, 1764, and completed in October, 1766, just at the period when the Stamp Act and other things were beginning to stir up in the American colonies the spirit which ten years later led to the Declaration of Independence.

When New York was the capital of the new republic, and Washington was its first President, St. Paul's was the



Courtesy of the Pullen Trust Company of New York

Looking west on Wall street in 1820. The building on the right, with the dome, is the old Merchants' Exchange, on the site now occupied by the National City Bank. At the left in the foreground is the Bank of America, still in that location, and just beyond it is the Bank of New York, now the Bank of New York and Trust Co., and still on the site where it was then located.

leading church. Washington worshipped there, and his pew is still pointed out, marked by the coat of arms of the United States painted upon the wall above it.

Washington took the oath of office on April 30, 1789, on the balcony of the Federal Hall, which used to stand on the site of the former United States Sub-treasury building on Wall street, at the head of Broad street, and the inaugural ceremony was followed by services in St. Paul's Chapel, attended by the leading men of that time.

STRIKING CHANGES IN CENTURY

In those days there were no buildings between the church and the Hudson River; just a smooth expanse of green-sward sloping down to the water's edge. Little would the Father of His Country have imagined, as he entered the comparatively new edifice, that St. Paul's Chapel was to stand for at least a century and a half, and that upon the occasion of its sesqui-centennial celebra-

tion, on the Church street side of the quiet churchyard, long and heavy trains would be drawn rapidly and mysteriously through the air twenty feet above the street, while on the Broadway side bigger and swifter trains would go thundering by twenty feet under the street, and that under the one and over the other would rapidly pass luxurious, self-propelled vehicles; that away up in a great building (the Woolworth) towering 700 feet above the church roof, there would be business offices; that a dozen great bridges and tunnels would connect Manhattan with Long Island and New Jersey; that men would be flying thousands of feet above Governor's Island and the harbor; that within a stone's throw there would be a score of banks each one with greater financial resources than the whole National Government of that date could boast; and that within a radius of thirty miles would be the homes of as many people as the whole population of the young republic from Maine to

Georgia and west of the Alleghanies.

The tomb of Alexander Hamilton is in Trinity churchyard a few blocks south of St. Paul's. There is a certain appropriateness in the founder of our financial system being buried within a hundred feet of Wall street, the financial center of the country. Perhaps, too, his simple monument, to the thousands who now pass that way in the frenzied pursuit of fame or fortune, is a warning that "the paths of glory lead but to the grave". This monument, on the south side of Trinity churchyard, was erected by the Society of Cincinnati. The epitaph reads:

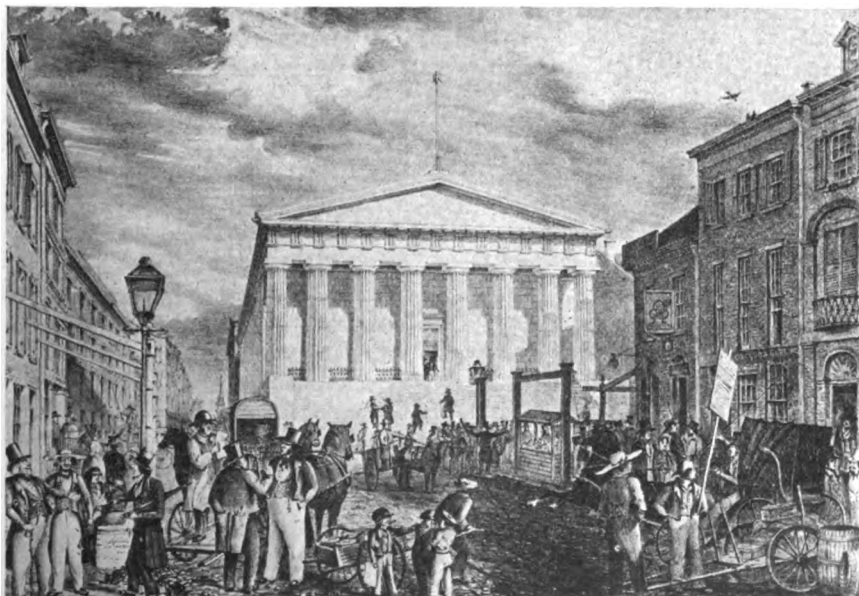
The patriot of incorruptible integrity, the soldier of approved valor, the statesman of consummate wisdom, whose talents and virtues will be admired by grateful posterity long after this marble shall have mouldered into dust.

Hamilton was only forty-seven years old when shot down by the ruthless hand of Aaron Burr in the duel at Weehawken, July 11, 1804. He was only thirty-five when, as our first Secre-

tary of the Treasury, he established our national credit. In 1790, the United States owed France, Holland and Spain over \$11,500,000, and its debt to Americans was \$42,000,000, a total of \$53,000,000—about the value of the skyscrapers which now look down on Trinity churchyard. Hamilton funded those debts, together with \$20,000,000 of state debts assumed by the Federal Government, after much opposition.

A large floral wreath was laid on Hamilton's grave just before the adjournment of the convention of the American Bankers Association last October. It was placed by a committee representing the American Bankers Association, the New York Historical Society and the Sons of the American Revolution.

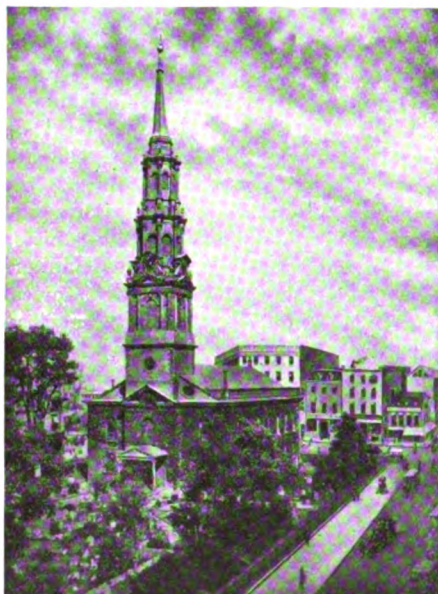
Robert Fulton, the inventor of the steamboat, is commemorated by a tablet in Trinity churchyard, not far from the New York offices of the American Line, the Cunard Line, the International Mercantile Marine Company and other large steamship companies. Perhaps it is also fitting that there, within



Courtesy of the Fulton Trust Company of New York

Broad and Wall streets in 1840, facing the Custom House, now the Sub-Treasury. At the right, on the corner, then occupied by a stationer, is the site now occupied by the house of J. P. Morgan and Co., while at the left in the foreground is the site of the present New York Stock Exchange.

a few blocks of Newspaper Row, should lie the body of William Bradford, for fifty years "publick printer" to the Government of the Colony. His quaint



Courtesy of the Fulton Trust Company of New York

View of St. Paul's chapel and churchyard
taken in 1848

epitaph, still easily decipherable, is as follows:

Reader, reflect how soon you'll quit this stage,
You'll find but few attain to such an Age,
Life's full of pain; So here's a Place of Rest,
Prepare to meet your God; then you are blest.

Before the Revolutionary War there used to be a statue of George III in the Bowling Green. When news of the Declaration of Independence reached the city in July, 1776, the people tore the statue down. The lead figure was cast into 42,000 bullets, which were used by American patriots against the royal troops. About the same time the name of Crown street was changed to Liberty street.

Now that we are so near Wall street,

let us consider it from an historical standpoint. First as to the origin of its name. In 1664 the Dutch settlers under Governor Kieft built a good solid fence across the island right where Wall street now is. It was to keep out the Indians and wild beasts—bulls and bears perhaps. Nine years later a real wall was built by Governor Stuyvesant when there was a prospect of war with the British Colonies. It cost \$2020 and consisted of palisades twelve feet high and eighteen inches in girth. They were sharply pointed at the top and at the base there was a breastwork of earth. For over half a century there was such a barricade at that place so that when the last vestige of it was removed in 1698 it was no wonder that the street there was called Wall street. It was not long before trees were planted along the thoroughfare and it became the fashionable promenade of the city.

WALL STREET IN HISTORY

In 1703 the cage, pillory, whipping post and stocks were placed in Wall street in full view of the debtor's prison on the top floor of the City Hall located where later stood the old Federal Hall, to be succeeded by the Custom House, subsequently transformed into the Sub-treasury and now part of the United States Assay Office, opposite the Bankers Trust Company's "Tower of Strength".

When in 1734 John Peter Zenger in his newspaper, "The New York Weekly Journal", criticized the Governor, that dignitary ordered certain numbers of the newspaper to be publicly burned near the pillory in Wall street by the Common Hangman or Whipper. The people were aroused at this petty tyranny and the fight started then resulted in the freedom of the press which we have since enjoyed in America.

The first Stamp Act Congress was held in the old City Hall at Wall and Nassau streets, George Washington took the oath of office as first President of the United States on the balcony of

that building on April 30, 1789. As Federal Hall the building was occupied by Congress until the next year.

The Bank of New York was organized in 1784. The first stock exchange opened at No. 22 Wall street in 1792. An old Dutch canal used to run through the greater part of Broad street, where the present stock exchange is located. So perhaps it is not surprising that many projects have been "floated" there, and that more or less "water" seeped through into some of the stock flotations that have occurred in that vicinity.

Further down on Broad street is the restored Fraunces Tavern, first erected in 1718—204 years ago. Its further chronology is as follows:

Queen's Head Tavern, 1762. Chamber of Commerce founded 1768; headquarters of committee of correspondence of Fifty-one, 1774; the scene of the farewell of General Washington to his officers, December 4, 1783; Sons of the Revolution reorganized December 4, 1883; the property purchased by the Sons of the Revolution in the State of New York, 1904; formal occupation taken by the Sons of the Revolution, December 4, 1907.

There is a museum of Revolutionary relics on the second floor of the building. The entire first floor is now used for a restaurant frequented largely at noon by financiers and visitors to the city.

Nassau street used to be called "The Street that Leads by the Pye-woman's". There are still some purveyors of pie in that neighborhood so perhaps the "pye-woman" gave a foretaste, so to speak, of the Café des Infants and Exchange Buffets that abound in the downtown New York of today.

If you stand under the approach to Brooklyn Bridge at Park Row and look in a southwesterly direction, you will be impressed with the fact that a photograph taken from that spot would show three buildings typical of the eighteenth, nineteenth and twentieth centuries, respectively. They are St. Paul's Chapel, the post-office and the Woolworth building.

Lower New York abounds in such contrasts and the historically-minded individual finds much to interest him there besides the business and finance which engross the attention of most denizens of that famous district.



THE ANNUAL CONVENTION of the
American Bankers Association will be held this year
at Atlantic City, from September 24 to 27th.

Teaching Depositors Care in the Writing of Checks

By Carl H. Getz

BANKS instinctively and traditionally dislike to discuss forgery, or anything else for that matter, which even intimates that there is anything hazardous about a depositor's relations with his bank. And yet it has been said that every three and one-half minutes of every banking day a forged or altered check is passed somewhere in the United States.

But the increase in forgery—the losses have mounted as high as \$2,000,000 in a single *week*—is compelling a great many bankers to wonder just why this type of crime is so common. And these are the usual explanations given:

1. Lack of care in guarding blank checks against theft.

Crooks broke into an office in Kansas City not long ago and stole ten blank checks and a cancelled voucher. At the time this was written a surety company has had to pay claims on eight of those checks and expects to pay on the other two.

It is getting increasingly common for crooks to counterfeit checks. Tellers instantly recognize the especially printed or lithographed checks of important business houses and these checks when presented are quickly cashed. Such checks should be scrutinized just as carefully as any other checks.

2. Improper drawing of checks.

The writer is identified with an organization which raises millions of dollars for hospitals, colleges and philanthropies. Recently an examination was made of the checks received by one altruistic organization. These checks for amounts ranging from \$1 to \$5 were received every day by the hundreds. A daily study of these checks revealed the fact that two out of five persons do not know how to write a check. The commonest error was to leave a lot of blank spaces.

3. Inefficient protection against the thefts of checks.

The post-office authorities in some cities are demanding that no letter boxes be used which leave the letters exposed. It has been very common for crooks to steal mail from apartment house letter boxes and in that way get checks which were later raised or altered and cashed.

4. Failure to use "forgery-proof" paper and mechanical check writers.

Bankers who have studied this whole problem are satisfied that the most important of these four reasons has to do with the improper drawing of checks. They know that 95 per cent. of the business in the United States is transacted with paper valuable because of the signature of some individual or firm. They know too that in 1921 the people of the United States wrote 6,000,000,000 checks for a total of \$400,000,000,000—note we are writing in terms of billions not millions—which means that the average adult wrote sixty checks for a total of \$5420. Right here it is interesting to note that the amount of money in circulation per capita in 1921 was \$53.44.

This gives some idea of the field in which the check crook has to operate. So the banks have set out judiciously and diplomatically to eliminate some of the carelessness which is now so common in the writing and handling of checks.

It is proposed to start this educational work by printing small, four-page, inexpensive leaflets on the care and writing of checks. These are distributed when cancelled checks are returned to the depositors. Very adroitly, the story is told that forgery losses necessitate the depositor exercising more than ordinary precaution in writing his checks. For example, he is told:

GUARD YOUR CHECKS

Exercise the same precaution in the writing and handling of your checks that you do in the handling of currency.

Forgery losses are estimated to be between one and two million dollars a week.

The failure of the average individual to exercise usual care in the writing and handling of checks makes this possible.

Here are a few simple rules which may save you from loss:

1. Never write a check with pencil. Pencil written checks are objectionable because they are so easy for the criminal to raise or alter.

2. Never write a check on the ordinary typewriter. It is much better to use ordinary pen or ink. Or still better, use a check writing machine.

3. In writing checks fill in all of the blank spaces. Never leave any room for the addition of figures which will raise the amount of the check.

4. Never permit any check to go out with an erasure mark on it. Checks should be carefully and cleanly written.

5. In writing a check, never write over any letter or figure. Destroy all marred checks.

6. Never give a blank check to a stranger.

7. Never cash a check for a stranger.

8. Never make out checks to "cash" or "bearer". Use the name of the person who will go to the bank for the cash.

9. Never merely endorse checks you intend to deposit. By writing, "For deposit only," over your signature, you make it impossible for a criminal to cash it without alteration.

10. Never sign blank checks. If necessary to be out of town, open a separate account, subject to check of your employee. (This means more work for the bank but has proved well worth while).

11. Never leave cancelled checks in an unlocked drawer or on top of your safe. Many forgeries have been the result of the ease with which criminally inclined have been able to obtain cancelled checks.

12. Keep your blank checks and your check books locked up. Be careful how and where you sign your banking signature.

13. Scrutinize all "certified" checks carefully. There have been hundreds of cases where certified checks have been forged by the use of a rubber stamp which the crook had had made and which he imprinted upon the check.

14. Watch checks which seem to have the maker's O. K. endorsement under signature of payee upon back. Criminals find it easy to forge this and thus get quick payment from cashier or merchant.

Handle your checks just as you do your currency and you may save yourself from serious loss.

Bankers know that the exercise of ordinary care on the part of the check-writing public will do more than anything else to curb the activities of the forger. Check protectors and patent paper are valuable but of almost equal value is the use of real, honest, common-sense. The public must learn to guard checks just like money. Then the check crook will find it less easy to get along.

IDENTIFICATION HOAX COSTS HOTEL \$150

Some banks have considered the advisability of printing and distributing a supplementary leaflet on identification. Many merchants suffer losses from forged and bogus checks because they are too easily satisfied about identification. For example:

A man went into a hotel in Minneapolis, ran up a bill for \$27 and then offered a check for \$150 in payment. The check was made payable to James F. Robinson. The hotel cashier asked for some means of identification. The man produced two letters, a lodge membership card, a war risk insurance card and then rolled up his sleeve. There tattooed on his arm was "James F. Robinson". The cashier cashed the check. A few days later the check was returned to the hotel with a notation from the bank that the signature was incorrect which in bank language means forgery. The man who presented the check was arrested a short time later and on his letters and cards and on his arm was a different name. His tattooing was faked.

Banks have suggested to hotel cashiers that when a guest offers an engraved card as a means of identification that some means be found to ask for a second card. The crook usually has but one which he probably obtained from some engraver while getting prices and samples for some proposed engraving job. Of course, it does not follow that if a man has but one card he is a criminal.

Banks are also warning their depositors about safety ink. This story will tell one of the reasons why:

P. Simons, of Norfolk, Va., gave a young man selling acid proof ink, his

check for \$1 in exchange for a bottle of his wonderful ink. The salesman proved he could erase the ordinary ink with acids and this safety ink was impervious to acids. Mr. Simon's check was written with this safety ink but he says that the salesman neglected to tell him that soap and water would wash off his wonderful ink. That is what the salesman did to the check which Mr. Simons gave him. Then he filled in the amount of \$100 and had no trouble in cashing the check as Mr. Simons' signature was genuine.

Around Christmas time banks should warn their depositors to examine all Christmas savings fund checks carefully. A crook went into a Virginia town on a Saturday before Christmas last year and passed \$7800 worth of forged Christmas savings checks which he had stolen somewhere. He went into retail stores, bought merchandise for a dollar or two and then offered checks for the amounts between twenty and forty dollars in payment.

THE CANDLER CASE

One of the most unusual forgery cases of recent times is that of Randolph Candler of Montgomery, Ala. Before he was caught he had succeeded in stealing by forgery \$238,540.

Candler was employed in a bank in Montgomery and would issue checks to cash or to individuals in payment of gambling debts, groceries or any other items of personal nature, and these checks would be cashed or deposited to the credit of these various individuals at any of the banks in Montgomery and would be handled just the same way as any other legitimate check through the clearing-house. When these checks were presented at his bank each day, they would be included in the day's total

of the checks paid out, which total would be charged to the controlling account of the general ledger but the checks themselves would be turned over to the bookkeeper of the depositors' ledger for posting in their respective accounts.

When these checks would go to Candler who did the posting he would destroy them and by this operation would not disturb the correct balance of the depositors' ledger but the general ledger would be reduced previously for the reason that these checks were already included in the total for the day.

Candler operated several farms and he would pay his hands off with checks and they would be handled as described. If he lost a gambling debt he would simply tell the winner to draw checks on his bank as he would deposit the amount to his credit. But it developed that he would neither credit these parties nor would he enter the checks they issued so that he made no false entries on his books although the banks paid these without having received any deposits to cover same. He opened accounts at other banks in the city and the money so deposited was sooner or later a part of the ramifications of his speculations.

The National Bank Examiners made examination of the bank twice a year and the condition of the books was such that it was possible to discover these shortages at any time had proper care been exercised in reconciling the depositors' ledger. When Candler's speculations were small it was possible for him to cover up his shortage by taking out of the ledger some inactive accounts. However—and this is the story of all crooks—he eventually made a misstep in his calculations and he was caught. Before he could be tried he committed suicide.



Money in the Field of Fiction

Money and the Earning of Money Seldom Touched on in Detail in Fiction—Balzac First to Discuss Subject at Length

(The following article, reprinted from the "London Observer", treats of some of the more outstanding novels in which the subject of money has played an important part.—THE EDITOR.)

WHY should money, the making of which engages so much of human energy in fact, be so strangely neglected in fiction. Novelists tell us, of course, that their characters are wealthy or poor, but these are relative terms, and most authors leave us in the dark about the exact incomes of the personages they create and the exact figures of their bank balances. There are exceptions to this as to all other generalizations. Samuel Warren wrote a novel called "Ten Thousand Year", only to be told by a critic that he was obviously unacquainted with anybody who enjoyed half that income. In Charles Reade's "Hard Cash" a definite sum of £14,000 plays a large part, but the story is as much occupied with lunatic asylums as with the money that gives the novel its title. And so it is with a majority of novelists. They speak in general terms of this most important subject, and the part played by money or the lack of it in the daily lives of their characters is ignored.

Balzac is perhaps the novelist who gives us the fullest details about the incomes of his personages and the means they employ to augment them. The universal onrush in pursuit of fortune is everywhere present in his novels, and he speaks of definite sums in a way that helps us to realize the lives of his characters in a concrete fashion. Brunetière went so far as to maintain that Balzac's originality comes from the way in which he understood the real interest of the money question.

Balzac was the first novelist who attempted to tell us how money is made, in how many different ways: by work and economy, after the manner of the Birotteaus, Crevels and Popinots; by land speculation, as Grandet and

Gaubertin made it; or on the stock exchange, as did Nucingen; by politics and diplomacy, in the manner of Rastignac, by shameless usury, as Gobseck and Rigou made it . . . Take away the money question, and what would remain of "Eugénie Grandet", "The Quest of the Absolute", "Old Goriot", "The Marriage Contract", "César Birotteau", or "Cousin Pons"? It serves to impart to the narrative an air of exactness which it would not otherwise have; it introduces with it, into the domain of the novel, an infinite of details which hitherto had been kept out of it because of their so-called vulgarity; and since, after all, these details are life itself, it is for this reason that the resemblance to life and the reality of the work are made all the greater by the space that they, together with the money question and the picture of conditions, occupy.

Among English novelists, Miss Austen and Trollope are the two who tell us most about the financial affairs of their characters, with Thackeray a bad third. Take, for example, the dowries of some of Miss Austen's women. A girl, according to Mr. Henry James, "ought to get a good many opportunities for sixty thousand pounds," but Georgina Darcy, who was regarded as a great heiress, could command only a third of that sum. "One thousand pounds in the four per cents., which will not be yours till after your mother's decease," was, as Mr. Collins pointed out when making his proposal of marriage, the extent of Elizabeth Bennet's fortune. Her father's income was two thousand a year, but out of that sum the family was able to save nothing. From a financial point of view Elizabeth and Jane Bennet did well. Darcy had £10,000 a year, "a noble fortune," and Bingley's annual income of £4000 was not to be despised.

The Miss Dashwoods, like the Bennet sisters, had each only a thousand pounds. Want of money, accordingly, nearly delayed the marriage of Edward Ferrars and Elinor, for Edward's income from his benefice was but two hundred and fifty pounds. "Edward had two thousand pounds, and Elinor one, which, with Delaford living, was all that they could call their own; for it was impossible that Mrs. Dashwood should advance anything; and they were neither of them quite enough in love to think three hundred and fifty pounds a year would supply them with the comforts of life." Fortunately, Mrs. Ferrars was persuaded to settle ten thousand pounds on her son, and the comforts of life were thus provided for.

AN HEIRESS AT £1000 A YEAR

Miss Brontë's Shirley Keeldar was a great heiress, possessing no less than a thousand a year, a sum that, as Sir William Nicoll observes, seemed to Miss Brontë, as to Shirley, incalculable riches. Its possession weighed heavily on her mind. "I do not ask you", she said to Louis Moore, when she accepted him, "to take off my shoulders all the cares and duties of property; but I ask you to share the burden, and to show me how to sustain my part well." In contrast with this wealth, Jane Eyre was paid thirty pounds a year for being governess to Rochester's daughter, and Miss Matty's total income, in "Cranford," before her bank stopped payment, was one hundred and sixty-two pounds thirteen shillings and fourpence. Dorothea Brooke, in "Middlemarch," was regarded as an heiress, "for not only had the sisters seven hundred a year each from their parents, but if Dorothea married and had a son, that son would inherit Mr. Brooke's estate,

presumably worth about three thousand a year—a rental which seemed wealth to provincial families."

Money matters, indeed, play something like the part in "Middlemarch" that they do in real life. It's rather a strong check to one's self-complacency to find how much of one's right doing depends on not being in want of money," Farebrother says to Lydgate, and Lydgate recognized the truth of the statement, when, after he married Rosamund, he found himself living at the rate of nearly a thousand a year, while his income was less than five hundred. Fred Vincy's debt of a hundred and sixty pounds, and the way in which old Featherstone and Casaubon bequeathed their fortunes, are other examples of how George Eliot has used money or the lack of it in the development of her story.

Trollope's minute care for financial details will be remembered by all his readers. We know that Mr. Harding received eight hundred a year and a house as long as he was warder of Hiram's Hospital; that Charley Tudor's salary at the Internal Navigation was ninety pounds; that Mr. Arabin received twelve hundred a year when he became Dean of Barchester; that when Phineas Finn became a member of Parliament he was allowed two hundred and fifty pounds by his father as long as the session lasted, and that when he retired to become a poor-law inspector in Cork his annual salary was a thousand pounds. In fact, we know the incomes and outgoings of most of Trollope's characters except the very rich. We are not told what the income of the Duke of Omnium was, but we do know that when Plantagenet Palliser married Lady Glencora he became "so rich that he could throw away thousands if he wished it".



Financing a War on the Loan Shark Evil

Beneficial Loan Society Has Waged Effective Fight Against Unscrupulous Lender in Last Ten Years

DURING the past ten years industrial financing in the United States has been gradually emerging from the murky twilight of loan sharks and other usurers into the full daylight of respectability. Today in a score of the states of the Union, industrial lending operates under laws and regulations as drastic in their provisions as those which govern commercial banking. In the balance of the states it is still without the law or is so restricted that it is impossible for those engaged in the business to operate with a profit.

It is estimated that the total of small loans of from \$10 to \$300 made to persons without commercial credit is about \$140,000,000 annually, and that the average loan is \$100. These figures are the result of investigations made by such organizations as the Russell Sage Foundation, the Legal Reform Bureau to Eliminate the Loan Shark Evil, Inc., and by various regulated loan societies themselves.

These same agencies declare that 75 per cent. of the people in the country are without credit facilities of any kind and are largely dependent on their earnings for their existence; bereft of their earnings they are dependent on their character and their personal belongings. Twenty per cent. of the people have credit facilities, either of their own in the way of property or savings, or through appeal to relatives, while 5 per cent. of the population may be regarded as untrustworthy, coming under the classification of "dead beats" and "floaters".

One of the leading factors in the progress of industrial lending in the United States during the last ten years is the Beneficial Loan Society of Newark, New Jersey, which within seven years was developed from a concern with a single office in one city to a corporation capitalized at \$7,500,000,

largely obtained as the result of public subscription. The Society is doing a loan business of \$7,000,000 annually in fifty-four cities. The tremendous influence for good or evil that the industrial lender may be can be appreciated when it is considered that these loans were made to 51,000 persons in 1922.

The Society owes its growth to Colonel Clarence Hodson, its president and founder.

Colonel Hodson concluded that the only effective way, and the one way that had never been tried, to put the loan shark out of business was to organize lending facilities to extend credit to small borrowers on terms so fair and at interest rates so low that the extortionate lender would have only the alternative of meeting the interest rates or retiring from the field. He was convinced this was the solution of the question of supplying credit to the large class of borrowers to whom the facilities of the commercial banks were not available. It was clear that the work must be undertaken as a plain business proposition, that the credit needs of industrial borrowers must be supplied by legitimate capital, which would be satisfied with a fair profit on its loans. But, since the rehabilitated small loan business must be conducted as a business and not as a philanthropy, it was essential that it be assured of interest rates under which a fair profit might be made. And here was the great obstacle to the launching of the reform.

RISKS FOUND HIGH IN INDUSTRIAL FINANCING

A fair profit could not be realized under the legal, or commercial, banking interest rates. Of that much every investigator of the subject was certain, for study of the business of industrial lending had demonstrated that it was attended by extraordinary risks

which did not attend the credit operations of commercial banks. The essential difference between the two was that in commercial lending the loans were secured by liquid and readily convertible collateral, while in industrial financing the loans have nothing back of them as security save the character of the borrower, and, sometimes, personal effects not easily convertible. Besides, there was considerable expense attached to making small loans due to necessary investigations of the credibility of the borrower, and the work of accounting for many small sums, outgoing and incoming constantly.

But as the business of industrial lending had been for so many years the exclusive province of illicit operators, who notoriously based their charges not on equity but rather on boundless greed, no one knew what minimum rate in excess of the commercial rate would yield the lender a fair profit, no more, no less. It was essential that this should be determined before any attempt should be made to obtain the enactment of legislation under which anti-loan shark companies could operate.

Colonel Hodson enlisted the coöperation of the Merchants' Association of New York, the Russell Sage Foundation, the Salvation Army, Chamber of Commerce and various civic bodies to undertake an investigation of the business and its risks in order to determine what would be a fair return on the money invested in that business.

The agencies enlisted in this work responded with enthusiasm, convinced that at last a practical as against sentimental method had been hit upon to remedy the loan shark evil. The investigation they put under way was exhaustive and wide-spread and as a result of it a uniform small loan law was drafted.

The essential virtue of this law, which is now operative in many states and invariably with the expected result of eliminating the loan shark evil, is that it puts the business of industrial lending on much the same plane as the

extension of credits in greatly larger sums and throws about it the same regulations and protections to both borrower and lender as are drawn for the transaction of banking business. The law fixes for small loans an interest rate so low as not to be oppressive to the borrower and at the same time high enough to insure a fair profit to the lender. This rate has become known as the "scientific rate" because it was arrived at by actual calculation.

NEW JERSEY FIRST TO ADOPT UNIFORM LAW

New Jersey in 1914 was the first state to adopt the uniform law, and it was in Elizabeth that the Beneficial Loan Society, operating under its provisions, had its origin. Since 1914 twenty-two states have passed similar legislation, and not a single state has ever repealed the law or amended it in any essential. The law has justified the hopes of its sponsors. Wherever it is in effect the day of the loan shark has passed. The law abiding lenders have organized and at the recent convention of the national association in New York it was the consensus that a massed effort should be made to drive the loan shark out of his last remaining strongholds in the states where the small loan business is either unregulated or inadequately regulated.

The growth of the Beneficial Loan Society in seven years is an evidence of the soundness of the theory upon which Colonel Hodson worked from the outset. The first office of the Society was opened rather tentatively and with only a few thousand dollars capital. Six months later its officers realized that they were on the right track and that if they wished to realize their purpose to serve any considerable part of the 75 per cent. of those who are without bank accommodations it would be necessary to increase their capital. They did so, and did so again and again and from the parent New Jersey office other offices steadily radiated to many widely separated parts of the nation. Since it first opened its doors the Society has

loaned millions of dollars to hundreds of thousands of borrowers in sums of from \$25 to \$300, yet in all that time the company's losses have aggregated

less than one-half of 1 per cent. During 1922 loans of this one organization in fifty cities approximated \$7,000,000 and were made to 51,000 persons.



The Call of New York

By Harry T. Jones

Irving National Bank, New York

(Continued from February Issue)

A MONTH passed. Mr. Griggsby came to New York again and as usual looked up Rhody.

Rhody had plenty of time for him. His first actions were, of course, to attend to some business details. That evening Rhody and Mr. Griggsby talked over old times in the Southern banker's hotel.

Of a sudden, Rhody proposed a startling stunt.

"Mr. Griggsby, s'pose I 'phone Mrs. Barclay that we'll be over? She will be delighted to see you, I know. I have often spoken to her of you, and I've told her many times that I should like to have her meet you."

Rhody had never presumed to call on Mrs. Barclay, of his own volition, in his life. It had always been at her request or command. But Rhody had made up his mind in a second. He resolved to work fast. Any port in a storm.

"What's this Mrs. Barclay to you, Rhody?" said Griggsby.

"Nothing."

"I'm obliged to you Rhody but I think we can get along as well just sitting here."

Rhody's first shot had missed.

But as they talked along, Rhody gradually brought in the topic of Mrs. Barclay's life as she lived it, and the experiences he had in connection therewith.

Griggsby, at length, turned squarely at Rhody. "'Pears like you are powerful interested in this Mrs. Barclay, Rhody", said the banker.

"She's an interesting person."

"Personality?"

"One hundred per cent. and eighteen carat."

"Hum. Where's her folks?"

"California."

"That's a pretty far cry. Coast to coast."

"She is a lady to her finger tips, Mr. Griggsby, and one who would grace the finest household in the land, be it North, East, South or West. Shall we not stroll over to her hotel for a short while? I'm not sure that she is in but we can try."

Griggsby nodded assent. "Come along then", he said. "I'll confess that I am a trifle anxious to see the lady who has made such an impression on you, but whom you admit is not even called your friend."

Rhody's heart was beating fast as they walked over to Mrs. Barclay's hotel. Would she deem the call as a personal affront or would she receive them cordially? It was a bold stroke, but Rhody was ready to sink or swim. Might as well dive deep, in taking the plunge, thought Rhody. They soon arrived at the hotel and Rhody sent up his card.

"Mrs. Barclay will see you", said the clerk.

They went up. Rhody kept up a running fire of conversation in the elevator to keep himself from thinking.

"Good evening, Mrs. Barclay."

"Good evening, Mr. Wallace. Well if this isn't indeed an unexpected pleasure. Come right in." Upon seeing Mr. Griggsby she raised her eyes inquiringly.

Rhody's heart leaped with joy.

"Mrs. Barclay, won't you let me present Mr. Philip Griggsby, Georgia banker, and of whom I have spoken to you so often?"

Mrs. Barclay, smiling, held out her hand. "Delighted, Mr. Griggsby. My! Are we not fortunate in having you with us. Mr. Wallace informs me that you do not fancy New York."

"Mrs. Barclay it surely is a privilege to meet you", said Griggsby, as he acknowledged the introduction. "Rhody has been talking quite some about you and I fear he did not quite forewarn me that I was to meet such a charming Northern lady."

Griggsby's Southern gallantry surely won the situation.

Mrs. Barclay laughed the compliment off, and they talked through a most enjoyable evening. Mrs. Barclay was at her best. Griggsby was as gallant and entertaining as if trying to uphold all the traditions of the South. Needless to say, Rhody was in the seventh heaven of delight.

Of course during the evening the proposed trips of Mrs. Barclay and Griggsby came up for discussion. Rhody appeared to take only a casual interest. He was not ready to give this phase of the situation a battle yet. He had not fully studied how strategic his position was, but imagined that it was not any too impregnable.

At length, departure was made and the two bankers walked down to Griggsby's hotel.

"How do you like her?" asked Rhody.

"Very charming; mighty fine, Rhody.

'Pears like she's all you said she was."
"I knew she would be glad to meet you."

Griggsby made no comment on Rhody's last remark.

"How often have you called on this lady, Rhody?" asked Griggsby.

"Never, until tonight", answered Rhody. "It has always been at her command as a business proposition. In that way over a hundred times."

"Looks like you took quite a chance with me then", said Griggsby. "What if she had not received us graciously? Somewhat of a bold play on your part, eh, Rhody?"

"It had to be done."

"Taint so", curtly from Griggsby.

"Sure did. Mrs. Barclay is graciousness itself. She would never have received us any other way."

"Mebbe, but it seems to me you have a powerful interest in this, my first meeting with one of your bank's clients, and I shall make it a point to ask the privilege of an audience with her tomorrow. I want to apologize for us both and you in particular."

"As you will, Mr. Griggsby, laughed Rhody. He was glad to have the two come together again under any pretext whatever. What mattered it even if he was the subject of an apology.

* * * *

Griggsby called next day at 2.

"Good afternoon, Mrs. Barclay."

"Good afternoon, Mr. Griggsby", smilingly.

"Mrs. Barclay you may think my call is singular, but I doubt if you can think it more so than our call of last evening. I want to apologize for Rhody and myself, after he told me that it was his first appearance in your domicile without an invitation from you. If he had only enlightened me a trifle as to things as they were, it would have been different. It is true he gave me an idea that he took particular delight in attending your wants in a business way, yet I assumed that—that—"

Philip Griggsby was stumbling.

Mrs. Barclay was smiling,—radiant.

"Yes, Mr. Griggsby, that what?"

"That, — Well that he had at least called upon you before, as a friend, and that you regarded him as such."

"Mr. Wallace is my friend, Mr. Griggsby, and I never realized it to such an extent as was vividly brought to my mind last evening."

"Well, I know the truth, Mrs. Barclay. I think he's a young scamp."

"Why make such ado, Mr. Griggsby. It's nothing. I'm afraid you don't know your New York very well. Things are done differently here than on any other part of the globe."

The Southern banker lingered. Then he apologized for lingering. Mrs. Barclay smilingly made excuses for Rhody and Griggsby was ready to depart.

"And now, Mr. Griggsby", said Mrs. Barclay, "that you are aware that no breach of etiquette was committed, as New York views it, won't you and Mr. Wallace come for tea Sunday evening? I shall be delighted to have you both and will look for you."

Griggsby gallantly accepted.

Truly New York ways were extraordinary. And perhaps quite wonderful, thought Griggsby.

* * * *

The Sunday evening spent in Mrs. Barclay's apartment was only one of many occasions when the three were together. Rhody now managed to be host to Mr. Griggsby, and Mrs. Barclay without any subterfuge or excuse,—at the opera, the theater and entertained them in other ways. A month went by. Griggsby evinced no desire to return to Georgia. Mrs. Barclay made no mention of her proposed California trip.

Finally Rhody sought to sound out the situation. At dinner one evening, when the three were dining together, he remarked to Griggsby,—

"Well, I suppose that I shall soon be routing you through to New Orleans, or are you going by way of St. Louis?"

"I'm not thinking anything about it as yet, Rhody", replied Griggsby.

Jolt number one for Rhody.

Turning to Mrs. Barclay he said,—

"I suppose you will prefer the Santa Fe as usual?"

"Don't know. Have not thought of it lately", replied Mrs. Barclay.

Jolt number two.

Rhody in his thoughts was staggering blindly. Surprise that could hardly be concealed was exhibited on his countenance. But only for the fraction of a second. The conversation of all three was all absorbing and Rhody entered into it with all his characteristic zest. He realized that he must not try to engineer another coup just now—it would be better to await developments and let things shape up themselves, until he could the better grasp the situation and find out if the control was still left in his hands or whether his team was running away from him, entirely.

At last the evening came to an end and, as usual, the two men escorted Mrs. Barclay home. Griggsby left Rhody and went to his hotel. Rhody alone at last could turn his thoughts over.

* * * *

Philip Griggsby was getting to like New York. At least he was finding no fault with it. He had prolonged his stay a month or more anyway. He was always in his best of moods, and seemed to enjoy to the utmost the companionship of Rhody and Mrs. Barclay. Never once had he mentioned his proposed embarkation for the oil fields of Louisiana.

And Mrs. Barclay. What of her. Rhody smiled to himself. Nothing about her trip to California had materialized. No orders from either customer, other than those pertaining strictly to New York City. And Rhody admitted to himself that the nonchalance of the replies of his guests that evening had puzzled him not a little. Truly he was anxious that the situation was as it appeared to be, but it entailed no work or argument with his clients,—things were coming too easy. He would have

preferred to have had to argue a little with each patient, as it were, that "New Yorkitus" was just the prescription that they needed. But he didn't have to. One was taking his "New Yorkitus" regularly and showed signs of liking the dose, while the other, thrived on it and showed no intention of discarding the customs or habits in its use.

As Rhody laid his head on his pillow, he continued to think. Philip Griggsby had almost learned to drop his Southern twang and at most times used the inflection of a born and bred New Yorker. Mrs. Barclay's requests were beginning to become a trifle less exacting and odd. It was now at Rhody's or Mr. Griggsby's suggestion, where her evenings were spent.

And right there Rhody decided a point in his campaign. Why not, as things were getting along so famously, make an engagement for the three and then at the last moment absent himself on a pretext of some sort. It would throw Griggsby and Mrs. Barclay upon their own resources, for at least one evening and from his vantage point he could see how much he was needed in their future exploits. Reed had told Rhody to use his head. "All right", thought Rhody, "here is where I use it—Let's go!"

* * * *

It was Thursday of the following week at 4.00 p. m. Rhody called Mr. Griggsby at his hotel on the telephone.

"You, Mr. Griggsby?"

"Well about tonight. I have urgent orders to attend a meeting for Mr. Read. You just go over and take Mrs. Barclay to the opera. I'll explain over the wire to her just as soon as I finish with you. Tonight's performance is her particular weakness. She has always been anxious to see it. Sorry that I cannot be with you, but orders are orders, you know. I am sending you two tickets by messenger. Yes, I'll call her immediately; good-bye." And Rhody hung up the receiver.

Next Mrs. Barclay.

"Hello, Mrs. Barclay."

"Yes, but I have a little disappointment." Can't make it tonight—but I have arranged with Mr. Griggsby. He will be over for you. You shall not miss anything of your favorite opera."

"Yes, I'm sorry too."

"Well you just listen for his call on the wire."

"Yes, he promised."

"You'll be ready?"

"Fine—Good-bye."

Rhody hung up again. "Alright", he muttered, "now let's see what they'll do." In the evening Rhody took the time to attend a bankers dinner which was conveniently scheduled. Losing himself in the events of the evening he gave no more of his thoughts to the saving to his bank of a quarter of a million in deposits.

* * * *

Griggsby and Mrs. Barclay attended the opera together, and at their next meeting with Rhody, both enthused over their "escapade", as Mr. Griggsby called it. And they had many more. Rhody soon found it expedient to make a trip to Philadelphia for a two weeks' stay. He banked on the pair making their own engagements in his absence. And they did. Also they made many more after Rhody's return, and he figured that he could just as well remain in the back ground and let the pair work out their own salvation.

Rhody was secretly congratulating himself on his powers as to being a matchmaker. Everything was running along smoothly and Mrs. Barclay and Philip Griggsby seemed destined to the forming of a strong tie of friendship, to say the least. The feeling must be mutual, thought Rhody, else they would not be together as often as they were. Rhody smiled to himself as he thought of Griggsby's dislike of the big town, yet he had listened to its call, without a single objection, for more than a month. Surely, then the companionship of a beautiful woman, in the person of Evelyn Barclay, must be the fundamen-

tal reason of Philip Griggsby's protracted stay in the Metropolis.

Rhody grew so satisfied with himself, that he could picture himself making his report to Vice-President Reed with a notation that extra special New York funds are kept in New York by marriage, with instructions to peruse the clipping which would accompany the report,—a clipping announcing the marriage of one Philip Griggsby to one Evelyn Ray Barclay.

Reed had not mentioned the matter to Rhody since he first came to him with the proposition and told him to use his head. Neither had Rhody made any mention to Reed of the progress of his task at hand since he had undertaken it. He preferred to wait until he had something tangible to report, and to his mind, that would be nothing short of the marriage of the couple. At any rate, thought Rhody, the chances of making just such a report in the near future, seemed to loom up as a very likely possibility, if he were any judge of human nature in general and of the actions of his two clients, customers, or friends. Rhody did not know which to term them.

Rhody was now manager of his department. He had worked faithfully and well and fully earned the promotion.

One morning, soon afterward, Rhody spied some familiar handwriting in his morning mail. It was a letter from Griggsby. Rhody read:

Dear Rhody:

Book entire stateroom for me on steamer for New Orleans, Saturday. Mrs. Barclay determined to make trip to California. Will drop in to see you and explain.

Sincerely,

GRIGGSBY.

Down came Rhody's house of cards. What had happened? Why the sudden decision of Mrs. Barclay in favor of California? Why should Griggsby write? Why did he not call or phone as he usually did? Why did Griggsby require such an elaborate booking for

his trip,—he was usually a modest traveler.

Rhody's head was in a whirl. His first inclination was to call Griggsby by wire. On second thought he realized that his first duty was to obey instructions. He called the steamship company instead. He booked the Southern man for the finest stateroom on the steamer and went about the usual business routine of the day. But he had no interest in it. His thoughts were entirely with what had to do with the unusual message from Griggsby.

It was Friday morning before Griggsby arrived. Rhody had not reached him on the phone neither had he been able to find him at his hotel. He had deemed it to be unwise to call on Mrs. Barclay.

"'Mornin' Rhody."

"Good morning, Mr. Griggsby, what's the big idea. I thought you would have given me more notice that you were going away. Can't understand the operation at all. Sit down and tell me the whole story. What's happened to you and Mrs. Barclay?"

Griggsby sat down. He said nothing for a few seconds but gazed admiringly at Rhody. Finally, looking straight into Rhody's eyes, he said:

"Rhody, my boy, you've made good in this big town and I vouch for you."

"Yes? How is that?"

Griggsby did not immediately reply. Turning again to Rhody, he asked:

"Did you book that stateroom for me?"

"Best on the boat", replied Rhody.

"Well just pick up that phone there and tell the boat people that you'll want another ticket for an extra passenger."

"Same stateroom?" asked Rhody.

"Same stateroom."

Rhody did as directed. He was making all kinds of guesses to himself as to Griggsby's actions but he could not fathom them.

"Well", said Rhody, "you haven't told me anything yet."

Just the trace of a smile was on Griggsby's countenance.

"Rhody, they do funny things here in this town, don't they?"

"Sure do", replied Rhody with a grin.

"And do 'em quick?"

"Right."

"Well, I've been in New York for quite a time now", said Griggsby, "and it looks like I've acquired some of the big town's customs."

"How so?" from Rhody inquiringly.

"In the first place", said Griggsby, "I am obliged to you, Rhody."

"For what?"

"For findin' me a wife."

Rhody's heart leaped. Then he almost collapsed.

"What's the joke?" he inquired.

"No joke", said Griggsby.

"Mrs. Barclay?"

"Evelyn. A wonderful lady."

"But I thought you were going to Louisiana?"

"I am."

"And I understand Mrs. Barclay was going to California."

"From New Orleans on the Sunset."

"And you?"

"Now let's see a little more of your service, Rhody", said Griggsby, "You've already booked us to New Orleans. Route us both from New Orleans to California—Los Angeles—a honeymoon trip. How do you like my story?"

"Fine", said Rhody exultantly.

"Thought I would fool you a little with that letter, my boy," said Griggsby.

"Well you made a regular job of it, I'll say", replied Rhody. "Guess I had better call up Mrs. Barclay—or Mrs. Say! are you married yet? You haven't told me."

"No", laughed Griggsby. "Have to employ a little more of the bank's service. I'll need a best man and a witness this afternoon."

"I'm both", replied Rhody, and grasping Griggsby's outstretched hand he shook it warmly.

* * * *

Next morning Rhody stood at the desk of Vice-President Reed. Reed looked up at Rhody smilingly.

"I've a report to make on that Griggsby-Barclay matter", said Rhody, and he handed Reed the marriage notice of the subjects.

"Read that", said Rhody, "and then tell me that life is not such a funny proposition after all."

Reed perused the notice and then leaned back in his chair. Gazing up admiringly at Rhody, he said:

"Fine work my boy, but tell me—Where are they going to reside?"

"New York", replied Rhody.



WHEN people fail in the national viewpoint and live in the confines of community selfishness or narrowness, the sun of this Republic will have passed its meridian and our larger aspirations will shrivel in the approaching twilight.—Warren G. Harding.

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.

(In our February number we answered several questions from "J. N. E." regarding the statements of construction companies. The following additional questions from J. N. E. refer to our answers in the above number.—THE EDITOR.)

QUESTION: There is just one additional thought which I think might be added, namely: In the second paragraph it is stated that when a loss has been made on a partially completed contract that this loss should be deducted from the Contract in Process account. Conversely, if the work is being carried on at a profit, should not this profit be included in the Contract in Process account?

A contractor sometimes takes a job on the agreement that payments for work done shall be made each month, but that 10 per cent. of the contract price shall be withheld for a certain period after the completion of the work. Under such an arrangement 10 per cent. is withheld from each monthly payment. How should such a transaction be shown on the balance sheet?—J. N. E.

ANSWER: It is not considered conservative accounting practice to anticipate profits on the balance sheet. The only safe way to handle profits made on a contract in process is to wait until the contract is completed. Profits which accrue during the early part of a construction job may subsequently be wiped out by losses, and in the cases of contracting companies this very often happens.

At first glance this accounting principle might seem to work an injustice in that it demands that the loss be deducted at once but allows no provision for the showing of the current accruing profit. The principle itself, however, is thoroughly sound since the

profits are clearly anticipated. In requiring that merchandise be carried at "cost or market, whichever is lower," the same accounting rule is followed. It very seldom, if ever, happens today that a company's current position is undervalued through ultra-conservatism on the part of accountants or the owners of the business. The danger is always in the other direction. A great many bankers in the past two or three years have learned to their deep embarrassment how quickly current assets depreciate in the case of forced sale or collection. Inflation can very easily creep in unless most rigid policies of charging off bad debts and depreciation are followed. In this case losses on contracts in process would be charged off in much the same way as bad debts. For example, taking the case in question, the following would appear on the balance sheet:

Contract in process.....	\$60,000
Less reserve for current losses	10,000
Net contract in process	\$50,000

J. N. E. also inquires further regarding the matter of partial payments made on account of the contract price, with specific reference to deferred payments amounting to 10 per cent. of the contract price which are withheld for a certain period after the completion of the work. Regarding the general subject of partial payments we stated in our February number: "In the case of partial payments made on account of the contract price, the payments (if no invoice has been billed the customer for them) would be represented on the asset side of the statement by the cash received and on the liability side by an item called "Advance Payments on Completion of Contract"; if the partial payments are made as a result of invoices billed the customer they would be treated in the light of payment of accounts receivable and would be used to reduce that item on the statement." The payments referred to are of course *net* payments. Any amount that is withheld, such as the 10 per cent. suggested, cannot be

shown under the heading of "Advance Payments" until it is actually paid in cash.

QUESTION: We are holding on option at the present time the commercial paper of a broom manufacturer. The statement of this company shows up quite well, with a current ratio of about \$3.00 to \$1.00, and our information is of a generally favorable nature, the name being quite highly recommended by the broker. Frankly, however, we do not know much about the broom manufacturing business or conditions in that line. Can you shed any light on the subject? As we are also considering going after this account, I would appreciate receiving your general opinion as to the future of this business.—S. V.

ANSWER: The broom manufacturing business suffered severely along with other lines of industry in 1921 and the first few months of 1922. Brooms are of course more or less staple articles. They are sold by manufacturers in large quantities to mills, factories, department stores, chain stores, retail hardware stores, jobbers, etc. The demand is regulated largely by general business activity and prosperity. During the war most broom manufacturers did excellently, but many of them made the common mistake of putting the profits of the war period into further extensions of plant instead of active working capital. Consequently during the recent business depreciation they were hard hit. In analyzing financial statements this point then should be borne in mind: Is the capital investment in brick and mortar so heavy as to leave little left for active working capital? This is particularly important as the future of the industry itself does not seem particularly promising. Vacuum cleaners and various other modern house cleaning devices are cutting inroads into the broom manufacturer's business. There probably will always

be a certain demand for brooms, but it is a question as to whether this demand will not diminish rather than increase as new cleaning devices continue to be pushed on the market.

Broom manufacturers buy their raw material, broom corn, direct from the farmers in Kansas, Indiana, Nebraska, Oklahoma, etc. on cash terms. New broom corn comes into the market largely in September and October and it is then that the manufacturers take in their stock. Consequently their heaviest inventories are carried in the fall months and their borrowing is confined largely to that period. Selling terms in the industry are short, usually 2%/10 and net 30. There are no dating terms and the manufacturer does not have to wait long for his money. Consequently, if he is in a good condition financially, he usually begins to liquidate his loans within a reasonably short period after commencing to borrow. Broom manufacturers who borrow steadily are not as a general rule good credit risks. Normally a broom manufacturer should turn his merchandise about three times a year. His dullest sales months are in July and during the holiday period from December 15 to January 1. The margin of profit in this business has been small in the last few years. The year 1921 was a particularly poor one. Most of the profit that is made comes from appreciation of raw material: buying broom corn at a low price and then realizing a considerable profit when the market rises. Manufacturers usually send men out on the road in the late spring and early summer months to see how the new crop is progressing and to bring back reports as to the best time and amount to buy. During the last six or seven months there has been an appreciation in some cases of raw material amounting to as high as 250 per cent. In analyzing a manufacturer's statement the credit man must remember that balance sheets taken during the fall months will represent peak inventory and high borrowing periods, whereas if taken earlier in the year will show reduced debt and smaller stock on hand. The latter period will naturally show a more favorable current position.



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

Deposit of Principal's Money by Agent Cannot be Applied to Agent's Debt

**Cable v. Iowa State Savings Bank, Supreme
Court of Iowa. 190 N. W. Rep. 262.**

THE plaintiff shipped cattle to a commission company at Sioux City, with instructions to sell and send the proceeds of the sale to a certain bank in South Dakota. The commission company sold the cattle and received a check in payment, which it deposited in its account in the defendant bank. It then drew a check for the net proceeds of the sale, which it forwarded to the South Dakota bank. Upon presentment of this check to the defendant bank, payment was refused because of insufficient funds. The fact was that the defendant bank, instead of paying the check, applied most of the balance of the commission company's account to the satisfaction of debts owing to it by the commission company and its president.

In an action by the plaintiff against the defendant bank, it was held that the plaintiff was entitled to recover the amount standing to the credit of the commission company, before the same had been applied to the satisfaction of the debts mentioned. A bank may not apply a deposit to the satisfaction of a claim against the depositor, when it knows, or is put upon notice, that the deposit belongs, not to the depositor, but to one for whom he is acting as agent. In this case, the bank was put upon notice as to the ownership of the funds because it knew of the character of the commission company's business and was aware of the fact that most of the money received or deposited by the commission company belonged to parties for whom the company acted as agent.

OPINION

Appeal by plaintiffs from a judgment and decree in favor of defendant in an action in equity to impose a trust on a bank deposit. Reversed, with directions to enter judgment for plaintiffs.

DE GRAFF, J. This action was instituted by plaintiffs against the defendant bank to recover the proceeds of the sale of plaintiffs' cattle by the Ward Commission Company, and deposited in said bank by the company under the circumstances hereinafter stated. Plaintiffs consigned a shipment of live stock to the Ward Commission Company at Sioux City, Iowa, to be sold by the company on commission with instructions to the company to send the proceeds of the sale to the Hudson State Bank, Hudson, S. D. The stock was received and sold by the commission company on the Sioux City Live Stock Exchange to one Birmingham, who on July 3, 1920, drew his check on the Live Stock National Bank of Sioux City, payable to the order of the Ward Commission Company, for the sum of \$7,561.25. This check was received by the commission company and deposited to its account in the defendant bank on July 6. On July 3 the commission company drew its check on the defendant bank in the sum of \$7,452.11, which represented the net proceeds of the shipment after deducting commission charges. This check was payable to the order of the Hudson State Bank, and was sent to said bank. In the due course of business it was presented to the defendant bank for payment on July 7, 1920, and payment was refused for insufficient funds, and the check was duly protested.

On the same date the defendant bank, without notice to or consent of the commission company, charged against the commission company's account two items in the aggregate of \$4,897.41,

which represented the amount due on two notes payable to the bank, one signed by William Ward as maker, and the other by the Ward Commission Company. Another item of \$200 was charged by the bank against the account on the claim that it represented an obligation of the commission company to the bank by reason of freight and feed charges to the stockyards company. When the account was closed July 10, it showed a balance of \$2,338.03 which the bank now holds in the form of a cashier's check, which was also charged against the account. The total of these items charged by the bank against the account of the Ward Commission Company is \$7,434.44, which sum plaintiffs seek to impress in their favor.

The record further shows that on July 6 the commission company deposited in the defendant bank the Birmingham check, with others items aggregating \$9,055.43. At the beginning of that day's business there was a balance in the account of \$4,964.72, and there was a further deposit on said date of \$6,547.07. From July 6 to the closing of the account deposits had been made in the sum of \$31,596.05.

The defendant bank contests the claim of plaintiffs, and bases its right to offset the amount due it on the notes and claims above mentioned, and contends generally that plaintiffs are not entitled to recover the amount of the deposit.

It must be conceded that the funds in question came into the hands of the Ward Commission Company as agent or trustee only, and was held by it in a fiduciary capacity, and that it was deposited in the defendant bank in violation of instructions. As to the funds in question, when the Ward Commission Company commingled these funds with its own or other funds in a deposit with the defendant bank a trust was impressed upon all to the extent of the trust fund, and it is presumed that the commission company checked out its own funds first. *Hamm Brewing Co.*

v. Flagstad et al., 182 Iowa, 826, 166 N. W. 289.

This case presents an equitable rather than a legal right and remedy. A fiduciary relation existed between the factor and his principal. The material and controlling question is whether the defendant bank had notice, either actual or constructive, of this relationship. Do the facts and circumstances of this case charge the bank with notice of the equities of plaintiffs? As it said in *Union Stock Yards National Bank v. Gillespie*, 137 U. S. 411, 11 Sup. Ct. 118, 34 L. Ed. 724:

When property is consigned to a factor, and before sale, who doubts the continuing title of the principal, or his power to restrain unauthorized disposition of such property, or to compel observance by the factor of all the conditions of the trust reposed in him? Can it be that on the moment of sale all these rights of the principal and consignor end, and that there has arisen in their place nothing but a simple debt from factor to principal, with absolute power on the part of the factor to dispose of the moneys received as he sees fit, and with no power on the part of the principal to challenge such misappropriation, when the party who receives the moneys knows the wrongful act of the factor? * * * Equitably, those moneys belong to the principal, and equitably they may be followed into the hands of any person who receives them chargeable with notice of their trust character.

See, also, *Alexander v. Security Bank & Trust Co.* (D. C.) 273 Fed. 258.

With the rule that a bank to whom a depositor is owing a matured indebtedness may appropriate the general deposit of its debtor to the discharge of the obligation we have no quarrel. But it is no less certain that a deposit made for a special purpose or under a special agreement or with knowledge or notice of the bank of its trust character cannot lawfully be so appropriated. Our own views on this proposition have been frequently expressed heretofore. *Thomas v. Exchange Bank*, 99 Iowa, 202, 68 N. W. 780, 35 L. R. A. 379; *Smith v. Des Moines National Bank*, 107 Iowa, 620, 78 N. W. 238; *Smith v. Sanborn State Bank*, 147 Iowa, 640,

126 N. W. 779, 30 L. R. A. (N. S.) 517, 140 Am. St. Rep. 336; *Dolph v. Cross*, 153 Iowa, 289, 133 N. W. 669; *Porter Auto Co. v. First National Bank*, 185 Iowa, 846, 171 N. W. 121.

In some states the ignorance or knowledge of the trust relation is not the material or controlling test. *Platts v. Metropolitan Nat. Bank*, 130, Minn. 219, 153 N. W. 515; *Shotwell v. Sioux Falls Savings Bank*, 34 S. D. 109, 147 N. W. 288, L. R. A. 1915A, 715. In jurisdictions adopting this principle the clear equities of the particular case are considered, and, when the fact is proved that the party charged has the money, if he cannot show a legal or equitable ground for retaining it, the prayer of the demanding party is granted.

See *Cady v. Bank*, 46 Neb. 756, 65 N. W. 906. The weight of authority rule, however, requires that notice, either actual or constructive, shall be established. *Wood v. Bank*, 129 Mass. 358, 37 Am. Rep. 366; *School District v. Bank*, 102 Mass. 174; *Kimmel v. Bean*, 68 Kan. 598, 75 Pac. 1118, 64 L. R. A. 785, 104 Am. St. Rep. 415; *Heidelbach v. National Park Bank*, 87 Hun, 117, 33 N. Y. Supp. 794; *Hatch v. Bank*, 147 N. Y. 184, 41 N. E. 403; *Garrison v. Union Trust Co.*, 139 Mich. 392, 102 N. W. 978, 70 L. R. A. 615, 111 Am. St. Rep. 407, 5 Ann. Cas. 813; *Bank v. Kenney*, 116 Md. 24, 81 Atl. 227, Ann. Cas. 1913B, 1337; *Cunningham v. Bank*, 13 Idaho, 167, 88 Pac. 975, 10 L. R. A. (N. S.) 706, 121 Am. St. Rep. 257.

In *Central National Bank of Baltimore v. Conn. Mutual Life Ins. Co.*, 104 U. S. 54, 26 L. Ed. 693, it is said:

But, although the relation between the bank and its depositor is that merely of debtor and creditor, and the balance due on the account is only a debt, yet the question is always open, To whom in equity does it beneficially belong? If the money deposited belonged to a third person and was held by the depositor in a fiduciary capacity, its character is not changed by being placed to his credit in his bank account.

The true rule seems to be that, when a person has money which in equity and good conscience belongs to another, and it can be traced into the hands of such person, who has neither paid a valuable consideration therefor, nor changed his relation to the person from whom the fund was received so as to give rise to any equitable defense against the claims of the true owner of such fund, the latter should recover when it is shown that he who claims it against the true owner has notice, actual or constructive, of the trust character of the fund so received or appropriated. This rule contemplates that no new responsibility and no new equity arises, and that no advances or credits were given by a defendant bank on account of these deposits having been made. See *Wilson & Co. v. Smith*, 44 U. S. (3 How.) 763, 11 L. Ed. 820. Under the facts of the instant case, had the commission company owed the bank nothing, the plaintiffs could have sued the bank for money had and received, had payment been refused on demand, and, unless some equitable consideration gives the bank a prior claim, this principle must find application. The evidence does not show that there were mutual dealings between the bank and the depositor in the collection of money, or that balances were suffered to remain and credit given upon the face of their dealings according to the usual course of business.

Summing up the various facts and circumstances, and the reasonable inferences to be drawn therefrom, it may be observed that the bank knew that the Ward Commission Company were not buyers of live stock, but simply consignees and factors; that the president of the defendant bank several years prior to the time in question was a stockholder in the commission company, and knew its method of doing business; that the bank knew that the moneys received by the commission company on account of sales of right belong to their consignors and principles; that the amount, number, and character of the items of deposit was scienter to the

bank, and that it knew or was chargeable with the knowledge of the fact that the consignors were confiding in the commission company by the very nature of the business transacted. With these and other matters resting in actual or imputable knowledge, the bank accepted the proceeds of the sale of the cattle, and with no showing of equitable considerations appropriated the proceeds of plaintiff's property to discharge an obligation owing by the factor to the bank. Equity forbids the upholding of such a transaction, and demands that the bank receiving from the commission company in payment of a debt from it to itself moneys which it must have known or is chargeable with knowing were the proceeds of property received from the factor's consignor and principal account to that principal for the moneys so received and appropriated.

There are other considerations which control this case in part. One of the notes paid from the deposit in question was not the note of the Ward Commission Company, but the individual note of William Ward. The Ward Commission Company is a corporation, and this note was never carried on its bills payable account. It was executed prior to the time that the commission company began business. It cannot be viewed as the legal obligation of the Ward Commission Company, and the bank was not justified in charging the balance due on the note, to wit, the sum of \$2,544.44, to the account. It is only when the depositor and debtor stand in an identical relation to the bank that the bank is entitled to offset the indebtedness against the depositor. *International Bank v. Jones*, 119 Ill. 407, 9 N. E. 885; *Adams v. First National Bank*, 113 N. C. 332, 18 S. E. 513, 23 L. R. A. 111.

We also conclude that the charges of \$200 against this deposit by the bank is not sustained under the law or the facts of this case. This sum represents no obligation of the Ward Commission Company to the bank.

The evidence discloses that Ward had a membership in the Sioux City Stock Exchange, and had given a bond secured by the president of the bank to the Sioux City Stock Yards Company to insure payment of yard charges and expenses of membership. Certain checks, subsequently to the presentation by plaintiffs of the commission company check, and aggregating \$1,999.16 due the stock yards company, were presented to the bank for payment. At that time the defendant bank had a balance in the account of the commission company of \$2,338.03. The president of the bank testified:

This account was closed by the making of the entry of the item \$2,338.03 which was taken out and put into a cashier's check. We stopped paying checks after the 8th even though the money was there. There was such controversy over this account that we just held the money.

These checks which are being held by the bank against the cashier's check do not represent an indebtedness of the Ward Commission Company to the bank. Upon what theory is the defendant bank entitled to withhold this money from plaintiffs as an offset to the obligations of the Ward Commission Company to the bank when no such obligation existed? Clearly the bank is not entitled to offset these checks against the deposit to which plaintiffs had a superior right. No necessity of commerce or rule of law required or justified the defendant bank in refusing to pay over to plaintiffs the amount of the draft to plaintiff payee, less checks paid after deposit.

For the reasons stated, this cause is reversed, with directions to enter judgment for plaintiffs.



Right of Holder of Check to Recover Protest Fees

Marshak v. Fontana, Supreme Court of Iowa. 190 N. W. Rep. 337.

Formal protest of a check by a notary, for the purpose of charging the

drawer or indorser with liability, is required only when the check is a foreign bill, that is where it is drawn in one state and payable in another. The law, however, permits the protest of a check where it is a domestic bill, that is, drawn and payable in the same state.

In this case, the defendant gave his check to the plaintiff in payment for certain goods. The check was refused upon presentment and although protest was not necessary because of the fact that the check was a domestic bill, the plaintiff had it protested. In an action on the check by the plaintiff, it was held that he was entitled to recover the amount of the protest fees in addition to the amount of the check. It was further held that the fact that no evidence as to the amount of fees was offered on the trial was immaterial, in as much as the notarial certificate attached to the check was presumptive evidence thereof.

OPINION

Action by Ben Marshak against S. Fontana, in which the defendant filed a counter-claim. Judgment for plaintiff, and defendant appeals. Affirmed.

DE GRAFF, J. Plaintiff seeks to recover from defendant on a bank check in the sum of \$460, which represented the balance due on a carload of pears purchased by the defendant from the plaintiff. A counterclaim was filed by the defendant, alleging that plaintiff orally warranted and represented that said carload of pears was sound and not decayed, and were fit for human consumption, and that said pears would keep for more than fifteen days after the date of purchase. The pleaded facts were sufficiently traversed, and damages were alleged in the sum of \$800. On these issues the case was submitted to the jury, and a verdict in the sum of \$463.08 was returned in favor of the plaintiff.

Appellant contends that the court

erred in holding as a matter of law that the plaintiff was the owner of the check in suit. There is no merit in this contention. Plaintiff is the payee, and the production of the paper by him is sufficient evidence of title to establish a prima facie case. *American Express Co. v. People's Savings Bank*, 192 Iowa, 366, 181 N. W. 701. The presumptive evidence of plaintiff's ownership and his right to sue thereon was in no manner rebutted by the defendant. *Bigelow v. Burnham*, 90 Iowa, 300, 57 N. W. 865, 48 Am. St. Rep. 442. In fact, defendant pleaded and admitted the execution and delivery of the check to the plaintiff.

Appellant also complains that the court erred in permitting a recovery of protest fees on the theory that no proof was adduced that plaintiff ever paid said fees, or that the check in suit was ever protested. The check was an inland or domestic bill of exchange, and protest thereof in case of dishonor is unnecessary. Section 3060a152, Supp. Code 1913. However, when the instant check was presented to the bank, payment was refused, and it was duly protested for nonpayment. The certificate of the notary in due form was attached, which is prima facie evidence of the recitals contained therein. Section 4624, Code 1897. The check was sufficiently identified, and under the specific objections made by the defendant at the time of the introduction of the check and notarial certificate the trial court properly admitted same.

The material facts in issue in this case were in dispute, and the verdict of the jury is conclusive on these matters. The evidence sustains the verdict. The instructions given by the court are in harmony with the issues joined and the evidence offered in support thereof. We discover no reason for granting a new trial.

Wherefore the judgment entered by the trial court is affirmed.





The Good Old Days

GRANDFATHER says the "good old days" were better than the present, and that men and women then were stronger physically and on a higher intellectual plane.

Don't be alarmed. It's only human nature kidding us again. The only men who were ever justified in longing for the "good old days" were Adam and Noah.

Just as surely as one brick laid on another advances the construction of a skyscraper, Progress furthers the betterment of humanity year after year. Because we Americans are not playing scalp tag with wild Indians, feasting on corn-bread and bear meat, sporting homespun clothing and dancing the minuet is no reason why even Grandfather should carry his face in a sling and pine for the "good old days."

Do you suppose the clerks who went from New York offices to clear the Argonne Forest were less substantial than Ethan Allen's Green Mountain Boys?

Is the western farmer degenerating because he travels in a high-

power automobile instead of on a cantankerous bronc?

Progress moves on wheels—not hoofs, today; tomorrow it will take to wings.

Next year will find the world miles ahead of this year. It will find men getting more enjoyment out of life, building more for the future, imbued with higher ideals. Where there is Progress, this is inevitable.

Experience is the only asset to the financial publicist gleaned from the "good old days." Only for reference to hundreds of past achievements do we, the oldest and most experienced group of specialists in service to bankers, turn back the calendar.

The Collins Service

The Recognized Standard of Financial Advertising

Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

MARCH 1923

New Business Mistakes of Savings Banks

By B. W. Griffin

Manager Business Extension Department, The Gotham
National Bank of New York

EVERYTHING man deals with in matters of business, he measures. What he cannot measure he is not inclined to believe exists. Gold he weighs by the gram, dirt he measures by the cart load.

But by what shall success be measured? Surely not entirely by the money a man makes! Dempsey made more money in a minute in his fight with Willard than an entire American regiment fighting all day in the forests of the Argonne. For a bank, however, what other measure of success is there but that of money, and for the new business department what other measure of success other than money brought in?

If this criterion is correct, then the new business efforts of many savings banks have not been all that they might have. Is it unreasonable to assert that any well located savings bank should add 5000 new depositors a year? Our bank has added in a year's time 10,000 new depositors and \$2,000,000 in new accounts have come in to the new business department.

There is more than \$50 in currency in the hands of every man, woman and child in the United States; and so every office is a gold mine for savings prospects; every pay day an uncontrollable oil gusher of savings bank wealth.

Seventy thousand individuals have purchased the Durant stock alone on the installment plan. The gigantic bucket shop operations, the sale of stocks on

the installment plan and the opening up of "Special Interest" departments in the national and state banks are indicative that the savings banks have not monopolized the field of savings by any means.

I believe that the great mistake of savings banks in general is that they have not seen the field from a large enough perspective. Many of their desk-bound officials have no grasp of their true mission.

It is all wrong, this attitude of "let them come to us". The statue of one of the Pharaohs

was found face buried in the sand, and inscribed below the statue, "Look on me ye mighty and tremble". The president of one of the New York savings banks said "Under no circumstances will we advertise or go out for business. If a person wants a savings account we are here for business."—That's not a mistake, that's a blunder.

A wealthy bond purchaser said his wife kept her money in a savings bank. He mentioned the bank, an ancient and honorable institution. He explained that his wife liked keeping her money there, they were, don't you know so—exclusive.

This in my opinion is the great mistake of savings banks:

(Continued on page 513)

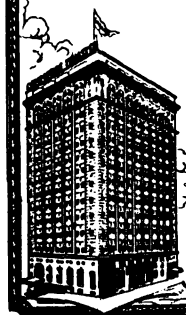
IS IT WORTH \$25 A MONTH?

THE MAN—30 years of age.
THE MONEY—\$25 a month.
THE INVESTMENT—6% Mortgage Bonds.
THE SYSTEM—Reinvesting all income from the bonds.
THE RESULT—Retirement at 65 years of age.

Net Worth—\$35,194.42.
Annual Income—\$2,111.66.

Is It Worth \$25 a Month
of Your Money?

Our Mortgage Loan Department
Is on the Tenth Street Floor



Commerce Trust Company

Capital and Surplus, 8 Million

A strikingly good investment advertisement by a Kansas City bank. It gets the story across instantly, and without any waste energy. Headline and copy are both well planned for a maximum of effect with a minimum of words and time required to read them.

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Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

MARCH 1923

WHEN an institution like the National City Bank of New York, the largest bank in the country, takes a full page in New York newspapers to invite savings accounts of as small an amount as \$1 in its compound interest department, and, as an added incentive, states that interest on deposits is compounded monthly—such a step is not without a marked significance. It marks in fact what is coming to be conceded as a new epoch in the annals of American banking, namely the recognition by large commercial banks of the value of a savings department, and of the value in the aggregate of a very large number of savings accounts, even though small as to individual size.

For more than 110 years the National City Bank adhered to a policy of commercial banking only. The bank admits that the opening of its savings, or compound interest department, was an experiment—but, says the bank, "It is gratifying to be able to state that the department has exceeded, both in number of accounts and volume of deposits, the most sanguine hopes entertained at the time of its opening".

When this statement was made the department had been in operation one year.

Banks, even the largest of them, are popularizing savings. They are catering to the "little fellow". And by so doing they are getting savers from this class by the many thousands. The habit of thrift is growing among the American people. The banks are encouraging this habit to the advantage of both the bank and the depositor.



APPROPOS OF the behavior of the average bank depositor, a New York newspaper recently ran an item which reads in part as follows:

Have you ever noticed how grown-ups behave in banks? Exactly as though they were children in the presence of strict teachers.

They stand in line patiently without daring to push ahead. They are ready to apologize if one of the bank's attendants comes forth to question them. Instinctively they feel that they are not following the bank's rules somehow. Just as children feel they have done something wrong if they are stopped in corridors and questioned by the teacher.

There is, of course, more truth than fiction in what is said above. The banks are by no means entirely to blame. A feeling of uneasiness on the part of the depositor often exists in spite of an honest effort on the part of the bank to remedy it. But even in this much advertised era of super-friendly banks and super-courteous service, there are still very many banks who fail to supply the depositor with any particular

incentive toward feeling at ease as he enters their portals.

There is such a thing as overdoing the "friendly" note in bank advertising; leading the depositor to believe, from what he reads about the service your bank renders, that the atmosphere in your corridors is charged with allegorical kisses. This is apt to make him feel more ill at ease than ever.

Just a little plain everyday tact will go a long way in a matter like this. The principal thing is to make the depositor feel that he is being met on a basis of equality; that his presence in the bank is just as important as that of the bank official. To do this it is not necessary for the bank official to, figuratively speaking, throw his arms about the depositor's neck.



BANKS fortunately are beginning to change their attitude toward such helpful mediums for getting new business as bank windows. They are beginning to realize that the best way to get business is to adopt the business getting tactics which have proven most effective.

The wide-awake and progressive banker is becoming alive to the value of his window as a medium through which to get new business by effective window display.

What are you doing with your bank window?

If you want to speculate, do not buy these bonds

Our bonds are not speculative. They will not make a fortune for you in a day or in a year—unless you own enough of them.

But they are safe, amply secured by first mortgages on important American industries or valuable real estate.

And they yield 6% to 7% interest.

We have been investment bankers for 57 years. We know the difference between speculative and investment enterprises.

If you cannot afford to take unnecessary risks and yet need a reasonable return on your money, we invite your correspondence.

Write for Booklet C7.

Peabody, Houghteling & Co., Inc.

INCORPORATED

344 HAMBURG AVENUE, NEW YORK CITY

Telephone Murray 3-1005

CHICAGO, DETROIT, BIRMINGHAM, ST. LOUIS

Here is a variety of investment advertising calculated to inspire confidence on the part of the potential investor. The copy is engagingly frank and to the point. The reader of it is left no illusions. He knows what to expect, and what not to expect.

New Business Mistakes of Savings Banks

(Continued from page 511)

waiting for business instead of watching for it; complaining of the success of other banks in their field instead of competing for it.

What is the most common form of poster advertising within a savings bank? "Money deposited before the fifth of January will draw interest from the first." That reminds the reasoning man that money deposited most any other time does not receive immediate interest. We have never put up such cards nor do we stress interest in any form of advertising.

The newspaper advertisements of savings banks so often fail to stand out from the page. Somewhere in the back of a newspaper along with

the shipping notices, and advertisements of lost insurance policies and bank books, huddled together will be found a column or two of notices to the effect that at the last meeting of the trustees the regular 4 per cent. dividend rate was voted for the ensuing quarter. Four per cent. is not high enough for permanent money to stress it. Besides all banks pay about that. Instead of competing with all the other banks on an uninteresting page why not come out some where else with your clear-voiced message of thrift. Send something through

the mails. In doing so you draw up your chair as it were, and talk things over. Print your story on the pay roll envelope and in that way you almost tap the toiler on the shoulder when he has his money unspent and suggest a little good common sense saving.

It is reported that Napoleon prayed every morning "Lord guard me this day from sin and mistakes". If I have pointed out what looks from the road to be a mistake or two of our good friends the savings banks, pray no offense.

ESTABLISHED 1883

THIRTY DAYS OF FINANCING

1912 and 1922

TYPICAL of the lead taken by The Minnesota Loan and Trust Company in the development of the Northwest is the remarkable record of financing as shown by the illustration above. Among the first to sense a growing demand for a wider variety of investment bonds, this company, by a signal extension of its investment facilities, has been able to render an unusual and distinctive service during the past year.

The map above graphically depicts the variety of issues distributed in the Northwest (exclusive of market sales) over an average period of 30 consecutive days in 1922—a total of 174 securities in all—or practically six times as many issues and 32 times the volume of business transacted over the same period in 1912.

Since January 1, 1922, there is hardly a civilized country in the world that has not found a market for some of its bonds through the facilities of this company. By reason of this active contact with agencies and industries in every part of the world, we are able to underwrite and offer for sale bonds, secured by the world's richest communities and most prosperous industries.

This is a distinct advantage we could not offer if we confined our loans to one or a few sections of the country. The Minnesota Loan and Trust Company is the oldest Trust Company in the Northwest. With its resources and the resources of its affiliated institution, the Northwestern National Bank, no institutions in the Northwest are better fitted to accommodate the public. Individuals, corporations, municipalities and governments—all find here adequate facilities for their needs.

*Private or Limited Wires to 20 leading financial centers.
A Radio Market Service broadcasting six times daily.*

THE MINNESOTA LOAN AND TRUST COMPANY

405 MARQUETTE MINNEAPOLIS

COMBINED RESOURCES . . . \$92,000,000.00

The above advertisement of a Minnesota bank gives a graphic picture of bond issues, for a portion of which the bank has found a market since the first of the year. The copy tells an interesting story of the distribution of these issues in the Northwest, and the part the bank has played in marketing them.



When the Guardian Savings & Trust Co., Cleveland, wanted to attract the attention of newspaper readers to the bank's thrift club as the easiest way to save, the advertising department contracted for the last page of the city's newspapers, each on a different day, during the first half of a week of last November, and built full-page advertisements after the layout of each paper used.

Each page was built in the newspaper manner, with heads, including streamer, and with cartoon or pictures, to match the layout of the particular paper used. Except in one case, regular news-head type faces were not available. Nevertheless, with similar styles, the layouts closely approximated that of the papers.

Why Bank Copy Writers Go Wild

By One Who Is

"THIS is too conservative."
 "This is too free."
 "Give us copy like the First National has."
 "We want all copy to refer to our age."
 "This is too general."
 "This is not convincing."
 "One of our directors condemned this."
 "One of our directors thinks we should have an ad like this."
 "Why not run the picture of each one of the directors?"
 "This is too long for our space—"

"I like this, but the President says—"
 "What have we to advertise anyway? We had better cut our appropriation about—"
 "I heard no comments on this ad so—"
 "We want our slogan 'Complete Facilities' on each ad."
 "We've never advertised so why—"
 "Advertising is beneath our dignity."
 "Our Cashier's son is very clever and writes our copy so—"

"Of course we have no time to give advertising much attention—"

"That folder is full of mannikins and—"

"The Chairman of our Board is a member of this club so we must buy copy in this—"

"The banks in this town have agreed not to advertise."

"Good doctors and lawyers don't advertise so why—"

"This has punch but remember this is a bank and—"



Bank Advertising Bromides

By A. D. Scriptor

THE bank advertising man laid down his pencil with a sigh of satisfaction. He had just completed a distinctive newspaper advertisement. The thought had been used before. But the wording was novel, crisp, distinctive.

It occurred to him that while he was in the mood for it he might make up a list of bank advertising bromides. B. L. T. the famous conductor of "A Line of Type or Two" in the *Chicago Tribune* used to have a "cannery" for overused words. The copy writer started a cannery for bank advertising expressions. He seldom invades its musty precincts. However, it may be helpful to brush aside the cobwebs on the jars long enough to note the labels. This writer has sealed the jars forever, insofar as his copy is concerned.

This is a complete bank.

This is the oldest bank in Rushville.

We have nothing to sell but service.

Complete facilities and courteous service.

A friendly bank.

Open an account at this strong bank.

A dollar opens a savings account.

Opening an account is half the battle.



In the 1880's—
Father Knickerbocker
went calling
on New Year's Day

Sometimes, when we read newspaper clippings like this, we get confused to realize that this story did not take place in the year New York was born in 1624. How different it seems!

But is there any reason for this?

For instance, in the early years of the century, the papers carried from page four to page six the story of a poor old man who went out "knocking" on New Year's Day. "Knocking" he would say, "I beg William Knickerbocker's pardon. I am a poor old man, and I beg to say that I am a poor old man."

Which seems to mean that this old world with all its habits and customs and traditions and its own way of life was very different from the one we know today. The old world was a very different place from the one we know today. The old world was a very different place from the one we know today.

On New Year's Day, 1880, the Seaboard was beginning its career as a bank. It was a new and progressive bank. It was a new and progressive bank. It was a new and progressive bank.

The Seaboard National Bank

MAIN OFFICE: 100 Broadway, New York City
BRANCHES: 100 Broadway, New York City
CAPITAL: \$1,000,000
RESERVE: \$500,000

The changes in New York in forty years have been many and striking. Here is another of the series of advertisements run by the Seaboard National Bank depicting interesting phases of New York life in the early 80's, concurrent with the bank's founding.

You will be surprised how compound interest will make your balance grow.

Open an account today.

We will welcome your account.

This is a good plan to consider.

An account here will be a constant source of satisfaction.

Keep in close touch with your bank.

Come in and talk it over.

Safeguard your family's future.

Establish a connection with this progressive bank.

Courteous service is our specialty.

We are here to serve you.

To protect your loved ones, make a will.

Readers, have you a cannery? If not, the material above given should serve as a good start. Take such expressions from the jars that flash open on your brain shelf and put them far

out of sight. There are hundreds of ways to say everything. Search out the unusual ways which are not necessarily round-about, flowery, or "high brow".

Yes, it takes more work, but what of that? Most of us, scientists say, use but about 25 per cent. of our brain capacity. Let's call upon the other 75 per cent. for a new bank publicity vocabulary. Shall we sink into a rut and be craftsmen? Or

shall we strive to be artists for the benefit of our vocation, ourselves and last, and far from least, the long suffering public—our real employers.



"THERE'S A REASON", a booklet of the Charleston National Bank, Charleston, W. Va., gives an original and effective outline of the advantages of checking and savings accounts.

"Mercantile Service"

* Departments: Banking • Bond • Corporation • Real Estate Loan • Real Estate • Public Relations • Safe Deposit • Savings • Trust

FROM TIME TO TIME the newspaper prints a variety of accounts and valuable facts and figures. These articles are not free because of fact or some other reason, but they are not free.

There are more than 10,000 newspapers in our State. Department and the majority of the papers are having a hard time to get the news of the day. Larger papers can be had at a slightly higher price.

Come in and see our new Public Relations Department. It is the largest in the United States, and it is the only one of its kind. It is the only one of its kind.

It Was a Day of Reckoning
for the Watkins family!

THEY had been looking for a quiet life. They had been looking for a quiet life. They had been looking for a quiet life.

✓ Father Watkins called a conference of the family to be held immediately after dinner that night. He called for the family to be held immediately after dinner that night. He called for the family to be held immediately after dinner that night.

✓ Read the rest of the story in "Watkins, Inc." a copy of which can be obtained from our Savings Department.

✓ It tells how a family about to go on the rocks of debt, found itself kept going. There was a lesson to be learned in this story, and now they recommend the plan of a Mercantile Trust Company. Ask for a copy of the story "Watkins, Inc."

I Represent "Mercantile Service"

A WORD from you will bring a man from our Public Relations Department to your office. He will bring the full range of our services to you. He will bring the full range of our services to you. He will bring the full range of our services to you.

Public Relations Department

—\$25—

Money to Loan
On Improved City Property

IF YOU contemplate erecting a new building on leased property, or refunding an existing loan, we can do it for you. A prompt response will be given your application, as we treat our own funds.

Real Estate Loan Department

—\$25—

—"and it carries our recommendation"

THE BUSINESS of trading your hard-earned cash for an interest-bearing note of paper is a serious proposition. Investing the use of your money is a serious proposition. Investing the use of your money is a serious proposition.

When you buy securities, don't rely on your own judgment. Buy your securities from a safe source. Add this experience to your judgment. It will make your investment more profitable.

✓ Every bond or note has been purchased originally for our own account, and we are now offering them to you at a profit. Details of current issues on request.

Bond Department

—\$25—

Mercantile Trust Company

Member Federal Reserve System
EIGHTH AND LOCUST
SAINT LOUIS
—TO ST. CHARLES

This St. Louis bank is continuing its innovation of advertising after the style of the large department stores, with every appearance of success. The bank introduced this style of advertisement some months ago, five columns wide and running five days a week, never on the financial page.



Cover design for January issue of NUMBER EIGHT, house organ of the National City Bank of New York.

How Banks Are Advertising

THE MELLON National Bank of Pittsburgh, Pa., publishes a folder "Winter Tours to Summer Lands", advertising the bank's steamship and tourist agency. The folder contains copy briefly descriptive of some of the tours which may be arranged through this department of the bank, and is illustrated with some very picturesque sketches of points of interest in foreign lands.

"SAFETY AND Service", a publication of The Dairyman's Bank, Valley Ford, Calif., is a good example of the way in which a house organ can be put to good use by a bank in an agricultural community. This little publication contains much that should

be of practical interest to farmers and raisers of livestock.

"WITH INTEREST", house organ of the Vermont-Peoples National Bank, Brattleboro, Vt., is a well-planned little bi-monthly publication, edited with a human touch that makes its contents all the more readable to those to whom it is sent. The issue at hand contains the story of the "Snow Angel", a work of art fashioned out of snow, which gained world-wide fame for the man who made it. There is also an account of the recent merger of the Vermont National Bank with the Peoples National Bank, both of Brattleboro.

THE NATIONAL City Company

of New York publishes a folder, "United States Government and Post-War Loans", which gives in tabulated form a complete description of the original and converted issues of United States Liberty and Treasury Bonds, Victory and Treasury Notes, and Treasury Certificates of Indebtedness.

The folder also contains a new table, prepared by the United States Government Actuary, for the rapid calculation of interest on Treasury Certificates or Notes.

THE OLD National Bank and Trust Company, Spokane, has published a booklet, "Under One Roof", which gives a graphic description of the new banking quarters. Well-arranged charts distributed through the booklet serve to indicate clearly the changes and increased facilities offered by the newly enlarged quarters. A record is given of the two institutions merged into one, the Old National Bank, and the Union Trust Company. There is also a description of the bank's new safe deposit department, which includes the largest vault in the northwest.

"U'N'I," house organ of the California Bank, Los Angeles, is a



A well constructed savings advertisement of a Cleveland Bank.

commendable publication, both from a standpoint of appearance and of content. Varied activities of the employees, as well as activities of the various departments of the bank, and of the various branches, are recorded in very readable and interesting fashion.

THE FIRST National Bank of Detroit publishes a "Household Budget and Account Book" which is carefully planned, and which should not prove difficult or complicated for the average person to put into practical operation. Items are grouped under nine general headings, each heading being in turn sub-divided into a number of classifications. All explanatory matter in connection with the operation of the book is very clearly given.

THE MANUFACTURERS TRUST Company of New York, Brooklyn and Queens, is distributing a booklet, containing information of general interest, regarding the Postal System of the United States and the New York General Post Office.

The booklet, which consists of eighty-eight pages, outlines the origin, growth and development of the Postal System in America. A section is devoted to pony express riders—the fast mails of pioneer days. A photograph and interesting description of these riders, by Mark Twain, is also given.

Another section of the book describes the old coffee house mail delivery, in which letters reposed on racks in coffee houses until called for, unless they were received personally by the addressees on arrival of the mail packets, or the sailing vessels which brought them.

AMONG THE numerous Christmas and Savings Club plans employed by St. Louis banks this year, the New Year Get-Ahead Club at the Mississippi Valley Trust Company stands out as something distinctive. Nearly

Who's Who in Bank Advertising



FRANK J. CAMPBELL

Advertising manager The First National Group in Detroit, Mich.

MR. CAMPBELL gained his first business experience with the wholesale drygoods house of Edison, Moore and Co., Detroit, from 1900 to 1903, studying retail merchandising. From 1903 to 1906 he was advertising manager of a daily newspaper in a city of 50,000 population. He says of this position:—

"I had to sell the merchants on the idea of advertising, make the contracts, get the facts and write the copy for everyone in a town of 50,000 population. This varied from millinery to threshing machines and from sausages to tombstones. I have always thought that those three years with the newspaper were the most valuable in my life because versatility became necessary as I was writing advertising for from two to six competitors in various lines and this advertising frequently appeared in the same edition of the newspaper."

Following this Mr. Campbell was for a year advertising manager of an automobile company. In 1907, he organized the Campbell Advertising Service, which later developed into the Campbell-Ewald Advertising Agency. He disposed of his holdings in this company ten years later.

After the war Mr. Campbell was advertising manager for a year and a half for the S. S. Kresge Company's chain of five and ten cent stores.

From this work he came to the First National group in Detroit.

Some twelve years ago he outlined and organized a course in advertising for the Detroit Technical Institute. The work is successfully carried on today.

Mr. Campbell served in the Spanish-American War as a private in the Thirty-second Michigan Volunteers, and, during the late war, saw service in France.



An advertisement of a Spokane bank outlining in a brief résumé the growth and development of the bank, during the last twenty years, and reproducing a clipping from a newspaper article appearing twenty years ago, at the time of the announcement of an important change in the direction of the bank's affairs.

4000 members are said to have been enrolled, each member committing himself to a program calling for fifty weekly deposits. An attractive pass-book is issued to each member.

The success of the Get-Ahead Club at this St. Louis institution brings up the thought that Christmas Clubs perhaps owe their popularity as much to the timeliness of their start as to the spend-it-next-Christmas idea. As the old year closes, every person begins to plan for better things during the New Year—for a better bank account in particular. The Get-Ahead Club membership was obtained without the alluring appeals of "money to spend next Christmas". Rather, the pleasure of saving and having money was pictured.

After all, the justification for banking clubs, from the viewpoint of the banks and the public, is that they foster lasting habits of thrift. It seems that a person who makes fifty weekly deposits in a "New Year Get-Ahead Club" is a better pros-

pect for a regular savings account than a person who makes similar payments in a "Christmas Club". There is much in a name when the name carries a definite suggestion.

IN SOLICITING Safe Deposit Box Business the Liberty Trust and Savings Bank of Chicago sends out the following letter:

Dear Sir:

In looking over the records of our vault department, we expected to find your name as one of our customers who would have a safety deposit box. However, we were disappointed in not being able to find your name on the list. Perhaps you have been too busy to realize the importance of having a safety deposit box, and

the benefits to be derived from it.

No doubt, you have in your possession important documents, contracts, bonds, policies, jewelry, and other valuables. Are they put away in a place where they will not be lost, stolen, or destroyed by fire or other means?

Here in your bank, you will find a real safe place for your valuables. We have a splendid, clean, and commodious vault with a private safety deposit box for you, which cannot be opened without you—and the cost is only \$3.00 a year, or less than one cent a day. Isn't it worth that amount to know that all your valuables are safe, and to have no worry? Of course it is.

You will also find it very convenient and time saving to have your safety deposit box here. Carry on all your financial transactions here under one roof, and thereby get the full advantages which this bank has to offer you.

Start a bank account by sending this coupon with your first deposit



Every mail box is a "branch" of
the Anglo-California Trust Co.

Everyone needs the thrift incentive that a bank account provides. Maybe you have always intended to open a bank account in this bank. This advertisement makes it possible for you to start your account without delay.

You can open an account, and make all deposits and withdrawals, entirely by mail.

Think of the convenience of handling your banking from your home or office! The Anglo-California Trust Company's Banking by Mail Department brings this bank's services as near as your mail box.

In filling out the blank, write in whether you wish a Savings or Checking Account. A Savings Account may be opened with any amount, and 4% interest is paid. A Savings Account is a convenience and protection. The first deposit in a Checking Account should be at least \$150. A Checking account is businesslike and enables you to manage your money affairs efficiently.

Send the coupon now! Your first deposit may be sent by check, money order or currency. Your bank book showing your deposit will be mailed within two hours after we receive the coupon.

BANKING BY MAIL DEPARTMENT

ANGLO-CALIFORNIA TRUST Co.

COMMERCIAL SAVINGS TRUST BOND DEPARTMENT
"The City-Wide Bank"
Market & Sansome Streets
San Francisco

BANKING BY MAIL DEPARTMENT.
ANGLO-CALIFORNIA TRUST COMPANY,
Market and Sansome Streets, San Francisco.

Date _____ 192__

Gentlemen: Enclosed is the sum of _____ Dollars (\$ _____)

as the first deposit in a _____ (write in whether Savings or Checking) Account.

Name _____

Street Address _____

City _____

A singularly well-planned advertisement of a San Francisco bank in behalf of its banking by mail department.

The Problem of the Under-Valued Currencies*

By Gustav Cassel

Professor at the University of Stockholm

THE inflation of a currency is, as a rule, accompanied by a correspondingly lowered valuation in foreign countries, the rate of exchange being determined by the purchasing power parity of the currency. Experience, however, shows that greatly depreciated currencies often are considerably *undervalued* abroad. Such undervaluation may be temporary, but in some instances it is of a durable nature. The latter will be the case if the internal depreciation of the currency proceeds continuously, so that foreign purchasers of that currency have to reckon with the probability that it will have further depreciated in value in the course of a year or a few months. The anticipated depreciation will then be discounted in advance, the result being an international undervaluation of the currency in relation to its internal purchasing power.

Such undervaluation, however, is not possible so long as foreign countries can purchase goods on the internal market at the prices prevailing in that market, and provided that those goods can be exported without any special difficulties. So long as this is the case, the international value of the currency will be sustained by its internal purchasing power. However, countries possessing depreciated currencies usually endeavor to prevent foreigners from exploiting the currency obtained at a cheap rate. A variety of means are resorted to for that purpose, such as export duties, export prohibitions, price increments for foreign purchasers, impediments to the admission of foreigners into the country, and so forth. The obvious effect of such measures is precisely to keep the external value of the currency permanently below its internal value.

The international undervaluation of a

currency is likely to be aggravated in an extraordinary degree if the currency has been sold on a large scale abroad for the purpose of speculation, so that large sums in that currency are kept floating on the foreign exchange markets. In that case foreign opinion as to the financial prospects of the country cannot but exercise a strong influence on the international valuation of sums of money held in its currency. Should general opinion as to the economic prospects of the country take a sudden change for the worse owing to political conditions or other circumstances, foreign countries will be in a position to fling into the market large sums held in that currency, whereby the rate of exchange may be violently forced down. In such a situation the mere existence of these holdings will obviously encourage large sales in blank, which will tend further to depress the rate of exchange.

Undervaluation thus accentuated cannot but have some effect also on the internal value of the currency. In the first place, the undervaluation is tantamount to a premium on exports, and thus entails the country being drained of goods and productive power. If measures of the nature indicated above have been taken to check those exports, the undervaluation will only increase so much the more, whilst it will be found impossible entirely to prevent the purchasing power of foreign countries from operating on the internal market, thus aggravating the dearth of commodities at home. The obvious consequence is a rise of prices, which can be counteracted only by rigorously restricting the supply of money on the internal market. At the same time the abnormal rise of the foreign exchanges which ensues on

*From the "Quarterly Report" of the Skandinaviska Kreditaktiebolaget.

FRENCH AMERICAN BANKING CORPORATION

Cedar and William Streets

New York

Capital and Surplus . \$2,600,000

We solicit deposit accounts in foreign currencies and offer our services for foreign and commercial banking of every description

the undervaluation of the currency involves an increase in the prices of all imported goods. Theoretically, this increase also might be counteracted by restricting the supply of money within the country, the rise in the prices of imported goods being balanced by a fall in the prices of other goods. But in reality, if the country is powerless to check the continuous inflation, it has still less power to carry through such a policy of restriction. The simultaneous rise in the prices of export and import commodities will then bring about a general rise of the price level in the country. In theory, the purchasing power of a currency is determined solely by the amount of money in circulation in relation to the extent of business transacted, and the value of a currency must therefore be governed by the financial policy of the country itself. But in fact it has proved to be extremely difficult to prevent an international undervaluation in the manner just indicated exerting a deteriorating effect on the internal value of the currency.

EFFECTS OF GENERAL RISE OF PRICES

Every general rise of prices within the country upsets the budget, as it always has a tendency to increase the state expenditure at a more rapid rate than the revenue. This, of course, is especially the case where an internal rise of prices is suddenly evoked by a violent fall in the international value of the currency. Any previously existing deficit in the budget will thereby be

further increased. Consequently the state is compelled to manufacture artificial purchasing power at an accelerated rate of progression by further inflation. The increased inflation is observed abroad and results in a further undervaluation of the currency. The process of inflation consequently shows a strong tendency to continue of its own momentum, and a very determined and resolute resistance is required to bring such a process to a stop. Radical measures, calculated to restore the confidence of foreign countries in the currency and to eliminate its undervaluation, can alone lead to a stabilization of the currency.

The internal depreciation of a currency is, in general, in direct proportion to the increase in the circulation of money. If the total circulation is reduced to a normal price-level by dividing it by the prevailing price-level, the figure thus obtained ought to express the normal circulation. It is sometimes inferred from such calculations that in reality the circulation of money is not larger than normal, and that thus the depreciation of the currency cannot be due to inflation. This is, of course, sheer sophistry. Some people even go so far as to reduce the circulation not by an internal price index, but by the rate of exchange of an actual gold currency. If at the time the currency is considerably undervalued in foreign countries, the result of the calculation is bound to be that the circulation, thus reduced to a gold standard, has de-

creased and perhaps is only a fraction of the normal. These people then proceed to argue that the circulation of money as a matter of fact has been so curtailed as to involve a deflation, in short that the country is endeavoring to combat the depreciation due to foreign influences by cutting down the circulation!

ESTIMATING THE SUPPLY OF MONEY

In estimating the supply of money in the country, consideration must naturally be paid to the extent of the general impoverishment which is bound to exist under the conditions above assumed. A reduction of the circulation by the general level of prices within the country ought to give a figure for the circulation which falls below the normal in the same proportion as the extent of the country's impoverishment. It will be of interest to make such a calculation in the case of Germany. The total circulation (Reichsbank notes and Darlehnskassenscheine) amounted at the end of June 1922 to 179 milliard marks, at the end of May to 161 milliard marks. Calculating on the basis of these figures with an average circulation for June of 170 milliard marks, and dividing this circulation by the wholesale price index, which in June averaged 70 (in relation to 1 for 1913), we obtain a reduced circulation of 2 milliard marks. Dividing instead by the price index for foodstuffs, 51, we get a circulation reduced to 3 milliard marks. The average of these figures is 2.87 milliard marks. The total circulation on February 28, 1914, is estimated at 5270 million marks. In relation to the latter figure, the circulation for June 1922, according to the average last mentioned, is 54 per cent. The supply of money in Germany may thus be considered to have dwindled to that level. The shrinkage is obviously due in some measure to the contraction of the country's area, but principally no doubt to the impoverishment of Germany. A study of German statistics of production, transport and commerce shows that the situation of the country is far more serious than people in gen-

If you wish to make
desirable revisions in your investment accounts, you may find the information and experience of The National City Company of practical value.



**NEW YORK
CHICAGO
BOSTON**

**PHILADELPHIA
NEW ORLEANS
SAN FRANCISCO**

**MONTREAL
LONDON
TOKYO**

eral have been inclined to believe. According to the available data, the supply of goods in the country must in fact have dwindled to something like two-thirds of the normal. In that case a correspondingly reduced circulation of money must now be considered to be normal. In this sense the circulation in June 1922, taking into account both wholesale and foodstuffs prices, must be considered to have been not very far from normal. But the fluctuations in Germany's circulation are in present circumstances enormous, and the available figures can give only a rough estimate of the position, seeing that German notes for large amounts have gone to foreign countries, whilst large amounts of foreign money are being used in Germany. A calculation such as that made above is therefore useful only as a reminder of the necessity of taking into account the extent of the



12,762 People in one Day

¶ By actual count, entered and left the First National Bank Building in Detroit. ¶ This was an ordinary, average business day. It was only a few months after the opening of this new twenty-five story bank building on a historic site at the heart of the city. ¶ Bankers in other parts of the United States can gather from these figures something of what Detroiters think of the efforts of the First National group to serve them well.

(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.

country's impoverishment in estimating the adequacy or inadequacy of the money in circulation at the existing level of prices.

A reduction of the German circulation on the basis of the rate of exchange for the dollar will, of course, give a still lower figure for the circulation, a figure which in fact will be grotesquely small on those occasions when the dollar rises to an extravagantly high rate in relation to the purchasing power parity. But such a calculation is scarcely of any use in theory or in practice. But, if it is intended to bring about the stabilization of the German mark at a certain gold par, it will naturally be useful to know the value of the total circulation in the event of such a stabilization. The majority of the financial experts summoned to Berlin some time ago by the German Government recommended that the mark should be stabilized at a rate between 3000 and 3500 marks to the dollar; had this proposal been adopted, the entire German circulation at the time would have acquired a value corresponding only to about half the stock of gold at the disposal of the German Reichsbank.

DEARTH OF MONEY IN CIRCULATION

The prevailing opinions as to the existing dearth of money in circulation in Germany must, on the above grounds, undoubtedly be pronounced to be exaggerated. At the end of June there was apparently no such dearth, except in so far that a part of the note circulation included in my above calculation had found its way to foreign countries, and that this part possibly exceeded the value of the foreign notes circulating in Germany at the time. But an acute shortage of money did actually occur in connection with the catastrophic fall in the international value of the mark in August and later in the autumn. On these occasions the internal rise of prices followed the rise of the foreign exchanges with such rapidity that it was a technical impossibility to increase the internal note circulation at the same rate. If the prices both of import and export goods adjust themselves to the



Coffee in wharf sheds after unloading

New Orleans

V

Coffee

New Orleans, the second coffee port of the United States, imports annually 2,750,000 bags of coffee, or 35 per cent of the total movement—enough to furnish 400 cups of good coffee to every family in the nation.

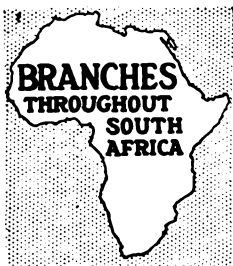
Our Foreign Trade Department is especially equipped to finance the importation and forwarding of coffee.

Hibernia Bank & Trust Co.

New Orleans, U. S. A.

rise in the foreign exchanges, and if this rise is very sudden, a disproportionately large part of the currency will gravitate towards certain branches of commerce or industry, and other branches will then be subjected to a very severe shortage of money. As Germany's experience has shown, this shortage may go so far that commercial or industrial enterprises otherwise on a perfectly sound financial footing have to be stopped simply because of the impossibility of finding money for the payment of wages. It is natural that a note-issuing bank under such conditions should do all in its power to meet the dearth of money as promptly as possible. Such procedure obviously involves, so to speak, a passive attitude towards the depressing effect on the currency of the international undervaluation. But there would seem to be no practical means of preventing a

An Important Bank in South African Trade



THE National Bank of South Africa are Bankers to the Union Government in the Transvaal, the Orange Free State and Natal, and to the Imperial Government. It maintains branches and sub-branches in the principal towns in the Union of South Africa, Southwest Protectorate, Rhodesia, Nyasaland, Portuguese East Africa, Kenya Colony and Tanganyika Territory.

It also maintains branches and agencies in London and other parts of Europe and has affiliations in other important world markets. It therefore transacts banking business with every civilized country in the world, offering American banks and merchants exceptional facilities through its New York Agency, specializing in the negotiation of exporters' drafts on South Africa and Australia.

NATIONAL BANK of SOUTH AFRICA LTD.

New York Agency, 44 Beaver Street

LEOPOLD R. MORGAN, Agent

Head Office, PRETORIA

Capital and Reserves over \$20,000,000

Resources \$350,000,000

BOMBAY

LONDON

ANTWERP

progressive depreciation of the currency, so long as it continues to be greatly undervalued abroad, and so long as foreign countries hold considerable amounts in that currency in bank deposits or in notes, which can at any moment be flung into the market. Hence the immediate aim of a policy of stabilization must always be to eliminate the international undervaluation and to bring back to the country, or to fund, the floating sums held by foreign countries.

A currency to have any value at all must be capable of some use, and any action which tends to restrict the field of use of the currency is calculated to lower its value. This simple axiom furnishes, broadly speaking, the safest guide for a correct view of practical questions of monetary policy. But the actual practice is often in diametrical opposition to that axiom. A country possessing an undervalued currency usually endeavors, as pointed out above, to prevent foreign countries from availing themselves of their holdings of its currency for the purchase of goods or services on the home market, or at any rate endeavors to compel foreigners to pay a much higher price than that prevailing on the internal market. But such a policy is bound to diminish the usefulness of the currency in the hands of foreigners, and thus to lower the valuation of the currency abroad. Any action whereby this policy is accentuated is calculated to accentuate the undervaluation of the currency, and to accentuate all the consequences which, as shown above, follow on the undervaluation. When Germany endeavors to prevent foreign countries from using their marks for buying on the German market, or from buying at the prices prevailing in the country, or when Germany tries to prevent foreigners from coming to Germany in order to spend their marks there, or demands higher payment from foreigners (for example for hotels and railway journeys), all this is very intelligible in view of the impoverishment of the country; for this impoverishment, at any rate during the



K. N. & K. Service

places at the disposal of your depositors, world-wide foreign exchange facilities, highly organized and efficient.

We have arrangements under which banks and bankers as principals can draw their own drafts on European countries or remit by money order to payees abroad in places with or without banking facilities.

Daily foreign exchange quotations by mail or telegraph.

K. N. & K. TRAVELERS LETTERS OF CREDIT and TRAVEL CHECKS are paid in all foreign countries at the current rate of exchange and are used by experienced travelers everywhere.

Knauth Nachod & Kuhne

120 Broadway

NEW YORK

earlier stages of the depreciation of the currency, did not permit the country all at once to redeem the marks held by foreign countries with goods and services at home prices. Germany, however, ought not to forget that she has sold her marks abroad at much higher rates than those now prevailing, and that foreign countries, even if they were now permitted to buy freely on the German market, have in any case sustained enormous losses on their purchases of German marks. But above all, Germany, out of consideration for her own currency, must take into account that any policy whereby foreign countries are debarred from facilities for making use of their marks, is bound to accentuate the international undervaluation of the mark. The only possible means of escape from this impasse is that Germany should immediately redeem the marks held by foreign countries. In



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**The Central Bank of India,
Limited**

Bombay (India)

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

S. N. POCHKHANAWALA, Managing Director

view of the enormously diminished value of these marks, this should not afford Germany any serious difficulty. The mark notes in foreign countries can, in fact, be redeemed with a small fraction of the stock of gold in the Reichsbank, if the redemption is made at the present rates of exchange.

UNDERVALUATION OF THE MARK

In Germany itself the international undervaluation of the mark has gradually led to the result that the mark is being abandoned in increasing measure even for business transactions at home, and that various prices of goods, and even wages, are being adjusted as rapidly as possible to the dollar rate of the day. Foreign currencies are also resorted to for hoarding fortunes for some length of time, and to some extent even actual payments are apparently made in foreign currencies. All this, of course, means a continuous restriction of the field of use of the mark even at

home. If the mark in this fashion gradually loses all its real utility, its value will manifestly lack all material support, and the mark will become a mere empty abstraction. The only possible means of rescuing a currency which has reached such a pass is to restore it to its normal use. Germany is endeavoring to do so by legislation intended to force the use of the mark upon the people. Such legislation, however, is bound to remain substantially ineffective, whilst it cannot but have a highly disturbing effect on commerce and industry. Real results can only be attained by restoring confidence in the currency.

Germany affords at present the leading example of an undervalued currency and of the serious dangers with which undervaluation is fraught. But it would be useful also for other countries to pay closer attention than they have hitherto been wont to do to the lessons taught by Germany's experiences. For there are several other im-

BANCO DI ROMA

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Head Office: Rome, Italy

Capital Fully Paid and Surplus . . Lire 174,000,000

Total Resources Over Lire 3,700,000,000

200 Branches in Italy

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

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

New York Representative Office

One Wall Street

portant countries whose currencies are undervalued, and there is always the risk that this undervaluation may entail consequences of the same disastrous nature as in the case of Germany. It is vital to stave off such consequences whilst there is yet time, and to direct all efforts to raising the external value of the currency up to a level with its internal value. This is above all a problem of the restoration of international confidence and thus a problem which is unavoidably bound up with a rational settlement of the many unsettled claims of international policy and finance. Unless these problems are tackled very promptly and drastically, it is to be feared that confidence will be undermined still further, and that the dangerous phenomenon which has been designated here as "undervaluation" will further depress the currencies of various countries and further increase the chaos in the financial systems of the world.



Great Britain

New investment offerings in Great Britain during the year 1922 amounted to £235,668,550 and exceeded the previous year's offerings by about £20,000,000. Almost half of the total amount comprised securities issued by governments, including Colonial and Foreign Governments, municipalities and public boards.

The English Information Service of

the Bankers Trust Company, New York, gives figures, based on an estimate of the London Joint City and Midland Bank, for the principal British investment offerings in 1922 by groups as follows:

	£
Governments, municipalities and public boards	112,510,831
Commercial and industrial	25,869,269
Railways	21,890,240
Oil	17,030,502
Shipping, canals and docks	16,892,850
Iron, coal, steel and engineering	13,895,550
Financial, land, investment and trust	9,598,266
Electric light and power	3,239,517
Miscellaneous	14,741,525
	235,668,550

Among the Government investment offerings were £29,000,000 for India, £29,394,800 for other British possessions and £21,341,625 for foreign countries, including foreign municipalities. The latter amount is approximately £16,000,000 in excess of the amount of foreign government and municipal offerings in Great Britain in 1921. Investments offered by foreign railways amounted to £14,532,300 in 1922 compared to £982,500 in 1921.

Distinct signs of trade revival in England during January have occasioned optimism regarding the new trade year, according to a report to the Department of Commerce at Washington.

The cotton trade shows a better demand for finished goods, and Continental developments have stimulated the

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.**

export demand for coal, iron, and steel, resulting in an upward curve in wholesale prices during the month. It is expected that the agitated change in motor taxation from a horse-power basis to gasoline consumption will help the market for American cars. Coal production during the week ended January 20, amounted to 5,583,000 long tons, as against 5,607,000 tons during the preceding week and 4,384,300 tons during the week ended January 6. Export demand during the month was heavy especially for the Continent, including large orders for Germany. Coal prices have increased by 1s. to 2s. per ton. It is estimated that 250,000 tons of coal were shipped to the United States during January, at rates as low as 7s. 3d.

The strengthening of wholesale prices during the month of January is accepted generally as a favorable token of the trade revival to be expected during the year. Towards the close of the month, the *Times'* wholesale price index num-

ber was registered at 159.7, an increase of one point over last year. Food prices at 161.7 were lower, and raw materials at 158.6 slightly higher. A further tendency towards higher prices is generally expected.

France

From January 15 up until the middle of February practically no coal or coke entered France from Germany, and the production of the Saar Basin was reported as completely stopped for a time due to a miners' strike effective February 6, says a report to the Department of Commerce at Washington. The coke shortage is more severely felt than coal; and about thirty-five blast furnaces have been shut down in Luxembourg, Lorraine, and Eastern France since the middle of January. Coke prices have increased by forty francs per ton, and coal prices are rising. Increased quantities of coal are being imported from England, and orders for

TRADE WITH FINLAND

KANSALLIS-OSAKE-PANKKI

(The National Joint Stock Bank)

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

ESTABLISHED 1889

124 Branches in Finland

HEAD OFFICE:
HELSINGFORS

Paid-up Capital and Reserves - Fmk 247,000,000

Every Kind of Banking and
Exchange Business Transacted

Telegraphic Address:
"Kansallispankki"

coke are being placed in Czechoslovakia. French iron producers cannot depend upon Belgian fuel, as that country now needs its production to supply its own furnaces, and the French iron and steel market is generally slowing down. The metallurgical industries in the Lyons district continues their recovery due to activity in automobiles and electrical construction for hydraulic development, railway orders, and the general pick-up of trade in specialized machines.

Conditions are poorer in the cotton textile industry. The fall in the franc has disorganized the purchase of raw cotton, and high prices of the latter are hindering sales of manufactured products. However, spinners claim to have sufficient cotton stocks to run them for several months and are not particularly alarmed. Business in woolen textiles has fallen off and the future is uncertain. Manufacturers have enough old orders for ordinary woolen goods to insure operation until May, and have a

three months' supply of raw materials. Buyers are holding off, fearing the effect of further exchange fluctuations. Speculation and exchange fluctuations have had a bad effect on the raw silk market. Sales have fallen off, and the situation of manufactured products is not bright.

Italy

New decrees have been passed by the Italian Government providing for a large reduction in the number of government employees, says a cable to the Department of Commerce at Washington. In the railways alone the reduction will amount to 35,000 men. Numerous advisory committees have been suppressed in the interest of economy and in order to simplify government practice. To the end of reducing the railway deficit, which was in the neighborhood of a billion lire last year, new construction and the purchase of new equipment has been suspended. The

\$120,000,000 Increase in Porto Rico's Commerce Since 1900

As the pioneer American bank in Porto Rico we have given every aid to the island's commercial development and have shared in its growth.

Send Us Your Bills of Exchange,
Drafts and Collections Direct.

AMERICAN COLONIAL BANK OF PORTO RICO SAN JUAN

Branches: Arecibo, Mayaguez, Caguas

use of cheap wood for repairs and the high price of pitch pine have greatly reduced imports of lumber for the railways. A decree has just been issued granting exemption from duty to ship-building material and premiums on the construction of new vessels until July 1, 1926.

Appropriations of 325,000,000 lire authorized in previous decrees have been reduced to 156,000,000 lire.

No further improvements have taken place in the metal working industries. The extent of unemployment in these industries has remained practically stationary since August 1, 1922. The automotive industry is still active; Fiat production is now estimated at sixty-five cars per day. The Near Eastern crisis is still affecting the cotton industry, but the early renewal of purchases of American cotton is expected. The domestic demand for woolen goods has increased, and the mills are active, although export trade is dull. More activity in silk and hemp has been reported, but prices are stationary. There is little demand for cereals, and prices are unchanged. Buyers of olive oil are waiting for stable prices, the downward tendency not having been checked. The condition of the wheat crop is satisfactory.

Germany

The reestablishment of Germany's pre-war commercial relations overseas depended largely on the rehabilitation of its merchant fleet, which was reduced from a total of approximately 5,500,000 gross tons in 1914 to about 400,000 gross tons as a result of the war. Although construction of new vessels has played a leading role in the rebuilding of the German merchant marine, the repurchase of former German ships has been almost as important, says the Transportation Division of the Department of Commerce.

During the year ended June 30, 1922, German interests repurchased 130 vessels aggregating 491,567 gross tons, according to a report by the Verlag Seediens A. G. Most of these vessels were repurchased in England between August, 1921, shortly after England removed the prohibition against the sale of ships to alien interests, and January, 1922. During this period the German mark had a greater purchasing power.

Repurchases of ships of 5000 gross tons and over are shown in the following table:

Purchaser	Number of ships	Gross tons
Norddeutscher Lloyd	10	64,714
Hamburg-Amerika Linie	12	58,178
Hamburg-Sudamerikanische D. G.	9	64,525
Deutsche D. G. Kosmos	6	33,226
A. G. Hugo Stinnes	4	31,075
Woermann Linie & Deutsche Ost-Afrika Linie	7	23,882
H. Kayser & Sohn, Hamburg	4	17,488
Schroeder, Hoelcken & Fischer, Hamburg	9*	20,132
Roland Linie, Bremen	2	10,767
Paulsen & Ivers, Kiel	4	10,295
F. R. Laeisz, Hamburg	4*	10,245
Emil Retzlaff, Stettin	4	8,991
Norddeutscher Handelsgesell- schaft Hackfeldt & Fischer, Hamburg	4*	7,812
Oldenburg, Portugiesische D. Reederei, Hamburg	5	7,152
Deutsche D. G. "Hansa", Bremen	2	6,505

* Includes sailing vessels.

Belgium

Significant progress in Belgian Government financial organization is shown by the presentation of the 1923 budget before the beginning of the year to which it relates, an event the parallel of which will be vainly sought not only since the war but for at least five years before it, says a cable to the Department of Commerce at Washington. The budget for 1923 shows estimated total expenditures of 8,337,021,149 francs and anticipated total receipts of 5,942,079,740 francs, leaving an expected deficit of 2,394,941,409 francs, compared with an estimated deficit of 1,142,150,931 francs in 1922. Total expenditures show an advance of 877,196,349 francs over the 1922 estimate.

Spain

The Banco Rural of Madrid, Spain, has decided to inaugurate a special section in its organization for the sole purpose of the purchase and sale of agricultural implements applicable to agriculture in Spain, says a report to the Department of Commerce at Washington. The bank is capitalized at 10,-

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HEAD OFFICE

44 PINE STREET
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000,000 pesetas (one peseta at par equals \$0.193), and maintains a central house in Madrid with branches in Barcelona, Cordova, and Burriana. It was established on July 9, 1922, by the National Catholic Rural Confederation. The object of the bank is to aid in the importation and exportation of any agricultural or industrial products of the syndicates and federations allied with the national confederation. The organization plans to spread helpful propaganda for the sale of agricultural machinery, and to inaugurate an educational campaign in modern farming and the use of modern farm machinery through the medium of its own publications. The bank controls and edits one newspaper in Madrid and one in Seville, and various other minor publications.

The contracting company, the Officinas Pahana of Monte Esquinza 23,

THE MERCANTILE BANK OF INDIA (LIMITED)

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

Capital Authorized and Subscribed	\$15,000,000 (£3,000,000)
Capital Paid-up	5,250,000 (£1,050,000)
Reserve Fund and Undivided Profits	6,138,190 (£1,227,638)

BANKERS:—Bank of England; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application.

On current accounts interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 WALL STREET

Madrid, has entered into negotiations with the bank for the supply of the desired machinery. This concern recognizes the superiority of American farm machinery, and the possibilities of the cooperative plan outlined by the bank, and wishes to negotiate purchases direct with American agricultural implements' firms not already represented in Spain.

Austria

Favorable progress in the reconstruction of Austria is reported to the Department of Commerce at Washington. The New National Bank of Austria was established on January 1 following the receipt of subscriptions to its entire capital of 30,000,000 gold crowns from Austrian banks. The bank took over the business and dividends of the Austrian section of the Austro-Hungarian bank on this date and is using the equipment and currency plates of the former bank temporarily. Dr. Richard Reisch has been chosen president of this institution.

The guarantee of an international loan for 650,000,000 gold crowns has been ratified by Great Britain, Italy, Czechoslovakia, and France. Interim loans amounting to 130,000,000 gold crowns for the purpose of securing funds until the International loan becomes available were authorized by parliament at the end of October. The first installment of these loans, amounting to 30,000,000 gold crowns, was sub-

scribed by Austrian banks during November.

Bulgaria

An International Bank of Bulgaria has recently been created, in which foreigners may participate up to 40 per cent. of the total capital, according to information received by the Department of Commerce at Washington. Branches will be opened first in Berlin, Paris, and a Swiss city, and later in Constantinople and other European capitals.

The chief object of the bank is the facilitation and encouragement of the foreign commerce of Bulgaria. It will furnish credit in Bulgaria and abroad to commercial companies and cooperative societies of Bulgarian nationality. Either on its own account or through a third party, the bank will perform in Bulgaria or abroad, all banking operations and activities, being given very wide powers by its statutes.

Czecho-Slovakia

A statute has been passed for the coining of a Czechoslovak gold ducat, according to a cable to the Department of Commerce at Washington, which is to be used as a commercial coin; it will be sold at a minimum extra cost to cover the minting charges. Two metric tons of gold arrived from London during December, and the first 1000 ducats will be offered for sale within a short time.

The Czechoslovakian note circulation

on December 23 amounted to 9,400,000,000 crowns (1,220,000,000 crowns below the legal limit) as compared with 9,500,000,000 crowns on November 23. The metallic reserve was 817,000,000 crowns. Total resources consisting of the metallic reserves, commercial paper, foreign securities, etc., amounted to 3,600,000,000 crowns on December 23. Capital levy payments on December 23 exceeded 2,000,000,000 crowns.

Russia

During the first three quarters of 1922 imports of Soviet Russia, exclusive of contributed relief supplies, were 1,678,300 long tons, valued on the basis of 1913 price averages for respective commodities, at 223,600,000 pre-war rubles, according to statements in the Soviet Official "Economic Life", translated by the Eastern European Division of the Department of Commerce. The Eastern European Division assumes no responsibility for the accuracy of the data. Exports are given as worth 50,000,000 gold rubles in the nine months of 1922. Imports, as stated by "Economic Life", show an increase of 36,100,000 gold rubles over those of the same period of 1921, and exports an increase of 40,000,000.

An abstract from "Russian Information and Review," published in London, given for what it may be worth, shows the following comparison of imports to Russia from her two chief purchasing markets in 1912 and 1922:

"In 1912 Russia imported from Germany foodstuffs valued at 39,800,000 gold rubles; raw materials and semi-manufactures valued at 212,300,000 gold rubles; and manufactures valued at 235,400,000 gold rubles; total, 487,500,000 gold rubles. In 1922 such imports from Germany were valued, in gold rubles, at: Foodstuffs, 6,800,000; raw materials and semi-manufactures, 4,700,000; manufactures, 37,800,000; total, 49,300,000; decrease from 1912, in gold rubles, 428,200,000.

"From Great Britain, Russia imported in 1912 foodstuffs valued, in gold



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BRANCHES

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*

BANCO NACIONAL ULTRAMARINO

New York Agency, 93 Liberty St.
Head Office: Lisbon, Portugal

rubles, at 14,000,000; raw materials and semi-manufactures, 98,400,000; manufactures, 42,500,000; total, 154,900,000. Imports from Great Britain in 1922, in gold rubles, were: Foodstuffs, 5,600,000; raw materials and semi-manufactures, 3,700,000; manufactures, 17,400,000; total, 26,700,000; decrease from 1912, in gold rubles, 128,200,000."

China

Better business conditions in China are already apparent and a marked improvement is expected after the Chinese New Year, according to a cable to the Department of Commerce at Washington. There has been a decided improvement in the steel trade; wire nails, tin plates and galvanized sheets being especially active. Building construction continues, resulting in the recovery of lumber which is reported steady again.

Banque Nationale Francaise Du Commerce Extérieur

Societe Anonyme

Organized under French Law of October 23, 1919

HEAD OFFICE: 21 BOULEVARD HAUSSMANN, PARIS

Head Office: "Extecomex, 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: 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.

Cotton mill stock quotations have risen. Silver is falling, doubtless due to large purchases in anticipation of the clearing of debts. Indigo is firm and a good demand for cotton piece goods is expected in March.

Japan

Exports from Japan during January 1923, were valued at 95,000,000 yen (preliminary figures) as compared with 158,000,000 yen the previous month and 87,000,000 yen in January of last year, according to a cable to the Department of Commerce at Washington. Imports for January, 1923, amounted to 149,000,000 yen, as compared with 143,000,000 yen in December and 178,000,000 yen in January 1922. The trade balance for the first month of the current year approximated 54,000,000 yen in favor of imports as compared with 15,000,000 yen in favor of imports the preceding month and 91,000,000 yen in favor of imports in January 1922. Specie moved but slightly during January, 1923. Exports of specie amounted to 2000 yen. No imports were reported.

The combined gold holdings of the government and the Bank of Japan at the end of January 1923, amounted to 1,820,000,000 yen, a decline of 10,000,000 yen during the month. Gold holdings at the end of January 1922, amounted to 2,038,000,000 yen.

South America

The economic and commercial situation of Argentina is improving slowly, says the current bulletin of Ernest Tornquist and Company, Buenos Aires. The gathering in of the crops is proceeding satisfactorily and on the whole, with good yields. The market for cereals is well sustained. Exports of wool are active with prices very firm. The receipts of the railway companies are constantly increasing. Stock exchange business is very active and quotations for interest-bearing bonds continue to be high. The exploitation of petroleum deposits is progressing, due especially to the increased enterprise of private capital. The situation of the quebracho extract market is improving, with prices rising. The freight market is slightly firmer. Labor conditions are generally satisfactory.

Banking business is still restricted, with a superabundance of idle money. The live stock industry has not yet recovered from the prolonged crisis which has been affecting it. Failures continue to be heavy although a slight decline is observable.

The new executive power which came into office on October 12, last, convoked the National Congress to extraordinary sessions on December 4, last, to deal primarily, with the budget and tax laws for 1923. The Government duly presented the corresponding projects, which include a tax of 5 per cent. on income derived from portable securities.

Having regard to the fact that the tax laws expired at the end of 1922, Congress has prolonged their validity, until such time as the definite laws are sanctioned. In presenting its budget proposals, the executive power has asked that the practice of sanctioning the tax laws as permanent measures be reverted to, in order thus to avoid possible prejudice to the administration in the event of the sanction of such laws for a new year not having been accorded by December 31 of the preceding year.

The total value of Brazilian exports for the month of November, last, was 237,556,000 milreis while imports for the same period were valued at 169,507,000 milreis, according to a report to the Department of Commerce at Washington. For the first eleven months of 1922, exports and imports were valued at 2,082,257,000 and 1,489,940,000 milreis, respectively, giving a favorable balance of 592,317,000 milreis. The volume of exports during this eleven-month period of 1922 was the largest in the history of Brazilian trade.

The unsettled exchange situation is still the decisive factor governing the import market and importers are buying only absolute necessities. The gold quota of import duties has been increased to 60 per cent., effective on April 1. European competition, particularly British, is very keen in hardware and electrical goods. Domestic factories continue busy and are doing a profitable business.

Mexico

General business in Mexico continues inactive through January and sales in most lines were poor, with slower collections by local merchants on their credit accounts, says a cable to the Department of Commerce at Washington. Stocks on hand in some lines are running low and it is probable that small replenishment orders will have to be placed abroad during February and later. Credit restrictions are still being enforced and a larger portion of ship-

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IRVING V. SCOTT

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PEKING

TIENTSIN

YOKOHAMA

ments are being received, through the banks, on the basis of "cash against documents". Banks report the present movement of all documents handled for collection as about 75 per cent. of what it was prior to the recent banking crisis, and that the amount of money involved is much smaller.



International Banking Notes

The resolution passed at an extraordinary general meeting of the London County Westminster & Parr's Bank Limited held February 1, 1923, changing the name of the Company to "Westminster Bank Limited" was confirmed as a special resolution at an extraordinary general meeting held February 16, the change becoming effective March 1, 1923.

When the resolution to change the name of the bank to "Westminster Bank Limited",

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**

was first submitted, at a special meeting following the ordinary general meeting, Walter Leaf, the chairman, said that there was no part of their name to which a certain amount of good will did not attach and there was not a word in their long name which they could surrender without a certain amount of regret. It was only because they strongly felt that the advantage of shortness outweighed the value of any part which they gave up that they put the resolution before the shareholders. The change would not involve any alteration of the familiar names by which they were known in various districts. In Somerset they were still "Stuckeys", in Derbyshire "Cromptons", in Yorkshire "Beckets" and they would be content, and even anxious, to remain the "County" round London, and "Parr's" in Lancashire. In the City of London, and in the various Dominions of the Empire, they would still be, what they had always been, "the old Westminster".

The resolution embodying acceptance of the change of name to "Westminster Bank Limited" was agreed to.

◎

It is announced that, with the approval of the Treasury and of the Army Council, an agreement has been entered into under which Lloyds Bank Limited have acquired the business of Messrs. Cox & Company, and have assumed all their liabilities.

The business of bankers and army agents hitherto carried on by Messrs. Cox & Company and the banking business of Messrs. Henry S. King & Company, which, as recently announced, Messrs. Cox & Company had already agreed to acquire, will be carried on as branches of the purchasing bank. Some or all of the directors of Messrs. Cox & Company will continue to give their as-

sistance in its management, in association with Sir Seymour King, K.C.I.E., one of the directors of Lloyds Bank.

It is understood that this purchase will not involve any issue of additional shares by Lloyds Bank.

◎

The Executive of Argentina has requested Congressional authority for the establishment of branches or agencies of the Banco de la Nacion Argentina in foreign countries, according to information contained in the monthly report of the Federal Reserve Board for the month of January. According to the provisions of the message, the voluminous exchange business transacted by the bank and the fact that the bank is the financial agent of the Government make the proposed step necessary.

Activity in banking development in Argentina has been noticed lately. The Banco do Brasil opened a branch in Buenos Aires on October 23, 1922. Serious consideration is being given to the organization of an agrarian national bank. The purpose of this institution would be to give financial assistance to national production, and the support of the Minister of Agriculture has been solicited. A new project has also been reported for the organization of a maritime bank, with a capital of 10,000,000 gold pesos, to be engaged in financial operations pertaining to maritime traffic. Favorable consideration has been given by the Government to the proposal.

◎

Announcement was made recently by the United European Investors, Ltd., New York, through its president, Franklin D. Roosevelt, that the first 100,000,000 mark investment had been made by the corporation in

The Corn Exchange National Bank

OF CHICAGO

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

OFFICERS

Ernest A. Hamill, Chairman of the Board
 Edmund D. Hulbert.....President
 Charles L. Hutchinson.....Vice-President
 Owen T. Reeves, Jr.....Vice-President
 J. Edward Maas.....Vice-President
 Norman J. Ford.....Vice-President
 James G. Wakefield.....Vice-President
 Edward F. Shoeneck.....Cashier
 Lewis E. Gary.....Assistant Cashier
 James A. Walker.....Assistant Cashier
 Hugh J. Sinclair.....Assistant Cashier
 C. Ray Phillips.....Assistant Cashier
 Frank F. Spiegler.....Assistant Cashier
 William E. Walker.....Assistant Cashier

DIRECTORS

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



Foreign Exchange

Letters of Credit

Cable Transfers

a widely diversified list of nineteen stocks, all but one of which are quoted on the Boerse. The investment, in dollars, amounts to approximately 15,000.

Mr. Roosevelt and his associates formed the company in September, taking out a Canadian charter, and announced that they would invest marks in German tangible properties, through a committee of prominent Germans. The idea of the organization was to save further loss to those in this country who had purchased German marks, on the theory that if the mark depreciated further, or even passed out of existence, proportionate interest in the corporations or property in which investment had been made would still belong to the purchaser.

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Max May, who for some time was connected with the Guaranty Trust Company, New York, in charge of the foreign exchange department, has become associated with the Russian Commercial Bank of Moscow. He arrived in New York recently with the view of establishing commercial and banking connections in this country. He has been appointed director of the Russian

institution, and also a member of its board of directors.

Mr. May said he had been requested to become associated with the Russian institution by financial interests both in this country and abroad. The object of his visit, he said, was to establish connections in this country of both a financial and commercial character and to buy merchandise. The bank with which he has become connected, he said, is the first private institution of its kind ever formed in Russia. It operates under a charter issued by the Russian Government, and is capitalized at 10,000,000 gold rubles. The interests back of the bank, he said, included capitalists in this country, Sweden and in England.

©

Addressing the ordinary general meeting of the London Joint City and Midland Bank, Limited, held at London on January 24, last, the Right Hon. Reginald McKenna, chairman, said in part, in the course of his remarks on the bank's balance sheet:

"The paid-up capital on December 31, last, was £10,860,852, and the reserve fund stood at the same amount. No new shares

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

Fully paid up Capital, Reserves and Surplus

\$16,031,961.00 Argentine Gold

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

Money on Mortgages Placed Direct

BANKING TRANSACTIONS OF ALL KINDS

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

Administration of Real and Personal Property

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

CORRESPONDENCE IN ALL LANGUAGES INVITED

were issued during the year, and now that the outside reserve is equal to the paid-up capital we prefer when our profits permit of it, as they did last year, to strengthen our internal resources in order to meet future contingencies. There was thus no change in the figures of either capital or reserve.

"But when we come to the amount owing to depositors and compare it with the figure of the previous year we see a considerable decline. I have already shown how the policy of deflation has greatly reduced public purchasing power, and we cannot be surprised that our deposits have fallen with those of the British banking system as a whole. Twelve months ago current, deposit, and other accounts were £375,117,092.

"The bank has never shown a higher figure in an audited statement, though on many occasions deposits have been larger. On December 31 last they were £354,406,336. The reduction in the year of £20,710,756 is considerable, but we appear to have suffered less than our proportion.

"Acceptances and engagements on account of customers at £25,862,341 are £6,014,019 up on the year. Our acceptances, drawn for the most part by or on account of first-class bankers, represent transactions in

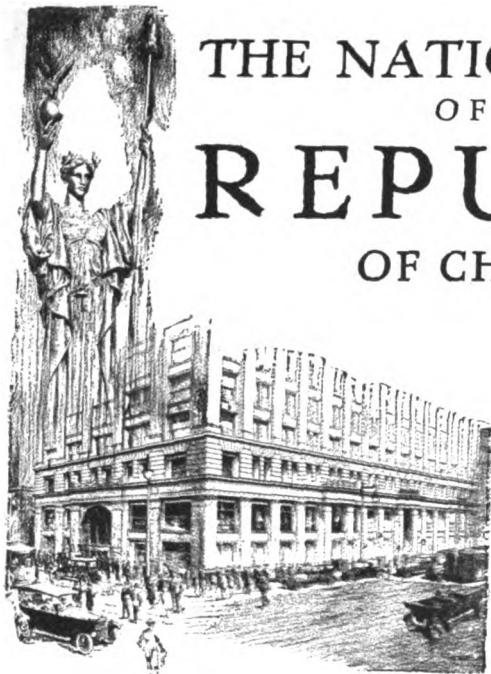
respect of foreign business, and are quite undoubted. These larger figures, with prices on a lower level, indicate that international trade is increasing in volume.

"I have dealt with the four principal items on the liability side of our balance-sheet. Let me now turn to our assets, and show you how the liabilities are secured. The first line of defence is our cash reserve, or, in the accepted phraseology, coin, bank and currency notes and balances with the Bank of England, which stand at £54,254,534.

"Balances with and cheques in course of collection on other banks in Great Britain and Ireland are £13,548,935.

"Investments, which are valued at less than market price, are slightly down on the year. Nearly all of these securities, amounting to £55,454,831, are British Government loans. During the first half of the year we temporarily increased our investments to a total of nearly £68,000,000, but sold them again as opportunity offered.

"The next item consists of bills discounted, and stands at £46,066,631. Our discounts for the most part are fine trade bills with less than two months to run; the remainder are Treasury bills with a maximum currency of three months.



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

**BUILT ON
THE SUCCESS
OF THE YOUNG
BUSINESS MEN
IT HAS HELPED**

© N. B. R.

"I come now to advances to customers and other accounts, which have increased from £176,779,261 to £182,307,521. In this respect our accounts differ from those of most other banks, as advances in the aggregate were lower at the end of the year. The increase in our figures, therefore, is the more remarkable, and is evidence both of the bank's exceptional assistance to industry and of a reviving demand by trade for accommodation.

"I should like to make particular reference to the policy of this bank in regard to loans for agricultural purposes. We have a large number of farmers amongst our customers, and I can state without hesitation that it is our invariable rule to treat them with the utmost consideration. I can also say that no class of borrowers observes more faithfully the strict letter of their undertaking.

"I cannot close my remarks without saying a few words about the higher officials, managers, and general staff.

"Early in the year we suffered a great loss by the unexpected death of our senior managing director, Samuel B. Murray. I well remember the deep concern expressed for his health at the last annual general meeting, and I know he was greatly touched by the sympathetic references made on that occasion. Certainly neither he nor his col-

leagues regarded his indisposition as being more than temporary, but, unhappily, he passed away suddenly on February 15 at the comparatively early age of sixty. Mr. Murray inspired very real feelings of affection and respect, and in his death we lost a great worker and enthusiast and a most competent banker.

"The heavy responsibilities devolving upon our joint managing directors, Mr. Hyde and Mr. Woolley, have been increased in consequence of Mr. Murray's death, but the development of our managerial organization is relieving them of some of their manifold duties. Their wide experience, vigor and foresight are invaluable assets to the bank, and in the daily solution of complex problems the great business qualities of my two friends are abundantly proved. They have been ably supported by the general managers, the assistant general managers and, indeed, by the entire personnel of the bank. A happy and loyal staff is indispensable for the successful conduct of banking business. We have such a staff, and our knowledge of their devotion, ability and energy inspires us to face the future with confidence."

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The preliminary program of the Tenth National Foreign Trade Convention, New Orleans, May 2-3-4, was recently announced

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:

M. 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.

by O. K. Davis, secretary of the National Foreign Trade Council. The full outline of the program follows:

WEDNESDAY, MAY 2

First General Session: Report on European Conditions Today; European Progress during the Last Year; Trade Barriers; Trading in the Face of Depressed Exchange.

Group Sessions: "Education for Foreign Trade"; "Banking Facilities for Foreign Trade"; "Export Managers" (in coöperation with the Export Managers Club of New York).

THURSDAY, MAY 3

Second General Session: The Farmers' Stake in Foreign Trade; The Selling Value of Imports; Need for Foreign Trade Zones; Foreign Trade Facilities of the Federal Reserve System.

Group Sessions: "Expanding Exports" (in coöperation with the American Manufacturers Export Association); "Trading in Latin America"; "Export Merchant".

Trade Adviser Service.

FRIDAY, MAY 4

Third General Session: Inland Water Transportation as Affecting the Farm and the Railway; Railway Service for Foreign Trade; The Shipping Situation of the World.

Group Sessions: "Pacific Coast Problems" (in coöperation with the Pacific Foreign Trade Council); "Foreign Credits" (in coöperation with the National Association of Credit Men); "Export Advertising".

Banquet.

SATURDAY, MAY 5

Inspection of Port, Industrial Canal and Inner Harbor.

At the twenty-eighth annual ordinary general meeting of the shareholders of Barclays Bank, Limited, held at London on January 23 last, the chairman, Frederick C. Goodenough, addressing the meeting, said in part with reference to the bank's balance sheet:

"The current, deposit and other accounts of the bank on December 31 last amounted to the sum of £303,185,534, which compares with £321,167,217 on the preceding June 30, and £330,942,299 on December 31, 1921, so that there has been a contraction of the deposits, which has been continuous throughout the year.

"Contraction of deposits has been experienced by all the banks. It reflects the general depression which has prevailed in almost every industry and trade. It is due also to the clearance by traders and others of the accumulated stocks left on their hands after the boom period, with the result that many of the advances from the bank have been repaid and this, so far as these stocks have been paid for without fresh accommodation being required, has also served to reduce the balances on the other side.

"The prices of wholesale commodities have fallen by 28 per cent. during the past two years, and the ability of our customers to stand this fall in prices has been most remarkable, although there have, of course, been cases in which the bank has made a loss, for which, in every instance, full provision has been made.

"Another factor which has served to contract banking deposits has been the subscriptions by the public for treasury bonds, which subscriptions have been used by the Government for the reduction of floating debt. Here it is interesting to note that the total indebtedness of the country today is somewhat larger than a year ago. That

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

is due to the conversion of short dated into longer dated debt, much of which has passed into the hands of the public. As a matter of fact, although this has involved an increase of capital liability, there has been a reduction of about £900,000 per annum in the interest charges payable by the Government. The total floating debt has been reduced from £1,260,000,000 to £941,000,000, that is to say, whilst treasury bills outstanding on December 31 last, were £719,000,000, as compared with £1,060,000,000 at the end of December, 1921, ways and means advances were somewhat higher, being £222,000,000 as compared with £200,000,000. The Government debt, other than floating debt, stood at £6,894,000,000, as compared with £6,539,000,000—so that there has been an increase of £355,000,000 in that form of debt which is largely held by the investing public as distinguished from the banks and those who make use of bank funds for carrying the debt.

"At the present time, advances to customers show a decline, owing to the prevailing inactivity and other causes to which I have already referred.

"The investments of the bank now stand at £78,606,182, which represents an increase

of £14,937,572 over the amount held on December 31, 1921. This increase is in the form of Government securities maturing at early dates, so that we shall be in a position to meet any requirements of our customers in the way of loans, which may be needed by them in the event of a return to industrial activity.

"The book values of our holdings of shares in the Union Bank of Manchester and the Anglo-Egyptian Bank have been somewhat reduced out of the profits which we have realized from the sale of other investments from time to time. We have thought it to be desirable to write them down, but our actual shareholdings in both of those institutions remain undiminished.

"We have lately acquired a controlling interest in the business of Cox & Co. (France) Ltd., in which we previously had a substantial shareholding, and we have transferred the business to a new company under the title of "Barclays Bank (Overseas) Limited". Our interest in this undertaking should appear in the next balance sheet, when the necessary formalities should have been carried through. The bank, with its chief office in Paris, and branches in other important cities in France and else-



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

where, will provide banking facilities for many of our customers who have business and other connections with France, and also for French people interested in trade with Great Britain and other parts of the British Empire."



In his speech on the occasion of the sixty-fifth general meeting of the shareholders of Lloyds Bank, Limited, London, J. Beaumont Pease, chairman, addressed the shareholders in part as follows:

"The outstanding event in the domestic history of the bank during last year was the death of the late chairman, Sir Richard Vassar-Smith. He had been a member of the board for more than thirty-three years, and its chairman since 1909. His death was felt as a personal affliction by all his colleagues, and he was mourned by the staff, and by many who only knew him by name, in a manner and to an extent which can rarely have been equalled in business records. If in speaking of him, therefore, terms are used which are all too uncommon in a business connection, they are amply justified, for, apart from the esteem which

his courtesy, his wisdom and uprightness of life won for him, he inspired a genuine and deep personal affection in the hearts of even comparative strangers, and the lovable qualities of his personality endeared him in a very special degree to all those with whom he came in any intimate contact.

"Of the feelings which he inspired in the staff it is not necessary to say more than to allude to the fund of over £10,000 which entirely on their own initiative, they have spontaneously contributed as a lasting memorial of the position he had won for himself in their hearts and minds. You who have met him here year after year at our annual meetings know for yourselves his courtly and dignified bearing, and the sympathetic and kind manner in which he addressed you on our business and dealt with any question which arose.

"You were able to appreciate the fact that not only was Sir Richard a great banker, but he had a long and varied experience in many kinds of business, and could bring to the deliberations of our board a sympathy with and a knowledge of the requirements and difficulties of many of our clients in trade. Countless numbers of these can testify to the sound discrimination

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 65,000,000

(\$0.50=1 Yen)

Branches and Agencies

Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tainan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Sourabaya	Tientsin
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.

NEW YORK OFFICE - - 120 BROADWAY

judgment and charm of manner which he invariably displayed.

"The extent of the debt which this bank owes to him it would, indeed, be hard to determine. Of the material prosperity which it has enjoyed under his chairmanship it is easy to find proofs. When he succeeded to the chair in 1909 the deposits of the bank amounted to £73,803,709. The last balance sheet before his death showed this figure increased to £347,507,410. Our capital and reserve in 1909 was £7,171,600. In 1921 this amounted to £24,372,956, and our profits had increase from £843,038 to £2,529,124.

"But it is not in these material facts and figures that we shall find the chief value of our heritage from him. It is in the unseen influence of his personality and character which permeated all classes, and in the atmosphere which he created wherever he was present, that the extent of our obligation to him can best be measured.

"And in these matters the lesson of his life and work has a wider application than to this bank alone. It is commonly believed, or at any rate it is often said, that our present-day huge business organizations are mere soulless machines. We who know the

value of Sir Richard's work and influence in our great institution can testify to the contrary. His life proved that there is room for a soul even in a business machine, and that a human sympathetic outlook has a place there, provides an inspiration which has inestimable value in immaterial things and can also be measured in pounds, shillings and pence. Those into whose hands has been committed the torch which Sir Richard carried so high can say with all humility, but with sincere faith, that it will not be easily put out.

"May I now ask you to pass to our balance sheet and report, and to consider with me the figures contained therein.

"Beginning on the liabilities side, the current, deposit and other accounts, including rebate of bills and provision for contingencies, standing at £330,556,814, show a reduction of nearly £17,000,000. This is not a feature peculiar to ourselves, but is common to other banks in greater or less degree, and is a reflection of the deflation which has taken place during the year.

"The next item constitutes the balance on profit and loss account, and I will deal with this when I come to it in a more detailed shape later on.



NEW YORK AGENCY, *Woolworth Building*
L.N. LAU, Agent

The CHINESE MERCHANTS BANK LTD.

OF HONGKONG

The First Chinese Bank in New York



Hands Across the Sea

The bonds of reciprocal esteem as between Chinese and American business interests have always been strong. The Chinese merchant is disposed to look with favor upon properly introduced products and ideas of American origin.

But—much depends on the introduction. With the Chinese Merchants Bank, Ltd., as your intermediary, your contact is greatly facilitated. We hold ourselves ready to serve your interests with characteristic courtesy, integrity and unflinching thoroughness.

Inquiries Invited from Responsible American Business Houses

Head Office
Hongkong

NEW YORK AGENCY

Woolworth Building

Telephone Barclay 4712

Branches

Canton, Saigon, Shanghai

"The acceptances, endorsements, guarantees, etc., show an increase of £7,386,036, and are an indication of the greater demand for banking facilities, and counteract the reverse side of the picture which we see in the reduced figure under advances on the other side of the balance sheet.

"Our capital and reserve remain the same.

"On turning to the assets we find the two first items are down in amount corresponding to the reduction in the liabilities to the public, but they remain the same ratio to these figures as they did last year, viz., 14.5 per cent.

"Our money at call and short notice, standing at £17,310,496, shows an increase of £1,357,611, while the bills of exchange stand at £64,405,251, showing a reduction of no less than £26,214,211. This is explained by the fact that we have made a considerable change in our short investments from Treasury bills to Treasury bonds. We were encouraged to do this by the sharp fall in the return yielded by the Treasury bill allotment rate. At the present time this returns less than 2 per cent., and is not a very profitable investment.

"We have made a change in the form in which we have set out our investments.

The total of our investments in British Government securities, £89,684,337, shows an increase of nearly £18,000,000, and we thought it was only fair to the bank that this figure should be sub-divided so as to show that the largest proportion, viz., £53,589,078, was in short-term Treasury bonds repayable over the next few years, and that the position, therefore, of our investment account was particularly liquid.

"There have been some additions to our shareholding in our affiliated companies, The National Bank of Scotland and The London and River Plate Bank, owing chiefly to purchases from the public trustee of enemy-owned shares in these companies, which have been held up until now. It may interest you to know that we are holding our investments in these companies at the strict asset value, without taking any credit for goodwill.

"I have already referred to the fact that our advances are down, and the figure at which they stand, viz., £123,388,678, shows a reduction of £7,458,452 from last year's amount. The reduced accommodation asked for by our customers under this heading has, as I have already stated, been made

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.

up by the increased facilities granted under the heading of acceptances.

"Our bank premises account shows an increase during the year of £349,586, representing the building of new offices, a reference to which is made in our report, and alterations to old ones."

©

At the annual ordinary general meeting of the Westminster Bank, Limited, London, (formerly the London County Westminster and Parr's Bank) the chairman, Walter Leaf, said in part, regarding the bank's balance sheet:

"Like all other banks, we show a diminution in the amounts lodged with us. This I do not regard as evidence of continuing deflation, though it is a result of deflation in the past. The fact that prices have remained steady, with a slight tendency to rise, is in itself proof that there has been no deflation during the past year. It is evidence rather of stagnation of trade and the low rate of interest for short money, which has induced our customers to invest in the many tempting Government offers of securities the cash which was held with us

on deposit. There has been no paying off of Government debts, which would be deflation, but simply a rearrangement of dates for repayment, which is a form of stabilization.

"The falling off in money lodged is almost reflected in the decrease in our holdings of Treasury bills, which have run down from the £77,000,000 of which I spoke a year ago to about £45,000,000 in the present balance sheet, and this again is a reflection of the decrease in the total aggregate of Treasury bills from about £1,064,000,000 to £709,000,000 during the year. You will find that the amount of commercial bills which we have under discount is practically identical with that of a year ago about £24,000,000.

"So, too, advances to customers are at nearly the same figure as a year ago, £106,000,000 against £110,000,000 at the end of 1921. The proportion of these to our money lodged is a little higher than a year ago—about 38 per cent. as against 35 per cent.—but still much lower than we should like to see it. It is to an increase in this item that we look for signs of reviving trade. May it soon come. The falling off in the amount of acceptances, endorsements, etc.,

is mainly due to the dullness in the cotton trade and the reluctance of manufacturers to take cotton at the present high prices, reflected in a large reduction in our acceptance of cotton bills.

"When you look at our profit and loss account you will see that our total profit shows a shrinkage. This again is an experience we share with our competitors; but on the whole you will, I hope, feel that the results are not unsatisfactory. They have not been attained without a great deal of anxiety and hard work, and when I come presently to propose a vote of thanks to our staff, you will be justified, and I am sure very happy, in giving them the credit they have so well earned. The year has, for pure banking profits, been a rather lean one; but on the other hand the appreciation in the value of investments has made up behind the scenes for a good deal that we have missed in other ways. We have, of course, made full provision for bad and doubtful debts; but we think it wise to continue the prudent policy of laying aside a substantial amount to the contingent fund. The sums which we have appropriated to premises and rebuilding funds are also a continuation of the policy you have approved in past years, and need little comment. I may, however, in connection with the rebuilding fund, call your attention to the substantial progress which we have made with the first section of our new scheme in Angel Court. We hope to be occupying the premises by the end of the year, and it is possible that this may be our last meeting in this room, which has so long served for our shareholders as well as our board.

"In our ranks in London, we have to deplore several losses. We have lost by death two of our directors, who were not only our first in seniority, but were to the last among our most active members. O. A. Benecke died at the age of eighty-five after little more than a week's illness to interrupt his constant attendance at our boards and committees. He had been a director for forty-seven years, and his name is still green in the memories of the old Westminster staff, in whose sports and welfare he took unceasing interest.

"A. J. Fraser passed away quite peacefully and suddenly only a few hours after he had been actively engaged on his work for the board. Both of these gentlemen had endeared themselves to all their colleagues by geniality and goodness, and the loss of their ripe judgment and long experience is one which we greatly feel. Even more pathetic is the absence of our colleague E. H. Cunard, stricken by a cruel and disabling illness in the prime of life. We still cherish some faint hope that he may yet be spared to rejoin our council.

"In our new colleague, Sir Malcolm Hogg, we have found a man who has achieved distinction while still young. His large experience in India has been crowned by the important appointment of Commercial Member of the Council of the Secretary of State for India; and we look forward with confidence to his assistance on our board for many years to come.

"Of our managers, we have lost Mr. Inskip, who has reached the retiring age, and carries with him our most hearty good wishes and good will in the leisure he has well earned. He is succeeded by Philip Mortimer, whose abilities as a banker are backed by artistic gifts of a high order, and who illuminates any matter which he takes up.

"With a general management such as we have, backed by the hearty devotion of a loyal and capable staff, we are prepared to approach with confidence the anxieties and the successes which the future may have in store for us."

©

On January 1, W. H. McIntyre retired as New York agent of the Standard Bank of South Africa. R. Gibson and Raymond Smith have been appointed agents in his place. The bank has recently moved from 68 Wall street to more commodious quarters in the Munson Building at 67 Wall street. The statement of condition of the bank at September 1922, showed total assets of \$329,497,520. The authorized capital is \$50,000,000; subscribed capital, \$44,583,300; paid up capital and reserve funds, \$25,612,500, reserve liability of proprietors, \$33,437,475.



Cassie Chadwick's Jewels

THE publication of "The Romance and Tragedy of Banking" by T. P. Kane, late Deputy Comptroller of the Currency has revived widespread interest in the celebrated case of Cassie Chadwick whose financial activities brought ruin on the Citizens National Bank of Oberlin, Ohio. In a recent letter to his publishers, Mr. Kane recounted an incident related to this case which is not mentioned in his book. He writes:

In walking down to the Treasury Department one morning when the Citizens National Bank of Oberlin, Ohio, was still in charge of a receiver, I met Secretary of the Treasury Leslie M. Shaw coming out of LaFayette Square and we continued the walk to the Department together. He said, "In walking down this morning I was reciting to myself John G. Saxe's poem, 'I'm Growing Old', to test my memory to see whether it was as good as formerly".

The poem, it will be remembered, is rather lengthy, containing six long verses. He then repeated the poem as we walked along, line by line until he finished it, without hesitating for a word.

When we reached the lower Fifteenth street entrance to the Treasury Department he asked me if there was anything new in the Comptroller's office. I told him "No", but we had in our possession at that time some of Cassie Chadwick's jewels, and told him that if he would like to see them I would bring them around. He said he would like very much to see them. I took them around to his office, and after examining them he called in his female stenographer and several other female clerks connected with his office and showed them the jewels. The newspaper correspondents hearing of this sent out a news item to their papers in regard to the jewels. This had the effect of bringing the Collector of Customs for the Cleveland, Ohio, district to Washington. He called upon the Deputy Comptroller early in the morning and referring to this news item, demanded the surrender of the jewels, saying that they had been smuggled into this country from abroad. The Deputy told him that he did not have the jewels in his possession. He inquired where they were. The Deputy told him that they were in the possession of the receiver of the bank, who had been in Washington a day or two before. He also told him that the jewels were assets of the bank and could not be surrendered by the receiver to him or to anyone else except upon an order of the court. The Collector then went around to the Secretary's office and repeated his demand for the surrender of the

jewels. The Secretary sent for the Comptroller, who had come to the office in the meantime, and also demanded of him the surrender of the jewels. The Comptroller declined to surrender them, for the same reasons that the Deputy had declined. The Secretary insisted upon compliance with his



CASSIE CHADWICK

Whose financial activities brought ruin on the
Citizens National Bank of Oberlin, Ohio,
in 1904

demand but the Comptroller said he was personally responsible for the jewels and refused to surrender them except by direction of the court, and the Collector finally departed without securing the jewels. A few days later he advised the receiver of the bank, after making an effort to obtain them through him, that it was learned that these were not some of the jewels that had been purchased abroad and smuggled into this country.

The jewels were later taken by the receiver to New York and placed in the hands of a responsible jeweler for appraisalment and subsequently sold under order of the court. The jewels consisted of one large emerald ring, one brooch containing a large Canary diamond encircled by a double row of white diamonds, and some smaller trinkets.



THE new building of the Yonkers Trust Company is in the form of a Roman arch, entirely of stone and severely plain. One large window, 15 by 30 feet, in which a metal door is placed, will flood the banking room with light at all times.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

Correspondence Invited



Head office at London of Thomas Cook & Son

An International Record of Public Service

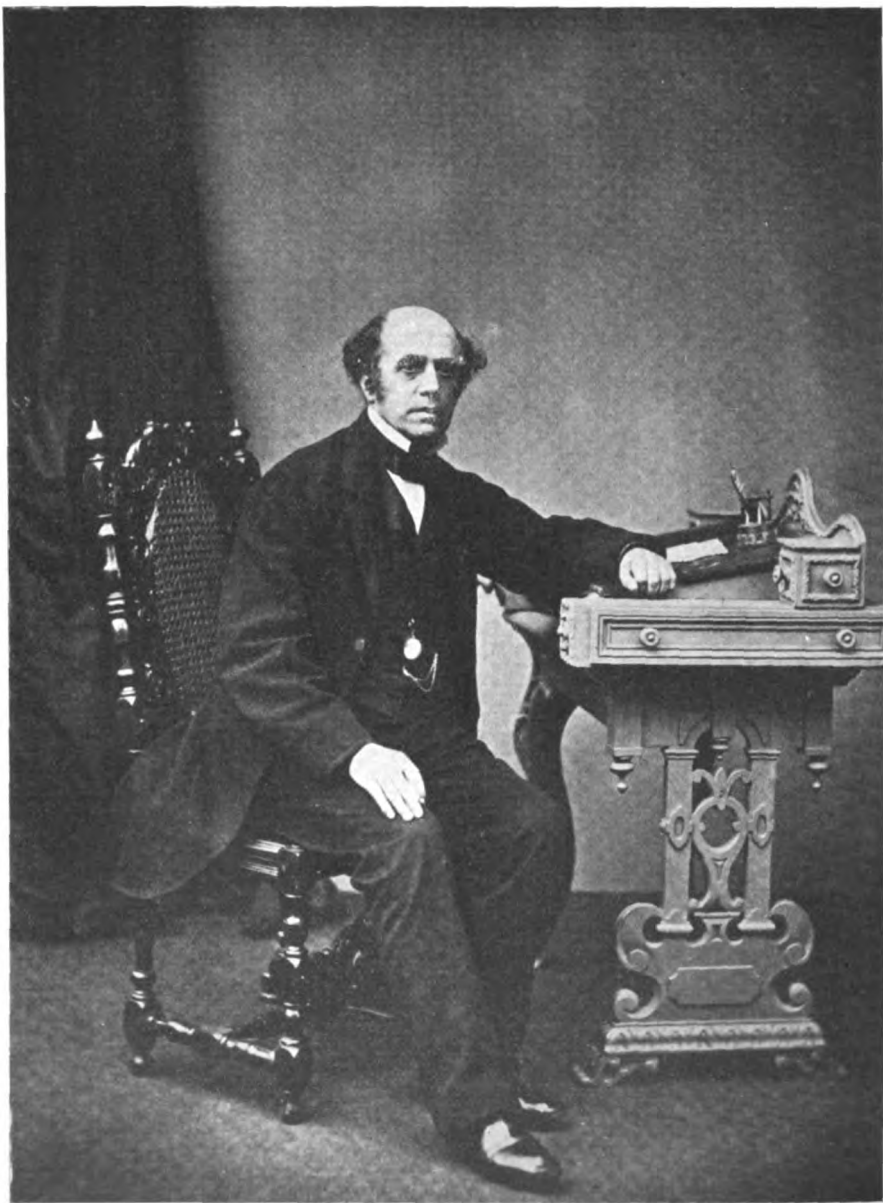
By Richard F. Durham

(In 1840 to start on a tour of Europe was an adventure not to be lightly entered upon. Adequate information as to means of travel, proper accommodations in various cities and countries, the probable cost involved, and length of time required was secured only with the greatest difficulty. The traveler in those days devoted much time and effort simply on the detailed arrangements for his trip. Today he may have arranged for him in advance every minute detail of any proposed journey and also know just what that journey will cost and how long it will take. Credit for this modern convenience belongs to the development of the tourist agency of which Thos. Cook & Son is the pioneer and the most conspicuous example. The interesting record of this unique organization is given below.—THE EDITOR.)

THE business of Thos. Cook & Son, comprising 150 offices in all parts of the world, and a permanent staff of over 3500 employees, had its humble beginning in the year 1841, when Thomas Cook, an enthusiastic writer and lecturer on temperance, organized the first public railroad excursion ever attempted. This now historic excursion train was chartered from the Midland Railway to carry members of the Temperance Society from Leicester to Loughborough, where a convention was to be held. The return trip covered a distance of twenty-four miles, and 570 passengers were booked at a fare of one shilling each. Mr. Cook also arranged for their reception and entertainment in Loughborough and personally supervised all the details of the trip.

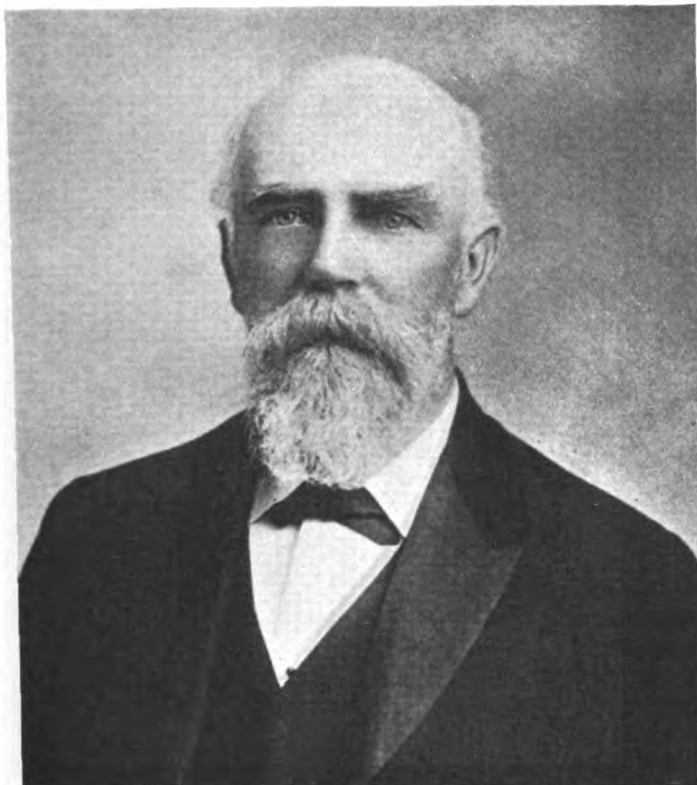
The success of this venture marked the first step along a great highway of pleasure travel that now encircles the globe, and thanks to the unremitting work of Thos. Cook & Son in the most distant lands, one may now undertake a jaunt around the world with far less anxiety than was felt by the original excursionists who set forth behind the puffing and groaning locomotive of 1841.

At the time of the first excursion, Mr. Cook, who was born at Melbourne in Derbyshire in 1808, was residing at the town of Market Harborough, but during the same year he removed to Leicester and established an office in which to carry on his business of lecturer and printer, to which he added the new role of excursion organizer. The printing office proved an invaluable asset



THOMAS COOK

The founder of the firm of Thomas Cook & Son, the success of whose venture marked the first step along a great highway of pleasure travel that now encircles the globe



JOHN M. COOK

Son of the founder who induced his father to open an office in London in 1865

to him in publishing pamphlets by which he made his travel arrangements known to the Temperance and Sunday School Societies, to which he continued to donate his services.

His prestige as an authority in all matters pertaining to travel increased from year to year, and in 1845, in view of the constant demand made upon his time, he determined to conduct the business on a regular commercial basis. With this end in view he applied to the Midland Railway Company to place trains at his disposal, and having arrived at an understanding with them, he advertised his first pleasure excursion open to the general public. This excursion was scheduled to leave Leicester on August 4, 1845, for Liverpool, and included visits to North Wales, the Isle of Man, and Dublin. Mr. Cook, who had

carefully gone over the ground and chosen out the various sights of greatest interest to the travelers, compiled and issued a small guide book, containing descriptions of the places to be visited. This was the forerunner of the excellent booklets issued by the firm today, describing tours to all parts of the world.

The success of this tour was instantaneous; every ticket was sold a week before the day of departure, and so great was the demand that a large number changed hands at a premium. A second excursion was run over the same route a fortnight later, and was equally patronized by the public.

When in North Wales Mr. Cook had written in his diary: "From the heights of Snowden my thoughts took flight to Ben Lomond, and I determined to try to get to Scotland." This was not a



F. H. COOK

Present head of Thomas Cook & Son, in the study of his London home



Cook's chief office for France, 2 Place de la Madeleine, Paris

simple matter in 1846. To the mass of Englishmen, Scotland was a distant romantic land, known only through the poems of Burns and the novels of Scott. The famous Highlands had been visited only by the wealthy few, and the nearest railway station to Scotland was at Newcastle-on-Tyne.

It was easy to get from Leicester to Newcastle by rail but from there to the capital of Scotland the journey had to be continued by road or by sea. After two trips to Scotland to effect the preliminary arrangements, Mr. Cook decided to have the tour proceed to Fleetwood by rail, thence to Ardrrossan by steamer, and from Ardrrossan by rail to Glasgow and Edinburgh. The distance to be covered was 800 miles, and despite the round-about course 350 persons were booked at a fare of one guinea each.

The reception of the party in Scotland was a memorable one: guns were fired in their honor when they entered the station at Glasgow, and a band

played them to the town hall, where they were welcomed with enthusiastic speeches. At Edinburgh they were received with equal cordiality, and were honored at a public gathering, at which William Chambers, the eminent publisher, presided.

From this time onward Mr. Cook assiduously devoted himself to the business of pleasure travel, seeking out the most beautiful spots in the United Kingdom and making it easy and inexpensive for others to visit them. In less than ten years after the first excursion, the system he originated had become an important feature of the travel arrangements of the various railway companies. He had in fact created a new industry.

BEGINNING OF THE "CIRCULAR TOURS"

The great London Exhibition of 1851, which was visited by 165,000 people from the provinces under Mr. Cook's arrangements; the Dublin Exhibition of



Cook's Building on Hornby Road in Bombay, India

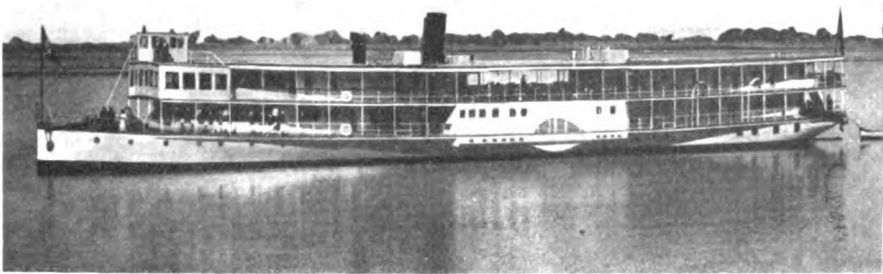
1858; the Paris Exhibition of 1855, and the Manchester Exhibition of 1857, gave the excursion system an immense impetus. The success of the Paris Exhibition had turned Mr. Cook's thoughts to the Continent of Europe, and in the following year, 1856, he instituted the "Circular Tours" which were the beginning of the present European Tourist System.

At first the Continental Tours were confined to parties personally conducted by Mr. Cook, but in the course of time he added the "Coupon System" which eventually developed into the well known "International Travel Tickets" which, in the words of the *London Times*, "made journeys all over the world possible and easy to everyone".

The Travel Coupon was printed in English as well as in the language of the country in which it was to be used, and proved an inestimable boon to those who wished to travel alone and not as members of a party; while the Hotel Coupon abolished the terrors of the hotel bill by providing all needful accommodations in the way of board and lodging at a fixed uniform price.

Leicester continued to be the headquarters of Mr. Cook's rapidly growing business until 1865, when John Mason Cook, his only son, who had assisted him in practically every venture since the beginning, induced his father to open an office in London at 98 Fleet street.

John Mason Cook was placed in

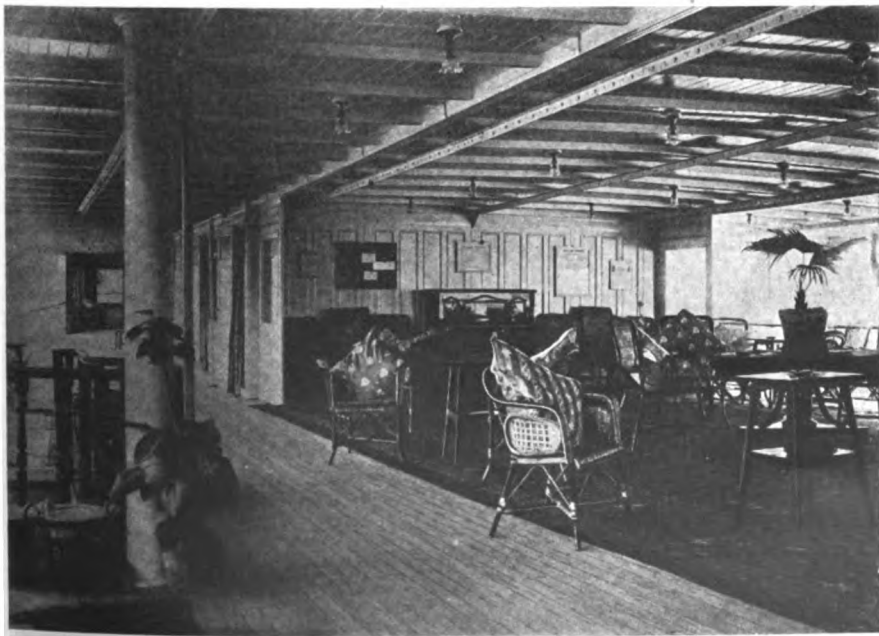


One of Thomas Cook & Son's Nile steamers

charge of this office, and under his able direction the business continued to grow and prosper. In 1872 it was necessary to erect a building to house the central office, which was moved to London, and the title of the firm became that by which it is known today.

Thomas Cook considered the culmination of his labors to be the institution of an annual tour around the world, and in 1872, with nine companions, he set forth on what he considered an explor-

atory trip. The start was made from Liverpool, sailing for New York by the White Star liner "Oceanic". The principal cities of the United States, Japan, China, the Malay Peninsula and Straits Settlements, India, Ceylon, Palestine, Egypt, Greece, Italy and France were visited, and after an absence of 222 days the party returned to England. The *London Times* considered this journey of great public interest, and published an interesting series of letters



Observation deck of a Nile steamer



Arab Charette at Cairo

which Mr. Cook penned during the trip. These letters were replete with facts pertaining to the countries and people visited by Mr. Cook, and gave his countrymen a clear understanding of what the world was like as a whole.

It was Thomas Cook's belief that the more his fellow men saw of each other the better they would understand each other's ways, and that the more the world was known by the dwellers in it,

the truer would be their knowledge; that intercourse by travel was one form, and not the least effective, of missionary enterprise.

In 1878, Thomas Cook retired from active work and the direction of the business passed into the hands of his son, John Mason Cook, through whose enterprise and tireless energy the firm spread its offices into all parts of the world, establishing permanent staffs in



Camels resting on the road in Palestine

the principal cities and opening up avenues of pleasure travel hitherto unknown.

Since John Mason Cook's death in 1899, the direction has continued in the hands of his sons, who are now the sole proprietors of the business.

Today there is scarcely a line of railway or a steamship line by which the firm's International Travel Tickets are not available, while their Hotel Vouchers, Travelers Cheques and Letters of Credit are accepted in every quarter of the world. Thos. Cook & Son's offices number 150, with more than 3500 employees, and are found in Europe, the United States, Canada, Australia, New Zealand, Tasmania, India, Burma, Ceylon, the Straits Settlements, Palestine, Egypt, the Sudan, China, Japan, South Africa and the Belgian Congo.

The first American office was installed in New York City in 1872, and the American establishment, now numbering two New York and eight branch offices in Boston, Philadelphia, Chicago, Los Angeles, San Francisco, Montreal, Toronto and Vancouver, is one of the most important branches of the business. These offices transact all of the many

departments that go to the making of Cook's Travel Service: the arrangement of tours and cruises, the sale of travel tickets, issuance of Traveler's Cheques and letters of credit, foreign money exchange and other banking features, forwarding, shipping and Customs House Departments, hotel bureau, and complete arrangements for individual travel, and the publishing of guide books, programs and other literature pertaining to all branches of travel.

Cook's Traveler's Gazette, founded in 1851, is now published simultaneously in England, France, the United States, Holland, Japan, India, and Australia, printed in the language of the respective countries. In its various forms throughout the world the circulation of the *Gazette* runs into many hundreds of thousands.

SOME NOTABLE FEATS PERFORMED BY THE FIRM

Since the foundation of the firm there have been many events of historical importance with which the name of Thos. Cook & Son will always be associated, and among the most note-



Nile boats at Alexandria, Egypt



Passenger wheelbarrow in China

worthy was the opening up of Egypt as a winter resort, and subsequent work in that country which has brought employment and prosperity to thousands of deserving natives.

The first tourist party went up the Nile in 1869, in a steamer chartered from the Khedive's Government by Thos. Cook & Son and the following year the firm was appointed by the Khedive to act as passenger agents for the river traffic. The development and growth of the Nile fleet was rapid, and in 1884, when the British Government determined to send an expeditionary force to the relief of General Gordon at Khartoum, the entire transport was placed in the hands of Thos. Cook & Son; the first time in the annals of British history that a warlike expedition in which the nation had a deep and special interest had ever been entrusted to a private firm.

In order to execute this commission Thos. Cook & Son had to furnish twenty-seven steamers, 650 sailing vessels, over 13,000 railway trucks, 800 row boats, and 5000 native workmen, in addition to which twenty-eight large steamers were chartered to convey 40,000 tons of coal from the Tyne to the Nile. Despite enormous difficulties the work was completed well within the specified time, and how thoroughly the task was accomplished is evidenced by

a letter, written to Mr. Cook by Lord Wolseley: "No one else could have helped us as you did, and believe me, we all fully appreciate not only the efficient service you rendered to England upon this occasion, but the unvarying kindness we all met with from your agents".

During the past fifty years the Nile fleet has continued to grow and improve, and today provides the most convenient and pleasant means of visiting the wonders of antiquity spread out along the great valley. Aside from the excellent line of river steamers and "Dahabeahs" the firm operates its own ship-building yards near Cairo.

TRANSPORTATION OF MOHAMMEDAN PILGRIMS

In 1886, at the request of Lord Dufferin, then Governor General of India, Thos. Cook & Son took over the transportation of the Mohammedan Pilgrims from India to Mecca and Medina. Prior to this time the Pilgrims had been the prey of unscrupulous persons all along the route, while the sanitary conditions under which they traveled, and the frequent feuds among them had caused the death rate of each pilgrimage to assume terrible proportions. Others had tried to redress the Pilgrims' grievances and had failed, owing to the vested interests by which many people had grown rich at their expense. But Thos. Cook & Son succeeded; the abuses were soon abolished and the pilgrimage ceased to be a subject of scandal.

In alluding to this achievement, Sir John Gorst said: "I do not think the nation is fully aware of the debt of gratitude which it owes to Messrs. Thos. Cook & Son for this practical and useful strengthening of our power in the East. Admirable as may be the conduct of the firm in relation to English tourists in every part of the British Empire, there is no department where their operations have been productive of so much valuable assistance to the nation as in that of conducting the pilgrimage traffic in British India."

PALESTINE

Since 1868, when Thomas Cook took his first party to the Holy Land, the firm has worked assiduously to render travel in Palestine and Syria easy and safe, and has incurred large monetary liabilities to this end. Prior to the establishment of "Cook's Tours" travelers were at the mercy of savage chiefs who made them pay dearly for the protection afforded or for the permission to pass through their districts. Today the veriest tyro in travel goes thither without fear, confident in the measures taken by Thos. Cook & Son for his safety.

In 1898, when the former German Emperor made his famous tour in Palestine, all arrangements were entrusted to the firm, and proved to be the most elaborate they had ever been called upon to make for travel in that country. The imperial party consisted of 105 persons, in addition to which provisions were made for a separate party of Pashas of high rank, who were sent to represent the Sultan of Turkey. These, with their attendants, numbered 108. To carry out this gigantic undertaking Thos. Cook & Son furnished 1430 riding horses, mules and pack camels, 116 landaus, carriages and baggage carts, three special trains from Jerusalem to Jaffa and three from Beyrout to Damascus and back. The two encampments required 300 tents, 800 muleteers and 290 camp servants; and although the Emperor had taken his own valet and servants to wait upon him, and his own cook to prepare his food, he dispensed with their services and had everything cooked and served by the Arab cooks employed by the firm.

Another noteworthy pilgrimage to Palestine was carried out by Thos. Cook & Son in 1904, the occasion being the World's Sunday School Convention, which was held that year at Jerusalem. A special ocean steamer was chartered for the party and a full complement of 500 passengers obtained.

The firm is now the official transportation agent for the World's Sunday School Association, and has been in

charge of the travel arrangements for the last two conventions, held at Tokyo and Zurich. In 1924, several thousand delegates will be transferred to Glasgow.

A JAPANESE PARTY AROUND THE WORLD

In 1908, shortly after the establishment of a permanent Thos. Cook & Son office in Japan, the first Japanese around-the-world party was organized by the firm. No less than fifty-seven persons sailed from Yokohama for the great circuit and created almost as much of a sensation in the countries visited as had been caused by the first excursionists to Scotland. The Japanese party was entertained by members of Parliament at a tea on the terrace of the House of Commons, and by the late Lord Northcliffe, who gave a garden party in their honor.

THE GREAT PLEASURE CRUISES

As a crowning achievement in the business of pleasure travel, special mention should be made of the great Mediterranean and around the world pleasure cruises which sailed from New York this winter under the direction of the New York office of Thos. Cook & Son.

The magnificent White Star Liner, "Homeric", the most luxuriously equipped ship afloat and the largest steamer ever chartered for a cruise, sailed on January 20 for a sixty-seven day cruise around the Mediterranean



Ruins of ancient Egyptian obelisks

with a complement of 500 passengers. This was in every sense a cruise de luxe, for never in the history of travel have such splendid accommodations both at sea and on shore been placed at the disposal of the public. The passenger list contained the names of representative Americans from all sections of the country, and the firm was forced to refuse many others who requested reservations after the limited quota had been filled.

On January 24, the new Cunard-Anchor Liner "Samaria" set sail from New York on the golden jubilee cruise around the world, commemorating the fiftieth anniversary of Thomas Cook's first world tour. The membership for this cruise was limited to 400 although the "Samaria" would easily accommodate three times that number, and all the travel and sightseeing arrangements were planned on the same lavish scale, the itinerary being so arranged that the "Samaria" would arrive in each country at the beginning of spring.

On February 10, the new Lamport & Holt Liner "Vandyck" set sail for South America, carrying the Clinical

Congress of the American College of Surgeons to the Convention at Buenos Aires, and for an extended pleasure cruise to the many points of interest in the great Southern Republics.

On June 30, the splendid Cunard-Anchor Liner "Tuscania" will sail on the second annual summer cruise around the Mediterranean, an event which will prove a delight to many who are unable to make this cruise during the busy winter months.

Added to these activities the American establishment of Thos. Cook & Son sends a constant stream of travelers to all parts of the United States and the world, vying in energy and enterprise with any accomplishments of the firm during its history.

What Thos. Cook & Son have done for travel and travelers during the last eighty-two years would be difficult to reckon up, so widespread has been the firm's work and so far-reaching its effects. But it may be truly said that the sun never sets on the offices of Thos. Cook & Son, and in no remote section of the world is the lonely traveler beyond the reach of their aid and advice.



Round the world party in Jaipur, visiting the deserted city of Amber on elephant back

Meddling With the Federal Reserve System*

By Elliot C. McDougal

President The Marine Trust Company of Buffalo, and president State Trust Companies Association of New York

A NUMBER of amendments to the Federal Reserve Act have been introduced in Congress. Many others are suggested. The greater number of such amendments would abolish or weaken the safeguards that the framers of the Act wisely established. The proponents of these amendments shout for "easy money", for "letting down the bars", especially on behalf of farmers. They are willfully or ignorantly deaf to reminders that Congressional records show, and bankers know, that machinery already is set up and in daily operation, by means of which Federal Reserve Banks furnish their constituent banks with credit at very reasonable rates, which, by the regular operation of that machinery should reach the farmer. Any farmer, in good credit, can get the benefit of this machinery, and if the rates which he pays are too high that is not the fault of the Federal Reserve System but of his own bank, which borrows from a Federal Reserve Bank cheap and lends dear. Some Congressmen are honestly misled, others are playing politics. From some sections comes popular clamor for action, or for a show of action. It is good politics to cater to any considerable class regardless of consequences and of the merits of the case, providing its clamor be loud enough.

Politics and business have no common interest. Combined they always spell inefficiency, often failure. In banking they are especially dangerous, and often result in disaster to depositors. Bankers tirelessly must oppose any legislation that would impair their capacity to serve the public and to pay their depositors one hundred cents cash on the dollar on demand, or that would raise the slightest doubt of their ability to

do so. The first duty of a true banker is to his depositors. His next duty is to active business that must be kept moving. To serve these interests is the chief function of a commercial bank, and its chief claim to the right to exist. To see that his bank belongs to the system that best assures this is his plain duty. Should the Federal Reserve System, because of political meddling, become unfitted properly to care for the country's business needs, then some other agency must be found. Business must go on.

Not only should we oppose all efforts to weaken our Federal Reserve System, we should if possible add to its membership. It is doubtful whether it would be wise to do this by mandatory legislation. The unwilling partner usually is a source of weakness rather than of strength. We should make the System so attractive that no state chartered institutions having the necessary capital requirements could afford to stay out.

No well managed bank would continue to give credit to a customer who year after year spent more than he earned and borrowed the excess, constantly getting deeper into debt. No nation that year after year spends more than its income, and borrows to balance its budget, long can keep its currency sound and its exchange at parity. No nation with an unsound currency can have good credit, and be able to borrow at regular market rates when it pleases. Today our currency is sound and our credit good, but how long would they so remain should our politicians have their way unchecked? The most dangerous time is when the ways first divide. We

*From an address delivered before the annual meeting of the Trust Companies Association of the State of New York, February 14, 1923.

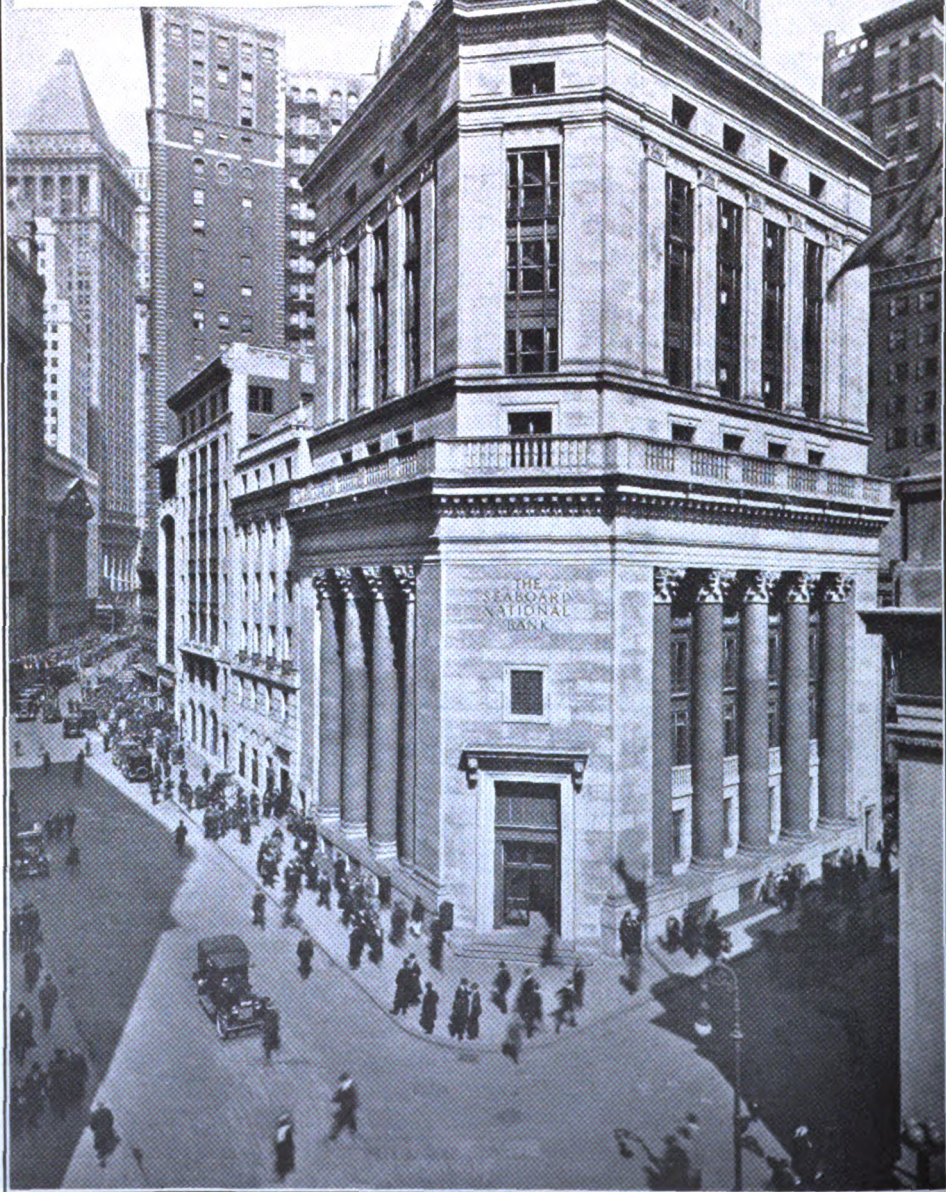
This is a new picture of the
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are perilously near that time. We must oppose the first wrong step no matter how remote the consequences may seem. Should Congress persist in its attempt to start our Federal Reserve System on the wrong road we must persist in our opposition.

To the average banker a Federal Reserve Bank is principally a place to get rediscounts, to clear country checks, and to make credit transfers. While these functions are useful and important they could, in case of necessity, be performed by other agencies, perhaps not so well, but still performed. The two indispensable functions of the Federal Reserve System, which operate so naturally and silently that often they are forgotten, are the mobilization of our gold reserves and the issuance of currency. Whatever other business Congress may compel us to divert from the Federal Reserve System these two functions never should be divided with any other agency. The entire banking interests of our country must stand or fall together on that basis. We should have no fiat money, or debased currency, such as Russia and Germany issue. There should be no rival institution of any kind, holding its own gold reserves and weakening our central gold fund. For these two functions there is no other agency, there should be no other agency.

Notwithstanding this it is conceivable that the gold reserve might be divided, that in emergencies we might find methods of pooling our gold, which while far less efficient than the Federal Reserve System still might get us through without disaster. The question of mobilization of gold reserves, important as it is, falls into comparative insignificance when compared with the importance of having only one bank of issue and of keeping the currency issued by that bank sound beyond question. The greatest danger we face today is constant Congressional meddling, greater because Congress has no real intention of impairing the security of our currency issues, and probably is unaware of the fact that although not one of the proposed amendments may even

mention currency some of them unintentionally may contain more possible damage to it than if deliberately so designed.

Currency is not money. It is only a promise to pay money. By common consent, based on long experience, gold of standard weight and fineness is the only money of final redemption. Currency is only one form of credit. Whether a bank enters on its books a credit subject to check by its depositor, issues to him its check on itself, its certificate of deposit payable on demand, or its note in the form of currency, not only is its obligation in every case exactly the same but the essence of every transaction is the same. They differ in form only. This is true of Federal Reserve Notes. Not on the printed currency itself, but on the ability of the Federal Reserve System promptly to redeem that currency in gold depends its soundness. At present the law requires that Federal Reserve Notes shall be covered by not less than 40 per cent. in gold and not more than 60 per cent. in short time promissory notes based upon strictly commercial transactions. Should the law be changed, should all or the larger part of that 60 per cent. be represented by farm notes, due in a year or longer, given perhaps to finance the purchase of land or machinery, and should the public suddenly realize what that means, and lose confidence in our currency, as actually happened in 1895 when they presented greenbacks issued by the United States and demanded gold, depleting the Government gold reserves to the danger point; the consequences might be serious, how serious none can predict.

The average man does not discriminate between capital investment and loans, between notes based upon them, or between long time loans based upon fixed property and short time loans as represented by notes the proceeds of which are used to buy lumber, grain or produce, which in a short time will be sold, the proceeds of which will pay off the loans. Short time loans of this character are the only proper cover for

that percentage of currency issues not covered by gold.

Whatever amendments may make eligible for rediscount at Federal Reserve Banks long time paper, or paper based on land contracts, or on assets not quickly convertible into cash, such paper never should be eligible as a basis for circulation. In the conduct of ordinary banking business banks might have various standards, much slow and even poor paper might be discounted, with no worse results than reduction or temporary stoppage of dividends, but no such risk can be run with our currency. It is the lifeblood of our financial and business system. The slightest deviation from the highest standard would affect our financial health as quickly and as surely as the slightest vitiation of the blood affects physical health. Tampering with the Federal Reserve System is more than tampering with a mere banking system, it is tampering with the source of our currency. Should we debase our currency those of moderate means and the working man would be the greatest sufferers. For proof turn not alone to Russia but to Germany. All the savings of the thrifty for years now are payable in debased currency, and are worth prac-

tically nothing. The wages a German worker gets today will be worth he knows not how much next week, probably less than now. The same causes here will produce the same effects.

I do not exaggerate. Rather do I understate, for fear of seeming exaggeration. To the average man who has not studied this question, who does not know that the unsound banking practices which led to the collapse of German currency date from long before the war, the sober truth, expressed in adequate language, would be unbelievable. I do not say that Germany deliberately chose the wrong road, but that the first violation of sound banking principles started her on that road, probably without her knowledge. Every further violation, even though apparently trifling, took her further on that road. When the war broke out she could not go back but had to travel that road to the end. Only when every man who deposits a dollar in the bank, or carries a dollar in his pocket, realizes that the value of his own dollar is today in danger, and when our citizens as a body say to Congress "Don't meddle with the Federal Reserve System" can we consider our currency out of danger.



A Traveling Studentship Competition

ALFRED C. BOSSOM, architect, who was born in England and studied there, and received many scholarships himself came later to America and subsequently made a great success of his work. He is now offering silver and gold medals and a traveling studentship to English architectural students, which will give them opportunities of making a greater success of their architectural education. He is carrying out the following plan:

All large architectural schools in Great Britain are invited to compete. The Royal

Institute of British Architects will annually arrange a problem of some definite practical existing condition that will have to be met, and designs submitted in each of the competing schools.

This problem will be the designing of a commercial structure such as an office building, hotel, apartment house, warehouse, etc., for which the student will have to submit not only the design, but also the most accurate approximate statement of costs and a financial statement as to the probable revenue, upkeep, costs, depreciation, etc. In other words a complete financial statement of the entire undertaking.

The judges will be composed of a group of men consisting of a prominent architect,

a prominent builder and a prominent business man, who will check up on all points of merit.

A silver medal will be awarded to the best design submitted in each school. The winners of these medals will send their drawings to London where the Royal Institute of British Architects will judge them, as mentioned above, and select the best one, which will receive a gold medal, and the winner will also have a trip to America where he will stay and study for six months the American architectural methods. On his return to England he will be required to write a report on his findings, and copies of this report will be distributed among all the schools that have submitted designs in the competition.

This plan has been submitted to the Royal Institute of British Architects, who at this time are working upon the same, and has been given to all of the larger schools in England such as the University of London, University College, University of Liverpool, Manchester School of Architecture, Edinburgh College of Art, Glasgow School of Art, the Board of Education and prominent architects in England. It has been received with great enthusiasm and letters are coming in daily congratulating Mr. Bossom on this splendid idea.

The interesting feature of this competition is that England will send her students to America to study our modern commercial architecture, which is conceded to be the best in the world, and undoubtedly many students will prefer to come to study conditions here rather than going on the Continent as they did in former years to get ideas.

Also, it is Mr. Bossom's hope that this interchange of ideas will help very much to add to the understanding between the great English speaking peoples.

England is particularly pleased with this plan because it promises to stir up building, which has of late been oper-

ated largely at a loss due to the absence of the financial requirements on the part of the architects, and it should in a reasonable time to some extent help the unemployment problem, which is so acute at present. It will also be stim-



ALFRED C. BOSSOM
New York Architect

ulating to investors and bankers, and kindred organizations are interested in the scheme.

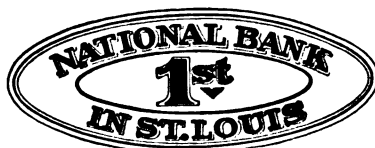
Mr. Bossom is going abroad in the very near future to conclude the various details and make the necessary provisions with the Royal Institute of British Architects under whose jurisdiction it is being arranged that the scholarship shall be awarded.



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Banking and Financial Notes

SPECIAL

**BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

CONCERNING the need for farm credits legislation, which has culminated in the passage of the composite rural credits bill, a measure combining the Capper, Lenroot-Anderson and Strong bills, setting up two systems of rural credits, providing for the permanent organization of the twelve Federal Land Banks, and extending the life of the War Finance Corporation until April 1, 1924, the bulletin of the Federal Reserve Board says:

"It has become clear that the farmer's needs for productive credit are not adequately provided for by existing machinery. A decade ago, when the Federal Reserve Act was being discussed, the general belief prevailed that six months was the maximum period for which the farmer needed credit, except for the purchase of land.

"At present, partly as the result of the functioning of the Federal Reserve System, credit for short-term current operations not exceeding six months is, generally speaking, available to the farmer, while the Federal Farm Loan System and other existing agencies take care of the farmer's needs in purchasing land and permanent improvements.

"Developments of the last two or three years have brought out the fact, however, that additional facilities are required to finance the farmer's current long-term operations lasting from six

months to three years." The bulletin continues:

It is universally recognized that the farmers suffered severe economic reverses in 1920 and 1921, but it is not so generally understood that the economic causes of the farmer's distress were world-wide in scope and that enlarged credit facilities are only one of many requisites for the improvement of the farmer's economic condition and security.

The relation between farm prices of thirty-one leading agricultural commodities and the general level of wholesale prices can be expressed in an index number. This number, computed by Prof. G. F. Warren's method, averaged 80 in 1922, compared with 75 in 1921 and 86 in 1920. This index number signifies that a given amount of the farmer's product which in 1909-1914 would have exchanged for \$1 worth of other commodities at wholesale would now bring the farmer only 80 cents' worth of these commodities, while a year ago it would have purchased only 75 cents' worth.

It should be noted, moreover, that this calculation is unduly favorable to the farmer, because it compares the farm value of his product with the wholesale price of commodities, while as a matter of fact he purchases at retail prices and must in many cases pay additional heavy transportation charges. It would be illuminating to have an index compiled that would show the relationship of the farmer's dollar, realized by the sale of his products, to the price of commodities which he must buy, weighted in accordance with the relative importance of these commodities in the farmer's budget.

Imperfect as the available index numbers are, however, they indicate roughly the extent of the decline during 1920 and 1921 of the farmer's buying power, and the extent of its recovery in 1922 through price read-

justment between various classes of commodities. During the past year the farmer regained some of the ground he lost during the years of liquidation, and this improvement is attributable in part to the advance in prices and in part to the larger volume of crops in 1922 compared with the preceding year.

Among the factors affecting the prosperity of the American farmer, domestic demand for his product ranks first. It is true that of the leading staples, particularly cotton and wheat, a large proportion is exported and that relatively small changes in the supply of staple commodities exert a disproportionately powerful influence on their prices, yet it should be recognized that the degree of activity of domestic industry and the consequent amount of employment and earnings of labor are the most important influence in the market for agricultural products, certainly in the United States.

In 1922 exports of agricultural commodities were larger than the year before, but the increase affected chiefly the cheaper cereals—corn, oats, and rye—while exports of wheat were decidedly reduced. Prices of practically all agricultural commodities, however, were higher in 1922 than in 1921, and in this recovery better industrial conditions, reflected in increased consumption by industrial workers, were an important factor.

Whatever the relative importance of the different factors contributing to the improvement of agricultural conditions may be, it is clear that during the past year the farmer emerged from the depth of an unusually severe depression, and that the time is now opportune for strengthening his economic condition in so far as this can be accomplished by improving the credit machinery at his command.

LONG-TERM CREDIT

Long-term credit requirements of the farmer for the purpose of land purchases and of permanent improvements are supplied by private investors, by mortgage companies, by Federal land banks, by joint stock land banks, by state banks and trust companies, by insurance companies, and by national banks, which obtained authority to make loans on real estate under certain restrictions by the Federal Reserve Act. The system of Federal land banks, though it supplies a small per cent. of the farmer's long-term requirements, has been a great help in reaching such farmers as could not easily obtain loans through other institutions and in reducing and equalizing interest charges.

Generally speaking, it would seem that the farmer's need for credit of from five to forty years' duration is fairly well taken care of by existing machinery. With the

further development of the Federal Farm Loan System, which is now progressing at a rapid rate, even more satisfactory provision for the farmer's long-term credit needs may be anticipated in the near future. A provision in the Capper bill raising the maximum of loans by Federal land banks to one individual from \$10,000 to \$25,000 is intended to increase the service rendered by these institutions.

SHORT-TERM CREDIT

Short-term credit requirements of a farmer are primarily for current production needs and for carrying crops pending orderly marketing. Three to six months' loans are frequently sufficient for these purposes, although in some instances the farmer requires credit for as long as a year or more. It should be borne in mind that a much larger proportion of farm activities than that of industrial activities is conducted without being financed by banks or credit institutions of any sort. Many farmers are able to meet the winter and spring outlays out of the proceeds of the sale of the past year's crop and to carry on their business without recourse to borrowing. Another large group of farmers is financed chiefly through open accounts at local stores and through credit from manufacturers for the purchase of supplies and equipment on the installment plan or otherwise. In this way a large part of the credit actually required by farmers is granted them in the first instance by manufacturers and dealers, who in turn apply for credit to the banks. It is true that farmers frequently pay high rates for this accommodation.

LOANS FOR CARRYING CROPS

One of the important short-term credit needs of the farmer is for the purpose of carrying his crops after they are harvested, in order not to flood the market and not to break the price of his products. Agriculture is an industry with only one turnover during the year. The entire crop is harvested at one time, but its consumption is spread over the following year or even longer. It may be laid down as a general principle that in so far as the farmer holds his crops for the purpose of orderly marketing, he is entitled to the support of banks. To the extent, however, that the farmer carries his crops beyond the needs of orderly marketing for the purpose of maintaining or raising the price by withholding his products, thereby creating a shortage, his conduct is not in the public interest and credit demand for this purpose need not be the occasion for revising our credit organization.

Stated in another way, in so far as the farmer's holding of crops contributes to the even flow of agricultural products to market,

St. Louis *buys* 87 Million Dollars worth of PROGRESS

THE citizens of St. Louis on February 9th voted 87 million dollars for public improvements.

Both W. Frank Carter, chairman of the Bond Campaign Committee, and F. W. A. Vesper, president of the Chamber of Commerce, declare that two dollars of private money will be spent for every dollar voted in bonds.

In addition, the Terminal Railroad proposes spending 16 million dollars in rearranging their facilities.

This means the rebirth of a city already one of America's largest.

The courage, vision and enterprise of a people who thus unselfishly co-operate to insure future civic greatness is proof enough of the unbounded faith of St. Louisans in their city.

Our policy in this 65-year-old institution is to ever keep pace with the wonderful progress that comes with such incentive and provide every banking function for the increasing commercial life bound to follow.

John G. Lonsdale,
President.

The NATIONAL BANK OF COMMERCE IN SAINT LOUIS

it is a legitimate part of orderly marketing, but in so far as it creates a shortage at one season followed by an excessive supply at another, it is not a part of the process of orderly marketing, but rather a disturbing element in the distribution of agricultural products.

An amendment to the Federal Reserve Act, included in both the Capper and in the Lenroot-Anderson bills, provides that Federal Reserve Banks may discount acceptances drawn for agricultural purposes with a maturity up to six months, provided the acceptance is secured by a warehouse receipt for readily marketable staples. This amendment will make it easier for farmers to obtain credit for carrying their crops.

A significant point in connection with credit for marketing crops is that a large part of it is not required by farmers themselves, but by dealers whose credit facilities in our commercial banking system are generally conceded to be adequate. It is the dealer who purchases the bulk of the farmer's product, carries it to market, and frequently holds it in storage before selling. To recapitulate, many farmers manage their business without the necessity of utilizing credit; a large part of the short-term credit requirements of the farmer is taken care of by other agencies than banks; marketing credit is essentially commercial credit rather

than agricultural credit, and, although some adjustment in our credit machinery in the interest of the farmer may be necessary, particularly with a view to reducing the cost of credit to the farmer, his short-term credit needs can be satisfied with a fair degree of adequacy by existing facilities.

INTERMEDIATE CREDIT

It is in the field of productive or so-called intermediate credit that the farmer is the least well served. In building up a herd of cattle, in setting out an orchard, in purchasing work animals and machinery, or in making outlays for long-term improvements, such as drainage or irrigation, the farmer needs loans running from six months to three years. The machinery for this class of loans has been very inadequately developed. While farm-loan banks are authorized to make loans for such purposes, the law fixes the minimum maturity of these loans at five years and requires a first mortgage on the land as security. These restrictions decidedly limit the service that farm-loan banks can render in providing intermediate credit.

During the recent credit strain the War Finance Corporation was empowered to help the farmer in this field and it has accomplished a great deal. Its service is greater

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,000,000 Undivided Profits \$518,000

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BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

than the total volume of its agricultural loans of \$266,000,000 would indicate, because it was able to extend this credit in places where the strain was greatest and where its funds accomplished a maximum of service. But the War Finance Corporation is admittedly a temporary organization and will not continue to operate in normal times. The development of a system of intermediate farm credit on a purely business basis is recognized as one of the important needs of the country and the bills under consideration at the present time provide machinery for the granting of this type of loans.

The Capper bill provides for the organization, with the approval and under the supervision of the Comptroller of the Currency, of "Federal agricultural credit" institutions with a minimum capital of \$250,000, with power to make loans for agricultural purposes for as long as nine months when secured by warehouse receipts covering nonperishable agricultural products, and for as long as three years when secured by chattel mortgages constituting a first lien on live stock or dairy herds. These institutions are authorized to raise funds by rediscounting paper discounted with them and by selling 3-year debentures secured by such paper.

The bill authorizes the reserve banks to purchase acceptances of these corporations, whenever the Federal Reserve Board deems it in the public interest. The bill also provides for the creation of rediscount corporations with a capital of \$1,000,000 or more, empowered to rediscount paper for the Federal agricultural credit corporations.

The Lenroot-Anderson bill, on the other hand, increases the powers of Federal Land banks and provides for the organization within these banks of farm credit departments with an initial capital of \$5,000,000 furnished by the United States Government. These departments are authorized to issue debentures up to ten times their capital and to use their funds in rediscounting for banks and other agencies paper drawn for agri-

cultural production and marketing purposes. The bill also authorizes the farm-loan banks to rediscount paper with the Federal Reserve Banks.

Both bills provide for amendments of the Federal Reserve Act permitting under certain restrictions the discount by Federal Reserve Banks of agricultural paper with maturity not exceeding nine months. The Capper bill also extends the life of the War Finance Corporation to the end of February, 1924.

FLUCTUATIONS OF FARM PRICES

Credit requirements of farmers are closely related to the movement of agricultural prices. On the one hand, higher prices call for larger loans in order to produce and market the same quantity of crops, while, on the other hand, price declines, such as occurred in 1920, make it impossible for many farmers to liquidate their loans by the sale of their crops and result in frozen credits and in a consequent increase of the total volume of outstanding loans. Price stability is therefore greatly to be desired in the interests of the farmer, among other reasons, because it would make it easier to determine and provide for his financial requirements. And yet it is a well-known fact that prices of farm products are subject to more violent fluctuations than prices of most other classes of commodities, and that these ups and downs cause acute distress to farmers.

There are several reasons for this phenomenon, one of which is that farms produce largely raw materials, and experience shows that prices of raw materials fluctuate more widely than those of manufactured articles. The reason is that manufacturers of staple finished products can reduce or discontinue production and cut off purchases of raw materials when business is slow, while their customers, the wholesaler, the retailer, and the consumer, can not restrict their purchases of necessities of life so promptly or so drastically. It should

also be mentioned that credit stringency, which may cause the farmer to sell his products sooner than he wishes, may also cause shortage of funds to his purchasers, and may thus be reflected in a fall of prices caused both by an increased supply and a diminished demand in the market for agricultural products.

The volume of the farmer's production is much less subject to control than the volume of manufactures. Farm production is inelastic. In most cases the farmer raises crops on his entire tillable land; his labor supply consists chiefly of his family, and he is not in a position materially to reduce his outlay for labor. The farmer is not in a position to tell in advance whether the decline in price will be sufficient to deprive him of the proceeds of the additional labor expended in raising a larger crop. And yet the total value of a large crop is often less than the total value of a short crop, as prices generally decline more than in proportion to the increase in the supply.

But the farmer's greatest single handicap is lack of coöperation and the resulting scarcity of market information and bargaining strength. Seven million farmers acting individually can not create a market, but are almost entirely at the mercy of economic forces beyond their control. It is in coöperation resulting in better planned production and more systematic marketing based on wider information that lies the chief remedy for the economic insecurity of the farmer.

FARMER AND THE FEDERAL RESERVE SYSTEM

What is the relation of the Federal Reserve System to the economic and credit needs of the farmer? The establishment of the Federal Reserve System has saved the farmer from the effects of periodic money stringency which in past years of credit strain have often resulted in financial panic, drastic liquidation of loans, and depression. Through the issuance of Federal reserve notes secured by eligible paper the reserve system has put at the service of the farmer, as well as of others, a currency that is available at any time in amounts limited practically only by the volume of legitimate requirements. Furthermore, the reserves of other reserve banks are at the disposal of any region which is in need of currency. In a year like 1920, for instance, when on the top of a large amount of frozen loans there came a heavy demand for currency for moving record crops, the reserve banks in agricultural districts at one time were borrowing as much as \$267,000,000 from those in industrial districts.

But the Federal Reserve Act contains also special provisions for the farmer's benefit. It makes an exception in favor of the farmer in that it permits the rediscount of agricultural paper with a maturity extend-

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Member Federal Reserve System
149 Broadway, New York

ing for as long as six months, while the limit for all other classes of paper is ninety days. The law provides that the proportion that agricultural paper may form of the entire assets of a reserve bank shall be fixed by the Federal Reserve Board; and the board fixed this ratio at 99 per cent. and has never reduced it. In spite of these provisions, discounts of paper classified as agricultural or live-stock paper have always constituted a relatively small proportion of the total discounts of the Federal Reserve Banks. But such loans do not even remotely measure the service of the system to the farmer.

The farmer may borrow money from his bank on Government securities and these loans may be rediscounted with the reserve banks, or he may borrow on his own note, and his bank may obtain accommodation from the reserve bank on other notes, or borrow from that bank on its own collateral note secured by United States obligations or other eligible collateral. The connection between the borrowing farmer and the reserve bank may be even more remote. The farmer may, and in a great many cases does, borrow from a nonmember bank, which in order to accommodate him in turn borrows from its city correspondent and the latter, in order to take care of its correspondent, obtains an advance from the reserve bank. This advance, which is by far the most im-

portant form of indirect accommodation to farmers, is in the service of agriculture, but the funds can not be traced from the reserve bank to the farmer.

In considering the relation of longer-term agricultural credit to the reserve banks the essentially commercial nature of the Federal Reserve System should be kept in mind. It should not be forgotten, simply because it is elementary, that the Federal Reserve Banks are the holders of the ultimate reserves of the country, that their deposits are not merely demand deposits but reserve deposits, which must be available to the member banks at any time in order to protect the latter's deposits obtained from the public. For these reasons the discounts of reserve banks must always be of relatively short maturity, though the Federal Reserve Board believes that the extension of the limit of maturity for agricultural paper from six to nine months, under proper safeguards and provided the paper is sound in every respect, would have no unfavorable effect on the liquidity of reserve bank assets. As a matter of fact, the great bulk of the discounts of the reserve banks is of much shorter maturity than the permissible maximum, the average maturity of paper discounted in October, 1922, for the system being only about ten days, and ranging from less than four days at the New York bank

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to over fifty-eight days at the Minneapolis bank.

CO-OPERATIVE MARKETING

Recognizing that coöperation for marketing crops is the best step that farmers can take in the direction of improving their credit standing and their general economic condition, the Federal Reserve Board in its rulings has gone as far as existing law permits in encouraging loans to coöperative marketing organizations. The board has ruled that, whenever the associations are so organized that they acquire title in the crops and do not simply sell the crops on commission, and whenever they are conducted as mutual nonprofit-making enterprises, bills drawn by growers and accepted by marketing associations at the time such growers deliver their crops to the associations are eligible for discount by reserve banks as agricultural paper with a maximum maturity of six months, provided the proceeds of the discount are used for agricultural purposes.

The board has ruled that "a banker's acceptance drawn by a grower or by a coöperative marketing association composed exclusively of growers of nonperishable, readily marketable staple agricultural products, to finance the orderly marketing of such products grown by such grower or growers and secured at the time of acceptance by a warehouse, terminal, or other similar receipt, issued by a party independent of the borrower and conveying security title to such products, may be purchased if it has a maturity at the time of purchase not in excess of six months, exclusive of days of grace; provided, that the acceptor remains secured throughout the life of the acceptance, and that the acceptance conforms in other respects to the relevant requirements of" existing regulations.

This ruling authorizes the Federal Reserve Banks to purchase in open market bankers' acceptances drawn by growers or marketing associations having a maturity up to six months, and by this means the market for acceptances so drawn has been greatly widened, as the ability of bill brokers to sell such acceptances to the reserve banks enhances the liquidity and attractiveness of the bills. Along this line the Lenroot-Anderson bill contains a provision authorizing the farm-loan banks to make direct loans for from six months to three years to coöperative associations engaged in producing or marketing agricultural products or live stock, provided the loans are secured by warehouse receipts, by shipping documents, or by mortgages on live stock.

The Capper bill broadens the definition of agricultural paper, eligible as such for discount with reserve banks, so as to include certain paper of coöperative marketing associations. Under existing law such paper is considered commercial rather than



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agricultural in character and eligible for discount only if its maturity does not exceed ninety days. The result of the proposed change will be to render such paper eligible if secured by warehouse receipts with a maturity up to nine months.

The Federal Reserve Board has indorsed certain amendments to the Federal Reserve Act proposed by both bills under consideration, designed further to increase the usefulness of the system to farmers. It is not opposed to the extension of maximum maturity of certain agricultural paper from six to nine months, and it has indorsed the plan to permit banks with smaller capital than that now required to join the system, provided they will build up the deficiency during three years following their admission. The last amendment if enacted will make it easier for country banks to become members of the Federal Reserve System and will thus bring the system closer to the farmer and his credit needs. In order to induce smaller banks to join the reserve

system the bills amend the method of distributing reserve bank earnings so that, after payment of the six per cent. dividend to members and of an equal amount to the Government, member banks will be entitled to receive another 8 per cent. on their capital, the balance to go to the Government.

This survey of the rural credit situation indicates that existing credit machinery is capable of taking care of the farmer's short-term credit needs fairly well and that improvement in this field must be looked for in the direction of greater standardization of the farmer's business and products as well as in the direction of well-managed co-operative action by the farmers themselves. A real need exists, however, for bringing the farmer in closer contact with the flow of investment funds, necessary chiefly for his so-called intermediate or productive credit purposes. It is in this field that improvement of the farmer's economic condition may be anticipated from legislative action.



Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

American Bankers Association—at Atlantic City, Sept. 24-27.

Executive Council, A. B. A.—at Rye, N. Y., April 23-26.

Investment Bankers Association—at Washington, D. C., October 28-31.

Safe Deposit Convention—at New York, April 20-21.

New York—June 11-13.

Pennsylvania—at Atlantic City, May 23-25.

NEW NATIONAL BANK EXAMINER FOR NEW YORK

Comptroller of the Currency Crissinger has transferred John L. Proctor, National Bank Examiner to New York City to fill the vacancy caused by the resignation of Oliver W. Birckhead who has accepted a vice-presidency of the Harriman National Bank.

Mr. Proctor is one of the best known of the examiners of the United States as his experience in banking has been nationwide.

After graduating from the University of Minnesota, he entered the employ of the First National Bank of Minneapolis, Minnesota, and advanced to the position of paying teller, when he resigned to become a national bank assistant examiner and was assigned to the Pittsburgh district.

His work in Pennsylvania attracted the attention of the Department of Justice and his transfer to that department was asked for, to investigate bank failures and to assist in prosecutions. Shortly after entering the Department of Justice, President Taft and Attorney General Wickersham sent him on a special mission to Alaska which necessitated several trips over the trail during the winter.

To complete his experience he desired actual inside work as a bank official so for a year he was cashier of the Seaboard National Bank of Seattle, Washington.

He returned to the office of the Comptroller of the Currency last year and has been for the past six months in charge of the Idaho district, where bank matters have not

been too sound on account of bad crops and sheep and wool conditions, and where an experienced and resourceful examiner was necessary.

CONVENTION OF SAFE DEPOSIT MEN

A convention of safe deposit men from all over the United States, will be held at the Hotel Commodore, on Friday and Saturday, April 20 and 21, under the auspices of the New York State Safe Deposit Association.

Large delegations are expected from the eighteen different safe deposit associations located in different parts of the United States, and judging from the attendance in the past, there should be at least 300 representatives present.

Last year the convention was held at Chicago. There were delegates at that time from California, Louisiana, Massachusetts, Minnesota and intervening points. It was declared to be the most successful meeting of safe deposit men ever held. The New York Association will endeavor, if possible, to make this convention of greater interest and value. There will be various papers read on subjects in connection with the safe deposit industry, and numerous questions covering safe deposit practice will be brought up for discussion.

The president of the association is Chauncey L. Mitchell, the vice-presidents are Charles P. Schultz and Louis V. Ennis, the secretary and treasurer is Walter C. Reid. The office of the Association is at 60 East Forty-second street.

On Friday evening the visiting delegations will be the guests of the New York Association at a theater party. On Saturday evening the banquet will be held. Seymour Cromwell, president of the New York Stock Exchange, Douglas Mallock of Chicago and Sherman Rogers, the industrial editor of the *Outlook Magazine* will be the speakers.

GUARANTY COMPANY ELECTS

At a meeting of the board of directors of the Guaranty Company of New York, held



FROM the co-operative nature of the business, all needless expense was eliminated in the construction of the Workingmen's Co-operative Bank Building, Cornhill, Boston. Nevertheless a dignified structure was evolved, well suited to the requirements of the project.

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February 20, all of the officers were re-elected. At the same meeting John F. Patterson was appointed an assistant vice-president of the company. It was also announced that W. M. Falion has been appointed an assistant treasurer.

IRVING-COLUMBIA BANK DIRECTORS

Stockholders of the Irving Bank-Columbia Trust Company, recently formed by the consolidation of the Irving Bank, New York, and the Columbia Trust Company, held a special meeting on February 23 and elected the following board of directors for the new institution: Milo M. Belding, William C. Breed, A. E. Carlton, Edward H. Clark, Edward Cornell, Warren Cruikshank, William K. Dick, Henry Fletcher, James M. Gifford, Alexander Gilbert, J. Horace Harding, Harold A. Hatch, Willard V. King, Lee Kohns, Frederic G. Lee, Adam K. Luke, Arthur W. Milburn, Sidney Z. Mitchell, Augustus G. Paine, Jr., Hubert T. Parson, Charles E. Perkins, Lewis E. Pierson, John J. Pulleyn, Jacob L. Reiss, Noah C. Rogers, Arthur Sachs, William Skinner, Frederick Strauss, Alfred H. Swayne, William A. Tucker, Elisha Walker, Harry E. Ward, Theodore F. Whitmarsh, Daniel W. Whitmore, Harry M. Williams.

Lewis E. Pierson continues as chairman of the board and Harry E. Ward as president.

TRUST COMPANY GIVES DINNER TO WOMEN BANKERS

On the occasion of the annual banquet of Trust Company Division of the American Bankers Association at the Hotel Waldorf, New York, February 15, Mrs. William Laimbeer, assistant secretary in charge of the women's department of the United States Mortgage and Trust Company of New York acted as the company's hostess at a dinner given in honor of the following women bankers: Miss Virginia D. H. Furman, assistant secretary Irving Bank-Columbia Trust Company; Mrs. Key Cammack, assistant secretary New York Trust Company; Miss Minna Bruere, assistant secretary Central Union Trust Company; Miss Jean Reid, in charge of the women's department Bankers Trust Company; Miss Mary Vail Andress, manager personal service bureau of the Paris Office, Bankers Trust Company; Miss Helen M. Carroll, in charge of the women's department, Forty-second Street Office, National City Company; and

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**The Bank of
North America
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Philadelphia**



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President Equitable Trust Company of
New York



EDWARD TOWNSEND
Who will be chairman of the advisory board
Importers and Traders office



A. W. LOASBY
Senior vice-president Equitable Trust Company of
New York



H. H. POWELL
Who will be a vice-president of the Equitable
Trust Company of New York

Miss Caroline Olney, in charge of the women's department, Seventy-third Street Office of the United States Mortgage and Trust Company.

The guests later occupied a box in the main ballroom during the addresses at the Trust Companies dinner.

MERGER OF EQUITABLE TRUST COMPANY AND IMPORTERS AND TRADERS NATIONAL BANK

Negotiations have been conducted for several weeks past with a view to merging the Importers and Traders National Bank into The Equitable Trust Company of New York. The proposition in its final form has been approved by the board of directors of the former bank who will recommend its acceptance to their stockholders in due course. It has also been approved by the executive committee of The Equitable Trust Company of New York, and it was ratified by the board of trustees. It will probably be three months before the merger is completed.

To accomplish the merger it will be necessary to increase the capital stock of The Equitable Trust Company of New York from \$20,000,000 to \$23,000,000. Upon the completion of the transaction the capitalization of The Equitable Trust Company will stand as follows: Capital, \$23,000,000; surplus and undivided profits approximately, \$9,500,000.

In order to retain the continuity of contact and personal relationship with the clientele of the Importers and Traders National Bank, which is largely commercial and long standing, it is proposed that E. Townsend shall become chairman of the advisory board of the Importers & Traders office of The Equitable Trust Company of New York, and H. H. Powell and E. P. Townsend shall become vice-presidents of The Equitable Trust Company and continue the management of the Importers and Traders office. In addition it is proposed to elect several members of the Importers and Traders board to the board of The Equitable Trust Company of New York.

By reason of the more diversified organization of The Equitable Trust Company, referring particularly to the foreign department, bond department and trust department, the company will be able to give the proposed management of the Importers and Traders office substantial cooperation.

It is probable that the present Colonial office of The Equitable Trust Company, sit-



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uated at the corner of Broadway and Park Row, will eventually be consolidated with the Importers and Traders office.

BRONZE TABLET IN NEW BRANCH

There is reproduced here the bronze tablet which has been placed in the new Madison avenue branch of the Bank of New York and Trust Company. On the tablet are given the names of the founders of both the Bank of New York and the New York Life Insurance and Trust Company which were consolidated recently. Above the names are the seals of the banks.

The Bank of New York was established in 1784 by Samuel Franklin, William Maxwell,



Bronze tablet in commemoration of founders of the Bank of New York and Trust Company

Robert Bowne, Nicholas Low, Comfort Sands, Daniel McCormick, Alexander Hamilton, Isaac Roosevelt, Joshua Waddington, John Vanderbilt, Thomas Randall, Thomas Stoughton, James Buchanan, William Constable, William Edgar, John Murray, Gulian Verplanck and Rufus King.

The founders of the New York Life Insurance and Trust Company in 1830 were: William Bard, Stephen Van Rensselaer, John Jacob Astor, Morgan Lewis, Robert Emmet, Stephen Whitney, Isaiah Townsend, James Gore King, Peter Lorillard, Peter Augustus Jay, Beverley Robinson, Cadwalader B. Colden, James Kent, Thomas W. Ludlow,



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Today when one hears of a *permanently constructed* building, one instinctively thinks of Indiana Limestone, for this country contains so many beautiful old structures in which this natural stone has been used. In the accompanying illustration is shown the Court House at New Albany, Indiana, *built of Indiana Limestone sixty years ago*. While other buildings constructed at that time of inferior materials, have long since deteriorated, this civic landmark stands today in its stately majesty as sound as when erected.

There are many venerable structures throughout our Nation which attest the extreme durability of Indiana Limestone. In some instances, where the architectural styles have become obsolete, Indiana Limestone buildings are being torn down and the stone, structurally sound after half a century's service, is being re-cut and re-worked for use in new and important buildings. *This salvage value is unequalled in any other building material.* Builders who select this worthy material are assured of lasting satisfaction, for Time cannot efface the *durable beauty* of "The Nation's Building Stone."

The latest addition to the Indiana Limestone library is just off the press. This booklet illustrates many fine examples of bank buildings and will be sent free upon request

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Metropolitan Service Bureau, 622 Marbridge Bldg., New York City

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Ogden Hoffman, Robert Lenox, Gulian C. Verplanck, Isaac Lawrence and others.

CHANGE IN BANKERS' EUROPEAN TOUR

There will be a change of schedule for the five days, from July 30 to August 3, of the special tour to Europe for bankers which leaves New York on June 23 for seven weeks in Europe, under the direction of Lifsey Tours, Inc., New York. On account of unsettled conditions in the Rhine district, Holland will be visited in place of Germany. This conclusion was found advisable after consultation with B. E. Smythe and several other bankers who are already booked for this tour. The change of schedule for the five days is given here:

Monday, July 30—Leave Lucerne after breakfast by special train via Basle and Belfort arriving Paris in time for dinner. Luncheon will be served in dining car.

Tuesday, July 31—Day open for rest and individual sightseeing or shopping.

Wednesday, August 1—Leave Paris after breakfast by special train via Antwerp to Amsterdam arriving in time for dinner. Luncheon will be served in dining car.

Thursday, August 2—In the forenoon a drive around Amsterdam viewing the important points of interest of Holland's Commercial Metropolis, an early lunch will be served. After luncheon a long afternoon boat trip to the Island of Marken, a charming little island of queer little cottages, noted for the particular colored costumes of its inhabitants, returning via the Zulder Zee and arriving in time for dinner.

Friday, August 3—Leave Amsterdam after breakfast by special train to the Hague. Drive about the city, visiting the various places of interest such as the Peace Palace, etc., also to Scheveningen on the North Sea visiting the House in the Woods, proceeding by special train after lunch for Brussels, arriving in time for dinner.

ATLANTIC CITY FOR 1923 CONVENTION

The annual convention of the American Bankers Association will be held this year at Atlantic City, it is announced by F. N. Shepherd, executive manager of the Association. The session will be held on September 24, 25, 26 and 27, the headquarters being at the Hotel Traymore where the various committee meetings will take place. The main session of the general convention will be held on the \$1,000,000 pier.

BUFFALO BETTER BUSINESS COMMISSION ORGANIZED

The Buffalo Better Business Commission, Incorporated, recently organized by men prominently identified with all phases of Buffalo's business life is to have as its managing secretary, John N. Garver form-

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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Djörup & McArdle**
42 Broadway, New York

erly of Boston. Its offices will be located in room 610 Ellicott square.

The Buffalo commission will be very much like the better business commissions which are functioning so well in many other cities. The commission has the backing of men in all kinds of business, retail merchants, dry goods men, brokers, investment bankers, real estate dealers, bankers, newspapermen, manufacturers and employers of labor.

One of the prime objects is to obtain truth in advertising in merchandising of goods and also to combat the sale of worthless or fraudulent securities.

The commission will incorporate with these officers: Frank B. Baird, president; Lewis G. Harriman, vice-president and treasurer; and Mr. Graver, managing secretary. The directors will include Mr. Baird, Emanuel Boasberg, Colonel Charles Clifton, Sidney Detmers, Charles L. Gurney, Lewis G. Harriman, Edward L. Hengerer, Fred C. Jahraus, John A. Kloepper, E. C. McDougal, I. C. Kantrowitz, R. L. O'Brien, J. F. Schoellkopf, James H. McNulty, Edward H. Butler.

Modern Banking Partitions

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UNITED STATES TRUST COMPANY DIVIDEND

A quarterly dividend of $12\frac{1}{2}$ per cent. on the capital stock of the United States Trust Company of New York has been declared payable on April 2, to stockholders of record at close of business March 20, 1923.

NEW MANAGER BOND DEPARTMENT

Harold S. Schultz, manager of the New York office of the Hibernia Securities Company, Inc., of New Orleans, announces the appointment of James M. Rhett, as manager of the bond department of that office.

FULTON TRUST COMPANY ELECTIONS

On February 15, 1923, Charles M. Van Kleeck was elected vice-president of the Fulton Trust Company of New York to succeed Hermann H. Cammann, resigned, who had served in that office from the organization of the company in 1890.

On February 10, Mr. Van Kleeck com-

pleted thirty years service with the company, having begun as a messenger in 1893. After serving in various capacities, Mr. Van Kleeck was appointed assistant secretary in 1904. The appointment to the office of secretary followed in 1910 and in 1918 he was elected second vice-president and trustee.

Arthur J. Morris entered the employ of the Fulton Trust Company of New York as messenger in 1900. In 1915 he was appointed assistant secretary and in 1918 advanced to secretary. In 1922 he was elected a trustee and on February 15, followed his election to the office of the second vice-president.

P. W. Shepard received his early training in the National Bank of Commerce in New York, leaving there to become associated with the Mount Vernon Trust Company, Mount Vernon, N. Y., with which institution he was connected for fifteen years, resigning as secretary and treasurer to become assistant secretary of the Fulton Trust Company of New York on October 1, 1918. He was appointed secretary on February 15.

John A. Mack began as a messenger with the Fulton Trust Company of New York in

1901 and at the time of his appointment as assistant secretary on February 15 was loan clerk.

Harold P. Spurr began as a messenger



CHARLES M. VAN KLEECK
Recently elected vice-president Fulton Trust
Company of New York

with the Fulton Trust Company of New York in 1913 and was appointed assistant secretary February 15.

GUARANTY TRUST DIVIDEND

The board of directors of the Guaranty Trust Company of New York has declared a quarterly dividend of 3 per cent. on the capital stock of the company, payable on March 31 to stockholders of record March 16, 1923.

"ACCEPTANCE FINANCING AND THE INTERNATIONAL ACCEPTANCE BANK"

"Acceptance Financing and the International Acceptance Bank", is a booklet that has been issued by the International Acceptance Bank, Inc. of New York. James P. Warburg, vice-president of the bank, states

Protect the purse strings

By Super-Safety Insured Checks

The World's Safest Bank Checks

Super-Safety Insured Bank Checks protect the Bank and the depositor from the menace of the check-raiser.

They are made of the world's best safety paper.

They are insured in the Hartford Accident & Indemnity Co. for \$1000.00 against loss through felonious or fraudulent alteration.

They are protected individually by The William J. Burns International Detective Agency, Inc.

Bankers and depositors are entitled to this guaranteed protection. The cost is no more than for ordinary unsafe checks of similar quality of paper. Crooks avoid banks and checks that are so protected.

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Insured
BANK-CHECKS**

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Detective
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**Each Check
Insured by
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The Bankers Supply Company

*The Largest Manufacturers of
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Prompt Returns on all business entrusted to us

in the introduction that it is "to present the problems of foreign trade financing in such a way that the lay mind will see them, not as thorny theorems of academic discussion, but as everyday matters, which they really are". The first three parts of the booklet take up "The Acceptance in the United States", "Various Forms and Uses of Acceptance Financing" and "The Rela-

tion of the Customer to the Bank". The last part acquaints the reader with the establishment, facilities and services of the International Acceptance Bank.

GENERAL MOTORS BONUS AWARDS

General Motors Corporation is distributing to 6000 of its employees 270,000 shares of General Motors common stock and 7600 shares of the 7 per cent. debenture stock. This distribution now being made represents the accrued portions of the bonus awards under the plans of 1918, 1919, 1920 and 1922 made out of earnings from those four years.

The approximate value of the securities being distributed exceeds \$4,500,000 at current market prices.

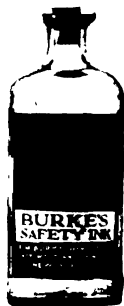
As a result of the operation of the bonus fund, one out of every eleven General Motors stockholders is an employee of the Corporation and one out of every twelve employees is a stockholder.

APPOINTED MANAGER INVESTMENT DEPARTMENT

George P. Rea, formerly a partner of the investment firm of Viotor, Hubbell, Rea and Common, was appointed manager of the investment department of the Fidelity Trust Company of Buffalo, N. Y.

Mr. Rea has been in the investment business ever since his graduation from Cornell University eight years ago. He has been connected with the investment department of the Guaranty Trust Company of New York, and with Kean, Taylor and Company, security dealers.

The Fidelity's investment department has grown rapidly during its three years of existence, and the appointment of Mr. Rea is another step in its expansion.



Burke's Safety Ink—An insurance against altering legal documents—a check protector. Absolutely ineradicable. An all purpose Ink—free-flowing—excellent for fountain pens. Acid proof—Water proof—Fade proof—Fool proof. The only correct Ink.

Burke's Fountain Pen Ink—The Favorite—does not clog, corrode or form sediment. A free flowing Ink.

Burke's Commercial Ink—Blue-black, Jet Black, Carmine, Royal Purple, and Green set a standard of quality all their own—The Best by Test.

Burke's Type Cleaner—For the typist, the printer, the etcher and engraver. It makes the type as clear and bright as when the type was new. Instantly removes all dirt and oil caked in the type crevices and is non-inflammable.

All goods guaranteed and if not satisfactory money refunded.

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477 West Broadway, New York, N. Y.
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ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

NEW ENGLAND has been hard hit by an exceptionally hard winter and by the "psychological" coal shortage so feelingly classified by Washington authorities. Nevertheless New England has met these difficulties with characteristic fortitude and resourcefulness and is doing nicely.

Such an authority as the Secretary of the Treasury has stated that the new era of good business can be made to last for years if price advances are not carried to excess. This is the attitude that New England takes. Retailers are watching the situation closely. They have not forgotten the force of the recent buyers' strike, and they know that any undue rise in prices will bring this into force again. The call for reasonably priced clothing, shoes and other products of New England industries was answered by heavy cuts in the prices of two years ago. Business responded at once until now the big textile mills and shoe factories are rushed with orders at the new level of prices.

The textile mills are working at full capacity, and the shoe factories, which were a little slower in recovering, are now running at 80 to 90 per cent. of capacity, with prospects of capacity operation in the very near future.

New England, like other parts of the country, is greatly underbuilt. The building program for the spring is a large and elaborate one, and it is interesting to note that building material prices now are just half-way between the high of two years ago and the low of one year ago. Close observers believe that the present level of prices may be accepted as the new normal.

There are, of course, rumors of strikes and new demands in the building trades, the textile industry and other lines, but it is becoming increasingly obvious every day that if these strikes have the effect of raising prices beyond present level the new rush of business will be promptly choked off. This knowledge has a tendency to create conservatism in making forward commitments—a conservatism that will carry New England through the danger of inflation.

Money is plentiful. Savings are increasing with a rapidity that surprises the bankers themselves, and the reduction of the rate on savings seems to be no check to the growth of savings deposits. There is a fair

demand for mortgage and construction money which will undoubtedly show a rapid increase as spring advances. The commercial demand for money is not quite as heavy as bankers would like to see it, but it is slowly increasing. Rates are low and there is little likelihood of any material advance.

Labor conditions of the immediate present are fairly satisfactory. There is an actual shortage in skilled labor in some of the textile and shoe centers, and in building lines there is already enough work in sight to employ all available labor at an early date.

MERCHANTS NATIONAL BANK
OF WORCESTER

Harold S. Bowker, formerly assistant cashier has been elected a vice-president of the Merchants National Bank of Worcester, Mass. Lorne R. Fowler and Herbert Midgley have been elected to the board of directors.

KENNETH MOLLER

At a meeting of the board of directors of the Boston National Bank, Kenneth Moller was elected a member of the board.

CHANGES IN NEW HAMPSHIRE
BANK

Charles S. Cortland has been elected president of the Strafford National Bank of Dover, N. H. Frank R. Bliss succeeds him as cashier.

FOURTH-ATLANTIC BANK TO BUILD

The Fourth-Atlantic National Bank of Boston, Mass., is to erect an eleven-story building in Post Office square. It is to be of steel and Indiana Bedford limestone. The bank will occupy the ground floor, with ample space for its banking, foreign, credit, fiduciary, bond and other departments, and will have its safe deposit vaults in the basement. The upper floors will be for offices, the corridors finished in marble and having tiled floors. The offices will be finished in mahogany. There will be excellent elevator service and all the other modern equipment for a building of this kind.

How to Succeed in the Bank

A New Book by W. R. MOREHOUSE

Price \$2.50

"OPPORTUNITY never knocks at the door of the young banker who has folded his arms, seated himself in a comfortable chair, and is waiting for something to happen. Opportunity is for those who are on the lookout for something more responsible to do."

So begins the first chapter of "How to Succeed in the Bank", and in the latest book of this favorite author on banking subjects he frankly discusses with bank employees such important subjects relating to daily work and daily contact with fellow workers, as salaries, promotions, fitness, punctuality, permanency, brains, work, service, personal appearance, broken promises, foolish notions and twenty or more just as interesting subjects.

Mr. Morehouse writes from experience. For twenty years he has been in close personal contact with bank employees. He knows what it takes to succeed. Beginning in 1902 as bookkeeper and janitor in a small country bank, he today occupies the position of vice-president in the Security Trust and Savings Bank of Los Angeles, with resources exceeding \$165,000,000.

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I enclose \$2.50 for a copy of "How to Succeed in the Bank" by Morehouse.

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Every bank employee should have a copy. Every bank executive should see that each employee has a copy.

For the banks wishing to present copies to their employees a special price will be quoted on request.

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

UNDER construction for nearly five years, the Industrial Canal of New Orleans is open for navigation in a limited sense.

This is the most important development of the month in the South; it is the most important for some years; for the Industrial Canal is the new harbor facility which New Orleans is building to handle better and more economically the export and import business of the Mississippi Valley, which commerce is flowing more and more through New Orleans as a result of the inland waterway rates, which are causing a general breakdown of old rate structures.

Plans for the first wharf on the canal—to cost \$2,000,000—are being completed; and work is scheduled to begin in a few months.

To date, the canal, the largest work of its kind since the Panama canal, has cost about \$19,000,000. Its present depth ranges from fifteen to twenty-five feet; during the next few months, it is to be dredged to a depth of thirty-one feet, the depth over the sill of the lock which will accommodate 10,000 ton ships, and widened.

This is more than the completion or approximate completion of a costly and difficult engineering work; it is more than the mere extension of the facilities of a port. The industrial canal really marks a new period in port development; and the policy on which the dock board, which administers the waterfront facilities of New Orleans, is working, will ultimately mean the transfer of the terminal activities of New Orleans from the river front to the new waterway, which is closer to the commercial center of the city than the ends of the present wharf system. Furthermore, the adjoining land lends itself better to industrial development than the lands near the river front. Finally, under the laws of Louisiana, private enterprise can not acquire river front sites; hence, much private enterprise has been discouraged from establishing here. The industrial

canal means that the port is actually being moved.

Another development of great importance to the South is the organization of the Naval Stores Export Company, with headquarters in New Orleans, to export naval stores under the provisions of the Webb-Pomerene act. The subscribed capital is \$250,000, and provision is made to increase this to \$1,000,000. Interests represented in the company control about one-third the total production of naval stores in the South.

After several years of tests under actual industrial conditions, Dr. Herbert M. Shilstone of New Orleans has demonstrated the value of a carbon, manufactured from rice



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Capital \$1,000,000.00
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One of the largest, strongest and
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The Bank of Charleston succeeded to business of liquidating branch Bank of the United States.

Capital and Surplus . \$1,500,000.00
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fibrous material, discovered by him. This not only utilizes a waste product, but it adds about one cent a pound to the value of all sugar produced, not only by cheapening, but by increasing production. This means a possible \$6,000,000 a year to Louisiana's cane section; and a possible \$360,000,000 a year to the world's sugar production. The property of carbon used in sugar manufacture is to absorb the coloring matter and leave the shining white granulated product. In the past, this has been done by using bone black carbon. A hundred pounds of bone black is needed to refine 100 pounds of sugar. Half a pound of the new carbon, or carbox, as it is called, will refine 100 pounds of sugar. The cheap cost of installing carbox equipment and operating by the carbox system enables the small planter to convert his raw sugar house into a modern refinery, thereby achieving an economic independence of the raw sugar brokers who too often shaded the prices below what the market should have been, simply because they were in a position to do so. The planter can now sit on top of the world.

Retail business in the South now seems to be on a strong upward swing. The average in the sixth Federal Reserve District for December showed an increase of 5 per cent. over December, 1921. Increases were reported at Atlanta, Birmingham, Nashville, and New Orleans; while decreases were reported at Chattanooga, Jackson and Savannah—Savannah's decrease being 10.8 per cent., and the others practically negligible. Birmingham showed the greatest relative advance, with an increase of 15.6 per cent. Then came Atlanta, 12.2 per cent.; then Nashville, 3.4 per cent.; then New Orleans,

barely getting under the wire, 0.1 per cent.

Volume of merchandise on hand at the end of December was 3.1 per cent. smaller than at the end of December, 1921; and 13.5 per cent. smaller than November 30, 1922.

There was a seasonal slackening in whole-sale lines. However, business was better than at the same time of the year before—the increases ranging from 10 to 44 per cent.

Construction activities and railroad demand are absorbing such quantities of lumber that the leaders in the industry seriously fear a runaway market. Pine, cypress and hardwood are among the principal resources of the South; and the prosperity in the lumber belts is notably increasing. Employment of labor has increased; and reports from all sections show that country business is much better.

A continued improvement is registered in the financial situation of this section. Increased money returns from agricultural production during the past season has resulted in substantial gains everywhere except where cotton was practically a failure. Available statistics show that there has been a fairly steady increase in demand deposits; and savings deposits now show a considerable increase over totals at the same time last year.

Because of the mild winter, early crops, especially in foodstuffs, may be expected in the South. This will mean the consumption of more grown-at-home produce, and the importation of less.

Coal production in Alabama, as might be expected at this season, has dropped somewhat; but the production of iron and steel has been increasing. Reports from the furnaces are to the effect that the production of the first quarter is already sold out.



CONVENTION DATES

Investment Bankers Association—at Washington, D. C., October.

National Association of Credit Men—at Atlanta, June 12-15.

Robert Morris Associates—at Atlanta, June 11-15.

Alabama—at Montgomery, May 3-4.

Arkansas—at Little Rock, May 3-4.

Florida—at St. Petersburg, April 13-14.

Georgia—at Savannah, May 10-12.

Kentucky—at Louisville, Sept. 5-6.

Louisiana—at Shreveport, April 18-19.

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



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EXPERIENCE—Over fifty - seven
years

STRENGTH—Capital and Surplus
\$4,000,000.00

OFFICERS—Experienced, capable and
well versed on conditions
and credits thruout this
territory :

invites your business

JOHN M. MILLER, JR.
President

Resources over \$30,000,000

Maryland—at Atlantic City, May 16-17.
Mississippi—at Meridian, May 8-9.
North Carolina—at Pinehurst, May 3-5.
South Carolina—at Greenville, June 19-21.
Tennessee—at Chattanooga, May 15-16.
Texas—at Dallas, May 15-17.
Virginia—at Richmond, May 24-26.

TEXAS NATIONAL BANK IN NEW HOME

The Texas National Bank of Beaumont, Texas, is serving its customers in its handsome new banking house, having moved into remodeled quarters January 15. The institution is located on the ground floor of the V. Wiess Building in the heart of the retail and shopping district of the city.

The interior of the new home is elegantly appointed with fixtures of Tennessee marble and mahogany. Burglar-proof and fire-proof money, record and storage vaults and safe deposit compartments are of heavily reinforced concrete construction. The door of the money vault weighs 10,500 pounds and is protected with triple time locks.

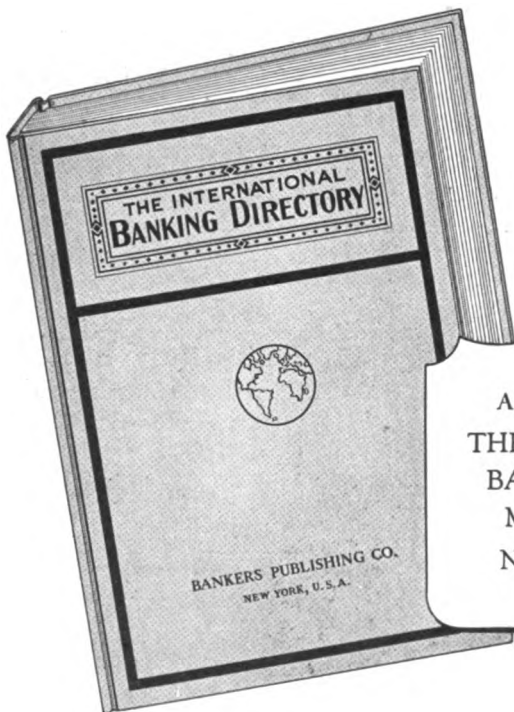
Officers and directors of the institution received more than 750 visitors on the first night the bank opened for business in its new home. Souvenirs for the occasion included bouquets of flowers for women callers, and boutonnières and cigars for the men.

The officers of the bank are: Frank Alvey, president; George W. Brown, H. W. Gardner, active vice-presidents; J. C. Wilson and C. E. Walden, vice-presidents; S. J. Jamison, cashier; Morris Mills, H. Neel and J. F. Oschwald, assistant cashiers. C. E. Walden is also chairman of the board.

The bank's statement made on the December call of the Comptroller shows its deposits totaling \$4,563,874.41, and capital and surplus, \$300,000.

WARREN P. ANDREWS

Warren P. Andrews, vice-president of the First National Bank of Fort Worth, Texas, has been chosen vice-president of B. J. Baker & Co., Inc., investment bankers of Boston.



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the Banks of
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THE INTERNATIONAL BANKING DIRECTORY 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.

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Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

A PLENTIFUL supply of money and increased commercial and industrial activity are gratifying features of the business situation in the middle west. Bank deposits continue to increase and since the subsidence of the year-end demand for funds the position of the Federal Reserve Bank has been steadily becoming stronger until now the reserve ratio is again in the neighborhood of 85 per cent. Rediscounts, at around \$60,000,000 are at the lowest figures since they began their downward course.

Money rates have not changed much in the last month, and the general opinion among bankers is that they are not likely to go lower, regardless of the increase in available funds. Commercial paper is at $4\frac{1}{2}$ to $4\frac{3}{4}$ per cent., with a few of the choicest names occasionally going at $4\frac{1}{4}$. The margin between $4\frac{1}{2}$ per cent. and the treasury certificate rates, taxes considered, is so slight that commercial rates are sustained automatically and the indications are that this condition will continue indefinitely. The borrowing demand has increased somewhat, but is not heavy.

The magnitude of the current investment demand is a source of amazement to bankers and bond dealers. It is estimated that the buying of securities by the public in the month of January was three times that of the first month of last year. January 1922, was a big month, but the big demand did not set in until about the middle of February. It continued for about five months, making the most active half year ever known by local investment houses. The manner in which 1923 has started out gives promise of the setting up of new high marks before the twelvemonth is finished. This is in the face of increased commercial activity, which has diverted a considerable amount of money into that channel. The number and volume of the new issues of securities have been large, but they do not seem to have any effect on the absorptive power of the public.



One of the Pioneers
of the Trust Company
Movement in the
United States



The large increase in savings deposits in the last three months of 1922 was the forerunner of this heavy investment demand, and no doubt has a direct bearing on it. The owners of savings accounts, which bear 3 per cent. interest, represent the ultra-conservative element among the savers of moderate means. There is in addition a large class that has been educated in the purchase and ownership of securities since the Liberty loan campaigns of war times and there seems to be plenty of evidence that the flow of surplus capital has been just as strong to this quarter as to the thrifty thousands who increased their savings de-



*"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

posits in this city alone, \$40,000,000 between September 15 and December 31 last.

Full employment and high wages, combined with the lessons of thrift which were implanted in the public mind by the depression of 1920, no doubt are reflected in both these displays of prosperity. While the returns from retail stores show that public expenditures are on a liberal scale, there is a noticeable absence of that recklessness in buying which characterized the trade of a few years ago.

Orders to wholesalers and the current distribution of merchandise are substantially larger than for the corresponding time last year and returns from the road forces sent out after the holidays show that merchants are covering their needs for the immediate future, and even for next fall in some lines, with confidence in a continuation of a satisfactory outlet. The turnover in the January sales was very satisfactory, but it should be noted that these offerings were of goods purchased at prices lower than those that now prevail. There has been a steady

marking up of quotations in response to the advances that have been taking place in primary markets and in those for raw materials for several months and these are beginning to find their way to the consumer. So far there has not been any unfavorable reaction, but wholesalers who are conservative are inclined to urge caution on retailers against ill-advised stocking up. This is due in part to the fact that there is no evidence of shortage in staple lines, while mill deliveries are becoming more free as production is increased. There is hardly any exception to the increase in commodity prices, but so far it is not great enough to cause a stampede of buyers or inspire speculation.

The steel mills of the district are operating at 75 to 85 per cent. of capacity, these figures being the highest since the rail and coal strikes of last summer. Buying continues heavy and the trend of prices is upward. Nearly all manufacturers are booked full for the first three months of the year and the taking of orders for the second quarter, which was only begun in mid-February, promises that a similar condition for that period will be reached shortly. More attention is now being paid to deliveries than to prices and the pressure to obtain prompt shipment of materials is an outstanding feature of the strength of the situation. Car buying is not quite so active as a few weeks ago, but the demand of railroads for track and repair materials is still heavy. Automobile and implement manufacturers are taking steel in larger quantities and sales of structural steel are heavy. Just now labor conditions are fairly satisfactory, but with the opening of spring and the beginning of work on out-of-door projects and an increased demand for help on the farms it would not be surprising if a shortage should develop.

The boom in building shows no abatement. Permits issued in Chicago for the month of January were more than double those for the first month of last year in the matter of expenditure involved and the plans on architects' boards give assurance of continued activity. The only thing that is likely to interfere with a record-breaking volume of construction work is a runaway market for materials and labor. There is some danger of this, for the demand is so strong that unless wise counsels prevail prices will be elevated to a point that will make building unprofitable and drive capital into other channels. Already construction costs are about 18 per cent. higher than a year ago.

Higher prices for agricultural products have brought about a more cheerful sentiment in the interior and there has been a marked increase in buying. Gains in sales of the large mail order houses, which were 30 to 50 per cent. in January, continue on as large a scale. The demand for merchandise is well distributed, but has not extended to luxuries in any such degree as prevailed two years ago. Inquiries to implement manufacturers forecast a better business than they have had for several years. Hardware, wire goods, household supplies and clothing are moving freely. Collections are running considerably ahead of those at the corresponding time last year, indicating a more comfortable condition for the country merchant.



CONVENTION DATES

American Institute of Banking—at Cleveland, July 17-20.

Association of Reserve City Bankers—at French Lick, May 28-29.

Illinois—at Rockford, June 26-27.

Iowa—at Davenport, June 5-7.

Missouri—May 22-23.

Wisconsin—at Milwaukee, June 19-20.

DETROIT BANK OPENS NEW BRANCH

The Central Savings Bank, one of the First National Bank Group in Detroit, has opened another branch in Detroit. It is located at Woodward avenue and Six Mile road, directly across from Palmer Park in a district that has been growing very rapidly for the past few years.

This latest branch is only one half mile from the Highland Park plant of the Ford Motor Company and is surrounded by thousands of homes built by the workers in that huge factory.

JOINS BOND DEPARTMENT

Charles A. Morris, who for the past eight years was associated with Borton & Borton, has joined the staff of the bond department of The Guardian Savings and Trust Company, Cleveland.

Mr. Morris is well known in banking and investment circles in this district. He is a director of the Miller Rubber Co., 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

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treasurer of the University Club. Before entering the investment field he practiced law in Cleveland for several years.

E. S. GRIFFITHS

E. S. Griffiths, president of the Cleveland Machine and Manufacturing Company, the Buckeye Engine Company of Salem, Ohio, and the Victor Oil Company, and director in other corporations was elected a member of the board of directors of the Guardian Savings and Trust Company, Cleveland, February 7. He is a well known business man of the Cleveland district and makes a splendid addition to the group of able men directing the policies of The Guardian.

STANDISH HALL GOES TO WICHITA BANK

Standish Hall, formerly assistant secretary of the Union Trust Company of Chicago, has just accepted the appointment as director and vice-president of the Union National Bank, Wichita, Kansas. Mr. Hall enters upon his new duties immediately.

After graduating from Harvard University, Mr. Hall spent several years in travel and research in the countries of Europe and South America and after his release from active duty as an officer of the Naval Reserve Force during the World War, he associated himself with the Union Trust Company, Chicago. He rose rapidly to a position on the official staff of the bank and has filled various positions of responsibility, in-

cluding that of assistant to Harry A. Wheeler, vice-president and that of manager of the new business department. Mr. Hall



STANDISH HALL

Recently elected vice-president Union National Bank, Wichita, Kansas

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Accounts of Banks and Bankers invited

The NATIONAL CITY BANK of CHICAGO

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BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, *Vice-President*

S. P. JOHNSON, *Asst. Cashier*

R. V. KELLEY, *Asst. Cashier*

is a member of the University Club of Chicago.

ELECTED PRESIDENT OF CLEARING HOUSE ASSOCIATION

J. Arthur House, president of the Guardian Savings and Trust Company, was elected president of the Cleveland Clearing House Association at the annual election February 6. Other officers chosen were: Vice-president, C. E. Sullivan of the Central National Bank Savings and Trust Company; secretary, C. A. Kelsey; treasurer, A. F. Humel of the Pearl Street Savings and Trust Company.

Mr. House was vice-president of the local clearing-house for two years before his election to the presidency.

Mr. Kelsey, secretary, reported the following statistics covering operations of the Cleveland Association:

Total clearings, 1921, \$4,666,948,127; 1922, \$4,646,443,330. Total bank debits or checks written against individual accounts in banks, 1921, \$6,408,450,660; 1922, \$6,603,780,799. Total bank transactions, including charges against individuals and banks, 1921, \$14,118,859,809; 1922, \$14,143,749,297.

DEATH OF WILLIAM P. SHARER

William P. Sharer, president of the Midland Bank of Cleveland since its organization two years ago, died suddenly February 19. He was fifty-three. Born in Alliance, Ohio, Mr. Sharer had his first banking experience in that city. Later, he removed to Wellsville, Ohio, to become cashier of the First National Bank there, and in 1903 he took a similar position with the First National Bank of Zanesville.

In 1912 he became president of the First National Bank of Zanesville, and in 1919 also became president of the First Trust & Savings Bank, formerly the American Trust and Savings Bank of that city. In November 1920, he accepted the presidency of the Midland Bank of Cleveland, then in process of organization, and opened it for business on April 4, 1921.

ASSOCIATION OF RESERVE CITY BANKERS

The board of directors of the Association of Reserve City Bankers at their recent mid-winter conference at French Lick, Indiana, fixed May 28 and 29 as the dates of their



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RESOLUTION PASSED BY MISSOURI ASSEMBLY AGAINST BRANCH BANKING

The Missouri Assembly passed a resolution in January at the request of State Commissioner of Finance Frank C. Millsbaugh, against branch banking. Senator Walter Brownlee, chairman of the Senate committee on banking, and head of the Brownlee Banking Company of Brookfield spoke in favor of the resolution and said:

This is not a question of politics, as both the Republican and the Democratic State Platforms last fall carried planks opposed to branch banking. I am sure that every bank in the State, with only one exception, is in favor of this resolution, and that one is the offending bank at which this resolution is directed. However, I am wondering if that bank is opposed to this resolution; it occurs to me that, realizing its mistake, that institution may now welcome this resolution as the vehicle by means of which it may extricate itself from an unpleasant situation.

CONFERENCE OF BUSINESS MEN AND FARMERS

The first Miami Valley Business and Agricultural conference was held on February 9 for the purpose of bringing the farmers and business men together for discussion on mutual grounds of current topics. It is believed that this meeting is the first of its kind ever held in the United States.

H. H. Darst, president of the City National Bank of Dayton and also chairman of the Agricultural Committee of the Ohio Bankers Association has been the moving factor in the plans for the meeting.

Two speakers of national reputation were brought to Dayton for the occasion. They were John H. Puelicher, president of the American Bankers Association and James R. Howard, who recently retired as active head of the American Farm Bureau Federation.

Mr. Puelicher spoke for bankers at the meeting Mr. Howard for the farmers; Frederick B. Patterson for the manufacturers, and an invitation was extended to Daniel Willard, president of the Baltimore and Ohio railroad, to speak for railroad interests.

Invitations were extended to all civic organizations, chambers of commerce, farmers and business men residing in the Miami Valley. A dinner was served to as many of those as desired at a nominal cost.

annual convention which will be held at the French Lick Springs Hotel.

Tentative plans for the program were discussed. Some of the subjects which were definitely decided upon were: "Denationalization of National Banks", "Inflation", "The Federal Reserve System—Tendencies", "The Foreign Situation and its Relation to the United States", "The Automobile Industry", "Brotherhood Banks". These and other subjects will be handled by recognized authorities.

Complete details as to program, speakers and entertainment will be announced later. Secretary Mueller reported that the membership which is limited by the Constitution of the Association to 400 is complete and he submitted a substantial list of applications which were formally added to the waiting list.



Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

MORE smiles are discernible in the Western states. There are many, many more smiles among the sheepmen of the Western states. A year ago they were being bid 23 to 25 cents a pound for wool on the sheep's back, they are being bid 45 to 50 cents. A year ago they were offering to sell wool at 30 cents. Yes, the difference is great enough to make for happiness and for smiles from an economic standpoint. There are also more smiles among the cattlemen, but their position is not so greatly improved marketwise. Among grain interests there is a somewhat better feeling, but the wheat growers, who predominate among farmers, are not satisfied with prices. The comparatively few cotton raisers in the Western states are also happier than a year ago. The producers of butter fat, who are getting about 100 per cent. more than a year ago for their product, also are happier. On the other hand, the potato growers are in the dumps. Potatoes that brought \$2.50 a bushel a year ago are slow to sell at 90 cents a bushel in the Western states. The lumbermen, overwhelmed with orders at prices fully 30 per cent. higher than a year ago, are smiling.

To bankers of the Western states, who have learned as no other bankers have learned to cope with serious problems of business, the smiles are welcome indeed. But the bankers do not describe the situation as one of prosperity for the West as a whole. Here and there prices have advanced so sharply over a year ago that many individuals are again really prosperous. But the West as a whole is not in this state as yet. It is on the road, it is true, but the distance ahead that must be covered before prosperity is reached is hardly in sight. Perhaps it would be in sight had the past month or six weeks added power in larger volume than actually recorded for traveling the road to prosperity.

With average prices as compared with a year ago higher and, happily, with larger marketings as compared with a year ago, the West in the last month or six weeks reduced its loans and increased its bank deposits. It reduced farm mortgage borrowing by fully 50 per cent. as compared with the same time last year. It made real headway toward prosperity. Why did it not make greater headway? The reason is not at all hard to find. The reason is apparent in its principal markets.

Had the past month added to the advances of the past year in prices of the products in which the Western states are principally interested, they would have reason for more smiles over their business future than are now apparent. But the past month or six weeks on the whole proved a period marked by an absence of general advances. In fact, there was an easier trend in prices of some important products. This naturally aroused interest in the status of the current demand on consuming markets. In industrial sections there was no slackening in employment. Labor's buying power increased. Yet the foodstuffs the West raises did not rise further. Does this mean that the great improvement of the past year industrially has reached its peak in the broadening of the demand for farm products in domestic channels? In other words, have farmers, by increasing the output of meat animals and raising a large crop of cereals, experienced all the broadening in domestic buying that comes from full employment for labor? There were evidences of this on markets. Those who professed to see the evidence therefore paid more attention to the European demand upon which the West depends to take its surplus. Europe did not make a satisfactory showing in buying.

So, the problem at the moment in the Western states is to find broader markets in Europe and to maintain the present large demand in domestic markets. The scattered signs of inflation are helpful in a measure to the West so far as the consumers' buying power goes. But of what help will even inflation be if the consumer, who is already

indulging to a large extent in as much food as he desires, finds more and more offered him as European buying disappoints? Lard recently furnished a typical example. European buying fell off, and weakness followed in hogs. Flour has furnished another. European buying was not equal to anticipations, and domestic competition became sharper.

Even with the bitter disappointments of the potato growers, some of whom have not found it profitable even to pick their crop in Nebraska, and even with the complaints of the wheat growers who want better prices, it cannot be denied that current average prices of what the West produces are sufficiently profitable to effect further financial improvement in this territory. If nature will only do her share, that is, provide weather to enable farmers to make the most of their cultivated areas, the 1923 harvests will be large enough to pile up abundant profits with market prices at the current level. Will such prices hold? The answer lies in European buying. If purchases by Europe absorb somewhat more of the surplus than in the past month, prices will be supported in the event of continuing industrial activity to maintain the buying power of labor. If Europe lags as a buyer, the answer will be different.

Irrespective of what Europe does, it must be said to the credit of the West that it is leaving nothing undone to make the most of every possibility. Recent reports, for example, have noted with some degree of enthusiasm that implement manufacturers are increasing sales. It is probable that the winter trade of implement makers was larger than for a long, long time. Breaking plows that are usually at a standstill in January were in active demand in that month. The same is true of February in a somewhat lesser degree. Extremely mild weather made it possible for farmers to do plowing in January that they ordinarily do in March and April. So they bought plows and plowed. With this early preparation of the soil, the acreage seeded to crops in the spring will be larger than under different circumstances. The more land that is seeded, the greater the prospects for generous harvests. In connection with harvests, the statement may be made that the winter wheat outlook, despite the dry winter, is still favorable to a good production in 1923.

The wheat market is quite significant of the character of the influences underlying Western business. The market for the bread

grain has been holding fully five cents or more a bushel, perhaps ten cents at times, above an exportable basis. The remainder of the old crop, that is, the harvest of 1922, in the hands of farmers is the property of producers in a strong position financially to hold. They are at least in a stronger financial position than many of the farmers who have already sold. Now, these farmers of larger means gauge their price ideas by the artificial levels that the tariff makes possible on some manufactures and by other prices not so sensitive to world economic conditions as is the price of wheat. Therefore these farmers are selling rather slowly, comparatively speaking. The volume of their sales is such as to permit absorption by millers for domestic purposes at a rate that sustains prices. If these growers sell more freely and the export market becomes necessary to absorb all the offerings, a world price level will follow. That price level at the moment is as much as five to ten cents below current prices. With a generous wheat crop in 1923 and with no better foreign demand than at present, what would happen to the wheat market? Admittedly, of course, innumerable other factors, notably foreign production in 1923, will play a great part.

In the live stock industry, with its greater knowledge of breeding and feeding, knowledge that has enlarged the productive capacity and even the speed of increasing production almost in the same degree as farm implements have stimulated cereal production, the problem of international buying is not quite equal to that of the wheat market. But the reaction in live stock prices from the post-war deflation and the sharp increase in the purchasing power of labor in the last eighteen months have brought about much larger offerings of fat stock. To this the movement of live stock marketward attests. It is also confirmed by Federal statistics and packers' statistics. The country is capable of producing more meat, however. In the meanwhile, will it absorb the current enlarged output at present prices? There is some doubt as to this. What happened to hogs when foreign lard buying slumped is an indication, although it must not be forgotten in this connection that hogs are far, far more dependent upon foreign trade in lard and pork than either cattle or sheep in beef or mutton.

From the condition of the markets for live stock and wheat, however, it is quite plain that the Western states would count

1866



1923

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on smiling more and more with assurance of more and more buying by Europe. The Western states are as keen to raise more and more as is the athlete once defeated but now in perfect trim physically to run and run to win his race and reestablish his standing. In the language of the street, give the West plenty of room for the exercise of its abilities—plenty of room in which to sell its products at only modestly profitable prices—and how it will rise economically.

As a sign of financial progress, it is pleasing to record that three times as much money is being offered to farm mortgage bankers as they can absorb in lending to farmers and that the farmers are not borrowing half as much money as a year ago. Without question some, if not a liberal part, of the financial improvement recorded by banks of the Western states last year was through refunding operations of bank loans of farmers in the farm mortgage market. That there is a sharp decrease in mortgage borrowing is certainly encouraging. The outlook is that the spring will see money easy in the Western states unless some world event alters the course now in prospect.

In a mercantile and industrial way, the Western states are not making the progress that is credited to the industrial districts of the country. This is indicated both by bank reports of mercantile and industrial borrowing and by the trade advices. The building boom is keeping lumber districts very active. It is significant that the lumber districts are finding the East the best buyer in many months. Farmers are still very conservative in their buying. They will continue so until another crop and then a change will depend upon the size of the harvests and the prices. The influence of farm debts is more influential than a few years ago in making for conservative farm buying.



CONVENTION DATES

Kansas—at Hutchinson, May 24-25.
Nevada—at Winnemucca, early summer.
North Dakota—Bismarck, June 27-29.
Oklahoma—at Oklahoma City, May 29-30.
South Dakota—at Rapid City, June 21-23.
Utah—at Logan, June 15-16.

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ECONOMIC CONDITIONS IN THE PACIFIC STATES

By C. E. TAYLOR

Economist Department of Research and Service
Security Trust and Savings Bank,
Los Angeles

DURING the opening weeks of 1923 business throughout the Pacific states has shown satisfactory advances over business in the initial weeks of 1922. However, the extent of this improvement, except in Southern California, has not been greater than in the country as a whole and, in fact, it has been less than the improvement recorded in several other sections further east. This, at least, is the story, if the conventional indices of business conditions mean anything. Business throughout the country is definitely on the upgrade and the Pacific States are neither lagging behind or surging ahead of the general movement. An exception must be noted in the case of Southern California where an unabated and phenomenal influx of visitors and new residents has created a situation not comparable with conditions elsewhere.

Throughout all of California conditions are excellent. Nineteen twenty-two crops, on the whole, brought satisfactory returns. Even the great citrus freeze of a year ago only succeeded in reducing the total money return to the growers about 10 per cent. from the amount received the previous year. This year a large orange and lemon crop is expected. The oranges should bring in good returns to the growers, but the lemons may or may not be marketed successfully, depending upon foreign competition, whether or not Eastern cities experience a hot summer, and upon other unpredictable factors. There is a large acreage of lemons in this state which is steadily coming into bearing. The problem of marketing the increasing crop profitably in the face of strong competition from abroad is one of the most serious that California agriculture has to face.

The canning industry of California and, for that matter, of the entire Pacific area,

is now firmly reestablished on a sound footing. The 1922 pack of canned fruits and vegetables was the largest on record and nearly double that of 1921. Prices paid to growers by the canners were sufficient to give the former a satisfactory profit and to encourage a bumper production in 1923.

The production of petroleum in California continues to increase and the amount of stored stocks to grow. California is now the largest producer of petroleum in the Union and from its wells flows a fourth of the nation's output. Two Southern California counties alone produce a sixth of the country's total production. The number of wells in the state is being augmented month by month and Los Angeles has become the greatest producer of oil well machinery in America. The crowded condition of many California fields invites speculation whether the average operator can ever take as much out of the ground as he has put into it. During 1922 there were several more or less sweeping cuts in prices of crude oil at the well and on January 6, 1923, further cuts, ranging from one cent per barrel on oil of 209 degrees gravity to 50 cents per barrel on oil of 35 degrees gravity and above, were announced. There was no reduction in the buying prices of crude oil under 19.9 degrees gravity. The evident purpose of the big refiners is to pass along to the producer part of the expense involved in increasing storage facilities, as there is no intimation that deliveries of high grade oils are to be restricted. Fuel oil, which is now being shipped out of California in large quantities, is no longer a drug on the market as it was a few months ago and the situation has resolved itself into a problem of taking care of the gasoline-producing crude in the absence of an outlet for all the gasoline it contains.

It is estimated that over half of the nation's remaining timber exists in the Pacific Northwest and today members of the West Coast Lumbermen's Association are producing more lumber than the mills of the Southern Pine Association, the second largest association of producers in the coun-

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try. While weather conditions and the usual seasonal shut-down for repairs have curtailed logging and milling activity, production and shipments of lumber this winter are greatly in excess of production and shipments a year ago, and 1923 is expected to be a record breaker in the lumber industry, both in production and profitability. A large demand from home is anticipated and newer markets in Australia, China, Japan and along the West Coast of South America are being cultivated. A number of the large lumber companies are making plans to enlarge their capacities materially.

One of the darkest spots on the economic map of the Pacific States has been the agricultural area of Idaho. It is now generally agreed, however, that the Idaho farmer has seen his darkest days and that 1923 will witness a decided improvement in his condition. The sheep industry has made a spectacular recovery, the cattlemen are getting back on their feet, though not so rapidly, and the dairy and poultry industries are expanding along sound lines. Sugar beets have brought a good return and the favorable position of the sugar market insures a much larger beet acreage in 1923. Alfalfa, beans, and some other crops have also brought fair or good profits to the growers. However, the Idaho farmer is still heavily in debt and it may take the rest of this year and next to enable him to liquidate all his obligations. Nevertheless, improved agricultural conditions, the good times expected in the lumber industry, and the increased prices of Idaho's principal metal products should go a long way this year toward bringing about a revival in this section of the Pacific area.

Financial conditions throughout the Pa-

cific states are excellent and credit is available in abundance for all legitimate demands. While loans and discounts of banks in the principal cities of the district have been increasing more or less steadily for a year, deposits have increased at even a greater rate and borrowings from the Federal Reserve Bank have declined, with the exception of a comparatively slight increase in November. The general level of interest rates in the district has shown no change for some time.

It has generally been contended by dwellers on the Pacific Coast that the average level of prosperity is greater in this area than anywhere else in America. Confirmation of this view is contained in a recent publication of the National Bureau of Economic Research on the distribution of income among the various states. In the census year of 1919, according to this study, the per capita income of the three Pacific Coast states was \$796, the largest in the country. The Middle Atlantic states came next with a per capita income of \$783. Among individual states New York led the list with a per capita income of \$874, Nevada following with an individual income of \$850, and California coming third, with an income of \$820. The average individual income for the entire country was only \$627. California farmers, according to the study, receive larger per capita incomes than farmers anywhere else in the United States.

**CONVENTION DATES**

California—Long Beach, May 23-26.

**FIRST NATIONAL PACIFIC-
SOUTHWEST BANKING
GROUP**

Five new units joined the First National-Pacific-Southwest Banking Group on February 17. These are the Commercial Bank of San Luis Obispo, with branches at Atascadero and Paso Robles, the California National Bank of Santa Ana, and the Security Commercial and Savings Bank of El Centro.

Through the method of decentralized control, these banks will operate locally as independent units, with the same officers, local board, stockholders and employees. After the merger they will be known as the San Luis Obispo Branch, the Atascadero Branch, the Paso Robles Branch, the Santa Ana

Branch and the El Centro Branch of the Pacific-Southwest Trust & Savings Bank.

BANK MERGER IN VALLEY FORD

On February 5 the Dairyman's Bank and Bank of Tomales of Valley Ford, Cal., merged as one institution under the corporate name of the Dairyman's Bank.

The merged institution commences business with a paid-up capital and surplus of \$255,000, and total resources approximating \$2,000,000.

Banking offices will be maintained, as heretofore, at Valley Ford, Tomales and Point Reyes Station.

TALKS TO AGRICULTURAL CLUB

That the boy who is born on the farm has much to be thankful for was one of the statements made by J. M. Henderson, Jr., president of the Sacramento-San Joaquin Bank in a talk given by him to the agricultural club students of the Lodi Union High School at their annual banquet on February 23.

Mr. Henderson stated that the club work was a great factor and an important one in organizing country life and providing the ground work for the social and moral growth of the countryside. He said that the boys and girls were learning a great deal that was going to be of immense value to them in connection with the economics of farming.

In concluding Mr. Henderson addressed himself to the parents of the students pointing out that they could do very much to help their boys and girls in the work by taking interest in what they were doing and helping to spur them on to fresh efforts.

ANDREA SBARBORO

Andrea Sbarboro, president and founder of the Italian-American Bank, and a resident of San Francisco since 1852, passed away at his home in San Francisco on February 28. He was born in Liguria, Italy, 83 years ago, and came to California when a boy. Mr. Sbarboro was widely known in affairs touching upon good citizenship and the welfare of the city and state. Many years ago, his services were recognized by the King of Italy, when he was decorated as Chevalier.

In 1899, he organized the Italian-American Bank in San Francisco, together with other prominent California pioneers.



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The Paying Teller's Department

By Glenn G. Munn

Lecturer at the American Institute of Banking; Formerly with the
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"The book will not only prove useful to paying tellers, assistants, money clerks, and other bank employees, who wish to clarify and "check" their knowledge of their work, but also to the business executive and layman who daily draw, accept, deposit, and cash various credit instruments."—*Administration*.

"This is a most interesting book. We have never been a paying teller; we never expect to be one. But we read the "Paying Teller's Department" by Glenn G. Munn, with a great deal of zest and interest. The facts about any man's job are interesting, and worth while if for no other reason than that they help us to understand what the other fellow is up against. * * *

"The pages on the handling of checks at the window are interesting and worth the reading of every one who handles a bank account. * * * Incidentally the layman picks up bits of interesting information from the reading of these pages."—*The Office Economist*.

CONTENTS

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APPENDICES

I. Digest of Court Decisions Showing Liability of Bank to Drawer for Certain Irregularities in Certified, Altered, Forged, Post-Dated and Stopped Checks. II. Purposes of and Principles Underlying Subsidiary or Fractional Coins. III. Chart Showing Engraved Portrait on Various Kinds of United States Money.

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ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

WITH the opening of Parliament at Ottawa and the approach of the consideration of the Canadian Bank Act, there is wide discussion of the possibilities of amendments. Interest in this decennial revision has been focused on such matters as inspection and regulation by the collapse of the Merchants Bank, while the demands from the agricultural communities for something in the way of easier credits seem certain to be followed by the serious discussion of such proposals as a government bank, increased note issue, bank of rediscount, etc. The attitude of the banks is that they are anxious to meet every reasonable demand to revise the Bank Act to meet prevailing commercial, industrial and financial conditions. At the annual meeting of the Dominion Bank, C. A. Bogert, general manager and until recently president of the Canadian Bankers Association, declared that the banks would welcome any changes in the act which would improve or strengthen it and give greater protection to the banks and the public; this view is shared by bank executives in general.

At the same time there is a feeling in the financial and general business community that Parliament must guard against radical suggestions from social experimenters and opportunist politicians. This attitude was indicated by Beaudry Leman, general manager of La Banque d'Hochelega at the annual meeting of that institution recently when he said:

"The Bank Act, it is stated, is not the opinion, in matters of banking, of a single man, or group of men, but reflects the matured experience of several successive generations of eminent statesmen and economists, who have repeatedly analyzed all the aspects of the banking problems in Canada and of the credit requirements of the country. New schemes and so-called modern methods will probably be suggested and those in favor of the State performing

the functions of the merchant, of the railway carrier, of the steamship owner, may desire to realize the State Banker."

The suggestion for the organization of a national bank along the lines of the Bank of Australia is being generally heard in Western Canada, where the Grain Growers local associations have the bank act on their program as a chief topic for discussion. But it is being effectively shown that the Australian plan has doubtful benefits for the farmer. The Commonwealth Bank in the opinion of independent financial authorities, has yet to prove itself. So far its reports show that loans have been made, not to finance the productive interests of the country, but to municipalities. The latter amount to £34,000,000 as compared to £14,000,000 to trading and industrial concerns including agriculture.

Similarly the point is being made that the provincial savings bank in Manitoba that of the \$5,000,000 on deposit only \$2,000,000 has been advanced on rural credits. Large investments have been made in government bonds and treasury bills which, it is argued, is not the function of the bank as announced at its organization. The first report on rural credits in Ontario by the Agricultural Development Board of the government shows that for the year interest accrued on loans was \$3000 more than interest paid for capital, but after payment of expenses there was a deficit of over \$10,000. While expense ratio in the first year would naturally be high and Chairman Farrow speaks of a time when the board should pay its way, it may be pointed out that no reserve has been set up for interest or principal which may not be collected, while it is not clear whether allowance has been made for preliminary expenses and such items of overhead as rent, etc.

"The justification of the government venture into the farm mortgage field lies in increasing agricultural development by loans which would not be extended by private companies", argues *The Financial Post*, which continues:

"Seventy-five per cent. of the loans have

evidently been on this basis as it is indicated that 25 per cent. were for the discharge of existing mortgages. The danger point in the government scheme is that loans and the interest thereon may be difficult to collect—experience has shown that a government obligation is not seriously regarded by a great many people, particularly people who cannot get a loan from a mortgage company.

"Another point is that insofar as financing the discharge of present mortgages is concerned there is competition with companies which pay heavy provincial taxes. They not only lose some business under such competition but their taxes are automatically increased to meet the larger government expenditures entailed in development programs which do not carry themselves."



THE BUSINESS SITUATION

The rise of the pound sterling has of course been the dominant factor in the improvement of Canadian export trade both in manufactured as well as agricultural products. Developments on the continent are being closely followed. The improvement in domestic trade and industrial conditions continues, although perhaps not on the scale indicated in the United States. Tendencies towards inflation are, however, regarded with some apprehension by the conservative element. Anything which would again tend to widen the unsatisfactory breach between the prices paid for farm products and the most of manufactured goods, in which the labor costs play such an important part, would undoubtedly shorten the period of prosperity although creating better times temporarily.

With the turn of the year and the approach of another crop season, conditions appear to be more settled in Western Canada and there are indications that the 1922 crop had more effect in improving the position of the farmer than was at first realized. Of course all arrears were not met by any means, but large sums were paid off and in most sections confidence has been reestablished in a large measure. Strange as it may seem the present indications are that high freight rates and the refusal of the railroads to accept shipments on consignment may have been a blessing in disguise as there is now more stock on the prairies than there would otherwise have been and the outlook is greatly improved. In Alberta

there has been a mild winter and this has greatly helped out in a season in which there was a shortage of fodder.

The western view of the situation expressed by J. W. Hamilton, assistant general manager of the Union Bank, at the annual meeting of the shareholders is interesting. "The condition of business in Canada is better than last year," said Mr. Hamilton, "and on the whole, we can look forward to the coming year with confidence as one which will greatly restore the economic conditions of the country, enhance the property of the producer and improve the position of all financial, mercantile and producing classes".

The monthly statement of the chartered banks for December, 1922, showed an increase of \$10,260,927, in deposits in Canada which brought the total up to \$1,722,316,652. Call loans in Canada and abroad decreased by \$19,384,078, from a total of \$303,421,549 at the close of November last. Current loans in Canada declined during the month by \$40,403,284, or slightly more than at the corresponding season a year ago, when similar loans aggregated \$1,174,053,434, as compared with \$1,065,226,894 in December last.

A FARMERS' BANK IN QUEBEC

The main objectives underlying the plans for the organization of "La Banque des Cultivateurs" for the Province of Quebec, are outlined by H. Lavoie, who was former general manager of La Banque Nationale, and who is organizing the new bank. It is significant of the sympathetic support that seems likely to be accorded this new banking venture by the Quebec Government, that one of those chiefly interested is the Minister of Agriculture of the province, Hon. J. E. Caron.

In his statement Mr. Lavoie points out that for a number of years past there has been a lack of sufficient accommodation for the farming community in providing for temporary requirements, such as the purchase of agricultural implements, seeds, cattle and so forth. These needs have become so acute, he points out, that pressure was brought to bear on the Quebec Government to extend farming credit, but the negative result obtained by some of the western provinces appeared to have deterred them from doing so.

A suggestion to remedy the scarcity of money or to provide other sources for the scarcity, is made by Mr. Lavoie in an

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Foreign Department
Standard Bank of Canada
TORONTO

Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	5,000,000.00

amendment to the charter of banks, giving them power to lend on mortgages to farmers to 5 per cent. of their total loans. Taking the total amount of loans this percentage would bring \$75,000,000, or limiting it to the three French-Canadian banks the amount would still be \$7,500,000.

The announcement comes that the bank will establish a number of branches throughout the province and that loans for commerce and industry will be a secondary consideration to loans for agricultural purposes.

BANK OF NOVA SCOTIA'S NEW PRESIDENT

Charles Archibald of Halifax, resigned his presidency of the Bank of Nova Scotia at the annual meeting of the shareholders of that institution and is succeeded by George S. Campbell of Halifax, formerly vice-president. J. Walter Allison of Halifax, formerly second vice-president, remained in that office, and will be the only member of the board to serve in that capacity. Mr. Archibald retires to a seat on the board of directors.

H. A. Richardson, general manager, in reviewing business conditions in Canada for the past year, said that activities had been directed chiefly toward bringing business back to normal and progress has been made. He did not look for any immediate activity in business, but declared that improvement was noticeable in many directions.

INCREASE IN SAVINGS DEPOSITS IN CANADA

The January bank statement shows an increase in savings deposits in Canada of \$10,648,000, coupled with a decrease in demand deposits of \$36,466,000. This change is the reverse of that which occurred a year ago, when savings deposits declined by 37,857,000 and demand deposits rose by \$13,994,000. Current loans in Canada continued to decline, but at a slower rate, the decrease being \$26,831,000 as against \$35,902,000 the previous month and \$99,755,000 a year ago.

DEMAND FOR MORTGAGES

A continued active demand for mortgage loans was forecast at the annual meeting of the Huron and Erie Mortgage Corporation, London, Ont., by the president, T. G. Meredith, K. C., who pointed out, however, that there were indications of a weakening in the rate of interest payable. This has as usual, he says, been foreshadowed by the upward tendency in the price for government and municipal bonds which can no longer be bought to yield the high return prevalent since the war.

BRITISH CAPITAL AVAILABLE

More than ordinary significance is attached to the sale of St. Maurice debentures in London, England, for it marks the first actual transfer of British capital to a Canadian industrial corporation in several

years. Last December there was an issue of bonds of Beckers, Ltd., a British concern in London, and these were secured in turn by an issue of bonds of the Saguenay Pulp and Paper Company. In 1921 there were two or three issues that represented a real transfer of new capital to Canada.

A total of £200,000 of the St. Maurice Power Company's debentures were sold in Great Britain. The capital could easily have been raised in Canada and the United States; in fact the nearly \$10,000,000 of the bonds that were sold on this side of the water were divided 50-50 between Canada and the United States, were snapped up quickly in both markets, and rose in trading considerably after sale.

BACK TO THE BANKS

The report of the Rural Credits Commission tabled in the Manitoba Legislature by the provincial treasurer condemns the methods in administering Rural Credits Act of Manitoba since 1920—and recommends that rural credits be left to ordinary banking institutions if an arrangement to increase the life of loans can be reached, are outstanding features of the findings. The *Manitoba Free Press* challenges the commission and predicts an acute controversy over its findings. It intimates that recoil movements of far-reaching magnitude, with the resignation of scores of directors of the rural credit societies, will ensue.

"Not only is security behind the \$3,000,000 of loans of problematical value but collection will be costly and productive of much resentment", is the finding of the government's commission, leading *The Free Press* to the admission that if an unduly high percentage of loans turns out badly the public will have no difficulty in deciding between the commission and its assailants."

IN ALBERTA TOO

In his long awaited report on the Alberta banking and credit system, Dr. D. A. McGibbon, professor of economics in the University of Alberta, states that he found sufficient truth and reason in the many complaints received from farmers to warrant important changes in the Banking Act, but he disapproves of the provincial banking idea which many of the Alberta farmers are asking for. Among the suggestions for such

improvements is the appointment of a credit commissioner to consider future complaints about credit. It is claimed, too, that a maximum interest rate of 8 per cent. should be fixed by law.

PATERNALISM IS COSTLY

The announcement by the Alberta government that the seed grain relief system is to be abandoned has been received with general approval in business circles. It has been felt for some time that there was danger of developing an excessive government paternalism and that to continue the various forms of state aid would be only to invite requests for more.

To the end of 1922 the total net advances and guarantees by the government had amounted to \$7,798,269, of which \$5,143,813 is still outstanding.

STANDARD BANK'S YEAR

Not only did the Standard Bank of Canada maintain earnings in the face of unsettled trade and industrial conditions last year but the annual statement to the end of January shows some increase, with the result that after the payment of dividends and making other usual appropriations the balance of profit and loss was increased by about \$58,000. The reserve fund is \$5,000,000, being \$1,000,000 more than the paid up capital.

CANADA'S GOLD PRODUCTION

With a total of \$26,500,000 in gold in 1922 as compared with \$19,400,000 in 1921 and \$16,500,000 in 1920, Canada is again in the position of being the only country in the world to increase her output in the year. The Dominion is now the third largest producer of gold in the world and ranks second within the Empire.

MONTREAL SAVINGS BANK

With a small increase in deposits, the Montreal City and District Savings Bank was able to maintain profits with little change during 1922. The total was \$247,439 compared with \$247,958 for the previous year. After providing for dividends and donation the surplus was increased by \$39,929.

The Industrial Service Department

THE great expansion that has taken place in recent years in the scope of commercial banking in this country, through the establishment of business service departments by leading national banks and trust companies, was described by Alston H. Garside, manager of the industrial service department of the Merchants National Bank of Boston, in a radiophone lecture delivered recently under the auspices of Tufts College and broadcasted from Station WGI, Medford Hillside. The larger banks of this country, said the speaker, are today rendering many services which only a few years ago would have seemed entirely unrelated to the business of banking. Through what they term their industrial service, commercial service, or business promotion departments, the banks are aiding business men in finding new markets for goods, in analyzing business conditions, in laying out selling policies, in adjusting wage rates—in solving, in brief, whatever problems arise in the conduct of business.

"The work of a bank's service department is highly varied, for it covers all phases of all lines of business", said Mr. Garside. "A shoe manufacturer, finding labor conditions unsatisfactory in the town where he is located, decides to move elsewhere, and asks his bank to find a vacant factory for him. A dealer in factory supplies, having become the distributor of a new machine for use in paper mills, asks for a list of leading manufacturers who would be interested in his product, and for letters of introduction to some of them. The president of a large business house, having to deliver an address at a trade convention, requests certain statistics to embody in his speech. An automobile agency calls for a report on industrial conditions in various parts of New England for laying out its selling policy. A print cloth manufacturer, in considering whether he should buy cotton beyond

his immediate requirements, asks for information about production, consumption and stocks of the staple. Such inquiries as these form the regular daily grist of a bank's service department.

"Let me tell you of four services which a Boston bank rendered to a large manufacturing concern in New England. Sometime ago the treasurer of this concern had an argument with the local tax authorities over the assessed valuation of his plant. In defending his position, he found it necessary to obtain figures showing the valuations on similar properties in other mill centers. He asked the bank if it could obtain this information for him. The bank communicated with the assessors in other cities and towns, secured the data desired, and gave the manufacturer a full report on the subject.

"Shortly afterwards, this same mill treasurer received requests from certain of his workers for increases in wages. He felt sure that he was already paying these employees more than his competitors were, for workers of equal skill and responsibility. Again he called on the bank, asking for data which would support his contention. The bank responded by giving him a statement of the wage scales of competing plants which it had secured direct from the managers of these concerns.

"Later, the manufacturer decided to buy certain raw materials direct from producers in Europe instead of from the middlemen with whom he had previously been dealing. He went to the bank a third time, asking that it put him in touch with reliable producers in England, France, Germany, Belgium and Switzerland. The bank took up the matter with its own foreign correspondents, with government agencies, foreign trade papers, trade associations and chambers of commerce, and secured the names of a hundred or more foreign concerns of high business standing who wished to deal direct with manufacturers in this country.

"Still later, the manufacturer found it necessary to obtain printed records of the prices of certain commodities over a period of several months to present as evidence in a law suit. He asked the bank to give him any data that it had in its files or that it could get from other sources. The bank gave him quotations which it had compiled itself and supplemented these with the prices published by leading trade papers. This tabulation constituted an important piece of evidence in the trial of the suit and helped the manufacturer win a verdict of approximately \$75,000.

"The service department of a large city bank never knows what inquiries a day may bring forth. While it is busy on rock salt or automobiles, it may be asked for information on shoes or ammonia. Not infrequently the members of the service staff are called upon to investigate commodities which they know only by name. Needless to say, the bank does not set itself up as having expert knowledge on all the diverse lines of business with which it deals. It can hardly hope, for instance, to know as much about the technicalities of the wool trade as a successful wool merchant does. There are many phases of business, however, which a bank is in a position to investigate, and through its close relations with large business organizations and its knowledge of information sources, it is frequently able to furnish valuable data to its customers.

"Banks naturally adapt their service work to the business interests of their customers. Those which are located in the principal cities on the coast where a large volume of foreign trade is handled provide special service for importers and exporters, such as translation of foreign letters and assistance in making foreign connections. Some institutions

in the agricultural districts of the country give information as to scientific methods of farming and economical merchandising of crops. Some banks render only limited, specialized service, such as giving advice on cost methods and production efficiency. When the bank with which the speaker is associated organized its service department six years ago, it planned to serve simply the textile industry, but it received so many inquiries from other trades it was obliged to broaden its activities to cover business in general.

"Many of you are wondering, I suppose, why banks undertake all of these services—many of them, it would seem, quite foreign to old-line banking. Isn't it a fact, you ask, that business men should go to the government, their trade associations, or chambers of commerce for much of the information and other assistance which they ask of the banks. Perhaps so, to some extent, but from the banking standpoint these needs of business men constitute opportunities, which progressive institutions cannot afford to overlook, to show the interest of the bank in the welfare of its customers.

"Banking is done primarily on the basis of confidence and good will. Banks win confidence by conducting their affairs along sound, safe lines. They create good will by doing everything possible to serve their customers. It is the realization of these facts that has led the banks to extend their activities along the lines that I have described. The banks have taken on these functions in an effort to furnish something more than routine banking facilities. These new services voice the spirit of commercial banks today—a spirit of coöperation and helpfulness toward business men individually and toward trade and industry in general."



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ELMER H. YOUNGMAN, Editor

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Our Withdrawal From the Peace

FOR several months THE BANKERS MAGAZINE has been presenting to its readers the essential nature of the European problem. This has been done with a single purpose, namely, that our people shall gain a true understanding of the situation, and thus be enabled to act in accordance with that understanding. Nothing is to be gained by attempting to make the case appear other than it actually is. In the polite circles of dinner parties, or in the yet milder atmosphere of afternoon teas, effeminate economists may prattle about stabilizing the mark and about Germany's ability to pay, and like twaddle. But men who have an inside knowledge of the situation—in other words, those who know just a little of what they are talking about—look at the matter in a different light. In support of this statement an expression of the viewpoint of the British Prime Minister may well be quoted. In the House of Commons at the opening of Parliament Bonar Law was explaining the failure of Great Britain and France to reach an agreement at the conference held in Paris at the beginning of the year. He said:

"Our proposal was rejected, I think, in the main on another ground. We proposed, as I said, this sum of £2,500,000,000, but it seemed to our French Allies that it might be possible for Germany, in the course of fifteen or perhaps twenty years, to pay off the whole of this and then be in as strong a position as she was before the war from every point of view. There comes in again that feeling to which my right honorable friend referred, and which, in looking at this whole subject, nobody can put out of his mind—the feeling the French had of their insecurity. It was this, I am sure, which was at the bottom of their rejection of our proposal. It was the feeling, if I may put it in this way, that they would like to obtain from Germany sums in reparation; but French statesmen, I believe, and ordinary Frenchmen also, had the feeling that they would not like to see Germany strong enough to pay these reparation amounts. That, I am afraid, is what influenced them."

There, in a nutshell, is the whole problem clearly stated in the simple but telling phrases of which Bonar Law is a master.

Now if France fears a Germany economically strong enough to pay, what is to be done except for the Allies to unite to guaranty France against this actual or imagined danger?

That England at least is longing for our assistance may be inferred from two recent utterances from high sources. Viscount Grey, speaking at the assembling of Parliament, made this statement:

"I believe the root cause of these growing difficulties is the sense of insecurity in regard to the future. I am sure that the lapse of the Franco-British and Franco-American Treaties has really been responsible for a great deal of the unrest, the impatience, and what seems to many the aggressiveness of France. We do not criticise the reasons why the Franco-American Treaty was not ratified; yet it is only fair that the people of the United States should bear in mind that the fact that that Treaty was made and then fell through, and was not ratified has really made things worse in Europe than if the Treaty had never been made at all."

And the Prime Minister, speaking at the Washington Birthday celebration in London, declared:

"America's withdrawal from the peace settlement was of incalculable effect. If she could have played the same part in the peace as she played in the war the world would have been in a much better position today. I think it has already entered the minds of the American Government that America must return to Europe, and when the time is ripe it will take its part in the settlement of world affairs. It is not too much to hope for a union of the two great English-speaking peoples in this great task."

It can hardly be doubted that our withdrawal from the peace settlement has long delayed the return of actual peace and greatly hindered the process of world restoration. It will not exculpate us from responsibility to say that we did not wish to enter the League of Nations. We had the opportunity to do something much simpler than that—something involving less serious hazards, but which would have been even more effectual in bringing about peace. Viscount Grey has pointed out on more than one occasion the serious effects of the lapsing of the Anglo-American-French Treaty through our failure to ratify it.

If there shall be, even yet, a union of the two great English-speaking peoples in the task of settling the present difficulties, that fact will be hailed with great satisfaction. But should such a union take place its objects must be consistent with the aims of France: To make Germany pay for the devastated regions, and to afford reasonable safeguards against future invasions of French territory

by Germany. It is believed both these objects might be effected in a way that would prove far less harmful to Germany than the present unsettled state of affairs.

Settlement of the British Debt

THAT the terms for settling Great Britain's war debt to the United States have been agreed on is something over which the people of both countries and of the entire world may rejoice. As was well said by President Harding in urging on Congress the acceptance of these terms:

"The call of the world today is for integrity of agreements, the sanctity of covenants and the validity of contracts. Here is the first clearing of the war-clouded skies in a debt-burdened world and a sincere commitment of one great nation to validate its financial pledges and discharge its obligations in the highest sense of financial honor. Amid widespread clamor for the cancellation of World War debts as a fancied but fallacious contribution toward peace—a clamor not limited to the lands of the debtor nations but insisted upon among many of our own people—the British Commission came here to make acknowledgment of the debt and put a fresh stamp of its approval on its validity and agree to terms of payment. Your commission went as far as it believed the American sense of fair play justified."

The disposition shown by England in the matter was thus tersely stated in the King's speech opening Parliament:

"I welcome the prospective settlement of our War Debt to the United States of America, which reflects the determination of our people to meet their obligations."

To these two statements may well be added that of Stanley Baldwin, Chancellor of the Exchequer, who spoke in London after his return from America but before the agreement had been ratified by Congress:

"I am certain that, by expressing our willingness to agree to these terms, if they be the terms of Congress, we have performed a very great service to civilization. You can hardly exaggerate the importance today of something having been settled, and, after all, difficult as it may be, the time had come for one nation at least to show that she was not afraid to shoulder her burden before the world."

It may be interesting also to note what was said at the opening of the British Parliament by two distinguished statesmen. Viscount Grey said:

"With regard to the debt to the United States, I do not propose to examine the particular terms: I will simply take notice of the fact that our Government have come to an agreement with the Government of the United States for the payment of that debt, and I regard that fact as one so important that I should not propose to examine the terms. I hope it will be remembered in the future that this country, having voluntarily undertaken, in the stress of war, pecuniary obligations to the United States, when the time came for that debt to be repaid, though we ourselves were under a very heavy burden of taxation, and though we had lent much money to others which at present there was no prospect of recovering, yet we had such respect for the credit of this country that we undertook frankly to discharge our obligation."

And the Marquis Curzon:

"I am very glad to know, without going into details as to the character or weight of the financial burden which we have accepted, that Lord Grey looked at the thing from an international point of view and defended it on the score of national good faith and national honor. The burden will be very heavy indeed. We have undertaken at the present rate of exchange, calculating the dollar at par, a sum of £33,000,000 per annum for the first ten years, and £38,000,000 per annum afterwards for interest and sinking fund the whole debt to be paid off in a period of sixty-two years. That is a terrible burden. It is a burden which any Government imposing upon a country or accepting on its behalf would have a right to complain of if it were a subject of complaint. Yet I do think it is a remarkable fact that I have not seen in any quarter in this country any substantial criticism of the decision arrived at. Rather, I think, has it been a matter of almost universal satisfaction that his Majesty's Government were the first to give a lead in the discharge of its obligations and national honor incurred during the war, and that they have been the first to take a definite step, hard and cruel, and even bitter as it will be in its effect upon the nation at large—the first step in an effort to restore international equilibrium and stabilization."

Both the speeches in Congress and the terms of the settlement are so well known as to require no further extended statement. The terms were in effect a compromise between the impracticable provisions of the Debt Funding Act and the expectations of the British Commission. That, in view of all the circumstances, some concessions should have been made, is quite evident. Probably President Harding was right in saying that the American Commission went "as far as it is believed the American sense of fair play justified".

The agreement reached in regard to this matter had a tonic effect on the security markets in London and New York, and it is believed that the example which Great Britain has given in regard to debt-paying will soon or late be imitated by other countries.

Perhaps one of the most important features of the disappearance of this question from among the list of unsettled problems is to be found in the example afforded by two great nations of their ability to settle a very grave question by counsel and conciliation. Such a settlement was undoubtedly facilitated by the present cordial relations between the two countries. By developing and sustaining relations of this kind between the various countries of the world the settlement of controversies by peaceful means will be greatly aided.

Business Men as Composers of European Difficulties

PERSISTENCE in the belief that Europe's difficulties are susceptible of adjustment by purely business methods continues notwithstanding the fact that all offers of settlement in this way have thus far failed. Bankers and other men of business, accustomed as they are to the adjustment of serious problems through the process of conference and conciliation, are puzzled to find out that like measures are rejected when it is proposed to apply them to the settlement of the difficulties in Europe. They perhaps fail to realize that in this case the matters involved concern not business alone but are deeply complicated by international politics. There are those, however, who realize the dual character of the question. In an interview published in the European edition of the "New York Herald" some weeks ago, Charles M. Schwab is thus quoted:

"I feel that if representative business men got together, they could settle this question very rapidly; but, of course, there are political considerations of which I know little, with which diplomats will have to deal.

"The debt settlement between Great Britain and America has been the greatest act toward rehabilitation and world confidence. It has shown the way in which questions could be settled.

"What must be established is how much Germany can pay, by men who have no personal interests or prejudices in the matter, sitting upon a commission. The commission would not only decide these questions but would be in Berlin to exercise budgetary control, and see that taxes are paid and, supported by the Governments,

including the American Government, could impose a settlement upon Germany.

"I am speaking only as a business man, but it seems to me that a start has got to be made some day. When business men meet at my country place on Sunday nights all of them say: 'We would give our last cent to help Europe financially, but we don't want to mix in European politics,' and I think if America would take part in such a commission as I suggest it would be doing the most it can to help Europe."

If it were not for these troublesome political questions, Mr. Schwab's proposals could be depended on to produce satisfactory results. It is quite possible to figure out the ability of Germany to pay, for that is something directly related to economic resources, to the productive capacity of the country. But even Mr. Schwab's suggestions for compelling payment of such sums as might be fixed go far in the direction of political intervention. When the taxing power of a government is made subject to foreign control, the sovereignty of the government thus constrained is practically destroyed.

The unwillingness of American business men to mix in European politics is easily understood. It is not an inviting field. But has anything been gained by our refusal to look this ugly problem squarely in the face? We can not, by our own disposition toward the matter, by eloquent speeches and loftily-phrased notes, make the matter other than it is.

Mr. Schwab's reference to the debt settlement between America and Great Britain is hardly appropriate. Here was no difficulty in ascertaining the amount due, nor were any political questions between the two countries involved. It was a plain business matter, and as such it was dealt with and happily settled.

The reparations tangle lacks this simplicity. Its roots extend through the entire maze of European political relations. We got into this complication when we declared war against Germany. We squarely took our place by the Allies on the battlefield, but left them painfully to work out the peace without our help. Can this policy be inflexibly followed despite the clear evidence of its lamentable failure?



Ending the Passport Burden

A MERICANS who have been traveling in foreign countries in recent years will rejoice at the prospect of the removal of the passport burden. It is no exaggeration to characterize the visa requirements by this term. Besides, the entire system con-

stitutes an intolerable nuisance, without a single redeeming feature. It does provide fees for a lot of useless officials who might much better be engaged in some legitimate productive employment. The fleecing of travelers, even under cover of legal authority, constitutes a wholly unwarranted invasion of individual rights.

Possibly it may finally have dawned on our Government that in maintaining these costly requirements after they have been more or less generally abolished by other countries we are in effect putting in force a discriminating tax against our business men who are traveling in foreign lands. Let no one be deceived into thinking that this tax is light. It is not only a burden but a very heavy one, entailing a by no means inconsiderable expenditure of money and time, besides putting one's patience to severe tests—all to no purpose whatever; for the vermiform appendix is an indispensable adjunct of the human frame compared with the utility of a passport. It is not enough that the visa fees be reduced and that passport requirements be modified. The system is one that should be reformed altogether, namely, by entire abolition. There are other less annoying and far more efficacious means of affording any needed protection to our citizens traveling abroad and of preventing the coming of undesirable persons to our own shores.

The strict requirements governing passports are a part of the burden left upon the world by the Great War, and since many of the elements of this burden are incapable of being reduced for a long time to come, prompt action should be taken in relieving the people from the weight of others for whose continued existence valid excuse no longer exists. In moving to have these restrictions lessened Secretary Hughes will receive the support of all those who are called abroad by either business or pleasure.

A Costly Experiment in Government Railway Operation

ESTIMATES made by the Director General of Railroads fix the losses sustained by the Government from war-time operation of the railways at approximately \$1,800,000,000. Appropriations to meet this loss have been made already by Congress, and it is even expected that some \$400,000,000 will be covered back into the Treasury in cash and railway securities. So far as this loss affects the present financial situation of the Treasury, large as the sum is, it need not be taken too seriously.

But there is another aspect of the matter that may well receive thoughtful attention. While this experience, occurring under exceptional circumstances, can not be regarded as definitely settling the operation of the railways by the Government as undesirable, it does offer strong proof tending toward that conclusion. It may be conceded that in ordinary times the Government might have operated the roads more economically, but with all the power and increased efficiency that should have resulted from this concentrated control of the country's great railway systems, a decidedly better showing ought to have been made. That it was not must be taken as a strong indication that Government operation of the railways of the country would be both more expensive and less efficient than operation by the owners of the various lines.

Unfortunately, there are some elements in the loss arising through Government ownership incapable of exact appraisement in dollars and cents. Both the public and the employees of the railways were given false views of the functions and obligations of the roads. A good many people got the idea that it was the business of the railroads to provide transportation irrespective of cost, while employees in too many cases have been led to expect shortened hours, reduced work and increased pay as something rightfully belonging to them, irrespective of the net earnings of the roads. The results gained under a limited experience with Government operation of the railways are not likely to whet the public appetite for other lessons of the same kind.

The Dangers of Generosity

THAT the great trusts created by American millionaires for benevolent purposes should be the sources of serious potential harm is a conception perhaps entirely unfamiliar to the average mind. So eager are all of us to be the recipients of wealth in one way or another, that we find it difficult to comprehend how gifts for worthy public purposes can be the source of possible harm. Yet such is the clear statement contained in the annual report of the Carnegie Corporation of New York, made public recently. And this view does not rest merely upon the tendency of such bestowals to weaken the efforts of the recipients or to encourage extravagance. One of the dangers to a trust of this kind, it is said, consists in the tendency to dissipate resources in mediocre projects believed to be essential by their supporters. "Men can sincerely believe this even when the chief function of the cause which they represent is to

furnish salaries for those who conduct it". This same tendency is familiar in the activities of government. No bureau is so utterly useless but what its salaried beneficiaries will see in it the salvation of the people, and bewail its threatened destruction as an overwhelming public menace.

One probable harm that has resulted from this munificent public giving has been found, according to the report, in the undue stimulation given to the activities of the colleges. The attractiveness of college life, from the social and material standpoint, has been given such prominence that the colleges are overcrowded and by many who, it is believed, will ultimately find serious disillusionment when they come to confront the actualities of life.

The report concludes with these sage observations:

"Whether a science or even an art of public giving can ever be developed is questionable. Some of those who have accumulated great fortunes have sought to devise forms of automatic distribution that would do good and not harm. None of these devices has ever succeeded for any considerable period of time. The fact may as well be faced at once that giving, whether in the public sense or in the private sense, will in the end involve a personal responsibility and a personal scrutiny. Somebody must sweat blood with gift money if its effect is not to do more harm than good, and this is equally true whether the giving be private or public, whether it be done by an individual or by a trust."



An Encouraging Judicial Decision

FOR a long time business men in this country have been conducting their operations under a growing belief that, if successful on a large scale, they were liable ultimately to be classed in the category of more or less undesirable citizens. Prosecutions and investigations of one kind and another did much to uphold this view. But now comes an opinion from the Supreme Court of the United States to the effect that a business may be successful without necessarily being reprehensible, and that a concern does not lay itself open to complaint by choosing efficient men to represent it.

This opinion appears in the decision in the case of the Federal Trade Commission against the Curtis Publishing Company for alleged violation of the Sherman Anti-Trust Law, in forbidding those who distribute its publications from selling or distributing the magazines of other publishing companies. Defining the contract in this particular case as one of agency, and not of sale upon con-

dition, it was held that a contract requiring an agent to devote all his time to the handling of a single concern's publications had "long been recognized as a proper and unobjectionable practice".

"Effective competition requires that traders have large freedom of action in conducting their own affairs," the opinion read. "Success alone does not show reprehensible methods, although it may increase or render insuperable the difficulties which rivals must face. The mere selection of competent, successful and exclusive representatives in the orderly course of development can give no just cause for complaint, and when standing alone certainly affords no ground for condemnation under the statute."

Very likely the delicate humor of this opinion will be lost upon the Federal Trade Commission. If the opposite rule were followed, and business men selected as their representatives, men who were incompetent, unsuccessful and mixed up in all sorts of enterprises, there would be no success in business to penalize, and also, no Federal Trade Commission.



Random Reflections on Money

By Carl H. Getz

WHEN gold, silver, copper and iron were first used for payment, they were simply weighed. The English still speak of a pound rather than a sovereign.

The next step was to issue pieces of gold and silver correctly weighed and then to indicate the weight and value on each piece.

"Shekels" is a common slang word for money today. That word dates back to early Assyrian and Babylonian days when shekels or pounds of gold and silver were used for coin.

The Greeks are ordinarily given credit for coining the first money. In the seventh century, B. C., they stamped on each coin the coat of arms of their city, the state seal and finally the weight and value of the coin.

The weight of the most ancient gold coin in all of these countries—Phocaea, Aegina, the Peloponnesus, the city of Athens and the Greek colonies in Africa and Italy—was originally the same as

that of the ancient Babylonian gold shekel, only stamped with the arms of each country, which thus made itself responsible for its correct weight. This same gold shekel despite innumerable changes has held its own on down through the centuries.

The gold coins of Croesus, Darius, Philip and Alexander have all about the same weight as the old Babylonian gold shekel, sixty of them to one mina of gold. But what is probably the most remarkable fact is that a sovereign or a pound or shekel has nearly the same weight, sixty of them to one old Babylonian mina of gold.

Last year—1922—there were \$4,538,162,305 in coin, including bullion in the United States Treasury, in this country.

Only in the West and in some parts of the South today will one find still the silver dollar, commonly known as the "cart-wheel". Everywhere else currency has taken its place.

A Page from the Ruhr



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Upper left: Chancellor Cuno, Germany. Upper right: Premier Poincaré, France

Center: Krupp Works, Essen

Below, left to right: August Thyssen and Hugo Stinnes, Coal Barons of the Ruhr



SEWARD PROSSER

Chairman of the Board Bankers Trust Company, New York

SEWARD PROSSER was born in Buffalo in 1871. He was educated in the public schools, later attending the Englewood School for Boys. His business career began with the Equitable Life Insurance Company where he remained for quite a number of years, subsequently forming the insurance firm of Prosser & Homans. At the time of the organization of the Astor Trust Company of New York in 1907, he was elected a vice-president. In 1912 he went to the Liberty National Bank as president, remaining there until October 6, 1914, when he became president of the Bankers Trust Company. He held that position until March of this year when he became chairman of the board on the creation of that new office. Mr. Prosser is also a director in a large number of corporations.



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A. A. TILNEY

President Bankers Trust Company of New York

MR. TILNEY has been vice-president of the Bankers Trust Company since 1916. He has always acted in Mr. Prosser's absence as chief executive. He was born in Brooklyn in 1868 and prepared for college at the Brooklyn Polytechnic and other private schools and was graduated from Yale with the Class of 1890. After a year with the Pennsylvania Railroad, Mr. Tilney went to Harvey Fisk & Sons, representing that firm in Boston from 1894 to 1907. He became a member of the firm in 1904, retiring from it in 1914. He went to the Bankers Trust Company as assistant to the president in August 1915.



MAJOR J. L. FRINK

Chief of the Sales Promotion Section of the War Department

MAJOR FRINK has had the difficult duty of creating buyer interest in the Government's huge war surplus. Largely through advertising, about \$1,000,000,000 has been reclaimed for the Treasury and the bulk of the surplus has been liquidated. This material cost the Government approximately \$2,500,000,000, so that the return represents about 40 per cent. of the original cost. This vast selling program was carried out without injuring materially the business of the country. Included in the surplus disposed of was nearly every kind of article known to commerce, as well as real estate and buildings.

A Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank and instructor in banking, New York and Hudson County (New Jersey) Chapter, American Institute of Banking

(This is the first instalment of a series of articles designed particularly to assist the enterprising banker to become better acquainted with the broader but practical phases of his business. Banking is the master "facilitating" business. Bankers are compelled to know something about the businesses to which they lend their credit. This means, therefore, that bankers must understand the principles which underlie all business if the maximum degree of success is to be attained. This course has been developed with the intention of serving four specific ends: (1) to delineate the more prominent aspects of each branch of the subject by a thumb-nail summary; (2) to arouse interest in the timely unsettled problems in modern banking; (3) to furnish the best, most recent, and most available sources of information in banking literature on each topic through assignments and supplementary reading; and (4) to organize the reader's study by including a list of questions in order to indicate the leading points—THE EDITOR.)

OUTLINE

- I. Function of money—To serve as
 1. Medium of exchange.
 2. Standard, or common denominator of values.
 3. Standard of deferred payments.
 4. Storehouse of value.
 5. Bank reserves.
 - II. Kinds of Money:
 1. Paper money
 - A. Government
 - (1) Promises to pay, e. g., U. S. Treasury notes, or "legal tender".
 - (2) Certificates of deposit, e. g., gold and silver certificates.
 - B. Bank, e. g. National bank notes.
 2. Metallic money
 - A. Gold coins.
 - B. Silver dollars.
 - C. Subsidiary silver coins (fractional silver).
 - D. Minor coins (nickels and cents).
 - III. Legal tender (money which by law must be accepted in payment of debts):
 1. Full legal tender money
 - A. Gold coins.
 - B. Silver dollars (except where otherwise expressly stipulated to the contrary in the contract).
 - C. Gold certificates.
 - D. U. S. notes.
 2. Non-legal tender money
 - A. Silver certificates.
 - B. Federal Reserve notes.
 - C. Federal Reserve Bank notes.
 - D. National bank notes.
 3. Limited legal tender money
 - A. Fractional silver, up to \$10.
 - B. Minor coins, up to \$0.25.
- IV. Sources of Supply of Money:
 1. Used money
 - A. Cash deposits received over the window or through mails.
 - B. Currency and coin shipments inward.
 - C. Federal Reserve banks.
 - D. Borrowed from other banks.
 2. New money
 - A. Federal Reserve banks.
 - B. U. S. Treasury.
- V. Counterfeits and Raised Bills:
 1. Counterfeits detected by
 - A. Knowledge of counterfeiters' technical processes.
 - B. "The Counterfeit Detector".
 - C. Weight and Texture Comparisons.
 2. Raised bills detected by
 - A. Scaling rather than thumbing.
 - B. Knowledge of denominational portraits.

ARTICLE I—MONEY

WHAT does the banker know about the principal commodities in which he deals, i. e., money and credit? Coming in such close daily contact with money, the average banker seldom takes the time to consider

what a complex thing money is, or what particular problems it presents.

Bankers should know something about money, not only because it is a commodity in which they deal, but because ultimately it lies at the bottom

of every credit, banking, price (and therefore business) transaction.

In recent years this country, very fortunately, has been free from any serious monetary disturbance. By the Gold Standard Act of 1900, and reaffirmed by the Federal Reserve Act, all our various forms of money are required to be kept on a par with each other. We have been able to maintain parity among our currencies despite their various intrinsic worths. In the Civil War period, however, some forms of money circulated at very appreciable discount in terms of gold. At the present time, practically every European nation is suffering from monetary troubles. There the gold standard has temporarily been abandoned, and paper money not redeemable in gold (at least at par) has been substituted. The two most obvious consequences of this situation have been to increase prices at home, and to decrease the value of these currencies in foreign markets. Europe is now struggling to get back to the gold basis, to rectify adversely dislocated exchanges, and to regain normal trade relations.

Recently, this country has been threatened with monetary disturbances, either because of political meddling, or because of incompetence in solving monetary problems. An example of the first was the "free silver" campaign in 1896, when Bryan was defeated. As the readings will show, had Bryan won and had "free silver" become an actuality, confidence would have been undermined, business prostrated, and economic development crippled. An example of the second type of disturbance is the financial panic, or distressing money shortage which repeatedly occurred before the establishment of the Federal Reserve System.

Serious panics took place in 1907, 1903, 1900, 1893, 1873. Why? Because bankers had not learned to regulate the supply of money in accordance with the needs of business. This defect has since been corrected through the elastic currency provided by the Federal Reserve banks. In a period of rising

prices and increasing business volume, additional Federal Reserve notes may be automatically injected into the circulation. Conversely, excessive quantities of these notes may be automatically retired when business falls off and prices are in process of being deflated. While the problem of panics has been solved, it now remains for bankers to address themselves to a solution of the problem of the business cycle, i.e., to keep business and prices on a more stable basis by eliminating the excesses of prosperity and depression. This at base is also a monetary problem.

Another phase of money which many bankers only inadequately understand is the question of its value. The value of money depends upon its purchasing power. That is to say, its value is relatively high when prices are relatively low, and vice versa.

Economists have long held that if the supply of money increases, so will prices. This is known as the quantity theory of money. Taking gold as the base of currency system, an increase in the quantity of gold without a corresponding increase in goods would tend to make gold less valuable in terms of goods, and therefore prices would tend to rise. This raises the question of what the long-term trend of prices will be. Since gold is constantly being produced, and old supplies tend to remain as a part of the entire stock, the world's gold supply is progressively being augmented. Over long periods, therefore, prices must also go up.

It is because of fluctuating prices, with a long-term upward trend, that the gold standard is today being attacked. Various individuals are advocating the substitution of "energy" units or "labor-hour" units for gold as a basis of settling debts. Nobody claims that gold is a perfect medium for a currency base but this metal can lay claim to some very superior merits. Bankers should be able to take up the challenge of incompetent critics or radicals, and defend our currency system against all such unsound doctrines.

A number of other important principles regarding money are suggested in the above outline. For lack of space they cannot be treated in this introduction. The reader will, however, find the important principles satisfactorily, if not exhaustively, treated in the following assignments.

READING ASSIGNMENT

J. T. Holdsworth: Money and Banking, Chap. 1-6. (For definitions, functions of money, coinage, money system of the United States, value of money).

H. White: Money and Banking, Chap. 2-6. (For coinage, legal tender, gold production, gold standard).

H. P. Willis: The Federal Reserve, Chap. 12. (For discussion of elastic currency, i.e., Federal Reserve notes).

W. H. Kniffin: Practical Work of a Bank, Chap. 1. (For brief general treatment).

G. G. Munn: Paying Teller's Department, pp. 71-110. (For kinds and qualities of U. S. money, sources of supply, paying teller's duties in respect thereto; detection of counterfeits and raised bills).

SUPPLEMENTARY READING

For those who wish to make a more serious study of the subject:

E. W. Kemmerer: Money and Prices.

E. W. Kemmerer: Modern Currency Reform.

B. M. Anderson: The Value of Money.

A. B. Hepburn: A History of Currency in the United States.

I. Fisher: Stabilizing the Dollar.

C. E. Phillips: Readings in Money and Banking.

H. G. Moulton: Principles of Money and Banking, Pt. I, Chap. 5.

QUESTIONS

1. What are the functions of money?
2. What is meant by *standard of value*? *Standard of deferred payments*?

3. What qualities must a money possess in order to be a good *medium of exchange*? *Standard of value*? *Standard of deferred payments*?

4. What is meant by *standard money*?

5. Give as many reasons as you can why gold serves as the best standard of value.

6. To what extent is money used in settling transactions as compared with credit instruments?

7. Name six kinds of paper money and four kinds of metallic money used in the United States.

8. What is the security behind each kind of paper money?

9. In what is each kind of paper money redeemable?

10. What are the legal tender qualities of each kind of U. S. money?

11. What is fiat money? Do we have any in the United States?

12. What is Gresham's law?

13. What is bimetalism?

14. Can Gresham's law be reconciled with bimetalism? Explain.

15. What are the requisites of good coinage?

16. What is abrasion, tolerance, and limit of tolerance?

17. What is the mint price of gold and how is it determined?

18. What is the weight and composition of the gold dollar?

19. Upon what does the value of money depend?

20. What is meant by the quantity theory of money?

21. Suppose the general level of prices should fall 25 per cent., what change would occur in the value of money?

22. What is meant by elastic currency? Mention the only example.

23. Distinguish between Federal Reserve notes and Federal Reserve Bank notes.

24. What are the sources of supply of used money? New money?

25. What are the principal methods of detecting counterfeit coins?

26. Name three processes used by counterfeiters in making counterfeit coins.

27. How are raised bills detected?

28. Give the denominational portraits on each kind of paper money for the denominations from \$1 to \$100.

29. If world gold production rises, what may be expected of prices?

30. What problems does the rising price level raise?

31. How is it possible to make paper money circulate on a par with gold?

32. Why is the currency of most of the European nations below par?

33. What must be done in order to bring these currencies back to par?



Social Importance of Branch Banking

By Howard Whipple

President First National Bank, Turlock, Cal.

(The Editor believes that this article is one of the best and most thorough discussions of the subject of branch banking that has appeared in the pages of THE BANKERS MAGAZINE. It is well worth a careful reading. Mr. Whipple has kept his discussion singularly free from bias or prejudice and has based his conclusions on a series of logically presented premises showing every evidence of the careful study which he has given to his subject. This article is the text of a paper read by Mr. Whipple at a group meeting of the California Bankers Association last fall.—THE EDITOR.)

BANKS are primarily institutions of deposit and discount. In the former instance they deal with the sources of credit, in the latter they deal with the disposal of credit. In the depositary function they are social monopolies in so far as they are holders of funds belonging to others payable to the owner without deduction. Banks have been given that monopoly by legislative enactment from considerations of public welfare. The same considerations, however, have given no monopoly of the right to enter into the business of banking, providing certain conditions, open to any one, are complied with. They are that the individuals who form a banking association must be of good character, be competent, must invest in the enterprise a definite amount of capital as a protection against loss to the depositor and must be under governmental control. Those conditions carefully delimit the field of banking, but permit the freest play of the forces of competition within that field. At the present time any properly equipped individual may associate himself with other similar individuals and without very much difficulty engage in the business of banking.

It is well to examine into the considerations of public welfare which have permitted the enactment of laws giving a monopoly of the depositary function to banks, for monopolies have been abhorrent to civilized people for centuries. Early in the seventeenth century English law established the principle that monopolies are abhorrent, and even today Section 26 of Article 1 of the constitution of the State of Texas re-

cites: "Monopolies are contrary to the genius of free government and shall never be allowed". That political principle, so long enduring and so thoroughly a part of Anglo-Saxon political conscience, must have required compelling reasons for its abrogation even in part. One reason for taking away by law the right of the unregulated individual to accept deposits lay in the variability of his integrity and ability to handle properly funds left with him in trust. The theory of the laws governing banking is that an association of individuals under pledge of their invested capital is more prone both in integrity and ability to the proper handling of trust funds than an individual with or without pledge. Under that theory private banks have been abolished by most states because of their record for loss. A more compelling reason for granting monopoly lay in the public inconvenience caused by the division of the source of credit into too many small and often inaccessible pools when under the control of unrestricted individuals in comparison with the accessibility of the larger reservoirs of credit under the control of restricted associations.

It must not be understood, however, that because of the monopoly of the depositary function enjoyed by banks they thereby control all sources of credit. They control only that portion of the liquid credits of the country which are voluntarily left with them by depositors. The individual, either alone or in association with others, is the source and enjoys the fundamental control of credit. He delegates that

control to banks when it is to his advantage to do so. He retains it for similar considerations.

The exercise of the right to accept deposits by banks results in the accumulation of reservoirs of credit which are used and disposed of through the discount function of banks. But in that function banks enjoy no monopoly. Considerations of public welfare have placed no restrictions on who may extend credit. Individuals, life insurance companies, building and loan associations and other corporations may loan money. If it is their own and not left with them in trust they may loan it in any manner they wish. They compete actively with banks for loans, unhampered by the restrictions prescribed by law for banks and other institutions of trust.

FACTORS INFLUENCING AMOUNT OF DEPOSITS

The depositary function of banks is almost a dead science. While competition constantly forces new ways of attracting deposits, methods of accepting and handling them vary but little. The operation is mechanical and virtually the same in all banks. Because of such conditions the degree with which banks vary in the amount of deposits they accept is dependent on other factors. Among them are: The nearness or convenience of the bank to the depositor; personal relationships; considerations of security; the manner in which and the extent to which the depositor may obtain other credit, as well as the sentimental considerations of local pride and attractiveness of banking house and equipment. An additional factor—and one of comparatively recent development—is publicity. Whether obtained by advertising or personal effort, unless used by all banks to an equal degree it may outweigh some of the more basic factors just mentioned. It is in such factors that the opportunity for competition lies, for they are variable factors. To the degree that a bank possesses them, to that

degree does it attract deposits and grow.

Deposits of two kinds are attracted. One is composed of liquid credits used for conducting operations—in other words, used in getting goods from the producer to the consumer. Such deposits are usually wanted on a moment's notice and are, therefore payable on demand. The other is composed of liquid credits looking for investment. In contrast to operating fund deposits the principal is not wanted immediately, so such deposits are called time deposits in distinction to demand. Operating credits are deposited in commercial banks. Investment credits are deposited in savings banks.

Commercial banks have a more complete monopoly than do savings banks. The latter compete for funds with life insurance companies, building and loan associations and such. But it is in the disposal of accumulations of credit that they compete more. Their field of investment is very much the same. All loan money on real estate, buy bonds and supply a market for competitive bidders for investment funds. The value of investment money is established by that competition. The natural course of events, together with considerations of public welfare, therefore, have given to savings banks no monopoly whatever in the disposal of their credits and only a partial monopoly in their accumulation. On the contrary, except for the competition of individuals and corporations who have occasionally funds available for short term loans, commercial banks have almost a monopolistic control of both the sources and disposal of operating credits. If that control should lodge in the hands of a few a condition approaching absolutism in commercial credits would exist. The key to the situation lies in the fact that by controlling the sources of liquid operating credits commercial banks control their disposal. The question naturally arises, "Why does the operation of business system or custom permit that condition?" The answer lies in the fact that the theory of commercial bank-

ing provides that depositors may at times obtain the use of their bank's credit in return for having maintained a deposit. It is a reciprocal relation, an endless chain maintained and permitted by the fact that all of a commercial bank's customers are not all depositors at any one time or all borrowers at any one time. The law of averages, the variety of human wants insure that condition.

MONOPOLISTIC DANGERS AND SAFEGUARDS

The monopoly of commercial banking is therefore permitted by law and by business custom. Any monopoly is capable of being abused. When so, public welfare is endangered. The most common danger is that occasioned by the very nature of monopolies. That is, the conditions which permit them likewise permit their growth to such size that smaller individuals or units can no longer enter into competition with, or are crushed by, them. It is because of that danger that Anglo-Saxon and other jurisprudences, under the theory of equality of opportunity for all, have decried monopoly since early times. Under this view society is better served by the free play of economic forces. And so competition has been effected and complete monopoly avoided in commercial banking by providing for the free entrance of associations into that field when the public's interest has been safeguarded and the necessity for the bank has been deemed to exist. One such safeguard is the attempt to gauge by two standards the amount of capital necessary to be invested in a banking enterprise for the public's protection. One is the population of the municipal unit in which the enterprise is to be located, before establishment. The other is the maintenance of a definite proportion of invested capital to deposit liability, after establishment. For an arbitrary system it has worked very well. The standards have been kept to such a level that the average minimum rather than the average maximum economic requirements of any com-

munity in invested capital have been met, in order that free entrance into an open banking field may not be curtailed by such high requirements that only a few would have the means of entering—a condition tending toward a monopoly of wealth.

But a tendency toward that condition is arising. It is this tendency to monopoly inherent in the branch bank system. That system already exists in a variety of forms—intra-city, intra-state, interstate and international—and is growing rapidly. Why should it do so? The postulate will be accepted, I think, that the economic needs of the public have not expressed a demand for branch banking any more than they have expressed a demand that existing banking shall be independent. Politically, however, in contrast to economically, the public has established the precedent very thoroughly that it is opposed to the principle of branch banking with the exception of comparatively recent changes in the laws of some states. In similar vein, the fact that Europe, Canada and Australia have adopted domestic branch banking is no more reason why America should adopt it than that America should retain independent banking because it is called American. The reason for the adoption or rejection of any important system of banking must lie in the consideration of public welfare. The fortunes of the banker, whether he be a proponent of independent or of branch banking, are of no concern. But it is consideration of the fortunes of the banker rather than of the public, apparently, in view of the absence of any expressed demand on the part of the public, that is causing the growth of branch banking today.

FOUR URGES TOWARD ECONOMIC ACTIVITY

Let us examine the situation. Men engaged in economic activity and, therefore, in one of its phases, banking, for the following reasons: First, for the purpose of earning their living; second, because of their desire for power; third, because they desire to win the esteem

of their fellows; fourth, because of the desire for activity for its own sake. The first urge is common to all men and may therefore be dismissed from consideration here. When it goes beyond the desire to make a living and takes the form of an inordinate greed for profit it becomes a social menace. Men possess the other three urges in varying degree. But before examining into each of them it is necessary to examine into the status of banking as it presently exists in the United States. There are roughly 30,000 independent banks, each occupying a field limited by the extent of the economic unit it serves. In banks of the same general class there is little difference in the service they render or in its cost. The public bargains very little in banking, for credit is staple and does not get second-hand. Only in the personal or human element do banks differ materially. There is no reason, therefore, why the people of one city should not do all their banking in another city except that nearness is a convenience, community interest a reality, and local pride an intangible but real factor of moment.

In the desire for power in banking, size is a concomitant. The larger the bank, the greater the power of its manager. He has facilities which men in smaller positions do not enjoy. He strives constantly to gain greater power through a larger bank.

The third urge is the desire to gain the esteem of one's fellows. It is almost as inherent as the desire for food. It takes many angles, but in financial matters the desire to possess or control wealth of great size is one of its most apparent manifestations. Many bankers take pride in being esteemed for having the largest bank in their territory, rather than being esteemed for having the greatest ability as a banker or even the best bank from all standpoints. They take that position because they are of the opinion that the public nowadays admires success more than any other thing—and success is commonly measured by the yardstick of financial size.

The fourth urge toward economic activity is the desire for activity for its own sake. It is not as common as the desire for power or esteem of one's fellows, but it is very potent nevertheless. There is a type of banker who constantly chafes at his limitations. He desires larger fields for his operations purely for the sake of giving vent to his energies.

When all four urges are directed along proper lines they are fertile fields of human progress. When improperly directed, brutality and suffering for society result. Consequently, society endeavors to avoid evil results by the passage of laws. In banking, laws establish freedom of entrance into the business of banking, limit rates of interest charged and protect the interests of depositors. The law endeavors to maintain equality of opportunity, wherein success will come to those who possess in the highest degree the natural qualities which enable them to serve best. But because of that equality of opportunity the similarity of conditions, under which independent bankers operate, limit the growth of their banks and therefore of their profits, power and so forth. They must do something the other banker does not do. The banker who desires to grow beyond the ordinary confines of his immediate economic unit must attract additional deposits either by the discovery of better opportunities of service, which are very shortly copied, or by the invasion of the field of the other banker. We will discuss better opportunities of service later. We are now concerned with the inception of the invasion of other banking fields. It is usually accomplished by purchasing the business of the other banker. He may thereupon maintain the purchased business as an independent link in a chain of banks, or he may consolidate it with his own business as a branch thereof. In his quest for size he is thwarted somewhat if he maintains his purchased deposits in a chain bank, because his parent bank increases in size only to the extent that the chain

bank is able to redeposit in the parent institution. But by operating the purchased bank as a branch the banker is able to incorporate the new deposits directly into the totals of his parent institution. The ability to obtain size by purchase depends on the length of the banker's purse.

INVADING THE OTHER BANKER'S FIELD

Another way of invading the other banker's field without purchasing and without necessitating the investment of new capital, as is required when an independent bank is organized, is to establish a branch office for the purpose of receiving deposits and offering other banking services. Right here arises the heart of the branch bank problem. It is the question of public and private favoritism. Public favoritism may be defined as special privilege granted to a few by legal enactment. Private favoritism may be defined as special privilege granted to a few by private individuals.

An example of public favoritism is that wherein the laws of some states permit banks operating under state charter to operate branches, while the laws under which national banks operate do not permit national banks to operate branches.

A better example of public favoritism occurs in the requirements of Section 19 of the California Bank Act. That section regulates the amount of capital and surplus required of banks according to a graduated scale, whose graduations are in inverse proportion to the deposit liability. The smaller that liability, the greater proportional amount of capital and surplus is required. The greater the liability, the less proportional amount of capital and surplus is required. For example, a commercial bank must have a minimum aggregate of paid-up capital and surplus equal to 10 per cent. of any amount of deposit liability up to, and including \$2,000,000. The smallest percentage required is 5 per cent. of any amount of deposit liability in excess of \$5,000,000.

A savings bank must have a minimum aggregate of capital and surplus equal to 10 per cent. of any amount of deposit liability up to, and including \$1,000,000. The smallest percentage required is 1 per cent. of any amount of deposit liability in excess of \$25,000,000. The law works in this manner: If an independent bank or a bank with branches should hold \$5,000,000 of commercial deposits, which is the minimum amount of deposits permitted for the minimum percentage of capital and surplus, it would be required to have a capital and surplus of \$425,000. If, however, the \$5,000,000 should be divided into three independent banks, which would then be obliged to operate under the 10 per cent. rule, the three banks would be required to maintain an aggregate of capital and surplus of \$500,000, a sum 15 per cent. greater than that required for the single or branch bank. The disparity against the smaller bank is even greater when larger figures are used. For example, if the single or branch bank should have \$25,000,000 of commercial deposits its required aggregate of capital and surplus would be \$1,425,000, an average rate of 5.7 per cent. If the deposits were divided as shown above there would be twelve or thirteen independent banks with a capitalization of \$2,500,000, a sum 43 per cent. greater than that required for the single or branch bank.

In savings banks the disparity is still greater. If one independent bank or a bank with branches should hold \$25,000,000 of savings deposits it would be required to have an aggregate of capital and surplus of \$975,000. But if the \$25,000,000 deposits were divided into smaller banks having the maximum amount of deposits under the 10 per cent. rule there would be twenty-five independent banks with \$1,000,000 deposits each and a total capital and surplus of \$2,500,000, a sum 61 per cent. greater than that required of a single or branch bank of equal deposit liability. If we use still larger figures, a single independent departmental bank

or a branch banking system with deposits of \$100,000,000 divided into \$25,000,000 commercial and \$75,000,000 savings, the capital and surplus of such a bank would be required to be \$2,900,000 or an average percentage of but 2.9 per cent. But if the \$100,000,000 were divided among independent banks as above, the required aggregate of capital and surplus would be \$10,000,000 or 10 per cent. instead of 2.9 per cent. of deposits. In actual practice, however, the disparity is not so great. On September 15, 1922, all the large branch banks in California had a relation of capital and surplus to deposits of 7.9 per cent. All the independent banks, including the large cities, in California had a percentage of 18.6. All independent banks outside of San Francisco, Oakland and Los Angeles had a percentage of 17.6. Manifestly, depositors in independent banks enjoy a greater measure of protection, as far as having a higher average percentage of capital and surplus to deposits is concerned, than do the depositors in the larger branch bank systems. But we are not concerned with the element of security at this point. We are discussing the relation of Section 19 of the California Bank Act to the actuality of public favoritism. It occurs in two fields: One, of city branch banking; the other, of country branch banking.

BRANCH BANKING IN CITY FIELD

To illustrate the city field: A city of 100,000 population is the size usually discussed in connection with branch banking. For a city of that size Subdivision D of Section 23 of the Act prescribes a minimum paid up capital stock for a departmental bank of not less than \$200,000. Section 9 of the same Act permits a bank to open a branch bank in the same city providing the capital stock of the bank exceeds the amount required by the Act by \$25,000 for each branch opened and maintained in the place where its principal business is transacted. A branch bank is plainly

favored very materially by these sections. For example, with an investment of \$200,000 (that required to organize an independent bank) a branch banking system could establish eight branches. But let us suppose that in a city of 100,000 population a certain section desired to organize an independent neighborhood bank for the purpose of developing that particular section. It may have felt that the credits originated by it were not being used for its particular benefit. If the section should organize its own bank an investment of \$200,000 would be required. In the meantime its efforts could be paralleled by any branch banking system with an investment of only \$25,000 for each branch office. It is true that Section 9 of the Bank Act gives discretionary powers to the Superintendent of Banks and that so far that discretion has been guided by considerations of public advantage. Such considerations, however, cannot determine definite limits of the size to which an independent bank should be allowed to grow nor the geographical field it should be permitted to cover before permitting the competition of a branch bank. It is particularly easy for a departmental bank having savings deposits of \$25,000,000 to establish branch banks on account of its low capital requirements of but \$975,000. By adding but \$25,000 to its capital it could establish a branch and accept \$2,500,000 more savings deposits. It is true that the neighborhood bank could also establish a branch with \$25,000 additional capital, but it could accept but \$250,000 more savings deposits if the capital stock of that department were determined by the 10 per cent. rule.

Something remains to be said in another direction, however, for considerations of public advantage. A sectional spirit may not exist, for there may be no competition of importance between one section of a city with another. The depositary function in a commercial section is used as an every day occurrence,

whereas use of the discount function is far more infrequent. Therefore, nearness of a bank in which to deposit is a convenience particularly in view of the congestion and distance of the main commercial center of the city. Taxes paid and profits divided by the parent bank and its city branches remain in the city for the benefit of all sections. Other things being equal, then it is sometimes desirable that branch banks be established in various sections of a city and that the capital requirements be kept low so as to permit ease of their establishment. Of course, that interpretation of public policy immediately produces a conflict. It occurs because Section 9 of the Bank Act permits a branch bank, established under a low capital requirement, to undermine the business of a more highly capitalized independent bank, permitted by Section 23. Such permission undoubtedly does a publicly inspired injustice to the owners of an independent bank so undermined, for they may have spent much time and money in building their bank. It is a shining example of public favoritism in the field of city banking. But how to correct the situation is not within the province of this paper.

DIFFERENT SITUATION IN COUNTRY FIELD

In the field of country banking a different situation exists. There is in that field a constant competition between communities. Particularly are country communities constantly on the alert to protect themselves against the unequal competition of the large cities. That part of Section 9 of the Bank Act which governs the amount of capital required for an additional branch office in a city other than that of the parent bank is not in conflict with Section 23 which graduates the amount of capital required according to the population. If a branch banking system desires to establish a branch in another city, it must have above its ordinary requirements an excess of capital for each such branch equal in amount to the capital required of an independent bank thereafter or-

ganized in a city of that population. There is no public favoritism in that requirement, and the opponents of branch banking cannot object to it in fairness. They do object to the practical operation of that permission along other lines. One is, that because capital is not allocated to such a branch in definite amounts the action of the branch office in soliciting deposits, by using the entire capital stock of the whole system as an evidence of strength due to large capitalization creates a condition of unfair and misleading comparative advertising. As a matter of fact and as previously pointed out, the proportion of protection to depositors, as far as the relationship of capital and surplus to deposits is concerned, is more than twice as great in the average independent bank as it is in the average of the large branch banking systems.

Another objection on the part of the independent banks is that they are compelled to publish their condition, whereas the local branch office has its condition concealed in the published totals of the parent office. The practical results of that concealment mean unfair competition for the independent bank, for the unfortunate results of having made poor loans are immediately shown up in impairment of its capital if its losses are large. On the other hand, the branch bank may have suffered equally severe losses, which were concealed in the totals of the parent bank. That feature would be in itself a valid argument in favor of branch banking were it not for the fact that the management which permitted or caused heavy losses at one point would not necessarily be free from them at other points.

SECRECY UNFAIR TO FAIR PLAY

In particular, the secrecy surrounding the capitalization, fluctuations in the deposit level as an indication of public regard, and profit and loss account of the individual branch office is unfair to the spirit of fair play and, therefore, ultimately to public advantage. For example, if the parent of-

fice wished to eliminate irksome competition of an independent bank by running its branch at that point at a loss until the independent bank would close, the public would practically have no way of recognizing and rebuking such reprehensible tactics. If the public failed to so act it could not prevent the branch bank at that point from recovering its previous losses and more when, by eliminating its competitor, it enjoyed an absolute monopoly at that point.

Another point of difference permitted by law is that covered by Section 80 of the Bank Act, which establishes the rule that all banks may loan the same percentage of their capital and surplus to any one individual. By that section the branch office with deposits of \$500,000, whose parent institution possessed a capital and surplus of \$1,000,000 is permitted to loan 10 per cent. of its parent bank's capitalization, while the independent bank with equal deposits but with a capitalization of \$100,000 is only permitted to loan \$10,000 instead of the \$100,000 of the branch. While an example of public favoritism in favor of branch banking, the difference in loanable limit is to public advantage at times and, as such, is one of the main arguments in favor of branch banking. It is a moot question as to its importance, however, for it is not known to what extent the average community is unable, because of size, to finance its larger commercial transactions, especially those which its local banks cannot finance through their city correspondents. In the vast majority of cases the capitalization of the average independent country bank is based on the requirements of its community.

Private favoritism is not necessarily as positive in its action as public favoritism, from which it gets its life. It exists through the discretionary powers granted by law to public officials having supervisory authority over banks. Under that power such an official has the opportunity of well nigh destroying any independent bank by permitting other banks to be established

in its immediate field regardless of considerations of public advantage. If he should permit a new independent bank to start competition it would not be able to immediately attract deposits through its tacit promise to loan funds, because it would not have had time to build up those loanable funds by accepting deposits. On the other hand, if he should permit a branch bank to start competition the branch bank would be able to immediately reciprocate deposits with the loan of funds obtained from another source. Without having pioneered, the branch would be able to gather a share of the fruits of the independent bank's labor.

If the supervising authorities should exercise the same discretion in permitting the establishment of a branch that they would in the establishment of an independent bank, there would be no cause for complaint of favoritism. It is merely the intention here to point out the fact that possibilities of private favoritism do exist under present laws.

FAVORITISM MAY CREATE NEW TYPE OF MONOPOLY

We have endeavored to show so far that the business of banking is monopolistic through legal enactment as to the right to receive deposits but not as to the right of entry into the field of banking; that comparatively recent changes in the laws of some states have created conditions of public favoritism and the possibility of private favoritism. It is now proposed to show to what extent that favoritism may create a new type of monopoly in that the present ease of freedom of entry into the field of banking may be severely restricted or nearly abolished, as well as the effect of such action on public advantage.

From a consideration of the element of favoritism it is apparent that banks in points where large deposits naturally accumulate enjoy a legal advantage over their less fortunate fellows. That preferment does not pertain except when banks so fortunately situated, the city bank with or without branches,

compete with those less fortunately situated, the independent country banks. When such competition occurs the city bank has these advantages. It has at times a greater attraction for the most desirable banking customers. They are the depositors of large means who may desire to take advantage of the larger loaning capacity of the city bank's capitalization. Then again, because of the city bank's smaller capitalization requirements in relation to deposits, it does not have to earn as great an amount of dividends in proportion to its deposits as does the independent country bank. That enables the branch bank to either sell its credit and services more cheaply than the independent bank is able to, or else to give more elaborate service for the same charge. In either event the result is a greater attraction in that regard to depositors in favor of the branch bank. But after the competition of the independent bank had been eliminated and a virtual monopoly for the branch bank established, it is an open question whether or not the branch bank patrons would get the benefits of that economy and variety of service. The net profits in 1918 for a large British branch banking system with 1300 branches were 54 per cent. on its capital. The average annual profits on capital of all national banks for fifty-three years have been $13\frac{1}{2}$ per cent. per annum. The highest they have ever been is 23 per cent., the rate in the abnormal year ending June 30, 1920. Theoretically, at least, unified management and purchasing power should permit branch banks to operate at less cost. Whether the public would at all times get the benefit of such economies is likewise an open question.

The point is that the greater attraction of the branch bank in certain instances is due more to legal than to natural causes. Because of those particular attractions it is very possible and most probable that eventually the deposits of the independent bank would be drawn away from it into the branch

bank. That transfer could be hastened by a more reprehensible method, which large institutions in other fields have not hesitated to adopt at times. That is, the branch bank in order to eliminate the competition of the independent bank would deliberately sell its credit and services at a loss at the point of undesirable competition and recoup its losses at some other point. Such an opportunity is impossible in an independent banking system, because the independent banks have no other point in which to sustain themselves while undergoing such losses.

EVER NARROWING CIRCLE OF CONTROL

What, then, would be the result of such one-sided competition? Plainly enough, the independent banks would be driven out of existence. The only competition remaining would be between banks similarly situated, the larger branch banking systems. And even there the same considerations which prompted the original expansion would cause the smaller systems to be absorbed by the larger. No one would have the temerity to start independent competition. The result would be an ever narrowing circle of control over the financial structure. England possesses such an example. The history of one is being written in California today.

Assuming for the sake of argument that such a narrow circle would result, could that result be said to have the savor of monopoly? If competition between a few large branch banking systems remained, as in England, there would be no absolute monopoly. What would remain, however, would be a virtual monopoly of opportunity, for only the very wealthy could enter the field of banking. What would approach an absolute monopoly would remain if the few heads of the great systems would reach an agreement and parcel out the territory among themselves.

The question arises: Would that type of monopoly be against public advantage? No doubt immense public advantage has come from large accumula-

tions of capital. Ford automobiles are an ubiquitous example, but that analogy does not hold throughout. People can do without automobiles, but under modern conditions few can do without credit. While it is desirable that large concerns shall enjoy the large credit which befits their size, it is more important that the more numerous small users of credit should have as easy access to the credit they are entitled to. Furthermore, it has not been necessary in the past to have branch banks, for large users of credit have obtained that credit from the large independent banks.

How could the small user of credit have it denied to him? Under ordinary circumstances a large branch banking system would no doubt provide it for him. But if, as has happened in countries using the branch bank system, it were more profitable for a branch bank having a geographical monopoly to dispose of its credit at some distant point, would a local customer get all the credit he needed? Whether he got it or not is not as important as whether or not he would have an opportunity of preventing future failures to get credit by aiding in the organization of an independent bank more amenable to local control and consideration. It is quite apparent, I believe, that he would have no opportunity.

PUBLIC DISADVANTAGE APT TO ARISE

It is in the disposal of credit—that virtual monopoly of commercial banks—that public disadvantage is apt to arise. If branch banking should become universal in America the control of local funds would pass to a distant management who would find it impossible to be in touch or in sympathy with each of the many communities which provided that management with the credit it controlled. In the very nature of man selfish rather than generous considerations would prevail.

There is another side to the question, however. There are two sorts of communities—one with a surplus, the other with a deficiency of credits. Under the

branch banking system it is possible to transfer the surplus from its point of origin to the point of deficiency. It is a very pretty theory and, at first glance, no more dangerous in operation than is the act of the independent bank in loaning the surplus credit of Farmer Smith to his neighbor, Farmer Jones. But the same thing happens, without the necessity of branch banking, in the field of independent commercial banking through the operation of the Federal Reserve Banks, and in the field of investment banking through the operation of Federal and Joint Stock Land Banks, savings banks, life insurance companies and so forth. Is it, therefore, necessary to destroy equality of opportunity and thereby independent banking in order to obtain a facility of transfer of surplus credits slightly greater than that already obtained by existing means?

Furthermore, no community is entitled to any more credit than it is able to repay. The free play of economic forces prevents any gross excess of credit being dumped on any community by the system of independent banking. Under branch banking, however, greed for profit or sectional favoritism on the part of the management could readily enough cause a transfer of funds and an extension of credit beyond the ability of the community to repay it. In the end, it would be to the detriment of the community rather than to its benefit.

While the amount of credit is important to society, the manner in which it may be obtained is likewise important. It is extended in the form of commercial and capital loans. In a new country, such as the United States, owing to the lack of time necessary to have accumulated it, capital is in demand and will be in demand until our natural resources are developed. Can any one predict when that will occur? As long as it is in demand a patron of an American bank through long custom and through future need will, at times, expect his banker to extend him commercial credit instead of capital credit for

his smaller capital needs at least. The independent banker has always done so because he has had to do so in spite of the fact that his action violated all the tenets of proper commercial banking. His record has been a remarkably good one in spite of it. The rapid progress of development in America is a witness to it. But that record has only been possible because of the independent banker's intimate contact with, and his mutual interest in, his customers.

In what manner will the branch bank management extend that form of credit, if at all? Let us examine the situation. In the first place, the man who is responsible to the branch bank stockholders for their dividends is the man who establishes the policy of the bank and who directs the manner in which its branches shall extend credit. He will, also, be at the head office. He cannot be in intimate touch with the needs of the individual patrons of all his branches, so he will have to establish a common policy for all. Branch bank systems advertise uniform management. The manager of a local branch, who may be acquainted with the needs of his patrons, will not be permitted to extend credit in variance with the head office policy. What will be the result? If America is to adopt the European form of banking it will have to adopt the methods which have proved successful with Europe. That is, our branch banks will have to extend in their commercial departments that type of credit covered by strictly self-liquidating, two-name paper covering a purely commercial transaction. And the American, who does not live in exploited Europe whose capital improvements of the variety under discussion have long been completed, will not be able to help himself if he desires otherwise. He will not because of the monopolistic nature of commercial banking.

It is true that as long as independent banks exist branch banks will have to meet the competition of their service. But if that competition should become irksome—and what competition is not

irksome—the present situation in California, at least, provides means for eliminating it.

THE ELEMENT OF SECURITY

Any consideration of this subject should contain some reference to the element of security to depositors in both independent and branch banking. Statistics showing the insecurity of each form could be quoted at great length, but there is not room here. We have already seen that present laws in California permit a greater insecurity to depositors of large branch banking systems in comparison with the security enjoyed by depositors of a smaller independent country bank as far as capital requirements are concerned. It is also desirable to point out that already in California several of our largest branch bank systems now have so many branches that it is impossible for the supervising authorities to maintain a force of examiners large enough to examine all the branches of each bank at one time. If such simultaneous examinations of every branch should be abolished, worth of assets as found could probably be established, but integrity of management could not be in case it desired to conceal an improper condition. A lack of integrity of management in an independent bank could likewise be detected with difficulty on occasions. This difference exists, however. There are more numerous places to conceal an improper condition in a branch banking system than in an independent bank. On the other hand, proponents of branch banking say that the very size of branch banking systems attract to their head office men of larger caliber than independent banking can afford particularly in the smaller places. But will the average American have his peculiar wants satisfied if only branch banks exist, whose present-day managers, trained in the school of mutual independent banking, will have been replaced by men trained in the impersonal policies of distant head offices, to which they are very often ambitious to go?

Nor should the branch bank slogan that size is a criterion of security be adopted without examination. The law of diminishing returns operates there as well as in profit. It is quite possible that any branch bank could grow so large that it would go beyond the point wherein any single management could keep a proper finger on its pulse. America is very large, so the thread of contact could be drawn very thin. Those British branch banks were very large when they were amalgamated in 1919 in order to prevent panics. Good management is evidently not always monopolized by size.

PROBLEM MUST BE TAKEN TO PUBLIC

The most plausible argument in favor of the safety of branch banking is that their credit structure is reared on a diversification of transactions and locations in contrast to the singleness of location of the independent bank. Nevertheless, in spite of that diversification, and not because of it, the Merchants Bank of Canada, a bank with many and

widespread branches, failed quite recently.

To finish, the problem must be taken to the public for solution. The public when informed usually disregards the selfish motives or fears of either party to a controversy and decides the problem according to public advantage. But when it does so it acts along the lines of its time-tried economic and political policies. They are: That monopolies are against public advantage; that equality of opportunity is fundamental and must be maintained. For that reason I have no fear but that legislation will be passed removing the opportunity for public and private favoritism, permitting a retrieval of the enterprise of branch banking, yet safeguarding the existence of equality of opportunity in the form of independent banking. The great danger is that the siren of easy credit, that alluring but insidious idea in branch bank propaganda, will draw the ship of public advantage onto the rocks of monopoly and cause thereby the destruction of equality of opportunity in banking.



Labor Banks Not Strike Cure

THERE is no solution of the eternal conflict between capital and labor to be found in the establishment of banking and financial institutions operated by labor unions, Samuel Gompers writes in an article in the current issue of "The American Federationist". The ownership of banks holds advantages for the unions, he says, but it will not prevent strikes.

"Labor banks," Mr. Gompers writes, "must comply with the existing banking laws, and the banking laws themselves constitute an inseparable bar to any but the most modest and limited reforms."

Finally Mr. Gompers says:

"Working people are not organizing banks for the purpose of making strikes

impossible, because they know that no such thing can happen. Neither are the leaders of the trade union movement rushing into the banking business because the strike is 'becoming increasingly intolerable'. They understand thoroughly the character and meaning of the strike and its terrible cost to wage earners. They understand equally the greater terrible cost of not striking and of continuing in submission to the arbitrary demands and impositions of reactionary and unintelligent employers.

"The necessity for the strike will cease when there are no longer conditions imposed upon wage earners against their will and to which they cannot agree."

Bank Fiction Without Crime!

Educating Community About Bank's Services Makes as Readable
Fiction as Telling About the Defaulting Cashier

By Frank H. Madison

THE banker in this story I was reading was neither a villain nor the local miser! What is the world coming to anyway?

I have read no small amount of fiction in which bankers moved in and out. If most of the readers of such stories were asked their impressions about bankers they would be somewhat as follows: First, as I have hinted, that the banker, especially the small-town banker, is a greedy grasping creature who is always plotting to get hold of some valuable piece of property. Or, at the least, he refuses to do anything to help the community and is always against development of any kind because it calls for the expenditure of money.

Second, that the banker, if he is not a villain, is a hearty old fellow who shows his heartiness by calling up his neighbor banker and tipping him off that the bank examiner is coming. That undoubtedly puzzles many people. Why is it that bankers want to warn one another that the examiner is coming? What crooked stuff must they cover up? This situation of the bank examiner's sudden visit was used once or twice by O. Henry, who is considered by many our greatest short-story writer and therefore I suppose will be imitated many times.

Even this story which amazed me by drawing a new picture of the banker contained these words:

"Benson had even been known to tip off the Sands County people when the bank examiner dropped in out of a clear sky."

Before I tell you in what way this was a different kind of a bank story from that I usually read—and millions of others read them too—I want to remind you of another variety of fiction that is very common. That is the type

in which the banks are robbed by their employees.

If you were to judge from the bulk of popular fiction you might think that half the bank employees were planning how they could get the bank's money and so cleverly disguise themselves that they might be able to live within a couple of hours ride of the bank. Of course the thief is always caught; there is always a flaw in his well-laid plans. But nevertheless a great many persons have a vague idea that when a thief steps off with the money, the bank's stock in trade is gone and it will have to stop business.

Now if you are not a devoted reader of what is called popular fiction and think that I am overdrawing things a bit, I'll leave it to a committee of any ten fiction editors if there are not plenty of such stories published. And if you are sceptical as to the effect that fiction has upon public opinion, there are dozens of authorities to tell you that it is an immense factor. Just one will be quoted, Hon. Franklin K. Lane:

"Through fiction this generation is given its philosophy, economics, moral standards and inspiration by subtly instilling the thought which gives the standpoint to life. Fiction is our environment; as real as the social group in which we move, and as determining in its effect.

"And so whatever is noble or base, just, generous or little, we live with and react toward or against, as we see these pictures which the fictionist draws upon the walls of the mind. This is power; such power as the statesman does not possess; no one, indeed, unless it be the mother."

Now a large number of men who operate fiction-factories have not been drawing the right kind of pictures of

bankers and the banking business. There are many interesting things about banking that can be woven into absorbing stories.

Take, for example, the plot of the story that I have spoken of as being out of the ordinary. There isn't a villain in it, not a crime, nor a mortgage foreclosed. What is there then to create suspense? You know a story has to have suspense or the editor won't buy it or the readers won't buy the magazine next time. What is there to keep the reader going on because—"I want to find out how it comes out?"

The readers of this particular story are anxious to learn whether or not it is going to pay this particular bank to show the community, especially the farmers and the women, what the real services of a bank are. Why the bank wanted to increase its business, how it was done, and the author's treatment of the characters in it, make a really good story. And there isn't any violent love affair in it although there's a girl—a girl that the author hesitated "to start in describing, because later in the story you will wonder how such a pretty girl can possess so many other recommendations".

This story "Wanted: A Bank President" by Henry Payson Dowst appeared in the *Argosy-Allstory Weekly* for October 7, 1922.

Because this story gave several hundred thousand people a little picture of the small-town bank, I am going to quote some of the characters.

Old Joe Benson, the president of one bank says: "Look at the farmers today. They don't know, comparatively, a dog-gone thing about what the banks can do for 'em. Not around here. Of course in some communities they have learned a little ahead of the rest of us.

" * * * * Now, with our new building, and better facilities—and incidentally, increased overhead—we can take on all the farmer business we can get.

"And, by the way, it isn't so terrible easy to get. A farmer is a funny bird. * * * * He buys a whole boilin' of stock in the Lucky Jinx Oil Company

from some total stranger with a plaid suit and diamond stickpin. Same time he wouldn't buy a block of the safest bonds issued.

" * * * * Anybody that'd make a special study of farmers and their peculiarities and needs would find a dozen ways of servin' 'em, helpin' the community, and at the same time making a good thing out of the business that would develop."

Edward Chesterton French, just arrived to put new life into the opposition bank, says to the president's daughter: "Great personality your father! That's what has made his bank a success. People believe in him. When they think of the Benson Bank, it's that vigorous rugged old face of his that pops into their minds. Of course your father is the Benson Bank, and he is an old-fashioned banker. I don't know how many there are left of a similar caliber, and, of course, they're growing scarcer. Banking is getting more and more on an impersonal basis according to my way of thinking".

"Meaning, I suppose", said she, "that men like father are beginning to be out of date?"

From the farmer's wife the banker's daughter got a glimpse of a condition that is not uncommon.

"Banks was always a kind of a mystery to me", said Mrs. Swift. "Oh, I know you can put money into a savings bank and get 4 per cent. for the use of it, and its kept safe for you, only you have to put it in a certain day and leave it in a certain length of time, or you don't get interest. Banks are all right for folks with plenty of money, I suppose!"

Banks a mystery to people! Was a dry goods store a mystery to Mrs. Swift? Was there anything mysterious about the big mail order house to which she sent frequently for household supplies? Mrs. Swift knew that if she went to the hardware store or the jeweler in Templeton and bought a quantity of merchandise, it would be delivered to her home by parcel post reasonably

soon. The idea of merchandising in these modern times was to give service, to increase the customer's convenience. The idea concerning the usefulness of a bank seemed not to have penetrated the understanding of women like Mrs. Swift.

"Didn't it ever occur to you that a bank was something you could make an everyday convenience of?" she was asked by the president's daughter.

"Land sakes, no! My husband, he says the dog-gone banks have got the whole country by the neck. I don't suppose I should talk that way to you, what with your father's ownin' a bank. * * * Gracious me, I shouldn't know what to do to find myself adrift in a

bank without any guide. I'd just turn and scatter, that's what I'd do."

Aside from its entertainment feature, the story draws a favorable picture of banks and bank people. More fiction writers ought to do it, but they do not see the real picture themselves. Therefore they fall back on the old time-tested crusty miser. And with 70 per cent. of the reading public buying fiction magazines, 62 per cent. of reading matter in the general magazines devoted to fiction and 60 per cent. of the library books fiction some public opinion is created. Hunt up the budding writers in your community and show them what banking really is.



Federal Reserve System Saved Banks in Farm Sections

By J. H. TREGOE

AS time elapses, we discover new situations that intensify our sincere wonderment that 1921 did not produce the most serious cataclysm of the nation's history. With credit most blunderingly inflated, with commodities bought at an ungodly peak of prices, with everything shaped up for a serious crash, something happened to prevent it, and we had only a disturbance.

In registering from time to time our sincere respect and gratitude to the Federal Reserve System, we have spoken entirely of its benefits to the merchandise debtor. We have emphasized the vigorous manner in which the delicate operation was carried out of lowering the pyramid of inflated credits, helping thereby to avoid a very expensive crash.

In passing through parts of our agricultural and grazing country recently, I was brought to the realization that aside from the benefits derived by mercantile business from the Federal Reserve System, that it had saved the failure of many banks in the agricul-

tural sections, which in the midst of the orgy crowded themselves with non-liquidating credits.

All of us should know that the Federal Reserve Banks have a most agile and cooperative service department. At the first note of distress, assistance is at hand: the tottering institution is held up so long as there is a chance in the world to pull it through. My admiration for the administration of the System has, therefore, been intensified. My opinion is based not merely on stories I have heard. I have seen with my own eyes. I speak whereof I know. There isn't a doubt but what discretion was thrown to the winds by many banking institutions in the agricultural and grazing sections of our country. Had it not been for the Federal Reserve Banks, the failures of these institutions would have been appalling. As it is failure among member banks is negligible. The much larger percentage of mortality among banking institutions in the past two years is in the ranks of the non-member banks.

The Outlook for Commodity Prices

By Glenn G. Munn

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THERE is no royal road or open sesame that leads to a simple solution of the problem of commodity price predetermination. Neither economists, bankers, statisticians, nor any other group have yet been able to contrive a wholly fool-proof theory of prices or of price forecasting.

Prices are the result of a complexity of interacting forces. Some of these, *e. g.*, international and domestic politics, Supreme Court decisions, etc., are entirely beyond the limits of forecast. Others are calculable only within narrow limits. Indeed, only a few of the broad forces bearing upon prices are definitely measurable. And, in so far as price movements are dependent upon emotions and mass psychology (which sometimes operate as important factors), forecasting, at least in our generation, cannot be reduced to an exact science.

Yet few matters are of greater consequence to business executives than the future course of prices. The very nature of modern business compels men to make present commitments on the basis of probable prices anywhere from one day to several years ahead, or to make future commitments on the basis of present prices.

So long as the manufacturer must carry inventories of raw materials, and the merchant stocks of finished goods at the risk of price changes, speculation must be an inherent accompaniment of business. Success or failure, therefore, depends in no small degree upon the ability of managements to predetermine price trends.

Although the problem of price prediction is confessedly an intricate one, it is not altogether unmanageable. The United States has made vast progress in the compilation of statistical raw material in the past decade. When prop-

erly interpreted, these data have considerable barometric value. Careful studies of the nature and causes of the business cycle and its attendant price movements have been made. As a result of these studies, there has been developed a number of barometric indices and correlations, which will prove useful instruments of forecast.

PRINCIPLES OF PRICE VARIATION

It is obvious that a distinction must be made between immediate, short-term, and long-term or major cycle price trends. It is entirely possible, for instance, that the immediate and short-term trends be upward, while the long-term trend inclines downward, or vice versa.

The same forces which at one stage make for rising prices, at another stage offer barriers against the advance until a resistance point is reached, after which a declining movement follows. All data must, therefore, be interpreted in the light of the swings of the business cycle. Barometers are symptomatic indices, not causes. Their implications vary and may even reverse themselves, depending upon the stage in the cycle in which they are read.

Barometers must also be interpreted correlatively. Not all may concur in indicating the same trend; certainly all will not indicate the same trend with the same intensity. Each is a check on the other.

Different sets of factors, moreover, govern the different term trends; although, to be sure, since these trends are related, all must be regarded as mutually interdependent and interacting.

In the following outline, the author has attempted to set forth the chief factors that normally indicate rising and falling prices, *other things being equal*,

considered from (1) the immediate and short-term; (2) the longer-term, and (3) the major cycle or decade, points of view. This skeleton outline cannot

be of much service when used by itself, but must be considered in connection with the explanatory paragraphs that follow it.

IMMEDIATE AND SHORT-TERM FACTORS

(Effective over a period of, say, six months or less)

FACTORS	FOR RISING PRICES	FOR FALLING PRICES
1. Statistical position	Shortage, or decreasing supply of visible and invisible stocks	Excessive or increasing supply of visible and invisible stocks
2. Credit supply	Redundant credit supply, i. e., full bank reserves	Credit stringency i. e., low bank reserves
3. Domestic trade volume	Increasing domestic demand	Decreasing domestic demand
4. Foreign trade volume	Increasing exports and imports, and increasing ratio of imports to exports	Decreasing exports and imports, and decreasing ratio of imports to exports
5. Ratio of current actual production to actual consumption	Current consumption exceeding current production	Current production exceeding current consumption
6. Ratio of consumption to normal and potential productive capacity	Current consumption exceeding normal and potential productive capacity	Normal and potential productive capacity exceeding consumption
7. Ratio of plant utilization	Increasing ratio of plant utilization	Decreasing ratio of plant utilization
8. Degree of competition or monopoly	Decreasing competition or increasing monopoly	Increasing competition or decreasing monopoly
9. Political conditions, e. g., Congressional attitude, legislation, legal decisions, Reserve Board policy, etc.	Favorable, or increasingly favorable	Unfavorable, or increasingly unfavorable
10. Mass psychology	Increasing confidence	Declining or lost confidence

CYCLICAL OR LONGER-TERM FACTORS

(Effective from six months to several years)

FACTORS	FOR RISING PRICES	FOR FALLING PRICES
1. Credit supply	Redundant credit supply, i. e., full bank reserves	Credit stringency, i. e., low bank reserves
2. Purchasing power	Rising purchasing power	Falling purchasing power
3. State of employment	Increasing employment	Decreasing employment
4. Stock market trend	Rising stock market	Falling stock market
5. Speculation	Increasing activity; speculative buying for the rise	Decreasing activity speculative short selling for the decline
6. State of demand	Increasing demand	Decreasing demand
7. Mass psychology	Increasing confidence	Declining or lost confidence

MAJOR CYCLE OR DECADE FACTORS

(Effective over an extended period of years)

FACTORS	FOR RISING PRICES	FOR FALLING PRICES
1. Quantity of gold used as a basis of credit	Increasing monetary stock of gold	Decreasing monetary stock of gold
2. Quantity of credit instruments	Increased employment of credit instruments	Decreased use of credit instruments
3. Law of diminishing returns	Increasing population	Decreasing population
4. Standard of living	Increasing wants and rising standard of living	Decreasing wants and lower standard of living
5. Status of industrial arts	Industrial arts in status quo or in retrogression	Advance in status of industrial arts, leading to increasing productive efficiency
6. Natural endowments	Diminishing reserves of exhaustible and non-restorable raw materials, e. g., land, petroleum, coal, etc., (except gold)	Discovery of new sources of raw materials (except gold)

The above outline analysis does not take into consideration the possibility of rising prices through inflation of the currency to the point where the gold standard is jeopardized. Such a condition, of course, leads to higher prices in terms of the depreciated currency, but not necessarily in terms of gold.

It is not the purpose of this introductory analysis to point out the price trend of specific commodities.* It is intended here to apply the factors outlined above, as instruments for forecasting the *general price trend*. These will be interpreted in turn.

WHAT THE SHORT TERM FACTORS INDICATE

Statistical Position—This index, which is a measure of the arithmetical relation between produced and marketable stocks of goods and the demand for such goods as compared with normal, cannot be applied to the aggregate of commodities for the purpose of indicating price trend, except within approximate limits. It is a barometer which is peculiarly useful only with reference to individual commodities.

In general, however, it can be said that the present statistical position of most commodities is good. That is to say, stocks of merchandise are burdensome only in a few lines. On the contrary, while instances of actual shortages are rare, the present movement of goods is rapid enough to have reduced accumulations even with increased production schedules, to a point somewhat below normal. The statistical position, so far as it can be applied to the present general situation, therefore, indicates rising rather than falling prices.

Credit Supply—Most bankers are well acquainted with the fundamental principle, that the swings of the business cycle are largely controlled by the supply of credit. Business expansion with rising prices for commodities and securities is predicated upon ample bank reserves—or what amounts to the same thing, low money rates. A falling price level is indicated when the converse is true.

Reading this barometer at the present time, we find that the potential supply

of money is only slightly below its peak, and that indefinitely large leeway is provided by the bank reserve situation for rising prices and a heavier turnover of goods.

The increasing demands of business and the security markets in the past few months have had no appreciable effect upon interest rates, which, comparatively speaking are still low. Since the supply of credit is above normal, and the period of undue strain appears to be far away, this index must be interpreted as being distinctly favorable to the continuation of the rising price trend—especially in view of the fact that no adequate control of credit is yet in sight.

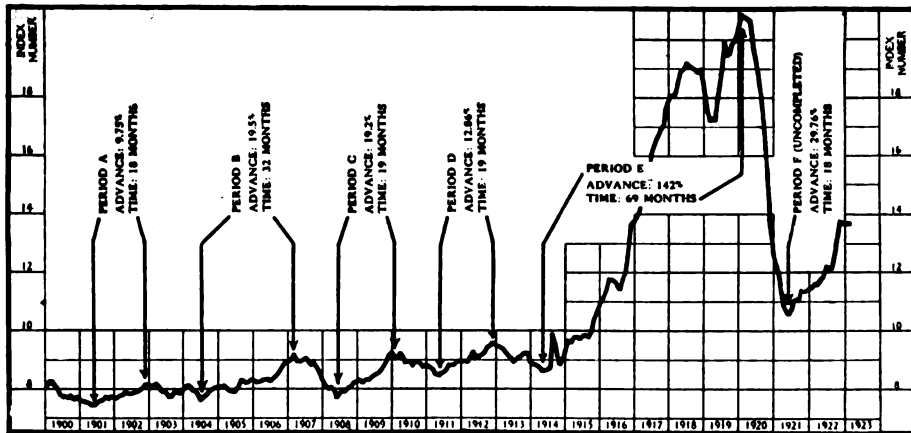
Domestic Trade Volume—Tested by such general indices as car loadings, bank clearings, pig iron output, chain store sales, building permits, etc., domestic trade volume is now at close to record proportions, and is still rising.

Using debits to individual bank accounts as an index of the value of business transactions, studies show that the value of business transactions in January, 1923, was 10 per cent. above the average month of the period 1920-21. This is as it should be, since were it not for cyclical variations, the normal tendency or secular trend by reason of natural growth, is upward. That is to say, each successive year should outrun its predecessor. The growing domestic trade volume spells higher prices.

Foreign Trade Volume—While foreign trade volume is less satisfactory than domestic volume, it is by no means as bad as generally believed. In dollar figures, it is but little more than one-half the totals reached in 1919 or 1920, but when corrected for the price decline that has since become effective, the present physical volume is not greatly below the peak. In dollars, it is still practically double the 1914 figures.

The significant tendencies in foreign trade, however, are the rising trend in the last four or five months, and particularly the rising ratio of imports to exports. When the ratio of imports to

*Readers who may be interested in the near term and long term price outlook for specific commodities, for example, steel, copper, wool, are referred to a series of special analyses currently being published by the Standard Statistics Company, New York.



Six major price movements

The curve in the chart depicts the movement of Bradstreet's price index from January, 1900, to date, and the arrows indicate the six major price rises that have occurred during this period. Note that thus far on the present movement (which is still uncompleted) an advance of 29.76 per cent. has occurred. This is a greater advance than has been achieved in any other major rise, except that for the war-time period, 1914-1920. During the month of December, 1922, there was a slight reaction in the present upward movement and in January, 1923, the index advanced slightly.

exports rises, increasing domestic production is connoted, the inference being that domestic raw materials and finished goods are not sufficient to provide manufacturers and consumers respectively with the quantity of goods desired. Hence importations become necessary.

Increasing imports may at first be the effect of increased demand and rising prices at home, but later tend to become the cause of higher prices by raising prices in the countries from which they originate. The supplementation of domestic production through import movements implies rising prices.

Ratio of Current Actual Production to Actual Consumption—Broadly speaking, supplies of goods entering trade channels are not sufficient to maintain the standard of living of the people possessed of their present purchasing power, with the result that merchandise is being absorbed at a rate almost as fast as it is being produced.

The ratio of production to consumption varies among different branches of industry, of course, but in relatively few cases is production geared up to such a pitch that output outstrips takings, even though in some instances, notably in the steel, anthracite coal, automobile, build-

ing, and lumber industries, production facilities are being utilized, either through limitation of plant capacity, transportation, or labor supply, to the uttermost. This barometric correlation constitutes an augury for the continuation of the rise.

Ratio of Consumption to Normal and Potential Productive Capacity—This correlation differs from the foregoing in that actual production is normally considerably less than productive capacity in any given industry. All plants in a given industry are rarely, if ever, producing at the ideal condition of 100 per cent. capacity.

Normally there is an excess of plant facilities provided to take care of peak loads, either at a period of national emergency (as during a war) or in a period of overexpansion that usually just precedes a crisis. As a consequence, some industries are overbuilt, a circumstance which oftentimes prevents prices from rising, although demand for the products of the industry may be increasing.

Some industries at the present time are working far below capacity, *e. g.*, ocean shipping, leather, copper, and some branches of the paper industry.

Yet in each case this ratio is increasing. Wherever actual or potential widespread overcapacity exists, a real deterrent to rising prices is felt.

This is clearly established in the case of the industries mentioned, the products of which have not participated in the advancing price movement to the same extent as the general average. On the whole, however, over-capacity in American industry is negligible. In many instances, there is a real dearth of plant and equipment. Here again, barometrical evidence points in the main to higher prices.

Ratio of Plant Utilization—Only the roughest approximation of the extent of plant utilization to capacity for all industries in the United States is possible. The best way to gain some appreciation of the progress of industry in the last year is to observe the key industries.

A year ago the United States Steel Corporation, the product of which represents nearly one-half the outturn of the steel industry, was working at about 50 per cent. of capacity, as compared with 90 per cent. at the present writing. Blast furnaces have nearly doubled their utilization in the past year. Car loadings for January, 1923, were 20 per cent. above those for January, 1922, showing the great increase in the utilization of railroad capacity. Tested by this index, the trend of prices is upward.

Degree of Competition or Monopoly—This factor can only be interpreted in terms of specific industries and commodities. While there has been a well sustained movement toward mergers in the past two years, there is no evidence that this movement has had any effect on prices, one way or the other. Normally, the chief influence of lessening competition is to stabilize prices by elimination of the excesses in either direction. This factor may be considered as neutral.

Political Conditions—It is well known that political conditions exert an important influence upon prices. Wars, administrative and Congressional atti-

tude, proposed business legislation (especially that affecting taxes, tariffs, Government financing, etc.), strikes, Supreme Court decisions, and Federal Reserve Board policy, are all factors of extreme significance as bearing upon price trends.

Nor are political conditions a constant factor in business. Some administrations are notably acceptable to business; others are not. Business prefers a conservative Congress to one that is radical.

Some political events and their outcome can be foreseen; others cannot. A war rarely breaks out of a clear sky, but is a sequel to the failure of negotiations. The final vote on favorable or obstructive legislation is usually preceded by the introduction of the bill some months ahead, giving the observer a fair basis for determining in advance its probable fate by the action and temper of Congress in the meanwhile.

It is manifestly quite impossible for political conditions at any given time to be 100 per cent. perfect. It is admitted that political conditions in Europe are not favorable, but a betterment in these conditions is discernible.

At home, however, the present administration appears to be one quite generally acceptable to business men, and whose aim is to help business, by remaining out of business, and to reduce the expenditures of government. There is nothing in the political situation unless it be Federal Reserve Board policy through a series of successive increases in the rediscount rate to prevent further business expansion, with its accompaniment of rising prices.

Mass Psychology—While not definitely measurable, at any time, the expression of this important index can be readily detected in the attitude or temper of business men.

Mass psychology is partly based on fundamental conditions and partly on emotions. It partly explains the arrival of the crisis—the culmination of the period of rising prices. When prices advance more rapidly than the

income of the masses, people inaugurate a buyers' strike. Thrift replaces extravagance. Prices fall, and yet people will not buy. That prices are falling is a reason not for buying but for not buying. So comes depression and lost confidence.

Then comes the revival when one hears expressions of returning confidence, such as "orders are increasing", "business has turned the corner", "credit is plentiful", "the worst is over". Later on, when normal conditions are reached and prices and profits are rising, plans for expanding trade are made. Planning increased sales and production programs is born of confidence. Retrenchment is a symptom of declining confidence. At present confidence is rising, and this betokens increasing volume and rising prices.

WHAT THE LONGER-TERM FACTORS INDICATE

Credit Supply—This has already been interpreted as one of the short-term influences. It is equally important, if not, indeed, the controlling factor in determining the beginning and end of periods of prosperity and depression.

Purchasing Power—Increased production with more employment, higher wages, and increasing prices, means more goods to turn into money with which to buy more goods. Tested by such barometers as increasing employment, rising prices and profits, and increasing debits to individual bank accounts, purchasing power is clearly above what it was a year ago, and is still on the increase.

This factor, especially when viewed in relation to others, and particularly the vast resources of bank credit, indicates that the rising price trend will continue.

State of Employment—Employment is plainly on a rising scale, and in many industries complaints of labor shortages are heard. For all practical purposes, unemployment may be assumed to have

disappeared. According to the New York State index, employment is now 8 per cent. above normal.

Employment conditions are such, therefore, as to indicate that wage trends are upward. Advances in many industries have already been put into effect. As rising prices lift the cost of living, wages will have to be increased further. But since wages are themselves costs, higher wages mean higher costs, and therefore higher prices.

Stock Market Trend—The stock market is an amazingly faithful reflector of business conditions. It is a sensitive plate which registers the composite judgment of thousands of business men throughout the country. It is a commonplace that the stock market discounts coming events from say three to nine months in advance of their arrival. A change in business trend might therefore be expected to be anticipated in stock market prices, which should reverse themselves some months in advance of the reversal in the commodity markets.

The culmination of the previous period of rising prices on the stock exchange was in November, 1919, when it sustained a wide-open, violent break. Business volume and prices, however, did not fall off until 1920. According to Bradstreet's index number wholesale commodity prices continued to rise until February, 1920, when the peak was reached; and, according to Dun's and Bureau of Labor Statistics price composites, peak prices were postponed until May, 1920.

Business fundamentals support the logic of the present rising stock market, which presents no symptoms of an immediate approaching break. Recovery from the November decline has been practically completed, and conditions point toward a continuation of the rise. Since the stock market trend is still upward, and this trend may logically be expected to change before the trend in commodity prices, there is no present occasion for concern that the next period of liquidation is at hand.

Speculation—When excessive amounts of capital are being used in speculative activity, either in the security or commodity markets, there is reason for believing that, other things being equal, the next movement is downward. So far as commodities are concerned, there is yet no indication that large quantities of goods are being speculatively sequestered. So far as this factor is concerned there remains plenty of room for advancing price levels.

State of Demand—This factor has already been considered as one of the short-term influences. It is equally valid here, of course, except that as the cycle continues a point is reached where increasing demand implies the approach of the counter tendency, and vice versa. At present, however, the outlook for continuing heavy domestic trade volume is favorable.

Mass Psychology—This factor, also considered as one of the short-term influences, is a valid cyclical factor, with proper reservations for the stage in the business cycle in which it is applied.

WHAT THE DECADE FACTORS INDICATE

Quantity of Gold Used as a Basis of Credit—Bankers are generally acquainted with the quantity theory of money. Briefly stated, it is that prices vary directly, though not proportionately, with the supply of gold. An increase in gold without a corresponding increase in goods would tend to make gold less valuable in terms of goods, and therefore prices would go up. In other words, as the number of currency units plus credit units rises or falls relatively to the volume of goods to be exchanged (or more accurately, to the volume of exchanging among these goods), prices must rise or fall.

When applied over the long-term, this principle is undoubtedly incontrovertible. The rise in prices in this country since 1850, and especially since 1896, must in part, at least, be attributed to the increase in our gold holdings.

Since gold is a commodity which is not consumed, the total stock is con-

stantly increasing from year to year. So long as gold production is maintained, the world stock is continually being augmented. In the last fifty years, the average annual increase has been about 2 per cent.

To some extent, the increase in gold is offset by increasing population and by the larger stocks of goods that are warehoused for future use. Notwithstanding, assuming that there will be no cessation of gold mining, it is impossible to escape the conclusion that the long-term price trend, so far as it is influenced by this factor, is upward—although the long-term trend may not be directly upward from the present level.

Quantity of Credit Instruments—What is true of the quantity of money is equally valid with reference to credit instruments. In fact, the rise and fall in the use of credit instruments from the standpoint of cyclical swings is much more important than the quantity of actual currency units.

Fully 90 per cent. of all transactions are now settled by means of credit instruments, and there is likely to be no recession, but rather increase, in their use. And, in so far as gold serves as a basis for credit, and the probability of increased gold holdings is strong, it would seem that the volume of credit over the long-term must become greater.

Since the present management of bank reserves permits a considerable increase in credit expansion over the period before the Federal Reserve System, another reason exists for expecting a growth in credit volume.

Law of Diminishing Returns—This factor has reference to the effect of an increasing population upon natural resources. Can the farmer, when the supply of cultivable land becomes pre-empted, increase crop yields to provide for a growing population without raising his costs, and therefore prices? Can coal be mined from deeper and deeper shafts, or from lower-grade reserves without running up costs? Can timber be cut away faster than it grows without lifting prices? Under static con-

ditions, other things being equal, the answer to these questions must be in the negative.

Standard of Living—The tendency of all mankind is to increase their enjoyment of consumable products and services. This has some slight bearing upon the future of prices. It is true that we cannot consume more than we produce, yet the tendency to satisfy more of the higher cultural wants, and of conveniences and luxuries, by diverting capital and labor from more essential production, raises the prices of necessities. Although this factor is of minor importance, it must be considered as one having a tendency to lift the long-term range.

Status of Industrial Arts—Costs would speedily advance were it not for the influence of this most important factor bearing upon the long-term trend of prices. Fortunately, modern industry has enlisted two great champions in the combat against rising prices—science and invention. Industry may well be conceived as an organized effort to outwit and conquer nature. The advance in industrial technology so far has been equal to the demands made upon it, and it is not fanciful to suppose that the discoveries and inventions of the future will be as rapid and as useful as those of the past.

The use of power driven machinery has increased man's efficiency in many instances by a hundred-fold. In fact, the building of machinery on the scale to which it has gone in the United States, is sometimes given as the cause of temporary overproduction, with its consequent falling prices.

While the future achievements in industrial technology cannot now be gauged, it is evident that this factor constitutes the only one of the long-term influences that may operate in the direction of lower prices. Whether improving industrial arts will accomplish lower or higher prices must depend on the changing ratio of exchangeable goods to the supply of exchange media (currency and credit).

Natural Endowments—Some natural resources are given in quantity. The chief fixed resource is land. Others are minerals, which are wasting assets and cannot be restored. The obvious conclusion is that as supplies are taken up, especially those of the better grades, the resource becomes more precious. (Gold is the exception, since once extracted it tends to remain as an addition to the previous stock).

Petroleum is an excellent example of a diminishing resource. Diminishing reserves over the long run are equivalent to the effect of a strong statistical position or shortage, in the short run. This factor is plainly one that points to higher prices.

SUMMARY

Unquestionably the preponderance of the evidence as attested by the interpretation of the foregoing symptoms, points toward a rising level of general prices for the short-term future. It seems clear that we are well along in a period of rising prices—that we are on the ascending slope of the business cycle.

The current trend will be upward until the culmination of the present cycle, but when the cycle will reach its termination is not yet clear. Indeed, there would need be no sharp culmination of the present period of good business were prices not allowed to get out of hand and were banking control exercised before it becomes too late.

It also seems clear that the peak of the present price movement will not repeat the performance of early 1920 (the highest peak reached since the Civil War).

The first warning for a decline in commodity prices will be a break in the stock market; the second signal will be a revolt against rising prices, and the inauguration of a buyers' strike.

Based on Dun's index number, the recovery already made from the low of 1921 to February 1, 1923, was 25.5 per cent. of the loss incurred between the high of 1920 (May 1), and the low of

1921 (July 1). If the total recovery should be 50 per cent. of the measure of the distance between the last peak and valley (it may be more or less), and the last half of the recovery is accomplished as swiftly as the first half, the peak of high prices would be reached about July, 1924.

We entertain the conviction, which of course cannot be supported by demonstrable proof, that the long-term trend, i. e., ten to thirty year trend, based on

1920-1923 price averages, will be gradually downward.

This is largely predicated on the belief that the advance of the industrial arts will increase productive efficiency so that the ratio of current production to consumption will be adverse to climbing levels, and over an extended period of years, make for lower prices. It is further predicated on the prospect that we will gradually lose our abnormally great supply of gold.



Some Thoughts on Old Coins

By Theodore J. Venn

(Member American Numismatic Association)

(Continued from the February issue)

THE Isabella quarters were struck by the United States Government in 1893 to enable the Board of Lady Managers of the World's Columbian Exposition to raise sufficient funds to defray the expenses of the board. There were 40,023 of the coins issued and the original intention was to sell them at \$1 each. Many were thus sold, but it proved impossible to dispose of the entire issue at that price and the remainder were wholesaled considerably under the original figure. For a long while the coins fluctuated between sixty-five and seventy-five cents, but an increased demand has again sent their value up around the dollar mark. This is the only coin ever struck by the United States Government which bears the head of a foreign monarch.

RARE \$4 GOLD PIECES OR "STELLAS"

The \$4 gold pieces or "Stellas" which the Government issued in 1879 and 1880 receive their name from the large star which appears on the re-

verse of the coins. These are not regularly authorized United States coins, but simply pattern pieces such as are prepared for members of Congress and others when measures for the coinage of new issues come before the legislative bodies. But a number of such pattern pieces frequently get into circulation and they are greatly sought by collectors and at times bring large prices. The Stellas bear two dates—1879 and 1880—and there are two varieties of each date, those with flowing and with coiled hair. Both dates and varieties are very rare, those with the coiled hair especially so.

In the sale of the Wilharm collection the Stella of 1879 brought \$112 and that of 1880 went at \$275. The coin of 1880 is much the rarer of the two. Both these pieces were brilliant proofs. In August, 1922, three months later, the 1879 Stella in the Gehring collection, also a proof, went under the hammer at \$155, a new high record for the coin.

Double eagles have been coined continually by the Government from 1849 except for a few years following our entry into the war. The series has not been much favored by collectors, probably because in most years the issue was large and the carrying charge on a full list of dates heavy, with no prospect of the majority of them ever acquiring sufficient premiums to pay the holder even a small interest rate.

U. S. \$20 GOLD PIECES

In the list of the \$20 pieces there is one great rarity, the rarest of all the Americans. This is the \$20 coin of 1849, only a single specimen having been struck, but as this reposes in the museum of the United States Mint at Philadelphia, speculation as to what numismatists might pay for it is useless.

The coin most frequently sought is the St. Gaudens design of 1907 with the date in Roman numerals (MCMVII). For this piece up to \$25 is offered by dealers. There is no premium on the St. Gaudens design of the same year with date in ordinary figures.

There are premiums on the Philadelphia coins of 1881 to 1887 and also on the issue of 1891. For these pieces \$21 to \$30 each is offered by dealers, the latter figure for the coin of 1883, in which year only thirty specimens are said to have been struck at Philadelphia, as compared to 59,962 at Carson City and 1,189,000 at San Francisco. Coins of Philadelphia mintage are easily recognized through the fact that they bear no mint mark (letter).

SMALL CENTS

Collectors of American coins, especially beginners, always have favored the small cents which have been struck continuously by the United States Government from 1856 to the present time, probably because so many of them still may be secured in active circulation.

There are but few scarce or rare coins in the series, the most difficult to secure being the small cent of 1856. This was practically only a pattern piece, the

regular coinage of small cents not having been authorized until the following year, but quite a few specimens found their way into active circulation. At coin auctions small cents of this year bring all the way from \$4 to \$5 for very good coins and up to \$15 or \$20 for brilliant proofs. A proof cent of this date is worth more than all the rest of the series combined unless all the other dates also should happen to be proofs. There are many spurious 1856 coins in existence, these being mostly flying eagle cents of 1858 on which the last figure has been changed.

Dealers offer a premium of thirty cents for the date of 1877 provided it is in fine condition and also small ones for the cents of 1871 and 1872. These coins are slightly scarce. There also are small premiums on all other dates of the small cents provided they are in proof condition, these varying according to the relative scarcity of the pieces as proofs. There are no premiums on the flying eagle cents of 1857 and 1858 in ordinary condition. These coins still exist by hundreds of thousands.

PRESENTATION OF BIRTH YEAR COINS

The growing custom of using sets of the smaller denominations of coins or single specimens of the larger pieces bearing the natal year of the recipient for birthday presentation purposes may cause quite a shortage in the finer grades of coins of those years in which the issues were rather small. Coins thus employed are generally uncirculated pieces or proofs and in some of the series struck between 1860 and 1890 the choicer specimens already are showing a tendency toward scarcity.

RARE CALIFORNIA GOLD INGOTS

Greatly sought but rarely offered are the oblong gold ingots of various values which were struck by F. D. Kohler, state assayer of California, in 1850. All of these ingots circulated freely as money in the pioneer days of California and numismatists vie with each other in the attempt to secure these rare speci-

mens on the infrequent occasions when a few of them happen to get into the market.

The Kohler ingots all bear his name, the year of issue, weight of gold content, value in money, and the caratage or degree of fineness of the metal. Rarest of these ingots probably is the \$50 piece for which dealers offer up to \$500. Second scarcest is the \$36.55 bar, which they seek at figures ranging up to \$400, while \$350 each is offered for the \$54.09, the \$45.34 and the \$40.07 ingots. This includes the entire issue of Kohler ingots and the valuations are according to the latest dealers' buying list. What the different ingots might bring at auction at the present time is largely a matter of conjecture. Competition to secure the pieces is great and they are so seldom offered at public sale that it would prove difficult to set an average valuation for any of them. Naturally the ingots, must be in a high state of preservation to secure the large premiums.

Two gold ingots also were struck by Moffat & Co. They bear no dates, but probably were coined either in 1849 or 1850, and have inscribed on them the firm name, the degree of fineness of the gold content, and the monetary value.

The latest buying list appraises the \$9.43 Moffat piece at \$250 and the \$16 bar at \$100. Several years ago one of the Moffat \$16 bars, in extremely fine condition, brought \$300 at a coin auction sale.

RAREST AMERICAN COIN

The question frequently arises as to which is the rarest of the American coins. From the standpoint of financial value the honor probably will have to be awarded the Brasher doubloon.

This coin was struck in 1787 by Ephraim Brasher in his silversmithing establishment in New York City and receives its appellation owing to the fact

that the name Brasher appears on the piece. It was designed for use in the Atlantic coastwise trade, Spanish money being the standard of value in our Continental days. The Brasher doubloon is an extremely rare coin and much sought by advanced collectors. The latest to come upon the market was the specimen offered in the public sale of the James Ten Eyck collection on May 2



America's Rarest Coin—The Brasher Doubloon

of this year. It brought \$3000, which is considerably below records previously established. Several years ago one of these coins was sold in Philadelphia for \$4000 and over a decade ago \$6300 is said to have been paid for an exemplary specimen in a private transaction in New York City. The latter figure is the highest price ever paid for an American coin. The second honors must be accorded the \$5 gold piece of 1798 with small eagle on the reverse. This coin, also offered in the Ten Eyck collection, went under the hammer at \$5250. Upon its last previous appearance, in the Earle sale in 1912, the coin brought \$3000. The silver dollar of 1804, in exemplary condition has a record of \$3500.

While the above are established records, there are other coins which have never been offered at public sale that probably would top any of these marks. These are the half eagle of 1822 and the \$25 Templeton Reid California gold piece of 1849. But as neither coin has been in the market for years, any estimate as to present values would be mere conjecture.



Banking in the Tennessee Mountains

By E. J. Bruen

RUNNING a bank in the Tennessee mountains is, fundamentally, the same as operating one in New York but there are many angles to the work of the mountain banker that are unknown in the city institutions. During a trip in the South it was the writer's good fortune to become acquainted with William H. Estes, cashier of the Farmers' Bank, Livingston, Overton County, Tennessee. This bank is situated in the last railroad town, the end of the iron trail, as one journeys into the mountains.

Having reached Livingston on the evening previous to making the acquaintance of the banker I retired early and was looking the town over at 7 o'clock in the morning. Having a well-defined idea about the hour when bank doors are opened it was rather a shock to find the front door of the Farmers' Bank wide open. Inside the usual equipment of a small town bank was disclosed. The cashier's desk was nearest to the door and was not railed in; the cages running back from it. Further investigation disclosed an alert young man busy with a stove in the rear of the bank. Firing up was the work in which he was engaged, the stove being a wood burner into whose great door were being fed large chunks of fuel. By the way, the burner measured about three feet in length, two feet in width and depth. Within a few minutes after the wood began to crackle the radiation possibilities of the sheet-iron monster were disclosed.

Having finished his task as a fireman, the pleasant-faced man inquired what he could do for this visitor who was rather surprised to discover that the fireman proved to be the cashier. Later on it became known that the cashier was also the business manager of the town. As the conversation progressed two young men and one young woman entered the bank at different times and

opened their cages for business. One of the young men had ridden six miles, muleback, over the mountains to reach his desk and makes the trip winter or summer, rain or shine, every business day in the year. The bank was open for business for the day and the employees in their places at 8 o'clock. Asked at what hour the bank doors closed Mr. Estes said that they never were shut before 5 o'clock, and that sometimes it became necessary to keep open much later for the accommodation of patrons.

COMMUNITY SERVED BY BANK

In order to present a definite idea of the community in which the Farmers' Bank prospers it is well to state that the town of Livingston has a population of 1717 while Overton County, of which it is the capital, has about 22,000. The principal industry is lumber and the county raises a great amount of corn and other agricultural staples. A knitting mill within a half mile of the town employs about 200 people.

Of the twenty country towns in Tennessee visited by this writer Livingston is characteristic of them all from the standpoint of topography—a great court-house square with a big red brick court-house in its center, the business houses forming the outline of the square. In Livingston the two-story modern structure which houses the Farmers' Bank preëmpts the dominant corner.

Mr. Estes is a banker who knows his patrons possibly better than any banker in a different community could. His depositors are all natives, people "who never changed nor wished to change their place". Some of them he does not see from year's end to year's end, transacting all necessary business through the mail. This writer received the impression from the incidents he related that there is no bank anywhere that

is called upon to perform so many duties as a fiscal agent for its patrons as is the Farmers' Bank of Livingston. Many of these matters are insignificant in financial value, he said, but they are of vast importance in giving service to depositors and maintaining that most important asset for every bank—confidence. The principal reason why so much of this bank's business is transacted by mail is found in the terrible condition of the roads and the consequent lack of comfortable transportation. One of the wags met in the mountains explained:

"Women only travel these roads when they're going to be married. Men only use them when they're looking for a new supply of corn liquor. They're a fright."

BROAD CONCEPTION OF SERVICE

All important business transactions in Livingston County are cleared through the Farmers' Bank. When I was in the mountains I met the head of one of the greatest golf stick factories in the world. He was purchasing a certain kind of hickory suitable for his purpose. Being unable to obtain large quantities in individual purchases he had made a heavy deposit with the Farmers' Bank and used this liquid asset in making immediate cash payments. He had come directly to Livingston from Scotland, where his plant is located and Mr. Estes handled all

exchange matters for him through the bank's New York correspondent.

The thing that made the most forceful impression on the visitor to the Farmers' Bank was its wonderfully broad conception of service to the public. Standing as it does on one of the outposts of progress it wields a progressive influence that reaches far beyond the boundaries of the county in which it is located. It is, this writer discovered, well known in the counties of Pickett, Fentress and Putnam, all of which are beyond the reach of the iron trail.

The hardware man in Livingston gave an example of the nearness of the bank to the needs of the community when he called there the day the writer interviewed Mr. Estes to get jewelry out of the vault. He carries, it developed, a large stock of gems, wedding rings, etc., and keeps them in the bank vault because there is little demand for such things. The rural free delivery mail carriers in this region are very careful of their mail bags because sometimes they carry very valuable packages of money and negotiable paper. Suspicious of everybody whom he does not know the mountaineer has absolute confidence in Uncle Sam's mail and the Farmers' Bank, Livingston. Mr. Estes, the cashier, is the executive officer of the bank. He is a member of the Tennessee and the American Bankers Association and keeps up to the minute in all matters relating to his profession.



THE greatest single new productive force in the United States in the past twenty years has been the automobile. — Charles Clifton, President National Automobile Chamber of Commerce.

Defining the Branch Banking Issue

By James A. Hoyt

Vice-president First National Bank in Detroit

A DEFINITION of the subject is essential before a debate can intelligently proceed. The difficulty about the recent discussion of branch banking has been the lack of a definition. What are we talking about?

Manifestly one team of debaters has been discussing one subject, another team has been talking about another subject and a third has been talking about still another subject. There is branch banking as exemplified in Canada. There is branch banking as operated in California. There is branch banking as practiced in Detroit and Cleveland. Perhaps there are fifty other varieties. There can be no intelligent discussion and no satisfactory solution until there is a process of elimination and definition.

It is not likely that anyone would seriously propose to supplant the system of banking now in existence in this country with a system similar to the Canadian system. Even the giant octopi of Wall Street—if our New York friends will pardon the allusion—hardly wish that. Yet that is the scarecrow which has been set up and demolished by some of the debating teams on the negative side of the query. The Canadian system, whatever its virtues, is not suited to the United States, for reasons not necessary to enter into now but which are fundamental, based on the differences in the development of the two countries. So let us eliminate that variety of branch banking.

For our part we do not favor either the California variety, and this is said without reflection. There are very grave objections to the extension of a banking institution throughout a state; the same objections in a smaller way which obtain against the Canadian system in a large way.

The third variety is the Detroit variety, if we may call it such. In its

favor very much can be said; against it nothing convincing has as yet been said.

It is defensible because it is responsive to the necessities of our modern large city. In a word the banks in these cities have found it is impossible to serve their communities properly at one down-town office. Somewhat slow to do so—as the profession is characteristically conservative—the city banks have merely followed the lead of other business institutions. By some the comparison may seem undignified—and dignity is the banker's fetish—but if the gasoline companies, the chain drug stores, the chain groceries and the chain movies have found it expedient to place their conveniences for spending money within easy reach of the people why should not the facilities for saving and conserving money be similarly presented by the banks? In Detroit you can buy a Ford car in any part of the city. The Ford Motor Company might sell to Detroiters as many cars from its great plant in Highland Park as are now sold from its fifteen to twenty Detroit agencies but it is to be doubted. At any rate it is much more satisfactory to the buyers to be able to deal with a neighborhood representative of a standard product than to be compelled to go to the main plant.

In the discussion of the branch banking question the buyer—the man that the Ford Motor Company always has in mind—has been very generally overlooked. What is best for the customer, not what is most profitable to the banker, may have something to do with the final determination of this question after all. Is it more convenient, more satisfactory, and just as safe for him or her to do business near his store or near her home with an office of a strong national bank, with ample capital, strong resources, diversified loans, experienced and conservative management and every

possible banking facility? Or is it best for the customer to depend on a neighborhood bank, with limited capital, limited resources, loans restricted to a limited territory and a few lines, and under management, which however honest and well meaning, is of limited experience, with limited facilities?

The banks in the large cities have found a demand for the extension of their facilities throughout their communities. That is the method by which they can best serve their communities, and while every good banker is concerned about dividends to his stockholders, he is not worthy of the name of banker unless he is concerned also about the service his institution may render. It is not greed on the part of the banks that has brought about the extension of banking facilities in the cities; it is response to the necessities of these communities.

Let the debate, then, be limited to this definition: "In cities of 100,000 or more inhabitants shall a bank be permitted to operate branch offices within the corporate limits of the city in which the main office of the bank is located?"

With this as the definition of the query the debate may proceed without confusion of thought and without loss of temper. There are many collateral questions which may be developed. How much capital must a bank have before it can operate branches? In what proportion shall the capital be increased as the number of branches is increased? These and many others, will be opened up for consideration as the debate continues.

And, if the state banks are permitted to operate branches under the restrictions as to corporate limits and capital, why should not national banks have that right in these same states?



Small Bank Can't Meet Modern Demands

By A. P. Giannini

President Bank of Italy and California Joint Stock Land Bank

BANKING as interpreted by the Bank of Italy, has struck a new ethical note in the field of finance. Customs and standards, accepted as equitable—and assumed, through usage, to be proper banking adjuncts—are now discarded under the new order of things.

Neither the officers nor members of our staff are permitted to enrich themselves by virtue of their connection with the Bank of Italy. We are all paid good salaries—and there our remuneration stops. That holds good throughout the organization from top to bottom. As for my own case; I do not make as much money now, as president of a bank that has more than a quarter of a billion dollars in resources, as I did when I was a member of the firm of L. Scatena and Company—from which concern I re-

tired before going into the banking business.

Those of us who are engaged in banking, whether we exercise directing control or simply help in carrying out the bank's routine functions, have a distinct public responsibility, and if we are to deserve the trust that has been reposed in us, we should not seek to gain undue profits by virtue of our offices, nor further private interests through use of the bank's name and standing.

A bank is in a measure a public service institution. It handles the people's money in much larger proportion than it does that of its stockholders, and as custodian of these private funds, it must stay entirely within certain fundamental protective bounds.

In this characteristic lies the success

of the modern banking institution. As it is able to serve, in direct ratio will it prosper and the banker can never afford to forget this.

Until the advent of branch banking in California when the Bank of Italy established its first branch during the fall of 1919, banks had been largely the instruments of individuals concerned with private or corporate gain. Upon the financial acumen of the powerful and rather exalted personage in charge of its affairs, the bank—and sometimes an entire community—depended for success.

The banker's salary as president and his stock dividends totalled only a small part of his income; he assured his fortune by accepting and even demanding bonuses, by taking advantage of discounts, by charging higher interest rates, by foreclosures wherever there was the least excuse, by secret speculations, by the acceptance of stock gifts for financial aid and influence, and by many other methods which were considered perfectly legitimate.

These are the practices which must be wiped out completely in the banking business, for such profits come from the weight of the people's money and not through the qualifications of any single individual.

The day of the small banker is passing and we ought to get that impressed on our minds. I do not say that he has done anything reprehensible or misused the funds of his bank or conducted its affairs either illegally or ill-advisedly. It is simply that the time has come to do things more efficiently and on a big scale.

The business success of the country can no longer depend upon the many small, scattered banks with widely separated bases of operation. The development of our nation's resources demands big capital and large institutions to handle it in mobile form like the direction of an army in the field, so that forces can be shifted from place to place where most needed.

This country is the only one of the

great nations in which branch banking is comparatively new. Can't all these bankers who are against the extension of branch banking realize that we in this country must centralize our financial resources in strong groups and keep money liquid so that it can flow to the points of greatest need?

We are making it possible, by the application of modern financial principles, for the small bankers to double the value of their stock holdings, to gain higher legitimate dividends than they ever received before, and to retain good positions in their own banks with relief from the worries that used to assail them in financial stringencies.

The small banks, even in interior towns, can no longer meet the requirements of intricate and far-reaching business demands. Interests of large territorial spread can no longer depend upon the smaller banks to finance them and carry their accounts from town to town.

The huge financing of the war taught us the advantages of doing things on a big scale, and now we must continue to carry on that way, for the world demands it of us. Banks are not operated on the same basis as are concerns engaged in dealing with tangible commodities. Banks, as I have said, are quasi-public service institutions, hedged in by legislative restrictions that control their operation and earnings. Nor can banks compete in the same way that merchandising organizations do. For instance: the merest suggestion of a cut in interest rates—as commercial establishments slash prices—would result in chaos and bring the superintendent of banks and his examiners in hot haste to demand our books.

All we can do is, compete in good service and good will. We cannot extend our accommodations beyond a certain point. We must maintain fixed interest rates and follow the general rules as to security, collateral, time-extensions, note-calls and other procedures. There are limits to the risks we can take and the favors we can extend.

Stores and factories can give their products away, if they want to, in competition with their rivals, but the banks must follow a groove; they must act so that all the world may see. They must be ready at all times to pay their depositors in full.

To do all this obviates the possibility of taking chances with the people's money or of misusing it in any way. There is in all probability a limit even to the service one banking group can give, with the result that financial patronage will be split up according to the service required.

Years ago I came to the conclusion that the operation of branches under one control management must be undertaken in this country as it has been in Europe. Consequently we set about organizing our affairs with that end in view. We met bitter opposition from all sides, but we persevered.

Recently, opposition is lessening and the idea is spreading. We flatter ourselves that in this country we started far ahead of the processions. The others will have to come to it. We are following our present course because we believe it is the proper method by which to conduct banking business, and not because we want to undertake competition or wipe out opposition.

The banks with branches make exceedingly liberal offers to those they wish to buy out and give the officers and employees the opportunity to continue in their positions.

Others engaging in branch banking are following a course similar to ours and I am sure that with careful management—such as I know they are capable of giving—they will succeed, as we are.

I hope, that eventually there may be uniform banking laws throughout the United States to permit interstate branch banking within the bonds of utility, but I am afraid that this will not be—at least for a long time. The states are jealous of their individual rights and of their freedom to make such laws as they please within their borders, and I scarcely believe they will relinquish these rights in the interest of general financial betterment. However, some day it may be brought about.

The "chain of banks" conception of our operations is an erroneous one. Our branches are all parts of one institution, directed by one management with special reference to local requirements and conditions and each contributing directly with all of its strength and loyalty, to the common good of the whole.

SAVE YOUR BANK MONEY

Do not cash checks for strangers

In opening accounts for strangers do not permit withdrawals against items before returns have been received.

Before cashing checks bearing alleged endorsement of your depositor call up the depositor and see if he endorsed the check.

If in doubt as to whether a check is genuine, before cashing, verify signature or call up depositor. If this action is taken and the check is a forgery, the presenter will leave the check and the bank in a hurry.—*Protective Department, American Bankers Association.*

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 was given charge recently of the Bond Register in the bank where I am employed. In recording the bond transactions, bought and sold, it is necessary that I compute yield on the bonds. I am rather vague as to the proper method of figuring this yield on bonds. If you will furnish me with an illustrated method of computing the yield, using the below transaction as a model, I will appreciate it very much:

"Prov. of Manitoba 6 per cent., bought at $101\frac{1}{2}$, dated August 16, 1920, due August 16, 1925—what would be the yield on same? If above bond was bought below par, say, at $97\frac{1}{2}$, how would the yield be figured?"—R. L. K.

ANSWER: The method for figuring the yield on bonds is not difficult if one has in mind the theory on which such calculations are based. In a position such as R. L. K.'s, however, it is an unnecessary waste of time for the bank employee to make these calculations himself. Practically all bankers and brokers obtain the yield by consulting "bond tables," which are put up in compact form in small book size, and may be obtained from any financial book store. These tables give at a glance the correct yield of any bond having a maturity ranging from six months to 100 years. All that is necessary to know is the purchase price of the bond, the length of time to maturity, and the interest rate. With these in mind it is a simple matter to turn to the proper page, and instantly read the correct yield. If the bank in which R. L. K. is employed does not have such a bond table, he can easily obtain one through any investment house with which his institution does business. The possession of one will be invaluable to him in his work.

It is well, however, to understand the theory on the basis of which the yield is

calculated. In general, there are two types of yield which should be borne in mind. The first of these may be called the present or straight income yield, with no allowance made for discount received or premium paid, which will later have to be adjusted when the face value of the bond (\$100) is paid at maturity. In this case the yield is obtained by dividing the amount of the annual interest by the cost (purchase price) of the bond. For instance, in the case in question: \$6.00 divided by \$101.50 equals .0591 or 5.91 per cent. Or if the bond is purchased below par, the yield will be \$6.00 divided by \$97.50 equals .0615 or 6.15 per cent.

The second type of yield is known as the "yield to maturity". This is the type commonly in use among all bankers and investment men, and forms the basis for the computation of all bond tables. The exact calculation of the yield is worked out in the bond tables by logarithms. The theory upon which these are based is clearly explained by the quotation given below from a book of bond tables which we have before us. (This particular set of tables happens to be called "Universal Bond Values Tables" and is published by the Financial Publishing Co. and issued through the courtesy of Hemphill, Noyes & Co.) We take the liberty of quoting as follows:

"The formula according to which these tables were computed assumes that when a bond is purchased at a Premium, an amount must be reserved from each coupon as it matures, which, invested at the rate which the bonds yield at the cost price, will exactly accumulate to the Premium during the life of the bonds; and, conversely, that the purchaser of a bond at a discount is assumed to receive the rate of yield upon the amount originally invested, and in order to do so, can borrow, in anticipation of the increase to par value, at a rate equal to the yield rate, and in amount sufficient to total to the discount at the end of the life of the bond.

"In other words, an amount sufficient to

amortize the Premium or to accumulate to the discount during the life of the bonds, is assumed to receive interest at the rate the bonds yield at cost. This is the generally accepted practice in computing Bond Values Tables."

In illustrating roughly the above theory by simple mathematics (without taking into consideration the matter of interest on the amounts set aside to amortize the Premium or to accumulate to the Discount) we note that the bond was issued on August 16, 1920, and for the sake of simplicity we will assume that it was purchased on August 16, 1922, having three years to run to maturity. As the par value of the bond is \$100 and the purchase price $101\frac{1}{2}$, the premium or loss of \$1.50 will have to be amortized over the three year period. In other words, one-third of the loss, or 50 cents will be deducted each year from the annual interest of \$6.00. This will give an actual income or interest each year, if held to maturity, of \$5.50. Dividing \$5.50 by \$101.50 we will obtain a yield of approximately 5.42 per cent.

Conversely, if the bond is purchased at $97\frac{1}{2}$ on the same date, it is evident that in order to figure the correct yield the discount or profit of \$2.50, which will be received at maturity, will have to be apportioned over the three-year period; \$2.50 divided by three equals 83 cents. This amount added to the regular annual interest of \$6.00 gives a total of \$6.83. Dividing this figure by \$97.50 we obtain a yield of approximately 7.01 per cent.

QUESTION: From time to time our bank has been offered on option the commercial paper of a well known glove manufacturer. Can you tell me anything about the seasonal borrowing periods in this industry, as well as the general business situation this year? How often should a glove manufacturer turn his capital a year?—F. F. W.

ANSWER: Almost 90 per cent. of the glove industry in this country centers around Johnstown and Gloversville, New York. Prospects for this year appear to be good, and there is quite an active demand, in marked contrast to the situation two years ago when the bottom dropped out of the market, goods could not be moved, and all glove manufacturers experienced heavy losses. If you will look over the surplus account of your manufacturer you will probably find that in 1921 he suffered a very heavy decrease, due to inventory depreciation. Last year, however, he should have gained some of this back. Prices in the industry this year are on the uptrend, due to the rise in the price of raw leather, and

a healthy business outlook is in sight, despite the somewhat uncertain conditions caused by rising prices. Glove manufacturers usually begin to manufacture in January for the next winter's market. Their chief borrowing period is from February to September and October. All finished goods in this business formerly were shipped in September, October and November, and there were no collections until November 10. At the present time, however, manufacturers are shipping jobbers as early as May, and retailers in September, October and November. Jobbers are also getting shorter terms than formerly—generally sixty days.

As collections come in during the fall, manufacturers should clean up their bank, and open market obligations. During the months of October, November and December, therefore, their borrowings should either be in process of liquidation or reduced to the low peak of the year. A glove manufacturer turns his capital at a maximum of two and one-half to three times a year.

QUESTION: Not long ago there was brought to me for analysis the statement of a manufacturer of ladies' shoes. The only previous figures I have to compare these with are from the company's balance sheet of six months earlier in the same year. I am not familiar with the inventory and borrowing periods in this business, and it is therefore rather difficult for me to make an intelligent comparison. The manufacturer in question sells his products largely to chain stores. Would appreciate any information you have on the subject.—W. P.

ANSWER: The business you speak of is seasonal, revolving largely around the spring and winter trade. As this particular manufacturer sells his product to chain stores, it may be inferred that he manufactures a cheap or medium grade shoe. This is usually the type handled by chain stores. This sort of business is not so apt to be subject to market fluctuations as that of higher priced shoes, and during a period of depression or slump in demand, is not so keenly affected. For instance, in the general depression of 1920 and 1921, manufacturers of this grade of shoe were, in a great many cases, able to continue operation of their plants at normal capacity. The principal borrowing periods are in the winter and late summer and early fall, when inventory is taken on and manufacturing is at its height. Goods are usually shipped with October 15 and March 15 datings. Ship-

ments are made all through the winter, summer and fall, but collections do not come in in any considerable amounts until the dates mentioned above (October 15 and March 15). At these periods notes and ac-

counts payable should be at their lowest. Terms are usually 30 days, but due to the fact that the manufacturer has to ship early, because of the dating terms, his money is tied up over rather long stretches of time.



Accidental Imprisonment of Clerk Raises Question of Getting Out of Locked Vault

RECENT accidental imprisonment of a bank clerk in a modern bank vault, and the impossibility, on account of the time lock, of opening the vault in the usual way, has led to much discussion of ways and means of preventing accidents of this sort.

The system adopted by the Guaranty Safe Deposit Co., New York, is thus explained to the *New York Times* by Vice-President R. J. F. Allen of that company:

The reason we cannot make it easy to get out is that we have to make it impossible to get in. This talk about air ducts and emergency doors is absurd. Tubes would only draw fire, and combinations without clocks have long been obsolete.

The principal obstacle to entrance from the outside is the time clock. This is under glass on the inside of the door. It is a cog-pendulum clock, of which there are four on every safe. In case one breaks the next can be set. These time clocks operate against the bolt center of the great door. Until the time clock runs down after being set it is impossible to turn the handle that releases the steel bolts from their sockets in the door jamb. The clock is set like a kitchen alarm clock and goes off the same way. The clocks are usually set for a half hour to one hour ahead of opening time so as to allow for possible delays in working the combination. A clock can be turned off only from the inside of the door. Once the door is closed, therefore, the clock can only be turned off by some one on the inside. The person there does not necessarily know this and cannot take advantage of it unless he is

able to get in touch with some one on the outside.

The only thing to do is to make it impossible for the person shut in to be obliged to remain without help. We have a light that burns all night in the vault. The other lights go out automatically when the door is shut, but this light remains. It is above the telephone. The telephone connects with the central telephone office. Above the telephone is a typewritten card of instructions, advising what to do if locked in the vault. It gives the telephone number of the night watchman who patrols the bank corridors all night. The imprisoned person need only tell his plight to this officer. The watchman would immediately telephone to the officer of the vault and failing to get him, to every officer in his roll-book of bank officials, until he obtained the necessary help. The bank officials would then round up the pair who control the unified combination figures and assemble at the vault door. They again would connect the outside world by telephone through the central operator and begin their instructions to the man inside. They would tell him to go to the safe door and break the glass that encloses the time clocks. Then he would get instructions on how to release the clock bar. It is a simple operation. A child could do it if instructed. The officers could next spin the knob to the opening numbers of the combination. Each officer has his own disk, his own combination. One cannot work alone. Each must take his turn with the twists and numbers. Once the combinations were worked out the bolts, released by the time bar from inside could be pushed out of their sockets and the door opened.

Banking and Commercial Law

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

Liability of Bank for Securities Stolen From Vault

Harland v. Pe Ell State Bank, Supreme
Court of Washington, 210 Pac.
Rep. 681.

THE defendant bank received Liberty Bonds and other securities from its customers for safe keeping. Some of the securities were kept in a safe located in the banking room. For the service rendered by the bank, in taking care of these securities, no charge was made.

The other securities were placed in safety deposit boxes located in a vault, for which a rental charge was made.

Burglars entered the bank and blew off the door of the safe, taking therefrom the securities which it contained belonging to the bank's customers. They also blew off the inner of two steel doors protecting the vault (the outer door having been inadvertently left open by the cashier) and stole the contents of the safety deposit boxes.

It was held that the bank was not liable for the securities stolen from the safe. But the bank, because of the negligence of the cashier in leaving the outer door of the vault open, was responsible for the securities removed from the safety deposit boxes within the vault.

OPINION

MITCHELL, J.—The Pe Ell State Bank in conducting its business was provided with a vault containing safety deposit boxes for hire and also a safe kept in its banking room outside of the vault. The entrance to the vault consisted of two thin steel doors, the outer one being thicker and stronger than the inner one. The inside door of the vault fastened with lock and key, the outer one locked with bolts inside. The safe was of medium size, having a thick, fire-

proof door. The inside of it consisted of pigeonholes and a so-called burglar-proof steel chest fastened with a combination lock. The bank had received certain United States Liberty Bonds and War Savings Stamps, the property of Leander Crosette and Albert Meade, that were kept in safety deposit boxes, the rentals for which were paid by them. It had also received certain United States Liberty Bonds, the property of M. E. Harland, Gus Papas, and Ward Carper, that were kept in the bank's safe, without compensation. At the close of work one day the cashier of the bank, who had the active personal management of it, left the banking room without locking or fastening the outer door of the vault. That night the bank was burglarized. The outer door of the vault was opened, uninjured, and the inner door was blown open. The outer door of the safe was blown off, and the combination lock of the steel money chest in the safe was blown off without that door being opened. The contents of the chest were not disturbed. The bonds and stamps of the parties mentioned, together with similar instruments and securities belonging to other persons, including the bank, were carried away, and have not been recovered. This action followed, in which Harland in his original right as to his bonds and as assignee of Crosette, Meade, Papas, and Carper sued the bank to recover the value of the bonds and stamps, together with interest. Findings of fact, conclusions, and judgment were entered in favor of the plaintiff for the bonds and stamps taken from the vault, but against him as to those taken from the safe. Each party has appealed from that portion of the judgment against him.

We consider the bank's appeal first. Noticing the terms of the written assignments to the plaintiff by Crosette and Meade, the bank contends that the bonds and stamps were attempted to be

assigned, and that they could not be assigned or transferred according to the terms of an act of Congress and administrative regulations thereunder of the Secretary of the Treasury of the United States. Upon oral argument the point was waived as affecting the bonds. However, as to both, a fair understanding of the words of the assignments sustains the findings of the trial court that they were made for "suit and collection". We have no doubt the bank is fully protected, the beneficial owners respectively having testified at the trial in support of the assigned causes of action.

The principal contention on the appeal arises over the findings and conclusions on the merits. It fairly appears from all the testimony that the door to the safe was a greater obstacle to the success of a burglar than the inner door of the vault and than the outer door of the vault would have been had it been locked. Therefrom it is heartily insisted by the bank that if the outer door of the vault had been locked it would have afforded no efficient protection against the burglar, and that therefore the failure of the bank to lock the outer door of the vault did not constitute negligence for which it is liable for the theft of the securities taken from the vault. If so, then, had the bank carelessly left both doors of the vault unlocked or wide open, the loss of the valuables therein at the hands of the burglar would have created no liability against the bank because the burglar had demonstrated his superior ability by blowing off the door to the safe. The rule would apply in the case of a score of safes and vaults at the same place, the doors of all but the strongest left open, if a burglar succeeded in opening the strongest one of the lot. The contention is faulty. The proper rule is, did the act of the bank in leaving the vault door unlocked constitute want of due care, such as a prudent man would take under similar circumstances of his own property, that caused or permitted or contributed to cause or permit the burglary.

In the case of *Memphis R. R. Co. v. Reeves*, 10 Wall, 176, 19 L. Ed. 909, the court said:

"It is not necessary for him (the bailee) to prove that the cause was such as releases him, and then to prove affirmatively that he did not contribute to it. If, after he has excused himself by showing the presence of the overpowering cause, it is charged that his negligence contributed to the loss, the proof of this must come from those who assert or rely on it."

In the case of *Hunter v. Ricke Bros.*, 127 Iowa 108, 102 N. W. 826, it was said:

"And when the presumption which obtains contemporaneous with the injury or loss, and which, as in this case, is solely relied upon in chief, is overcome by a showing that such injury or loss occurred through the operation of forces not within the control of the bailee, the case must be at an end, unless he who complains shall go farther, and either disprove the asserted cause of loss, or make it appear that a want of ordinary care on the part of the bailee coöperated with such destroying cause"—citing cases.

Van Zile, *Bailments* (2d Ed.) concludes Section 204, devoted to "the question summed up and the rule settled", by quoting from *Claffin v. Meyer*, 75 N. Y. 260, 31 Am. Rep. 467, so often cited by this and other courts, as follows:

"Applying these principles to the present case, we must hold that when it appeared, as it did, that the goods were taken from the defendant's warehouse by burglarious entry thereof, the plaintiffs should have shown that some negligence or want of care, such as a prudent man would take under similar circumstances of his own property, caused or permitted or contributed to cause or permit that burglary."

The cases and authority cited are in harmony with our case of *Firestone Tire & Rubber Co. v. Pacific Transfer Co.*

(Wash.), 208 Pac. 55, wherein, among other things, we said:

"If, on the contrary, when the fact of the theft was disclosed, the burden rested on the respondent (bailor) to show such negligence of the appellant (bailee) as contributed to the theft, then the judgment must be reversed, because it failed to produce such proof."

And, while these authorities pertain primarily to the burden of proof, they show that the burden relates to some act of negligence on the part of the bailee that contributed to the loss complained of so as to fix liability upon the bailee.

In this view of the law we think the evidence in this case shows liability on the part of the bank for the bonds and stamps stolen from the vault.

Concerning the plaintiff's cross-appeal a different situation is presented. As to those bonds the bank was a gratuitous bailee. The safe in which they were kept was shown to have been the safest place in the bank. The customers were familiar with the banking room and building, and the means provided for the safe-keeping of valuables. In the same part of the safe in which the bonds in question were kept the bank had a quantity of its own property, consisting of notes, mortgages, Government bonds as collateral, and other instruments, all of which were taken with those involved in this action. Contention is made that it was the duty of the bank to have kept the bonds in the inner so-called burglar-proof chest in the safe, but the testimony shows that it was designed and used for the purpose of storing the silver and gold coin and other money of the bank used in its business, and that the capacity of the chest was insufficient for that purpose much of the time. It satisfactorily appears that the bank exercised reasonable care as to the place in which the property was kept and in the care it gave to it while it was in its custody. The bank gave to the bonds not only the same care it did to similar property of its own, but also that care which we think the circumstances required, and which an

ordinarily prudent person, in the situation of the bank, would bestow upon his own property of the same character. 6 C. J. Bailment, p. 1125, § 65.

The judgment is in all respects affirmed.



Bank Liable in Paying Check on Forged Indorsement

Strang v. Westchester County National Bank, New York Court of Appeals, N. Y. Law Journal, March 12, 1923.

When a bank pays a check drawn upon it by a depositor, and the check bears a forged indorsement, the bank cannot charge the amount of the check against the drawer's account. It must bear the loss itself unless it is able to recover the money from the person to whom it was paid.

This rule was applied in the present case under somewhat unusual circumstances. It appeared that the plaintiff was a depositor in the defendant bank. An attorney informed her that a party by the name of Remsen desired to borrow money on the security of certain real estate which he owned. She thereupon drew a check upon the defendant bank, payable to the order of herself, in the sum of \$1100. This check she indorsed to the order of Remsen and delivered to the attorney.

She received from the attorney a bond and mortgage, purporting to have been executed by Remsen and his wife. As a matter of fact, there were no such persons as Remsen and his wife. The property described in the mortgage in reality belonged to the attorney and he had forged the signatures on both the bond and the mortgage.

The attorney indorsed Remsen's name on the check and collected it from the defendant drawee bank. When the facts were discovered, the plaintiff brought suit against the bank and it was held that she was entitled to recover on the ground that the check had been paid by

the bank upon a forged indorsement.

Two of the judges of the Court of Appeals, by which the case was decided, dissented from the prevailing opinion. In the opinion written by the dissenting judges, it was said: "I cannot believe that a bank is held to such strict liability in paying a draft or check as that laid down in the prevailing opinion, or that the law is so unreasonable as to hold a bank liable upon the facts in this case".

It is undoubtedly true, as suggested in the dissenting opinion, that the rule under which the bank was here held liable is a strict one. Nevertheless, this same rule has been applied in a number of cases decided in other jurisdictions in cases involving similar facts.

OPINION

CARDOZO, J.—Plaintiff had a deposit account with the defendant bank. She informed the cashier that she wished to make a draft for \$1100, payable to one Homer E. Remsen, to whom she was to loan the money on bond and mortgage. The cashier told her to make the draft to her own order and to indorse it to the order of Remsen. She brought the draft thus indorsed to one Bushnell, a lawyer. Bushnell gave her in return a bond, signed, as it seemed, by Homer E. Remsen and Alice, his wife; exhibited a mortgage signed in the same way, and made out a certificate that the mortgagors were the owners of the mortgaged property free from all incumbrances. In truth there were no such persons. The owner was Bushnell, and his supposed clients were fictitious. He told the plaintiff that he had once been the owner of the property, but that he had sold it two years before to Remsen, and owned it no longer. The draft was paid by the bank upon the indorsement of the attorney in the name of the fictitious client. His suicide a few days afterwards laid bare his crime. The plaintiff notified the bank that the draft had been paid without right and sued to recover the money charged to her account. The Trial Term gave judgment

in her favor. The Appellate Division reversed, and granted a new trial. An appeal to this court followed.

We think the appeal must be sustained. The defendant was without authority to disburse the plaintiff's money except in accordance with her orders. It acted at its peril if it paid upon a forged indorsement (*Shipman v. Bank of State of N. Y.*, 126 N. Y., 818). We cannot escape the conclusion that this is what it did. A different case would be here if the plaintiff had dealt with Bushnell in the belief that he was Remsen, intending to make payment to the person then before her, though lured into that intention by his assumption of a fictitious name. In such circumstances nice distinctions would have to be drawn to determine whether the crime was forgery or something else (*Phelps v. McQuade*, 220 N. Y., 232; *Mercantile Nat. Bank of the City of N. Y. v. Silverman*, 148 App. Div., 1, *aff'd* on opinion below, 210 N. Y., 567; *First Nat. Bank v. Am. Exchange Nat. Bank*, 170 N. Y., 88; 8 Williston on Contracts, sec. 1517). That is not what happened. The plaintiff did not intend to deal with Bushnell, either under that name or any other name. She did not know Remsen, who was represented to be the owner, but she knew that he was not Bushnell, for Bushnell so informed her. He told her, as we have seen, that the property had once been his, but that he had parted with his ownership. In these circumstances the crime of forgery was committed when he signed the names of Homer and Alice Remsen to the bond which charged them with the debt (*United Cigar Stores Co. v. Am. Raw Silk Co., Inc.*, 184 App. Div., 217, *aff'd* 229 N. Y., 532; *Nat. Surety Co. v. Nat. City Bank*, 184 App. Div., 771; *Mercantile Nat. Bank v. Silverman*, *supra*; *Phelps v. McQuade*, *supra*). The crime was committed again when he signed their names to the mortgage, adding a certificate of acknowledgment in the name of a fictitious notary. It was committed once again upon his indorsement of the check. What he did

was not the less a forgery because it has turned out in the end that the borrower was a myth (*Shipman v. Bank of State of N. Y.*, supra; *Seaboard Nat. Bank v. Bank of America*, 193 N. Y., 26; *United Cigar Stores Co. v. Am. Raw Silk Co., Inc.*, supra; *People v. Browne*, 118 App. Div., 793, 799; Penal Law, sec. 883; Cons. Laws, chap. 40). The myth did not exist with the consent or knowledge of the lender (*Neg. Inst. Law.*, Cons. Laws, chap. 38, sec. 28).

The argument is made that the bank acted within its rights when it paid the check to Bushnell, because Bushnell was in truth the owner of the mortgaged land. The record does not tell us whether his title was unincumbered, but ownership, though absolute, would not change the nature of his crime. The plaintiff did not loan her money to Bushnell, content to accept him as a borrower. He of all men was excluded. She loaned it upon the bond of Homer and Alice Remsen, with a mortgage as collateral. Undoubtedly she believed when she drew her check upon the bank that Remsen was an owner of the property and that the mortgage was a valid lien. This belief did not mean that someone else who had been expressly excluded as a borrower had the right, because he was the owner, to step into

the borrower's shoes. Remsen, if a real person, might have indorsed the draft without liability as a forger, however fraudulent the statement that he was the owner of the land (*Phelps v. McQuade*, supra). Bushnell, having asserted that the borrower was someone other than himself, was not at liberty to indorse whether he was the owner of the land or not. No doubt there are border cases where the line is hard to draw between the impostor who appropriates what is intended for another, and the impostor who deceives by misrepresenting his responsibility or character. We have an illustration in *Hartford v. Greenwich Bank of City of N. Y.* (157 App. Div., 448, 215 N. Y., 726), a case which later opinions have said is not to be extended; (*United Cigar Stores Co. v. Am. Raw Silk Co., Inc.*, supra; *Nat. Surety Co. v. Nat. City Bank of Brooklyn*, 184 App. Div., 771). In the case at hand the line of division is reasonably clear. The plaintiff had no thought that she was accepting Bushnell's bond. The maker of the bond was to be the holder of the check.

The order of the Appellate Division should be reversed and the judgment of the Trial Term affirmed, with costs in this court and in the Appellate Division.



LIFE is a bank; we open an account at the moment of our birth. The bank is scrupulously just; it pays us interest on all our savings, but it knows no false generosity. . . . What we have brought to life, whether it be the giltedge securities of sacrifice or the unredeemable trash of passion, is always in the vaults of life for us to draw against until it is exhausted. . . . For what you have given to life is what you are getting out of life, with interest; and if what you are getting out of life makes you discontented, there is only one remedy—give to life more wisely and more lavishly.—*The Strathmorean*.



The Good Old Days

GRANDFATHER says the "good old days" were better than the present, and that men and women then were stronger physically and on a higher intellectual plane.

Don't be alarmed. It's only human nature kidding us again. The only men who were ever justified in longing for the "good old days" were Adam and Noah.

Just as surely as one brick laid on another advances the construction of a skyscraper, Progress furthers the betterment of humanity year after year. Because we Americans are not playing scalp tag with wild Indians, feasting on corn-bread and bear meat, sporting homespun clothing and dancing the minuet is no reason why even Grandfather should carry his face in a sling and pine for the "good old days."

Do you suppose the clerks who went from New York offices to clear the Argonne Forest were less substantial than Ethan Allen's Green Mountain Boys?

Is the western farmer degenerating because he travels in a high-

power automobile instead of on a cantankerous bronc?

Progress moves on wheels—not hoofs, today; tomorrow it will take to wings.

Next year will find the world miles ahead of this year. It will find men getting more enjoyment out of life, building more for the future, imbued with higher ideals. Where there is Progress, this is inevitable.

Experience is the only asset to the financial publicist gleaned from the "good old days." Only for reference to hundreds of past achievements do we, the oldest and most experienced group of specialists in service to bankers, turn back the calendar.

The Collins Service

The Recognized Standard of Financial Advertising
Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

APRIL 1923

A Community New Business Department

By W. E. Walker

Director New Business Department First National Bank and
Central Wisconsin Trust Co., Madison, Wis.

HAVE AT the First National Bank of Madison we maintain a community advertising and new business department whose purpose is to build business not only for the First National Bank and Central Wisconsin Trust Company but for every bank that maintains a reserve balance with us.

That there is a real demand for an advertising and new business service rendered banks in return for an account is evidenced by the way banks have rallied to our standard since this gratis service was initiated. Our country bank business has doubled within the past year and numerous testimonials from our Wisconsin banks are eloquent evidence of the regard in which this welcome help is received.

Through our community advertising and new business department we are serving representative larger and smaller banks over the state. Some of these banks are almost as large as our own. Most of them, however, are located in the smaller towns.

As far as these smaller town banks are concerned with advertising and new business problems, I believe their situation is about as follows: They have been convinced that advertising constitutes a good investment in winning new accounts and making old ones more valuable. They want to tie their bank up with community events. They want

localized material for their advertising but they don't find time to get up material of this nature themselves and hesitate about the effectiveness of such

material when they do get it up. Most of these bankers from the smaller towns do not feel that they can afford the services of an agency in the preparation of their copy and in doing the dozen and one things they want done in connection with their new business plans. For the response with which our service

(Continued on page 6-5)

COURTESY—EFFICIENCY—SERVICE

New Unit System:

A Step Forward in Branch Banking

EIGHT in one, one for all, and all for one—that is the meaning of the new unit system of banking developed by the Manufacturers Trust Company for its eight offices in Manhattan, Brooklyn and Queens. . . Each office operates like an independent bank. . . Each office is in direct charge of a Vice-President equal in authority to the president of a local bank. . . Each office intimately understands the business and banking needs of the district served. . . Each office takes an aggressive interest in the business welfare of its neighborhood customers. . . Each office is backed by the entire resources of the institution—now approximately \$75,000,000. . . The result is sympathetic attention, prompt decisions, efficient service. . . We invite you to consult the Vice-President in charge of any of our offices on how we can help you with your business.

Nathan O. Jones
President

Manufacturers Trust Company

MANHATTAN 120 Broadway, at Cedar Street 60 Eighth Ave., corner 34th St. 200 Fourth Ave., corner 27th St.	QUEENS 3400 Myrtle Ave., near Queens Ave., Ridgewood	BROOKLYN 774 Broadway, corner Battery Ave. 64 Broadway, corner Berry Street 225 Newmarket St., near Broadway 730 Grand St., near Graham Ave.
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This bank, with eight offices in New York City, Brooklyn and Queens, makes the point in the above advertisement that each of its offices operates like an independent bank; that the customer can avail himself of the same personal service that he would expect to find in an independent local bank.

Banking Publicity

RICHARD F. DURHAM, Editor
Monthly Publicity Section

THE BANKERS MAGAZINE
71-73 Murray St., New York

APRIL 1923

WHAT might be termed the "Four Per Cent. Urge", is still in very wide use by banks as a magnet with which to attract new savings accounts.

"We Pay Four Per Cent. on Time Deposits!" Very well! And so, the chances are, does every other bank in town. Why is your four per cent. any better than that of any other bank, and why, on the basis of this argument alone, should a depositor choose your bank in preference to the XYZ bank? If your bank were the only one in town this aspect would change somewhat. But this appeal, which at best has its faults, is so overplayed as to render its effectiveness a very doubtful quantity. ●

THE QUESTION arises, why do people open savings accounts, and what moves them to keep these accounts after they have opened them? One of the reasons which is given popular credence is that they like to have the feeling of "money in the bank". Another popular theory is that people save because of the fear of future want and privation—that they save to provide for their comfort and freedom from anxiety in the declining years of life.

Do statistics bear this out?

Usually there is something back of these reasons—something which while it may have assumed no definite form in the mind's eye, is in itself both definite and tangible. By this is meant that people with savings accounts have some definite object, or objects, in mind even though sub-consciously, toward which the amount of a savings account might at some time be applied—a house, a victrola, a \$1000 bond, an education for the youngster, a trip to California, a fur coat, or what not.



A DEFINITE object, obviously, serves as a spur to the business of saving. Here is something tangible. "Name a home of your own", says a Chicago bank, "as the object of your 'Definite Object Savings Account' ". Perhaps you can scare your prospective saver into opening a savings account—perhaps you can persuade him to save because of the satisfaction it will give him to feel that he has "money in the bank". But won't it smooth the path somewhat if you suggest to him some definite object toward which end to save. Help him visualize that object, and thus give him a definite and concrete incentive toward saving.



THE ATTITUDE of some banks toward the subject of bank service bears a resemblance to F.d. Howe's remark that

"everybody talks about the weather, but nobody does anything about it".

The First National Bank of Bingville decides that it will become "The Bank of Personal Service"—and thereupon talks Service, Service, Service in all of its advertising. It writes so much, talks so much, and thinks so much about Service that it never has time to give any.

Now real honest-to-goodness bank service, particularly where it applies to making a man's banking relations more *convenient* to him, is a very important matter.

If you will show John Smith *how* you can make it easier and more convenient for him to do business with your particular bank rather than with just any old bank—then you will at least get a hearing from him.



FOR MANY people banking by mail is more convenient than going to the bank in person. It may be noted that banks are advertising this service widely at the present time.

There are numerous instances where people who could use the service do not quite know how banking by mail is gone about. They are anxious to be told, and they will lend a willing ear to the bank that explains to them how simple and convenient a matter it is to bank by mail.

A Community New Business Department

(Continued from page 681)

has been greeted by the limited number of Wisconsin banks we are serving in this way, I believe our effort must meet the member banks' varying requirements.

Briefly stated, our proposition is this. If a bank in a section that we are now not serving keeps a portion of its surplus funds with the First National of Madison, we will pay 3 per cent. interest on this dormant account and without any additional charge whatever, furnish the bank with an advertising and new business service that we have every reason to believe is of considerable benefit.

Our service consists in part of the writing of all of a bank's advertising copy, form letters, circulars and newspaper advertisements to fit particular needs. We also prepare publicity material for the press, such as educational stories on investments and news notes on



*Thirty-five years ago a dream
—today a magnificent reality*

THIRTY-FIVE years ago a group of Rhode Islanders dreamed of a bank that would extend its service communally to every corner of the State.

Today that dream is an accomplished fact. Eleven offices of the Industrial Trust Company serve more than 100,000 people in the State.

Here, in one of the oldest sections of the United States, is a community depressed in population, young people scarce, but advanced to a position of leadership within less than the span of a single generation.

How has it come about? Our daily experience answers this question. Broad minded principles founded this bank. They are its guiding impulse today. Consider it a privilege to serve the people—as is a constant source of pride to us that we serve so many.

Good will is the foundation of any bank's success. We have cultivated the good will of this State's citizens by our readiness to serve them, our eagerness to help them find the answers to the myriad questions arising in their business and personal affairs, our whole-hearted interest in their success, our constructive support of industry in the State, our unshaken commitment to the great array of thirty Rhode Islanders whose savings are growing here.

The bank serves every sixth person in the State because its service is good. Prove this to yourself by using it.




INDUSTRIAL TRUST COMPANY
Reserves More Than \$90,000,000
Member of Federal Reserve System

PROVIDENCE PATTUCKETT NEWPORT WOODRICK BARTON WESTBURY FAIRHURST WARRICK WICKFORD PROVIDENCE

Bridging the gap between concept and accomplished fact. A graphic depiction of the growth of a bank that has expanded in thirty-five years to the extent that its eleven offices serve 100,000 people; every sixth person in the State of Rhode Island.

Women Are Good Managers



NEWS ITEM FROM "TRIBUNE-LEADER," OCTOBER 17th, 1921
The Wyoming National Bank welcomes the accounts of women. Pay your household bills by check on this bank.
Consult us at any time on banking matters.

The
Wyoming National Bank
INCORPORATED 1887
WILKES-BARRE, PA.
West Market at Franklin Street

This Wilkes-Barre, Pa., bank has used a newspaper clipping giving the opinion of a prominent woman banker of women as managers, as the basis of the above advertisement, seeking women's checking accounts.

banking and business conditions. We are continually offering new business ideas and suggestions that we have worked out here to advantage and that other banks we are serving have found to be valuable.

If a bank has window or lobby display space available, we keep the cashier or any other member of the bank force designated well supplied with ideas which enable the bank to make good use of this space at very little expense. In fact, most of our ideas and suggestions are aimed to bring in as much business as possible and to enable the bank to do as much as possible in the field of advertising and new business development without spending

very much money in their effort. And we find that that feature appeals to most bankers in the smaller communities. Of course, the more coöperation we get from the local bankers and the more money they decide to spend, the greater are the results we can expect. A small advertising appropriation in several instances, however, has grown to good proportions because of the results accomplished at first on a small scale.

If a bank has no facilities in the town for getting out form letters, we can even print them here on our machines if we are supplied with stationery for, of course, ours is primarily a copy and idea service. From time to time, however, we do supply the members of our community new



Built of Small Change!

The world-famed Woolworth Building was built from the pennies on nickels and dimes.

The Moving Picture industry began with the nickelodeon. The nickel will pass the cost of street-car operation in many cases.

That small change you spend every day amounts to a grand many dollars in the course of a year. And your nickels and dimes are helping to make some very big rich.

Spend a little less and put the nickels you save in a savings account. Watch them grow.

One of our four offices is convenient to you in New York, Philadelphia, St. Louis and Chicago. Write for our literature and we will tell you how much more money you may be getting.

FRANKLIN TRUST Company

The Bank That Gives Philadelphia Style and Right Service
Four Convenient Locations

13th and N. Market Street
14th and Market Street

Delaware Ave. & Market St.
17th and Chestnut Street

Capital and Surplus \$2,000,000
Reserves over \$1,000,000

The Woolworth Building is a classic example of what can be accomplished with nickels and dimes. The reproduction of this great structure may serve well as the background for a savings advertisement on the value of "small change" when consistently saved over a period of time. In the above advertisement of a Philadelphia bank the copy has brought this latter point out strongly.

business department with thrift talks, cards, pamphlets, etc., at cost where we can get better prices on printing here in Madison or where we are putting out material of this type ourselves, in which case the members served are given the advantage of quantity production.

In the regular course of this work, we help develop a bank's farmer business by mail, help rent safe deposit boxes, make dormant savings accounts active, reach newcomers in such a way as to get their business, secure children's accounts, develop investment business, put a great deal of effort on the savings department and build checking account deposits. These are a few of the things

we are doing for our member banks.

In short, we are trying to make our community new business department a clearing-house for our member banks' new business activities. Any idea that is worked successfully here in Madison or by any one of our banks is passed along for others' use.

When a bank starts an account with the First National Bank of Madison for the purpose of the cooperation we extend in the field of advertising and new business work, we aim to call on the bank if it is in this section of the state for the purpose of surveying the local situation, getting an idea of what new business activities have made up the bank's program and determining just what features of the bank's service can be used to the best advantage in its advertising. This done, we are much better prepared to work with that member bank for new business than we would otherwise be.

In case a visit to the bank is not practical, we have the banker outline as thoroughly as possible just what work of this nature he has undertaken during the past year or so, whether he has been doing newspaper or

direct mail advertising, what his facilities are for getting out form letters, the condition of his mailing lists if he has any, the standing of the bank with the local editor and what departments the banker thinks should be featured in the community. This complete information helps a lot in the preparation of localized copy to fit the bank's particular requirements.

We have had no occasion to solicit testimonials from our member banks as to the value of our cooperative work but a few statements taken here and there from regular correspondence indicate how this help is received:

"About fifty savings banks went out on your first savings ad", wrote one bank the other day. "If convenient, we should like to have you send some copy for follow-up advertisements along the same line. We can assure you that the material you furnish is of great help to us, and we wish to thank you for your aid."

"When we opened the account with you, I was a little skeptical about what you would be able to do for us", is the frank statement from one of our first member bankers, "and I wish to assure you that I



A Great Basic Industry Secures These Bonds

ARMOUR & COMPANY OF DELAWARE

HALSEY, STUART & CO.

A Book You Should Have for Planning 1933 Investments

Give the Young a Gift of Financial Independence this Christmas

HALSEY, STUART & CO.

Investment advertising of the type reproduced above loses none of its quality of convincingness simply because it is adorned with a few illustrations and a layout which makes it pleasing to the eye.

am very well pleased with what you are doing."

Incidentally, this bank was paying \$40 a month for a commercial service before we offered our help. As this was one of the first banks to enroll, they started with an initial deposit of \$1000. Today that deposit is near \$80,000, the bank has discontinued its commercial service and just yesterday the cashier told me that this bank in a small community gained \$140,000 in deposits during the past year while its competitor lost \$60,000.

"I have your letter together with the advertising which I assure you is very satisfactory", writes another cashier whose small bank is located off the railroad. "According to our new business we have been getting lately, I am sure it is due to the good advertising we are getting from you and I assure you it is highly appreciated."

Contrasted with these replies from small town banks are following statements which come from institutions we are serving that are almost the size of our bank:

"I have received yours of the fifteenth with copy for the letter. I think the letter is a fine one and we'll use it a little later. We had a very wonderful day yesterday. Your material is of great use and you will notice we use it continually."

"We desire to acknowledge receipt of your two letters of recent date and to thank you for the service which you are rendering. The letters you enclosed are very good and we are sure they will be of great benefit to us. Will you please run off 300 copies of the enclosed letter at your earliest convenience?"

"The copy that you sent in your letter of the first is very good, especially the localized matter. I like to work our bank into as much of this material


as possible, and you have done that very effectively. Your article is very fine indeed and we will certainly make use of it in our monthly paper."

The following statement from a banker in a small town is typical of dozens of statements received that prove to us that we are performing for our bankers a service that is appreciated to such an extent that it is winning their everlasting

good will and new business as well:

"We are in receipt of your valued letter and the advertising matter for which we thank you. In regard to this matter, wish to say that this is just what we are in need of. We will be glad to pay for this service."

I could go on taking similar extracts from correspondence, but even these extracts, how-



At Night at The Union Trust

At three o'clock in the morning six mornings a week every week in the year a force of men are working at The Union Trust.

They're the night force sorting hundreds of thousands of dollars worth of checks and drafts that come in on the night mails, so that these same items may be ready for collection or forwarding bright and early in the morning.

This department saves the business men of Cleveland and of all Northern Ohio thousands of dollars each year by putting funds into circulation and productive use eight, ten, twelve and sometimes forty-eight hours earlier than normal.

This department is one of the ways this great bank has adopted to save for its customers by getting them their money earlier, by hours and sometimes by days.

It is one of the devices which The Union Trust employs to hasten and to cheapen the cost of doing business, by reducing the "time in transit" of its customers' money to the irreducible minimum.

You'll Find The
UNION TRUST
at

844 EUCLED AVENUE
2ND EUCLED AVENUE
BROADWAY BANK
OFFICE
Broadway & E. 14th St.
WOODLAND BANK
OFFICE
Woodland Ave. &
E. 12th St.
BUCKEYE ROAD
& E. 9th St.
EUCLED AVENUE &
9TH STREET
W. 12th STREET &
BERNARD AVE.
LORENZ & W. 12th St.
E. 10th & PASADENA

The UNION TRUST Co.

Resources over 260 Millions

Giving the public a graphic picture of what goes on inside a big bank at night. The Union Trust Co., of Cleveland, tells how its night force of mail tellers saves valuable hours for its customers by getting items ready for forwarding or collection far ahead of the normal schedule.



"Weighing the Heart in the Scales of Truth"

A Mummy as Security

EVERY EGYPTIAN, even the king, was subject to the Trial of the Dead; to be refused interment was the greatest possible dishonor. If a debt, secured by a mummy, were not paid, the debtor forfeited not only his own burial, but that of his entire family—among whom, incidentally, there was sure to be someone who would make unlimited sacrifices to insure the carrying out of those material sec-

urements so interwoven with the Egyptian idea of a future life."

The above illustration and paragraph are reproduced from the current Straus News Letter which describes ancient Egyptian finance.

Our current News Letter also has a very interesting article on Speculation vs. Investment and articles on many other timely and interesting subjects. A copy of this publication will be sent to any interested investor upon request. Ask for

BOOKLET L-874

S. W. STRAUS & CO.

INCORPORATED OFFICES IN FORTY CITIES ESTABLISHED 1881

STRAUS BUILDING—Clark and Madison Streets
Telephone Franklin 4646

41 YEARS WITHOUT LOSS TO ANY INVESTOR

© 1921, S. W. S. & C.

This advertisement appeared at a time when popular interest in the excavation of the then newly discovered tomb of King Tut-ankh-Amen was at its height. The story told here of what happened in ancient Egypt if a debt secured by a mummy was not paid is highly interesting.

ever, fail to equal the expressions of gratitude we receive from member bankers on their personal calls.

Among the most interesting features of this work is the handling of special requests for material, for these requests call for almost everything bearing on bank advertising and new business development work.

It just happens that I have three letters before me that are going to member bankers this morning, each in reply to requests for material.

One of these letters contains localized copy for two pages in the bank's house organ, a pub-

licity story for the paper on the redemption of Victory bonds, and rules and regulations, scoring and other details for an employees' new business contest this bank is going to put on.

The second letter has a series of localized newspaper advertisements that will be run as short heart-to-heart, straight-from-the-shoulder talks by the cashier to the people of his community on the banking situation there. The cashier's signature cut will appear at the bottom of the advertisements. In addition, it has enclosed a half-dozen general newspaper

advertisements that the cashier requested, a suggested display for the bank's exhibit at the fair and a letter to newcomers together with a suggestion for its use. It is suggested that the bank induce the newspaper without cost to send the paper free for one month to each new arrival. We're doing that here and it means that the paper secures 90 per cent. of these newcomers as permanent subscribers. The bank will receive the credit for sending the month's subscription to enable the newcomer to get in touch with things in his new home town and in most cases it means the newcomer is going to do his banking business at the bank which has manifested this live interest in his behalf.

The third letter contains five suggested letters to go to dormant savings accounts from which the cashier may take his choice, a letter to babies, some newspaper advertisements including a holiday advertisement and a suggested arrangement for a holiday window display.

Ordinarily, however, we foresee the wants of the banks and keep them supplied with copy and ideas for new business activities, thus making it necessary only occasionally for a member bank to make special requests. When requests of this nature come in, of course, they are taken care of promptly for the needs of member banks take precedence over our own work.

We feel that this advertising and new business service we are rendering banks constitutes the most valuable help and the most appreciated assistance that we have ever been able to perform for our correspondents.

"Are You Saving for the Future?" is the title of an interesting folder on savings distributed by the Commercial Savings Bank and Trust Co., Toledo, by Google

Getting 6500 New Accounts in Six Months

How an Employees' Club Did the "Can't Be Done"

By Gerald B. Burtnett

Assistant Advertising Manager California Bank, Los Angeles, Cal.

NEW ACCOUNT contests come and go. This is the story of a contest that came and proved so popular that it just won't go.

We had watched with interest, enthusiasm and wonder the machinations of the hundreds of new account contests that spring up among banks from month to month. Some, like the Cleveland Trust Company's Booster Campaign seemed to juggernaut their way over every obstacle, others gasped for breath and died from lack of interest.

So with a good point from one and a list of don'ts from another we opened the first day of the greatest campaign for new business ever undertaken by a Los Angeles bank.

May 15, 1922, was the day selected by President or rather General Chaffey as the zero hour for attack on every bank account in the neighborhood of members of his fifty-two teams. November 15 was the deadline.

Start with us on May 15, a clear, bracing, California day and we shall try to describe how we "put it over".

For several weeks preceding the opening date plans were made, letters, bulletins and circulars prepared, so that on May 18 each employee received a personal letter signed by the president enclosing material explanatory of the drive.

Herein was announced the founding of a 50 Million Club with aim and object of raising, through personal solicitation, the total resources from \$40,000,000 to \$50,000,000. Each employee was advised of his assignment to a team under the supervision of a captain. Captains were made responsible to majors recruited from the

junior officers of the bank. Majors in turn reported to colonels, senior officials, in charge of divisions, who in turn were responsible to the general. Correspondence and orders were phrased in military form and with this sound martial foundation we swung into line.

The first bulletin said in part—"Our greatest problem will be to dispose of 'No time—Too

Busy'—We're all in the same boat—If we haven't time now we never will have— Your spare moments can be made profitable to you."

To show appreciation in a material way of the efforts expended by employees a merit system was instituted. Accounts secured were classed according to savings or commercial departments and certain merits given for amounts from \$5 up. At the end of the campaign each merit was worth 25 cents. Individual and team prizes for highest number of accounts obtained and largest



A Tower of Strength

A NEW-WORLD BANK IN AN OLD-WORLD SETTING

"The Bankers Trust Company in Europe" thus fairly describes our office at 5 and 6 Place Vendôme, Paris. The office, as well as each of our three other offices in New York, 15 the Bankers Trust Company:

From this fact, much follows.

Our Paris Office is primarily a commercial bank—a bank, not men's bank, a bank for banks.

It is also a bank for travelers—conveniently accessible to the principal financial and shopping districts of Paris for those abroad on business or pleasure.

It is not only an American bank understanding European methods. It is also a European bank understanding American methods.

It is in brief, an international bank—commanding access to lines of banking communication leading to all parts of the business world.

Thus in an Old-World setting our Paris Office daily renders the complete financial services of a New-World bank doing a local, national and international business.

BANKERS TRUST COMPANY

Domestic Office: 54th Avenue Office: 54th Street Office:
16 Wall Street at 42nd Street at Madison Avenue
Paris Office: 5 and 6 Place Vendôme
Telegraph and Cable Address: Banktrust, Paris

5 AND 6 PLACE VENDÔME, PARIS

From Wall street to Place Vendome. An advertisement in behalf of the Paris office of the Bankers Trust Company—and an unusually good one. It would be a difficult matter to improve on this advertisement either from a standpoint of layout, or of copy.

had been to the bank in its pioneering activities and solicited names of prospective customers. These names, thousands of which we obtained, each received a signed letter of solicitation. Employees were instructed in these selling points by circular.

June 15 the Courtesy Campaign opened, backed also by advertising and circularizing. At monthly intervals came Service Campaign, emphasizing our unique service through neighborhood banks, Publicity Campaign, urging employees to advertise their bank and incidentally themselves. Goodwill Campaign completed the drive.

During the five months, five dances for employees and their friends were given, two at the Ambassador, Los Angeles' finest hotel. Majors and colonels took their team captains to luncheons and talked of the progress of their teams. Short meetings in different offices with a vice-president as a speaker pepped up the campaigns.

As each campaign terminated a team member received a report blank from headquarters. He was required to fill this out and mail it to headquarters with the names of accounts secured, dead and live prospects and accounts that required special solicitation. Accounts obtained from these sources were always credited to individuals turning in the names.

At the Broadway office a large thermometer was erected and red tape imitating the mercury line showed the rise in resources from week to week. A great blackboard with space for each team and its daily and monthly totals, created interest and furthered the competitive spirit.

Emphasis was laid on salesmanship and every effort made to bring into realization the best sales methods.

You have met the "strong arm" type of salesman. He

Who's Who in Bank Advertising



ADDISON L. WINSHIP

Vice-president and director of publicity The National Shawmut Bank of Boston, Mass.

MR. WINSHIP is an ardent believer in the policy of maintaining direct personal relations between the bank and the public at large. His success in accomplishing this is to a great extent due to his skill in developing points of contact between the bank and the individual or organization.

For the past twenty years he has been prominently identified with the national movement for civic improvement. For ten years he was the civic secretary of Boston's famous City Club, and is now honorary president of the National Association of Civic Secretaries. He is also a member of the executive committee of the Boston University, one of New England's leading colleges.

Since his election as vice-president of the National Shawmut, in charge of public relations of the bank, he has followed a program based upon a purpose to link the institution with the community. Thus, he is actively interested in promoting, not only Boston's commercial, industrial, and civic interests, but those of all New England, as well.

Mr. Winship is no less a familiar and well-known figure at banking and advertising conventions, and at business men's gatherings throughout the country, than is the Indian-head symbol of the National Shawmut Bank, which has become internationally known as a result of his direction of the bank's advertising.

grasps your hand in a death-like grip and in one long breath tells you who, why, what

**Higher rents
do not worry
the home owner—**

**Name a
Home of Your Own
as the object of
your**

**Definite Object
Savings Account
in Our**

**SAVINGS
DEPARTMENT**

**—deposit regularly
and you'll be a
Home Owner**

Open Saturdays

Until 8 o'Clock

**CHICAGO
TRUST
COMPANY**

**7 West Madison Street,
Corner of State**

**Bonds Trust
Commercial Vault
Real Estate Loans
Foreign**

This advertisement discusses the advantage of having a "definite object" savings account. The idea is a good one, but the advertisement is handicapped by a confusing and ineffective layout. The margin is too heavy, and the typography is poorly planned.

and where he is and what you can do to serve him.

"Shun this style of salesman-ship", we told our team members. Model your approach on the lines of the "fellow everybody likes". His is the art of sugar coating the bitter pill. Half an hour after he leaves you awoken to your signature on his order pad that calls for twice as many nuts and bolts as you need. Yet you remember his quality long after his price is forgotten.

They shunned it. Each man built for himself a method of selling his bank according to his own ideas. Some ideas were better than others. That is the only way we account for members who obtained as many as 174 new accounts.

The popularity of the contest may be gauged by the 'phone calls and conversations some two weeks before its closing date, November 15. "Don't stop now while we're going so strong", "Can't you continue

just a little while longer. We have a big bunch of accounts promised January 1", were a few of the pleas received.

So November 15 became a day of beginning again instead of a day of ending and with a new goal in sight we launched a new drive to end on January 15, 1923. The new drive imposed the same conditions, but this time the goal was \$50,000,000 total deposits.

Our Fifty Million Club is a success. Figures prove it. Over 6500 new accounts to the total of \$4,877,078 were brought in. The winning team obtained 581 accounts. The general's total was \$656,981 while colonels and majors obtained \$1,353,804. The goal aimed at was reached and passed by a comfortable margin.

But the gain in resources was but one of the benefits. Familiarity with the other fellow and closer cooperation in every department are among our greatest benefits.

How Banks Are Advertising

THE IOWA National Bank, Des Moines, has published a booklet of interior and exterior views of its new building. The booklet is printed on heavy coated stock. The photographic reproductions are excellent.

"THE HISTORY of Buffalo", is the title of a series of very interesting folders sent out by the Fidelity Trust Company of that city. The series covers events of historical importance during the past century. The cover designs on the folders are particularly good.

"RECOMMENDED BONDS for Conservative Investors", is the title of a pamphlet distributed by the Liberty Trust and Savings Bank, Chicago. The arrangement of the copy, and the illustrations of the various build-

ings securing these bond issues, give the make-up of the pamphlet an unusual distinction. In connection with the pamphlet the bond department of the bank sends out the following letter:

TO THE INVESTOR:

If you were to sit with me at my desk some busy day, and listen to the comments made by our customers while purchasing our First Mortgage Gold Bonds, I know you would be impressed more than anything else with the confidence placed in us by our investors.

"Do you recommend this bond?" is the question you would hear asked time after time. And you would observe that in most cases our recommendation is usually accepted as a definite assurance of the high character and desirability of the investment.

This reputation, which is one of our greatest assets, could have been won by nothing less than offering investments of absolute safety. It could not have been built up unless we carefully observed all of the principles that

make for safety in investments. From the day that we sold our first investment bond until the present time, no customer of ours has ever suffered a dollar's loss on any securities purchased from us. In every case the principal and interest were paid promptly when due.

You, too will find it to your advantage to make this your investment home. You are assured of absolute safety, the highest rate of interest consistent with such safety, as well as freedom from worry and care.

Very truly yours,
Manager Bond Department.

"THE BANK Depositor", house organ of the Union Trust Co., Carthage, Mo., can always be counted on to have something interesting in its pages. This is a live little publication, and evidence that a moderate sized bank can often make the same effective use of a house organ that the larger organizations do.

"THE Success Builder", is the name of the house organ of the



The Strange Case of a Great Fire
—how it was caused by improved banking methods

What if something like this happened to your bank? Would you be able to handle it? The Seaboard National Bank, New York, has a plan that will save you from such a disaster. It is a plan that has been tried and found to be successful. It is a plan that will save you from the loss of your money and the ruin of your bank.

The Seaboard National Bank
New York City
111 Broadway
New York City

That an improvement in banking methods should have caused both houses of Parliament in London to burn down seems strange. This advertisement of the Seaboard National Bank, New York, tells how the burning of a pile of antiquated forms of receipts for money, known as "exchequer tallies", in the fuses of the House of Lords, both disposed of an unwelcome heirloom for keeping records of financial transactions, and caused a memorable fire.



FIRST NATIONAL BANK IN ST. LOUIS PAGE

SAVINGS DEPOSITS SHOW BIG INCREASE OVER LAST YEAR

Christmas Club Plan Sweeps Country

PROSPERITY AHEAD IN 1933

How About 1923

DAWN!

THE HOUSE THAT SAVINGS BUILT

THE FIRST NATIONAL BANK IN ST. LOUIS IS THE LARGEST NATIONAL BANK WEST OF THE MISSISSIPPI

When the advertising department of the First National Bank in St. Louis took a full page in the St. Louis Globe-Democrat last December, the layout and type faces were made to conform as nearly as possible with the regular page style of the newspaper.

Merchants Bank and Trust Company, Jackson, Miss. The issue at hand (February) contains articles on Washington and Lincoln which give some interesting sidelights on the views of these two great men on questions of thrift and finance.

A VERY readable discussion of money and foreign exchange is contained in the "Foreign Exchange Primer", a booklet published by the Exchange Trust Company, Boston. The booklet contains a well prepared chart on the depreciation of foreign currency since the war.

"PROVIDING FOR Dependents", a booklet published by the Bank of America, New York, sets forth a list of timely questions pertaining to the disposition of estates. Such questions as the

following are brought up by the booklet:

If your estate is not large, is your insurance adequate; and will the proceeds from your policies be properly handled?

Have you made a will? Was it drawn by a competent attorney? Is it in a safe and accessible place, such as on file with this bank?

Have you named a corporate or an individual executor? If you have named an individual, is he qualified to act? Is he willing to act? What assurance have you that he will live to complete the task? Have you considered the qualifications of your bank to act as executor?

Pending the settlement of the estate, will your beneficiaries be embarrassed by lack of funds?

Have you an idea of the amount that must be paid in taxes on your estate?

"PROGRESSIVE Commercial Banking—With Service", a booklet published by the National Bank of Commerce, Providence, R. I., outlines the various facilities offered by the bank in a very readable manner.

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., City Svgs. Bank, F. H. Williams, treas.
- Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy.-treas.
- Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for dept.
- Berkeley, Cal., Berkeley Com'l & Svgs. Bk., G. L. Pape, V. P.
- 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. Kitleidge, 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, A. E. Leighton, adv. mgr.
- Bruxelles, Belgium, Monteur 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. Ilman, 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, V. P.
- 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, asst. tr. off.
- Chester, Pa., Pennsylvania Nat'l Bank, E. C. Hurton, V. P.
- Charleston, W. Va., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.
- Chicago, Ill., Bauder-Baker, 738 S. Michigan Ave., R. E. Bauder, pres.
- Chicago, Ill., Critchfield & Co., L. E. Delson, finan. adv. mgr.
- Chicago, Ill., Liberty Tr. & Svgs. Bank, H. J. Blansky, mgr. bus. ex. dept.
- Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, mgr. serv. dept.
- 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, pub. mgr.
- Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
- Cleveland, Ohio, Central Nat'l Bank, R. J. Izant, adv. mgr.
- Cleveland, Ohio, Cleveland Tr. Co., I. I. Sperling, pub. mgr.
- Cleveland, Ohio, Reliance Tr. Co., E. J. MacNab, asst. secy.
- Cleveland, Ohio, Union Tr. Co., C. H. Handerson, pub. mgr.
- Citnton, Iowa, City Nat'l Bank, A. C. Smith, pres.
- Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
- Danbolsen, Conn., Danielson Tr. Co., C. L. 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.
- East Moline, Ill., Manufacturers State Bank, F. T. Shearman, cash.
- Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, cash.
- Elmira, N. Y., 2nd Nat'l Bank, Helen E. Mallory, adv. mgr.
- Evansville, Ind., Nat'l City Bank, Josephine O. MacCorkle, pub. mgr.
- Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
- Flint, Mich., Citizens Com'l & Svgs. Bank, H. E. Potter, asst. cash.
- Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
- Flint, Mich., Gonesee Co. Svgs. Bank, W. Power, mgr. new bus. dept.
- Gardner, Mass., Gardner Tr. Co., P. O. Ahlin, V. P.
- 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, adv. dept.
- Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy. & treas.
- Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
- Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
- Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
- Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
- Lima, Peru, S. A., Banco Mercantil Americano del Peru.
- Long Beach, Cal., Long Beach Nat'l Bank, P. L. Hudson, asst. cash.
- Los Angeles, Cal., Helman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
- Los Angeles, Cal., Pacific-Southwest Tr. & Svgs. Bk., R. M. MacLennan, adv. mgr.
- Los Angeles, Cal., Union Bank & Tr. Co., A. L. Lathrop, tr. off.
- Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
- Madrid, Spain, Banco Hispano Suizo, Apartado 1023, E. C. Hirt.
- Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, 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, mgr. bus. serv. dept.
- Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace, treas.
- Minneapolis, Minn., Midland Nat'l Bank, L. L. D. Stark, asst. tr. off.
- 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.
- Monterrey, N. L., Mex., A. Zambrano, Jr., care of A. Zambrano & Sons, Apartado No. 6.
- Montreal, Que., Banque d'Hotelaga, 112 St. James St., H. G. Gonthier, dir. pub.

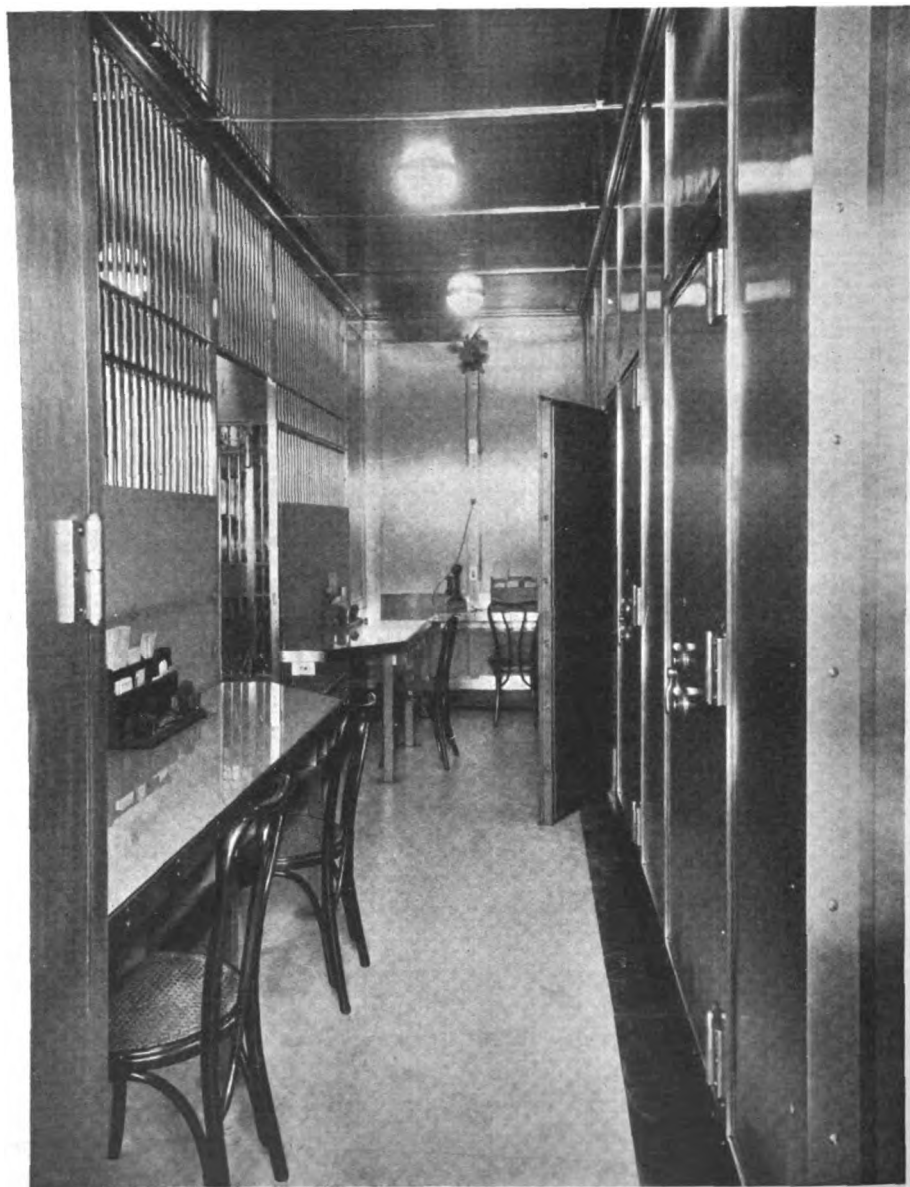
- Newark, Ohio, Home Bldg. Ass'n Co., E. J. Baugher, pres.
- New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, secy. to pres.
- New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. B. Wisdom, adv. mgr.
- Newport News, Va., 1st Nat'l Bank, D. L. Downing, asst. cash.
- N. Y. C., Ambrose R. Clark & Co., 71 Broadway.
- N. Y. C., American Express Co., 65 Broadway, S. D. Malcolm, gen. mgr. adv.
- N. Y. C., American Union Bank, R. Stein, asst. cash.
- N. Y. C., Bank of America, Withers Woolford.
- N. Y. C., The Bankers Magazine.
- 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., The Farmers Loan & Tr. Co., I. H. Meehan, asst. V. P.
- N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd St., E. S. Van Leer, asst. cash.
- N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, V. P.
- N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
- N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
- N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
- Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, new bus. mgr.
- Northampton, Mass., Hampshire Co. Trust Co., G. S. Willis, pres.
- Norwich, Conn., Chelsea Svgs. Bank, J. D. Colt, asst. treas.
- Oak Park, Ill., Oak Park Tr. & Svgs. Bank, L. A. Claranhan, mgr. new bus. dept.
- Orizaba, Ver., Mex., J. C. Gutierrez, Apartado 146.
- Owego, N. Y., Owego Nat'l Bank, H. L. Underhill.
- 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, adv. mgr.
- Phila., Pa., Overbrook Bank, R. H. Thompson, V. P.
- Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
- Phila., Pa., Tradesmen's Nat'l Bank, H. E. Delly, asst. cash.
- Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett, mgr. svgs. & pub. dept.
- Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter, asst. cash.
- 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. cash.
- Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbreth, mgr. svgs. dept.
- Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., asst. cash.
- Richmond, Va., Virginia Tr. Co., W. Scott, 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. mgr.
- San Antonio, Tex., Central Tr. Co., D. Ansley, V. P.
- San Francisco, Cal., 1002 Monadnock Bldg., L. G. Peede.
- San Francisco, Cal., Anglo-California Tr. Co., R. P. Anderson, asst. mgr. bus. dev. dept.
- 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., 3rd Nat'l Bank, Theda A. Hoppe, mgr. new bus. dept.
- Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
- Shelbyville, Ill., 1st Nat'l Bank, J. C. Eber-spacher, V. P.
- Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
- Smithtown Branch, N. Y., Nat'l Bank of Smith-town Branch, J. A. Overton, cash.
- South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
- Spokane, Wash., Old Nat'l Bank-Union Tr. Co., A. F. Brunkow, pub. mgr.
- St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, pub. mgr.
- St. Louis, Mo., 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, asst. to pres.
- Stockholm, Sweden, Svenska Handelsbanken, P. G. Norberg, pub. mgr.
- Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
- Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Bize, pres.
- Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, asst. secy-treas.
- Toronto, Canada, Canadian Bank of Commerce, A. St. L. Triggs, secy.
- Toronto, Canada, H. J. Coon, 68 Farnham Ave.
- Toronto, Canada, Home Bank Monthly, Home Bank of Canada, 8 King St. West.
- Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off. & pub. mgr.
- Tuscaloosa, Ala., City Nat'l Bank, S. F. Cla-baugh, V. P. & cash.
- Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
- Valdosta, Ga., Merchants Bank, A. F. Winn, Jr., V. P.
- Warren, Pa., Warren Nat'l Bk., R. W. Mackay, cash.
- Washington, D. C., Federal Nat'l Bank, John Poole, pres.
- Washington, D. C., Union Tr. Co. of D. C., W. S. Lyons, asst. secy.
- Washington, D. C., Washington Loan & Tr. Co., E. H. Thompson, pub. mgr.
- Watertown, N. Y., Jefferson Co., Nat'l Bank, R. W. Oakes, asst. cash.
- Wausau, Wis., Marathan Co. Bank, H. C. Ber-ger, cash.
- Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
- Wellsboro, Pa., 1st Nat'l Bank, M. L. Matson, adv. dept.
- West Chester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall, V. P.
- Wilkes-Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
- Wilkes-Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. pub. dept.
- Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, pres.
- Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
- Youngstown, Ohio, 1st Nat'l Bank & Dollar Svgs. & Tr. Co., J. N. Higley, pub. mgr.
- Zurich, Switzerland, J. Muller, 49 Sonnen-gasse.
- Zurich, Switzerland, Union de Banques Suisses, H. de Muralt, sub-mgr.

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New Names

- Dayton, O., City Nat'l Bank, L. C. Tingley, bus. ex. mgr.
- Osaka, Japan, Japan Trust Bank, Ltd., H. Araki, for. div.

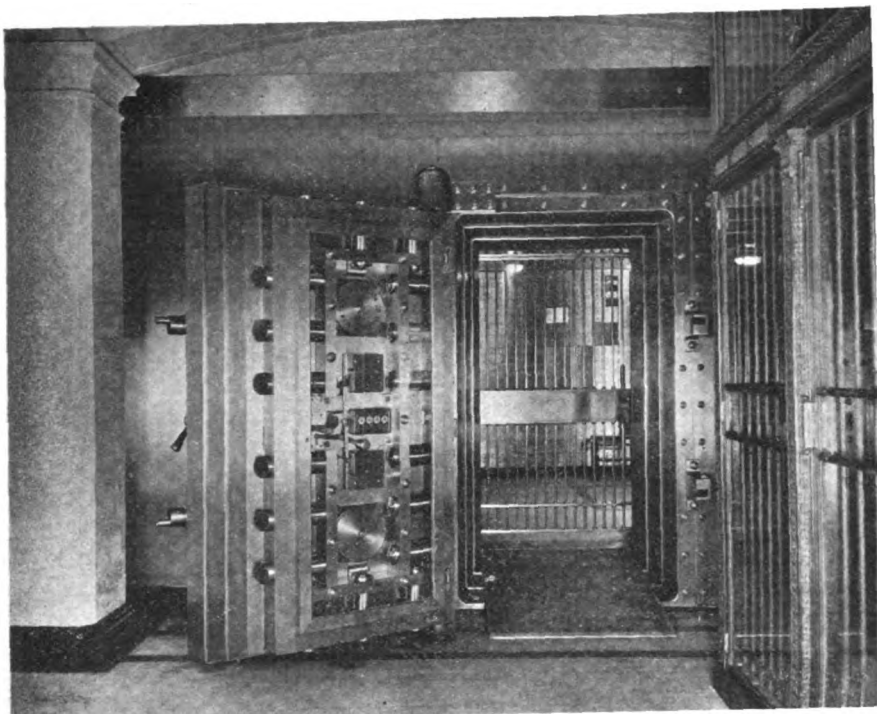
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Courtesy York Safe & Lock Co.

BOOTHES AND PRIVATE ACCOMMODATIONS FOR BOX RENTERS

This special compartment is in the vaults of the Produce Exchange Branch of the Mechanics and Metals National Bank of New York



Courtesy York Safe & Lock Co.

Vault divided by grille; front used for safe deposit boxes; rear used by bank. This is a view of the vaults of the Madison Avenue Branch of the Bank of New York & Trust Co.

Does the Safe Deposit Department Pay?

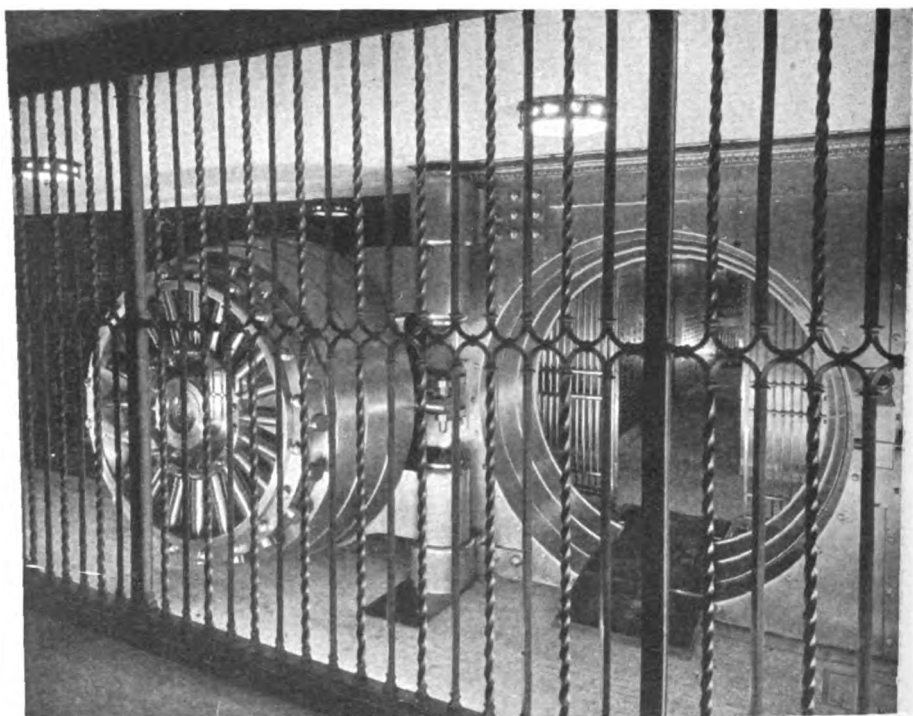
Results of an Investigation Recently Made by
The Bankers Magazine

WHAT are the advantages derived from adding a safe deposit service to the many other services that a bank offers its clients? Will the capital invested in modern safe deposit vaults and equipment bring in a sufficient return either directly or indirectly, to warrant investing it in that equipment? These and many other questions are being asked every day by bankers who are considering building new quarters or altering their old ones to meet the demands on them.

It is interesting to note that nearly every bank building that has been constructed in recent years, from the smallest to the largest, is equipped with modern vaults designed to furnish this service to the bank's customers. In most

banks of all sizes, it has been the custom to install a certain number of boxes for rental to depositors, in the bank's own vaults. Such a plan permits the bank to buy a much heavier and more impressive vault, than it could afford to purchase if it were to use the vault for its own purposes exclusively. This service is then carried on by a regularly organized department, with a force specially retained for that purpose, or is handled by members of the bank's regular staff who may be assigned to such duty. The number of boxes used and the amount of business transacted would determine which method would best suit particular cases.

These facts are significant, but in order to determine more definitely



Courtesy York Safe & Lock Co.

The circular entrance to the safe deposit vault of the First National Bank of Jersey City seen through the grille

whether a safe deposit service is profitable in itself or whether it should be rendered to depositors regardless of direct profitable returns, **THE BANKERS MAGAZINE** recently sent out to a group of banks with safe deposit equipment the following questionnaire:

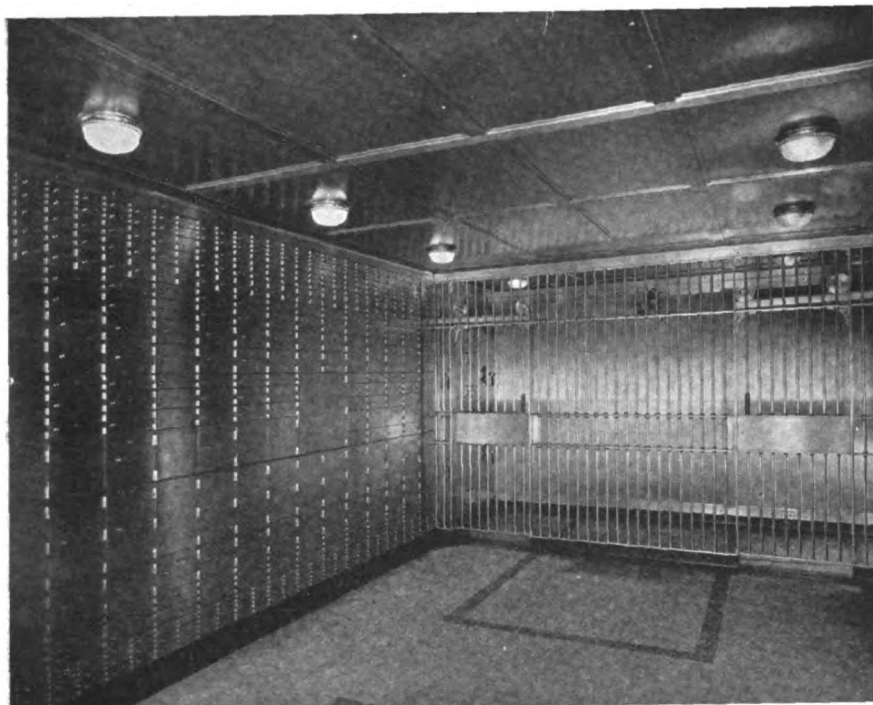
1. Do you consider that the profits derived from the operation of your safe deposit department represent an adequate return on your investment in safe deposit equipment? What is the percentage of return?
2. What is the percentage of annual cost of operation to original investment in safe deposit equipment?
3. Do you find that people who rent your safe deposit boxes ultimately become customers of other departments of your bank?
4. Has your experience been such that you believe that a small bank which could not afford to install a strong

vault for its own use could do so if it were to use part of its vaults for safe deposit boxes to be rented to the public?

5. Will you write a few words giving your view as to the value of a safe deposit service to a bank?

The replies to the first question were by no means identical, but they lead to the conclusion that safe deposit departments do yield a satisfactory return on the original investment in equipment. Some banks who had recently installed vault equipment reported that they soon expected to be on a profitable basis even though they were not quite so at present.

One bank reported a yield of 23 per cent. on the book value of its equipment. Another institution reported a gross return of 10 per cent. One small institution reported a 40 per cent. return; another 20 per cent. One bank with especially expensive equipment re-



Courtesy York Safe & Lock Co.

Another view of the vaults of the Madison Avenue Branch of the Bank of New York & Trust Co. This is the rectangular entrance to the safe deposit vault open, showing the heavy bolts, locks, etc.

ported that at present returns amount to only 1 per cent. but that they expected to be on a paying basis shortly. One bank reported that it had installed 500 boxes about a year and a half ago at a cost of \$6400, on which the first year's return was \$726.25, 200 boxes being rented. This bank stated that the number of rented boxes was increasing yearly.

COST OF OPERATION

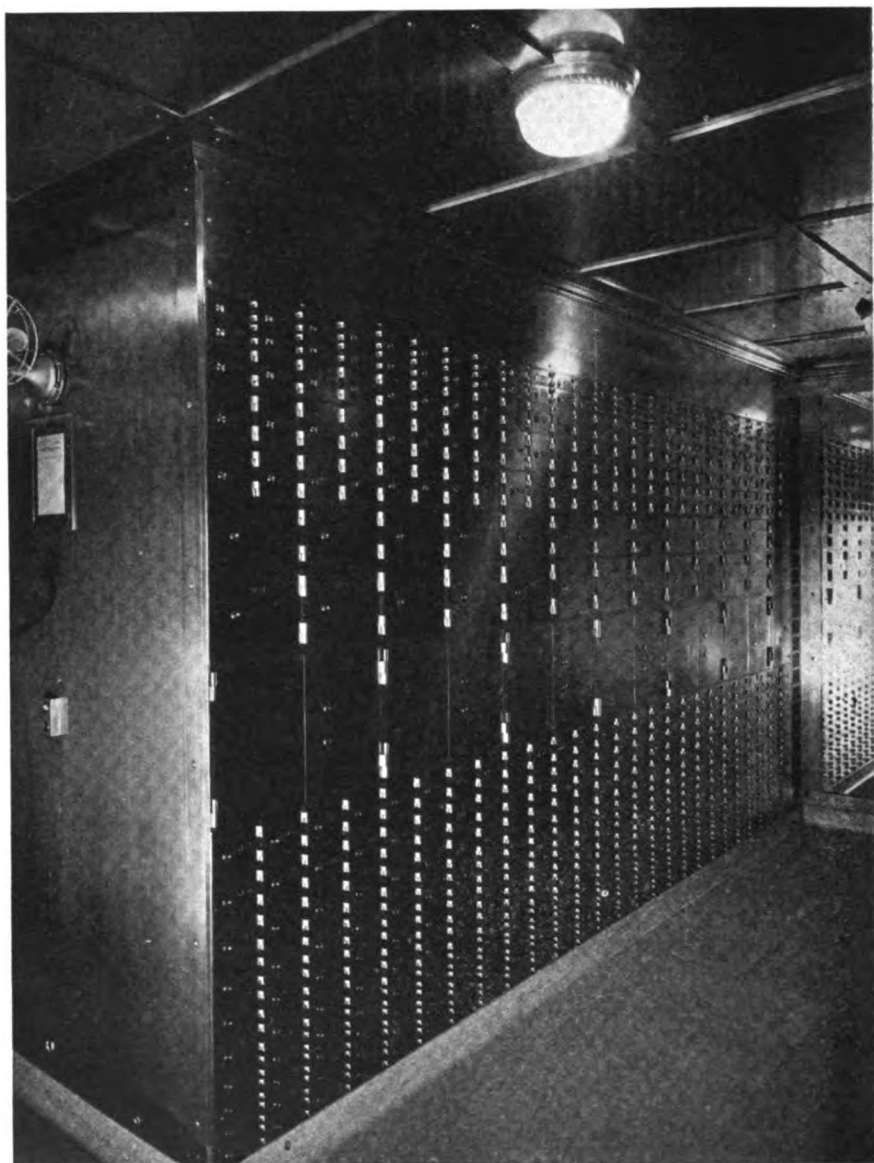
As to the cost of operation, of course, this varies according to the size of the bank. Some of the smaller banks reported that they were able to handle the operation of this service without any increase in their overhead expenses. Following are some of the percentages quoted showing the ratio between the original investment in equipment and the cost of operation: Six per cent.; four per cent.; two and one-half per

cent.; fourteen and three-fifths per cent.; two per cent.; eight per cent. Some of the banks reported that they did not keep their books in such a way as to apportion any expense of operation to this department.

The cost of operation was not considered excessive in any of the returns. At the same time it is interesting to note that the depreciation factor is practically negligible due to the durable nature of safe deposit equipment.

A FEEDER FOR OTHER DEPARTMENTS

In addition to direct returns, most of the banks felt that the safe deposit department was most valuable as a feeder for other departments. Renters of boxes very frequently became depositors, so they could have their account and their safe deposit box under the same roof. Many institutions reported that it worked very successfully the



Courtesy York Safe & Lock Co.

SECTION OF SAFE DEPOSIT BOXES

An aisle of safe deposit boxes for the use of individuals in the vault of the First National Bank of Jersey City.
A large variety of sizes of boxes is available to meet the needs of the clients of the bank

other way, as depositors were glad to avail themselves of the new service. One bank stated that only about 20 per cent. of its box renters were non-depositors.

HELPING TO PAY FOR MODERN VAULT EQUIPMENT

Most of the reporting banks seem to think that a small bank could afford to install modern vault equipment for its own use by renting out a portion of it to safe deposit customers. In other words a bank might hesitate to make a large investment in vault equipment simply for its own use, but if it could be assured of a certain return on its investment in vault equipment in the shape of box rentals such an investment might be considered advisable and prudent. With one or two exceptions the banks expressed themselves in favor of such a policy. Even when the return is not in itself excessive, this is more than offset by the advantage of having modern facilities for the protection of the bank's cash and valuable securities.

THE VALUE OF SAFE DEPOSIT SERVICE

Following are some of the replies to the last question asking for a general opinion on the value of safe deposit service:

The service without question is of value to a bank and helps to hold depositors by getting them into the habit of doing all their financial business under one roof and avoids the possible loss of account if the customer maintains a safe deposit box in some other bank.

Banks advertise service and the best service is to educate the people to use safe deposit boxes for the protection of their valuables.

I consider that a safe deposit connection with a bank or trust company is very essential for the reason that many people who patronize the safe deposit department will open accounts with the bank.

I think a good vault gives the impression of added strength to the bank. Such equipment strengthens the bank in the community.

It is a necessary adjunct to a bank whose business to any great extent is with the individual. They require this service of a bank and one without a safe deposit department is at a disadvantage.

A safe deposit service brings people into the bank and gives us a chance to talk with them.

People of large means prefer to have their safe deposit boxes where they keep their money.

Of great value in every way, especially so if you have good equipment in booths and private accommodations for box renters.

Believe it is essential in these days of modern equipment and special service being rendered by banks that are progressive.

A careful study of the returns points to a conclusion that in nearly all cases safe deposit service yields a profitable return on the necessary investment and that even in cases where the return is only slight this unfavorable factor is offset by the great advantage of rendering a valuable service to depositors, of bringing more people into the bank, and, in the case of small banks, of being able to afford better vault equipment by virtue of the extra income through box rentals.





Observations of an Outsider

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

IT is quite a while since I committed any of these "observations" to paper, but it does not mean that I have quit observing. I am in and out of many banks day in and day out, and I am frank to say that nowadays I see more to commend in the service rendered, than to condemn. The new era of banking is imbued with a new spirit of service, and, at the risk of committing sacrilege (the old bankers would have so labeled it) I want to say that the reason for this new spirit is that the bankers are becoming better salesmen.

When a bank clerk or a bank officer begins to boast about the service of his bank it means, first, that he has sold himself on that service; second, that he is so thoroughly sold himself that he wants to "sell" that service to his friends and prospective customers. When a bank clerk reaches this frame of mind he begins to do for the bank more than he is paid for, and that is the first step toward the goal of increased pay.

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I have been impressed with the patience, as well as the knowledge of the average bank clerk in helping customers with their tax returns. I heard one man fire questions at his banker that he should have taken to his lawyer or accountant and paid real money to have answered. He was straining the service offer of the bank and knew it. The bank stood the "strain", the man knew that he had been unreasonable in his demands, he appreciated what had been done for him, he expressed surprise (not

very well simulated) when they refused his offer of payment, and he went out of there a confirmed booster for the bank.

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These bank letters on business condition strike me as being a mighty good thing. There are so many of them that I have been interested to try and pick out the ones that made the greatest impression. I may be wrong, but it seems to me that the letters that are a sort of personal message from the president of the bank make the greatest hit. People like to get a personal message. They will read an analysis of conditions put out in the name of their bank, but they will be far more impressed with that same message if it comes over the personal signature of the head of their bank.

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I heard a depositor ask one of the younger officers of a bank what he thought of conditions in a certain line of business. This young officer gave a mighty fine résumé of conditions as he saw them, and then, finding that the inquirer was really vitally interested in the subject from a business angle, said: "I think you ought to have more specific information than I can give you. If you will call on Mr. Blank, who is right in that business, and say that we referred you to him, I am sure that he will give you in detail just the information you want". This bit of service helped the inquirer and pleased the man to whom the bank referred as an authority.

American Bankers of the New China

By Julean Arnold

American Commercial Attaché, Peking, China

THERE is a section of China, called West China, which embraces a population of over 100,000,000, or about the same as that of the United States. This region is self-sustaining and is not in economic contact with the rest of China or the outside world, for the reason that there is not a mile of railroad or even a Ford car in this whole area, nor is it connected with the rest of China by water ways. Prices in West China are still on the level of several centuries ago, scarcely as yet influenced by the discovery of gold in California or Australia. In Shensi Province, under normal conditions, wheat can be purchased at about fifteen cents a bushel and eggs at three for a cent. Prices throughout this whole section for native produce are about on this basis.

The most expensive luxury with which these people have to contend is transportation. The measure of transportation is the human being as a beast of burden, carrying a load of about 150 pounds an average of fifteen miles a day, at the equivalent of about twelve cents in American currency. This would work out at twelve cents a ton mile, taking into consideration the time involved, the depreciation of the cargo by virtue of the crude methods of transportation, and the limitations incident to these primitive methods, it is easy to be seen that West China is working under a dreadful handicap because of lack of economic transportation. If the cargo which was carried on our railroads during 1919, which amounted to 1,218,000,000 tons, originating on the lines at an average haul of 277 miles, were placed on the backs of human beings, it would take 800,000,000 men, each carrying 150 pounds fifteen miles a day for 865 days, to carry this load. This does not take cognizance of more than 1,000,000,000 passengers which our rail-

roads carried during that year. Thus, it is apparent that the more than 100,000,000 people of West China, in comparison with the 100,000,000 people in the United States, are doing very little by way of interchange of products and are consequently a factor of unimportance to the trade of the rest of China or of the outside world. On the other hand, given railroads, we can readily appreciate the developments which will follow in opening that densely populated region to the markets of the world.

There are also other very populated sections of China that are similarly out of communication with the markets of the world because of lack of economic transportation. Furthermore, China possesses upwards of 1,500,000 square miles of territory, the equivalent of three-eighths of the area of the United States, which is more sparsely populated than any state in the American Union and a large proportion of this region abounds in fertile soil and in a wealth of resources, but dependent for settlement and cultivation upon railroads. The opening of this territory through railroad transportation will afford a relief to the over congestion of the Yangtze valley and to the over populated sections of China. Furthermore, contiguous to China is Asiatic Russia with an area larger than that of China and with a population of less than 20,000,000. Thus, it is readily to be seen that there is plenty of land in Asia but that future developments in that section of the world depend upon railroad construction, or economic transportation.

China possesses coal in abundance as every province has resources in this connection. It has also a very considerable wealth in iron ore, but the successful handling of these resources in connection with the modern industrial develop-



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THE Irving Bank-Columbia Trust Company announces to its depositors the beginning of operations under its consolidated name as of the close of business February 7th.

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The former Columbia Trust Company contributes, among other things, the ripe experience of long years of specialization in trust services—personal and corporate. For a generation it has been identified as one of the

leading factors in the development of these services, influencing thousands of individuals to apply business methods in the management of their personal affairs and serving successfully corporations, large and small, as their fiduciary agents.

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Depositors of the two former institutions will thus have at their command an exceptionally well balanced service which will combine the knowledge, experience and skill of both organizations and insure all facilities for meeting every banking need.

IRVING BANK-COLUMBIA TRUST COMPANY

MEMBER FEDERAL RESERVE SYSTEM

NEW YORK CITY

ments, which are now at their inception, depends upon economic transportation or railroads with the necessary feeders. China, which possesses an area greater than that of the United States, Mexico and Central America, has only 6500 miles of railroads, compared with 265,000 miles in operation in the United States. It could not be said twenty-five years ago that the Chinese were favorably inclined to railroad construction, whereas today the people throughout the country appreciate the value of railroads and are now ready to welcome their construction, under conditions favorable to China. It is hard to conceive of a more profitable field for the employment of American capital than in assisting China to get the needed fifty to a hundred thousand miles of railroad, for the reason that the employment of our capital in this connection will not only open up a great market for American railway materials, but will also result in developments in other directions which will rapidly enhance the wealth producing power of the Chinese, hence increase their purchasing power and give us huge markets for the sale of our manufactured products in many directions, as well as make it possible for us to draw upon China in a very much larger way for raw materials for our manufacturers.

We are now selling to the Chinese tens of millions of dollars worth of machinery and industrial equipment. These figures will be increased many fold through the construction of the needed railroads. Those centers of population which are at present provided with economic transportation are rapidly developing modern industries and the factory chimney is rapidly replacing the pagoda in the landscape of these populous regions.

In spite of the present temporary financial embarrassment of the Peking Government, China commercially is solvent and sound. China's foreign trade has been advancing year by year. The country remains on a specie basis and has not suffered from inflation. The

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per capita foreign debt of China is only about \$2.50 which, in the light of the rich resources in man power and material things, is inconsiderable. When China has developed the same per capita foreign trade as that of Australasia, instead of one billion dollars in this trade, she will have fifty-six billions. The people are industrious; they are ambitious to accumulate a bank balance as they wish to educate their children, and the country possesses a rich store of undeveloped resources. Thus it offers us great potentialities in trade, but is dependent in a larger way upon the investments of American capital in railroad and other industrial development projects.

It would seem that some method should be devised whereby our manufacturing and financial interests may work in coöperation in plans for railroad and other enterprises in China,



A C T I V I T Y

IN DETROIT there are 172 companies listed as having incorporated capitals exceeding one million dollars each.

Aside from automobiles, accessories, tires, etc., for which Detroit is famous, the city is either a world leader or an important producer of :

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FIRST NATIONAL BANK

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as through such coöperation we may be able to make in trade in China what we are losing in our commerce with Europe. In China trade follows the loan or investment and we will only succeed in a big way if we invest our capital in that field. It will be necessary to make these investments direct rather than to loan our capital to other nations for their development projects in China, as they will undoubtedly stipulate in their loan contracts that materials of their nationals be used exclusively, which would result in the use of American capital to shut out American materials.

It is highly necessary that American interests strengthen the American banks which now exist in China. We are not in need of more banks but of stronger banks. Thus, it is more important that existing banks be strengthened than that others be added. We have much to learn from the methods of the Hongkong-Shanghai Bank, the premier British banking institution in China. In fact, the solidarity of British interests generally in their operations in that field is worthy of emulation.

There is being constructed at Shanghai today a mint which will be the most modern and the largest in the world. It is equipped with American machinery and is under the direction of an American mint expert. Capital for this mint was furnished by the Chinese bankers in a loan to the Central Government. It should have a very important bearing upon the making for a uniform currency in China. The Chinese bankers are now strongly organized. They have been developing a number of modern banking companies during the past few years and are amalgamating in a Chinese Bankers Association which meets in periodical conferences and not only concerns itself with banking problems but also with questions having to do with Chinese Government finance. This development of a national conscience on the part of the business men of China



Coffee in wharf sheds after unloading

New Orleans

V

Coffee

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is a very hopeful sign in the outlook for the future.

An interchange of visits between Chinese and American bankers would be very helpful in bringing about better business relations between the peoples of the two countries. In China business is done over the tea cup rather than over the telephone and personal contact means much. Americans possess a rich store of good will among the Chinese and this should not only be conserved but utilized in a more practical way in the furtherance of Chinese-American trade relations. Our American banking and financial interests will find in China a very rich field for the development of our foreign trade. By working in coöperation with our manufacturers, our financial interest can make China the most important market for American manufactured products and at the same

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time draw in a much larger way upon that section of the world for our raw materials.

Thus, the American bankers have rea-

son to become better acquainted with the New China and to look upon that field as one of great promise for the future of American activities abroad.

The Economic Recovery of the Philippines By Vicente Villamin

It is not sounding a note of unfounded optimism to state that the return of the Philippines to normal conditions is an accomplished fact. The period of accustomed prosperity is in the offing. People are feeling almost completely relieved, and the general atmosphere is one of satisfaction and confidence.

The inflexible stand of the government in swiftly rehabilitating its finances and resources made powerfully for the restoration of confidence. A program of economy and retrenchment was adopted in which the Legislature and the Government vied with each other in making it more strictly compatible with the principle of efficiency with a heart.

Bond flotations were resorted to, and proceeds therefrom applied to paying off foreign obligations and to strengthen

the currency reserve. Even before this action was taken the Insular Treasury had not failed to meet the current expenses of the Government. The Insular Auditor, an official appointed by the President of the United States, reports as of December 31, 1922, that there is comfortable surplus in the Treasury.

The reserves as of January 20, 1923, amounted to 48,818,414 pesos, of which 12,236,375 belonged to the Gold Standard Fund and 36,581,039 to the Silver Certificate Fund. Act 3058 was passed in 1922 bringing the currency system to its original bases. A bond flotation amounting to \$18,000,000 last December was used to replenish the Gold Standard Fund. This fund is being brought up to its actual and legal requirements and the Silver Certificate Fund is to be maintained permanently at a 100 per cent. basis.

The currency circulation as of January 20, 1923, aggregated 96,660,268 pesos, consisting of 19,672,938 in coins, 85,728,561 in treasury certificates and 41,258,769 in bank notes. This is the level, more or less, maintained during the preceding six months.

The exchange situation is eloquent of the healthy business conditions of the country. It will be recalled that 1921 saw the highest rate yet registered in the history of Philippine finance when it went up to 16 per cent. In 1922 the rate went down to 7 per cent. which went downward as the year advanced, until on December 31 the banks' selling rates for New York exchange were quoted at one-eighth per cent. premium for demand drafts and three-eighths per cent. premium for cable transfers. Quotations for cash eased off gradually and cables were offered at par and in several instances offerings of demand were at three-eighths per cent. discount, which should be a red-letter event in the history of the financial rehabilitation of the Philippines. In January the banks' rates were one-eighth per cent. premium for demand and one-half per cent. premium for cables, with occasional offerings for cash in both issuances at one-eighth per cent. lower. In the matter of stabilized exchange the Philippines is far ahead of many other countries.

The Government Budget for 1923 signed by Governor-General Wood in February last registers an economy of over 5,300,000 pesos. The sales tax was increased from 1 per cent. to 1½ per cent. The Collector of Customs reports that collections in January of this year show considerable increase over the same month of 1922. As 1922 was a lean year internal revenue collections during the year fell off approximately 2,500,000 pesos. All signs point to 1923 as a good collection year on account of the increasing activities noted in all industries.



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BALANCE OF TRADE FAVORS THE PHILIPPINES

The foreign trade of the Philippines which aggregated over 359,000,000 pesos in 1922 gives the country a favorable trade balance of approximately 25,000,000 pesos. The trade with the United States amounted to 224,000,000 pesos, of which 128,000,000 was exports and 96,000,000 imports. The country is still piling up a favorable balance at the present writing.

It is interesting to note that American vessels carried the largest volume of the trade on the basis of relative tonnage engaged in the service. Of the 1922 commerce American vessels carried 132,200,000 pesos worth and the British 135,500,000 pesos. In 1921 the figures were 139,000,000 pesos American and 169,700,000 British. British tonnage was the largest on the run.

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This bank, which is the leading banking institution in the country, is recovering with a speed that is truly remarkable. Its indebtedness to the Government is being rapidly wiped off. In 1921 the directors reported profits in excess of 2,000,000 pesos, helped two banking institutions from closing their doors and by the change of personnel and by the confidence inspired by the management both in Manila and New York it may be conservatively stated that the Philippine National Bank stands on firm foundations. The year 1922 further strengthened its position and the constantly improving sugar market (the bank has half a dozen sugar centrals) is reviving the pessimists from slumber.

It is pertinent to state that the Philippine Government, convinced of the absolute interdependence of interest between it and that bank and the necessity of a banking institution playing the role of the Federal Reserve Bank in its relations to other financial institutions, is behind the Philippine National Bank with all its moral and material resources. As if to bring this fact more patently home the political party in power wrote as a major plank in its platform the indefinite continuance of that bank on present basis in which the two other militating political parties concurred without reservations. It can be expected therefore that the Philip-

pine National Bank will stand as long as the Philippine Government itself stands.

PRIVATE CONCERNS REPORT PROGRESS

A large importing firm whose operations are an index of business conditions in the Islands reports that its business in January 1922, was double that for the same period in the year previous; that the increase in imports during the first half of the year was around 25 per cent. and a further increase of some 20 per cent. The consensus of opinion is that the country had over-bought in 1922 which will be reflected by slow buying during the first half of the present year. If the present rate of improvement in exports, however, continues imports may be as active.

The Manila Railroad Company which traverses one of the most developed regions in the country and whose business helps in the diagnosing of conditions has already earned during the first eight months of the past year twice the interest on its total bonded indebtedness. Although this is largely due to the average increase of 18 per cent. in its tariff of rates it shows extensive commercial movements over an area of around 25,000 square miles around Manila, the principal port and metropolis.

Another sure pointer of the direction of the financial wind is the business of the Manila Electric Company, the firm which furnishes the light, street-railway

and power in the City of Manila. With its rates remaining constant, that concern reports gross earnings of \$2,322,757 in 1918, \$2,596,643 in 1919, \$3,418,407 in 1920 and \$3,681,897 in 1921. It is expected that the earnings for 1922 will register a slight decrease from 1921, which, as above stated, was a lean year all around. Preliminary figures for the first two months of the present year show appreciable increase over the same period in 1922.

The Pacific Commercial Company, the largest import-export firm in the country, whose parent company is being reorganized to meet new world conditions is doing increased business. This firm by its special trading and distribution methods is the most intimately in touch with the ups and downs of economic conditions in the Philippines. As the country is decidedly more active and selling the produce at good prices with prospects clearly for further improvement, this company should register great progress.

OTHER CONTRIBUTING FACTORS TO BETTER TIMES

America has been impressed during the last three months with the possibility of making the Philippines yield the crude rubber needed by the rubber industry in the United States. There is a very healthy agitation to bring this to realization. With it the development of the other industries, such as sugar, coconut oil and others, are receiving great attention from the people of the United States.

The relations between Americans and Filipinos have not been more cordial as now. Filipino leaders are to be congratulated for their desire to cement these relations with deeds rather than words. Americans, on the other hand, representing investments in the Philippines, are not sparing any efforts to cooperate in the realization of the just and intelligent aspirations of the Filipino.

It is not an enthusiast who speaks when the writer says that the Philip-



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Great Britain

For the current financial year the Chancellor of the Exchequer budgeted for a revenue of £910,775,000, which allowed for a small surplus of £706,000 over the estimated expenditure.

"So far as it is possible to form an opinion with a full month still to run", says the March *Monthly Review* of Barclays Bank, Limited, "there is every probability that the actual results of the financial year will be distinctly more favorable than was anticipated when the budget was introduced.

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"The return to date, both of revenue and expenditure, whether compared with the budget estimates or with the relative position a year ago are very satisfactory.

"The following figures give the position up to February 24, 1923:

000's omitted

	Actual figures the year 1921-22	Estimates for the year 1922-23	Actual figures for 11 months 1922-23
Revenue	£1,124,880	£910,775	£781,995
Expenditure	1,079,187	910,069	695,756

"The movements in the last month of the financial year are always considerable, and it is still too early to forecast with any degree of confidence the extent of the surplus which may finally be realized, but it is fairly evident that it will exceed the modest figure originally contemplated.

"Such a result will be all the more remarkable in view of the fact that

certain items of revenue are likely to fall far short of the estimate. Excess profits duty which was estimated to produce £27,800,000 has so far realized only £954,000, while the revenue from miscellaneous special receipts has been less than £43,000,000 against an estimated total for the year of £90,000,000. Notwithstanding these deficits, however, total revenue will probably exceed the estimate, whilst it is possible that expenditure may show some reduction.

"In a year of pronounced trade depression, so favorable a result is most satisfactory and reflects the consistent efforts made to maintain the integrity of British finance. Yet it cannot be denied that the strength of the national position has only been maintained at the expense of a serious impoverishment of the individual and by the imposition of burdens which press with undue weight upon industry. It is so apparent that relief from taxation is urgently needed that there is a disposition in some quarters to regard the prospect of even a moderate budget surplus as convincing evidence that a further reduction may confidently be expected and that the only point to consider will be the relative advantages of abolishing the inequitable corporation tax or of reducing income tax or indirect taxation. But while there can be no two opinions as to the desirability of lightening the burden now weighing so heavily upon the community, it cannot be presumed that even a considerably realized surplus upon the current year will necessarily enable the Chancellor of the Exchequer immediately to reduce taxation to any material extent.

"It must not be forgotten that the justification for remission of taxation is not the realized surplus of the past year but a surplus of estimated revenue over expenditure for the year to come. It follows that until the departmental estimates are submitted, there is no satisfactory basis for calculation, but in view of the perhaps over confident expectation of substantial relief it may be worth while to summarize the possibilities, so far as they are clear at present.



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"To take first the factors which seem to encourage the hope that the estimates will allow of some reduction in taxation, the most direct economy is the completion of the compensation payments to the railways—an item which in the current financial year represented some £25,000,000 of expenditure. It is reasonable to expect, also, that some reduction will be possible in special expenditure, for which in the last budget provision was made to the extent of £61,000,000. So far as expenditure is concerned, however, the principal factor must continue to be the efforts towards economy in ordinary expenditure. Certain of the reductions effected on the recommendation of the Geddes committee were not operative for the whole of the current year and therefore, to some extent, further economy will be automatic. Sir Robert Horne, in introducing the budget, expressed himself confident that appreciable reductions in expenditure would be made in the

present financial year and still more in the year following, and it is to be hoped that Mr. Baldwin will share this optimism.

"So far as revenue is concerned, much must necessarily depend upon the course of trade. During the last few months there have been signs of a slow but steady revival, and unless the disturbed conditions on the Continent impose a further check, there should be some justification for expecting an increasing yield from customs and excise. Any pronounced revival of trade may be expected to bring to an end the period of abnormally cheap money, which has enabled the Treasury to effect considerable economies in the service of the national debt. Largely owing to the low rate at which treasury bills have been allotted, the actual expenditure on consolidated fund charges during the current year will certainly fall well below the estimate. The possibility of dearer money must be taken into account, but it is

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still probable that the estimates for the service of the internal debt will show some reduction on those for the current year.

"On the other hand, a definite increase in expenditure of some £10,000,000 must be allowed for in connection with the American debt, while the uncertainties of the foreign situation may involve a larger provision for contingencies than was considered necessary for the current year.

"In certain directions, revenue is likely to be reduced and it may well prove that these reductions will considerably more than balance the decline in expenditure.

"The fact that in the current year miscellaneous receipts, representing in the main the sale of war assets, have only realized £43,000,000 of the total estimate of £90,000,000 suggests that the estimate for the forthcoming year will probably be reduced.

"It is certain also that the yield of

income and super tax must be substantially less. The effect of the relief afforded in the last budget has not been fully reflected in the receipts of the current year and the cost to the Exchequer for a full year is estimated to be £52,000,000 as compared with £32,500,000 in 1922-1923.

"Allowance must also be made for the fact that the forthcoming estimates will be based upon income arising from three years of continued trade depression. This not only affects the total income brought under review, it also results in a reduction in the yield of super tax as a larger proportion of incomes fall below the super tax limit.

"It is by no means certain, therefore, that any reduction in the scale of taxation will be possible, unless further considerable economies can be effected in ordinary expenditure.

"The relief already afforded was made possible only by the exceptional expedient of suspending sinking funds



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and it can hardly be contended that provision for debt reduction can be postponed indefinitely. The defence for such a course was the urgent need for a reduction in taxation. The need is still urgent, not only for relief from direct taxation, but possibly even more for reduction in the indirect taxation which so seriously affects the cost of living.

"But permanent relief, however desirable it may be, cannot be secured merely by postponing obligations. An important group of Members of the House of Commons has estimated that expenditure in the coming financial year can be reduced to £750,000,000 and that revenue on the present basis of taxation would produce £800,000,000. If these figures prove to be approximately correct, there will be no very considerable margin for reduction of taxation, unless the various obligations connected with the Sinking Funds and the redemption of securities tendered in payment of death duties and excess

profits duty, which Sir Robert Horne estimated at from £30,000,000 to £35,000,000 are again suspended.

"To adopt such a course in two successive years is open to very serious objection and it would only be justified by very convincing evidence that further relief from taxation would result in a revival of trade which, of itself, would increase revenue sufficiently to obviate in subsequent years the necessity of fresh borrowing to meet sinking fund charges."

France

The Ruhr operations continue to be the greatest single influence affecting French economic development, says a cable to the Department of Commerce at Washington. Prices in most lines show strong upward tendencies and supplies of some raw materials are becoming too small for current need, but purchases abroad are kept down by unfavorable exchange conditions.

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After a prolonged discussion of means of effecting a balanced budget by tax increases, the French Chamber of Deputies have apparently given up the task and have voted issues of Treasury bills to make up the deficit. The Senate has now started action on the budget. As previously reported, provisional credits were voted on February 28 to cover March expenditures.

The metallurgical situation is growing worse as reserve supplies of coke are being used up. Arrivals of Ruhr coke and coal in France, Belgium and Luxembourg since February 10 have been estimated at 3000 tons daily, and early improvement is not probable. The Société Coopérative des Hautes Fourneaux is delivering to its members only 20 per cent. of their coke needs at 198 francs per ton, additional quantities costing 310 francs per ton. Some purchases of coke are reported to have

been made in the United States at from \$15 to \$16 per ton delivered at French ports. English coke is selling at 260 to 280 francs per metric ton in French ports, and Czechoslovakian coke at 240 francs.

Stocks of iron ore are accumulating rapidly and mining activity is reduced. West and Southwestern France has not been so hard hit by the Ruhr coke shortage, and plants in these regions are profiting by the scarcity of supplies on the iron and steel markets. Acceptance of fixed prices and delivery dates have generally become impossible, and prices are rising rapidly.

Business in cotton yarns and cloth is very calm, and buyers are resisting higher prices. Cotton textile workers are demanding wage increases of from 7 to 15 per cent. to counterbalance increased living costs. Wool spinners and weavers are fairly active. Spinners are receiving export orders, but weavers complain of a lack of new business. Linen mills are satisfactory, a good demand for yarn being felt both in foreign and domestic markets. Heavier buying of raw silk is noted.

Hides and skins continue high, and French tanners are doing little buying. Retail trade is dull, and, although there has been some increase in export orders, domestic business is slow and manufacturers are reducing production or accumulating stock. Glove manufacturers are still in a difficult position.

The superphosphate market is active throughout the country, and spring sales are expected to be much greater than last year. The agricultural outlook is very promising.

Italy

The industrial situation in Italy is little changed, says a cable to the Department of Commerce at Washington. The activity in automobiles continues, and the consul at Turin reports that the Lancia Company has orders until October. Textiles are quiet, with prices high and demand limited. The weather

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Foreign Exchange

Letters of Credit

Cable Transfers

has been favorable for agriculture, and crop conditions are normal.

The production of iron ore, pig iron and steel in 1922 was about 50 per cent. greater than in 1921. Mercury production amounted to 1530 tons in 1922 compared with 1010 tons in 1921. Sulphur production, however, declined to 191,600 tons compared with 313,400 tons in 1921.

The consolidation of the Fascisti and the Nationalists has strengthened the position of the administration, and has increased its authority in Italian affairs. The Ministry of the Liberated Territories has been abolished effective March 1 and its functions have been transferred to other departments.

Commercial treaties with Spain, Austria and Jugoslavia are now under negotiation. The early ratification of the commercial treaty with Poland is expected, and it is reported that a 60,000,000 lire company is being organized

to develop the oil concession granted in that agreement.

The exemption of interest on foreign investments from the Italian income tax has been extended to apply to government, provincial and municipal loans in addition to private investments.

Total figures covering the value of exports and imports in September and October have just been published. Exports in September amounted to 746,000,000 lire and in October to 885,000,000 lire, compared with a monthly average of 700,000,000 lire during the first eight months of the year. Imports amounted to 1,231,000,000 lire and 1,394,000,000 lire in the same months, compared with an average of 1,240,000,000 during the first eight months. The increase in exports brings the trade of Italy back to approximately the pre-war ratio between imports and exports.

The number of unemployed on January 31, amounted to 392,000 compared



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with 382,000 on December 31, and with 607,000 on January 31, 1922. Seasonal unemployment generally reaches its peak about the end of January.

Bachi's index number for wholesale prices in January (based on average 1920 prices) was 92.1, compared with 92.8 in December, 95.5 in November, 96.2 in October, and 92.44 in January 1922. The cost-of-living index for January at Rome (based on July 1920) was 132 compared with 134.87 in October, 1922. At Milan the cost-of-living index was 118 in January compared with 115.99 last October.

Germany

"Events during the year 1922 have proved with unmistakable clearness, to what an extent German economy has lost its right of self-determination and must, instead, submit to principles being imposed from outside", says the monthly review of the Disconto-Gesellschaft, Berlin. "The course of development

was chiefly influenced by the ever changing decisions, and in regard to which new elements of danger were constantly presenting themselves, taken by the powers constituting the Reparation Commission, concerning the question of the war indemnity, which is of such vital importance to the existence of Germany. It was these decisions which, henceforth, were shaping the course of the mark exchange and causing the confidence in the credit and standing of Germany to decrease steadily up to a point when there resulted an external and, as a sequel thereof, an internal slump surpassing even the most pessimistic estimate. An increase of inflation, the elimination of the mark as a standard for registering values and as a basis of calculation, disorganization of the external trade, difficulties in raising capital together with a general state of uncertainty and lack of enterprise in trade and industry followed as a natural sequel to the aforementioned conditions.

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"While inland prices are, in many cases, anticipating the depreciation of the mark and ever larger classes of the population are, regarding the purchasing power of their incomes, more and more lagging behind the rise in the cost of living, industry is being increasingly handicapped in procuring, in view of the vanishing purchasing power of German currency, the requisite funds for covering its requirements of foreign raw materials. At the same time, it is becoming more and more difficult to make working capital keep pace with the increase of costs of inland production.

"In confirmation of our above remarks, we submit the following figures, comparison being made with the previous year:

	Beginning of year 1922	Beginning of year 1923
	M	M
Price of the dollar.....	185	8,000
Circulation of paper money (in milliards of marks)	122	1,150
Price of pig iron	3,371	153,618

"We hereby wish to once more emphasize a fact, to which we repeatedly referred in previous reports, viz. that, contrary to the erroneous views apparently still prevailing in many quar-

ters abroad, it is not the inflation, but our adverse payment balance, which is causing the deterioration of our currency and that the increase of inflation is, in its turn, but an inevitable sequel of the said deterioration.

"We have likewise, on previous occasions, tried to prove by submitting statistics, that the external value of the German mark had become much more heavily depreciated in proportion to the rate of circulation of the media of payment, as it showed at that time, and in spite of its huge increase from week to week. At the commencement of this year, the circulation of German media of payment had augmented by 200 times the pre-war level, whereas the value of the mark, computed by the dollar quotation, had depreciated to a 2000th part. Although we admit this evidence to be based on a somewhat crude mode of calculation, we should have no difficulty in proving that the precipitate increase in the process of paper-money inflation with its hugely swelling figures is caused by the necessity of adjusting the internal circulating media to the rate of depreciation of the "valuta", which is always far out-running the former. There is only one way of escape out of this vicious circle, viz. the stabilization of the mark, which, however, can never be carried out with-

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out certain preliminary conditions lying within the sphere of reparation-political matters being realized."

Switzerland

The Swiss Sample Fair will take place from April 14 to 24 next in the greatly enlarged exhibition buildings at Basle, Switzerland. The preceding fairs justify the belief that the one of 1923 will surpass by far any of its predecessors.

An opportunity of finding concentrated in one place the products of the different Swiss industries and of getting in direct touch with the manufacturers has assured the great success of all the previous fairs. The development of this fair from one of a rather local character to a big international event needs no further recommendation.

The Swiss Sample Fair is one of the oldest of the modern fairs, and arose from the ancient Basle Fairs, which have been held at regular intervals since the fifteenth century. Basle offers exceptional facilities for such an enterprise on account of its advantageous position bordering on two other countries; its central location in Europe and having the best international railroad connections.

In addition, the ancient Rhine town has recently acquired the advantage of a Rhine harbor which still more brings into prominence its functions as a commercial, industrial and banking center.

The Swiss Sample Fair occupies a

prominent position amongst the European sample fairs, and those interested are enabled to cover their requirements to their entire satisfaction, as it is founded on a solid basis and adds features unknown to most of the other fairs.

The following groups have been arranged for the coming event: Chemical and pharmaceutical products; household and kitchen articles; broom and brushes; china and glass ware; house-fittings, furniture, basketwork; lighting, heating, sanitary installations; technical articles in wood, metal, glass, cork, leather, rubber, etc.; inventions and patents; office and shop fittings, drawing and painting materials; school supplies; advertisement and propaganda, including graphic arts and printing, packing materials; paper and paper goods; musical instruments and music; sports goods and toys; applied art; clocks, watches and jewelry; textile goods; clothing and outfitting, boots and shoes, leather and celluloid goods, fancy goods, haberdashery; machinery and tools; transport; fine mechanical instruments and apparatuses; electrical industry; raw material and building materials; miscellaneous.

The previous fairs registered sales running into the ten millions.

Netherlands

Trade and industry in the Netherlands are adversely affected to a great extent by the occupation of the Ruhr

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District, according to a cable to the Department of Commerce at Washington. The holding up of large orders of semi-finished steel in Germany is cutting down the production of many important Dutch industries, bringing as a result increased unemployment and financial troubles. Banks are extending a comparatively small line of credit to industry. The securities market is quiet.

Conditions continue dull in Dutch shipping industry. Particularly, transit traffic on the lower Rhine is practically at a standstill inasmuch as trade is being almost entirely diverted to the north through German ports or south through Antwerp. The amount of goods carried overland through Holland has increased recently due to the lowering of rates at the beginning of the year and to the fact that some traffic began to take this route to avoid traffic taxes on the Rhine.

All the factors of the situation, how-

ever, are not unfavorable. The shoe and leather goods manufacturers are encouraged over the lessening of imports of these commodities from Germany. Considerable opposition is being raised against the government shoe import restriction bill by other trades who are anxious for similar protection.

Spain

Spanish Government finances are making a less favorable showing than during the past few months. A semi-official estimate for the current fiscal year, which ends March 31, places the deficit at 1,000,000,000 pesetas, according to a cable to the Department of Commerce at Washington. The Treasury balance is diminishing at the rate of 50,000,000 pesetas per week. The government expects soon to issue a new series of short-term notes to the amount of approximately 500,000,000 pesetas.

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AT ALL BANKING POINTS

The Minister of Finance has indicated his intention to institute far-reaching reforms in the interests of economy. He favors reduction of the taxes levied on large capitalistic enterprises, and wishes to do away with the present practice of granting Government loans in support of Spanish companies not able to withstand foreign competition even with the aid of reasonable protection. Loans of this type have been tentatively suspended.

The Spanish steel industry is increasingly active, owing to large orders for rails from the Government and to the increased demand for steel products within the country. The activity in lead production and exportation continues; increasing American demand has caused prices to rise. The production of copper pyrites is low, although the Rio Tinto mines are still active. The iron ore situation is improving; 200,000 tons were contracted for in March. Spanish coal production is also improving doubtless due to the present situation in Central Europe. Export orders have been received from Bordeaux and Genoa. A group of Spanish coal mines is asking for quotations on pitch for making briquets. The Government is appropriating a maximum of 1,250,000 pesetas per month in subsidies to the coal industry.

The crop prospects have been improved by recent rains, but the depression among agriculturalists continues. A lessened acreage was planted, and the

rains were so late in coming that a portion of the crop was already lost.

The purchase of agricultural implements has declined, and there is no prospect of improvement in the situation until the last of the wheat crop has been sold. Wholesale and retail trade is generally dull throughout Spain.

Cotton imports during February amounted to 13,085 bales compared with a monthly average of 37,000 bales in the six months preceding. Consumption in February amounted to 21,515 bales. It is reported that 9000 bales were en route at the close of the month. Stocks available are slightly higher than at this time last year. The cotton industry is inactive because of lessened local and foreign demand, due chiefly to British competition.

South America

TRADE SHOWS IMPROVEMENT SAYS MANAGER OF ANGLO- SOUTH AMERICAN BANK

South American trade, which has been in a slump, is improving, due to the betterment of conditions in a number of the countries, says W. E. Wells, general manager of the Anglo-South American Bank, Ltd., and chairman of the board of Commercial Bank of Spanish America, Ltd., London, who has just arrived in New York for a short stay on his way home after a five months business tour in which he visited

THE MERCANTILE BANK OF INDIA (LIMITED)

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

Capital Authorized and Subscribed	\$24,000,000 (£4,800,000)
Capital Paid-up	5,250,000 (£1,050,000)
Reserve Fund and Undivided Profits	6,760,525 (£1,352,105)

BANKERS:—Bank of England; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

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

NEW YORK AGENCY, 64 WALL STREET

Brazil, Uruguay, Argentine, Chile and Peru.

He states that the Argentine has been suffering from the slump in the cattle market, although last year's grain crop was abnormally large and has brought large sums of money into the country. There are signs of improvement in the cattle business and a tendency to higher prices. Production has been restricted due to insufficient pasturage necessary for the big accumulation of stock resulting from lack of demand.

Chile would also appear to have turned the corner. Trade, as is well known, has been stagnant in the nitrate business for about two years, thereby causing general depression in the whole Republic with consequent detrimental effects in the Government's revenue. Nitrate sales, although not up to normal, are now very satisfactory, and as this fertilizer is of vital importance to agriculturists, it is thought the demand cannot fail to be on a steadily increasing scale. The production of copper has also vastly increased with the rise in price of this commodity, and this also will have the effect of increasing the spending power of the country. There has also been a natural reaction in wool and as both the Argentine and Chile have large interest in this, they are benefiting accordingly.

With regard to Peru, although the fall in the price of commodities produced by that country was greater in proportion than any other, cotton and sugar have been produced practically

without loss almost throughout the crisis. In view of the recovery in the price of these two staple commodities of the country it should now be in a pros-



W. E. WELLS

General manager Anglo-South American Bank Ltd.

perous condition, and as the export taxes are based on a sliding scale proportionate to the actual valuation, the revenue received by the Government will be automatically improved.

The falling off in revenues which all these countries have suffered, has been

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:

M. 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.

in a very great measure due to the almost complete absence of direct taxation, which in Mr. Well's opinion is absolutely necessary to enable them to adjust their budgets. Income tax is especially engaging the attention of the authorities as that source of revenue is practically untapped.

The heavy stocks of imported goods left over from the 1921 crisis appears to be practically liquidated and the demand for manufactured goods should now revive, but this will naturally be slow as buyers still have in mind their recent experiences. There is still a feeling that as Europe becomes more settled prices of manufactured articles will further be reduced and the tendency for some time will be to buy only for actual requirements. It was very noticeable that the banks in all the countries visited have large surpluses of cash for which they are at present unable to find suitable outlet, which would indicate that the public prefer to keep their funds in the bank, even if they gain no interest, rather than invest in shares or commodities.

Mr. Wells, who has an unusually intimate knowledge of affairs, has been with the Anglo-South American Bank, Ltd., for the past twenty-three years, of which he spent nineteen in South America, where he held the post of manager of the Valparaiso Branch until 1919 when he was appointed to his present position. The Anglo-South American Bank and its affiliations with sixty-three branches has been established for

the past thirty-five years and has capital and reserves of over \$60,000,000.



International Banking Notes

The result of last year's working of the Credit Commercial de France as shown by their financial statement to December 31, 1922, just published in Paris, is very satisfactory and demonstrates the continued progress and excellent situation of this well known institution.

The profits for 1922 were francs 12,716,459 as compared with francs 12,528,372 for 1921. Immediately realizable assets total francs 1,060,742,681 as against current sight deposits of francs 1,073,509,949, disclosing a liquidity of 99 per cent. Total assets are francs 1,620,513,840 as compared with francs 1,538,327,163 on December 31, 1921. Reserve account has been increased to francs 31,315,347. The capital remains at 120 million francs and a dividend of 8 per cent. has been declared for the third successive year.



Arthur Zentler, local executive delegate of the Banca Marmorosch, Blank & Co. of Bucharest, Roumania, in a statement issued recently, said:

"For the year of 1922, which closes three-quarters of a century of the existence of our bank, on a paid-up capital of 125,000,000 lei and 177,000,000 lei reserve, this bank showed a profit of 44,690,471 lei, which, with 17,608,551 lei profit carried over from 1921, gives a net profit for 1922 of 62,299,023 lei, as compared with 58,338,096 lei for 1921. (The Roumania leu is worth \$.193 normally).

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

**Fully paid up Capital, Reserves and Surplus
\$16,031,961.00 Argentine Gold**

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

Money on Mortgages Placed Direct

BANKING TRANSACTIONS OF ALL KINDS

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

Administration of Real and Personal Property

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

CORRESPONDENCE IN ALL LANGUAGES INVITED

"Cash on hand on December 31, 1922 was of 401,059,558 lei as against 273,526,572 lei on December 31, 1921. Total assets on December 31, 1922 were of 3,545,335,360 lei as against 2,789,599,793 on December 31, 1921.

"The dividend for 1922 has been increased to 23 per cent. from 20 per cent. paid in 1921. The bank after distributing the 23 per cent. dividend on the par value of the capital stock, added 2,500,000 lei to its pension fund and brought its total reserve fund to 180,361,262 lei.

"Entire turn-over (clearings) of the bank for the year 1922 was 136,500,000,000 lei, which is over one and a half billion larger than the previous year, and over forty-four billion lei larger than in 1920.

"During the past year, the 'Banca Industrial, S. A.' (Industrial Bank, Ltd.) created by our bank with a paid-up capital of 50,000,000 lei, has taken over the majority of the interests in industrial enterprises of our bank, and the first year of its existence gives excellent promises from every point of view.

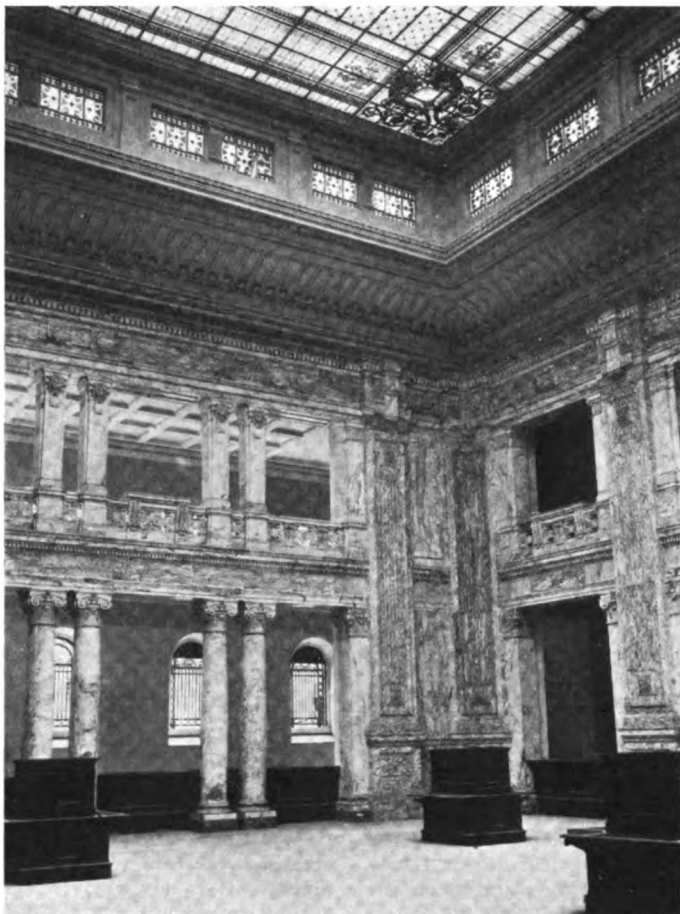
"Our bank's commercial department, created because of temporary needs, immediately after the war, is in steady and healthy process of liquidation, showing at the end of 1922 a decline to 186,000,000 lei from 258,000,000 lei at the end of 1921.

"The Aerial Transportation Line (Cie Franco-Roumaine de Navigation Aérienne) created by our bank, carried out last year the second part of its program, adding to the Paris-Warsaw Line a regular line between Paris-Bucharest-Constantinople.

"During the year 1922, our bank experienced the painful loss of an immeasurably valuable member of its board of directors, Take Jonescu, a former president of the Council de Ministers of Roumania."

©

The Industrial Bank of Japan, Limited, Tokyo, announces the appointment by the government of Yejiro Ono, formerly vice-president, to the presidency succeeding H. Hijikata who retired February 10, 1923, upon expiration of his term.



Partial view of the public space in the new quarters of the Banca Nazionale di Credito, Rome

Banca Nazionale di Credito, a new Italian banking institution which has already firmly entrenched itself into the commercial and financial life of Italy, began its active operations in the fall of 1922. The head office is in Rome.

It was founded under the auspices of the Italian Government.

Its president is Commander Domenico Gidoni, formerly Manager of a Head Branch of Banca d'Italia, and who, during and for some time after the war, was the commissioner in the United States of the Royal Italian Treasury.

Signor Gidoni, through his varied activities in the United States, is widely known and highly regarded in American banking and financial circles. His name, in fact, is alone conclusive evidence that the policy of

the new institution which he heads will be conducted along sound and conservative, yet withal progressive lines.

Banca Nazionale di Credito has a capital of 250,000,000 Lire, fully paid up in cash, and is thoroughly equipped to conduct banking transactions of every character—both domestic and foreign.

As a separate and distinct enterprise, the bank is at present, acting as a liquidating agency for the former Sconto. Of course, it is quite generally understood in the international banking world that, in accepting this intermediary role, Banca Nazionale di Credito has not taken over, nor assumed any responsibility for, the assets or liabilities of the Sconto. It is acting purely in the capacity of a liquidator, and on a commission basis. In fact, this particular business is

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.

carried on under the auspices of a special department organized solely for this purpose, with a separate management and staff, and entirely aside from any activities of the Banca Nazionale di Credito, itself.

Affiliated with Banca Nazionale di Credito in France is the Banque Italo-Francaise de Credit—Paris, Marseilles and Tunis—which has a paid-up capital of 15,000,000 francs, and of which Signor Gidoni is also chairman of the board.

Banca Nazionale di Credito has more than seventy branches spread throughout Italy.

©

As a result of information coming to the headquarters of the American Bankers Association that many banks, which have filed claims with the State Department, Washington, for pre-war balances in German banks, have been solicited by attorneys to represent them in the prosecution of such claims on a contingent fee basis, the Association has made the announcement that there is no necessity for such employment by any bank. All claims of member banks, it is pointed out, have been put in the hands of an attorney by the Commerce and Marine

Commission of the American Bankers Association.

©

The statement of condition of the International Acceptance Bank, 31 Pine street, New York, as of March 27, 1923, shows total resources of \$66,019,519.06; capital paid in, \$10,250,000.00; and undivided profits, \$1,083,159.01. A condensed statement as of above date follows:

RESOURCES

Stockholders' uncalled liability	\$5,000,000.00	
Cash on hand and due from banks	6,333,822.72	
Acceptances of other banks	2,564,488.89	
U. S. Government securities	10,193,681.30	
Collateral loans	5,880,723.61	
Other loans and advances	5,922,814.15	
Other bonds, securities, etc.	3,733,174.35	
Customers' liability, acceptances (less anticipations \$2,352,169.70) ..	21,089,161.35	
Customers' liability under letters of credit	10,301,652.79	
Total	\$66,019,519.06	

LIABILITIES

Subscribed capital and surplus	\$15,250,000.00	
Capital paid in	\$10,250,000.00	
Undivided profits	1,083,159.01	
Reserve for taxes, etc.	110,310.40	
Due to banks and customers	20,833,065.81	
Acceptances outstanding (less held in portfolio \$1,038,629.28)	23,441,331.05	
Letters of credit	10,301,652.79	

Total \$66,019,519.06



Architect's drawing of the new building to be erected for the Trenton Trust Company of Trenton, N. J.

THE new building of the Trenton Trust Company, Trenton, N. J., will be the tallest in the city and will give this institution complete modern banking facilities. Architectural and engineering work is by

Alfred C. Bossom

Bank Architect and Equipment Engineer

First National Bank Bldg., Jersey City, N. J.

680 Fifth Avenue, New York

Correspondence Invited



View of the banking room of the Coal and Iron National Bank of New York

Coal and Iron National Bank of New York

THE election of Julian W. Potter as president of the Coal and Iron National Bank of New York and the creation of the position of chairman of the board, with John T. Sproull as chairman, at the beginning of this year, is in keeping with a new policy of expansion of this bank. It is further being followed out by the election of an additional vice-president, John M. Ross of Atlanta, Ga.

The Coal and Iron National Bank has grown consistently since it opened for business on April 11, 1904, with a capital of \$300,000 and a surplus of \$200,000, and with deposits of \$745,442 at the close of the first day's business.

At the present time it has a capital of \$1,500,000, surplus of \$1,000,000, undivided profits of \$328,192, deposits of more than \$15,000,000, and total resources of about \$20,000,000.

Composed chiefly of men identified

with coal, railroad and steel interests, the directorate of the bank stands for big, broadminded methods. Operated under such principles, it can be better understood why this bank, within a comparatively short period, has risen from practical obscurity to a commanding position in the banking world.

INCREASES IN CAPITAL

When the bank was organized it took over the quarters then occupied by the Bankers Trust Company and previously occupied by the Liberty National Bank at the corner of Liberty and West streets, the banking rooms having been enlarged three or four times since then.

In 1907 the capital was increased to \$500,000 and the surplus to \$500,000 through the sale of additional stock and accumulation of earnings. In 1909 the capital was again increased to \$1,000,000 through the declaration of a dividend of 100 per cent., which was utilized



PHOTO OF MR. JAQUITH © BY MARCEAU, N. Y.

OFFICERS OF THE COAL AND IRON NATIONAL BANK

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Officers' quarters

by stockholders to subscribe to additional stock at par and in March, 1919, it was further increased to \$1,500,000.

During the panic of 1907 the bank was not obliged to call a single loan, but on the contrary its resources were so liquid that it was in a position to assist other institutions that applied to it for aid. During the late war, notwithstanding the extraordinary and unexpected demands made upon it, this bank was in a position to protect all of the interests and to supply all the demands of its customers, and through their coöperation to more than cover its allotment of subscriptions to all Liberty Loans.

The bank, of course, is fully equipped to conduct, along the most modern lines, all forms of domestic and foreign banking; issues domestic and foreign letters of credit for commercial and personal use; issues travelers' checks; deals in trade and bankers' acceptances; negotiates investments; acts as trustee, executor, administrator, transfer agent

and registrar of stocks and bonds, guardian of estates, assignee and receiver; affords the convenience of safe deposit vaults; in short, extends every facility consistent with legitimate banking and conservative business that may be required by its customers.

OFFICER PERSONNEL

As one of its organizers, John T. Sproull, now chairman of the board, brought to the Coal and Iron Bank a wealth of banking experience gained prior to and during his term of office as president of the old Varick Bank, long a familiar landmark on Varick street. The Varick Bank was absorbed by the Coal and Iron Bank in 1904, coincident with the founding of the latter. Mr. Sproull stepped from the presidency of one institution to that of the other, amalgamating their joint resources and aligning the personnel of the new bank with that happy facility in the conduct of financial affairs and broad knowledge of men which he has

since employed to such excellent advantage in the upbuilding of the bank.

Mr. Sproull's retirement from the presidency was followed by the regrets of his coworkers, regrets which, however, are to some extent tempered by the fact that as chairman of the board of directors, his counsel and experience will still be available.

Julian W. Potter, the new president, was born in Bowling Green, Kentucky, in 1889. He is the son of the late J. Whitfield Potter, one of Kentucky's most prominent citizens and president of the American National Bank and the Potter Matlock Trust Company, both of Bowling Green, Kentucky.

His elementary education was received in the public schools of Bowling Green, from which he passed successively with honors to the Kentucky Military Institute and the University of Virginia.

In 1910, at twenty-one, he became a partner in the real estate insurance firm of Galloway, Hughes & Potter. Two years later he was discount clerk of the American National Bank. Not long afterward he rose to the position of secretary and treasurer of the Potter Matlock Trust Company, where the responsibility of making investments and handling trust estates devolved upon him.

In 1916, Mr. Potter was elected to the vice-presidency of the American National Bank. At the time of his resignation in 1920, the American National and the Potter Matlock Trust Company were the two largest banking institutions in Western Kentucky.

During the war Mr. Potter was County Chairman of the Second and Third Liberty Loan Campaigns and under his leadership both loans were oversubscribed. On the completion of the Third Loan he enlisted in the Naval Flying Corps. After three months at the Massachusetts Institute of Technology he was graduated and sent to the Naval Air Station at Pensacola as assistant

and, later, Acting Discipline and Personnel Officer.

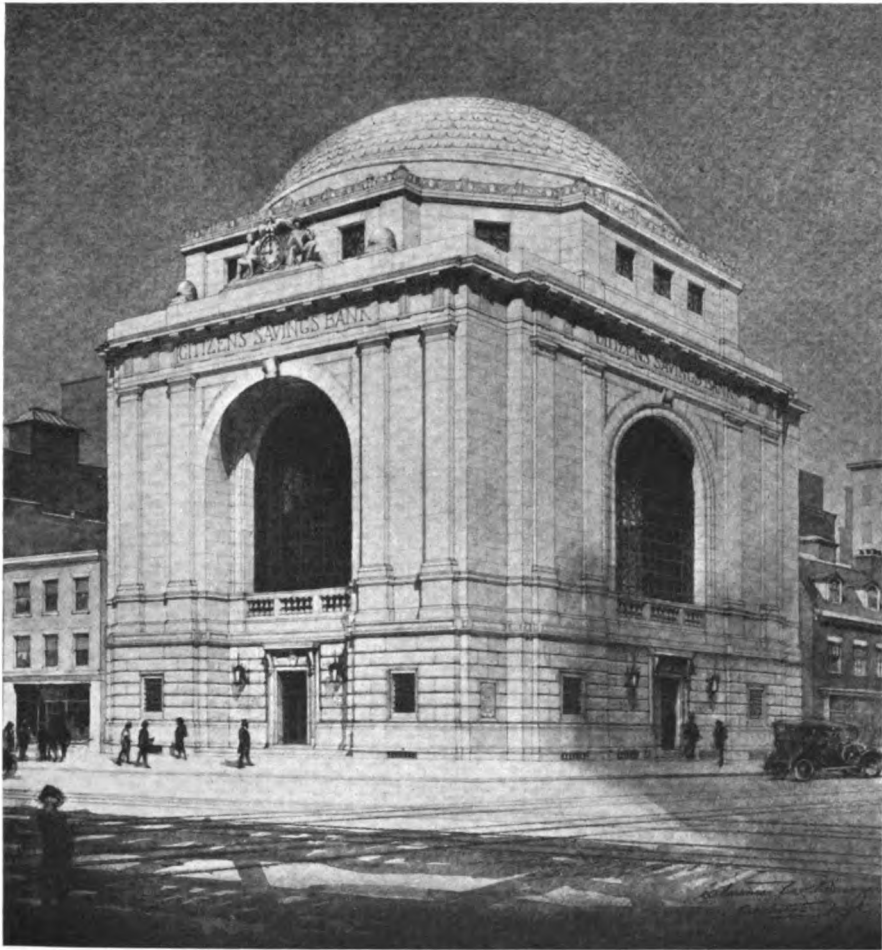
Mr. Potter came to New York in 1920 as assistant treasurer of the Guaranty Trust Company and has since been successfully connected with commercial banking in New York City.

David Taylor, vice-president, who has been connected with the bank since it began business and who actively co-operated with Mr. Sproull in the development of the institution, will continue to devote his acute judgment and recognized ability to the conduct of the bank's affairs.

William H. Jaquith has been made vice-president and cashier of the bank. He started his banking career with the Liberty National Bank as a messenger when that bank was in the quarters now occupied by the Coal and Iron Bank. He worked up through several departments and then was with the National Bank of North America for a year. He was offered the position of receiving teller with the Coal and Iron Bank six months after its organization which he accepted and six months later was advanced to paying teller. In 1915 he was appointed assistant cashier and on February 14 of this year was elected vice-president and cashier.

John M. Ross became a vice-president of the bank on April 1. He had been identified with the Lowry National Bank of Atlanta, Ga., as vice-president. He is well known in New York banking circles having for a time, prior to the war, been located at Atlanta as representative of the National City Bank of New York. After the war however Mr. Ross came to New York as an assistant treasurer of the Guaranty Trust Company in the unsecured loan division of the credit department. Subsequently he joined the Lowry National Bank from which he has come to the Coal and Iron Bank.

The other officers of the bank are Wallace A. Gray, assistant cashier; Arthur A. G. Luders, trust officer; and Addison H. Day, comptroller.



New building to be constructed for the Citizens Savings Bank of New York

Citizens Savings Bank of New York

THE Citizens' Savings Bank, New York, for the past sixty years located on the southwest corner of the Bowery and Canal street facing the Manhattan Bridge Plaza have just awarded a contract to the William L. Crow Construction Company, for a handsome and monumental granite domed building from designs by Clarence W. Brazier, architect.

The building is to have a seventy-five foot frontage on the Bowery and eighty-five feet on Canal street. It is designed in the sturdy Florentine Renaissance style so appropriate to strong financial institutions, and is to be constructed of light Barre granite, the most monumental and durable of building stones.

The interior is lighted by four large arched windows on each of the four sides, set high above a strong base, so as to make the bank practically riot-proof.

The building is approximately 110 feet high, being set up so as to show above the elevated railroad. A low dome crowns the edifice imparting a feeling of solidity and strength as well as giving an air of unusual distinction even among our already fine bank buildings.

The interior of the banking room is nearly seventy feet high and is designed much after the old Roman style using Roman Travertine stone for the walls.

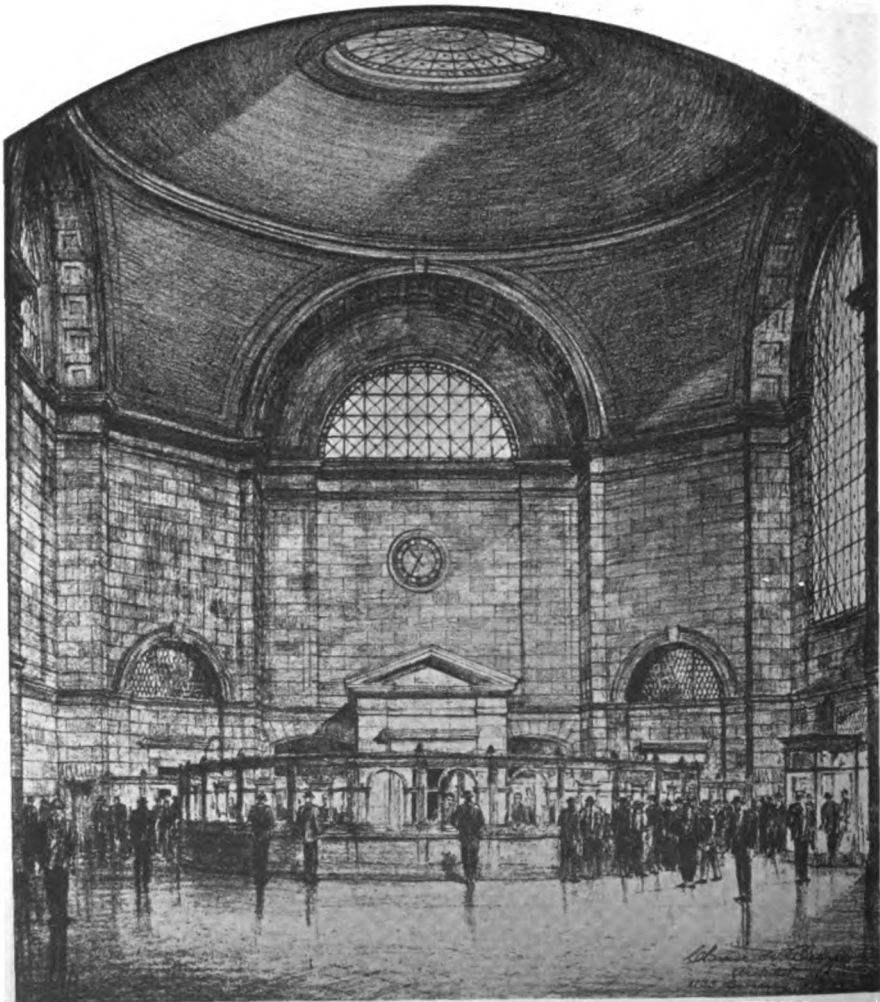
The principal feature of the interior is the vault which is placed prominently

in the center, showing its great strength.

Rest rooms, recreation rooms and a revolver range are provided for the clerks in the basement, and in the top story of the dome are provided dining rooms for clerks and officers as well as the board rooms, all of which will be above the shadows of surrounding buildings.

The Citizens' Savings Bank holds a grant to this land from the old New Amsterdam Government being at that time the northeast corner of what was then the city limits. The president, Henry Saylor, recently completed a

term of fifty years' service in this one institution, during which time the bank has been brought to a position where it is judged one of the strongest savings banks in New York State. This bank owes its depositors over \$29,000,000, and has a guaranty fund for the protection of its depositors of nearly \$3,000,000. Edwin A. Lahm is secretary and James Rowland is vice-president and chairman of the building committee. Charles R. Smith is first vice-president and also a member of the building committee.



The Interior of the Citizens Savings Bank as it will appear when completed



This type of building gave the Commercial National Bank of Bradford, Pa., room for expansion, suited their needs exactly, yet enabled them to retain their corner location even though the plot was small

Providing Banking Facilities on a Twenty-six Foot Plot

A RECENT bank building operation in Bradford, Pennsylvania, presents an unusual illustration of the result which can be obtained on a narrow building lot. The Commercial National Bank of that city had been occupying for a number of years a corner lot twenty-six feet wide by eighty-eight feet deep. It was a location upon which they were extremely desirous of remaining.

In February 1922, the bank had grown to such an extent that it was necessary to find ways and means of increasing its facilities. The adjacent portions of this corner property were

in the hands of certain individuals who used the opportunity to boost the price of their real estate to an exorbitant figure in the hope that the bank would be forced into paying more than the property was worth in order to get the space sufficient for its requirements. This situation developed into an intensive study of the possibility of getting the required accommodations on the original twenty-six foot plot.

This resulted in a development of the two story individual building which is illustrated in the accompanying photographs. By means of an ingenious balcony arrangement between the first and



This interior view shows also the ingenious balcony arrangement between the two stories

second stories, the bank has a building which provides facilities sufficient for the handling of at least 100 per cent. more business than they have at present, unusually luxurious accommodations for the comfort of their employees and a monumental building which will put this bank in a leading place in this community for many years to come.

The building is constructed of face

brick with limestone pilasters and arches. The banking room is finished in Florence and Oxford Fleuri marble, and bronze wickets, lighting fixtures and handsomely carved balcony rail. The designs of the building were developed by Hoggson Brothers, the bank building specialists of New York and Chicago who also constructed and equipped the building throughout.



Wayne National Bank of Goldsboro, N. C.

WITH the most prominent corner in Goldsboro, N. C., as a site, the Wayne National Bank has undertaken the building of a ten-story structure as its new bank home. The building will have a number of rather unique features for Goldsboro. It is interesting to note that it is practically the first structure of any size in the

town to have a cellar, because of the unusual water conditions in the soil.

When F. K. Borden, president of the bank and the officers and directors decided that the time had come to bring their existing banking house up to date, they first seriously considered remodeling. Second they considered building the lower stories at the present time



The ten story structure of the Wayne Natinal Bank, Goldsboro, N. C., will have all the most modern devices and zquipment for the best service to the bank's customers and the tenants of the building

to which others might be added later; but the final decision was to go ahead with the ten-story structure, as it seemed to be to the best interest of the bank.

The lower two stories of the building are being constructed of polished cut cast stone, a new artificial building material. The upper part is to be of a light brownish red with trimmings of terra cotta. The floors that are not used by the bank will be rented as offices. There will be installed in the building all the latest devices for lighting, heating, ventilation and elevator service. The bank itself, along with all other modern appointments, will be equipped

with the most modern of safe deposit vaults.

The illustration on the previous page shows the type of building that was decided upon by the officers and directors of the bank. Alfred C. Bossom, whose offices are at 680 Fifth avenue, New York, is the architect and engineer in charge of the work. Mr. Bossom has built many new bank homes throughout the Virginias and Carolinas.

The officers of the Wayne National Bank are: F. K. Borden, president; W. E. Stroud, vice-president and cashier; Murray Borden, R. H. Stevens, assistant cashiers. The bank has a capital of \$325,000; surplus and undivided profits, \$252,360, and deposits, \$2,204,130.



King Tut Figures in Bank Remodeling

ONE of the most remarkable jobs of interior remodeling ever accomplished in a bank office has just been completed at the Broadway Bank office of The Union Trust Company of Cleveland, Ohio.

By a simple addition to the length of the building and an extension of the banking lobby so as to take in the second floor as well as the first a more or less old-fashioned, crowded office has been transformed into an elegant, modern banking room three and one-half times the size of the original quarters.

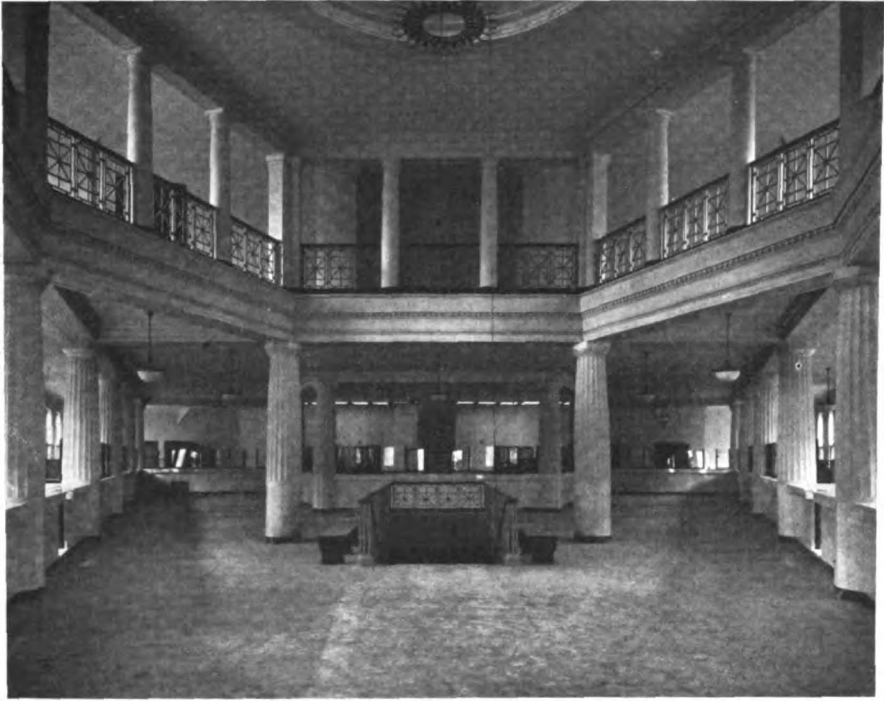
One of the most interesting things about the architecture of this remodeled office is the fact that its appearance has actually been influenced by the architecture of the ancient Egyptian temples of the days of King Tut-Ankh-Amen.

In carrying out the treatment of the interior, the architects have followed very closely the best examples of the Middle Greek Doric architecture and the archaeologists say that the Doric column of the Greeks is probably an imitation of the old Egyptian column, such as those used at the temple of

Karnak, just across the Nile from the Valley of the Kings, where King Tut-Ankh-Amen's tomb has recently been discovered.

It seems indeed a far cry from Cleveland, Ohio, in the year 1928 to the Valley of the Egyptian Kings at Thebes, 3000 years ago, yet the archaeologists would not hesitate to assert that the architectural motifs used at the splendid banking rooms of the Broadway Bank office of the Union Trust Company have drawn their inspiration from the old architectural motifs of the period of Tut-Ankh-Amen, whose name is now upon the lips of all of us.

The materials of the interior are white marble, with blue-grey veining, with a base of Verde Antique, the walls, capitals and string courses being of plaster, decorated with the well-known capitals and the running members enhanced with egg and dart and the traditional Greek fret. The conspicuous feature of the entrance immediately under the rotunda is an ample stairway leading to the safe-deposit vaults in the



This view is taken from the front doorway and illustrates the appearance of light, open spaciousness as well as showing the unique effect of the use of Greek columns

basement, the balustrade of this stairway, as well as that of the mezzanine rotunda rail being along the line of the Greek-Egyptian claustra or screen motif.

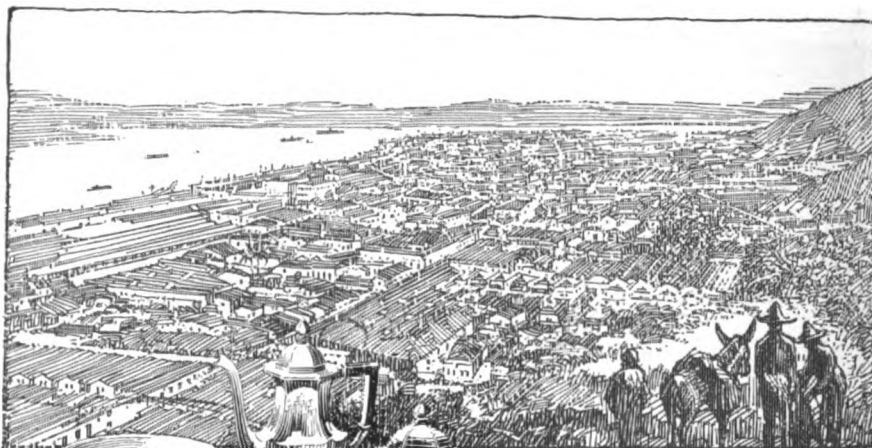
The large Doric columns, treated in white marble for the lower third of their height, are widely spaced under a ceiling of moderate height and give a fine impression of strength and solidity.

The circular lobby, with its decorated dome, gives a handsome appearance of

space and allows ample headroom, in addition to increasing the size and height of the lobby, thus making room for forty tellers' cages instead of fifteen, the remodelling also permitted the addition of coupon rooms, public rest rooms, and a small safe deposit lobby, in the basement.

The Broadway Bank office had a two-day housewarming on April 4 and 5, to celebrate the opening of its remodeled building.





SANTOS, BRAZIL
The world's greatest coffee port

*In your Cup of Coffee is
a story of American financial achievement
and opportunity*

A FEW years ago the South American coffee merchant, like most of his fellow countrymen, found it difficult to exchange American dollars into his every-day currency, except at a discount as compared with sterling.

As a result, the coffee merchant of New Orleans or New York had to buy credit in sterling to pay the Brazilian coffee merchant.

But *today*, the South American merchant knows and accepts American dollar credits. The development of foreign markets

has carried with it the development of a world-wide market for American dollar credits as a medium for international exchange.

Coffee is simply an incident. It illustrates how America is coming into its own. America *must* be an exporting nation and *must* play a leading part in world financial matters.

The Seaboard's Foreign Department, through its exceptional correspondents abroad, is in a position to give discriminating service to those interested.

The Seaboard National Bank

OF THE CITY OF NEW YORK

Mercantile Branch
115 BROADWAY
At Cedar St.

Main Office
BROAD AND BEAVER STREETS

Uptown Branch
20 EAST 45TH STREET
Near Madison Ave.

Prize Competition Offers Real Incentive

Net Result Should Prove Valuable Contribution to Literature of Business and of Economic Science

THE Chicago Trust Company has just announced a prize competition which is notable in character, and which may be expected to produce important results, in stimulating study and research in the field of business finance. For the best contribution on any subject relating to business development and the modern trust company an award of \$2500 will be made in the year 1925 and every three years thereafter. The competition is open to all interested persons, without restriction. For briefer studies by students of economics, business, finance or law, prizes of \$300 will be given annually, beginning in the summer of 1923.

The members of the committee of awards are Ralph E. Heilman, chairman; Fred I. Kent, vice-president Bankers Trust Company, New York City; Ralph Van Vechten, vice-president Continental and Commercial National Bank, Chicago; Francis E. Baker, judge of United States Circuit Court of Appeals, Chicago; Henry H. Hilton, Ginn and Company, Chicago; Harold G. Moulton, director Institute of Economics, Washington, D. C. The secretary, to whom all inquiries should be addressed is Professor Leverett S. Lyon, University of Chicago.

A brief examination of some of the subjects suggested by the committee of award will serve to indicate the possibilities of this prize competition. Financing Installment Sales, for example, is one of the questions in the list. This harks back to the time a few years ago when only a few merchandising concerns followed the practice of selling goods as was said by their competitors, "For a dollar down and a dollar a month for the rest of your life". A large proportion of automobile sales at present are made on the installment plan. Some banks are known to be organized largely for the financing of automobile

purchases. This is characteristic of the change that has come about relative to many other articles and commodities. People are in growing numbers coming to think of their opportunities and obligations not so much in terms of lump sums as of expenditures spread over an extended period. Small dealers ordinarily are not equipped to finance installment sales. Hence special organizations are being formed to provide the required extension of credit. A study of this whole field is much to be desired.

SUGGESTIONS FOR STUDY

Suggested for study also is the question of relations of trust companies to the reorganization of jeopardized business concerns. During the last twenty-five years, for example, railroad corporations, owning about one-half of the total mileage of the United States have been subjected to the process of reorganization or readjustment. Judge Hough of the Southern District of New York has estimated that 50 per cent. of the corporations of today have gone through some form of reorganization. Trust companies are coming to play a large part in the business of readjusting corporate financing to the changing cycles of prosperity and depression. They frequently represent the more important groups of investors and aggregations of capital. They possess a large personnel experienced in handling business in trust for others and acquainted with the technical requirements of corporations. A study of the functions performed by them in such activities will surely prove helpful.

Another subject suggested for study is "No-Par-Value-Stock". Already sixteen of the leading states have amended their corporation laws in such a way as to make the use of such stock possible. Its use offers certain advantages in that

it does away with the discrepancy between par value and market value, and conveys to the investor definitely the idea that what he acquires is simply a fractional ownership in the holdings of the corporation. The use of this stock is likely to be widespread among public utilities, since in many states they are prohibited from selling their stock at less than par, and frequently the conditions on the money market are such that their stock will not bring par. However, with the use of "No-Par-Value-Stock" this difficulty is solved. A prominent public service corporation in Illinois recently issued a large block of "no-par" stock to meet a situation of this kind. But it is to be noticed that the use of no-par stock creates some important and difficult new problems, legal, accounting, and financial, and, therefore, a thorough study of this problem should be particularly valuable at this time.

"BLUE SKY" LEGISLATION

A fourth subject suggested for study is "Blue Sky" legislation. Most of the States have, in recent years, passed laws of this kind. But there is little uniformity in the laws, and in many cases the powers vested in the Secretary of State, the State Treasurer, or Banking Commissioner, who is entrusted with the enforcement of the law, are wide and might be arbitrarily used. It is an open question, to what extent these laws have

protected investors, prevented fraud, and diverted the flow of new capital, or discouraged the undertaking of new enterprises. A careful study and investigation of this whole problem, such as these prize awards should stimulate, ought to prove very valuable.

Many other subjects are suggested as constituting promising and fruitful fields for research by competitors for these prizes. Among these may be mentioned the following:

- How Fiduciary Services are Performed in Small Towns.
- The Reduction of Litigation Relating to Wills.
- The Development and Control of Outlying Banks in Large Cities.
- Effects of Inheritance and Income Taxes on Family Estates.
- Credit as a Means of Reviving Foreign Trade.
- The Controversy over Stock Dividends.

All in all, this competition bids fair to attract widespread attention. The Chicago Trust Company is to be congratulated upon its vision in the establishment of these prizes. It is to be hoped that its action will lead to the establishment of similar prizes by other leading corporations, for there are today many fields of business activity regarding which our information and data are scant and meager. It is the desire and expectation of the donors that the net result will prove to be a real contribution to the literature of economic science and of business.



Britain Uses More Checks

THE English are beginning to believe their habit of using checks more and more, and cash less and less, to pay their way through life has been one of the factors in the recent spurt of the pound in its race to catch up with the dollar. Of course it has not reached the point where people write checks indiscriminately, just as a matter of national pride, but all the newspapers

have been giving serious consideration to the thought that the check writing habit, ever becoming more common, has helped improve the financial situation.

The idea appeared in print lately when the London Bankers Clearing-house announced that of the sums now paid into city banks only seven-tenths of 1 per cent. come in currency and coin, all the rest being transfers of

credit by check. Not many years ago the percentage of cash deposits was several times higher than today.

It has been pointed out frequently of late that the use of checks instead of cash allows banks usefully to employ perhaps larger sums than otherwise might be possible in piling new stones upon the nation's economic structure.

The English, so their newspapers say, are more given to the check habit than other people, and this despite the fact that each check is taxed twopence. A checkbook cannot be had for the asking, as in America; it must be bought and paid for. Even housewives make general use of checks when they go to market, and, as many of the large banks have branches, there is usually a bank within walking distance of the home. The high fees for postal money orders

make it cheaper to remit by check for amounts of over one pound, and this, too, has encouraged the check habit.

Psychologically some observers question whether the habit is a good one from the standpoint of thrift, since many people who would think twice before spending a certain sum out of their pockets do not hesitate to write a check for the amount; just as it often seems easier to tell a store clerk to charge a purchase to one's account than it is to shell out the actual coin. But others contend that the increasing bank clearings—they amounted to more than £37,000,000,000 in London alone last year—show not only economic betterment but also that the average Englishman has preserved his honesty as well as his belief in the honesty of his countrymen.—*New York Sun*.



Who Gets the Grist ?

WHO gets the "grist" from the nation's mills? Among whom are divided the dollars minted in the activities of manufacture?

Answers to these questions are found in an analysis of manufacturing in the United States, made by the National Industrial Conference Board.

Using as illustration a dollar for which an approximately strict accounting is returned, let us start from the time the whistle blows. Wage earners go to their stations and executives get on the job. In order that all shall be ready for the day's work, raw materials are provided in advance. In payment for these and for freight, 57.3 cents of our dollar have been spent. Fuel and power to turn the wheels of the factory cost 2.6 cents. There remains 40.1 cents.

The time sheets show that the wage earners reporting for work represents 86.3 per cent. of the total number of persons on the payroll. Officers, managers and superintendents represent only 3.9 per cent. of the total. The remaining 9.8 per cent. accounts for the clerical and sales force.

After paying for materials and mill supplies, and also for fuel and power, we must set aside 3.3 cents of our dollar for taxes. There remains 36.8 cents with which to meet the payroll and provide for overhead, dividends and profits. The payroll demands 21.5 cents. All that remains of the dollar is 15.3 cents to be applied in large part to depreciation, interest, rent, insurance, repairs, advertising and the sundry expenses included in overhead. Money for net earnings is not available until all "charges" have first been paid.

Out of the factory's total revenue assigned to meet the payroll, 78.5 per cent. goes to the wage earners. Officers, managers and superintendents draw 10.8 per cent. as their salaries and the clerical and sales force get 10.7 per cent.

The above summary, the National Industrial Conference Board says, tells the story of the average manufacturing plant in the United States. The facts are drawn from the latest census of manufacturers made by the United Census Bureau.

\$87,000,000 Bond Issue for St. Louis

ST. LOUISANS by an overwhelming vote in a special election recently, authorized an Eighty-seven Million Dollar Bond Issue for the most elaborate city improvement ever undertaken here.

It is another expression of the genuinely progressive St. Louis spirit. By their ballot the citizens of St. Louis have confirmed the faith and vision which inspired the building of this large National Bank, the largest west of the Mississippi.

St. Louis enters at once into a new era of development and prosperity and its leading financial institution—the First National—is desirous of representing banks and bankers contemplating a connection in St. Louis and its rapidly developing trade territory.



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Banking and Financial Notes

SPECIAL

 **BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

THE gain in trade and industry during the winter months has steadily increased rather than diminished in strength and volume. In comment on the danger of inflation which situation might be viewed to hold, the current bulletin of the National City Bank, New York, says:

The upward movement has stimulated the talk about inflation, and aroused apprehension that the business revival may be short-lived, and that merchants who are buying for next fall's trade may be caught with high-priced goods which the public will not take.

It is true that conditions are yet unsettled. After such a great rise as occurred during the war and continued in 1919 and 1920, followed by such a great slump as that beginning in the fall of 1920 and continuing in 1921, it is inevitable that considerable fluctuations will be experienced before a normal equilibrium is established. Industrial conditions are still tossing, like the waves of the sea after a great storm. In such a slump as that of 1921 prices always go too low, and when normal buying is resumed a recovery ensues. If the recovery movement catches the public with low stocks, there is danger that the rise may go beyond the level at which it can be sustained, and thus prices may oscillate until the spasmodic movements gradually lose their force and greater stability is attained.

There is no reason to be alarmed over a movement of recovery from the low prices of 1921, for such a movement was bound to come. It came first in raw materials, and the prices of finished goods must conform. Naturally, also, normal profits must be allowed for where the various factors have

been rendering services without them. Such readjustments do not signify inflation. On the other hand, every upward movement is in danger of running away, and all parties concerned should endeavor to avert this danger. The talk of restoring wages in the textile industry to the high level of 1920 is a menace. The country cannot stand a general rise of industrial costs. It needs further reductions.

INCREASED BUYING POWER

"Restoration of buying power resulting from reemployment after the industrial inactivity of 1921", says the current bulletin of the Federal Reserve Board, "is one of the causes for the sustained demand that has supported the increase in that activity. During the past year the pay rolls at industrial establishments increased approximately 25 per cent. Moreover, this increased money income was not offset by corresponding increases in the cost of living." The bulletin says further:

Retail prices rose very little during the year, so that the advance in wholesale prices has not yet been fully reflected in the prices of goods bought by the ultimate consumer. These conditions have enabled wage earners to make savings, as is evidenced by the growth of savings deposits throughout the country. The increase during the year in savings deposits for about 880 reporting banks distributed through the twelve Federal Reserve Districts and holding approximately one-third of the total time and savings deposits of the country was \$445,000,000. About 60 per cent. of this increase took

place during the last three months. The accumulation of these savings represents partly the deposit of funds arising from the redemption of Victory notes and war savings certificates, but it indicates more particularly that current money income has not only been sufficient to purchase a large volume of consumers' goods, but also to contribute to the funds now being invested in houses and other capital goods. It is generally true that in years when production is large both consumption and saving are also greatest.

THE HISTORY OF RECOVERIES

"The question of how long the present recovery will continue", says the *Bache Review* of J. S. Bache & Co., New York, "is perhaps one of the most interesting to business executives at this time." The *Review* goes on to say:

Recoveries somewhat like the present one have always taken place after a collapse like that following the great speculative era of 1919 and 1920. The drastic fall in prices which follows such an era, stops active buying all around. The spectacle of falling prices always has a paralyzing effect upon purchases, because the consumer wants to avoid buying anything that may be much lower in a short time and, consequently, forward buying stops nearly altogether.

This takes place not only with manufacturers in their consumption of raw material, with merchants buying for distribution, with retailers accumulating stocks for counter sales, but also in the case of the individual consumer who perhaps restricts his purchases more than any other, cutting off the buying of even a week's supply ahead and thus bringing down the consumer's demands to caring only for the daily needs.

It can be imagined what an enormous effect this action on the part of 100,000,000 people would have upon the general situation and upon prices, which must, at first rapidly and then perhaps gradually, fall to a point where the limited demand and the limited supply begin to stabilize the price level. After that point has been reached, there ensues a considerable period without much movement either way. Under such a process stocks of goods in all hands are gradually consumed. A period of complete exhaustion of supplies in one line after another is reached, and then begins the period of recovery. Whether or not this recovery is to be a long-continued one, depends upon whether a thorough and sweeping readjustment in trade and prices has been made.

THE CREDIT OF THE FARMER

Writing on the subject of "The Credit of the Farmer", in the *Journal of Commerce*, New York, Dr. W. F. Gephart, vice-president, First National Bank in St. Louis says in part:

Contrary to the popular belief and prevalent statements from many farmers and friends the essential difficulty in the agricultural situation is not one of credit. Few, if any industrial classes, have had more abundant credit than the farmer. In truth, he has at times had too much of it. It would, for example, have been a lasting benefit to the farmer if, during the recent period of high prices, the banker and others had not loaned so liberally to those who purchased land at \$400 to \$600 an acre or rented land from \$10 to \$20 an acre. Neither the sale nor the rental value of land even at the then high prevailing prices for farm crops warranted any such credit. It may well be that in some cases and particularly in some sections of the country the farmer is forced to pay too high interest rates and that by improved credit and banking organizations and farmers' associations, funds can be secured at a lower cost. But the late and present difficulty of the farmer is one of prices and not of credit: that is as compared with the general price level the price of farm products fell faster and still continues on falling. This applies, not only to the farmer as a single individual, but also in respect to his associated activities. As an individual, he must introduce better business methods on the farm. He must know more accurately costs of production of various crops and products of the farm in order that he may more intelligently decide, both from the standpoint of soil fertility and other costs of producing various crops and products, what direction production must take in particular sections and on particular farms. In addition to all this increase in individual efficiency on the farm, there must be developed more wide-spread associated activities on the part of the agricultural class, whether this takes the form of specific coöperative societies or informal associated efforts by the farmers.

THE PROGRESS OF TELEPHONE SERVICE

A striking picture of the tremendous strides which the American Bell Telephone Company has made in the development of national telephone service is contained in remarks made by H. B. Thayer, president of the company, in

St. Louis buys 87 Million Dollars worth of PROGRESS

THE citizens of St. Louis on February 9th voted 87 million dollars for public improvements.

Both W. Frank Carter, chairman of the Bond Campaign Committee, and F. W. A. Vesper, president of the Chamber of Commerce, declare that two dollars of private money will be spent for every dollar voted in bonds.

In addition, the Terminal Railroad proposes spending 16 million dollars in rearranging their facilities.

This means the rebirth of a city already one of America's largest.

The courage, vision and enterprise of a people who thus unselfishly co-operate to insure future civic greatness is proof enough of the unbounded faith of St. Louisans in their city.

Our policy in this 65-year-old institution is to ever keep pace with the wonderful progress that comes with such incentive and provide every banking function for the increasing commercial life bound to follow.

John G. Lonsdale,
President.

The NATIONAL BANK OF COMMERCE IN SAINT LOUIS

the course of a recent address. Mr. Thayer says:

There is a development of one telephone to every eight persons in this country, so distributed and inter-connected that a telephone is practically within reach of every human habitation or place of business in the country for communication with any other, every hour of every day and night.

Nowhere else does such a condition exist. Europe has over four times the population of the United States; it has less than half the number of telephones. Great Britain has fewer telephones than Greater New York. Germany has only three telephones per 100 inhabitants. France has about one per 100, having less telephones than the state of Michigan, though having ten times the population. Detroit has more telephones than Brussels, Liverpool, Budapest, Rome, Amsterdam and Marseilles combined, with about one-fifth of the population.

Except in the more important places in foreign countries, the telephone service is not a twenty-four hour service. In Switzerland, in some ways an example of the best service in Europe, on week days 96 per cent. of the telephone exchanges are closed at 8.30 p. m.; 23 per cent. are open from 7.45 a. m. until 12.15, then close an hour and

three-quarters, open again until 6 p. m., close an hour and a half, and finally open at 7.30 p. m. for half an hour, when the shutters are put up for the night, while on Sundays and holidays the service is even more restricted.

The difficulties of telephone service increase in more than direct ratio with the development. There is no public which exacts as high a standard of service as the American public. I believe that my statement will be unquestioned, that the difficulties in the way of giving a satisfactory telephone service are for the above reasons greater by far in this country than anywhere else. Yet I am confident that nowhere else is the public so near to satisfaction with its telephone as here.

PRUDENT POLICY IN BUSINESS BOOM

"One cannot with certainty predict the duration of the present business boom", says Benjamin M. Anderson, Jr., economist of the Chase National Bank, New York, in the current issue of the *Chase Economic Bulletin*. "The momentum is strong", continues Mr. Anderson, "and business psychology is

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rapidly growing enthusiastic. One may, however, with a good deal of confidence point out factors of uncertainty and danger already in operation which are tending to bring the boom to an end, and one may with even greater confidence indicate what is sound and prudent policy in such a situation."

The policy of the sound and prudent business man will be to go ahead and do business and take advantage of existing markets. The business man will be well advised, however, to operate with an unusually large margin of working capital and to be unusually cautious both in the giving and in the taking of credits. He will operate on the principle of quick turnover, even though quick turnover means modest profits. He will avoid long-time commitments. Above all, he will avoid plant expansion. He will watch collections closely. Finally, he will be very conservative in paying out dividends or in taking profits out of the business. He will seek to conserve profits and to enlarge surplus as a buffer against future shocks, and against the unforeseen contingencies which an unbalanced world economic situation may easily compel him to face.

If there is general caution on the part of

business men, the boom will not end in violent reaction. Rather it will slow down somewhat, and turn into a more modest kind of activity which will last longer than the present feverish pace is likely to last.

AUTOMOBILE CREDITS

In a recent copy of *Cosmopolitan Motor Sales Service*, John G. Lonsdale, president National Bank of Commerce in St. Louis, writes on the subject of automobile credits in part as follows:

It must be kept in mind that the banker enters into the automotive business more prominently and in more ways than perhaps any one, both because of the multitude of ways in which credit is applied to the business, and because the form of manufacturers' credits to dealers differs from that of many longer established industries.

This last method is common to the automotive industry—sight draft, bill of lading attached, rather than the term selling, familiar in many other forms of production. Trading, both wholesale and retail, in effect, if not technically, becomes a spot cash proposition for the retailer. This, as compared to other lines, shows the ever-present

banking needs of the automobile business.

Let us observe the various ways in which banking credit can enter into retail automobile merchandising:

1—financing the dealer in his purchase from the manufacturer;

2—financing the purchaser through the dealer;

3—financing the purchaser direct;

4—or, in lieu of these last two, financing the securities company that does finance the purchaser;

5—or, act as trustee for finance companies of auto manufacturers who own their own securities company.

The first mentioned is the most common form, at least with larger banking concerns. A moment's analysis of how the banker, or, more concretely, the bank's discount committee, approaches such an application for accommodations should be interesting. The fact that no single requirement or test is applied by a bank discount committee to automobile credit than is exacted of any other business should be significant.

FACTORS IN THE MONEY MARKET

"The controlling factors in the money market today", says a review of business conditions in the current issue of *Commerce Monthly*, published by the National Bank of Commerce in New York, "differ fundamentally from those prevailing at any previous period since the close of the war." The review continues:

On January 31, the latest available date, total loans, discounts, and investments of reporting member banks, including rediscounts with the Federal Reserve Banks, were \$16,273,000,000. This is an increase of more than \$1,500,000,000 over the corresponding date of 1922. The total is \$1,000,000,000 below the peak reached in October, 1920, but it is only \$450,000,000 below the figure for the end of January of that year.

This expansion of \$1,500,000,000 in a year is not due to an increase in commercial loans and discounts, which are only \$100,000,000 higher than a year ago. Rediscounts of member banks with the Federal Reserve Banks are also practically the same. It is largely the combined result of increases of \$600,000,000 in loans on stocks and bonds and nearly \$1,000,000,000 in holdings of United States securities by member banks.

AGRICULTURAL CONDITIONS

On the subject of agricultural conditions, the current bulletin of the National City Bank, Chicago, says:

There is a better demand for agricultural



This strong New York bank solicits the accounts of out-of-town banks and trust companies.

DIRECTORS

GEORGE G. BOURNE
FRANK F. GALLAGHER
JULIAN M. GERARD
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JULIAN M. GERARD
President
H. I. STEVENS
Vice-President and Cashier
FREDERICK W. GOLLUM
Assistant Cashier

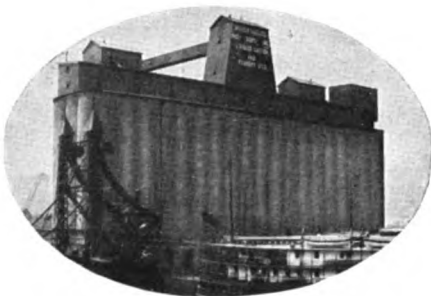
DEPOSITS

April 20, 1920 (Date of Charter)	\$ 593,326.18
January 1, 1921	2,170,843.03
January 1, 1922	2,867,844.99
January 1, 1923	4,133,826.88

**National American Bank
of New York**

8 West 40th Street
New York, N. Y.

Plant of
Spencer Kellogg
& Sons, Inc.



BUFFALO—

the linseed oil center of the United States.

In the plants of four large companies located here, one of which is the largest in the United States, about 12,000,000 bushels of linseed are crushed each year, supplying more than one third of the country's requirements.

BUFFALO—the city of enterprise served by the

**MARINE TRUST COMPANY
OF BUFFALO**

Capital and Surplus . . . \$17,000,000.00

machinery, and manufacturers are looking for increased business this year. Owing to the higher prices now prevailing for farm products, an executive of one of the large implement companies has announced that it will require only 1578 bushels of corn this year to purchase a machine for which a farmer at the beginning of 1922 would have had to pay the equivalent of 2419 bushels. The heavy increase shown in business done by mail-order houses also reflects the greater purchasing power of the farmer and the material improvement during the year in his financial position. Cotton consumption in January reached a total of 610,375 bales a monthly figure only twice exceeded—and showing a gain of 15.9 per cent. over January, 1922. The cotton growing states in January consumed more cotton than in any previous month, and the number of active spindles was the largest on record. The rise in cotton prices has materially strengthened the position of the South, and, with the considerable gains over last year shown in the price of farm products, there has been a material improvement in the position of the great producing sections of the South and West.

"It is always a fashion, at a time like this", says the current bulletin of the

Mechanics and Metals Bank, New York, "to issue warnings against recklessness and over-expansion, and such warnings are forthcoming now." The bulletin says further:

They serve their purpose in holding enthusiasm in check, for among a certain percentage of us the lessons of experience are soon forgotten, and it requires words of caution repeatedly sounded in our ears to keep us in check. Still, to those who have been given an opportunity lately to discuss business affairs with men from various sections of the country, it has been manifested that there is a healthy state of mind, with little recklessness in business, while forward commitments, all things considered, are on a conservative basis. Supplies of goods are more or less depleted, the buying power of the country is noticeably greater than it was a year ago, and prices and wages have moved upward as the demand for goods and services increased. These factors have made the business prospect of the immediate future unmistakably excellent. Yet it is the exceptional individual who has come to regard the longer prospect without certain reservations, and who is not conducting his affairs in accordance with those reservations.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

American Bankers Association—at Atlantic City, Sept. 24-27.

District of Columbia—at Hot Springs, Va., June 16-19.

Executive Council, A. B. A.—at Rye, N. Y., April 23-26.

Investment Bankers Association—at Washington, D. C., October 28-31.

New Jersey—at Atlantic City, May.

New York—at Atlantic City, June 11-13.

Pennsylvania—at Atlantic City, May 23-25.

Safe Deposit Convention—at New York, April 20-21.

NEW OFFICERS OF U. S. MORTGAGE AND TRUST COMPANY

At a meeting of the board of directors of the United States Mortgage & Trust Company of New York held March 23, Chauncey H. Murphey resigned as a vice-president.

George C. Hoffman was elected vice-president and treasurer and Robert F. Brown, secretary of the company, was appointed assistant to the president. George S. Little was elected an assistant treasurer. Eugene W. Dutton was elected vice-



JOHN W. PLATTEN
President United States Mortgage and Trust
Company, New York



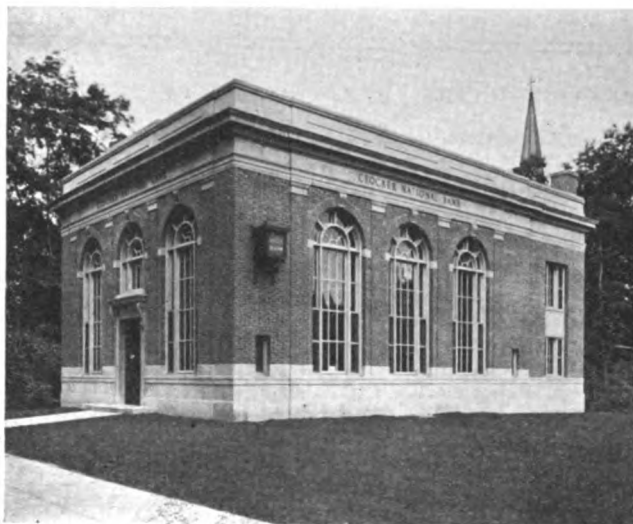
G. C. HOFFMAN
Vice-president

R. F. BROWN
Secretary and assistant
to the president

E. W. DUTTON
Vice-president

G. S. LITTLE
Assistant treasurer

NEWLY ELECTED OFFICERS OF UNITED STATES MORTGAGE & TRUST COMPANY



MOST attractive and commodious, though inexpensive, building for the Crocker National Bank, Turners Falls, Mass. In red brick, with artificial granite and limestone trimmings, the building admirably fits its site and harmonizes with its surroundings.

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president in charge of the 125th Street branch.

The directors also declared the regular quarterly dividend of 4 per cent. on the capital stock of the company, payable April 2, 1923, to stockholders of record March 27, 1923.

According to the statement of the bank at the close of business on March 27, total resources are \$71,174,901.62, surplus and undivided profits \$4,332,036.77, and deposits \$60,848,364.64.

CHANGES IN HEADS OF BANKERS TRUST COMPANY

The board of directors of the Bankers Trust Company, New York, at a regular meeting recently, amended its By-Laws to create the office of chairman of the board and elected Seward Prosser, who has been president of the company since October 1914, to be chairman. This change within the organization does not mean that Mr. Prosser will withdraw any of his activities, but that as chairman of the board he will be freer from the administration details.

Mr. Prosser when asked about this change said:

The change in the official line-up of the company, which places Mr. Tilney as president and me as chairman of the board, comes about because it is my belief, in which our directors concur, that it will lead to a more flexible form of organization within the company. It does not mean that I will in any way withdraw from the activities of the company except to be largely relieved of many of the details of administration and will be freer to act upon some of the important questions which constantly call for consideration.

Mr. Tilney is a man who started with the institution as assistant to the president. He has grown up in power in the organization to be vice-president and has in my absence been looked to as chief executive of the company. This move represents no change in the policy of the company and Mr. Tilney and I have worked in such a way that I know we can continue our relations in our two new positions with benefit to the company.

In creating the additional office of chairman of the board, it is felt that the duties of the chief executive can be shared by the two officers to the advantage of the company. In inviting Mr. Tilney to become president, I feel that the experience which he has had indicates his undoubted ability to handle the position and his understanding of the policies of the company from long association here guarantees that they will be changed in no way. There is no particular reason why this move should be made at this time other than the fact that I have had it in mind for sometime and it seemed to me that the twentieth anniversary of the company offered as reasonable an opportunity for putting my desire into effect as would be apt to occur in the future.

HENRY L. SERVOS

At a meeting of the board of directors of the United States Safe Deposit Company



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(Uptown)

Michigan Avenue and Perry Street

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,000,000 Undivided Profits \$518,000

OFFICERS

JULIAN D. FAIRCHILD, *President*
JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*
ALBERT I. TABOR, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
ALBERT E. ECKERSON, *Auditor*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

of New York, held March 29, Henry L. Servoss was elected a director of the company to fill the vacancy caused by the resignation of Chauncey H. Murphey.

BANKERS TRUST CELEBRATES TWENTIETH ANNIVERSARY

The Bankers Trust Company of New York marked its twentieth anniversary on March

30 by sending to its customers and stockholders a brief history of the company and some figures showing its growth in twenty years.

The company was conceived by Henry Pomeroy Davison and when it opened its doors for business on March 30, 1903, at 143 Liberty street, its board of directors were bankers, either officers of important banks or members of banking firms in New York and elsewhere. The company began with a capital of \$1,000,000 and a surplus of \$500,000 and by June 30, 1903, it had more than \$5,000,000 of deposits. On December 31, 1903, it had \$10,085,557 deposits and on December 31, 1922, it had \$20,000,000 of capital, \$22,534,070 of surplus and undivided profits and deposits of \$312,135,644. It now has three offices in New York and one in Paris at 3 and 5 Place Vendome.

HARRIMAN NATIONAL BANK

The Harriman National Bank of New York marked its twelfth birthday anniversary during the past month, with a showing of capital, surplus and profits of \$3,000,000 and deposits of \$45,100,000.

RALPH M. JOHNSON

Ralph M. Johnson has resigned as assistant manager of the Madison Avenue branch of the Bank of New York & Trust Company to enter the firm of Fellowes, Davis & Co.

CHASE BANK APPOINTMENTS

K. A. Panthen and A. E. Impey have been appointed assistant cashiers of the Chase National Bank of New York. David MacKenzie was made manager of the credit department and C. L. Mank was appointed

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assistant manager of the Metropolitan branch.

B. OLNEY HOUGH IN NEW FIELD

B. Olney Hough, for many years past editor of the *American Exporter*, has relinquished that position to establish himself as export counsellor, consultant and adviser to banks, exporters and manufacturers, with offices under the style of B. Olney Hough, Inc., 17 Battery place, New York. It may be regarded as significant of the esteem in which his opinions and advice are held that his first retainer in his new profession is from the *American Exporter* for which he will continue to act in a capacity similar to some extent to his former position, as export and technical adviser and writer, with the title of contributing editor.

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For the removal of ink and other unwashable stains from paper and clothing, banks are employing *Ink-Out* which is said to be the only genuine single fluid solution on the market. It will not injure the most delicate fabrics, the only precaution necessary being not to use it on any fabrics in which the colors are not fast.

This product is distributed by the Manufacturing Jewelers Export Co., Inc., 54 Dey street, New York.

W. J. COUSE CHOSEN STATE Y. M. C. A. CHAIRMAN

William J. Couse, president of the Asbury Park Trust Company of Asbury Park, N. J., was elected a chairman of the state executive committee of the Y. M. C. A. for New Jersey. Mr. Couse has been identified with the committee for ten years.

Mr. Couse was an organizer of the Asbury Park Trust Company, of which he is the president. He also helped to form the Manasquan National Bank, of which he is a director. He is treasurer of the Asbury Park Building and Loan Association, said to be the third largest in the state, and is connected with a number of business interests.

GUARANTY TRUST COMPANY APPOINTMENTS

The Guaranty Trust Company of New York, has made several additions to its personnel. Joseph E. Freeman is an assistant



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1 Survey the field and its possibilities, segregating favorable and unfavorable factors—

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3 Survey the bank itself as a public service institution, a selling force and a community of customers—

4 Outline avenues of development for commercial, savings and other departments—

5 Review the bank's new business department, its organization, personnel, special functions and detailed operation—

6 Make recommendations as to director cooperation, executive control, solicitation, advertising, cultivation of customers and record of results.

We have been told by banks for which we made surveys of this sort that the small fee paid to us was "the best investment this Bank has made in a long time."

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secretary in the trust department at the main office. James A. Powell is now assistant trust officer at the Fifth avenue branch, and Theodore Rousseau has been made assistant manager of the Paris office.

H. M. DAWES TO BE COMPTROLLER OF CURRENCY

Henry M. Dawes of Chicago, a banker, and a brother of Charles G. Dawes, former Director of the Budget, will be appointed Comptroller of the Currency.

The prospective appointee is described as a man well fitted to take charge of the Comptroller's office, having had extensive banking experience. He is a member of the executive committee of the Central Trust Company of Chicago and a director of the Drovers National Bank of Chicago and has other banking connections. He is 46 years old.

DEATH OF MILO D. CAMPBELL

Milo D. Campbell of Michigan, who was recently appointed to the Federal Reserve Board as the "dirt farmer" member, dropped dead while playing golf at Washington, D. C., March 22. Mr. Campbell took the oath of office on March 16, having been appointed two weeks before.

NEW YORK BANKS DECLARE QUARTERLY DIVIDENDS

At a special meeting of the board of trustees of the Equitable Trust Company of New York held March 13 a quarterly dividend of 3 per cent. was declared, payable March 31 to stockholders of record March 23.

The board of directors of the Irving Bank-Columbia Trust Company of New York has declared a quarterly dividend of 3 per cent. a share, payable on April 2 to stockholders of record at the close of business April 27. This is the first dividend since the consolidation of the two institutions.

The Empire Trust Company has declared its regular quarterly 3 per cent. dividend, payable March 30 to stockholders of record March 24.

The Hanover National Bank has declared its regular quarterly 6 per cent. dividend, payable April 2 to stockholders of record on March 21.

The Bank of the Manhattan Company has declared a quarterly dividend of 3 per cent. and an extra dividend of 1 per cent. to stockholders of record March 23, payable on April 2.

Directors of the Mechanics and Metals National Bank have declared the regular quarterly dividend of 5 per cent., payable April 2 to stockholders of record March 24.

The trustees of the New York Trust Company have declared the regular quarterly dividend of 5 per cent., payable March 31 to stockholders of record March 24, 1923.

The American Exchange National Bank has declared its regular quarterly 3¾ per cent. dividend, payable April 2 to stockholders of record on March 23.

The National Park Bank has declared its usual quarterly 6 per cent. dividend payable April 2 to stockholders of record on March 27.

The National Bank of Commerce has declared its regular quarterly 3 per cent. dividend, payable April 2 to stockholders of record on March 23.

The Chatham and Phenix National Bank has declared the regular quarterly dividend of \$4 per share of the capital stock, payable April 2, 1923, to stockholders of record at the close of business March 17, 1923.

ASBURY PARK TRUST HAS PROSPEROUS YEAR

The Asbury Park Trust Company, Asbury Park, N. J., has shared in a remarkable measure the progress that has been made by Asbury Park during the past two years.

The deposits of the company are close to a million dollars ahead of January 6, 1921, and at the close of business January 6, last, stood \$359,000 ahead of the same date one year ago.

The company commenced business July 1, 1911, and has steadily advanced to sixth place from the top among the thirty banks of the county.

Beginning with a paid in capital and surplus of \$125,000, more than \$90,000 has been earned in addition to dividends which have been paid to stockholders regularly. Of this amount \$25,000 has been added to surplus account and \$50,000 to undivided profits and above \$15,000 carried to a special reserve fund as shown by published report as of Dec. 29.

Since the first of the year \$100,000 of new capital and surplus has been paid in by stockholders so that the total capital, surplus and undivided profits now stand at \$300,000 and the special reserve fund of \$15,000 maintained.

This additional cash capital was added for the purpose of more adequately meeting the demands of a rapidly growing business.

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Capital and Surplus . \$10,000,000
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MARK WILLCOX
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and
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ONE generation of machinery builders alone could not produce the high speed manufacturing equipment for which New England is famous. Side by side, manufacturing and machinery have developed here—from hand forge and home loom to giant mills operating with amazingly dexterous machinery.

As the New England machinery industry grew and expanded to world-wide markets, it required adequate banking service. The National Shawmut Bank, with abundant resources, an efficient organization reaching every corner of the civilized world, and a close knowledge of the machinery industry, is a bank that can be depended upon to expedite collections, transfer funds, investigate and render reports, and assist as a trusted financial counsellor.

Nearby or distant banks and commercial enterprises will find advantage in routing drafts and other documents via industrial New England's own bank.

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THE NATIONAL SHAWMUT BANK of BOSTON

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

THE threat of trouble in the big textile industry of New England seems, at this writing, to be in a fair way to be avoided by a sensible compromise that will afford a satisfactory working basis for a busy season. The mills are filled with orders, skilled labor is scarce and there is a general disposition on the part of employers and employees to "get together". Action on the strike has been postponed until April 20, and it now looks as though the strike might be avoided altogether.

In the building trades, where labor troubles loomed also, an agreement has been reached by which building help will receive a small advance from existing scales. The advance in basic wage will not materially raise the cost of building, and there is every prospect of a very busy season. Real estate is very active, and the speculative element, so long inactive, is now a very active factor in both real estate and building. The savings banks and other loaning institutions have an abundance of money ready for mortgage and construction loans and there is little likelihood of any raise of rates.

General business in New England is progressing very satisfactorily. Retail trade is excellent and both retailers and wholesalers are borrowing much more freely from the banks than they have for many, many months. This borrowing is for the avowed purpose of stocking up much more heavily than has been the custom for the past two or three years, as merchants are apparently convinced that their customers are going to buy freely all through the coming season.

Banking conditions are satisfactory. Two notable changes have taken place in Boston banking circles within the past few weeks. The Federal Trust Company has been changed over to a National bank, under the title of the Federal National Bank, and the Commonwealth Trust Co., is to do the same thing, and then will join forces with the Fourth-Atlantic National Bank. The vari-

ous savings banks report a striking growth in deposits, and while the demand for money is not so great as the banks might wish, it is increasing steadily and will assume normal proportions in a very short time at the present rate of growth.

The lifting of coal restrictions is a welcome bit of news—not that there has been any sound objection to the restrictions, for they have saved the day for New England, but the fact that they have now been lifted is a visible sign that one of the most trying winters that New England has ever experienced is at an end. Once more it is possible to obtain good grade hard coal in reasonable quantities.

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The new banking room of the National Bank of Commerce, Providence, R. I., as it appeared on the opening day recently

CONVENTION DATES

New England Foreign Trade—at Boston, May 17-18.

New England States—at New London, Conn., June 15-18.

WALTER S. BUCKLIN

Walter S. Bucklin, president of the Liberty Mutual Insurance Company, has been elected a director of the National Shawmut Bank of Boston.

INTERMEDIATE CREDITS BANK

An Intermediate Credits Bank with \$2,500,000 capital is to be opened in Springfield, Mass., as an adjunct of the Federal Land Bank of that city.

NEW ENGLAND FOREIGN TRADE CONVENTION

A New England foreign trade convention will be held at the Copley Plaza Hotel, Boston, May 17 and 18, under the auspices of several New England trade organizations. The general theme of the conference will be "Foreign Trade—The Key to New England Prosperity".

The interests of the New England States in the Port of Boston, will be considered and likewise, those of the other ports.

FEDERAL TRUST COMPANY NOW NATIONAL BANK

One of the most interesting items of financial news in Boston banking circles is that the Federal Trust Company of Boston has become a national bank and will henceforth be known as the Federal National Bank. Some time ago, the bank became a member of the Federal Reserve System.

Last October, when the Federal Trust Company took over the Metropolitan Trust Company and the Back Bay National Bank, the new organization elected Daniel C. Mulloney, president. Since that time the Federal Trust Company has increased over \$1,500,000 in deposits and has total resources of over \$24,000,000. Mr. Mulloney has made an enviable reputation as a practical banker and expert in national banking affairs. He has been chief examiner in the first Federal Reserve District, and also clearing-house examiner of Boston.

All existing relations and arrangements with customers will continue as heretofore, as the change is one of title and Government



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supervision only. The affairs of the commercial, savings, foreign exchange and all other departments, will be carried on as heretofore in the main banking quarters, corner of Devonshire and Water streets and at the branches, Northern avenue and D street, South Boston; Massachusetts avenue and Newbury street, Back Bay, and 2 Maverick square, East Boston.

The new Federal National Bank has increased its facilities to accommodate its expanding business. New and enlarged safety deposit vaults are now nearing completion.

COMMONWEALTH TRUST AND FOURTH-ATLANTIC TO MERGE

The Commonwealth Trust Company and the Fourth-Atlantic National Bank, both of Boston, Mass., are to merge, and meetings of the directors have been called to pass upon the plans. Unlike most previous mergers in Boston the plan contemplates that neither bank is to assume control over the other, by purchase or any other method, nor to dominate the general policy. The idea is to con-

solidate all the assets, good-will, business, officers and employees of the two institutions into a single harmonious organization.

George S. Mumford, president of the Commonwealth Trust Company, will become president of the new bank, which will be named the Commonwealth-Atlantic National Bank. Herbert K. Hallett, president of the Fourth-Atlantic National Bank, will be chairman of the board of directors. Arthur P. Stone, vice-president of the Commonwealth, and William N. Homer, vice-president of the Fourth-Atlantic, together with other officers of both banks, will continue to hold their present titles.

It will take from six to eight weeks to put through the merger.

ELECTED DIRECTOR

B. H. Bristow Draper has been elected a director of the First National Bank of Boston to succeed the late G. A. Draper. Mr. Draper is treasurer of the Draper Company of Hopedale, president of the Harmony Mills and actively interested in a number of other New England industries.

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 sharp improvement in business conditions in the South which came with the turn of the year, has accentuated itself in January and February. The change was like putting a new record upon the phonograph.

The retail trade of this section shows a greater advance, compared with the same period last year, than does that of the United States as a whole. The average is nearly 13 per cent. Only one city shows a decline—Jackson, Mississippi. Birmingham shows the greatest improvement, 43 per cent., with Atlanta second, 27 per cent.; and New Orleans third, 8 per cent.

There are two reasons. First, there is a genuine improvement in basic conditions. Second, there is a rising market, and that always stimulates trade.

The effect of the rising market was plainly seen in the recent buyers' convention held in New Orleans, when merchants from representative sections of the gulf coast area bought about \$1,000,000 more goods than they did during the spring convention of 1922. They frankly admitted that they were putting in heavy stocks, not only to meet the increased trade in their territory, but also to get the benefit of the prices before they were moved up.

The building industry throughout the South shows startling increases over the same period last year, and 1922 was a remarkably heavy building year. There are some cities that show an increase of more than 200 per cent.: for instance, Montgomery, in Alabama; Atlanta in Georgia; Meridian in Mississippi; and Chattanooga in Tennessee. Jackson, Miss., is more than 600 per cent. better. In Florida, there is an increase in every city of note, with the exception of Orlando, Jacksonville holding the palm with an increase of 90 per cent. In Louisiana, the building activity seems to center around Alexandria, where

there is a 134 per cent. improvement. In New Orleans, the improvement is 20 per cent.

This demand for building, coupled with the immense orders the railroads are placing, is reflected in a greatly increased lumber output. Shipments and orders for Southern pine have been greater than production, which has been held back by unfavorable weather conditions. The demand for building labor has been so great that workmen in certain lines have been hard to get.

Employment has increased in general throughout the Southern territory. This is due not only to the building activity, but also to the generally increased industrial



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Capital and Surplus . . \$1,500,000.00
Resources . . . \$12,500,000.00

production. In Alabama, the car shortage has held back the production of the mines, but additions are reported in the iron and steel, textile, chemical, paper and printing, building material manufactures, food and kindred products and miscellaneous industries.

In Louisiana, metal working establishments have made consistent improvement. Lumber mills show an increased operating time; and railroad shops are employing full forces generally. In New Orleans, there is a surplus of clerical workers and labor in seasonal occupations.

In Mississippi, gains are reported in iron and steel, chemical, building material manufacturing, paper and printing, textile, lumber and miscellaneous industries.

In Tennessee, coal mines have increased force, though there have been drops in textiles, leather, clay products, food and kindred products.

The principal industries of Florida continue at normal capacity or better. Jacksonville reports a shortage of common labor. Lumber mills long idle are reopening, and some are working overtime.

There is a great increase in textile employment in Georgia, while the fertilizer mills have released many workers. Most of Atlanta's industries are running at nearly 100 per cent. capacity.

Savings deposits throughout the South show a great increase. This is true of every state, the improvement being 8 to 20 per cent. greater than this time last year.

The sixth district Federal Reserve Bank reports an almost glowing optimism on the part of its member-institutions. Not only are the banks in much better shape than

last year, but there is every indication that they will be able to take care of the requirements of the crop season without difficulty.

Loans and discounts of the banks reporting to the Federal Reserve in this district were slightly larger on February 7 than they were the month before, the figures being respectively \$401,674,000 and \$398,611,000. The increase is 18 per cent. compared with February, 1922. Loans secured by Government obligations were 1.4 per cent. smaller in February than in January; but 40.8 per cent. smaller than in February, 1922. The total of all loans, discounts and investments of the reporting banks was 1.5 per cent. greater in February than January, and 13.2 per cent. greater than in February of last year.

Bills on hand with the Federal Reserve dropped 27.7 per cent. in February, and were 62 per cent. smaller than in February, 1922.

Commercial failures dropped both in number and amount.

Throughout the cotton belt, more determined efforts are being made to destroy the boll weevil. In this, the farmers should be helped by the late freezes of the season. The high price of cotton has given a tremendous lift to the sections producing this staple.

Farmers generally in the South are in a much better condition than they were a year ago, because of the increased price for their products. Dealers in farm implements report a strong business in these lines, with agriculture getting more and more on a tractor basis. Likewise, a heavy tonnage of fertilizer has already been ordered.

Indications are that the rice acreage of Louisiana this year will be more or less the same as last. Sugar cane acreage shows very little fluctuation from one year to the other. The high price of sugar this year has been a boon to the planters, coming as it did upon a favorable growing season.

Waterways interests in the South, and business enterprises using waterways transportation, are supporting a movement to extend the joint river and rail territory for purposes of rate-making. The movement as it now shapes up has for its object the extension of this territory to the Western grain belt, the coal and steel districts of Pennsylvania, Florida and the Rio Grande valley. The I. C. C. in a recent decision, announced that the division of present river and rail rates is in many instances unfair, too large

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a share going to the railroads. This admission is of great importance to the barge lines serving the Mississippi Valley. An adjustment is now being sought. Any increase in the percentage to the barge lines increases the strength of their position that much, and is a further step in the direction of the full use of the carrying capacity of the waterways, with their reduced freights for the products of the Valley.



CONVENTION DATES

Investment Bankers Association—at
Washington, D. C., October.

Foreign Trade Council—at New Orleans,
May 2-4.

National Association of Credit Men—at
Atlanta, June 12-15.

Robert Morris Associates—at Atlanta,
June 11-15.

Alabama—at Montgomery, May 3-4.

Arkansas—at Little Rock, May 3-4.

Florida—at St. Petersburg, April 13-14.

Georgia—at Savannah, May 10-12.

Kentucky—at Louisville, Sept. 5-6.

Louisiana—at Shreveport, April 18-19.

Maryland—at Atlantic City, May 16-17.

Mississippi—at Meridian, May 8-9.

North Carolina—at Pinehurst, May 3-5.

South Carolina—at Greenville, June 19-21.

Tennessee—at Chattanooga, May 15-16.

Texas—at Dallas, May 15-17.

Virginia—at Richmond, May 24-26.

MERGER WITH BRANCH OF WACHOVIA BANK

Announcement of the amalgamation of the Merchants National Bank of Raleigh, N. C., with the Raleigh branch of the Wachovia Bank & Trust Co., whose head office is at Winston-Salem, N. C., was made following a meeting of the officials of both institutions.

The Wachovia Bank & Trust Co. in addition to its Raleigh office, has branches in Asheville, High Point and Salisbury, N. C. In January, the Asheville office was merged with the National Park Bank of Asheville,

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HIBERNIA BANK AND TRUST COMPANY

President R. H. Hecht of the Hibernia Bank & Trust Company of New Orleans, has announced the election of two new directors to membership on the board: Elmer R. Oliver and Gustave Lemle.

At a meeting of the board of directors of the bank, held March 21, the usual quarterly dividend of \$6 (6 per cent.) per share was declared on the capital stock of the bank for the quarter ending March 31, 1923, payable April 2, 1923, to stockholders of record March 21, 1923.

At the same meeting the board also declared the regular quarterly dividend of 3 per cent. on the salaries of employees, on a graduated scale based on the length of service of each employee.

BANK DECLARES STOCK DIVIDEND

A 3 1-3 per cent. stock dividend has been declared by the Wheeling Bank & Trust

Company of Wheeling, W. Va., in addition to the regular quarterly 3 per cent. The dividends are respectively payable on April 2 and March 31. The company is one of the oldest banks in the Ohio Valley.

J. P. BUTLER, JR.

J. P. Butler, Jr., president of the Canal Commercial Trust & Savings Bank and of the New Orleans Clearing House Association, has received the additional honor of election to the board of directors of the Federal Reserve Bank branch of New Orleans.

NEW NATIONAL BANK ORGANIZED

The Southern National Bank and Trust Company, Memphis, Tenn., has been recently organized and has applied for a charter to do banking and trust business with capital of \$300,000.

The new bank will be on Madison avenue in quarters recently occupied by S. M. Williamson and Son, pending the expiration of a lease in September on a building purchased on Monroe avenue. The building will be completely remodeled and the very latest designs and construction in banking quarters will be used.

ASHEVILLE BANK OPENS NEW TRUST DEPARTMENT

The National Bank of Commerce, Asheville, N. C., is planning to open a trust department, according to an announcement by President Junius G. Adams.

Under permission granted the institution, it will be able to act in every fiduciary capacity, the work at present, according to President Adams, to be handled by the present force of the bank.

The Corporation Manual

*Twenty-fourth Edition
Revised to January 1, 1923*

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ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

HARDENING of the money situation as the result of sustained business activity is noticeable in the Middle West, but has had less effect on interest rates than in some sections. The directors of the Federal Reserve Bank of Chicago, at their last monthly meeting, decided that conditions in this region for the present do not warrant them in following the example of the New York and Boston banks in increasing their rediscount rates. The Chicago bank has maintained its rate at $4\frac{1}{2}$ per cent. since March of last year, never having gone to the 4 per cent. level that prevailed in the East until the recent advance. Liquidation was slower in the West than in the East and it was held that the $4\frac{1}{2}$ per cent. rate was low enough in view of the local conditions. Now the West is pretty well liquidated, but commercial and industrial expansion has produced an enlarged demand for money that offsets the advantage gained from the clearing up of old obligations.

The last month has witnessed the passing from the market of $4\frac{1}{2}$ per cent. paper, except in a few transactions involving the choicest names. Rates are $4\frac{3}{4}$ to 5 per cent., but the market is almost on a 5 per cent. basis. Bank loans are 5 to 6 per cent.

The remarkable progress made in the last year in wiping up the load of debts accumulated during the afterwar period of inflation is shown by the fact that a few weeks ago rediscounts of the Federal Reserve Bank were down to about \$56,000,000, the lowest figures since deflation began. Since then there has been a moderate upturn of \$20,000,000 in the borrowings of member banks and some of the large city banks which had been out of the Reserve Bank for nearly a year have resumed rediscounting. There is, however, still a wide margin of available funds to be absorbed before current demands produce much effect on the reserve bank's figures. Its reserve ratio of

around 75 per cent. is still high, although about ten points off from the peak of a month or so ago.

Business, both wholesale and retail, is running considerably ahead of the corresponding time last year and commodity markets are firm, with rather frequent, although small, advances in prices. While the city merchants are doing well the increase in public buying is probably more noticeable in the country districts. More satisfactory prices obtained for farm products and the perfecting of legislation for the facilitating of rural credits have had a highly beneficial effect on sentiment. The results are most strikingly illustrated by the sales returns of the large mail order houses, which in the first two months of this year show increases of 30 to 50 per cent. over a similar part of 1922. The demand for merchandise covers a wide range, but is still confined largely to staple articles.

Wholesalers note a disposition on the part of retailers to depart from the custom of buying only for immediate needs which has become almost habitual in the last two years. The strength of the markets for textiles, hardware and other important lines, following the steady advances in raw materials in the last few months, inspires more buying for late summer and fall requirements than has been usual at this season for several years. Conservative wholesalers and jobbers are inclined to urge caution on their customers and this is doing much to check unwise overstocking.

The steel mills of the district are as a rule booked full for the first half of the year and are operating at 75 to 85 per cent. of capacity. There has been no diminution in buying, which is at a higher rate than production. Prices of almost all finished materials have been advanced \$3 to \$6 a ton and the tendency is still upward. There are large orders for cars in the market and the railroads are buying freely of rails and track accessories. Automobile manufacturers are taking steel on a large scale and implement makers also are active buyers, while the demands for structural materials are heavy.

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Pressure to obtain prompt deliveries is becoming a feature of the trade situation overshadowing in some cases the factor of prices.

With the approach of spring the boom in building operations has assumed more impressive proportions. Permits were issued in Chicago during the month of February for 757 buildings, involving an expenditure of \$27,712,400, an increase of 106.11 per cent. over the second month of last year. For January and February combined the increase is 90.18 per cent. over a similar part of 1922. If this pace is kept up the current year's construction work will be by far the greatest ever recorded. Markets for materials are strong and the trend of prices is upward. In lumber orders exceed production. There is danger of a runaway market which would check activity in the building field because of prohibitive costs and the most conservative element in the trades most affected to prevent such an unfavorable development.

Railroad traffic is heavy and its volume is increasing. The carriers are in better position in regard to equipment than at any other time since the war and their equipment is increased constantly by deliveries on the extensive orders for cars placed in the fore part of last year.

Unemployment has virtually disappeared and complaints of a shortage of labor are appearing in several important industrial quarters. This is true especially of the railroad and steel industries, which are meeting rather severe competition from the automobile and other manufacturing interests as well as from the resumption of activity in public works with the coming of spring weather.

Investment demand is strong notwithstanding the large number of new securities that have appeared since the first of the year. Absorption of these offerings is prompt when they have special merit, and even some of the less attractive issues of stocks are taken greedily by the public. Revival of speculative activities on the exchanges is lessening the conservatism of many buyers, who seem quick to forget the lessons of the last two years. Savings deposits continue to increase rapidly, giving further evidence of the abundance of money and also of the fact that there is an important element among those of moderate means who have not forgotten the lessons of adversity.

CONVENTION DATES

American Institute of Banking—at Cleveland, July 17-20.

Association of Reserve City Bankers—at French Lick, May 28-29.

Illinois—at Rockford, June 26-27.

Iowa—at Ames, June 12-14.

Michigan—aboard steamer, June 18-22.

Minnesota—at Minneapolis, June 6-8.

Missouri—at St. Joseph, May 22-23.

Ohio—at Toledo, June 21-22.

Wisconsin—at Milwaukee, June 19-20.

ILLINOIS MERCHANTS TRUST MERGER COMPLETED

Official announcement has been made that the union of the Illinois Trust & Savings Bank of Chicago and the Merchants Loan & Trust Co. of that city, under the title of the Illinois Merchants Trust Co., which has long been pending, would be consummated on April 9. These institutions, together will the affiliations of the Corn Exchange National Bank, will mark, it is said, "the largest single consolidation of banking interests in Chicago's history".

The new organization will have combined capital, surplus and undivided profits of more than \$50,000,000; the commercial and savings deposits will aggregate more than \$300,000,000; the trust funds will amount to more than \$500,000,000, and more than 20,000 commercial and 200,000 savings depositors will be served. The new Illinois Merchants Trust Co. was to open for business on April 9 in its new banking home at the corner of Clark street and Jackson Boulevard. The Corn Exchange National Bank, it is said, will retain its present name and will remain in its present quarters at La Salle and Adams streets until the western half of the Illinois Merchants Bank Building is completed. John J. Mitchell will be chairman of the Illinois Merchants Trust Co. Edmund D. Hulbert, whose death occurred on March 30 was to have been president. Ernest A. Hamill continues as chairman of the board of the Corn Exchange National Bank.

ST. LOUIS BANKER CELEBRATES GOLDEN ANNIVERSARY

John Rutherford Cooke, vice-president of the First National Bank in St. Louis, celebrated his fiftieth anniversary as a St. Louis banker, March 19.

Mr. Cooke started his long banking career



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J. E. Cooke, vice-president of the First National Bank in St. Louis, who celebrated his fiftieth anniversary as a banker on March 19

March 19, 1873, as messenger for the old Third National Bank which consolidated with two other old St. Louis institutions, the Mechanics-American National Bank and the St. Louis Union Bank, in July 1919, as the First National Bank in St. Louis, the largest national bank west of the Mississippi.

After advancing through junior official positions, Mr. Cooke was made assistant cashier of the old "Third" in 1894, and in 1911, he was elected cashier and director. At the time of the big consolidation, in 1919, Mr. Cooke was made vice-president, and later he was placed in charge of the bank's large savings department with over 50,000 depositors, to whose interest he now gives his entire attention.

CHAPTER OF BANK CREDIT ASSOCIATION FORMED IN ST. LOUIS

A chapter of the Robert Morris Association, a national organization of bank credit officers, has been formed in St. Louis and will be affiliated with the National Association of Credit Men. The purpose of the organization, which has chapters in twelve

other cities, is to promote closer coöperation among bank credit men, locally, and nationally.

The officers elected are: William A. Gordon, assistant vice-president Liberty Central Trust Company, president; A. W. Thias, vice-president National Bank of Commerce, vice-president; A. Wagenfeuhr, assistant cashier Boatmen's Bank, secretary-treasurer.

SHEBOYGAN BANK ERECTS SEVEN STORY HOME

As evidence of their abiding faith in the continued growth and prosperity of Sheboygan, the shareholders of the Security National Bank have, in erecting the bank's new seven-story home given the city its first skyscraper. The new building commemorates the bank's sixty-sixth anniversary. The community joined with the shareholders in celebrating the opening of the bank quarters on February 22. No business was transacted on opening day, officers and staff devoting themselves to showing visitors through the banking room.

The capital and surplus of the Security

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Accounts of Banks and Bankers invited

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BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, *Vice-President*

S. P. JOHNSON, *Asst. Cashier*

R. V. KELLEY, *Asst. Cashier*

National is \$1,000,000, the largest in the state of Wisconsin for any bank outside of Milwaukee, although Sheboygan ranks eighth in population. The bank was established in 1856 and has from pioneer times played a leading part in establishing new industries in Sheboygan and in financing them. Its history is a record of service to the community.

TO ERECT TEN STORY BUILDING

The First National Bank of Davenport, Iowa, has decided definitely to erect a new building to replace the one which was destroyed by fire early in February and has selected Childs & Smith of Chicago as the architects. The new building will be ten stories in height, with the first two floors devoted to bank quarters and the upper eight floors to offices. It will occupy a site fifty-four feet by one hundred and fifty-one feet and they expect to be ready to begin construction some time during May.

DEATH OF JULIUS S. WALSH

Julius S. Walsh, chairman of the board of the Mississippi Valley Trust Company,

St. Louis, died at his home in that city recently. Death followed pneumonia and heart attacks. He was in his eighty-second year.

Mr. Walsh was recognized as one of the leading financiers in the country. He was an organizer of the Mississippi Valley Trust Company, a pioneer in the development of early electric traction in St. Louis and the last survivor of the board that undertook the construction of the Eads Bridge.

EDMUND D. HULBERT

Edmund D. Hulbert, who was to have been president of the Illinois-Merchants Trust Company and Corn Exchange National Bank of Chicago on the final completion of the consolidation on April 9, died on March 30 of acute dilatation of the heart. He is said to have been the first person to whom former President Wilson showed his plan for the Federal Reserve System and is credited with aiding the president and having much to do with that and other money legislation.

Mr. Hulbert was born in Pleasant Valley, Conn., March 2, 1858. His first banking

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connection was with the Hulbut National Bank of Winsted, Conn., as a messenger in 1875.



EDMUND D. HULBERT

Mr. Hulbert, whose death occurred on March 30, had been elected president of the Illinois-Merchants Trust Co., Chicago

CLEVELAND TRUST OPENS NEW BRANCH

A conference room for the use of community organizations and civic clubs is one of the new and unusual service features incorporated in the new Woodland-55th Bank of the Cleveland Trust Company which opened April 3.

The new bank is the fifty-first in the Cleveland Trust chain of neighborhood banks. Henry Enkler, former manager of the Cleveland Trust Company's office at Woodland and East Twenty-second street, will be in charge of the new bank.

FREDERICK H. GOFF

The Cleveland Trust Company has announced the death of its president, Frederick H. Goff on March 14. Mr. Goff was sixty-five years old. He was considered Cleveland's first citizen because of his activity in the interest of the community. Mr. Goff was largely responsible for making the Cleveland Trust Company the bank for all the people.

CHICAGO BANK DIVIDENDS

The board of directors of the National City Bank of Chicago have declared the regular quarterly dividend of 2 per cent., payable March 31 to stockholders of record at the close of business March 28.

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

SPRING finds the Western states in a better position agriculturally than anticipated during the past four or five months of dry weather. Timely moisture has improved the outlook for the winter wheat crop in Kansas, Nebraska and sister states, while in the northern states there is a fair spring wheat seeding prospect. The spring season has opened with preparation of the soil far in advance of normal, thanks to the progress made in this work during the mild winter. The spring season, it is true, is a season of hope, but the Western states, though more hopeful than some weeks ago, are not making new commitments as aggressively as in past years, for along with the hopefulness there is conservatism forced upon many farmers by obligations inherited from recent years and by the continuation of price disparities.

To those who appreciate that the agricultural industry of the Western states lays the foundation for the prosperity of the country, the opening of the growing season should be encouraging. If the size of the harvests in prospect is a barometer, then the year ahead gives high promise of recording good business. Kansas, for example, is estimating the prospective winter wheat crop at 125,000,000 to 150,000,000 bushels. The progress in soil preparation means a large area seeded to spring crops, although less spring wheat is expected to be sown. The feed grains are bringing relatively better prices, particularly corn, so there is more interest in their production. Scattered reports are heard to the effect that a shortage of farm labor for spring work is in prospect, but the season will not suffer from any lack of farm workers. The fact is that so much plowing was done through the winter that the amount of labor needed to bring about a large area in spring crops will be smaller than usual. Also, with less abandonment of winter wheat land than in 1922, the large winter wheat states will

not require so much labor. A point about the winter wheat outlook that is well to emphasize is that the dry winter forced a strong root growth of the plant. The roots developed through the natural efforts of the plant to draw moisture. With that development there is assurance against damage from dry weather during the coming growing season. Agronomists say the winter wheat crop will stand dryer weather between now and harvest than it would have withstood last year.

With the bright outlook for crops and with farmers determined to produce maximum yields, why is there not more buoyancy in Western business? This is a pertinent question. The answer is to be found in the condition of farm markets.

The wheat prospect is not arousing more enthusiasm because of the current state of the wheat market. The quite generous reserves from the crop of last year are not meeting a keen demand. Foreign buying is slow. Argentine, Australia and Canada are underselling the United States in foreign markets. Many sales at export points in the United States are said to have been made at losses by exporters who had accumulated the grain. The crops in the competitive lands are good, and it appears that their growers, while dissatisfied with prices just as the American farmers are dissatisfied, are more willing to accept Europe's offers. With the wheat market in domestic channels protected by a high tariff, the prices here are frequently above an export basis through the refusal of holders to sell and through the creation of a situation that reduces pressure on export markets. However, when withholding by farmers brings up prices, the offerings increase and then the renewal of export pressure exerts a bearish price influence. This was characteristic of the trade in wheat in recent months and is still characteristic of the market. Gradually there must be a readjustment, however. The present indications are that such a readjustment would mean lower prices for wheat. In the event of a small 1923 crop in Canada and smaller production in other lands, or



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with some development that would increase Europe's buying power, if that is possible, a different market would follow.

That there is more friendliness among farmers toward corn than toward wheat so far as spring crops are concerned is explained by facts that are the very secret of the condition of Western business. Corn is more of a domestic article than wheat. With the great employment labor is enjoying, there is a heavier demand for meat. More cattle, hogs and sheep are being fed. Corn consumption is therefore larger, and corn prices are higher—higher than wheat, relatively speaking. It is significant that corn exports show a very sharp decrease from the early 1922 totals, when prices of this grain were extremely low. But there is much more feeding on farms. Other feed-stuffs are also higher. If feeding of live stock increases more and more until an export surplus is created, then the corn market will tell a different story. In the hog industry, as usual, there is an export surplus, but larger buying of lard by Europe

has absorbed that additional supply thus far. If the labor situation, with the great increase that it has effected in meat consumption, changes so that employment is not so general, then corn will be affected adversely. So strong is the trend toward corn that it is well that the Western states growing hard winter wheat have not experienced conditions forcing a great abandonment of that land, for corn aplenty will be seeded otherwise, according to present indications. It must be said now, however, that the large corn states are in a better economic position today than the wheat states.

The live stock industry, which exerted so powerful an influence during deflation to retard Western business, is still contributing to recovery, or improvement. The winter has passed with a minimum of losses from exposure on ranges and with a minimum of expenses in the maintenance of herds and flocks. In the range sheep districts there is enthusiasm over wool prices, although the market for the fleece gives evidence of having reached a level that is encountering opposition in consuming channels. The pasturage outlook is good. The increased supplies of cattle, hogs and sheep from feedlots have sold quite well. Compared with the opening of 1923, however, the average prices of meat animals are a shade lower. This is of great interest. It indicates that, even with labor enjoying highly prosperous conditions, the additions to the supplies of meat animals are of a volume taxing the larger consuming capacity of the country. The lamb market has lately given more signs of this than cattle or hogs. Had the European lard demand not increased the producers of hogs would be experiencing lower markets. One of the problems of the live stock trade today is to find wider outlets for lamb. The feeders of lambs who were stimulated by the enormous profits of the winter of 1921-22 are beginning to take more losses than profits from this season's marketings. Mules are selling better, thanks to larger sales to industrial enterprises and to the South, with its booming cotton. Horses show only slight recovery.

In addition to the larger crops in prospect, the West is producing more oil, more lumber, more coal, more zinc and lead and more copper. Excepting oil, the natural products are making a better showing than the agricultural products. Oil is about the same as a year ago, although larger consumption is predicted for the summer. The crude oil market shows a sharp

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recovery since January 1. Lumber mills never enjoyed a bigger business than in the past two months, and it begins to look as if buying will subside. The greater mining activities make a big difference in the status of trade and employment. Grain farmers who note the improvement in the business of these industries wonder how long they are going to be able to maintain a pace far beyond what the agricultural markets are permitting. There is a larger implement trade, the fact that farmers refrained from buying the past two years more extensively than in a long time, together with better farm prices and a good new crop outlook, proving stimulating.

A better tone is apparent in farm and ranch land, but the liquidation that is gradually being forced by the over-reaching of farmers and stockmen in the days of extremely high grain and live stock prices is still an influence. Another influence is the abundance of capital seeking outlets in the farm mortgage loan market.

As in other parts of the country, money is firmer. The raising of the New York and Boston Federal Reserve discount rates is

being felt. Demand for money, even with the arrival of the spring season, has not increased in the agricultural areas of the West in proportion to the expansion in the large industrial and commercial sections simply because the retarding influence of Europe on export outlets for farm products has not permitted a recovery in Western business to the extent enjoyed by non-agricultural areas. The Western states feel that either they must climb more or the Central and Atlantic Coast states recede. The spring demand for money among farmers is not heavy.



CONVENTION DATES

Colorado—at Colorado Springs, June 15-16.

Kansas—at Hutchinson, May 24-25.

Nevada—at Winnemucca, early summer.

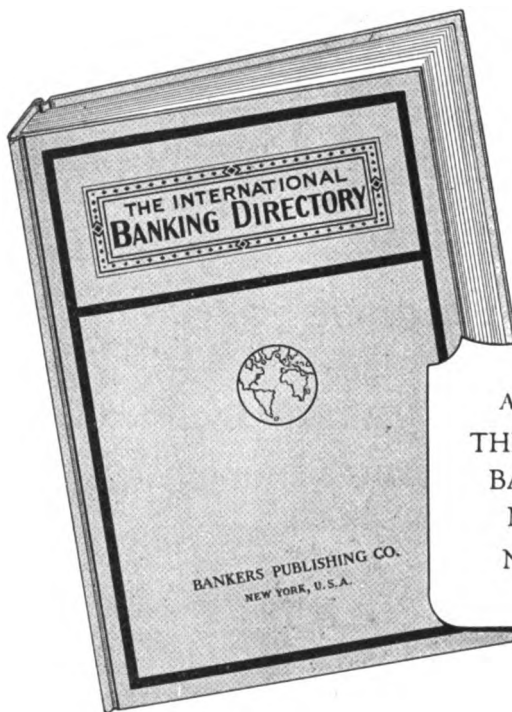
North Dakota—Bismarck, June 27-29.

Oklahoma—at Oklahoma City, May 29-30.

South Dakota—at Rapid City, June 21-23.

Utah—at Logan, June 15-16.

Wyoming—September.



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ECONOMIC CONDITIONS IN THE PACIFIC STATES

By C. E. TAYLOR

Economist, Department of Research and
Service, Security Trust and Savings
Bank, Los Angeles

THE definite upward swing in the metal mining industry of the Pacific states has been one of the most noteworthy factors in the economic recovery which has been experienced in this area during the last twelve or fifteen months. The states and territory listed at the head of this article together produce annually about 40 per cent. of the country's lead, 60 per cent. of its copper, 10 per cent. of its zinc, 70 per cent. of its gold, and 70 per cent. of its silver. To them the mining of these metals is of very great importance, and any improvement in conditions among the producing companies is at once accompanied by an improvement in the general business situation throughout the territory.

Copper prices have been improving for some months and since the latter part of 1922 have been sufficient to enable most producers to operate at a profit. A shortage of experienced miners in this section, which for a time limited production among the copper and other metal producers, has been largely overcome, through the return to the mining camps of skilled workers temporarily employed in other occupations. The copper mining industry is now undoubtedly more prosperous than it has been at any period since the close of the war. Demand at home has been largely responsible for this recovery, though Europe and the Orient are absorbing increasing quantities of the metal. The outlook for 1923 is most encouraging.

Zinc and lead production ran at comparatively high rates during 1922, because of the demand for these materials for residential and office building. Prices for both are now materially higher than a year ago and are increasing steadily. Many zinc mines which have been idle from one to two years, or

even longer, are now being reopened and once again placed upon a paying basis. The building boom and increasing general industrial activity will no doubt continue to exercise a stimulating effect upon the demand for and production of both metals.

In spite of the rising tendency of the general price level, the effect of which is to lower the value of gold, the outlook for gold mining is considered to be more favorable than at anytime since the beginning of the war. For the last several years the production of gold has been greatly curtailed by the comparatively low value of the metal and the greatly increased cost of getting it out of the ground. Though general prices are advancing slowly they are now low enough and the cost of mining has been reduced far enough to make more extensive operations by the mining companies feasible and gold production is expected to increase noticeably during 1923.

During the latter half of 1920, and in 1921 and 1922, silver producers were considerably aided by the fact that the price of silver was maintained at \$1 an ounce by the Pittman Act, although the commercial market price of the commodity fell far below a dollar. Purchases under the Pittman Act are expected to be completed shortly before the close of 1923 and a considerable amount of discussion among silver producers and business men, in regions where silver mining is an important industry—notably Utah, Nevada, and Idaho—has arisen regarding the effect which the termination of the purchases will have. Except where the silver output is incidental to the mining of copper, lead or zinc, it is difficult to see how the expiration of the Pittman Act can be followed by other than a marked reduction in production. However, prediction on this subject is dangerous; during 1923, at least, conditions among the silver producers should remain satisfactory.

In spite of the marked recovery experienced in 1922, which is being continued in 1923, metal mining in the Pacific states has not yet, however, regained normal activity, though rapid progress is now being made in

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this direction. With the return of mining to its former level of activity, which should occur this year, a big step will have been taken in the final restoration of prosperity in the Pacific territory.

Nearly a third of the wool produced in America comes from the Pacific states. Growers in this area are displaying an intention to hold onto their crop until wool becomes scarce, an event to which many look forward with confidence. World stocks of wool have been greatly reduced, the goods market is looking better and better, and foreign demand is strong with, if anything, a tendency upward. It is reported here that a number of Eastern mills have not yet covered their large contract sales of goods through the purchase of raw materials. In view of the above circumstances it is not unreasonable, therefore, to expect even better prices for wool, which is now bringing growers from 50 to 100 per cent. more than they received a year ago. This improvement in wool prices has been of great benefit to the sheep raisers, and flocks have been increased in size and improved in quality by the addition of new and younger stock.

A year ago Utah, an important livestock, metal, and sugar beet producer of the Pacific area, had scarcely begun to recover from the depression of 1920 and 1921. Now, however, the process of recovery is in full swing and by the end of this year economic conditions in this state should be fully back to normal. The best indication of the measure of recovery which has been achieved lies in employment reports from that state, which show that a slight shortage of labor now exists, and in the tax delinquency lists, showing that delinquents number considerably less than half of those of a year ago. The improvement in metal mining in the West has affected Utah about as much as any other state and the termination of the Pittman Act is not looked forward to with great trepidation, as Utah mines produce silver principally as a by-product. Coal production has been heavier during the last twelve months, though prices have shown little change for two years. The sheep-raisers are coming into their own again and cattlemen are finding less to complain about, though their financial condition is not as good as that of the wool growers. The beet acreage was only about 70 per cent. of normal in 1922, but the yield per acre was well above normal and prices have been much better than were expected. It is likely that 1923 will witness a consider-



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able increase in the beet sugar production of this state.

Throughout the Pacific area general economic activity continues to increase, until it has reached a point surpassed only during the post-war boom days of 1919 and early 1920. Building is unusually heavy, in view of seasonal conditions, and employment is general at wages higher than a year ago, except in the agricultural areas, where wages are generally somewhat lower. Retail and wholesale trade are excellent and improvement in the Pacific Northwest is particularly noticeable. In California, particularly in its prosperous Southern section, trade during the last few months has not shown the increases displayed farther north. This is probably due, however, entirely to the fact that trade in other sections was much more depressed during the slump than was ever the case in California and that improvement in these regions has therefore been relatively much easier.

The banking and credit situation in the Pacific area remains highly favorable to business expansion. Bank deposits are increasing as rapidly, if not more rapidly, than loans and discounts, and bills payable and rediscounts with the Federal Reserve Bank at San Francisco are lower than a year ago. The discount rate at the Reserve Bank remains at 4 per cent. (March 3, 1923), the lowest rate now in effect at any Reserve Bank in the country. To use the stock statement, "Bank credit is available at reasonable rates for every legitimate demand" throughout this territory.



CONVENTION DATES

California—at Long Beach, May 23-26.
Oregon—at Albany.

UNION OF CALIFORNIA BANKS

Official announcement has just been made of the union of the Sacramento-San Joaquin Banks at Sacramento, Stockton, Modesto and Oakdale; the Union National Bank of Fresno and the Merchants National Bank of San Francisco. The new organization is known as the United Bank and Trust Company of California.

The United Bank and Trust Company has resources aggregating about \$45,000,000. Its officers are: J. M. Henderson, Jr., chairman

of the board; Rudolph Spreckels, president; W. O. Miles, vice-president; Robert R. Yates, vice-president and secretary; Adolph P. Scheld, vice-president and treasurer.

There will be no change in the management of any of the banks in the system. The officers in charge are: San Francisco—Vice-presidents: W. T. Summers, W. E. Johnson and W. W. Jones; Sacramento—Vice-presidents: G. W. Kramer, C. B. Bills, E. C. Peck, F. H. Conn, A. H. Becker; Fresno—Vice-presidents: C. R. Puckhaber, W. R. Price; Stockton—Vice-presidents: Frank A. Guernsey, A. J. Zitlau; Modesto—Vice-presidents: T. H. Kewin, W. A. Harter; Oakdale—Vice-president: E. D. Heron.

The directors are: The Hon. James D. Phelan, Rudolph Spreckels, Robert Oxnard, W. T. Summers, Frederick F. Sayre, W. F. Williamson, Milton H. Cook, B. C. Brown, Gavin McNab, Wyatt H. Allen, O. K. Cushing, R. D. McElroy, Howard Spreckels, Louis R. Lurie, E. T. Cunningham, Thomas Jennings, J. M. Henderson, Jr., Adolph Scheld, W. S. Kendall, F. A. Guernsey, T. H. Kewin, J. M. Perry, W. O. Miles, C. R. Puckhaber, E. C. Peck, A. A. De Ligne, Hilliard Welch.

H. C. BARROLL

The association of H. C. Barroll with the First Securities Company of Los Angeles has been announced by John E. Barber, vice-president. Mr. Barroll is one of the best known bond men in the country, having been engaged in the purchase and distribution of investment securities for a period of thirty years.

RALPH P. ANDERSON

Ralph P. Anderson, formerly assistant manager, has become manager of the business development department of the Anglo-California Trust Company, San Francisco. He started with the bank as advertising manager.

BANCITALY CORPORATION TRANSFERRED TO CALIFORNIA

The \$10,000,000 Bancitaly Corporation, one of the nation's largest financial organizations, whose scope and magnitude of operation is on a par with the National City Company and the Guaranty Company, is to transfer its headquarters from New York to California.

A. P. Giannini, who is president and founder of Bancitaly Corporation, as well as of the Bank of Italy and California Joint Stock Land Bank, announced that it has been definitely determined to move the offices of the institution immediately.

Increase in the corporation's capital from \$10,000,000 to \$20,000,000 has been favorably acted upon by the board of directors and formal authorization will be made on April 4, when the annual stockholders' meeting is held. It is contemplated that ultimately the capitalization will be \$50,000,000, making it the largest institution of this character in the United States.

Bancitaly Corporation was organized in 1918 to purchase the East River National Bank of New York. Later it took over the Commercial Trust Company of New York, as well as a number of banks in Europe and other interests in the United States. Its ownership is vested in about 2000 stockholders, most of whom are residents of California. The corporation's investment in securities is in excess of \$7,500,000, and in bills and accounts receivable \$3,070,000. The surplus and undivided profits amount to \$477,000, with accounts payable of \$286,000. The dividend record shows an annual payment of 7 per cent. since the date of organization.

JAMES FORSYTH JOINS CALIFORNIA BANK

James Forsyth, for many years in charge of the foreign department of The First National Bank of Los Angeles, and recognized as one of the best posted bankers on foreign exchange and credits, has become vice-president of the California Bank, Los Angeles.

A native of Scotland, Mr. Forsyth inaugurated his banking experience with an indenture to the British Linen Bank, one of the oldest in Scotland, having been founded in 1746. He served as an officer of the Nottingham and District Bank, Nottingham, England, then went to the foreign department of the Banco de Londres y Mexico, Mexico City. He became assistant manager,

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Bank of Montreal, Mexico City, then manager of the International Banking Corporation's branches on the Isthmus of Panama. He came to the First National, Los Angeles, in 1915. He took a leave of absence to the Paymaster Department, Canadian army, conveying Chinese labor to France (Chinese Lancers), liason officer, Ministry of Information, London. At the close of the war, Mr. Forsyth returned to the First National Bank, Los Angeles, as manager of the foreign department.

NEW PRESIDENT OF ITALIAN-AMERICAN BANK

A. E. Sbarboro, formerly vice-president and cashier, was elected president of the Italian-American Bank, San Francisco, at a recent meeting of the board of directors, to fill the vacancy caused by the recent death of his father, who had founded the bank in 1899.

In addition, George J. Panario and Romolo A. Sbarboro, up to now assistant cashiers, were elected vice-president and cashier respectively. Mr. Panario was also made a member of the board of directors. The new president has grown up with the bank, having been cashier since its organization.



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“OPPORTUNITY never knocks at the door of the young banker who has folded his arms, seated himself in a comfortable chair, and is waiting for something to happen. Opportunity is for those who are on the lookout for something more responsible to do.”

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Mr. Morehouse writes from experience. For twenty years he has been in close personal contact with bank employees. He knows what it takes to succeed. Beginning in 1902 as bookkeeper and janitor in a small country bank, he today occupies the position of vice-president in the Security Trust and Savings Bank of Los Angeles, with resources exceeding \$165,000,000.

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ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

THERE is a marked difference as regards business conditions in parts of Canada like Ontario and Quebec where industries are active and the agricultural provinces of the West where the buying power of the farmer is still depressed. This is leading to a realization of the fact that for the time being it would seem that Canada's opportunity lies in the development of her timber, pulpwood, mineral, power and other raw materials rather than in agriculture and that these resources will bring wealth to the country and a moderate, at least, measure of prosperity during the period in which Europe is recovering buying power to put prices for agricultural products on a profitable basis.

In this connection the situation divides itself into two main phases. On the one hand the outlook for an export market for agriculture and other food products and on the other the prospect for that influx of capital which will develop the resources of mines and forests.

Significant of the effect of the curtailed buying power of the people in Europe upon Canadian export trade in food stuffs could be no more effectively shown than in regard to the fishing industry of the Maritime Provinces. When it might be expected that fish, being a comparatively cheap food, would find increased consumption in European countries, the contrary appears to be the case. Reports from Halifax are that conditions are going from bad to worse. Both fishermen and exporters are discouraged, with the warehouses still blocked with the products of last year's catch. Not only are the markets of Portugal, Italy and other countries demanding the cheaper grades of locally cured products, or those of Scandinavia, but such is the reduction in consumption that Norwegian products are being shipped to compete with Canadian fish in Jamaica and Porto Rico. Business in Newfoundland is suffering acutely from the same conditions. At the same time there are in-

dications that the agricultural production of Europe is likely to improve, perhaps more rapidly than buying power. If this is the case and Europe to a larger extent becomes self-supporting in food stuffs with Russia exporting wheat, it may easily be that there will be a lower rather than a higher market for agricultural exports from America.

Thus, while Canada is predominantly an agricultural country, more attention is being directed to the opinions of such men as Sir Henry Thornton and Sir Clifford Sifton that the immediate development of the country is largely dependent upon foreign capital. In this connection the prospects for American money are the most important factor, while evidences are not lacking that there is a large supply of British capital already finding its way into this country, with prospects that this flow will be greatly increased with a further improvement in the exchange position of the pound.

It is estimated that American capital for industrial developments has been coming into Canada at the rate of from \$200,000,000 to \$300,000,000 per year recently. It has been this flow of money which has righted the exchange situation between the two countries in a very large degree.

Conservative business men are recognizing that if the desired outside capital is to be secured in Canada capital must be fairly treated. In a recent address in Montreal to a club of Western Canadians Sir Clifford Sifton emphasized that in some of the prairie provinces as in Ontario legislation had been passed which has interfered seriously with the rights of property—the rights of the citizen and the investor. Such matters, he emphasized, would have to be set right before Canada could expect foreign capital or new settlers with means. *The Financial Post* points out that "the growing recognition that Canada must encourage capital to provide the development and the jobs to bring in increased population and to cash-in on our national resources should give our legislators something to think of when news despatches carry word that

An Opinion

"I believe this book should be read by all young bank officers just coming into positions of responsibility and trust in order that they may have the benefit of so many historical cases as a guidance to them in their work."

F. O. WETMORE, *President*
First National Bank,
Chicago, Ill.

The Romance and Tragedy of Banking

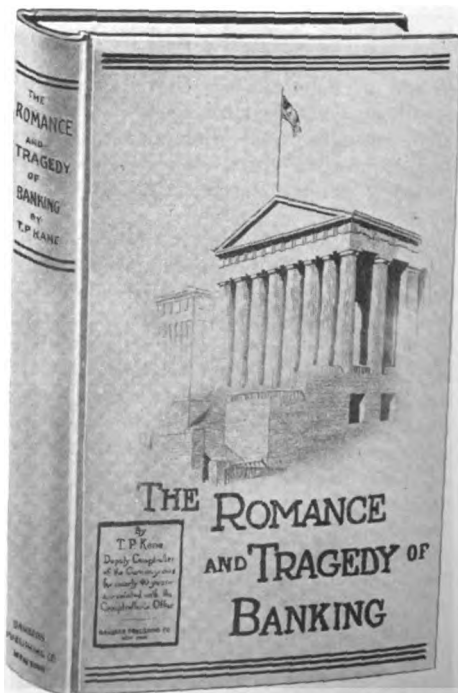
A New Book by Thomas P. Kane,
Late Deputy Comptroller of the Currency

ANOTHER edition of this popular book is now ready. The author, who died suddenly early in March, lived to see his book enthusiastically received by the banking public.

THIS really remarkable book contains within its 600 pages the story of national banking since the Civil War. It tells how the system was first put into operation and how it has been administered.

One of the most interesting features of the book is its graphic description of the events leading up to many of the most famous bank failures during the past half century. The causes of bank failures are always of vital interest to bank executives and these inside stories of famous disasters should prove particularly valuable.

This volume is not dry and uninteresting. It is written in an easy, readable, narrative style with particular emphasis on the human side of banking. The vivid personalities that have held the stage in the banking drama of the past half century are described, particular emphasis being placed on the Comptrollers of the Currency, whose administrations are each described in detail.



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Canadian capitalists are seeking investments in Mexico". "We can hardly expect", says *The Post*, "that outside capital will come in when our own capitalists, after experience with advanced experiments of legislation, are looking to Mexico as they have in the past looked to South America, to Spain and to other foreign countries when their genius for big undertakings is being discouraged at home." Attention is being called to the fact that Canada must especially consider the safeguarding of capital when such safeguards are already provided in the United States under the constitution.

Current business conditions indicate a continuation of gradual improvement but not to the extent which has been experienced in the United States. It is argued that there must be a further marked adjustment of wage costs in basic industries before a foundation for healthy industrial prosperity can be established. The labor cost factor is a dominating one in fixing the cost of living and the buying power of the farmer.

The industrial revival has entered into a new phase with increased activity in the steel industry. Railroad orders have been largely responsible here. These have not only meant business in a number of plants directly affected but in kindred industries. The lumber industry is particularly active in all parts of the country with operations in the woods on a big scale and prices increasing. Reports from the pulp and paper and textile companies indicate profitable operations on a good scale. There are prospects of a labor shortage with a steady exodus of skilled workers to the United

States where higher wages have accompanied the industrial boom.



CONDITIONS AS SEEN BY ROYAL BANK

The March letter of the Royal Bank of Canada says on the subject of business and general conditions in the Maritime Provinces, and in Ontario and Quebec:

Owing to the severity of the weather throughout the Maritime Provinces during the early weeks of the year, very little farm produce found its way to the markets. As a consequence, large stocks are on hand, and there is little prospect of an immediate improvement in prices which at present are low. It is reported from the Annapolis Valley that, on account of the restricted market for apples, large quantities of fruit are awaiting shipment and prices are unsatisfactory.

The opening weeks of the year presented a favorable outlook for an improvement in general business conditions, as a result of renewed activities in the coal and steel industries. The increasing purchasing power of the community has begun to show itself in improved retail buying. This improvement unfortunately has received at least a temporary setback as a consequence of the strike of the steel workers which was declared on February 13. Conditions in the lumber industry continue to be satisfactory. Markets for the various grades in general remain firm, but it is anticipated that they be somewhat weakened, during the early spring, as a result of the outflow of lumber from Northern New Brunswick. The lumber cut in the latter province for the present winter is expected to exceed that of any winter during the past five years, despite a considerable handicap resulting from the depth of snow and from scarcity of men in some sections.

In the central provinces, general economic and industrial conditions show distinct signs of improvement, but the process is extremely slow. The outstanding feature is the betterment in manufacturing industries. Orders for manufactured goods are being received at a rate which augurs well for industrial prosperity during the coming summer. Manufacturers of agricultural implements have increased the number of their employees with the expecta-

tion of enlarged demand for their products. Automobile plants are unusually busy, particularly in filling foreign orders, and the general outlook in the various branches of the automotive industry is especially bright. The textile industries particularly in Ontario are reported to be working to capacity. The favorable conditions which exist in the pulp and paper industries are dwelt upon in another part of this issue. Gold and silver mines in Northern Ontario are being operated on a satisfactory basis, and production is increasing month by month. The condition of the asbestos industry in the Province of Quebec is much more encouraging than was the case six months ago. It is reported that certain American and British interests contemplate establishing new plants in Quebec for the production of asbestos. Demand for the various grades has improved substantially, during the past six months.

The lumber industry is experiencing favorable conditions both in Ontario and Quebec. Weather conditions have been satisfactory, in the main, although the depth of the snow has impeded operations in some sections recently. A number of operators have already sold their cuts at quite satisfactory prices. There is a strong demand for Ontario soft woods, and prices are showing a tendency to advance, particularly in hemlock, spruce, and the better grades of white pine. Retailers, however, are buying little more than sufficient quantities for their spring requirements.

Little, if any, improvement is evident in the retail trades throughout the two provinces. An unusually large number of clearing sales have been held, but these are evidently not obtaining the desired results in most cases. This is particularly true in the towns and rural communities. Such a situation naturally is reflected in the wholesale trades, although spring orders are reported to be coming along in fair volume chiefly in the cities.

It is expected that the volume of building will assume large proportions in Ontario during the present year. No decline in construction costs is, at present, anticipated, and this fact warrants the continuance of the large building program which is now under way, without fear of loss through a shrinkage in value. Construction contracts awarded in Ontario during January are considerably in excess of those of January 1922, which were above the average. Residence construction continues to form a large proportion of the total building, although permits issued for the erection of factories and stores are becoming increasingly important. A note of caution has been sounded by the mortgage and loan companies, that the building of small houses has now practically caught up with the demand, and it is felt that during the coming year there will be greater activity in the building of more expensive dwellings.

Labor conditions in both provinces are reported to be fairly satisfactory. There is very little unemployment, partly on account of the work supplied by the heavy snowfall, partly

through the increased industrial activity, and partly through the increasing demand for farm laborers.

NEW YORK AGENCY OF DOMINION BANK MOVES

The New York agency of the Dominion Bank of Canada will move its offices to 35 Wall street on April 23.

NEW HEAD OF UNION BANK OF CANADA

James W. H. Hamilton was recently appointed general manager of the Union Bank of Canada. Mr. Hamilton began his banking career as a junior clerk with the Merchants Bank of Canada, occupying various junior positions in Ottawa, Galt, and Chatham. After six years he joined the Bank of British North America, where he made steady progress in varying capacities until he was appointed accountant at the New York agency. He remained in New York until September, 1900, when he returned to Canada where he later received his first managerial position. He was manager at Quebec for seven years.

Mr. Hamilton joined the Union Bank of Canada in 1909 as manager for the institution at Quebec City and a year later was appointed supervisor of Eastern branches. In May 1914, he went to London to take temporary charge of the bank's branch there. He was appointed assistant general manager in 1917 and removed from Toronto to the head office of the bank at Winnipeg. He continued in this position until February of this year, when following the resignation of H. B. Shaw as vice-president and general manager the directors gave him his new appointment.



THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SEVENTH YEAR

MAY 1923

VOLUME CVI, NO. 5

The American Passion for Making and Breaking Laws

FROM the multiplicity of State and Federal laws enacted in the United States in recent years the fact may be inferred that we are a law-making people. The slight disregard for many of these hastily-enacted statutes hardly seems to confirm the view that we are equally law-abiding. For a long time the Constitution of the United States—after it really got into shape and working order—escaped modification. The Civil War, of course, gave rise to some important changes. In recent years the permanent character of this celebrated document has been sharply challenged, and of late there have been incorporated into it provisions for woman suffrage and prohibition—ideas which some of the original signers of the instrument regarded with horror if they ever gave them any thought at all.

The amendment in regard to prohibition of the liquor traffic has incurred violent hostility on the part of those who wish to exercise individual judgment in respect to the use of intoxicating liquors. So insistent have they been in endeavoring to put their own personal views above "the supreme law of the land" that they have doubtless caused many people to regard the Constitution of the United States with less reverence than has long been accorded it, at least in theory.

A good deal of criticism has been aimed at the activities of labor leaders and the proponents of new and strange social doctrines as being "utterly subversive of the Constitution", but here is a movement to overthrow one of that instrument's provisions deriving its chief support from other quarters. At least this is a fair inference, for how can any but the very rich pay the exorbitant prices at which alleged liquors are now sold?

In seeking to upset the prohibitory laws by defying them, the liquor interests are employing the same stupid policy that was largely responsible for the Eighteenth Amendment. Reasonable laws were enacted in many states for the regulation of the liquor traffic, but the distilling and brewing establishments to whom the

saloons largely belonged did everything within their power to upset these reasonable regulations. In other words, they defied them. The people of the country, seeing the liquor traffic would not be even moderately controlled, decided to end it altogether.

This blind stupidity of the liquor traffic was thus characterized in a recent debate in the English House of Commons on a bill to impose some stricter regulations on selling liquor to minors. In the course of the debate a member said:

"Unless those who were interested in the sale of liquors took more notice of public opinion, unless they led instead of being compelled to follow in affairs of this kind, they would bring England to the same state as the lack of care on the part of the saloon keepers had produced in the United States of America."

It may be incidentally stated that England is greatly perturbed over our adoption of prohibition. Should the liquor power become as arrogant there as it had grown to be here, the prediction of this member of the English Parliament may come true.

President Harding's Two Years

WHEN the recent Congress expired by limitation and the President went on a vacation which he had well earned, the milestone marking the end of the first half of the present Administration was reached. Naturally, the question arises as to how this period is regarded by the people of the country. In discussing this matter purely in the light of public interest in the politics of the country, and absolutely free from partisan bias, it may be conceded at the outset that if President Harding does as well in the second half of his term as he has done in the first, his renomination is a certainty.

The achievements of the Administration have been by no means small—the Disarmament Conference, the tariff legislation, inauguration of the budget system, reduction of taxation, and his veto of the soldiers' bonus bill. The President's course on these and other matters will be viewed from different standpoints based on political or personal predilections. The failure of the ship subsidy measure no doubt constituted one of the President's most serious disappointments.

It has been said that, should the President maintain his present popularity his renomination is certain. The general party practice accords with this view. But as to whether or not Mr. Harding will be re-elected, that is an altogether different matter. If he should

not be, it would represent a stupendous change in public sentiment, remembering the smashing majority with which he went in in 1920. But the voters of America, in recent years especially, have shown a decidedly fickle disposition, and Mr. Harding can not safely conclude that the people will feel toward him in 1924 as they did in 1920. Anyway, to predict that Mr. Harding could or would not be elected might lay THE BANKERS MAGAZINE open to criticism on the ground of partisan bias. Besides, the political issues of next year are not joined as yet. Long before the campaign for the Presidency begins new issues may arise. For a number of years the dividing lines between the two great parties have been but faintly discernible, and this is peculiarly true of the present comparatively tranquil era in American politics.



Better Outlook for Bank Employees

AS in other lines of business the Great War unduly stimulated banking and called for large additions to the staffs of the banks at a time when heavy demands were being made on the man power of the country for military service. The tremendous activity in foreign and domestic trade that set in shortly after the armistice enabled the banks to continue employing more than the ordinary quota of clerks until the slump came in the spring of 1920. Those taken on in the emergency which the war created generally lacked experience and in most cases they were perhaps the first to go. Places had to be found in many cases for employees returning from the military service. The sudden reduction in the volume of banking transactions rendered it impossible for the banks to keep the number of their employees up to the high point reached between the end of 1918 and the early part of 1920. This was particularly true of those banks largely engaged in foreign banking.

At present, while the foreign banks are still running with largely reduced staffs, and the domestic banks have not approached anything like the need for help which they experienced in the period just mentioned, there is nevertheless a considerable improvement in the situation and conditions are gradually tending towards the pre-war level. Probably many of those who during the season of exceptional bank activity found employment in banking have turned largely to other pursuits, leaving the employee with a special bent towards banking a freer field for the exercise of his talents. He will thus feel surer of his job and may reasonably expect better pay for his work.

Bank clerks and junior officers hold positions of exceptional responsibility, and they are coming more and more to be selected from the ranks of those specially trained for this important branch of business service.



Change in New York Banking Charters

THAT several large national banks in New York City have lately changed or contemplate changing their charters from national to state is a very interesting fact. Probably several factors are responsible for these changes. In the first place, the national banks of New York, under the Federal Reserve Act, were deprived of the prestige they formerly enjoyed as custodians of a large part of the legal reserves of other national banks. This tended somewhat to reduce the importance of their relations to the other banks in the United States. Of course, the latter institutions do still keep large amounts in New York banks other than their legal reserves. It would seem that to be in the best position to take advantage of this feature of banking, a Federal charter would afford some additional prestige over that conferred by a New York State charter. It goes without saying that the New York Banking Law is a particularly good one.

It may be that some of the banks that have changed over from the national to the state system have done so in order to add to their local branches preparatory to returning with a large family to the national fold.

It would be interesting to know if this change of charter has been prompted in any instance by dissatisfaction at the amount of a bank's profit absorbed by the Treasury of the United States in all cases where the bank is a member of the Federal Reserve System—that is, all the national banks and such of the state banks as belong to the system. Can a bank, by getting back its capital investment in the Federal Reserve Bank and the legal reserves compulsorily handed over to the latter institution make a profit sufficient to justify withdrawal from the Federal Reserve System? The practical aspect of this question consists in the ability of a bank to get along comfortably without the advantages which membership confers in the way of rediscounts, etc. While a bank may not have a national charter and remain out of the Federal Reserve System, it may enter this system with a state charter.

The Federal Reserve Act went very far in conferring additional powers on national banks so as to enable them to compete more efficiently with the state banks. But from the recent changes in

New York it would seem that there are still some advantages in the state charter. In a city of such large wealth the trust company functions are of great importance, and it may be that the state laws are better adapted to this purpose than are the provisions of the Federal Reserve Act conferring trust company functions on the national banks. Until this movement from the Federal to State banking systems extends to other cities than New York, and perhaps until it becomes more or less general, it can hardly be regarded as marking any definite tendency.



Banking Names and Banking Prestige

THE merger of banks in this and other countries in recent years has been responsible for the perpetuation of some odd and clumsy bank titles. This has been due to the fact that the banks entering into the mergers have wished to hold on to as much of the prestige of each of the merged institutions as possible. They did not, like Juliet, ask, "What's in a name?" On the contrary, while quite willing to unite their business, the merged banks were as jealous of their respective titles as the most advanced type of new woman is of retaining her full maiden name after marriage. Not infrequently these bank mergers are rendered difficult because of inability to agree as to which of the old names shall be used first in the merged title, or which shall disappear altogether. The name that takes second place or that is discarded generally represents that of the bank that is swallowed and not that of the bank which does the swallowing.

But in taking on a name the merged banks can not be guided by considerations of prestige alone. They prefer a name easily pronounced and one not difficult to remember. There is genuine publicity and good-will value in a bank name of this character.

London has had a number of important bank mergers in recent years, and in some cases it has been sought to preserve as many of the old names as possible, and with a resulting heaviness in the titles of some of the banks. It was doubtless a realization of this fact which recently led the London County, Westminster and Parr's Bank to simplify its name to that of the Westminster Bank. Pride in the old names, in this case, was well sacrificed to the dignified simplicity of the briefer title.

There are still a good many clumsy titles among American banks that have absorbed other institutions, and the example of the London bank mentioned in shortening its name might well be imitated.

Unemployment Insurance

ONE of the most unsatisfactory features of the lot of those who work for wages has heretofore consisted of the uncertainty of continuous employment. Burns thought there was no sadder spectacle than a worker begging for leave to toil. It would seem nothing more than the merest platitude to say that a man who really wants to work ought to be always able to find a job. But the obligation of the community to find work for everybody who wants it is less clear than appears at first sight. In the first place, the persons qualified for a certain kind of work may be far in excess of the demand for services of that particular character. As a matter of fact, the demand for labor, like the demand for goods, is generally constant and unemployment may be traced, as a rule, to a lack of proper adjustment of the supply to the demand. Of the truth of this we have some very recent examples. With about 1,340,000 unemployed in England in the early spring of the present year, an actual shortage of labor existed in France. It often happens that while the parks of our great cities are thronged with the unemployed, the harvest fields of the West are in urgent need of more help. Workers in various industries are not infrequently idle while a shortage of farm labor exists. If, therefore, it is recognized that the community is bound to provide the individual with employment, the community will have to take some means of regulating the number of those who take up the different kinds of employment.

In ordinary times the unemployment problem is not a serious one so far as the community at large is concerned, however distressing it may be to the individuals involved. But the dislocation of industry, finance and trade due to the Great War has made this problem one of vast importance in several countries of the world. We have not been exempt from this experience, but happily unemployment has now practically disappeared. In England the problem is still one of great concern. The British Minister of Labor has recently given some instructive information in regard to the handling of this difficulty. Discussing a bill to amend the provisions of the Unemployment Insurance Acts 1920 to 1922, he said:

“Broadly speaking, the basis of the covenanted benefit was that it was payable only in respect of contributions already made by the applicants for benefit. There were certain formal conditions to be satisfied, but the vital condition was that until the applicant had made twelve contributions he was not entitled to any benefit. That was coupled with a limitation that a man could only claim one week’s benefit for every six weeks’ contributions, with a maximum benefit of fifteen weeks. Uncovenanted benefit was resolved upon owing

to the dire necessities of the situation. It was realized that some people might require assistance before sufficient contributions had been put to their credit."

The facts given in this statement show that under the Act of 1922 the House of Commons authorized borrowing powers to the extent of £30,000,000. At the beginning of March the loan had reached about £17,000,000, and the figure of unemployment stood at 1,340,000 or thereabouts. The drop in the unemployment figure had been fairly continuous since January 1 of this year. There had been a fall of 145,000 in seven weeks, and there was every reason to expect a further substantial fall. The amount expended on unemployment since the storm period commenced, two and a half years ago, had reached the colossal figure of £125,000,000. The contributions had amounted to £33,000,000 from the State, £48,000,000 from employers, and £44,000,000 from the workers.

That unemployment in England will steadily tend toward decrease would seem to be a reasonable expectation. In a recent speech the Chancellor of the Exchequer, Stanley Baldwin, after stating that the prosperity of the country was closely bound up with the export trade, gave the following information in regard to that trade:

"Whereas the year before last our export trade only amounted to about 50 per cent. of the volume of pre-war trade, last year that 50 per cent. had crept up to 69 per cent., while the last quarter of the year showed 75 per cent. All the omens combine to show us that if we can only secure and maintain peace, we may hope to see this figure gradually, but surely, approximating to the pre-war figure. But while this is going on, it is a very curious fact, and contrary to what one would have expected, that the percentage volume of the trade, if you look at it in groups all over the world, remains almost constant when you compare it with the percentage of the pre-war trade. In other words: that our proportion of the whole trade, if you divide it up into the principal markets of the world, still remains, and we find that even in Europe, where so much of the Continent is derelict so far as business is concerned, we still have as large a proportionate percentage, and, in some parts of Europe as large, or even larger bulk of the trade than we had before the war.

"This shows us, if we did not realize it before, that the whole world is indissolubly bound together in matters of trade, and that it is impossible for any considerable area of the world to prosper permanently while other parts of the world are out of action. This should nerve us to do all that we can to help to restore the countries which are too weak to get on their legs by themselves."

If nations must expend large sums on unemployment insurance this will constitute a very material increase in the expenditures already incident to the carrying on of war, for as seen in recent experiences the depression that follows war necessarily involves serious unemployment. If individuals were more prudent, possibly the period of unemployment might be tided over from the gains incident to continued work at very high wages while war is in progress; but even these apparent advantages are largely swallowed up in the higher cost of living which war entails. Even if these advantages were more real than they are, the false feeling of prosperity to which they give rise almost invariably begets a tendency toward extravagance. This probably resulted in England to a marked extent, because money wages before the war were rather low and the rapid rise to points far in excess of the ordinary wage-earner's experience naturally tended to beget extravagance.

The Minister of Labor, in the statement referred to above, said that in some cases the unemployed of England are now receiving assistance to an extent almost equal to the standard wage for common labor.



The Organization of Class Banks

AMERICA has furnished many novelties in banking, a distinction which will be increased if the present movement to organize banks representative of a particular class shall continue. The success of a railway employees' bank in Cleveland has undoubtedly given a marked impetus to this movement, the latest to be attracted by it being the clothing cutters. Where this craze may end no one can foretell. We may expect to have a Scrubwomen's National Bank, a State Bank of Chimney-sweeps, and, perhaps, an Editors' Trust Company. The organization of banks for the red-headed and for those who take two lumps in their tea may be delayed for a time.

No one who has ever travelled on a train running at high speed can be lacking in admiration for the nerve and skill displayed by the locomotive engineer who carries the train, with its precious burden of human life, rapidly and safely to its destination. Men capable of such a high grade of work would no doubt make good bankers, given the required training; but actually qualification for one line of work does not imply qualification for the other, the duties being so widely different.

Besides, the fact that the Engineers' Brotherhood have made a

success of their bank does not mean that other business or industrial groups will have a like experience. This organization of railway employees embraces a very compact society of skilled men, thoroughly disciplined, and in receipt of wages far above the average. It may not be easy for other groups less favorably situated to duplicate the successful experience of the Cleveland institution.

Banking is a business subject to many vicissitudes and some bitter disappointments. The losses incurred, even by well-managed banks, are often appalling. The possibilities in these directions are vastly enhanced when banks are organized and conducted by those who lack experience and who are under the strange illusion that there is something magical in banking of whose benefits certain groups in the community have hitherto been deprived.



Question Banks Outside Federal Reserve

THE Congressional inquiry to find out why eligible state banks and trust companies do not join the Federal Reserve System was started April 15 with the mailing of questionnaires to more than 8000 banks to ascertain why they have found it more advantageous to stay on the outside.

Five questions were submitted to the heads of the banks and their answers were solicited as soon as possible. Upon the basis of the responses, the commission, composed of three senators and five members of the House of Representatives, will decide what the next steps will be. It is understood that hearings will be held in several sections of the country next fall to bring out all the facts in the case.

The text of the questionnaire follows:

"Your attention is invited to the attached provision of law enacted by the last Congress creating a joint committee of the Banking and Currency Committee of the two houses of Congress.

"This committee desires to get the views of all banks eligible for membership which for different reasons have not joined the Federal Reserve System. Will you please advise us upon the following questions:

"1. What reasons have made it seem inadvisable for your bank to become a member of the Federal Reserve System?

"2. What amendment of the law would you suggest to attract eligible state banks?

"3. What regulations, if any, of the Federal Reserve Board or banks operate to repel eligible state banks, and what changes would you make to insure membership of state banks?

"4. What suggestions, if any, would you make with reference to the policy of the Federal Reserve System which in your belief would induce state banks to become members?

"5. In your opinion what service or benefit do you procure outside of the system that you cannot get by becoming a member?

"This committee would be greatly assisted in its endeavor to hasten its report by your early consideration of its request."

When the answers of the outside banks are received they will be digested and a further meeting of the committee held to lay out the plans for future operations. Louis T. McFadden, chairman of the House Committee on Banking and Currency, is chairman.



• UNDERWOOD & UNDERWOOD, N. Y.

GATES W. MCGARRAH

**Chairman of the Board Mechanics and Metals National Bank,
New York**

A TESTIMONIAL dinner to Mr. McGarrah was tendered April 25 at the Hotel Astor. This dinner commemorated the rounding out of Mr. McGarrah's forty years' service in the New York banking field, and also served as an appreciation of the help he has given the younger bank men of New York City along educational lines. The dinner was attended by representatives of every bank in New York City, and by bankers from Philadelphia, Boston, Chicago, Pittsburgh and many other cities. Mr. McGarrah's interest in educational work among the younger men dates back many years to the formation of the American Institute of Banking, and it is largely due to his efforts that funds have been provided which have supported the growth of New York Chapter to a membership of more than 5000 and a yearly educational budget of more than a quarter of a million dollars.



F. CRAUFURD GOODENOUGH
Chairman of Barclays Bank, England

MR. GOODENOUGH, who is president of the British Bankers Association, was guest of honor of the American Bankers Association and one of the principal speakers at the spring meeting of the association's executive council at the Westchester-Biltmore Country Club, Rye, N. Y., April 23-26. The body of his address is given elsewhere in this issue of THE BANKERS MAGAZINE.



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HENRY M. DAWES

New Comptroller of the Currency

MR. DAWES of Chicago who was named for the post of Comptroller of the Currency by President Harding assumed office on May 1. His appointment has been expected for some time but his appointment at this time is interpreted by some of those close to the President to be an indication of his desire that the Government render all possible aid to the farmers and livestock men, in view of the fact that Congress moved shortly before it adjourned to assist to a greater degree the agriculture and live stock interests of the country. The new Comptroller is a brother of Charles G. Dawes, a former comptroller and later budget director.

European Politics and the Economic Situation

By Elmer H. Youngman

Editor THE BANKERS MAGAZINE

(For the last ten months Mr. Youngman has been in Europe making a careful study of the economic and financial situation of the leading countries. In the following article the view is expressed that an understanding of political conditions is essential to an intelligent solution of the grave economic problems with which Europe is confronted.)

WHEN William C. Redfield was Secretary of Commerce he advised Americans who wished to extend their trade with foreign countries to take a healthful interest in the broader aspects of international politics. The admonition was, I think, a wise one, though there exists little evidence that it has been seriously heeded by the masses of our people, or even by those, who are seeking or who already have important business connections in various quarters of the world. And yet I do not see how we are to take any intelligent share in world affairs or even to protect our own commercial interests without turning our minds in the direction indicated by Mr. Redfield. If we take up the study of this subject, it will develop increasing fascination from its very perplexing character, for the ramifications of European politics are such as to baffle an understanding of them, much less to render possible any adjustment of the intricate problems themselves. To present these problems in any detail would require a thick volume, as well as a far more intimate acquaintance with modern European history than I possess. But some of the more striking phases of these problems can be outlined, and it is with these phases that America is chiefly concerned.

It will be readily admitted that political conditions have a most important relation to international trade and finance. For proof of this view we need only take two countries as examples—Mexico and Russia. The disturbed political situation in Mexico and the chaos in Russia have profoundly affected the relations sustained toward

these two countries in recent years by the outside world. But accurately to gauge the influence of politics upon economic conditions we must not only take note of a country's domestic politics but of its relations with other countries as well. This is peculiarly so at the present time when the attitude of nations toward one another has been, in many cases, so radically altered by the Great War.

UNDERLYING NATURE OF EUROPE'S DIFFICULTIES

There exists a widespread disposition among American bankers and business men to regard Europe's difficulties as being primarily of an economic character, and our Government apparently takes the same view. Much expert opinion prevails of a like nature. Economists tell us that if German reparations were fixed at a reasonable sum, if the mark were stabilized and other depreciated currencies were either wholly or partially restored to their pre-war values, or even if further depreciation could be arrested, the people would become prosperous and contented and major political difficulties would disappear. This view contains a great deal of truth. That economic disturbances are frequently the cause of political upheavals can not be denied, and it is likewise true, as a rule, that prosperity tends towards political tranquillity. This is one reason why radical political agitation has thus far failed in the United States. Our people are too busy making money, too happy and contented, long to be beguiled by the sophistries of the soap-box statesmen.

It may be conceded that an improve-

ment in the economic situation of the European countries would be reflected in a lessening of the political strain in some quarters. But no one familiar with the situation on this side of the Atlantic can for a moment fail to see that the problem of tranquillizing Europe consists of something quite different from stabilizing the mark or fixing the amount of German reparations payments.

I have stated before what is the real acute phase of Europe's difficulty today, but the statement will bear repetition until its truth finally sinks into the minds of our people.

This problem is to relieve the tension in the French mind arising through fear of future German aggression. In other words, France knows that a Germany economically strong enough to meet reparations demands will soon be strong enough in military power to again make an attack upon French soil a potentially profitable undertaking. Against such an attack France asks security. Other nations have failed in joining with her to provide it, and she therefore feels impelled to provide it for herself by maintaining a large standing army.

Just how the desired security for France is to be supplied is by no means clear. Even if we had joined with Great Britain in a treaty of alliance with France—as I think we should have done—this might have provoked combinations between other groups of nations which might have increased the tendency towards international friction. Besides, while there was a time when American and British assistance would have been eagerly welcomed, it would now be bitterly resented—a fact as to which the two governments are fully advised. France is trying out a method of her own to make Germany pay, and pending the outcome of that adventure will brook no interference with it.

That France is entirely logical in fearing attacks from Germany must be admitted by any one familiar with the terms of the Treaty of Versailles, unless German psychology undergoes a marked alteration.

When at the Paris Conference early in January England declined to support the views of France regarding the amount of the German reparations payments, and also refused to sanction the French advance into the Ruhr, the Anglo-French Entente was severely strained. It had been previously weakened by sharp disagreements as to Near Eastern policy, though later these differences were measurably reconciled.

FRANCE AND ENGLAND

It may surprise our people to learn of the growing spirit of hostility between Great Britain and France. This ill-feeling may be concealed beneath the exceedingly polite phrases that are exchanged from time to time between M. Poincaré and Bonar Law, but I have talked with enough Englishmen to know that the dislike of France is all but universal. I have purposely said "dislike of France", and not merely dislike of French policy! It is rare indeed that one hears in England anything but expressions of bitterness toward France. If this disposition continues, we may very profitably study its probable effect upon the future economic situation of Europe, as well as the influence it is at present exercising in delaying a return to more normal conditions. It would be profitable also if we could arrive at some rational understanding of this present divergence of view between nations but recently linked together in arms and whose sons by the hundred thousands gave their lives in a common cause.

AN ALTERED POLITICAL POSITION

When Napoleon was overthrown at Waterloo by the combined forces of Wellington and Blucher, France sank to the position of a subsidiary power. The Corsican had practically all the Continental nations in his grip, and it was clearly a part of his plan to shear England of its strength. But at Waterloo this plan received its death-blow. In time the ally of England in that campaign became a powerful economic rival

with the danger of military aggression ever present. France was in a position where she must receive the brunt of any military invasion that might be directed ultimately against England. She was thus not merely a subsidiary power but also a buffer state as well. When the Great War came on, the justice of the cause of France and her own heroic stand against Germany brought about the defeat of the latter power, with the help of England. France again rose to an eminence which did not equal that attained under the Napoleonic régime but did place her well in advance of any other of the Continental powers. The possible rival of England was no longer Germany, but France. Moreover, the old arrangement involving a balancing of power among different groups of nations was completely upset by the war, and England found the policy upon which she had so long relied for preserving the peace and protecting her own interests no longer applicable.

ECONOMIC POSITION OF THE TWO COUNTRIES

England has some 1,250,000 unemployed, whose support involves the payment of very large sums in the shape of Government doles. This large number of unemployed may be taken as an index of the business depression. In France there is practically no unemployment, due in part to the absorption of the country's man power by the army, but attributable also to the fact that France is more largely an agricultural country. Besides, England has reduced her available productive capital by means of heavy taxation of incomes, and has made provision already for meeting her war debt to America. France, compelled to rely largely upon her own resources in rebuilding the devastated regions, has borrowed heavily from her prosperous and thrifty citizens, and the work of restoration has gone rapidly forward. This has served to maintain a considerable degree of prosperity. Indeed, judging by purely surface indications, France appears more prosperous than

England, but this impression fails to receive confirmation from the respective budget figures. By heroic efforts, England is bringing down her expenditures and making at the same time some slight reductions in taxation. Disappointment in receiving expected reparations and the unavoidable expenses incident to the Ruhr expedition have compelled a heavier outlay by the French Treasury.

DIVERGENT VIEWS RESPECTING REPARATIONS

The attitude of the two countries respecting the reparations problem may be briefly stated. England regards the sum as heretofore fixed as excessive—an opinion largely supported by experts—and has suggested that the amount be reduced to about \$10,000,000,000, certain guarantees being given by Germany for the gradual payment of this sum. In default of payment being made, certain prescribed measures were to be taken. This proposal was flatly rejected by France, on the ground that not only was the sum named inadequate, but that before any reduction could be made or moratorium granted, definite evidence must be adduced showing that Germany really meant to pay anything. As an alternative to the British proposal, France started to enforce the reparations payments by means of an "economic-military" occupation of industrial Germany, with results that yet remain to be seen.

France contends that the German industrialists, by failing to pay adequate taxes, by sending profits out of the country, and through other devices, have defeated the reparations payments, and that this has been done with the connivance of the German Government.

With the views of France in regard to this there is much sympathy in England, although little support is found for the means the French have adopted to ensure reparations payments.

The facts are that England takes a calm business view of the reparations problem. She would like to see France

reimbursed for German devastation, but fails to see just how this can be done unless Germany is allowed to go ahead, to produce and to export. British bankers and business men are also exceedingly anxious to see trade restored. In this anxiety the Government naturally shares, especially since the large number of unemployed and the depression in trade tend to make the political soil such as to produce a crop of the rankest heresies. France is not so much concerned about trade, but wants to see Germany permanently held in check. Moreover, French public opinion is almost solidly behind the Government in regard to its policy towards Germany.

That Bonar Law wishes to treat France fairly, need not be a matter of dispute. But he wishes to handle the problem on lines pointed out above. At present, he frankly confesses that he has no policy except one of hands off whilst the French policy in the Ruhr demonstrates either its success or failure. That he expects the latter outcome is clear from many of his recent public utterances in the House of Commons. His position with regard to France, so far as I can see, differs but little if at all from that of his predecessor, Lloyd George. I do think it fortunate, however, at the present time when the European political atmosphere is so charged with explosive gases that a man of Bonar Law's cool and equable temper and manifest fairness should hold the reins of power in England. That he is a sincere worker in the cause of international peace can not be doubted. His critics contend that a more positive policy would have been more effectual in this direction than the comparatively negative policy he has followed in respect to Franco-British relations during his brief official tenure.

LABOR'S THREAT TO CAPITAL

While referring to Bonar Law it may be well to bear in mind some recent aspects of British domestic politics. The rapid rise of the Labor Party to a leading place in the ranks of the opposition

possibly foreshadows a time when that party shall gain power and put into operation policies strongly partaking of state socialism. Indeed, it can not be regarded as without significance that in this most conservative of countries the Prime Minister should consent to the setting aside of a definite amount of time for debating in the House of Commons a proposal to abolish private property, substituting state socialism for it. Some of the more extreme members of the Labor Party have thrown out vague hints of repudiating the National Debt. While it is one of the declared principles of the party to enforce a heavy capital levy, just how seriously the possible accession of this party to power is regarded may be learned from the following extract from a leading editorial recently published in the London *Daily Telegraph*. After referring to various proposals in the Labor program, the editorial says:

"But in all these schemes there is the one constant factor, viz., that the workers cannot get control till they have confiscated the property of the capitalists. Those who idly watch the growing numbers of the Labor Party as though it were a party which would provide an alternative Government to a Conservative Government when its day of power came much as the Liberal party would do, are the dupes of a dangerous delusion. It is nothing of the sort. It is the party which, under one pretext or another, and under one name or another, will signalize its advent to power by universal confiscation."

Bonar Law is trying to ward off this danger, and to keep British finance and industry true to those traditions which have powerfully aided in building up for England a position of preëminence in the world of finance and trade. He begins well by making drastic reductions in public expenditure. That his policies may not be accepted would appear to be indicated by the results of some recent by-elections where the Government candidates experienced crushing defeats.

The disturbing influence of the Irish question must not be overlooked, for this old controversy is by no means out of the way.

THE TURKISH MUDDLE

One of the reforms to be accomplished by the Great War was the driving of the Turk out of Europe, "bag and baggage". In bringing about this reform, the help of Greece was relied upon to finish up what had been done by the Allies. It is alleged that the Greeks were encouraged in their enterprise by the British while the Turks had help from the French. The project of expelling the Turk was found less easy than it looked, not only on account of his military prowess, but for the further reason that the Sultan of Turkey as head of the Mohammedan Church was held in more or less esteem by the Moslem population of the French and British colonies, and France and Great Britain found out that they could not drive the Sultan out of Europe without serious opposition on the part of their Mohammedan subjects in the colonies. They therefore set up an establishment for him in Constantinople, from which retreat he was unceremoniously ousted by Kemal Pasha, who put in a Caliph of his own.

As the divergence between the French and British policies with respect to Turkey increased, the Turks, emboldened by this and their defeat of the Greeks, assumed an attitude of hostility toward England which at one time promised to result in war, but this misfortune was averted, and later the French and British reconciled their differences in regard to Turkey and met the Kemalists in a conference at Lausanne. At the time this is written the results of this conference have not been accepted by the Turks. The fact must be faced that Turkey has not been driven out of Europe as a political and military power but today occupies a very strong position because of the victorious drive against the Greeks and

because of a freshly-aroused and virile national spirit.

SPAIN

Few countries of Europe should possess more interest for us than Spain. But I am compelled to say that, however much we may be or should be interested in Spain, that country shows but scant interest in us, judged by the almost complete absence of news from the United States in the Spanish newspapers. It came as a surprise to me, as I think it would have done to others, that "American news" in a Spanish newspaper means in almost all cases news from the Spanish and Portuguese-speaking countries of South and Central America, the United States of North America being practically ignored.

But if the Spanish newspapers publish but little news from the United States, they not infrequently take our country as a text for editorials, usually of a disparaging character, and we are generally held up as a horrible example of "imperialism" and money-madness. Our culture and civilization are accepted at a very heavy discount in Spain.

There are signs of progress in Spain, political and economic, which afford profitable and interesting themes of study. I heard our Ambassador to Spain (Dr. Cyrus E. Woods) say, in an address at Barcelona, that in the last decade Spain had made more progress than any other country in the world. This statement, bearing in mind the recent history of the world, may not be considered exaggerated, for in this period most of the nations of the world have been "progressing" backward, owing to the Great War. That Spain is awakening to a more vigorous national life appears from a number of significant indications. Nor need it be surprising to anyone familiar with the history of the country that these indications are not economic merely but largely of a political and religious character. There is considerable sentiment in favor of changing the government from a monarchy to a republic, although the

present King is personally popular. In the region of which Barcelona is the center there exists a movement looking to a political separation from the rest of the country—a movement which evidences a restlessness on the part of the population most enterprising from a commercial and industrial standpoint in being bound up with the older order to which the north still tenaciously clings. Of this older order, particularly of its religious side, Toledo constitutes a fitting illustration. Recently I visited that ancient city, and on the following day read "The Cathedral" by Blasco Ibanez. That a book of this character should have been written by a Spaniard and published in Spain may be taken as most striking evidence of progressive thought in that country. Not long ago on the front page of the leading daily newspaper of Madrid there was a signed article by a Catholic writer of reputation who declared that the Church in Spain was in need of very radical reformation. I am citing these things, not to raise a discussion about religion, for I am writing of politics; but in Spain you can not separate the one from the other. Therefore, I regard the facts cited as of great importance in their bearing on Spanish politics.

Whether Spain is much interested in us or not, we should be greatly interested in Spain. In the first place, it was to the enterprise of the Spanish sovereigns—or to their religious zeal—that America owes its discovery and much of its early colonization. Then Spain is very intimately connected with South and Central America through ties of speech, history and culture; and we are deeply concerned with these parts of the world. But Spain is worthy of study for its own sake—its monuments, art, history all make a fascinating appeal to those not yet mellowed by an age-long civilization and culture. And the Spanish people will be found to possess many charming and admirable qualities.

There are many and substantial reasons why the United States and Spain

should know each other better and work together in the development of Latin America. There are plenty of reasons why the people of Spain and of the United States should be friends. There is no reason why they should be enemies. We on our part can hardly hope for a better understanding between the two countries until we show more interest in Spain than we have displayed in recent years. The history, politics, literature, art and economics of Spain afford a surpassingly interesting and profitable field for American exploration.

ITALY

Here a bright and shining light has arisen in the person of Mussolini, who grew tired of the ineffective maunderings of parliaments and politicians, seized the reins of power, told the members of parliament they were a stupid and inefficient lot, and boldly proclaimed that what Italy needed was discipline and hard work. He at once put into effect a policy of drastic reduction of public expenditure, turned out several thousands of useless employees from the Government service, and greatly reduced the surplus number of workmen on the railways of the country. He believes that the salvation of Italy lies in speeding up production, and to that end is developing a policy that will encourage domestic trade and enterprise and promote the introduction of foreign capital. Mussolini represents the antithesis of the Bolshevik doctrine. He would save his country from the chaos of disorder and starvation involved in a complete upsetting of the industrial and economic system and afford to both capital and labor full and fair opportunities. That the Italy of Cavour, Mazzini and Garibaldi should have rallied quickly to the support of one whose chief aim was the political and economic salvation of his country, should have occasioned no surprise. Mussolini's experiment is being watched with deep interest and quite generally with strong hopes of its ultimate success.

There are special reasons why we are

deeply interested in Italy, since it was a native of that country who discovered America, and today we have as citizens of this country a very large number of industrious and thrifty Italians. And not a long while ago the sons of Italy and the sons of America were joined in a common cause on the battlefields of Europe.

GENERAL CONCLUSIONS

In devoting attention chiefly to political matters rather than to economic problems I have not lost sight of the importance of the latter. But antecedent to the adjustment of the economic situation in Europe must come a measure at least of relief of the political tension. How this is to be brought about, I do not know. Pessimists, whose numbers are not few, declare that another and more stupendous war than the last is already impending. The League of Nations is generally regarded as ineffective. There was a time when much was expected of our union with England to

protect France against future attacks by Germany. England would still welcome our active participation in European affairs, but France would not. Our Government and people seem determined to hold aloof from Europe until the various nations now entangled themselves partially unravel the web. It is part of our traditional policy not to mix in European politics. But when our armies went across the sea to defend our own rights against German aggression, we virtually intervened, and with startling effect, in the politics of the world. The welfare of Europe has become our concern, both on grounds of humanity and the narrower dictates of commercial and financial interests.

We may study statistics of industry, finance and trade concerning the various countries of Europe with great profit to ourselves, but we should not overlook the importance of understanding the currents of political thought and action which are bearing some of these countries toward uncharted seas.



Observations of An Outsider

IT'S springtime in the banks as well as elsewhere, but you wouldn't think so to look at the wintry faces back of some of the bank grilles. Now I know where they get the term "cold cash".



I note that in these various bank mergers that take place so unexpectedly from time to time a lot of fellows lose their jobs, but its never the fellow who has made a real, earnest effort to impress his personality on the customers of the bank.



Here's a tip for the "floor man" or watchman of the bank: Keep your eye

on the fellow who rushes in, grabs a pen, jabs it into the ink well, dashes off a signature and throws the pen down. He spreads a trail of ink all over the desk. Watch him, and follow him up with a rag or a blotter so that some perfectly good customer of the bank doesn't mop up the spilled ink on his or her coat or hands. Maybe if the splasher sees you do it, he will be more careful next time.



The term "drawn against uncollected funds" is more or less of a mystery to many people and it makes them sore to be accused of doing it. Most people think that when they deposit a check it can be drawn against immediately. Why not explain it in your advertising?

Bank Examining and Bank Auditing

By Thomas P. Kane

Late Deputy Comptroller of the Currency

(A million dollar embezzlement by the cashier of a Pennsylvania bank, covering a period of twenty-five years, is brought to light as this issue of THE BANKERS MAGAZINE goes to press. The cashier, according to his confession, employed a double system of bookkeeping, using a separate ledger which was never shown to the bank examiner. One method of covering shortages was by running the safety deposit with the general fund. It was also stated that in presenting books for examination to the bank examiners forged checks would be used and charged up against individual accounts and after the examiner left, would be corrected by crossing such entries off as errors. The sudden exposure of such a situation as this lends a peculiar timeliness to Mr. Kane's article, which is well worth a careful reading. This article is taken from Mr. Kane's book, "The Romance and Tragedy of Banking", which he completed shortly before his untimely death in March of this year. The book, published by the Bankers Publishing Company, New York, has aroused a widespread and ever increasing interest both among bankers and the reading public in general. It is based on Mr. Kane's varied and intimate experience with the development of national banking covering the period of nearly forty years that he held the office of Deputy Comptroller of the Currency.—THE EDITOR.)

UNFORTUNATELY, the distinction between an examination and an audit is seldom recognized in the criticisms of examiners when banks suffer losses through dishonesty or other causes which have remained concealed for some time, undiscovered by the examiner through several successive examinations. A bank that may be thoroughly examined in one or two days could not be completely audited in less time than one or two weeks.

When an examiner satisfies himself that the books of original entry are correct and the assets found in the bank are equal in value to the amount called for by the books, he is bound to assume that the original individual credits which go to make up the grand total are correct, and he cannot know otherwise except by a complete audit of the books, unless errors or false entries are discovered by accident or otherwise.

There is only one way of determining the absolute accuracy of an individual ledger or a certificate of deposit register, and that is by calling in and balancing or otherwise verifying all of the depositors' pass-books and by verifying each individual certificate of deposit. It would require weeks of time to do this. No examiner could undertake such a task, and is not expected or required to perform such services.

An audit of a bank calls for the performance of this work and similar detail. An examination does not. Yet when a defalcation is disclosed, which

has extended over a period of several years undiscovered by the examiner, the latter is invariably charged with incompetency or superficiality in the performance of his duty, and in most cases unjustly so because of the failure of the critics to discriminate between an examination and an audit.

BANKS SHOULD BE AUDITED REGULARLY

Every bank in the system should receive a thorough audit at least once a year by qualified accountants not connected with the management of the bank in any way. Many of the best banks have such audits regularly made. But these are institutions so well managed and systematized as to require them the least. The fact, however, that such audits are made, has a wholesome effect upon the officers and employees of the institution who handle its funds in that the certainty of discovery deters them from wrongdoing. It is opportunity that makes the thief. It is rarely that a bank is forced to close its doors as a result of a sudden loss of a large sum of money through the dishonesty of one of its officers or trusted employees. Failures from this cause, or large losses, are usually the result of accumulated dishonesty extending over periods of varying length and adroitly concealed from the examiner for an indefinite time. Failure in most instances to discover shortages of this nature is no reflection upon the skill or efficiency of the examiner, but usually is directly chargeable to the defective methods

employed in the management of the bank, which afforded not only the opportunity for embezzlement in the first instance, but the means of successful concealment.

No method of bookkeeping, however perfect, will prevent dishonesty on the part of officers or employees of a bank, but the opportunity to steal and the means of concealing the theft can be minimized by the adoption of such methods in the conduct of the bank's business as experience has demonstrated will go far toward protecting the most vulnerable accounts from manipulation by those who are tempted to dishonesty through the opportunity afforded by the faulty systems employed.

It is no reflection upon an examiner who fails to discover a shortage which is the result of the pernicious practice which prevails in some of the smaller banks of permitting the individual ledger bookkeeper to receive deposits and make entries in and balance pass-books, or a receiving teller to make entries in the ledgers. A shortage due to the opportunities afforded by this objectionable practice may remain concealed for years unless revealed by accident, and can be discovered only by balancing or verifying the pass-books.

It is incumbent upon an examiner, in addition to seeing that the business of the bank is conducted within the provisions and limitations of the banking laws, to satisfy himself that every dollar that has been paid into the institution, as shown by its books, is properly accounted for. But it is the business of an auditor to determine by balancing and verifying each and every account whether the books show correctly every dollar received. If a teller receives a deposit and credits the depositor on the books of the bank with a less sum than the amount received, the examiner has no means of detecting the shortage. The auditor will discover it by calling in and balancing the pass-books or otherwise verifying each individual balance. If a cashier or other officer issues a certificate of deposit and credits the de-

positor with a less sum than the amount received, the examiner cannot detect the false entry, but the auditor, by verifying the account with the holder of the certificate, will discover the shortage.

AUDIT IS ONLY SURE VERIFICATION

The only way, therefore, of verifying the absolute correctness of the books of a bank, is by a complete and thorough audit of each and every account, and this a bank examiner cannot and should not be expected to do under any system of salaried compensation. This is the duty which devolves upon the directors, who are the trustees of the funds placed in their custody for safekeeping or investment, and it is incumbent upon them to adopt such safeguards in the conduct of the bank's business as will prevent peculations, embezzlements or other wrong-doing by any of the officers or employees, and insure the correct accounting for every dollar that comes into their hands. Defalcations and embezzlements can be minimized, if not prevented, by proper systems of checking and handling of the cash and accounts of the bank. It is always the trusted officer or employee in whom the utmost confidence is reposed, who proves to be the culprit. An officer or employee who does not possess the confidence of the directors, is never placed in a position of responsibility or trust. It is false economy to save a small amount in operating expenses at the risk of large losses and consequent discredit to the institution through dishonesty resulting from the employment of loose or defective methods, inefficiency or lack of sufficient clerical force to properly conduct the business of the bank and safely guard its funds.

In addition to the periodical examination made by the national bank examiner, every bank should be required by law to have an annual audit made of its affairs by a competent accountant, in order that the directors may be assured that the books of the institution correctly represent its liabilities, and not rely upon the bank

examiner to determine this for them. It is not the duty of the bank examiner to ascertain the condition of the bank for the directors. It is the business of the directors to determine this for themselves, independent of the examiner. Examinations are made by bank examiners for the information of the Comptroller, who represents the interests of the public in the bank, and not for the officers or directors of the institution, who have no right to rely on the examiner to determine for them the condition of their own association. If the liabilities of a bank are correctly recorded, the examiner can be depended upon to determine with a reasonable degree of accuracy the value of the assets, at least to the extent of satisfying himself whether or not they are sufficient to pay the liabilities to creditors in full.

THE GEORGE W. COLEMAN DEFALCATION

No better or more convincing illustration can be presented of the necessity for and the advantages of an audit of a bank than that afforded by the failure of the National City Bank of Cambridge, Mass., on February 23, 1910, as a result of the defalcation of the individual ledger bookkeeper, George W. Coleman.

Coleman kept a small personal account in the bank, but never had a pass-book, consequently his account never was balanced. He would draw his personal check for three, four or five thousand dollars on the National City Bank of Cambridge, take this check to the office of a curb broker, whose manager would issue the broker's check for a like amount, payable to the order of a friend of Coleman. The broker's checks were cashed by the bank in which he kept his account and the proceeds were turned over to Coleman. Coleman's checks were deposited by the broker in the bank with which he did business, for collection for his account, and were paid the following morning through the Clearing House by the National City Bank.

It was Coleman's duty in the National City Bank to check the Clearing House items, and in doing so he would abstract his own checks from the incoming mail. The general ledger and the general cash books were kept by the cashier, and the total checks paid, including those coming through the Clearing House, were entered by him in the cash books. It appears that the cashier never inspected the Clearing House ledgers, but simply posted the totals of these ledgers in the cash book. The general ledger, therefore, always agreed with the general cash book, but the amount actually due individual depositors was more than the amount shown on the individual ledger, owing to the fact that Coleman's checks were continually paid and were not charged to his account. In order to make the total deposits on the individual ledger agree with the amount shown on the general ledger, Coleman, it appears, resorted to false entries and the reduction of balances when he carried forward accounts.

Through this system of "kiting" checks with the broker, Coleman stole approximately \$310,400 of the bank's funds, and in carrying forward balances from day to day he manipulated from forty to fifty accounts. The defalcation was not discovered until an audit of the bank's books was made, although Coleman's speculations extended over a period of several years.

The directors of the bank acknowledged that while they had noticed a continuous shrinkage in deposits, they concluded that it was due to the competition of a trust company in the same city which was paying 4 per cent. interest on deposits, and the fact that the board was not specially active in striving to increase the business of the bank. The audit which uncovered the shortage was not made for the purpose of ascertaining why the deposits were continually diminishing, but with a view to placing the association in liquidation and selling its business to the competing trust company.

When this bank was closed by its

directors and the facts became public in regard to the defalcation, the examiner, as usual, was severely criticized for permitting the conditions disclosed to have existed so long without detection, not only by the press of the locality, but by the directors of the institution and the Comptroller of the Currency as well. The directors assumed to hold the examiner blamable for the conditions for which they alone were responsible, and endeavored to exonerate themselves by throwing the blame upon him under the plea that if he was not able to detect the shortage, they certainly could not be expected to discover it. And the Comptroller gave credence to their ridiculous claim by publicly suspending the examiner, to his great injury and the discredit of the service which he represented, before he had any knowledge of the facts other than that derived from unfavorable press despatches.

It never occurred to the directors or

the cashier of this bank to examine the individual ledger to ascertain whose accounts were being withdrawn and to inquire of the depositors the reason for closing their accounts. Had this been done in any one of the fifty accounts that the bookkeeper manipulated it would have led to the discovery of the fact that the books of the bank did not show the correct balance due the depositor whose funds were being embezzled and whose accounts were being falsified. The account of the president of the bank was one of those that was manipulated. They counted the cash and examined all the bills and notes at regular intervals. So did the examiner. But they never undertook to call in and balance pass-books, or verify individual deposit balances in any other way, nor did they direct the cashier to do so, and this was the defective and vulnerable point in their management of which the bookkeeper took advantage.



Diversified Investments in Publicity

An Appeal for the Balanced Ration in Bank Advertising

By G. Prather Knapp

Vice-president Bankers Service Corporation, New York

MRS. JONES read a book on dietetics. She found the statement on page 28 that macaroni contains more calories of energy per dollar of cost than any other common food. She did not pay very much attention to the rest of the book because what she wanted was an oracular guide, and this looked like a simple and satisfying dictum.

She commenced feeding the family on macaroni. They had macaroni for breakfast, dinner and supper, with water to wash it down. They had boiled macaroni as a soup, an entree, a roast, a salad and a dessert. It was easy to prove by scientific tests that this mac-

aroni contained all the necessary calories of energy to drive the family through its labors and recreations of the day and it was a mathematical cinch that the cost per calory was extraordinarily low.

But somehow the Jones family did not thrive. There was the macaroni, clean, pure, digestible and fairly swarming with caloric content, but Mr. Jones missed his coffee and sighed for his beefsteak; the little Joneses clamored for their orange juice, their milk and their ice cream; and even Mrs. Jones for all her conscientious devotion to scientific economy found her nights haunted with appetizing dreams of to-

matoes princesse, steaming cups of tea and crisp chocolate eclairs.

Just what ultimately became of the Jones family is too long a story to tell at this time, but enough has been said to show why I was reminded of them by an article which appeared two months ago in *THE BANKERS MAGAZINE*. The author of that article had demonstrated to his thorough satisfaction that a certain sort of advertising will pay any bank that uses it. He was probably right about this, but so was Mrs. Jones' book right about the macaroni. I differed with him not at all on the principle that his chosen form of advertising is good, but I could scarcely agree with him that a bank should discard every other form of publicity and devote itself entirely to that one. It struck me that the readers of *THE BANKERS MAGAZINE* might perhaps be interested in an appeal for a balanced ration in bank advertising and might find it as desirable as the average American family finds a balanced ration in diet.

Dietetic experts tell us that the human body requires protein, fats, carbohydrates, mineral matter and vitamins. They also tell us of certain foods which contain fairly large quantities of all these elements and which can be purchased at reasonable prices. But they never fail to tell us that human food should be appetizing in appearance, smell and taste and that, unless sufficiently varied, it will not be appetizing for any great length of time.

Applying the same principles to bank advertising, I would suggest that in place of carbohydrates, fats, proteins, mineral matter and vitamins we substitute newspapers and other publications, bill-boards and street cars, direct-mail printed matter, and lobby and window displays.

Leave out for a moment the question of which one of these can be proved by laboratory tests to be the best. Admit that all of them if rightly used are good and consider whether a bank advertising budget should not contain a certain amount of each.

THE CASE OF THE DAILY PAPER

Take the daily newspaper, for instance. It is easy to show that bank advertising should not be confined to daily newspapers alone. It is easy to argue that the daily newspaper has, as a rule, a large out of town circulation, that it goes to a number of people who do not want bank relations and to a certain other number whom the bank does not want for customers. It is easy to argue that no reader sees all the advertisements in a single issue and that consequently no advertisement gets 100 per cent. of the circulation for which the newspaper charges. But when all that is admitted have we damned the daily newspaper as a means of spreading bank propaganda? Have we branded every bank executive who authorizes daily newspaper appropriations as a waster of his stockholders' profits?

Look at the consequences of such a position. If daily newspapers are poor advertising mediums for banks they must be poor mediums for automobiles, safety razors and department stores, because everyone who uses an automobile, a razor or a department store can and should use a bank. We have taken the bank once and for all out of the class of public service institutions and servants of men in the mass and put it into the class with custom boot makers, show horse dealers and beauty parlors. Even these latter show satisfactory results at times from newspaper advertising and even a business man whose clientele is as wholly personal and confidential as that of a bootlegger would find his field of operation very much crippled if the newspapers did not so continuously advertise him in their columns.

OVERLOOKING A VITAL FACT

The man who neglects newspaper publicity as a bank medium leaves out of consideration entirely the most vital fact in American economic life. That vital fact is that we are, economically speaking, a fluid nation. It is still only

three generations from shirt sleeves to shirt sleeves. The bootblack of today is still the business success of tomorrow. Check over a list of any city's wealthiest men against a similar list made in 1910 and see how small is the percentage of duplication. See, also, how many new names the up-to-date list contains—names of men who were unknown to banks, tax assessors, or preferred list compilers in 1910 and yet who were forming their business connections and making up their minds as to their futures in that year.

Turning it the other way, if you neglect newspaper and publication advertising you neglect the only advertising medium which does not have to seek the reader and you neglect an advertising medium which every man seeks, be he rich or poor, young or old, Mayflower aristocrat or South European immigrant.

You are neglecting the only opportunity you have to impress your whole community with a message from 100 to 500 words long at the lowest price per thousand for which such a message can be disseminated. It goes without saying that every reader of a given day's paper will not see every advertisement in that paper. But every newspaper reader in your community will see your advertising at some time or another if you publish it judiciously and steadily, and the percentage of readers who see your advertisement on any given day will depend entirely on the skill and care with which that advertisement is prepared.

Having said all this I suppose some advertising "authorities" would now conclude that every bank in the country should discard every form of advertising except the daily newspaper, but I cannot bring myself to an agreement with this position.

REACHING A SPECIAL CROSS SECTION

Wherever you have a special message for a special cross-section of the community you will find it more economical and more productive in directly traceable results to publish your own news-



G. PRATHER KNAPP
Vice-president Bankers Service Corporation,
New York

paper for that cross-section, even though the cost per reader will be very much greater and the by-product of general information to the whole community very much less. Your own depositors, for example, are a distinct cross-section representing, say, 10 per cent. of the population of your city. All or most of them read newspapers and other advertising mediums, but it will probably cost more per reader to reach them with newspaper advertising than to reach them with direct mail material. Moreover, you can and should say things to them as depositors which you cannot say to the general public of depositors and non-depositors. Then again there are certain cross-sections of the community among your prospective depositors who can be readily segregated and with whom there is a direct tie-up which can best be specialized on in direct mail matter.

Such cross-sections are, for example, all trust prospects with estates of \$20,000 and over, all safe deposit pros-

pects whose offices are nearer your offices than any other vaults, all savings prospects whose home life, business life, or shopping activities take them within a few blocks of your bank, etc.

THE DIRECT-BY-MAIL MEDIUM

Of course there are objections to direct-by-mail advertising just as there are to newspaper advertising. It costs in the neighborhood of \$50 per thousand readers, while a full page advertisement in the *New York Times* would cost only \$3 per thousand readers, and it is hard to see how the difference in effectiveness would make up for this wide difference in cost. If sent to a wealthy man, direct-by-mail matter may get merely a glance before going into the waste basket. If sent to a very poor man, direct-by-mail matter may not be able to produce business enough to pay its cost.

On the other hand, the average American citizen receives only two pieces of mail matter a day and is likely to read and understand those two pretty thoroughly. There is a personal compliment in the fact that the bank has singled a man out to receive a letter or a piece of printed matter. There is no competing advertisement or news on the same sheet of paper with a direct mail advertisement, and whereas poor advertising of this character may find its way into the waste basket, there is always the chance that good printed matter will find its way into the inside pocket.

While on this question of poor and good direct mail matter I cannot resist the temptation to leave the question of mediums a moment and discuss that of copy. Direct mail advertising should be what its name implies, i. e., direct. It is a very efficient form of advertising only when recipients are well selected and copy is prepared so as to be directly personal and specially interesting to each recipient. If direct mail advertising is simply general community propaganda there seems no reason why it should not be inserted in general community media like newspapers and

bill boards, since the cost of this kind of display is less than one-tenth the cost of direct-by-mail circularization.

Nor have we exhausted the argument when we mention some of the wrong uses of direct-by-mail advertising. There are right uses of it, and the right use of it will unquestionably pay any financial institution. All that is necessary is to select a cross-section of the community who will respond directly to a directly personal appeal and to make this appeal not only direct but also interesting and compelling.

But if your portfolio of advertising investments contains only appropriations for newspaper and direct-by-mail expenditure you are still a good way from proper diversification, in my opinion.

USE OF PAINTED BILL-BOARDS

I have just heard from the vice-president and bond officer of a large middle western trust company that the use of painted bill boards in strategic parts of his city has definitely increased the sales of bonds not only to small customers but to large buyers as well. Certainly if bill boards will sell bonds they will get savings accounts. And as a matter of fact there are instances all over the United States of savings departments which have profited by the use of bill board advertising. The bill board, if its position is well chosen, gives your bank a location on a hundred prominent corners instead of only one. It seems to be the one form of advertisement which people cannot help reading, no matter how hard they try. In moving about a city a man must use his eyes to guide his footsteps and protect his life, and the only way to avoid bill board advertising is to shut his eyes. True, he will not and cannot read long interest calculations or wordy economic arguments while he catches street cars or dodges automobiles. But he can get the name of your bank, its location and a three word message from a bill board and he will get such a message at a low

cost per reader if you use bill boards and use them correctly.

THE STREET-CAR CARD

The street car advertisement is another whole-community medium which should not be neglected. Personally, I know of two banks, one in Los Angeles and one in Minneapolis, that found street car advertising by tests to be their most effective medium. The reasons for this are not far to seek. Street car advertising has advantages over the newspaper in that it is colorful, that it covers a larger square inch area for the same cost per thousand of circulation, that street car advertisements are not overshadowed by larger advertisements, being all one size, and not competed with by news. It can be urged against street car advertising that no one advertisement can be read by all the occupants of one car, that the cost of changing the advertisement is very great, that unless changed frequently it loses force and that the last thing a street car occupant looks at is a street car advertisement.

But granting all these unfavorable factors at their worst, you have only to consider that every human being in your community rides in street cars some time during the year and that every occupant of a street car is pinned and held before the advertisements in that car for from five minutes to an hour.

LOBBY AND WINDOW DISPLAYS

Add one more line and your budget will probably be a well diversified one. If your bank has a savings department of five million deposits you probably effect between ten and twelve thousand transactions in that and other departments every month. If your bank is on a prominent corner you probably have a circulation of passers-by your win-

dows five to ten times as great. Here is a circulation of which a newspaper or other advertising medium would boast with pride. Here is a corner which would be rented for a high price to advertise chewing gum, cigarettes or soft drinks. You are overlooking a bet if you do not use this opportunity to reach people, just at the moment when they can do business with your bank, by attractive lobby displays and window displays. Scarcely any other medium will reach so many people at so low a cost, and certainly no other medium will reach the reader at a time when, if he decides to do what you ask him to do, he can do it so readily and with so little inconvenience. Stand at your window and watch the people who pass. You will be surprised at the small number who raise their eyes high enough to know whether they are passing your bank or one of your competitors, or whether they are passing a bank at all unless there are window displays at the eye-level to attract their attention. Then turn around to the lobby and see how many people simply rush to a teller's window, stand there a moment, and disappear, with all their needs for various other services of the bank and all their abilities to introduce friends bottled up inside them. You will decide that the few dollars a month necessary to create attention-getting and interesting window and lobby displays certainly belong in your advertising appropriations.

As a banker you would not think of trusting all the funds of your depositors to one security. As a business man you would not think of trusting your whole future to one customer. As a human being you would not like to restrict your garments to one monotonous cut and color. As a bank advertiser you will probably get best results by diversified investments in publicity.



The Fundamentals of Credit

Article II of a Reading Course in Banking

By Glenn G. Munn

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OUTLINE OF ARTICLE II.

I. Fundamentals:

1. Definition—power to command wealth in the present in exchange for a promise to pay in the future.
2. Principal medium of exchange in modern commerce, but still dependent upon money.
3. Not identical with capital, but makes capital mobile.
4. Arises out of modern industry in order to bridge the gap between the beginning of production and ultimate consumption.

II. Kinds of Credit:

1. Personal—retailer to ultimate consumer.
2. Commercial—manufacturer to wholesaler, wholesaler to jobber, wholesaler and jobber to retailer, etc.
3. Banks—banks to producers and distributors (see below).
4. Agricultural—to finance the harvesting and planting of crops, and the raising of live stock.
5. Public—to national, state, county and municipal governments for improvements or general purposes.

6. Investment—to corporations for financing the purchase of realty and capital assets, and evidenced by stocks and bonds.

III. Bank Credit:

1. Supplied to finance the production and distribution of goods.
2. Credit Instrument forms—
 - A. With bank as debtor
 - (1) Deposit currency (bank deposits).
 - (2) Checks (drawn by depositors).
 - (3) Certified and cashiers' checks (drawn by banks).
 - (4) Bank drafts and money orders.
 - (5) Letters of credit and travelers' checks.
 - (6) Acceptance credits.
 - (7) Bank notes.
 - B. With bank as creditor
 - (1) Notes.
 - (2) Bills purchased and discounted.
 - (3) Acceptances.
3. Protection of Bank Credit
 - A. Legal reserve.
 - B. Vault cash.
 - C. Secondary reserve.
 - D. Collateral against loans and financial worth of borrower.
 - E. Rediscount privilege.

THIS assignment deals with the nature and kinds of credit, and particularly bank credit. The principles of granting credit and work of the bank credit department are reserved till later in the course.

Although credit is the crux of all banking problems, it is the least generally understood of these problems. Reduced to its lowest terms, the chief

function of all types of banking is to supply credit in one form or another. Commercial banks, for instance, supply short-term credits to finance the production and distribution of merchandise. Savings banks supply long-term credits to finance the purchase of realty, or of capital assets. Federal land banks supply long-term credits to finance the purchase of farm lands or to pay off exist-

ing indebtedness on such lands. Foreign banking corporations extend both short and long-term credits to finance international trade.

The term credit is derived from the Latin *credo*, meaning *I believe*. As usually defined, credit is the transfer (or ability to receive) money, goods, or services in the present in exchange for a promise to pay at a definite future date. Because of the lender's belief in the integrity and ability of the borrower (supported in many cases by a pledge of property), the bank grants a deposit credit to its customers. This is known as bank credit. If the wholesaler delivers goods to a retailer on open (book) account, commercial credit is created. And, when an employee performs services for his employer until the end of the week or month before he is paid, we have an illustration of personal credit.

Commercial credit is usually evidenced by open (book) account, notes, trade acceptances, and drafts. Bank credit is evidenced by such instruments as checks, drafts, notes, acceptances, letters of credit, bank notes, certified and cashiers' checks, etc.

Modern business to a very large extent is conducted on a credit basis; indeed, credit has gone a long way toward displacing money as a medium of exchange. We have reached the third stage in the evolution of exchange media, having passed from barter, thence to money, and finally to credit. It is estimated that fully 98 per cent. of the wholesale, and 65 per cent. of the retail transactions of this country, are now settled by means of various credit instruments, chiefly checks.

This does not mean that money is on the verge of being abandoned. Money still forms the basis for credit, and must be maintained in certain well-defined ratios to credit; otherwise confidence among business men would be shaken. Theoretically, at least, every credit instrument calls for payment in cash, and banks must keep their assets in suf-

ficiently liquid form to enable them to pay their obligations in cash.

The occasion for the extensive use of credit in the United States arises out of the nature of present-day industrial processes. From the beginning of production to the ultimate consumption of a given commodity a relatively long interval is inevitably required. Credit is the instrument by which this time gap is bridged, i. e., by which each agent in the sequence of productive and distributive processes receives payment for his contribution in moving goods to the final consumption point where all accounts are finally liquidated.

Banks are preëminently credit-making institution. Up to a certain point, prescribed by the banking laws in their reserve requirements, a bank literally manufactures credit. Most of us think of a bank as first receiving deposits and then lending them out. *It is equally possible, if not more common, however, for a bank first to lend its credit, and thereby create deposits.*

In reality the manufacture of credit consists of giving a number of persons the right to use the identical funds. As indicated above, the great majority of transactions nowadays are settled, not by means of cash, but by means of checks and other credit instruments. When men borrow from a bank they do not usually want money, which in most instances, would only be a hindrance and burden. What the borrower wants is the right to draw against the credit balance established for his account, and in turn to deposit checks for credit received from customers in payment of their obligations. *A bank therefore needs only as much cash as is necessary to supply such customers as present their checks and request money. In practice, this in normal times amounts to not more than 10 per cent. of all transactions. In fact, 10 per cent. usually affords a safe working margin.*

Bank reserve requirements are based upon the principle, gained through experience, that only a small part of the deposits will be called for at any given

time. Hence, legal reserve requirements vary from 7 to 25 per cent., with the great preponderance of the requirements ranging between 10 and 15 per cent. *It is the reserve requirement which places an effectual limitation on the quantity of credit that a bank can manufacture.*

Banks extend their credit in two ways: through deposit credits, i. e., through credits placed at the disposal of the borrower against which checks can be drawn (frequently called deposit currency), and through the issue of bank notes. In either case, security is provided against the liabilities thus created; bank notes being secured by a specific pledge of collateral, and deposits being protected by loans to well selected risks.

The modern conception of bank credit tends to the view that the banker creates purchasing power, i. e., rights to draw against society's total stock of goods. When a bank grants a deposit credit to a customer, that customer is given the right to enter the open market and supply his wants, thereby reducing the total stock of goods. *If excessive deposit credits are created, bankers endanger the credit structure, because (1) the ratio between reserves and deposits may be reduced below the safety point determined by experience, and (2) because prices may become inflated.* The latter circumstance may be caused by the fact that the increased demand for goods arising from the increased "manufactured" purchasing power may outstrip the productive capacity of industry. Inflation finally leads to a crisis, a period of deflation and depression, with its accompanying wide-spread money losses.

Under the Federal Reserve System, inflation is guarded against by adjustments in the rediscount rate. When banks have lent freely and exhausted their own reserves thereby calling into play the rediscount facilities of the Federal Reserve banks, the reserves of the latter institutions are then reduced. This process is checked, however, by

raising the rediscount rate which tends to discourage further borrowing. Conversely, when reserves are being built up, the rediscount rate is lowered. This subject will be more fully treated in a future article.

While banking laws fix no limit on the amount of deposit liabilities (other than through the reserve requirements), good banking practice requires that deposits should not exceed the bank's combined capital, surplus, and undivided profits by more than from ten to twelve times. As this ratio is increased the depositors' protection is correspondingly decreased.

READING ASSIGNMENT

J. T. Holdsworth: Money and Banking, Chap. 7. (Excellent treatment of kinds of credit, credit instruments, nature of bank credit, and relation between credit and prices).

W. H. Kniffin: The Practical Work of a Bank, Chap. 2. (Brief general treatment; nature and forms of bank credit).

Langston & Whitney: Banking Practice, pp. 250-254. (Banks as credit-making machines).

T. J. Kavanaugh: Bank Credit Methods and Practice, Chap. 1. (The theory of credit).

SUPPLEMENTARY READING

(For those who wish to undertake a more thorough study of the subject.)

C. E. Phillips: Bank Credit.

J. E. Hagerty: Mercantile Credit.

W. F. Spaulding: Bankers' Credits.

W. Williston: Negotiable Instruments.

Dewey & Shugrue: Banking and Credit.

QUESTIONS

1. Define credit.
2. Name six kinds of credit.
3. What kinds of banks provide short-term credit, and which long-term?
4. In what way is commercial credit evidenced?
5. What are the chief credit instruments handled by a bank as debtor? As creditor?
6. What has been the evolution in the use of exchange media?
7. What is the comparative use of money and credit as media of exchange in the United States?
8. Explain how the necessity for credit arises out of modern industry.
9. Explain what is meant by the manufacture of bank credit.
10. Under what principle is it possible for

a bank to lend its credit without having an equivalent amount of cash?

11. In what two ways may a bank lend its credit?

12. In what two ways may bank deposits be created (or increased)?

13. What prevents a bank from manufacturing credit without limit?

14. If a bank's reserve requirement is 10 per cent., approximately how far can it go in manufacturing credit?

15. What is meant by the statement that "deposit currency is the only perfectly elastic exchange medium"?

16. What security lies behind a bank's deposit liabilities?

17. How could a bank manage to pay all its depositors in actual cash, if called for?

18. What is a bank's secondary reserve?

19. How are holders of bank notes protected?

20. Why are bank reserves usually fixed by law at between 10 and 15 per cent. of demand deposits?

21. Why are a bank's deposits approximately equivalent to (usually slightly in excess of) its loans and investments?

22. Why does money acting as bank reserves support more credit than money in circulation?

23. What does the excessive extension of bank credit lead to?

24. How is inflation of bank credit guarded against?

25. What is the danger in inflation?

26. What is the modern conception of bank credit?

27. What is the practical limit to creating deposit liabilities based upon combined capital, surplus, and undivided profits?



Establishing the Bank's Investment Department

By M. E. Chase

INVESTMENT departments for banks are all the present day style.

The fact is that so many banks—big banks in large cities, small banks in villages, state banks, national banks, trust companies—are going in for investment departments, that it is no longer a thing for the clerk of one bank to boast of to the clerk of another. While many banks have investment departments, even a larger number have at some time in the past six or seven years, bought a \$50,000 block of bonds from some big metropolitan investment house. They have used the formal circulars of this house and also advertisements. And somehow, they simply failed to arouse any enthusiasm in their towns. So after a few months "trial" the bonds were shipped back to the investment house intact, and the investment department of these banks lapsed into a "fade-out".

However, I find that within a com-

paratively short radius of Chicago, there are some seventy banks with well-established investment departments that are helping to pay dividends. They are the big banks, little banks, state banks, national banks, trust companies I mentioned at the start. I know that the laws conflict with national banks handling real estate bonds so before someone speaks up, I'll explain that these banks are taking the bonds on consignment.

In the communities of these banks, where investments had never been pushed, the idea of investing had to be established just as the idea of bath tubs had to be ingrained into people's mode of living before plumbers could reap profits.

These banks have not accomplished this by handing their local papers a second hand "Wall Street" type of ad run the week before on the financial page of the *Chicago Tribune*, the only

change being to scratch out the investment house's signature and add their own.

This ad would get over to only that small percentage of men who have means and are entirely familiar with investments. The banks of which I speak, have sized up their communities thus: We must reach our coming young men—and women too—with whom somehow it sounds more grown-up to speak of their investments, than their savings. That is one—a very important class of prospect.

Then on the ledgers of every bank, are pages and pages of dormant savings accounts—not so much because the owners are down and out, but most often because of indifference—a lack of purpose. Another good class.

And of course, there are farmers, storekeepers, housewives, by-the-day workers, etc., who will all exert themselves more when their money is to bring in investment income. In all but the first mentioned class, the price of an investment must be accumulated, so instead of milking the savings department dry—as bankers used to fear—the investment departments in these banks are actually proving a constant feeder for the savings departments. The money of the communities is coming through the savings departments into investments. And, as one banker told me, "It takes a long while to make as much money for the bank from a \$5000 savings account, as it does from selling \$5000 of investments."

But I'm getting a little off my track: Before these seventy banks were ready to offer specific investments in their newspaper advertising, they drummed up interest in owning investments; they told in the language of ordinary folks, just what kinds of investments were safe and what made them safe.

These pick-ups from the very effective educational campaigns which were used, tell the rest of my story.

Here is a sample of newspaper advertising used by the St. Joseph Valley Bank, Elkhart, Ind.:

ARE YOU GOING TO BE ABLE TO RETIRE AT 60?

That is, if you want to.

Or in other words, how are you making out with your savings?

Now we don't refer entirely to your savings account. We mean your savings account and your investments.

You never would get far with 4 per cent. savings interest.

But there isn't a better place than our savings department to accumulate five and ten at a time for investment at 7 per cent. interest.

And as we've said before, money at 7 per cent. interest doubles itself every ten years.

Also a letter:

Dear Neighbor:

Here's another reason why we encourage folks to save to invest:

It's human nature not to be satisfied for long with just a savings account rate of interest of 4 per cent.—or even 5 per cent. We don't blame folks one bit—savings account interest IS NOT enough to earn on a big sum of money.

On the other, it's mighty ticklish business for folks to hand over a nice big sum they've worked hard for, to some one they don't know and may never see again. YOU wouldn't, but a lot of other folks might.

However, just because you wouldn't "invest" in high sounding propositions, is no reason why you should not make a reasonable profit on your money.

We're making it our business to look up safe bonds—bonds that pay a good rate of interest—and sell them to folks like you.

You know us—know that in forty-nine years we have never yet sold anyone anything but good investments. We're right here year in and year out, and as Patrick Henry said, "There's no better way of judging the future than by the past".

But right here let us say that there is no unaccountable charity in our furnishing folks with investments. We make as much from the sale of a \$1000 bond as we make from having that \$1000 on deposit. But YOU make more! And because you make more, you have more money to save with us—so we both benefit.

If you're not in the market for the bond now, save up! And get the best rate of interest while you are saving up—we pay 5 per cent COMPOUNDED QUARTERLY—and you'll be in the market for a bond all the sooner.

Yours for a good investment,
Digitized by Google
Cashier.

That advertising is backed up by folders, booklets and house-organs. And, as I mentioned, at the start of these campaigns, very little was said about specific investments—almost the whole attention was given to what constitutes a desirable investment. See the front page of No. 1, Vol. 1 of a little house organ being used by the Peoples Savings Bank of Belding, Michigan:

HOW-DO-YOU-DO-FOLKS, I'M COUPONS

This bank has employed me to call each month for an informal chat with you.

Now don't look bored and feel that I'm going to talk about "our directors being the leading men in the community" or "how our bank is growing". No, no, none of that—these are facts, but I know how tired and sick you get of hearing anyone toot his own horn all the while.

It's just the other way around. I'm going to talk about you and your money. Because you are one of our people, we are interested in you—interested in seeing you do well.

Our bank is far more than a cold storage for your cash. Yes, safeguarding your cash is important. We realize that. But our biggest duty is helping you make money.

"Oh, but it takes money to make money", do you say?

Sure enough, and that's the very reason you should use our savings department as a place to accumulate \$5 and \$10 at a time and get some money together.

Now every person living should keep a fair sum in a savings account to take care of unexpected things that are apt to come to all of us. But when your bank-book shows a round sum above this "unexpected things" mark, that money is ready to graduate out of the savings interest class, into the bond interest class.

Now don't think for a minute that big capitalists in Chicago and New York have a corner on the best investments.

These days old fashioned mortgages are being split up into \$100, \$500 and \$1000 bonds. That lets you in on bonds that bring in 7 per cent.—safe bonds, for we are always on the alert for the best investments to be had.

And isn't it so that when you have saved up a couple of times and bought bonds: when you see your 7 per cent. coming along as regularly as the sun, it's going to help to make this old world look a lot brighter?

Well, I've been added to the bank's staff to keep you posted on the kinks and turns to getting on in the world in an honest way.

So sit down and read the rest of me.

Then look for me next month—and every month.

This clipping from the advertising used by the First National Bank of Cresco, Iowa:

"CATS AND DOGS"

STOCKS WITH FACE VALUE OF
\$350,000 BRING \$5 AT SALE

BELLEVILLE, Ill., October 24.—Mining shares, stocks and a dozen outlawed notes of a total face value of \$350,000 sold for \$5.10 at an executrix's sale here. The paper belonged to the estate of the late Henry Pfeiffer. It was bought by a son, Cyril Pfeiffer. Another son, Guy, bid \$4.60 while Charles A. Farthing, attorney for other heirs, was runner-up, bidding \$5. Pfeiffer left an estate of \$200,000.

A man in this city nipped such an occurrence in the bud, by himself, disposing of his "cats and dogs".

He came up from the safe deposit vault with a handful of once-promising securities, and very frankly told us how, before cutting his eye teeth, he had been an easy mark.

"The whole lot cost me an outlay of around \$9000", he said. "Salvage it for what it will bring and then I'll put the amount into another real estate gold-bond."

"You see, my heart's none too good, and I'd hate like poison to have Albert find any of this kind of stuff as samples of how his dad invested."

He showed us this clipping: "It's downright too bad to have a family's high regard for the father's judgment shattered that way after he's gone."

And this from a house organ put out by the Federal Bank & Trust Company in Dubuque, Iowa:

WE APPOINT YOU A WILD CAT PROTECTIVE AGENT

Yes, we need people like you swatting the swindler who would take good money out of this community on the promise of high interest returns from wild-cat oil propositions.

Swat him by sending people to us for information about the security behind the stock he offers; come to us yourself. We will get reliable information free of charge and confidentially—because we don't want to see you or anyone else around here lose money.

There are plenty of high class investments yielding a good rate of interest, and this bank will help you or your friends get one at any time you come to us.

And by the way, there is no better place to accumulate money for investment than in our savings department, because there you can save up five and ten at a time and all the while get 5 per cent. interest, figured from the first of each month.

The Farmers & Merchants Bank in Casnovia, Michigan, use this sort of propaganda:

THE REST OF THE WORLD AND YOU

Yes, sir, when the rest of the world sees that you are THERE—square as a die, but with your eyes open for making the most of every opportunity—it is right there with the glad hand. Everywhere you go, you get it.

Folks, that's a mighty enviable position to hold, and the happy part of it is that it's within the reach of any of us.

We're all given about the same start in life: a brain, a tongue, two hands and two feet. If we keep the first mentioned as active and fit as we do the other five, the answer every time is: Success! and the respect of "The Rest of the World"!

Right now, we all have an opportunity to buy good high rate first mortgage bonds. We who exercise good judgment and do buy, are sure of as much as 7 or 7½ per cent. on our money for the next five or ten years.

Those who let the days of 7 and 7½ per cent. bonds slip by—well, it's just a succession of such lost opportunities that keeps them dogging along, just fair to middlin'.

Because you are one of our customers, we want to help you get on better than fair to middlin'—we want to see you enjoying the respect of the "The Rest of the World".

If you haven't the cash for bonds, save up five or ten at a time in our savings department.

And from the counters of the Grove City Savings Bank, Grove City, Ohio, this bit of publicity was picked, in which it lays its hand down, face up, to its community:

WE MAKE AS MUCH: YOU MAKE MORE

We have been asked by numerous ones WHY we encourage our depositors to invest money from their savings accounts. They usually go on to say that it's a fine thing to help the other fellow make more, but

business is business—it's got to be run at a profit.

And we tell them, "Don't be mistaken; we have one eye on our balance sheet in every transaction we handle. We make as much money from the sale of a bond as we do from lending the 80 per cent. (specified by law) from the balance in a customer's savings account.

BUT THE CUSTOMER MAKES MORE! Nuf sed!

These banks also use lobby posters, bill boards and movie slides to round out their campaigns. Some give free lectures on investments and investing, which they have found a very excellent method of bringing new general business to their banks, as well as investment sales. Many of these banks send out salesmen, who do more of creating good will than selling, the first year.

Does it all pay? You who have not yet ventured, ask of course. The St. Joseph Valley Bank in Elkhart, Indiana, was one of the first country banks to establish an investment department and because that bank has spent more on publicity than any of the other banks I have checked; because its bond department is older than those of the other banks, I give their experience. Officers of that bank say that the first three years of the eight they have had an investment department, was up-hill business, because their people were entirely uneducated in the ways of investing. However in this community—made up one-third each of farmers, manufacturers and railroadmen—this bank sold over half a million dollars in securities during the worst six months of the recent business depression.

With the aid of propaganda running nowadays in the *Saturday Evening Post* and other much read magazines, on the subject of investing, the bank's job of establishing an investment department today, is much simplified. For, it is like your wife seeing "Rinso" advertised in every magazine she picks up—she's not surprised to find her grocer carries it—she expects he will of course.



Opening session of the meeting of the International Chamber of Commerce at Rome; President Clementel standing, and on his right, Prime Minister Mussolini

International Chamber of Commerce

Second Biennial Congress, Rome, Italy, March 18-24—Specially Reported

By Elmer H. Youngman

Editor THE BANKERS MAGAZINE

ROME, March 19, 1923.—From many points of view the Second Biennial Congress of the International Chamber of Commerce, held at Rome, Italy, March 18-24, was of great importance. It was characterized by Sir Felix Schuster, the distinguished London banker and economist, as "the most representative assembly of commercial men ever constituted"—a statement fully borne out by the number of nations represented by men prominent in finance, industry and trade, and the serious and harmonious character of their deliberations. A careful study of the proceedings must convey the conviction that the congress made a highly valuable contribution toward the solution of some of the grave difficulties in which the world is now involved.

A constructive proposal for means of closer international cooperation was made in an address by Fred I. Kent, vice-president of the Bankers Trust Company of New York. Mr. Kent's suggestions were received with great enthusiasm as offering a practicable plan of extrication from the European tangle. His address is fully reported below.

MUSSOLINI AND THE CONGRESS

The first session of the congress was rendered specially notable by an address of welcome delivered by Prime Minister Mussolini, whose recent vigorous efforts to preserve order and to restore the economic prosperity of Italy have given him a leading rank among the world's statesmen. His interest in

the proceedings of the congress was continually shown in a number of ways. It was made clearly evident that he firmly believes in the efficacy of hard work on the part of individuals and strict economy on the part of governments. His determination to give all reasonable scope to honorable enterprise is strikingly manifest, as may be seen from his complete speech presented below.

LARGE AMERICAN REPRESENTATION

According to the general estimate the number of American delegates was 200, and while it actually fell short of that figure, it exceeded the aggregate of representatives from any other country, Italy alone excepted. Included in the American delegation were such well-known bankers as Willis H. Booth of the Guaranty Trust Company, New York; George M. Reynolds of the Continental and Commercial National Bank, Chicago; Fred I. Kent of the Bankers Trust Company, New York; Lewis E. Pierson of the Irving Bank-Columbia Trust Company, New York; and Oliver J. Sands of the American National Bank, Richmond. The various manufacturing and commercial interests of the country were also fully represented.

THE ENTERTAINMENTS

There were numerous entertainments offered the visiting delegates, consisting of receptions, luncheons, banquets and a concluding garden party. Hospitalities were provided, in some of these several forms, by His Majesty the King, the Pope, the Prime Minister, the American Ambassador, the Rome Chamber of Commerce, the Royal Commissioner for the City of Rome, the Italian National Committee, International Institute of Agriculture, Italian American Association and the Banca d'Italia. Added to all this wealth of entertainment were the historical and archaeological attractions of Rome, typically glorious Italian weather, and a hospitable spirit on the part of the people generally.

IMPRESSIONS OF THE CONGRESS

An agenda providing for discussion of many of the leading phases of trade, industry and finance could hardly fail in bringing forth suggestions of helpful practical value from the men of affairs who participated in the Rome meeting. These men do not believe that conferences of this sort can put forth any plan as a panacea; but they are convinced that something can be done to lessen the restrictions and to clear away the distrust remaining as war's aftermath. They believe, furthermore, that it is desirable now to set up the machinery for a more efficient functioning of the world's economic structure once the present political tension is eased. It is their conviction that coöperation may do much in restoring world-wide confidence and they are showing their own readiness to coöperate by meeting and examining problems of serious concern and agreeing as to how these problems may best be solved.

After listening to the discussions, reading many reports, and talking with men from various countries, I am convinced that the International Chamber of Commerce is doing a work of profound importance, not merely to the financial and commercial interests of the world, but that its helpful and beneficent influences extend to all the people.

THE CONGRESS AND ITALY

What did the delegates think of the political and economic situation in Italy? My answer to this question is based upon conversations with delegates from America and other countries, and I can unhesitatingly say that the feeling of all with whom I talked was one of great confidence in Italy's future. They did qualify this expression, however, in some cases by adding "provided Mussolini is given at least two or three years for the successful development of his policies". These policies, stated broadly, consist in speeding up production, applying discipline to public and private employment, giving fair oppor-

tunity to enterprise, and practicing severe economy in government. One delegate said that Italy was the first European country he had seen where the people really seemed happy. This may be due to the naturally happy Italian temperament, but it is undoubtedly also partly attributable to the bright prospects which the country now offers to its people.

My own stay in Italy has been too brief to enable me to make any definite study of conditions here. But so far as I am able to determine from such observations as time has permitted, I am decidedly of the opinion that Italy is on the upgrade, and that it is one of the brightest spots in Europe today.

THE NEW PRESIDENT

American banking was honored by the election of Willis H. Booth of the Guaranty Trust Company of New York as the new president of the International Chamber of Commerce. At the Rome congress Mr. Booth presided over the sessions of the Finance Group, and won golden opinions for his fairness and efficiency in getting the work of the group done. In honor of Mr. Booth's election the American delegation tendered him a banquet, which took the form of a delightful reunion in a foreign city of Americans from many sections of the country.

THE RESOLUTIONS

Before presenting such of the resolutions as space permits, I should like particularly to emphasize one of the statements appearing in the report prepared by the Finance Group, for it puts the real problem of Europe in a nutshell. Here it is:

The discharge of reparations obligations is not of itself sufficient. It is also necessary that confidence should be restored and such security provided that violations of frontiers no longer need be feared, and that the world be relieved of the burden of unnecessary armaments.

This states with precision exactly what I have repeatedly pointed out in



WILLIS H. BOOTH

Vice-president of the Guaranty Trust Company of New York who was elected president of the International Chamber of Commerce

these pages in the last nine months as a result of careful study of the situation over here. I happen to know that it is the individual conviction of many of the bankers of Europe. Americans should not be slow in getting this viewpoint and insisting that the Government take note of it.

Speech of Hon. Benito Mussolini, Prime Minister of Italy, to the Delegates of the Second Congress of the International Chamber of Commerce, Rome, March 18:

Gentlemen, the Government which I have the honor to head and to represent is pleased to receive you in Rome, and through me offers you a heartfelt and respectful welcome which I take pleasure in extending to the chiefs of diplomatic missions honoring us with their presence.

The fact of your very important congress being held in the capital of Italy only five months after the movement which brought to power the young forces of war and victory, offers the whole world the best proof that the Italian nation is rapidly getting back to

the full normality of her political and economic life.

Addressing you from this place I shall not deal with the former, but will briefly dwell upon this latter aspect. The economic leading principles of the Italian Government are clear. It is my conviction that the state must renounce its economic functions, especially those of monopolistic character for which it cannot provide. It is my conviction that a government which wants quickly to uplift its own people from the after-war crises, must give free play to private enterprise and forego any measure of state control or state paternalism, which may perhaps satisfy the demagoguery of the Left, as shown by experience, will in the long run turn out to be absolutely fatal both to the interests and the economic development of a country. Time has come, when we must take off the shoulders of the producing forces of the nations the last remainder of what was called "war harness", and examine the various economic problems with feelings undisturbed by those passions with which it was necessary to consider them during the war.

I do not believe that that complex of forces which in industry, agriculture, commerce, banking and transport, may be called with the glorious name of capitalism, is about to end, as for a length of time it was thought it would by several thinkers of social extremism. One of the greatest historical experiences which has unfolded itself under our own eyes has clearly demonstrated that all systems of associated economy which avoid free initiative and individual impulse fail more or less piteously in a short lapse of time. But free initiative does not exclude understandings among groups, which are all the easier, the more loyal is the protection accorded to private interests. And it is indeed the task assigned to your Chamber of Commerce to pursue such a program of researches, of equilibrium, of coördination and of conciliation.

You are here in Rome to discuss the best means of reviving those great currents of trade which before the war had increased the well-being of the people and brought their standard of life to a higher level. These are ponderous and exacting problems which often show interferences of a political and a moral sort. In order to solve them it is necessary to be led by the conviction that it is not only the economy of Europe which has to be brought back to its full efficiency, but that there are other nations and continents which in a near future may be the field of a greater economic activity.

The fact that the powerful American Republic should have sent such a large delegation is not deprived of significance. And it can only mean that though the official policy of that country continues to be one

of reserve, American economy feels that it cannot avoid taking an interest in what can or cannot be done in Europe.

There is no doubt that all governments, and mine will be the first, shall examine thoroughly and take into due account the decisions of your highly important congress.

At the opening session addresses were also made by Filippo Cremonesi, Royal Commissioner for the City of Rome, Marco Cassin, president of the Union of Italian Chambers of Commerce and Industry, and chairman of the Italian National Committee, and by Etienne Clementel, president of the International Chamber of Commerce.

ADDRESS OF FRED I. KENT

A notable feature of the congress was the address of Fred I. Kent, vice-president of the Bankers Trust Company, New York. His complete address follows:

This meeting of the International Chamber of Commerce may well mark an epoch in the restoration among the nations of those fundamental principles upon which sound business is built.

An opportunity would seem to lie before this body to accomplish something highly constructive provided it has the courage of its convictions and is willing to go before the world and demand what was so well stated by the President of the United States of America when he asked for "more business in government and less government in business".

Conditions are so shaping themselves in the world that the time may be almost upon us when the voice of business, if its demands are justly considered, will take its proper place in the councils of all nations.

Too long have the masses been allowed to listen to the siren songs of the impracticable, the ignorant and the vicious, and it is the bounden duty of the honorable men of business to assert themselves now and stop the destruction which has been going on of the commerce and industry of the world—destruction that has been spreading such disaster.

It is only natural that business and commercial men in Europe should wish to know the attitude of such men in America toward the developing economic situation in the countries of Europe. To express any composite American public opinion today is very difficult, and perhaps impossible. The reaction of such public opinion upon men of affairs who have been studying European

conditions constantly and carefully as well as developing opinions in America concerning such conditions can, however, be fairly well stated, and it may be of real value to attempt to do so.

First, there would seem no doubt whatever that all America has a feeling that bad politics is the principal cause for the slow-moving restoration of European economic reconstruction. The unthinking accept bad politics as a primary cause and feel that it is unnecessary. Those who have analyzed the situation, however, realize that the bad politics which are criticized represent the expression of very powerful forces which emanate from the broken morale of all peoples, that was a natural and certain result of such a war as the world has just been through.

They also realize that the same sort of bad politics exists in the United States of America, and largely from the same cause. It is fully appreciated that neither the calling of names nor the indulgence in scurrilous criticism, which is so popular with politicians, will serve to correct any of the difficulties which exist. Instead, it is thoroughly recognized that only the exercise of great patience and the intelligent application of such helpful means as prove to be possible in view of all conditions existing in Europe and the United States as time goes on, can result in any acceleration of the return to normal trade and commerce which is so necessary for the good of all mankind. If European peoples could only appreciate the fact that politicians in America are constantly making speeches for home consumption without any thought or care as to whether they are being fair to other nations, the same as is true with politicians in every country including those in Europe, they would be better able to understand the real feeling of our people, which is distinctly sympathetic, and desirous of being helpful when they can be certain as to just the right way in which real help can be extended.

While the best thought in Europe is groping in the dark for a way out of the present chaotic conditions, it can hardly be expected that American public opinion can solve the problem and determine what it is best for America to do for the good of all concerned and just what it may be justified in doing. While some irresponsible American politicians would seemingly wish to dictate to Europe what Europe should do yet this attitude should not be taken seriously by European people any more than any other statements which bear the earmarks of mere politics; thinking men in the United States realize fully that we have no right to attempt to dictate to Europe, and further, that any efforts which we might make to be helpful in European readjustments can-



UNDERWOOD & UNDERWOOD, N. Y.

FREDERICK I. KENT

Vice-president Bankers Trust Company, New York

not be successful if they are carried on with an assumption of dictation.

On the other hand, when it comes to the question of loaning our money, we have a right to demand satisfactory agreements before we do so, and of course those who might desire to borrow would be free to refuse to make such agreements as might be asked of them if they did not wish for the funds on the terms offered.

HOW AMERICA CAN HELP

This brings the whole matter down to two vital questions:

First: How can the people of the United States coöperate effectively with the European nations toward correcting the evils which exist; and

Second: What loans, if any, can America make to Europe, and based on what sort of agreements that will help in the accomplishment of the same purpose?

Before we can consider the situation from these two standpoints, it is necessary to rehearse again the oft-repeated conditions which must be corrected, namely, wasteful governmental expenditure, carrying with it unbalanced budgets and excessive taxation, currency and floating loan inflation, and

the unsettled reparations question, including the methods of payment. These forces working together, if allowed to continue, will ultimately lead to such complete economic chaos that trade and industry all over the world are certain to be very seriously affected, and no direct progress can be made toward better and happier conditions of living until after they have become much worse than is true today. No one believes that the world will not work out of its present difficulties in time, and the only question is how soon direct progress can be made toward this end, or how much more difficult is the struggle for existence on the part of millions of people going to be made first.

America has always shown its willingness to further every legitimate charity, no matter in what part of the world it has existed, and the American people have come forward with their money and their direct aid in a generous, whole-hearted manner to help in the recovery of communities or peoples when catastrophe has suddenly descended upon them. The present situation in Europe, however, does not call for charity, and neither is charity desired. While the sympathy of America goes out to the nations of Europe, yet the nature of the problems which exist today is such that they can only be settled satisfactorily on a strictly business basis. While food can be shipped to the peoples in a stricken district to meet an emergency, this does not constitute trade, and happiness in living is not possible unless trade and commerce are unhampered. When it comes to the question of trade between nations, coöperation and mutual agreement are essential to its successful development. No nation should attempt to dictate to other nations how their domestic affairs should be run as long as the rights of such nations or those of its nationals are not in jeopardy. There is certainly no present excuse for the United States to attempt to dictate to the European nations, although America is thoroughly justified in stating all of the terms under which it is willing to grant credit to European nations, and she is also thoroughly justified in asking the allied nations who are indebted to her to consult with her as to how such indebtedness may be met. Any nation is warranted in endeavoring to negotiate with any other nation in an endeavor to develop conditions that may be of value to its nationals.

There are many groups in the United States who appreciate fully the value to them and to their country of a prosperous Europe. One of the greatest groups which has been brought to a realizing sense of this situation is that engaged in agriculture. The farmers of the United States are beginning to appreciate in growing numbers the need to them of an orderly, indus-

trious Europe, and there is no question as to the fact.

NEED OF MUTUAL UNDERSTANDING

If the prosperity of America were not in any way dependent upon Europe, there would really be no reason why America should step into the European situation, even through negotiations, in an endeavor to help work out Europe's economic problem, and the European nations would naturally consider it none of America's business unless she were asked; and, further, if such a situation could exist Europe would have no grounds upon which to do the asking. But the world is not so constituted. America is not free from the ill effects of a chaotic Europe, and neither is Europe independent of America. The crying need of both from the standpoint of humanity is for better understanding and unhampered trade, and only coöperation between Europe and America will bring this about, unless we choose to go through a long period of trying times first. It would, therefore, seem distinctly proper for America to endeavor to effect negotiations with European countries which would result in bringing into force every opportunity for coöperation which may exist. As America has not the right to demand that the budgets of European countries be brought into order and that inflation be stopped, and that reparations be agreed upon as to amount and methods of payment, and that mutual understandings between the Allies and Germany be developed, these matters can only be approached on the basis of America's obtaining agreements from European countries aimed to help them accomplish the things which they desire in exchange for something which America may be able to give in return that will be of value to European peoples. The question is, therefore, what has America that she can give to Europe in exchange for agreements which she believes, if carried out, would result in increasing the trade and commerce of the United States in sufficient volume to justify such action. In studying this matter it must be distinctly borne in mind that it must be handled on a business basis, for it is the business of the world that must be reconstructed, and upon the success of which the welfare of all peoples depends.

From the standpoint of the interests of America the two questions of primary importance, outside of the very great and natural desire of our people for the happiness and comfort of all peoples, are, first, what taxation will be necessary to meet the requirements of our Government, and, second, what income will be left to the American people after the payment of taxes. Treating them together, the following state-

ments may be accepted as being axiomatic:

If the Allied debts are paid in full the people of the United States will not have to meet Liberty bonds outstanding against them through taxation.

If the buying power of Europe is not restored without a further slump, the total national income of the people of the United States will be less than will otherwise be true.

If America and Europe cannot coöperate, the buying power of Europe will not be restored as quickly as if they do coöperate whole-heartedly.

If a portion of the Allied debts can be cancelled in exchange for agreements which will promptly place European countries on a sound economic basis, the restoration of the buying power of Europe will be greatly accelerated, and the total national income of America will be increased.

If the increase in the total national income of America is greater after deducting such taxes as would be necessary to cover the portion of the Allied debts cancelled, because of the greater buying power of Europe brought about by means of such cancellation, the people of the United States would be the richer through the operation.

There would seem no doubt but that everyone in the United States would vote for the cancellation of a part of the Allied indebtedness if such cancellation would assure them of a greater national net income, with economic peace and greater happiness on the part of all peoples.

The real question, therefore, that confronts us is whether it would be possible for us to coöperate with European governments along such lines that in exchange for the cancellation of a portion of the Allied indebtedness to the United States they will give us agreements aiming to correct those things in their countries which are at present economically unsound, and whose correction is necessary before peace and prosperity can return to their countries in sufficient measure to enable their prompt economic upbuilding. It is not conceivable how the mere cancellation of the inter-Allied indebtedness, regardless of any question of justice, could be anything but harmful, unless accompanied by economic readjustments all along the line that would bring about economic stability. Mere cancellation would have a tendency to encourage those forces in Europe which tend to extravagance in government in all of its departments, civil and military. Any such development would be one of the worst things that could happen, and the good of the whole world demands that it not be done. Further, even if agreements were obtainable along the lines mentioned, they could not be made effective unless at the same time the whole reparation tangle is settled once and for

all and arrangements are made that would enable the stabilization of the German situation. Insofar as it can be seen at the moment the ability of Germany to pay her reparations before the lapse of many years depends largely upon whether she can obtain an external loan, and whether such loan, if obtainable, is properly made use of. At the same time, therefore, that negotiations are being carried on in connection with any possible trading of a portion of the Allied indebtedness against agreements that will lay a better foundation for progress toward prosperity in Europe, positive agreements must be made between the Allies and Germany in connection with reparations, including the amount and methods and times of payment that can and will be lived up to—or, in other words, that can be accepted in sincerity by both sides.

A LOAN TO GERMANY

A loan to Germany could not be placed in the United States today, and no such loan can probably be placed in America that does not come ahead of reparations for many years. No loan could be made to Germany in which the United States had a part that did come ahead of reparations, unless the Allies desired to have such a loan made, for without their consent a German loan could not come ahead of reparations. If a loan were made to Germany on this basis against agreements received from Germany as to the payment of reparations, and such other matters as may be found desirable or necessary to make the loan good, any breaking of such agreements on the part of Germany would destroy her credit for generations, which would give them a force that would not be carried in treaty agreements, as the whole of a commercial and industrial Germany would be opposed to any action which might destroy the foreign credit of Germany, whereas vicious politics might easily result in the breaking of any treaty agreements. A loan to Germany of sufficient size to restore her economic situation on a sound basis and enable her to make progress toward paying reparations, and which came ahead of reparations, with a stabilized Europe, would be absolutely good, and if it were being made at the request and for the benefit of the European Allied countries, it could undoubtedly be placed in the United States.

It is not difficult to visualize a new Europe after such agreements are in effect, which would be something as follows:

The constant friction which has existed between Germany and the Allies because of the reparations would be eliminated. Governmental expenditures could be made sufficiently less than receipts to enable the reduction of governmental debts. Taxation

could gradually be brought into line with amounts that could be collected without harm to industry. Currency inflation, and that caused by floating loans of governments, would be stopped, and it would be possible to inaugurate some effective plan of general stabilization that is not subject to accomplishment under present conditions. Industrial and agricultural development in the European countries would be able to rapidly work toward a condition of equilibrium which, while allowing a tremendous increase in trade, would permit it to be maintained so in balance over annual periods as to make the carrying on of business safe and not subject to the tremendous uncontrollable speculation that confronts all trade today. Confidence would be restored to the peoples of Europe, whose badly shaken morale is probably the greatest obstacle in the way of the accomplishment of those things necessary for economic stability.

We cannot anticipate, however, that merely laying the foundation for the growth of business along economically sound lines is going to immediately reestablish prosperity. Instead it would seem as though a temporary period of dullness would be bound to ensue while the people were adjusting themselves to the new conditions, but such period of dullness may have to be gone through with before the restoration of prosperity can be brought about in any event, and the longer it is put off and the worse conditions become before they are corrected, the more serious will be its effects, and the longer will it be before the final establishment of proper fundamentals for the building up of business can be made effective in creating general prosperity among the peoples of all nations.

It must be admitted that no force exists today in the American Government which would permit negotiations such as those outlined. The American Congress alone carries within it the power to authorize, or instruct, the Administration to act in matters of this kind. But the American Congress is the servant of the American people when the people choose to make it so. An overwhelming American public opinion will be recognized by Congress beyond any question of doubt. It is even conceivable that the effect of an aroused public opinion in the United States over the question of cooperation with the European nations to restore the business and trade of the world for the benefit of all peoples would be to cause the individual members of the new American Congress to so express themselves before Congress convenes next December as to warrant the Administration in undertaking negotiations subject to later ratification by Congress. Who can say that such an undertaking might not so arouse that spirit of hope

which is ever latent in the human breast that the destructive forces now existent would be overwhelmed and their power taken from them? But no such public opinion can be aroused in any country without a definite plan of procedure that carries within it the elements of success. And whose duty is it to construct such a plan? None other than the business interests of the world, because it is a business problem. The health and comfort of all people depend upon the success of business, which, if carried on ably and honorably, fosters civilization, makes possible the development of the arts and sciences, and verily stands back of government itself. It is business that finds the way for the tiller of the soil to sell his products, for the laborer to dispose of his service, for the middleman to make his livelihood, and for all people to obtain those things that make life possible and desirable.

The present suffering in the world is due to the interruption of business, which carries within it the production, transportation and distribution of all man's requirements. Individually every man who produces, directly or indirectly, is a business man, but those who guide and control, because they have worked into positions of trust, should use their experience and ability to solve the great problems of the day. They should take into their confidence statesmen and scholars to supplement their own knowledge, and they should never rest until they are able to place before all humanity a plan that will carry the confidence of all right-thinking men.

The next step—that of governmental action to carry it out—will then be assured.

No one must believe for a moment that any plan can be a quick acting panacea, for such an idea spells failure. Any plan to be successful must aim to lay a foundation for the upbuilding of business on sound economic principles, and along lines which will carry the hope and confidence of the people.

A PLEA FOR CONSTRUCTIVE WORK

If the suggestion of a plan already outlined seems to have within it powers for good, study it, develop it, and make it work for the world. If it does not, get together a small body of able men and find one that does. Select men who can work with speed and certainty, those whose rise in the world has been due to their ability to make quick decisions on important matters that have been correct decisions, because they have had back of them clear thinking and sound judgment. Set these men to work, with instructions to deliver, and to deliver promptly. Place upon them a great responsibility. Inspire them with your trust and your confidence, and they will suc-

ceed, as all great business enterprises do succeed when so inaugurated. If you will do this, we in America will deliver the completed message of those men to a great waiting group in the United States, who, if they believe in it, will carry it to the uttermost parts of the country. This group is made up of two representatives from each of many of the greatest business organizations in the United States. It already includes representatives from our great farmers' societies, from the Chamber of Commerce of the United States with its tremendous affiliations, from the American Bankers Association with its membership of 23,000 banks and bankers, from several of the great industrial and manufacturing associations, from business credit, statistical and exporting and importing organizations, and still other groups are to be asked to join with them. This body of men is now actively engaged in formulating plans that will enable them when ready to promptly place before their various organizations for approval any constructive suggestions that may result from this meeting, and further, upon receipt of such approval, if obtainable, ways and means to present the matter to all individual members of the organizations concerned and to every citizen of the United States of America.

You business men from every country represented here can carry out the same idea if you choose to do so, and you can start the formation of such groups by telegraph today, if you so decide. The full intent of this suggestion must be understood if success is to be attained, and it can be stated in a very few words.

What is to be accomplished is not the destruction of governmental power or force, but just the opposite. The effect should be first to find the progressive solution of the economic problems confronting the world through a small, quick-acting, central group, and then the formation of a public opinion in every country involved that will back up government in putting it into force—a public opinion which will be positive, intelligent, constructive and hopeful; and that will overwhelm the demagogue and the ignorant, and absolutely destroy their power for harm—a public opinion that will lead your government into paths of progress, and remove from your official representatives the political shackles which today hamper equally those with the greatest honesty and intelligence, as they do all others.

Gentlemen, have we the moral courage to do this thing, or are we not ready? You, and you only, can answer!

RESOLUTIONS OF THE FINANCE GROUP

For the bankers of the world the most interesting conclusions of the

Rome congress are to be found in the report and resolutions of the Finance Group, presented in full below:

The International Chamber of Commerce recognizes that the continued economic disorder in a large part of the world is not only a dangerous obstacle to the establishment of permanent peace, the elimination of unemployment and the restoration of normal living conditions to millions of people, but also involves the menace of still further unhappy developments.

The peoples of the world demand, and are entitled to have, a just solution of these problems with the least possible delay. The fundamental principles which must obtain in arriving at such settlement are clear and with united action are possible of early application.

The problems underlying the present economic disturbances are:

- a. Reparations;
- b. Interallied debts.
- c. Unbalanced governmental budgets and uncontrolled inflation;
- d. Disturbance of international credits;
- e. Abnormal exchange fluctuations.

The International Chamber believes that it is impossible to arrive at lasting settlements without recognition of the interdependence of the different parts of the world's economic organization, the futility of partial remedies and the necessity for comprehensive consideration of these interrelated questions.

There should be universal acknowledgment that confidence must be restored and that an essential to social and industrial reconstruction is increased production and consumption, upon which the revival of international commerce depends.

This chamber declares its conviction that the principles which must be observed in securing settlements which the world will accept as representing justice and fair dealing between nations may be summarized as follows:

REPARATIONS

The final disposition of the reparations problem is a condition precedent to permanent improvement of world economic forces. It is imperative that the full extent and moral character of obligations should be recognized and restitution and reparation made to the utmost extent of the debtor's resources, whether internal or external, from whatever sources derived.

It is futile to attempt again to consider the amount of reparations without at the same time establishing such measures as will assure certainty of ultimate settlement and extend reasonable hope for the maintenance of all nations.

The discharge of reparations obligations is not of itself sufficient. It is also necessary that confidence should be restored and such security provided that violations of frontiers no longer need be feared and that the world be relieved of the burden of unnecessary armaments.

Such security is not only indispensable to the establishment of world peace but it is required to make available international credits necessary to the rehabilitation of commerce and industry and consequently the relative stability of exchange. The savings of the world cannot be mobilized for the investments necessary for reconstruction and development without convincing assurance of established peace.

INTERALLIED DEBTS

The restoration and further expansion of the commerce and industry upon which the peoples of the world depend for their livelihood and well-being can be carried on successfully when the integrity of obligations is maintained.

It is obvious that the settlement of the inter-allied debts is a matter for adjustment between the nations directly involved, but the principles which should be applied should be settled with the least possible delay.

While it is true that the Allied debts created by the world war are obligations undertaken in good faith and do not admit of repudiation, nevertheless as they were contracted in a common cause and during a period of tremendous sacrifice of life and property a proper factor in any adjustment of such indebtedness should be the present and probable future ability of each debtor. In determining the ability of any debtor nation to pay reasonable consideration should be given to the effect on its present and future earning capacity that may be expected from a sound national budget, together with the savings resulting from the reduction of excessive military expenses made possible by the assurance of peaceful conditions, and to the settlement of its claims for reparation and restitution.

BUDGETS

The attainment of a sound national budget is absolutely requisite to the maintenance of national credit and the stability of exchange. It must contemplate every possible economy in expenditure and must not impose such a burden of taxation as will discourage productive enterprise and cause unemployment.

As a matter of principle, current government expenses should not be met by loans nor by paper currency issues.

INTERNATIONAL CREDITS

Inter-governmental loans and credits are undesirable largely because of the political complications which inevitably accompany such transactions.

The elimination of inflation and the attainment of sound national finance are conditions precedent to adequate international credit.

EXCHANGE

Attempts at artificial stabilization of exchange are dangerous and undesirable.

Stabilization of currencies on a gold value basis should be the ultimate goal.

* * *

The International Chamber of Commerce believes that a general economic conference of the nations interested for the final adjustment of these problems is essential and inevitable.

This chamber fully recognizes that it would be inopportune now to propose any suggestions for the settlement of the present situation which exists between the Allied nations and Germany. Yet, believing that at the proper time governments may wish to avail themselves of the practical experience of the business men of the several countries; the chamber agrees to hold itself in readiness to render to the interested nations such assistance as may be desired.

Meanwhile, the International Chamber of Commerce will undertake to promote among the business men, in whose behalf it speaks, continued careful study of all the elements in the international financial problems here reviewed, and it urges upon its members, as well as the governments, the serious consideration of the suggestions herewith respectfully offered. Therefore be it

Resolved, That the council be and hereby is instructed to appoint such committees and to take such action as may be necessary to make effective the purposes herein set forth.

SPEECH BY SIR FELIX SCHUSTER

The report of the Finance Group was received with great interest, and the adoption of the resolution proposed was urged by Sir Felix Schuster, director of the National Provincial and Union Bank of England, in the following eloquent speech:

It is indeed a great privilege, a great honor, to be permitted to speak in support of this resolution in this ancient, this beautiful, this unrivalled city. We stand at the threshold of modern civilization, and from

here for centuries past have issued messages to the most distant corners of the earth.

Today the representatives of twenty-six nations, coming from distant parts, wish to send a message to the world, a message of peace, of reconciliation, of reconstruction, of hope.

It was a happy augury when at the opening of this congress last Sunday, notwithstanding his arduous labors, the eminent statesman who presides over the destinies of this great country came to meet us and spoke to us words of no uncertain sound, words of encouragement; and his thoughts touched a chord of sympathy and agreement in the hearts of everyone of us. Perhaps I may be permitted here publicly and with all respect to express to him our appreciation and admiration of the progress which he has already achieved in so short a time, progress apparent to all who have eyes to see, and to wish him continued success in the task he has set himself—the restoration of this country to the position to which she is entitled.

Restoration from the ravages of war is the aim we all have before us.

Another statesman, our English Chancellor of the Exchequer, in a recent speech, indicated the qualities required to carry out that task—love, faith, hope and work. The latter word—work—he repeated three times, and he added that nothing can be achieved by a policy of hatred and destruction.

In that spirit the delegates assembled here have endeavored to discharge the grave duties entrusted to them by their constituents. Is it not a notable achievement that we, representing so many nationalities, some of them not long ago belligerent on different sides, should meet here in one common cause for the benefit of humanity?

We stand here to revive and to promote industry and commerce and all it implies. We speak not on behalf of one class but of all classes, and most of all of those whose lot is the hardest, who are the greatest sufferers, whose means of livelihood have been destroyed or curtailed. To them, we believe, will be the greatest gain when trade is restored to normal channels and friendly intercourse resumed between all the nations. We desire to secure employment and to raise and brighten the standard of life of the workers all over the world. That can only be attained when the ends we have in view are achieved. When the free flow of commodities is resumed and communications restored, and when fear of the future is removed, then I doubt not a development will follow greater and more rapid than to many seems possible at this hour.

At present part of Europe lies prostrate, other parts are staggering under the bur-

dens almost too hard to bear. The great nation across the Atlantic is ready to help, men of serious purpose are not only willing and anxious to render that assistance but also seeing their way clear as to the manner to make it effective. Others are prepared to stand by them.

But before anything can be attempted with any hope of success, certain conditions must be fulfilled. What has happened must not happen again, and if some of us may not live to see the achievement of our purpose, still it is the duty of all to provide as far as we can that our children, the children that are spared to us, and our children's children shall not suffer what this generation has endured.

In this spirit the considerations placed before you have been prepared, not without much anxious thought, and they have been agreed on and approved unanimously by the representatives of the nations most concerned and by a full meeting of groups concerned.

If all the international committees can work with the same good will and cordial appreciation of different points of view, and readiness to meet them, as has been shown in this instance, then my hope for the future of this chamber is indeed a bright one.

I trust this meeting will give the resolution their unanimous and cordial approval.

Then we can lay before our governments the considered opinions of the delegates gathered here, the most representative assembly of commercial men, I believe, ever constituted. We include, from all parts, men of highly theoretical and economic knowledge and also men whose training has been achieved by practice and in the hard school of experience. Governments, believe me, are as anxious as we are to find the right way to solve these grave issues and if supported by an opinion of world-wide character like this, their onerous task may be somewhat lightened.

To us who have been privileged to take part in these proceedings, this week spent under the glorious sky and sunshine of Rome; amidst surroundings full of beauty and inspiration, must for ever remain a memorable one, and we may feel that it has been given not merely to personal enjoyment but to a much higher task.

We have worked together and shown the world that the nations can work together—amicably, and with one aim, a noble aim, in view. And perhaps some day we may be justified in thinking that we have contributed a share, possibly, a small share, yet some share, towards renewed hope, towards the restoration of happier conditions and relief from suffering, towards a Europe revived with greater force and mutual good will and affording opportunities for a hap-

pier and a more progressive life to all her citizens.

My firm belief is this can be achieved. Let us stand and work together to that end with courage, hope and determination.

OTHER WORK OF THE CONGRESS

Extensive and carefully-prepared reports and resolutions were presented dealing with numerous important phases of production and industry, transportation, etc. The report of the select committee on bills of exchange was approved and governments were urged to convene a further conference of experts in order to arrive at agreement on the points left undecided at the Hague Conference on Bills of Exchange and with a view to bringing about legislation in the various countries for the assimilation, as far as may be possible, of the laws on bills of exchange.

THE NEW PRESIDENT

As already stated, Willis H. Booth, vice-president of the Guaranty Trust Company of New York, was elected president of the International Chamber of Commerce. Etienne Clementel, the retiring president, was given the honorary post of foundation president.

THE NEXT CONGRESS

Brussels and San Francisco are mentioned as possible meeting places of the next congress, which will be held in 1925.



The Express Transport Co.

THE Express Transport Company, London, has an organization that has been specially built to meet the requirements and needs of American travelers and firms interested in the export and import of American merchandise.

The principal of the company, C. T. Hanington, has for the greater part of his business career been associated with American travel and shipping, first with

the American Express Company and later with the Well Fargo Corporation. The company has been established in London since 1915 and has clients among many of the larger American corporations who have permanent establishments in London as well as many prominent men and women of America.

The company is associated with many



C. T. HANINGTON

Of the Express Transport Co., London

Anglo-American organizations both social and business and was one of the early members of the American Chamber of Commerce formed in London for the promotion of business between England and America. The secret of the organization is the personal service which is given to suit the individual needs of the customer. The company is licensed by the British Board of Trade to act as passenger brokers, and represent all steamship lines.

The company also acts as buying and selling agents and has a New York office at 23-5 Beaver street.

Bankers Discuss Current Problems

International Finance, the Price Trend at Home, and Farmers' Problems are Among Topics Covered at Meeting of A. B. A. Executive Council

THE consensus of banking opinion as reflected in the remarks of J. H. Puelicher, president of the American Bankers Association, at the opening of the spring meeting of its Executive Council at Rye, N. Y., April 23-26, seems to be that the United States has entered into a period of real prosperity, which does not reflect inflation or overstimulated activity.

A report of the Economic Policy Commission of the association, however, expresses the fear that overconfidence may lead to the repetition of some of the serious mistakes made in the period immediately following the war. The report, which was approved by the executive council, says:

"The Economic Policy Commission of the American Bankers Association looks with concern upon the strong upward swing of wages and prices in many lines, and fears that overconfidence may lead to repetition of some of the serious mistakes committed in the period immediately following the war.

"In some respects the economic situation of the country is out of balance, due to compounded increases in commodity prices, artificial fixing of labor hours and working conditions and uncertainties with respect to foreign trade. Until these matters are adjusted, as we hope they will be at an early date, we cannot expect a really sound business condition."

On the opening day of the meeting Mr. Puelicher said:

"There are two major aspects of the present situation. One is the actual present state of affairs. The consensus, as it comes to me from bankers and business men, is that the present period of prosperity does not reflect in-

flation, or a boom in the sense of overstimulated activity.

"The second major aspect of the situation has to do with the question of what is necessary to maintain this prosperity. Nowhere among responsible business men and bankers do I find dissent from the belief that wider economic education among all the people is the outstanding need of the hour. If there is any anxiety over the business future expressed it is in regard to the headway being made in some sections by unsound money doctrines. Only by sound economic understanding can the danger of these fallacies be understood and their consequences avoided.

"Fuller understanding of Europe's position in our economic situation is also essential. The effects on business, tariff, immigration laws and other acts of Government must likewise be understood as economic, not merely political matters.

"Economics, after all, is merely getting down to the concrete facts of plain every-day business and the way it works. It affects all people. It is the realization of this that has led the American Bankers Association to devote a large portion of its energies and resources to public economic education. We are confident it will help perpetuate the present era of prosperity and is the greatest contribution to public welfare we can make."

Discussing the financial outlook, Francis H. Sisson, vice-president of the Guaranty Trust Company, expressed the belief that conditions in the United States were very satisfactory just now, that banking credit was good because bankers were determined generally to prevent the inflation of credit, and that prosperity is bound to continue unless prevented by some world-wide crisis.

ANGLO-AMERICAN AID TO GERMANY

The belief that Great Britain and the United States might provide the substantial credit required by Germany and Europe for reconstruction and for the restoration of trade and prosperity was expressed by Frederick C. Goodenough, chairman of Barclay's Bank, England, in his address before the council in session at the Westchester-Biltmore Country Club. Mr. Goodenough was a member of the committee appointed by the British Government to consider the question of financial facilities after the war.

He declared that Germany would require credits before she could be expected to make any substantial cash payments. In his opinion the amount of credit likely to be required by Germany would not be "very large", and he saw no insuperable difficulties in the length of a moratorium or as to the value of the German "C" bonds. The agreement between America and Great Britain in regard to funding the British debt was regarded with great satisfaction in England, Mr. Goodenough said, and he regarded it as the turning point in general post-war financial settlements. His address is treated more in detail on other pages of this issue of *THE BANKERS MAGAZINE* (see International Banking and Finance Special Section).

PUELICHER URGES CO-OPERATION

"Reasonable coöperation in the stabilization of the affairs of Europe" was called by Mr. Puelicher, the most important of all the outstanding things that should occupy the mind of American bankers.

President Puelicher said that the world was beginning to realize that the salvation of Europe could be attained only by the united efforts of business men and statesmen with the advice of trained bankers and financiers.

"The three outstanding things that should presently occupy the mind of the American banker are", he said, "reasonable coöperation in the stabilization of

the affairs of Europe, intelligent coöperation with the farmer toward the solution of his problems and a most generous giving of his time and energy in the solution of the problems of our economic existence."

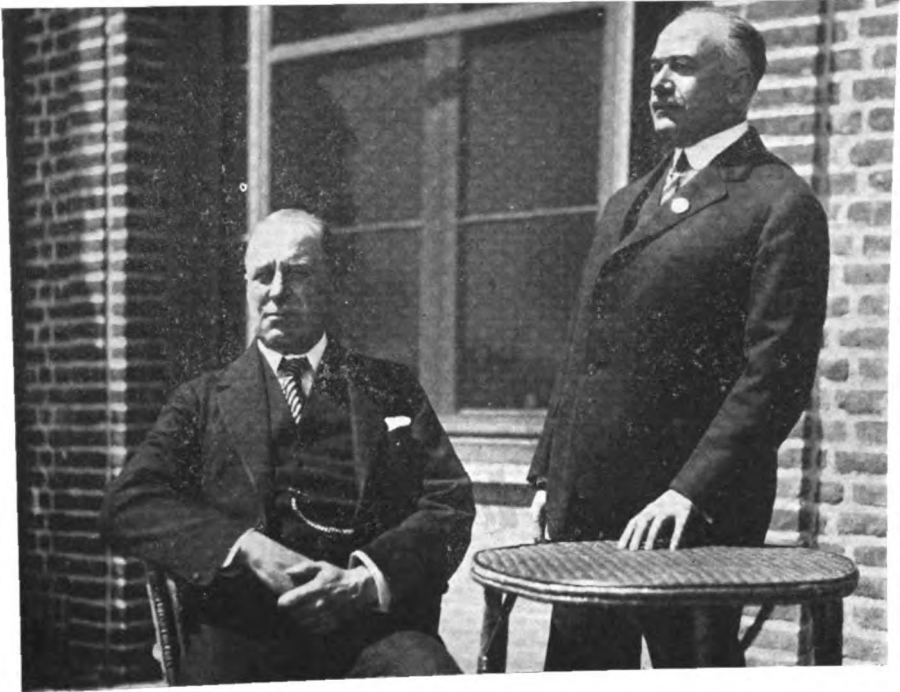
Among the features of the first day's sessions of the Executive Council was the report of the Economic Policy Commission, expressing belief in the soundness of the new tariff, their desire for restricted immigration, particularly as applied to southern and southeastern Europe, and their acknowledgment of a shortage of labor throughout the country.

Also noteworthy was the report of the Savings Bank Division, disclosing an increase of \$2,000,000,000 in deposits in 1922 when there were 40,000,000 depositors; and pledging the support of the bankers for a movement launched to protect the small investor against the great army of sharpers selling fraudulent securities since the war.

DOWRIE FAVORS AID TO EUROPE

At an educational symposium Professor George W. Dowrie, dean of the School of Business, University of Minnesota, declared that the United States, for its own economic and political salvation, should aid Europe financially.

"In spite of the fact that most of us here, including myself, voted to place in power an administration pledged to a policy of isolation", he said, "the results of the last two or three years have caused us to wonder whether greater participation in world affairs is not only desirable, but quite imperative. Because of our great abundance and variety of resources we could set up undoubtedly a fairly workable independent political and economic system in the United States, but such a policy is contrary to the highest well being of our people. Even, if in most parts of the country today, what seems to be a full and normal prosperity exists, I cannot see how it can be of long duration in the face of existing conditions in Europe, and in those sections of other countries,



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Frederick Crauford Goodenough and J. H. Puellcher just after Mr. Goodenough delivered his address

including the United States, which depend upon Europe to buy their exportable surpluses. I have no desire to see this nation entangled in European quarrels, but aside from all considerations of altruism, I am convinced that we must participate in the settlement of the Old World's difficulties, if our own economic and political salvation is to be made secure."

A session was devoted to an agricultural symposium, at which closer co-operation between banker and farmer was advocated.

A committee report recommending that the headquarters of the association remain in New York City was adopted.

D. H. Otis, director of the Agricultural Commission of the association, reported at the afternoon session that the committee had prepared a tentative outline of the activities that bankers and bankers' associations could undertake to encourage and stimulate and thus improve agricultural conditions.

"In this connection we have attempted to distribute these activities to the group that is best qualified to carry them on", he said. "Unquestionably, the local bank furnishes the immediate point of contact with the farmers. The work that is done by the county group, state, district and national associations should be so handled as to help the local bank to perform its services more readily and efficiently. This can be done by planning constructive programs, furnishing printed forms and suggestions, and reporting from time to time what others have done or are doing."

Agricultural credits were discussed by A. E. Adams, chairman of the Committee on Federal Legislation.

H. L. Russell, dean of the Wisconsin College of Agriculture, speaking on "Banker-Farmer Problems", pointed out that the banker had not forgotten the dark days of 1921. "In the recovery which is now auspiciously under way", he said, "let us not lose sight of the

lessons then so dearly learned. Let us see that the farmer's continued need for credit is supplied only for sound productive purposes, not speculative or recreational wants."

Club work for boys and girls was held up as the ideal system of education outside of school by G. L. Noble, executive secretary of boys' and girls' club work of the A. B. A.

Resolutions adopted by the executive council at the final session urge bankers not to make credit available where it is to be used for the purpose of speculation in commodities and securities, oppose Governmental paternalism in business, approve Secretary Mellon's efforts for tax reform, and advocate action by the United States Government to aid other nations in establishing sound economic conditions in Europe.

TEXT OF RESOLUTIONS

The text of the resolutions as adopted follows:

The council is glad to make note of the prevailing prosperity, but it takes this occasion to sound a note of caution by expressing the hope that the business men of the country will exercise sufficient self-restraint to prevent inflation and over-expansion such as took place immediately following the war and which led to disastrous consequences. It urges the bankers of the country not to make credit available where it is to be used for the purpose of speculation, whether in commodities or securities.

We view with satisfaction the present sound conditions of the banks of the country and the ample service they are rendering. While recognizing the possibilities of inflation latent in our great gold reserve, we are gratified to note that the temptation to take advantage of this situation has been successfully resisted and that the expansion which has so far taken place has been an expansion of production and not of credit. If purchase and production can be kept within the legitimate bounds of sale and consumption, we feel that a continuance of sound and prosperous business conditions can be expected for an indefinite period.

We desire to express our cordial approval of the courage and wisdom shown by the Secretary of the Treasury in his public statements concerning the problems of Federal taxation. That the present excessive

surtaxes both limit the amount of tax revenue received by the Government and act as a brake upon business progress is the inevitable conclusion of an impartial study of this problem.

In the light of banking experience we feel warranted in urging the consideration of some plan by which the present method of reviewing and revising income tax reports over an indefinite period of years may be replaced by a limited period of review in order that exact knowledge of tax obligations may be established within some reasonable time.

PATERNALISM

The council views with regret the evident tendency towards centralization of power in business matters in Governmental bodies and bureaus. The increasing number of laws interfering with the normal operation of economic law complicates unwarrantedly our proper business procedure and unnecessarily adds to the expense and difficulty of business activities.

The constant and futile effort to solve business problems by legislative enactment and to inject Government into competitive business enterprises works a serious hardship not only upon the business directly affected, but upon the entire body of taxpayers because of the inevitable loss and waste that attend all such Government efforts. At the recent session of Congress, laws were enacted calculated to lead to still further encroachment upon private undertakings and mark, we believe, a dangerous trend.

AGRICULTURE AND LABOR

The council endorses the work of the Agricultural Commission in establishing closer relations between the banker, the farmer of the country, and the agricultural colleges. The council is convinced that the work so successfully inaugurated this year will result in the maintenance and strengthening of the fundamental institutions of our country.

There is no question that our whole agricultural industry has been suffering not from a lack of credit but from a superabundance of credit, which has frequently led to speculation in land and uneconomic expenditure. The misapprehension broadly shared that the fall in the price of farm products was caused by undue restriction of banking credit has been so clearly disproved by Government boards themselves that it seems unwise to us to base legislative remedies upon such an untenable position.

The council believes that the most serious condition confronting the farmers of the



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J. H. Puelicher obliges the "movie cameraman", who happens to be Walter W. Head, with a smile or two

country is due to the maladjustment prevailing between the prices which farmers receive for their products and those which they are compelled to pay for the goods which they themselves must purchase. This maladjustment arises in part from the demands of organized labor and from the chaotic condition of the European markets. The council believes that in this connection our whole immigration policy should be carefully considered with a view of having a sufficient supply of labor available for agriculture and industry. At the same time it ought to be possible to prevent the entry of such who are likely to prove a menace to the political and physical welfare of this country.

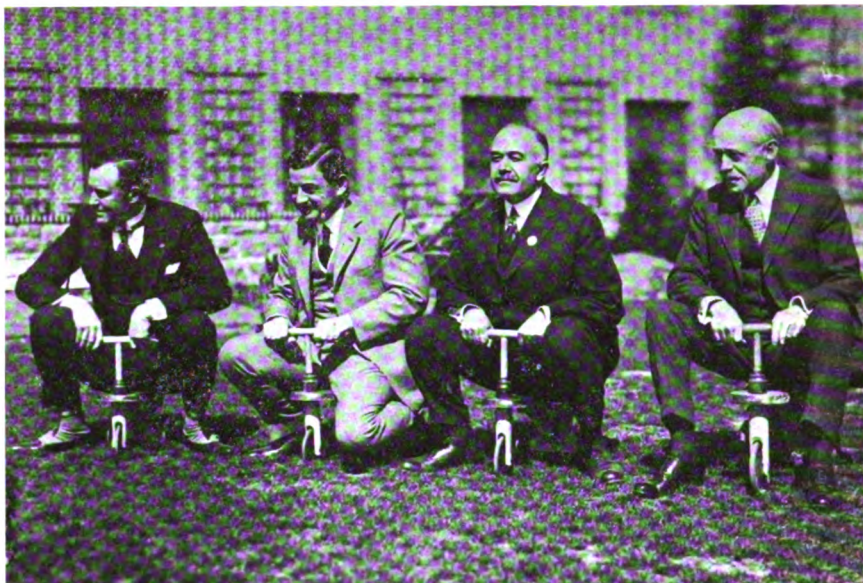
FOREIGN AFFAIRS

The council affirms the view expressed by the association at its convention in October

of last year and previous meetings that it would be highly desirable for the Government of our country to formulate the principles upon which it is willing to join with other nations to establish sound economic conditions in Europe. It views with alarm the continued unrest in Europe and has no sympathy with the view which believes it possible for our prosperity to rest upon a sound basis, while a large part of the world remains in turmoil.

DISABLED SOLDIERS

The American Bankers Association has repeatedly voiced its interest in the welfare and comfort of our disabled soldiers and is desirous of seeing every reasonable provision made for their relief. Since charges have been made that there have been errors and defects in the administration of funds pro-



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Kiddie car race to celebrate present prosperity which was taken part in by Walter Head, R. S. Hecht, J. H. Puelicher and Hon. W. E. Knox

vided by Congress for the relief of our disabled veterans, the association offers, through its executive council, its aid to the United States Government, to the American Legion and to any other organizations actively engaged in promoting the welfare of our disabled soldiers in the recent war, with a view that the work of the Veterans' Bureau may be so adjusted as to make it function with a maximum degree of efficiency in that service, which is at once an obligation and a privilege for the American people to perform.

POSTAL SAVINGS

The council repeats the views expressed on several occasions relative to the danger of the Government campaign for an expansion of the postal savings system. The council regards this as another attempt of the Government to enter upon the domain of private business enterprise. It denies that there exists any necessity for provisions for the accumulation or conservation of the people's savings further than that already provided for by existing banking institutions. It would therefore deplore any attempt to create new Government agencies in the savings field.

It also looks with disfavor upon any attempt by corporations or private business interests to pervert the whole established plan of savings for the purpose of stimulating sales for commercial gain by creating a debt under the guise of thrift.

PRESIDENT PUELICHER

The council expresses its keen appreciation of the splendid work done by its president, John H. Puelicher, in developing still further the educational work of the American banker and his continued efforts to impress upon our whole people the need for sound economic thinking and upon our membership the necessity for the American banker to play his part in teaching fundamental economic truths to the American public.

In harmony with the views so forcefully expressed by our president we desire to emphasize the responsibility of the banker as a leader in business thought. His position as a citizen and an important member of the business community fastens upon him the plain duty to do all in his power to encourage and direct accurate thinking upon economic problems as well as correct practice in business matters upon which the whole structure of sound business must be based.

IN MEMORIAM

The council notes with the deepest regret the death of several members of our profession who have been of the greatest help and assistance in developing the work of the American Bankers Association and it wishes hereby to spread upon its records the names of those who have especially served the profession through this association. The council extends its heart-felt sympathy to the

close colleagues and members of the families of the deceased.

D. M. Armstrong, vice-president Commercial Trust & Savings Bank, Memphis, Tenn.

P. B. Bartley, vice-president Conrad Trust & Savings Bank, Helena, Mont.

F. H. Goff, president Cleveland Trust Company, Cleveland, Ohio.

Edmund D. Hulbert, president Illinois Trust & Savings and Corn Exchange National Bank and Merchants' Loan & Trust Company, Chicago, Ill.

Joshua D. Powers, president Commonwealth Life Insurance Company, Louisville, Ky.

William P. Sharer, president Midland Bank, Cleveland, Ohio.

SPEAKERS

Our sincere appreciation is expressed to the various speakers who gave of their time and interest to the edification of all who

have attended our sessions, particularly do we wish to extend our thanks to Frederick C. Goodenough, chairman of Barclays Bank, England, and to Julius H. Barnes, president of the Chamber of Commerce of the United States of America, and Dr. J. D. Spaeth, of Princeton University.

HOSTS

We also extend our thanks to our hospitable hosts, the Westchester-Biltmore Country Club, who have made the stay at their beautiful club house so pleasant to our friends and ourselves.

The resolutions are signed by F. H. Sisson, chairman; R. S. Hecht, C. H. Deppe, T. R. Preston, Evans Woollen, C. L. Brokaw, E. H. Furrow, W. A. Blicke, L. L. McInnis and Walter Lichtenstein, secretary.



An Interlocking Control for all Departments of the Bank

By Harry E. Martin

AN interlocking control that presents a picture of the bank's transactions for the previous day and that, at the same time, gives the auditor a simple means of proving the accuracy of the work throughout its various departments and makes it easier for him to check the postings to the general ledger is in use by the Guardian Savings and Trust Company of Cleveland.

Formerly, when the general books did not balance, it was often difficult to tell exactly where the error or errors might be found, whether in the tellers' cash sheets, in other departments' reports, or in the general ledger postings. Searching for mistakes not infrequently meant hours of extra work. Under the method now used, the auditor's proof sheets make it easier to locate errors

and to verify the correctness of all general ledger entries.

An examination of the operations leading up to and including that of preparing and using the auditor's daily report sheet will indicate the practical advantages of such an interlocking control in any bank of considerable size.

Each morning every teller in the banking department is supplied with a blank cash sheet, upon which he enters all credits and debits for the day. He starts with the cash on hand; thus the cash on hand at the close of business constitutes the balancing figure. Similar reports are made out daily by the clearance, transit, collections, country banks, commercial books, trust, auditing and foreign departments and branch offices.

These reports constitute the bank's

THE GUARDIAN SAVINGS AND TRUST COMPANY											
SUMMARY SHEET <i>January 1, 1923</i>											
Form #11 FIRST NATIONAL CITY BANK, NEW YORK											
OFFICIAL CHECKS				TRUST CHECKS				CERTIFIED CHECKS			
DEBITS		CREDITS		DEBITS		CREDITS		DEBITS		CREDITS	
71 31174	18 2114523	71 34038		A 52553	23						
70 50000	41 994373	42 312350		C 296866	24						
43 2158141	42 517348	70 5977012		D 30290	25	312294					
42 364000	44 168717	41 216666		M 36000	26						
4 48660	45 2872759	48 1292230			27						
23 8475	48 70832712	5 20000			28						
19 53700		10 3000			29	301133					
10 6084		25 13300			30						
6 6658573		46 647100			31	57794					
C 10768310		19 44895370			32	104000					
		10 188492			33						
		10 13405746			34						
		C 5329473			35	342500					
		10 2208600			36						
					37	8759					
					38						
					39	38898					
					40						
TOTALS	20144257	98042552		76066989		3084204		1165068			
EXPENSE CHECKS				CASH				CASH ON HAND			
DEBITS		CREDITS		DEBITS		CREDITS		DEBITS		CREDITS	
C 326788	71 891265	A 41630208		A 15740410	32			A 1897876			
D 336338	72 436044	11 2349337		11 2336027	33			11 86880			
	73 48739	12 3139661		12 3355812	34			12 88449			
	74 27262	13 1679781		13 1181467	35			13 60258			
	75 4378429	14 979757		14 754854	36			14 1349871			
	76 5131202	15 49636768		15 49636768	37			15 1256252			
	C 1437715	16 1649489		16 1649489	38			16 254850			
		17 0		17 0	39			17 252413			
		18 1417095		18 1417095	40			18 1634205			
		19 626644		19 626644	41			19 151762			
		20 845210		20 845210	42			20 757486			
		21 675557		21 675557	43			21 906074			
		22 904175		22 904175	44			22 1041153			
		23 672049		23 672049	45			23 1060879			
					46			24 1040894			
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TOTALS	71943081	41367044		784746134		771608134		73966203			

Figure 1

AUDITOR'S DAILY PROOF SHEET																
Date <u>2/4/23</u>																
Sheet	S	G. L. Dr.	S	G. L. Cr.	S	G. L. Dr.	S	G. L. Cr.	S	G. L. Dr.	S	G. L. Cr.	S	G. L. Cr.		
CC	Federal Res. Res. %				Clearing House				Branch Deposits				Cash Over			
IB	T	9408	M	1819	CC	920581	IB	237051	D	10101						
IB	M		M		IB	1012650	IB		A	200						
T	981605				A	5297	A	923	S	132						
CB	947				CO	9698	CO	103461	91							
D	CO	43605		13079					92	1168						
A				1185382												
1																
2	Federal Res. Trans. %				Official Checks				Clearance Clerk Er.				Clearance Errors			
3	T	949153	J		S	25646	S	42329	CC							
4	92		92						A							
5																
6																
7																
8																
9	Sundry Banks				Transit Holders				Checks Outstanding				Trust Funds			
10	T	20049	M	14243	T	203938	T	213788	CC	1129183	CC	98.530				
11																
12																
13	Due from Banks				Commercial Accounts				Thrift Accounts				Certificates of Deposit			
14	CB	209311	CB	116000	IB	344957	IB	238852	17	108	17		18			
15	69				A	19714	A	88416	17		17	1985				
16																
17	Due to Banks				Club Plan				Branch Official				F. N.			
18	CB	352440	CB	49119	17		17		23839		130645		23418			
19	M	2677	M		17		17									
20																
21	Rocky River				Lakewood				E. 46				E. 105			
22	A.	12	48	715	A	119	D	27099	A	2128	D	99852	A	24692		
23																
24																
25																
26	Commercial															
27																
28																
29																
30	Sheet 41				Sheet 50				Dr. - Total - Cr.							
31	Demand Collateral				U. S. Bonds				223				2162116208			
32	Time Collateral				U. S. Cert. of Ind.								2102116520			
33	Time Liberty				Brokers' Acct.											
34	Bills of Exchange				Other Bonds at par or less				324140				11 04741 11			
35	Time Collateral				Premiums on above											
36	Past Due Time Collateral				Stocks at Par or less											
37	Past Due Time Liberty Loans				Premiums on above											
38	Cleveland Nat. Loans				Other Investments											
39					County and Mun. Bonds				26007				40			
40					Prem on County and Mun Bonds				128				24			
41																
42																
43	Sheet 44				Summary Sheet											
44	Bankers' Accep.				Trust Checks				195001				35			
45	Trade Accep.				Certified Checks				20170				35679			
46	Advances on Accep.				Savings Accounts				50836				22207			
47	Prepayment on Accep.				Expense Checks				7350				35			
48	Customers' Liab.				Dividend Checks											
49	Acceptance Exec.				Cash on Hand				2238251				35 6205240 10			
50	N. Y. Call Loans															
51	Can. Call Loans															
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Figure II

cash journal and are sent to the general books department at the end of each business day. The sheets contain two kinds of items: those which are posted direct to the general ledger, and those which are parts of totals to be found upon other reports and which thus find their way to the general ledger. For example, during the day the mortgage loan department might make a loan of \$4000, which amount is to be credited to John Smith's savings account. The mortgage loan teller's cash sheet would show this \$4000 debit and a transfer of \$4000 to savings teller No. 7. The cash sheet of savings teller No. 7 would show a credit of \$4000 as well as the receipt of that amount from the mortgage loan teller. Thus, the \$4000 debit would be a part of the total to be posted from the mortgage loan teller's sheet to the general ledger debits, and the \$4000 savings credit would get into the savings total from teller No. 7's report. It is apparent from the foregoing that the "to" and "from" items balance and only the debits and credits become material for posting to the general books.

Before certain items are posted to the general ledger, however, a summary sheet (figure 1) is filled in. This report accumulates items which would ordinarily necessitate numerous postings to the ledger. These items, totalled from the cash sheets, include official, trust, expense and dividend checks, cash debits and credits, cash on hand, savings accounts' debits and credits, and certified checks cashed and checks certified. A summary sheet covering the income and expense account is also made and the totals are then put upon the general ledger.

Simultaneously with the posting to

the general ledger, the auditor stationed in the department makes up the interlocking control sheet (figure 2), which includes all accounts affecting the general ledger. He draws his figures from the cash and summary sheets and lists the items as charges under the respective accounts, such as Federal Reserve Bank reserve, clearing-house, branch deposits, due to banks and the like.

The proof sheet, when filled in, gives a definite picture of the previous day's transactions. If these items balance, the auditor can be sure that the entries upon the cash and summary sheets are correct and that the work throughout the bank has been proved. If the credits and debits do not balance, the segregation of accounts makes it fairly easy to locate the error or errors. From the foregoing it is apparent, too, that all accounts affecting the general ledger must necessarily balance.

The auditor next uses the proof sheet in checking the general ledger postings. If there is an error due to transposition of figures, the faulty grouping of accounts, or other cause, the control sheet enables the auditor to locate mistakes readily. Under the old system, when the cash sheets were used for checking, it was often impossible to get all these reports together at one time for the auditor's work upon the ledger. Furthermore, checking by means of the tellers' cash sheets made it easier for errors to remain undetected, whereas a separately drawn summary, presenting, as it does, a one-group picture of all accounts in the general ledger, makes for greater accuracy and speed in auditing the postings. This is the big advantage the Guardian Savings and Trust Company finds in using an auditor's interlocking control.



A Step Toward Universal Thrift

How the New System of Automatic Saving Adopted by the
New York City Public Schools Will Stimulate Saving

By T. D. MacGregor

Author of "The Book of Thrift"

(This is the first of a series of two articles on the automatic savings plan. The second article will appear in the June issue, and will have to do with the plan as operated in factories and business houses through the use of the commercial type of automatic savings machine.—THE EDITOR.)

OF course, it is not possible to create good habits to order while you wait. Human nature is not built that way. But perhaps the nearest approach that has yet been made in this country to that consummation is an idea now being developed in the public schools of New York City. The Board of Education has lately adopted a plan of school savings to be used in conjunction with the one previously developed which has every prospect of providing complete thrift training to the entire registration of the largest school system in the United States. New York City has an enrolled school population of 1,125,000 children. To provide a perfected thrift service for this immense registration is a very large problem. From the examination which I have made of the system recently adopted, I am led to believe New York will soon provide a perfect thrift service to every child from the early kindergarten age to the final year in the high schools. And conditions seem ripe for putting into effect generally forces which will come near to making thrift as universal a habit in America as eating or breathing. This is clearly demonstrated by the enormous extension of the school savings bank idea since the close of the war.

School children of the United States deposited \$5,500,000 in school savings banks during the school year of 1921-1922, which amount is double the deposits of the previous school year. But this amount is really only a very small part of what could be saved by the children of the United States if there

were a larger unity of purpose and of method in carrying out the idea.

A survey of the country at large today indicates that school savings systems are numerous and varied and in many cases only in the experimental stage. There is a great and positive need in this country for the adoption of a system of school savings which will produce effective results both in the establishment of the habit of saving and the successful garnering into the banks of a portion of the funds of the children as a demonstration of the effectiveness of their training along this line.

FIRST USE OF SCHOOL SAVINGS

The school savings idea was imported into the United States in 1885 from Belgium by John H. Thiry. By inheritance, training and personal experience he was a firm believer in thrift as a solvent of the problem of poverty and dependence. With the positive belief that in the school savings idea there was hope for better things and with persistence and energy Mr. Thiry, with the assistance of J. H. Smedley of the Long Island City Savings Bank, placed in operation in a school in Long Island City what became the first permanent school savings bank in the United States. From this beginning the movement has spread until at the present time there are school savings banks in some 5000 schools throughout the country.

Although the school savings project in the United States had its birth in New York, the Board of Education did not develop the idea intensively until 1916 when the centennial of the establishment of the institution in Baltimore which was the first adult savings bank was celebrated.

During the early part of 1916, as a result of a unity of interest on the part



JOHN T. THIRY
Father of the school savings idea

of the American Bankers Association and of the Board of Education of the City of New York, a committee was appointed for the purpose of making a canvass of available school savings bank systems then in use throughout the country. It was the belief of the Superintendent of Schools as well as that of the Board of Education that there should be more school savings banks in operation in the city. After a comprehensive examination of representative systems in use, this committee selected as the official plan of the Board of Education one which they found already in operation in one of the New York schools.

This plan was built upon two principles: first, consistent and effective training in thrift, second, a system for the operation of the bank which would allow a large proportion of pupil participation and thereby give a practical education in ordinary business operations.

PLAN USED BY NEW YORK SCHOOLS

A. N. Clark, Supervisor of the Department of School Savings Banks of the Board of Education, thus briefly describes the type of school savings bank which the Board has sponsored for more than a decade: "It is an adaptation of actual banking practice. It has as its main object not only the inculcation of the thrift principle in the minds of the pupils but also the broader, and it is believed, equally valuable, educational principle of learning by doing. The school savings banks are operated as real, live concerns, upon correct banking lines, and entirely by the pupils themselves, with the participation of only one or, at most, two teachers as general supervisory officers. After twelve years of trial it has been found entirely practical to operate a bank in a school for the pupils and with the pupils, removing teacher participation almost entirely".

A proof of the practicality of this plan is the fact that at the present time the Board of Education is operating over 300 school savings banks in as many separate buildings throughout the city. These banks are actually producing the results which the Board of Education visualized at the time this particular plan was selected. In the larger number of cases the banks are now operating in full graded schools. It is necessary that the children be of sufficient age to grasp the operating principles of a simple banking system in order to operate successfully a system of this kind. In all schools where children of the sixth school year or upwards are found, the school savings bank of this variety can be and is being operated with a very high degree of success. Out of twenty-five high schools twenty-two are now operating successful school savings banks in connection with, and as a laboratory for, the commercial course offered by them.

There are 700 elementary schools with an enrollment of 800,000 pupils and twenty-five high schools with an enrollment of 100,000 pupils without in-

cluding a large variety of night, elementary and technical high schools, summer schools, etc. So it can readily be seen that any system of school savings banks, to be 100 per cent. effective, must give first consideration to the overwhelming majority enrolled in the elementary schools.

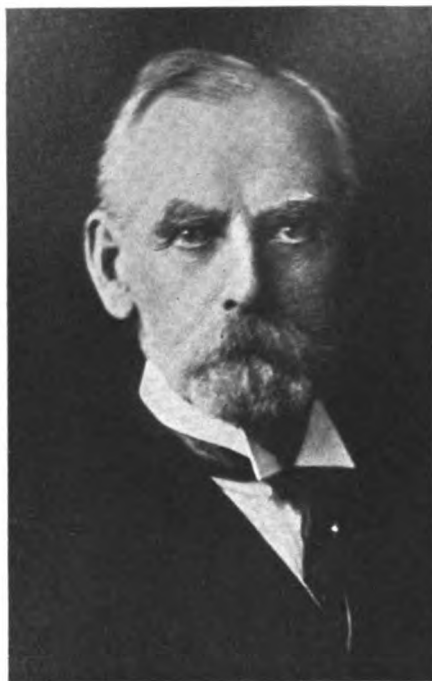
The school savings bank plan now in use is highly successful in the high schools as demonstrated by two installations, picked at random by the Supervisor, each of which, with an enrollment of over 6000 students, reported 100 per cent. of bank accounts in the school savings bank.

A SUPPLEMENTARY PLAN

It is a more difficult proposition to secure 100 per cent. of bank accounts in the elementary schools, and for this reason the Board of Education has adopted a supplementary plan for school savings primarily with the intention of using it in the elementary schools in conjunction with the system now in use, which requires employing children as clerical operators and at least one teacher as an organizer and administrative officer. In schools where there are no grades above the fifth year, there are no children available for such service. In this class of schools, the work of operating a school savings bank along entirely practical lines falls upon the teaching force.

In the system recently adopted, no pupil clerical participation is required nor is there any need of the service of one or more teachers as administrative officers. No records need be kept by any teacher and no overtime, either before or after school is necessary. The plan offers an opportunity for every child in every grade, no matter what his age, to make a deposit regularly each week throughout the school year. Experience shows that a habit can be established only through constant repetition.

School savings in the lower grades of all elementary schools is largely a habit forming process. The educational ele-



J. H. SMEDLEY

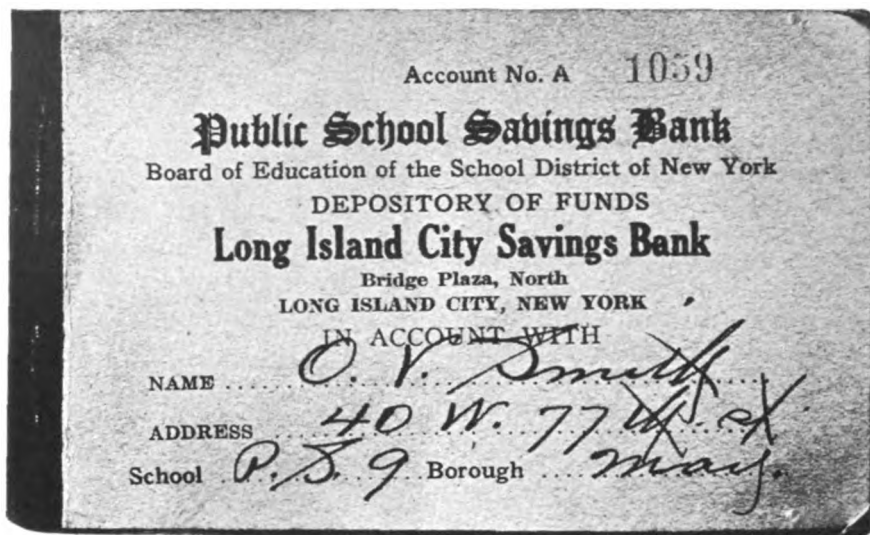
Of the Long Island City Savings Bank, who supervised the opening of the first school savings bank in the United States

ments in school savings rightfully should be reserved to a more mature age when the children have a larger capacity for absorbing the educational principles presented. The plan recently adopted in New York for use with children in these lower grades embodies this principle of a habit training device which does not carry with it a correspondingly heavy load of clerical labor or other responsibility for either the teaching force or the pupils themselves.

It is the belief of the Department of School Savings Banks that this plan in the lower grades should coördinate easily with the more complete and more practical system (from a business point of view) in the upper grades of the elementary school and throughout the high school course.

HOW THE NEW PLAN WORKS

This new plan uses a mechanical device for receiving and accounting for



Cover of pass book used with automatic savings plan

the savings of the children. For each deposit received, the machine issues a serially numbered double stamp in six denominations, 5 cents, 10 cents, 25 cents, 50 cents, \$1, \$5. Every stamp issued is really two stamps with a perforation between. Each half bears the same serial number and each half is of the color which indicates the particular denomination. The pupil is provided with a bound pass book containing forty deposit tickets (one for each school week of the year). The pupil desiring to make a deposit, does so as part of a weekly class exercise in which the whole class participates. The pupil is taken to the machine and allowed to make his deposit and receive his stamp. He then separates the two halves of the stamp, sticks one upon a permanent sheet inserted in his pass book and the other half upon the first deposit ticket. This deposit ticket, being perforated on top and having the account number of the book printed upon it is then torn out and dropped into a sealed box closely adjacent to the machine. As far as the banking operation is concerned on the part of the children, this simple performance completes the deposit for that week.

Each child of the class is allowed to make his deposit in rotation and the entire class returns to their room, immediately being followed by another class until the entire school has been accommodated and the savings of the children from the lowest grade to the highest have been placed within the machine. Each child that has used the machine has in his pass book one half of a stamp of a certain denomination bearing a particular serial number. In the sealed box adjacent to the machine is a deposit ticket bearing the account number of the pupil and also the other half of the stamp which the child retained, bearing identically the same serial number as the portion which the child has in his pass book.

At the end of each school banking day the regular savings bank handling the funds collected by the school removes the cash from the machine and at the same time removes from the sealed box the deposit tickets placed there by the children. These deposit tickets are taken to the regular bank and are entered upon the regular accounts of that bank using a very simple but complete accounting system which provides the regular bank with com-

plete information regarding the savings of every individual from whom it has received any money.

As soon as any child has accumulated \$5 in stamps, his pass book is sent to the regular bank and \$5 worth of stamps are cancelled upon both the child's and the bank's record and their equivalent in cash is transferred to a regular savings account in a mutual savings bank and the child is supplied with a regular pass book of that bank showing the amount of his savings. The child from that time on becomes as much a depositor of that bank as his older brothers or sisters or parents who may have an amount there. Also, the child now becomes a participant in the interest distributions of the bank at the regular periods. The stamp pass book is returned to the school and the child continues again to save stamps until \$5 is accumulated when that too is transferred to his regular pass book so that his savings may begin to work for him.

ADVANTAGES OF THIS SYSTEM

It is evident that this so-called "National Prosperity System" of school savings is entirely safe for both the child and the bank; it is a large time-saver, offering at the same time the possibility of the positive fixing of the habit of thrift through a weekly practice of it under the guidance of the class teacher; it presents attractive mechanical features in which every child is interested; it issues as a receipt an attractively colored stamp in a variety of tints, the collection of which is of great interest to all children of early school age; it offers the possibility of inter-class and inter-individualistic competition in the collection of the stamps and finally it prepares for and coördinates with the complete system offered in the upper grades of the New York schools.

The adoption of a mechanical system for the lower grades and a complete commercial system for the upper grades in high schools presents the early probability in New York City of complete thrift service to 1,000,000 children mak-



View of pass book open showing deposit and receipt stamps affixed

ing 1,000,000 deposits per week for forty weeks in the school year and for twelve years of school life. In this period, each child would have had the opportunity of making 480 deposits at intervals of one week apart. If the habit of thrift cannot be permanently implanted after 480 consecutive repetitions of the same operation, there is little probability of any success whatever in this direction.

J. H. Smedley who supervised the opening of the first school savings bank



Automatic savings machine being demonstrated

in the United States is still active in the Long Island City Savings Bank. He is at his desk every day and is still enthusiastic about the school savings banks as he has every reason to be having seen their remarkable growth and being a living witness to their beneficial influence in the community during the past generation. He has seen children brought up with thrift as an important factor in their school training go out into active life to become successful in business their thrift rewarded with substantial success. Mr. Smedley testifies

that the school savings banks have helped materially to put the Long Island City Savings Bank where it is today among the leading mutual savings banks of the country.

VIEWS ON SCHOOL SAVINGS

A large number of the best depositors of the Long Island City Savings Bank today are graduates of the school savings bank system which the bank inaugurated more than a generation ago. These people received their first training in thrift in the school

banks and today they include some of the most substantial men and women in the country. Among them is George J. Ryan, one of the directors of the bank and president of the New York Board of Education.

Mr. Ryan gave his views on the subject of school savings for this publication, as follows:

The value of the consistent practice of thrift cannot be learned too early. To teach pupils of public school age habits of thrift, is no more difficult than to teach them those cardinal habits that have long been acknowledged to be the proper accompaniment of all systems of education.

There can be no greater educational product of any school system than to permanently fix the habit of thrift in the minds of the children. This habit once formed, seldom is lost. Like all habits of real, lasting value, it requires a certain period of intensive instruction and training, coupled with a longer period of practice. There is nothing connected with the inculcation of thrift that can be learned intuitively. The principles that we desire to weave into the character of the pupils must be taught persistently and with emphasis. There is no period in life when this can be done with greater possibility of success, than during the early school years and there is no agency better fitted to permanently establish these vital principles than the schools of this nation.

For some years we have been striving with very considerable success to establish a system of school banks in this city. Those now in operation, to the number of some 300, have been established along highly practical lines, following the usual savings bank form of operation, utilizing the pupils of upper grades as clerical assistants. To date our school banks have been real banks in miniature, operated by the pupils to give them practical training in elementary business procedure.

Recently we have approved and adopted



View of automatic savings machine

for use in conjunction with our present system a mechanical device for receiving the deposits of our pupils which does not require clerical assistance and hence offers the opportunity of opening successful banks in all the schools of our city, no matter what the age or grade of the pupils. Although mechanical in nature it presents a system of school banking that has unlimited capacity of

deposit, provides complete protection of the deposits of the children as well as of the depository adult bank, is attractive and interesting to children and possesses withal a number of distinctly educational features that not only coördinate nicely with our present system for older children but also offer many qualities that will be of great assistance in our efforts to Americanize and assimilate our large foreign population. In brief, I believe that we have ready for use in this city a perfected system of school banking equalled by none which will very shortly make it possible for our educational system to supply a practical, efficient, graded training in thrift to every child enrolled from the kindergarten through the last year of the high school course.

VIEWS ON SYSTEM OF AUTOMATIC SAVING

Jarvis S. Hicks, comptroller of the Long Island City Savings Bank is another strong advocate of the value of school savings banks and is very proud of the fact that his institution was the pioneer in this movement in the United States. Mr. Hicks is thoroughly convinced of the great use that can be made of the new system of savings which is being installed in the schools of the district by his bank. He believes that the plan will work well through the fact that it will be very much less difficult to secure the full coöperation of all of the teachers as the operation of the plan itself lessens their individual work and also their responsibility. With the removal of these two factors which heretofore have always hindered any school savings plan it will be possible for the teacher to concentrate upon encouraging the children to deposit regularly, without interfering with the teacher's regular duties.

The absolute safety of the plan offered for handling the deposits of children also appeals to Mr. Hicks, who believes no school organization has a right to accept the deposits of the children unless it can absolutely and accurately allocate every cent received and protect the child depositor even in the case of the loss of his pass book. The use of a double stamp of which the child retains one portion and the bank

the other provides a complete and perfect check upon all deposits.

Still another very important feature of this new plan, in Mr. Hick's opinion, is the provision for receiving sums in any amount from 5 cents to \$5. It is possible under this plan to deposit not only small coins but large ones and also bills in any amount through the use of a metal token which the machine will receive and issue a stamp for. These metal tokens can be secured from a teacher upon the regular bank day in exchange for the bills offered by the child.

This last feature elevates the entire idea of school savings from what has heretofore been a penny proposition to a real banking level. It is now possible for the parents in many of the districts to bank through the children whatever small savings they may be able to lay aside from week to week. In short, the entire availability without restriction broadens the scope of school savings immensely.

It is the intention of the Long Island City Savings Bank under the direction of its comptroller to take up immediately an intensive campaign of thrift education among the parents of its community, acquainting them with the aims and purposes of the school savings banks and pointing out to them how they can coöperate with the schools in helping their children to develop habits of thrift and really prepare them for their future business life.

The possibilities of automatic saving under this plan seem almost limitless. It is safe, convenient, simple, regular, private and non-paternalistic. When these machines are found as commonly in stores, railroad stations and office buildings as well as in the school and factories there will be no excuse for anyone being without a savings account. The reminders to save will become as ubiquitous as the incentives to spend are now. With this accomplished, thrift will come very near to being a universal accomplishment in this country.

Revival of Interest in the "Unit Plan"

By H. C. Hausman

RECENTLY considerable interest has been displayed in that type of savings bank organization known as the "Unit Plan".

The "Unit Plan" as discussed in this article consists of providing a duplex cage for the accounts and the teller, these being separated, however, so that the teller does not have access to the accounts or the bookkeeper to the cash.

The idea being to so divide the accounts that each unit has the same volume of business—thus each unit becomes practically a small individual bank. Any institution with more than 20,000 accounts can be set up on this basis.

The revival of interest in the "Unit Plan" is due to several causes. Fundamentally it is economic. The people of America must be encouraged to *practice thrift*. The extension of our transportation systems—the development of our industries—the exploitation of our natural resources call for a vast amount of new capital every year. Increased taxes have reduced the normal flow of money from the usual sources of supply. The wealthy can no longer be depended upon to furnish it, therefore, it must come from the savings of the wage earner and salaried man. They must be taught and encouraged to save systematically and every convenience provided for them. Habitual saving should be made easy and a special effort should be made to get that big group of earners from \$3000 to \$10,000 per year. This class as a rule lives up to every cent, they are intelligent and realize the value of a savings account, but they are very individualistic and rebel at the inconvenience of standing in line on their own time.

Realizing these conditions the national banks and trust companies have set out to get savings account business. They may not call their departments by



H. C. HAUSMAN

that name—various names are applied such as: "The Special Interest Department", "The Compound Interest Department" but nevertheless they are energetically competing with the savings institutions and are providing many of the conveniences that appeal to the public. In addition to the economic and competitive factors another has arisen to create this renewed interest in the "Unit Plan"—several new mechanical devices have recently been perfected that seem to remove the causes of past failures. The companies manufacturing these devices are sending their emissaries out to spread the glad tidings.

The competitive factor is, of course, the natural result of the fundamental economic cause. But it is this competition that is putting every one connected with banks on his toes to be alert to anything that will keep and in-

crease the number of depositors and the amounts deposited.

Now we must not lose sight of one fact—competition among banks is primarily and above all else a competition of service. The rate of interest is not much of a factor. Massive buildings and beautiful interiors and numerous attendants do not necessarily add to the convenience of the depositors. Service, intelligent, prompt and accurate service is what counts most.

The public resents the "bank atmosphere" that requires them to stand in line and wait while the clerks and tellers are doing a lot of things "for their protection". They don't like to be herded like sheep—all they want is pleasing and speedy attention to their deposit or withdrawal. Competition has removed the old thread-bare pretense that the bank is doing the depositor a big favor by taking his money and keeping it in a safe place for him and the keen, up-to-date, progressive banker realizes this and is constantly studying out methods to improve the service and at the same time provide for accuracy and insure against fraud. Consequently the "Unit Plan" with its many distinct advantages is claiming his attention.

These advantages are:

1. Absolute responsibility over a definite group of accounts.
2. Even distribution of activity.
3. Creation of a spirit of friendly competition between units, in the matter of service to depositors, as well as in that of speed and accuracy in handling accounts.
4. Establishment of a standard of performance in the department.
5. Absolute check against fraud without or within except by collusion.
6. The provision of an internal audit over which tellers and bookkeepers have no control.
7. Assurance of the most accurate service to depositors.
8. Prevention of congestion at the bookkeepers' and tellers' windows, and in the lobby.
9. Equal distribution of the responsibility of becoming acquainted with new customers.
10. Encouragement of a friendly attitude on the part of the depositor, arising out of the practice of being served by the same teller always.

11. Reduction of the distance traveled by the depositor from bookkeeper to teller.

12. More personal service to the depositors and greater speed and accuracy in handling accounts involved.

13. Increasing efficiency within the department increases the possibility of quicker, more accurate and more intelligent service to the customer.

Unfortunately, however simple it may seem to even the most thoughtful to set up such a plan, the results, after a few years are often disappointing. The permanent success of the "Unit Plan" depends entirely upon establishing and *maintaining* units of uniform activity. These are easily established but most difficult to maintain. The practice of the past was to analyze the ledger activity. This developed the fact that the newer accounts were far more active than the older ones—that there was a steadily diminishing activity at one end and a constantly increasing activity at the other. In order to equalize it the first unit was given about 40,000 open accounts ranging from 1 to 90,000—the next unit 30,000 from 90,001 to 140,000 the next 20,000 from 140,001 to 175,00 and so on. After a while the change in activity was noted and an adjustment made—then another and another with all the confusion and errors that would naturally result. Then the plan was thrown out as unsatisfactory. Jealousies among the employees developed instead of that friendly competition that was hoped for—while the activity might have been evenly distributed responsibility was not—nor was the work—window service and book-keeping was much harder with 40,000 accounts than with 20,000 even if the activity was equal.

A new way for providing for the equalization of activity has been tried out by several of the Chicago banks, has proved successful, and will, no doubt, provide the solution of the problem of the "Unit Plan". These banks installed the new mechanical devices that require the re-use of a closed account number. By reissuing the account number of a closed account to a new

account the active new accounts are distributed throughout the ledger and the units can be set up on a uniform basis as to the number of accounts as well as to the uniformity of activity thereby insuring the permanency of the "Unit Plan".

At first strenuous objections were raised to the idea of re-issuing closed out numbers but mature thought soon proved that these objections were purely superficial and without weight while the advantages to be gained were many.



Bank Cash Exceeds Needs for Credit

THE present lending capacity of the country's banking system is now far in excess of the credit needs of the country's productive activity, according to the monthly review of the New York Federal Reserve District. The review also shows the following as among the increases that have taken place since July 1, 1921: Production, 67 per cent.; employment, 28 per cent.; wholesale trade, 23 per cent.; retail trade, 15 per cent.; prices, 15 per cent., and wages of unskilled labor, 22 per cent.

After giving the summaries upon which the percentages of increases are based, the review says:

"The growth in the physical volume of production indicates a rate of industrial recovery almost without parallel in American business, and the volume of goods produced and passed into consumption during the first quarter of 1923 probably exceeds that of any similar period in the history of the country."

The review points to the results of this industrial activity on credit conditions throughout the country and says:

"The high industrial activity has involved a great increase in the volume of bank credit in use. Comparisons are made below between those dates when low points were reached and April 11, 1923:

"Member banks in leading cities—total loans and investments have increased \$1,974,000 since March 8, 1922, or 14 per cent.

"Commercial loans have increased \$783,000,000 since August 30, 1922, or 11 per cent.

"Demand and time deposits have increased \$2,453,000,000 since Sept. 21, 1921, or 19 per cent.

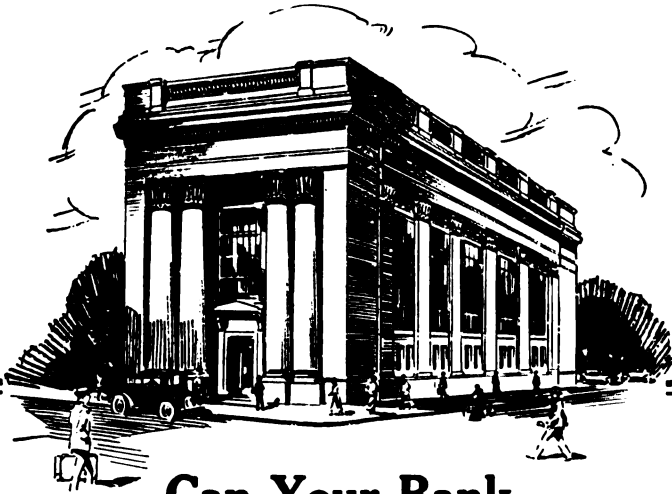
"Since the first of the year the growth of total loans and investments has been due entirely to the rapid increase in commercial loans; loans on stocks and bonds and the investment holdings of these banks have declined. This shift in the form of bank credit is in response to the increasing demand for credit for commercial and industrial purposes.

"The use of Reserve Bank credit, particularly in the industrial sections of the country, has also increased from the low point of last summer, as follows:

"All Federal Reserve Banks—Earning assets have increased \$138,000,000 since August 9, 1922, or 14 per cent.

"Loans to member banks have increased \$263,000,000 since July 26, 1922, or 69 per cent.

"Included in earning assets are the Government securities and acceptances held by the Reserve Banks, as well as their loans to member banks. As the volume of securities and acceptances owned has decreased, the volume of loans to member banks has risen by somewhat larger amounts, and the earning assets consequently have risen. The lending power of the Reserve Banks remains very large, as is apparent in the high reserve ratio, the result mainly of the heavy inflow of gold."



Can Your Bank Go On Without You?

DURING his lifetime a certain man had carved in marble a full-sized monument of himself, for he wished to leave something by which he might be remembered always.

He was an eccentric; but not because he wished to be remembered. It was because he failed to realize that there is only one real reason for remembrance—a service to our fellowmen so established that it shall continue.

One of the most durable, substantial and lasting forms such a monument may take is a well-established banking business that has been so closely knit into the lives of the people as to stand solidly in its own strength, unshaken even when the personal-

ity of its founder is taken away.

Has your bank this characteristic? Only if it is a well advertised institution, which has extended its interests and woven them into the people's interests so closely that the institution is no longer yours alone but in an important sense theirs.

Consult The Collins Service regarding publicity that will so mold the attitude of the community toward your bank that it shall be a permanent, public institution.

The Collins Service
The Recognized Standard of Financial Advertising
Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

MAY 1923

Putting Personality Into Publicity

By Sewell Peaslee Wright

THERE IS little doubt in my mind regarding the vital importance of personality in advertising. Naturally, your advertising must be convincing, it must be forceful, and it must be truthful. But what does the advertiser gain if his advertisement is all of these things unless it brings out the individuality of his bank as an organization distinct from all others?

A surprisingly large amount of the bank advertising of today is absolutely devoid of personality. It has no more of that quality and would no more serve to advertise the user than a Hallowe'en false face identifies the wearer. The good advice given in bank advertising, the lessons on thrift, economy, and so forth, may convince the reader, but few bankers are so altruistic that they would care to pay for advertising that merely taught these ideas on the chance that they would get their share of the resulting business. The banker is far too good a business man to want to pay the advertising cost of his competitors, but that is exactly what he is doing unaware, if his advertising is not stamped indelibly with the individuality of his particular organization.

Last June, at the big advertising convention in Milwaukee, I had the pleasure of hearing speaker after speaker touch upon this point, and as an advertising man, believing heart and soul in the effectiveness of advertising, and naturally wishing to see all advertising as effective as possible, I was glad

indeed to note the almost universal recognition of this vital principle.

I hardly believe it will be necessary to try to "sell" you further on the prevalence of this lack of personality, as the chances are that it has already made itself evident to you. You have noted the sameness about

your advertising, the just-like-the-other-fellow quality, that has made you dissatisfied without making you aware, perhaps, of the exact element lacking. In the belief that I am correct in this, I will pass without further comment into the really important phase of my subject, the injection of the personal element into bank advertising.

Perhaps the first thing to be

(Continued on page 865)

\$5⁰⁰

Deposited in this Bank
Will Enroll You
in the

Ford Weekly Purchase Plan

Most of your neighbors drive motor cars. They can go where and when they choose. Their cars play a large part in their daily life, furnishing them with quick and convenient transportation for both business and pleasure.

Realizing what the automobile means to the average family in bringing them greater enjoyment of life, we have arranged to extend the facilities of our bank to those who desire to become owners of Ford cars through the new Ford Weekly Purchase Plan.

Under this plan, you can begin with an initial deposit as low as \$5.00. Then select the type of Ford car you want—Touring Car, Runabout, Coupe, Sedan, etc.—and arrange to make weekly deposits on which interest will be computed at our regular non-checking interest department rate.

Come in and let us further explain the Ford Weekly Purchase Plan to you, or, if you wish, go to the nearest Ford Dealer for further details.

Start today, and before you realize it you will be driving your own car.

The Corn Exchange Bank

Branches Throughout the City

Enrollments will be handled for the following

Authorized Ford Dealers who are Depositors in our Bank

Fisher Loan	1407 Broadway, N. Y.
Riverside Motor Sales	150th St. & Riverside Drive, N. Y.
Winton Auto Sales	302 Broadway, N. Y.
Staten Island Garage	473 Bay St., Stapleton, N. Y.
G. T. Hall, Inc.	249 Webster Ave., N. Y.
Frank Bennett Junior	60 Kingsland Ave., Easthampton, N. Y.
Hallman Motors Corp.	Bridge Plaza, E. R. City, N. Y.
Maxwell Ave. Auto & Service	80 Madison Ave., Eastburg, N. Y.
Universal Service & Sales	8th & Webster Aves., E. R. City, N. Y.
Woodchuck Auto Sales	4th St. & Jackson Ave., Westfield, N. Y.
Russell Motor Sales	305 Locust St., Brooklyn, N. Y.

Henry Ford has managed to induce bankers throughout the country to cooperate in the interest of his new "Ford Weekly Purchase Plan", which he presents in a very persuasive manner in the above advertisement.

Banking Publicity

RICHARD F. DURHAM, Editor
Monthly Publicity Section

THE BANKERS MAGAZINE
71-73 Murray St., New York

MAY 1923

AMONG reasons that the publicity manager, or the man in charge of the advertising of any bank, large or small, can think of for not attending the annual convention of the Financial Advertisers' Association, there is one that should be promptly discarded—that is: *Will it be worth it to me?*

The best answer to this question is the attitude that every advertising man who has had the good fortune to attend at least one convention of the Advertising Clubs of the World takes toward the useful experience which he gained, and the helpful contacts which he made as a result of his attendance. Every delegate who has attended one of these conventions has felt that he got value received, and then some.

This year the convention will be held at Atlantic City, June 3 to 7. An entire section of the Hotel Ambassador has been reserved for F. A. A. delegates. This arrangement will give you an excellent opportunity to get acquainted with the men who are doing things in the field of financial publicity.

The writer had the good fortune the other day to hear the tentative plans for the program discussed by the

chairman of the program committee, Frederick W. Gehle, vice-president of the Mechanics and Metals National Bank, New York, and can say without any hesitation that the delegates to the convention have a genuine treat in store for them. *See program on page 870.*



THE WELL known president of one of the most successful banks in the country, who not only directs the bank's advertising, but who is the active "copy chief" of the advertising department—and a singularly able copy-writer, said some time ago with regard to the bank's advertising plans:

We do not contract for any specific amount of space, nor for any given number of insertions in a stated period. The reason for this is that we advertise only when we have something definite to say concerning a specific thing or condition.

"We advertise only when we have something definite to say concerning a specific thing or condition." Contained in this sentence is excellent material for a useful wall motto.

In writing copy the "something definite to say" is so often just around the corner and, somehow, so hard to find. But there is space to be filled, and there must be copy written to fill it. In a pinch the temptation may arise, and often does, to seek refuge behind a smoke screen of impressive words and well rounded

phrases—which sound fine, and mean nothing, like patriotic speeches on the 4th of July.

Bank advertising copy that draws its inspiration from Webster's Dictionary or Roget's Thesaurus rather than from some specific form of service that a bank has to offer, or from some event or occurrence that is both timely and appropriate, is about as effective as saying "This Space Reserved for the Blank National Bank", and letting it go at that.



TOLEDO, OHIO, has 56,907 more bank accounts than it has people according to figures published based on a recent confidential check of all of the banks of the city. With a population of 248,880 the city had 305,787 bank accounts at the time the check was made. Of these accounts 75,000 are Christmas savings. A man without a bank book in Toledo must be a rare bird, judging from these figures.

The thrift campaigns sponsored by the bankers of Toledo have evidently borne fruit. To just what extent they have influenced the surplus of bank depositors over inhabitants we do not know. It is a safe guess, however, that bank publicity has played a more important part than any other one thing in conditions leading to the establishment of the ratio set forth in the above figures.

Putting Personality Into Publicity

(Continued from page 863)

considered is the physical appearance of the advertisement, so we will start with the border and signature. If you are advertising regularly, you will find it advisable to have some good artist design a good, legible, attractive, distinctive signature. Don't crowd this signature with a lot of miscellaneous matter, such as names of presidents, vice-presidents, cashiers, assistant cashiers, and so forth. These officials may like to see it but the public is not interested. The use of a reproduction of your building, if you have an attractive one, is to be recommended, and is daily becoming more popular among the progressive banks. This should be by all means a pen and ink drawing and not a half tone made direct from a photograph. In the first place, a clever artist can juggle the perspective so as to give the building an appearance of greater size than it possesses, and in the second place, a straight line etching will stand up and deliver clear and attractive prints long after a half tone has become muddy and almost useless for the purpose for which it was intended. A border of some kind should be used to hold these various elements together, and also to keep the surrounding news matter from "killing" the body of the advertisement. This border can be a rule or a combination of rules, or better, some attractive design which would be a part of the whole. You have only to look at the advertising of any of the larger and more progressive banks to see some excellent examples.

A general layout of the copy should next be considered, and when a definite plan is decided upon, it should be used without variation throughout the entire



A BANK ONCE GAVE NAPOLEON AN UNPLEASANT SURPRISE

WHEN Napoleon conquered Venice he expected to secure a large quantity of gold by looting its great bank. For the Bank of Venice had financed the city's vast commerce for more than six centuries during which time Venice had been one of the great world trade centers.

But Napoleon reckoned without knowing the true facts about the bank—and had all his trouble for nothing. The vaults of the bank contained no specie, in fact it never kept specie in its vaults.

Other features are equally surprising. During its last 450 years it paid no interest on deposits; it did not pay specie on demand; it charged a premium for its bills of exchange, sometimes as high as 30%.

But it filled an urgent need—it provided a medium of exchange which everybody instantly accepted at face value, at a time when the harbor of Venice hummed with a busy commerce carried on by merchants and traders from all the known world. This brought an endless diversity of gold and silver coins, some undecipherable, others clipped or debased, many counterfeit. Endless disputes and wrangles resulted.

All this was changed by the establishment of the bank. Merchant and traders purchased bank credits—which were more readily negotiable than cash. In fact, the

demand for bank credits was greater than the supply which explains why they commanded a premium.

A savings bank, but it served Venice well. An historian of the period has said, "It has always been the genius of banking to follow close upon the needs of commerce." To which statement the Seaboard would like to subscribe—with a reservation. The world is setting too fast a pace for those who merely "follow." In these days it will now do for a bank to "follow" the needs of commerce—it must anticipate! It must lead!

The "old" Seaboard has built up a reputation as a progressive bank. It has continually sought to cooperate with sound concerns which see opportunities for leadership through aggressive action. It has always been willing when properly safeguarded to step off the beaten path, to adopt new methods, to do new things.

Consistent with this policy the Seaboard today urges American business men to study the opportunities in foreign trade. America's greatest and greater participation in world commerce is inevitable and necessary.

If you are interested in foreign trade, or if you wish advice or assistance in connection with any phase of domestic business, we hope you will get in touch with us.

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.

Both from the standpoint of illustration and copy this advertisement is a splendid piece of workmanship. It is unusually interesting—so interesting that its very reading interest is apt to overshadow the purpose for which it was written, despite the skillful tie-up between a bank in Venice of yesterday, and a bank in New York of today. The point of contact is not readily made, but is reached only after some moments of careful reading. Many of those who start in to read this advertisement will read it all the way through. Only those who do read it through are apt to associate it afterwards with the name of the bank running it.



Napoleon Sold Minneapolis for Two Cents an Acre

IN 1783 Napoleon Bonaparte sold Louisiana, a territory of one million square miles—one third of the whole United States—for \$15,000,000.

In that "Louisiana Purchase," negotiated by President Thomas Jefferson, was included the present states of Louisiana, Arkansas, Oklahoma, Missouri, Iowa, Kansas, Nebraska, North and South Dakota, the major portions of Montana, Wyoming and Colorado, and all that part of Minnesota west of the Mississippi river.

The present size of Minneapolis cost the nation less than \$700. Napoleon sold Minneapolis for two and one-fourth cents an acre!

Today, Minneapolis is grown from a village to a metropolis of 400,000 people, the gateway to a great region of 400,000 square miles, half the size of the "Louisiana Purchase," with a population of 7,000,000.

Today, on this tract that once sold for \$700, would a city, with an actual property valuation

of \$788,000,000, a city with bank deposits exceeding \$250,000,000, a city manufacturing more than 1,700 articles, valued at \$500,000,000 annually, a city that receives trade and commerce throughout one of America's richest regions more than 400,000 carloads of freight each year.

Today, the First National Bank, in Minneapolis is serving 40,000 patrons in the same thorough manner that has made it always an active help to the upbuilding of Minneapolis and its thriving trade territory—pursuing the same policy that was initiated when it was founded in a town of 15,000 people, 50 years ago.

Today, 40,000 patrons are entrusting to this leading financial institution of the Northwest deposits of \$40,000,000, four times the amount paid to Napoleon for 13 states. These deposits are secured by revenues five times as great as the "Louisiana Purchase" price, and a capital and surplus of \$10,000,000, two thirds of the amount paid for one million square miles of the richest and most fertile land under the sun.

FIRST NATIONAL BANK

MINNEAPOLIS

The methods of the First National Bank and the methods of the First National Bank

Napoleon again. Here, as on the preceding page we find a layout which combines excellence of illustration and copy. The headline is also particularly striking. In this advertisement the point of contact is made at once. The copy strikes right out into something of very immediate interest to the citizens of Minneapolis, namely that, today, on a tract that somewhat over a 100 years ago was sold for \$700 by no less a personage than Napoleon, stands a city whose property valuation is \$788,000,000. The bank follows this up contrasting its present development, serving 40,000 depositors, with its founding in a town of 15,000 people fifty-eight years ago.

campaign. Personally, I am very much in favor of having copy set so that it will not occupy the entire width of the space available, and then have this body of copy placed at the extreme right of the space, leaving, of course, all margin at left. The headline is then started at the extreme left, which serves to bring the headline into greater prominence (as it stands out from the margin of white space) and at the same time it serves as a sort of foil for the body of the copy matter. A two line initial cap used with the first word of the first paragraph also is extreme-

ly advisable. The large size of the letter gets the attention of the eye immediately, and naturally leads it into the copy itself. I realize that there is nothing new or startlingly original in any of these suggestions. It is by no means necessary to adhere to them in order to secure individuality for your advertising. Any distinctive form of layout, strictly adhered to, will lend the desired individuality to your advertising, but the above suggestions are the results of several years' experiment and I really believe that you would do well to follow them.

The type itself should be first of all legible. Naturally, it should be of an attractive nature, and if possible, a bit different from that used in the rest of the newspaper ads, but do not use freak types. Good old Chelt or Caslon will be found in every print shop and while extremely common, they are at the same time both very suitable for this kind of work. You will probably find it necessary to caution your newspaper advertising man against the use of all caps in the headline. A



A Trust that Protects Your Family NOW

You can assure your wife and children an income during your lifetime and afterwards, no matter what may happen to your business.

You can provide an independent income for a married daughter or dependent relative.

You can insure an old age free from financial worry.

Every man of family should be vitally interested in the creation of a voluntary or Living Trust.

Our Trust Officer will be glad to explain how it will operate in the management of your personal business, and in the protection of those dear to you.

FRANKLIN TRUST Company

Deposits, withdrawals and complete banking services at these locations

Frankford Branch,
Frankford Ave. and
Paul St., will open
about June 1, 1923



20 South 19th St.
32nd & Market Sts.
Delaware Ave. &
Market Street
New York N. Y. 10
8708 Cornerstone Ave.

Capital and Surplus, \$2,000,000

That you can always count on catching a man's attention by talking to him about his family is a factor that banks have been making effective use of in the preparation of trust copy. In the above advertisement of a Philadelphia bank the illustration has a human-interest quality that at once strengthens the copy.

headline should be set with initial caps only and an all cap headline is never desirable, as capital letters, especially when used solidly throughout a word, are not nearly so legible as the lower case letters.

These suggestions are not confined closely to developing individuality in your advertising. They are more in the nature of suggestions for improving the general appearance of your advertising. The real

An Ancient Bank Supplying Modern Service

JAMES Barclay and Joseph Freame, a "Citizen and Goldsmith", formed a partnership in London nearly 200 years ago. From that firm has risen Barclays Bank Limited, one of the largest banks in the world with over 1670 branches in England and Wales, and many offices of affiliated banks.

Clients are served efficiently outside the British Isles through offices of subsidiaries located in Paris, Bordeaux, Boulogne, Havre, Lyons, Marseilles, Rouen, Cannes, Mentone, Monte-Carlo, Nice, and other Continental Centers; also in Egypt, Algiers and Palestine.

A banking system of such magnitude, and supplemented by correspondents in all quarters of the globe, offers an exceptional medium for handling the overseas transactions of American business firms. *This service is available to you through your own bank.*

BARCLAYS BANK LIMITED

TOTAL RESOURCES \$1,618,098,798

Frederick C. Goodenough, Esq., Chairman

Head Office: 54, LOMBARD STREET, LONDON, E. C. 3

Representative in America—H. Poe Alcon

60 WALL STREET, NEW YORK CITY

A change from the usual style of advertising employed by banks in Great Britain. Here one of England's "big five" makes use of a pleasing layout in which the headline is good, and the copy, in which the usual conventional remarks about capital, deposits, total resources, etc., are confined to one line, is both readable and well presented.



The circle in the above advertisement of a Philadelphia bank serves as a focal center for the copy, to which the eye is instantly attracted. When it is appropriately used, as is the case in the above layout, a circle can be usefully employed as a means of strengthening the center of interest.

work of giving individuality to the public is in the copy, and hence we will now turn to that important subject.

The very first thing to do is to forget, if you can, all the other advertisements from other banks that you have read and possibly all those that your own bank has been running, if they have been of the usual "hit or miss" variety. Then throw away all your compilations of selected paragraphs for bank advertising, and you will be ready to start the production of some real copy that will be truly yours.

Bear in mind that it is *your* individuality (I am assuming that I am addressing the writer of the advertisements) that is to be received by the public that reads the ads as the personality of your bank. Every writer has little peculiarities which soon become recognized and it is a very easy thing fre-



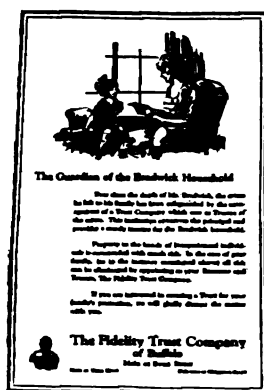
The above group is taken from a series of newspaper advertisements run by a Cleveland bank during the course of an employees' new business contest, in an effort to heighten public interest in the contest. The copy follows a readable news style and the headlines are of the attention-catching variety. Note the distinctive style of layout which this bank uses.

different moods regularly at different periods at different times during the day, especially so if their work is of a routine nature. For instance, the hour following the opening of the first mail may be a pleasant or an unpleasant one, according to what is usually received in the mail. The merchant will be invariably in a good humor in the time of day when his business reaches its peak. About three in the afternoon most every office worker experiences a sort of fatigue and a general listless feeling—you probably know how that is yourself. I suggest therefore, that you do all your copy writing at the time of

day when you feel most cheerful so that your copy will reflect this attitude and will not change its personality, as it were, from day to day, in accordance with the mood which you happen to be in when writing it. Perhaps some of you will think that I am going rather deeply into this matter but I want to say that personality is an elusive quality and is one that cannot be impressed upon your advertising unless exacting care is given to the minute details. Personality is the sum total of innumerable trivialities. If you are to develop in your advertising a real, palpitating personality, then the

tinest detail must be regarded as important.

I suggest that you outline at least three or four months in advance, exactly what you are going to say in your copy so that there will be a uniformity which will not cause the reader from day to day to receive an impression of an erratic personality. If you write one advertisement on a "rainy day" theme and the next three or four along cheerful, constructive lines, and then you switch to a couple of "rainy day" advertisements again, the reader gets only a confused, blurred image instead of a clear one. While there are illogical persons



This Buffalo bank has made good use of the ever-popular "story" form of copy in this group of trust advertisements. The various situations set forth here are plausible, well constructed, and have a strong human-interest appeal.

and personalities in real life, a logical personality is more prevalent and is hence more easy to understand and appreciate.

I am not going to even attempt to say what kind of a personality you shall present to the public for your bank. The policy of the bank itself will naturally assist you in determining this, and since the possibilities there are so great, I will not attempt to enumerate them. If you will fix in your mind as definitely as possible the policy of your bank, and will keep this in mind at all times, you will find that unconsciously the policy of the bank will be reflected in your writings.

We started out to give personality to bank publicity; now let us briefly review the methods we have taken to do this:

1. We are giving to our advertising, through the medium of a signature cut and border, a suit of clothes which our advertising will wear for years, and which will help to distinguish it just as certainly as Uncle Sam's striped trousers do him. Incidentally, if a clever artist is employed, it will be just as distinctive.

2. Through a uniform layout and style of typography, we are giving to our advertising, a "face" that readers of the local newspapers will soon learn to recognize and which will be as distinctively your bank's as your face is your own.

3. By adopting a perfectly human and unchanged style of copy we have given our advertising a voice whose tones will be as quickly recognized, and as entirely individual, as that of any human voice you hear every day.

We see, then, that giving personality to your advertising is merely giving to it the various features that serve to give individuality to human beings.



Strong institutional copy. This Nashville bank, by following the above layout consistently, has given to its advertising an identity that serves to make it readily recognizable and to set it apart as belonging definitely to this one bank.

Program of F. A. A. Convention At Hotel Ambassador, Atlantic City, June 3-7

FIRST SESSION; VENETIAN ROOM:

Tuesday, June 5, 1923, 10
a. m.

President's Address—

W. W. Douglas,
Bank of Italy,
San Francisco, Cal.

Secretary's Report—

Lloyd L. Coon,
Financial Advertisers' Association,
Chicago, Ill.

Treasurer's Report—

Carl A. Gode,
Illinois-Merchants Trust Company,
Chicago, Ill.

"Public Relations and the Advertising Man"—

F. H. Sisson, Guaranty Trust

Company,
New York, N. Y.

"Advertising and the American Bankers Association"—

F. N. Shepherd,
American Bankers Association,
New York, N. Y.

"Advertising and the Investment Bankers Association"—

Samuel O. Rice,
Investment Bankers Association,
Chicago, Ill.

Coöperative Community Advertising—

F. W. Ellsworth,
Hibernia Bank & Trust Company,
New Orleans, La.

"The Psychology of Bank Advertising"—

A. D. Welton,
Continental & Commercial
National Bank,
Chicago, Ill.

Appointment of Committees.
Adjournment.

SECOND SESSION; VENETIAN
ROOM:

Tuesday, June 5, 1923, 2 p. m.

"Reaching the Masses with the
Outdoor Appeal"—

R. E. Hotze,
Planters National Bank,
Richmond, Va.

"The School Savings Plan"—

F. A. Stearns,
Security Trust & Savings
Bank,
Los Angeles, Cal.

"Are We our Worst Competi-
tors?"—

C. H. Handerson,
Union Trust Company,
Cleveland, Ohio.

"From the Editor's Observation
Post"—

Keith F. Warren,
The Bankers Magazine,
New York, N. Y.

"The Newspaper's Relations to
the Financial Advertisers"—

Louis Wiley,
The New York Times,
New York, N. Y.

"Assisting Newspapers Develop
their Financial Section"—

Paul Young,
Blythe-Witter & Company,
Los Angeles, Cal.

Adjournment.

CLOSING SESSION; POMPEIAN
GALL:

Wednesday, June 6, 1923, 10
a. m.

"How Advertising Builds
Branches"—

Samuel J. Keator,
The Mechanics & Metals Na-
tional Bank,
New York, N. Y.

Who's Who in Bank Advertising



COL. ARTHUR C. ROGERS

Advertising manager of the Guardian Savings and Trust
Company of Cleveland, Ohio

COL. ROGERS is a pioneer in bank advertising. In the late nineties he organized what is said to have been the first bank-advertising department in which the manager devoted all his time to the work of the department. Before that he was in the printing business for a number of years. Here he gained his knowledge of the "art preservative", which fact has made him an authority on type, art and layouts. He believes in making type "talk".

After his bank advertising experience, Col. Rogers directed the advertising of a large Cleveland department store for eight and one-half years. For three years he was analyst and writer for a national agency. He next became proprietor of an agency.

When the United States entered the World War, he withdrew from the organization and entered military service as a major in the Second Division Overseas. He was made a lieutenant colonel and received two citations for meritorious service. In January, 1923, he was promoted to a colonelcy in the Adjutant General's section of the Officers Reserve Corps.

Early in 1921 he became advertising manager of The Guardian Savings and Trust Company, where his methods and ideas have been producing marked results.

When asked to state, out of his wide and successful experience, the essentials of effective bank advertising, he said: "Tell your story straight from the shoulder, without frills or flourishes. Don't try to gild the pill.

"Avoid prolixity, but don't go to the opposite extreme of making your story too brief.

"Keep hammering away. Drive the appeal home by keep-
ing after your prospects.



The 3 Essentials

The ability, the capacity, the willingness to serve. Those are the three essentials of satisfactory banking service. Essentials combined here so thoroughly, so unobtrusively, yet so unmistakably, that we are able to render what we believe is the supreme in service to a client.

"A big, friendly institution where the spirit is democratic and it is a pleasure to do business."

FOREMAN BROS. BANKING CO.

S. W. Cor. La Salle and Washington Sts.

MEMBER

FEDERAL RESERVE SYSTEM—CHICAGO CLEARING HOUSE ASSOCIATION
CAPITAL, SURPLUS AND UNDIVIDED PROFITS EXCEED \$1,000,000.00

This advertisement of a Chicago bank gives an unusual example of white space well used rather than wasted—a distinctive layout. The placing of the silhouette, the sparing amount of copy and the style of type used are all well chosen.

"The Women's Department"—

Miss Anne Seward,
Hamilton National Bank,
New York, N. Y.

"House Organs"—

E. H. Kittredge,
Old Colony Trust Company,
Boston, Mass.

"Investment Advertising"—

H. B. Matthews,
S. W. Straus & Company,
New York, N. Y.

Reports of Committees.

Election.

Unfinished Business.

Adjournment.

"Building Deposits with the Movies and Radio"—

R. E. Wright,
First Wisconsin National
Bank,
Milwaukee, Wis.

Time will be allowed for discussion following each address, at the discretion of the Chairman.

NOTE:

SPECIAL NOTE:

Arrangements have been made whereby delegates to the Convention can lunch together; special tables are provided at which special advertising topics will be discussed.

"The Personal Solicitation of Trust Business"—

Tracy Herrick,
Cleveland Trust Company,
Cleveland, Ohio.

A Club for Young Savers

A SAVERS' CLUB for boys and girls recently organized by the Genesee County Savings Bank, Flint, Mich., has met with much success. The club is known as the "Genesee Bankers' Club". Any boy or girl opening a new account with at least one dollar automatically becomes a member of the club.

There are no dues or fees. The club is divided into two groups: the boys' division, and the girls' division. Each division elects its own officers who, with the club manager, serve as the executive committee. This committee holds regular semi-monthly meetings at which the activities of the club are planned. The program of the committee includes parties, entertainments, civic tours, radio concerts, picnics, athletic events, etc. The club, although formed only two months, already has 1600 members.

THE FIRST COLLEGE

HISTORICAL SERIES

No. 19



In January 1859, the Logansport issued a charter to the Northwestern Christian University which was the first religious institution founded in the city, and the first in the world which admitted women on the same basis as men. It was located at Pleasant and College, until 1871, when it was removed to Irvington.

Because of the generous gifts of land and money from Orin Butler it was renamed Butler College in 1877.

For 25 years prior to this Fletcher's Bank had been advising the people of Indianapolis in "national matters and index in advance" for the Fletcher American National Bank, as required by its authority on every question of finance.

Fletcher American National Bank

1839  1923

Capital and Reserves, \$1,000,000

The layout of this advertisement, one of an historical series run by an Indianapolis bank, is well planned.

How Banks Are Advertising

"TRADE WINDS", a monthly publication of the Union Trust Company, Cleveland, is one of the best bank house organs, both from a standpoint of make-up and content, that comes into this office. The shape and page size of the magazine have recently been greatly enlarged over its former style of make-up. The contents of the April issue include, "The Economic Status of the Farmer", by Senator Arthur Capper; and "The Gold Settlement Fund and the 'Man on the Street'", by D. C. Wills, chairman, Federal Reserve Bank, Cleveland.

"Your Will And Your Executor", a booklet issued by the trust department of the Marine Trust Company, Buffalo, contains some very good, and very well arranged trust copy.

"BANK NOTES", monthly magazine of the Commonwealth Bank of Australia continues to maintain its usual high standard of excellence. There is always plenty of readable matter in this magazine, and a diversity of well chosen and interesting photographic reproductions. This house organ would do credit to any bank.

THE CHATHAM and Phenix National Bank, New York, publishes a well prepared series of pamphlets, in narrative form, on the services of the bank's trust department.

THE SECOND annual employees' new business contest conducted by the Liberty Central Trust Company, St. Louis, was recently brought to a successful close, having produced approxi-



Bank Your Savings Here

Because—

1. Our Savings Department has all of the modern facilities and services required by successful savers.
2. It pays a liberal rate of interest on Savings Accounts which is credited to the depositor's account every three months.
3. Deposits may be made or withdrawn by mail—by enclosing your Savings Pass Book—after the transaction is complete your Pass Book is returned without delay—at no cost or trouble to you.
4. After you have become a Successful Saver, we recommend that you invest a portion of your Savings in sound and safe bonds or mortgages which yield a larger rate of interest than is usually paid on Savings Accounts.
5. Many of our Savings Depositors also carry Checking Accounts here, because we pay from 2% to 2 1/4% on all Checking Accounts having balances of \$100 upwards.
6. A Savings Depositor here has at his or her command all of the facilities of our Banking, Mortgage Loan, Trust, Real Estate, Bond and Safe Deposit Departments.
7. All Savings Deposits made by the 10th of any interest quarter month (January, April, July and October), draw interest from the 1st of the month.

Start An Account Now With

THE MINNESOTA LOAN AND TRUST COMPANY
100 HANCOCK BUILDING MINNEAPOLIS

What \$50 a Month Invested in Safe Bonds Will Do

Assuming Reinvestment of Interest

NOTE—Solid line on graphs shows results on 6% bonds; dotted line, 5% bonds.

FIGURE 1 shows the accumulation of funds resulting from saving \$50 a month year after year, without interest—\$1500 in 10 years; \$3000 in 20 years; \$4500 in 30 years.

FIGURE 2 shows what is added by compound interest to Figure 1: if the \$50 a month is invested in Safe Bonds—provided principal and bond interest are kept reinvested.

FIGURE 3 shows the annual accumulation of principal and interest—\$150 a year in 10 years; \$300 a year in 20 years; \$450 a year in 30 years.

FIGURE 4 compares the bond interest with the monthly payment. In 10 years interest equals the monthly payment; in 20 years it equals the 10 years' principal; in 30 years it equals the 30 years' principal.

SAVE \$24,000 and have nearly \$100,000 in 40 years—or save \$15,000 and have nearly \$35,000 in 25 years. That's what you can do by investing in Safe Bonds with us. If the principal and bond interest are kept reinvested at 6%. The results would be proportionately less if the bonds were more or less than \$50 a month.

The graphs herewith illustrate what is accomplished by a steady, systematic investment program (on both 6% and 5% bonds). Several thousands of our customers are using the Halsey, Stuart & Co. System Investment Plan to build up accumulations of high-grade, marketable bonds either as a reserve or as their main dependence for the future.

Send for this "Booklet"

Our booklet, "A Sure Road to Financial Independence," tells all about this plan. It shows how for the comparatively small \$24,000 to \$35,000 over periods of 15 to 40 years, it accumulates a Plan (Bonds with interest kept reinvested) income of from \$2500 to \$5000, or provides for retirement saving.

Write for Booklet "A" or send this money

to Halsey, Stuart & Co.

14 Wall Street, New York

Phone Baxter 6346

CHICAGO, NEW YORK, PHILADELPHIA, BOSTON, DETROIT, MILWAUKEE, ST. LOUIS, MINNEAPOLIS

HALSEY, STUART & CO.

14 Wall Street, New York. Phone Baxter 6346
CHICAGO, NEW YORK, PHILADELPHIA, BOSTON, DETROIT, MILWAUKEE, ST. LOUIS, MINNEAPOLIS

Getting down to specific cases. This investment copy shows very graphically what can be done with a given amount invested at given intervals. A well constructed advertisement. Note the attention-getting quality of the headline.

"Reason why" copy. Very convincingly written. This type of copy, which is a straight appeal to a man's reasoning powers rather than an effort to approach him through his emotional side, can be drawn out to some length without loss of effect. This type, however, does not appeal to as wide a range of readers as copy which approaches the intellect through the senses. There is a certain class which resents a straight attempt at approach through the medium of persuasion or argument.

mately 3000 new customers during its three months' duration.

The operation of the contest, as described by J. V. Corrigan, publicity manager of the institution, who managed it, is summed up as follows:

It was decided at the outset to concentrate the activities of the employees in securing savings accounts of \$5 and up and safe deposit boxes of \$5 more. A scoring system of 1 point for minimum saving accounts was announced, allow 1 point for each \$5 in excess. Therefore \$25 savings account



**"As Modern as We are Old"—
Performing
Every Function of a Bank**

Commercial—offering every modern method of commercial banking—yet clinging to the conservatism that makes for absolute safety.

Foreign—extensive facilities for financing exports and imports and for the purchase and sale of exchange at the most favorable rates.

Trusts—acting in every trust capacity, to administer and protect your property—and make it profitable.

Bonds—at your disposal for the purchase and sale of securities and for your relief from all details concerning such transactions.

Credit—unexcelled facilities for the immediate furnishing of domestic and foreign trade information.

Industrial—equipped and ready to cooperate in all matters pertaining to business efficiency and industrial management.

Seeking New Business On Our Record

**THE
CHEMICAL
NATIONAL
BANK
OF NEW YORK**
Founded 1863

BROADWAY AND CHAMBERS, FACING CITY HALL

Strength of layout, originality of headline, and conciseness and brevity of copy combine to make this advertisement of a New York bank stand out well above the general run of bank advertisements.

were entitled to 154 points, \$50 savings account 189 points, etc. A \$5 safe deposit box was worth 150 points all boxes in excess being granted 200 points.

The basis of remuneration for points was as follows: Up to 5000 points, one-half cent per point; 5000 to 15,000 points,

three-quarter cent per point; 15,000 and over, one cent per point.

The reward in each case was retroactive, believing that this furnished an incentive for employees to advance into a higher class.

It was decided to organize

two leagues, namely the Gumps and Googles, consisting of eight teams of one captain and twelve members each.

Captains of the teams were picked from among those who made most favorable showings in a previous contest conducted by the institution a year ago.

Before the contest was ever announced to the employees in general, however, a meeting of captains was held, at which distribution of employees' names was made.

Employees were divided into classes, those who did and those who did not come in contact with the public. Each team was given its relative proportion of tellers, bond salesmen, bookkeepers, etc., so that each team would have an equal opportunity to produce results and "cash in" on special prizes.

Special prizes were offered to the three teams finishing high. Captains of such teams would receive \$100, \$50 and \$25 and members \$10, \$5 and \$2.50 each, respectively. This feature was responsible in a large way for its success, developing quite a bit of competition.

Results count, and the results of this contest were even better than the bank had dared to anticipate. It is true that other employees' contests have produced a larger volume of busi-

Women's Department

A WOMAN came into this bank the other day with some worthless securities. She was looking for investment advice, a place to deposit her money, a safe-deposit box and a little sympathy. She found them all here.

Hours: 9 a.m. to 12 p.m.

Open an account with a modern bank in the heart of New York

**HAMILTON
NATIONAL BANK**
130 West 42nd St., New York

This brief piece of copy on the woman's department of a New York bank gets an appealing story across in less than fifty words.

ness, but considering the number of employees working for the institution, the Liberty Central contest ranks as one of the best successes of its kind in the country.

A total of 2813 savings accounts, approximating \$145,000 in savings deposits was secured, the average initial deposit being around \$55 to \$60. A total of 180 safe deposit customers was secured, making the net result, 2993 new accounts, secured in seventy-five working days, by approximately 200 employees.

THE GUARDIAN Savings & Trust Co., Cleveland, publishes a series of twelve four-page booklets, each with a cover illustration appropriate to the copy, covering the subjects of savings; the value of a bank account; borrowing from a bank;

the advantages of a checking account; establishing bank credit; making the budget; etc. Each of these booklets has an attention arresting caption on the outside cover.

THE USE of color reproductions of artistically taken photographs, lends to "Bankitaly Life", house organ of the Bank of Italy, San Francisco, Calif., a touch of distinction that makes this publication stand out at once as something well out of the ordinary.

"Four Big Items", a folder distributed by the Chelsea Savings Bank, Norwich, Conn., describes the "Home Owners' Club", a new service of the bank, designed to help home owners meet with greater facility the expenses of the four

HURRA!

Depositors' State Bank Opens Tomorrow

A free picture show will be given especially for the young people, at the Majestic Theater this evening, beginning early enough to enable the youngsters to attend the Boy Scout Program at the Church of Christ, and to make room for the older people.

Sandwiches and Coffee

—will be served friends and patrons of the new bank at the Majestic immediately following the show.

Good Speaking

—which will include addresses by Hon. Tom Anglin of Holdenville, Hon. Frank Bryant, President of the Central National Bank of Tulsa, R. A. Patten, State Bank Examiner, Don M. Rogers, and others.

ALL FREE : ALL COME

You may smile when you look the above advertisement over. But it does get your attention, and not improbably it aroused some real interest in the community in which it appeared. This type of advertisement may serve its purpose well enough in a small community where everybody knows everybody else.

items of home upkeep; taxes, repairs, coal and insurance. The plan embodies the deposit each week (or month) of a regular amount based on the home owner's own estimate made from an average over a period of years for tax, repair, coal and insurance expense.

RECENTLY a unique display, featuring the "Comparative Foreign Exchange Purchasing Power of the American Dollar", was on exhibit for a week in the Olive street window of the Liberty Central Trust Company of St. Louis.

The display was especially constructed for the bank and consists of a million Soviet rubles, one hundred thousand German marks, and one hundred thousand Austrian kronen.

The rubles, which before war, were worth \$525,000 each, were bought on January 30

How to Vote on Daylight Saving

*is the question which will confront
citizens of Milwaukee Tuesday*

SPEAKING of SAVING, have you considered the importance of SAVING A PART OF YOUR INCOME regularly? Systematic saving of part of your income, or the failure to do so, will largely determine your ultimate financial independence and your future happiness.

The First Wisconsin National Bank offers you a choice of a number of helpful plans to make saving easier for you. Many of our 47,000 savings depositors are using these plans. Ask about them at the NEW ACCOUNT desk in our Savings Department.

Many of our successful savers started their savings accounts with a dollar

Capital and Surplus
Ten Million Dollars



**FIRST WISCONSIN
NATIONAL BANK
Milwaukee**

A misleading headline. You think that you are going to be told something about how to vote on daylight saving. But you are not. There is not a word about either daylight saving or voting in the copy. The use of this sort of headline may be a good method for catching the attention. But its goodwill value is a very doubtful quantity.

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., City Svgs. Bank, F. H. Williams, treas.
 Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy.-treas.
 Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.
 Berkeley, Cal., Berkeley Com'l & Svgs. Bk., G. L. Pope, V. P.
 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, A. E. Leighton, adv. mgr.
 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. Ilman, 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, V. P.
 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, asst. tr. off.
 Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
 Charleston, W. Va., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.
 Chicago, Ill., Bauder-Baker, 738 S. Michigan Ave., R. E. Bauder, pres.
 Chicago, Ill., Critchfield & Co., L. E. Delson, finan. adv. mgr.
 Chicago, Ill., Liberty Tr. & Svgs. Bank, H. J. Bilansky, mgr. bus. ext. dept.
 Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, mgr. serv. dept.
 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, pub. mgr.
 Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
 Cleveland, Ohio, Central Nat'l Bank, R. J. Izant, adv. mgr.
 Cleveland, Ohio, Cleveland Tr. Co., I. I. Sperling, pub. mgr.
 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, O., City Nat'l Bank, L. C. Tingley, bus. ex. mgr.
 Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
 Dayton, Ohio, Nat'l Cash Register Co., H. W. asst. cash.
 Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
 Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
 East Moline, Ill., Manufacturers State Bank, F. T. Shearman, cash.
 Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, cash.
 Elmira, N. Y., 2nd Nat'l Bank, Helen E. Mallory, adv. mgr.
 Evansville, Ind., Nat'l City Bank, Josephine C. MacCorkle, pub. mgr.
 Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
 Flint, Mich., Citizens Com'l & Svgs. Bank, H. E. Potter, asst. cash.
 Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
 Flint, Mich., Genesee Co. Svgs. Bank, W. Power, mgr. new bus. dept.
 Gardner, Mass., Gardner Tr. Co., P. O. Ahlin, V. P.
 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, adv. dept.
 Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy. & treas.
 Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
 Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
 Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
 Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
 Lima, Peru, S. A. Banco Mercantil Americano del Peru.
 Long Beach, Cal., Long Beach Nat'l Bank, P. L. Hudson, asst. cash.
 Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
 Los Angeles, Cal., Pacific-Southwest Tr. & Svgs. Bk., R. M. MacLennan, adv. mgr.
 Los Angeles, Cal., Union Bank & Tr. Co., A. L. Lathrop, tr. off.
 Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
 Madrid, Spain, Banco Hispano Sulizo, Apartado 1023, E. C. Hirt.
 Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, V. P.
 Manila, P. I., Banco de Las Islas Filipinas, W. T. Noiting, pres.
 Meridian, Miss., Merchants & Farmers Bank, M. Keeton, mgr. svgs. dept.
 Milwaukee, Wis., Second Ward Securities Co., R. P. Hammond, mgr. bus. serv. dept.
 Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace, treas.
 Minneapolis, Minn., Midland Nat'l Bank, L. L. D. Stark, asst. tr. off.
 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 & Sons, 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. & Svcs. Bank, H. B. Caplan, secy. to pres.
 New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. B. Wisdom, 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., 65 Broadway, S. D. Malcolm, gen. mgr. adv.
 N. Y. C., American Union Bank, R. Stein, asst. cash.
 N. Y. C., Bank of America, Withers Woolford.
 N. Y. C., The Bankers Magazine.
 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., The Farmers Loan & Tr. Co., I. H. Meehan, asst. V. P.
 N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd St., E. S. Van Leer, asst. cash.
 N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, V. P.
 N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
 N. Y. C., North Side Svcs. Bank, A. A. Elkirch, secy.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, new bus. mgr.
 Northampton, Mass., Hampshire Co. Trust Co., G. S. Willis, pres.
 Norwich, Conn., Chelsea Svcs. Bank, J. D. Colt, asst. treas.
 Oak Park, Ill., Oak Park Tr. & Svcs. Bank, L. A. Clarahan, mgr. new bus. dept.
 Orizaba, Ver., Mex., J. C. Gutierrez, Apartado 146.
 Osaka, Japan, Japan Trust Bank, Ltd., H. Araki, for. div.
 Owego, N. Y., Owego Nat'l Bank, H. L. Underhill.
 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, adv. mgr.
 Phila., Pa., Overbrook Bank, R. H. Thompson, V. P.
 Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
 Phila., Pa., Tradesmen's Nat'l Bank, H. E. Dolly, asst. cash.
 Pine Bluff, Ark., Cotton Belt Svcs. & Tr. Co., L. E. Bassett, mgr. svcs. & pub. dept.
 Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter, asst. cash.
 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. cash.
 Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbreth, mgr. svcs. dept.
 Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., asst. cash.
 Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
 Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
 Rochester, N. Y., East Side Svcs. Bank, C. C. Davy, atty.
 Rochester, N. Y., Union Tr. Co., A. J. Meyer, pub. mgr.
 San Antonio, Tex., Central Tr. Co., D. Ansley, V. P.
 San Francisco, Cal., 1002 Monadnock Bldg., L. G. Peede.
 San Francisco, Cal., Anglo-California Tr. Co., R. P. Anderson, mgr. bus. dev. dept.
 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., 3rd Nat'l Bank, Theda A. Hopps, mgr. new bus. dept.
 Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
 Shelbyville, Ill., 1st Nat'l Bank, J. C. Eberspacher, V. P.
 Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
 Smithtown Branch, N. Y., Bank of Smithtown, J. A. Overton, cash.
 South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
 Spokane, Wash., Old Nat'l Bank-Union Tr. Co., A. F. Brunkow, pub. mgr.
 St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, pub. mgr.
 St. Louis, Mo., 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, asst. to pres.
 Stockholm, Sweden, Svenska Handelsbanken, P. G. Norberg, pub. mgr.
 Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
 Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Bize, pres.
 Toledo, Ohio, Com'l Svcs. Bk. & Tr. Co., J. H. Streicher, asst. secy.-treas.
 Toronto, Canada, Canadian Bank of Commerce, A. St. L. Trigge, secy.
 Toronto, Canada, H. J. Coon, 68 Farnham Ave.
 Toronto, Canada, Home Bank Monthly, Home Bank of Canada, 8 King St. West.
 Trenton, N. J., Mechanics Nat'l Bank, C. E. Withers, tr. off. & pub. mgr.
 Tuscaloosa, Ala., City Nat'l Bank, S. F. Claibough, V. P. & cash.
 Utica, N. Y., Svcs. Bk., H. W. Bell, dir. serv.
 Valdosta, Ga., Merchants Bank, A. F. Winn, Jr., V. P.
 Warren, Pa., Warren Nat'l Bk., R. W. Mackay, cash.
 Washington, D. C., Federal Nat'l Bank, John Poole, pres.
 Washington, D. C., Union Tr. Co. of D. C., W. S. Lyons, asst. secy.
 Washington, D. C., Washington Loan & Tr. Co., E. H. Thompson, pub. mgr.
 Watertown, N. Y., Jefferson Co., Nat'l Bank, R. W. Oakes, asst. cash.
 Wausau, Wis., Marathan Co. Bank, H. C. Berger, cash.
 Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
 Wellsboro, Pa., 1st Nat'l Bank, M. L. Matson, adv. dept.
 West Chester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall, V. P.
 Wilkes-Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
 Wilkes-Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. pub. dept.
 Wilmington, N. C., Wilmington Svcs. & Tr. Co., C. E. Taylor, pres.
 Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
 Youngstown, Ohio, 1st Nat'l Bank & Dollar Svcs. & Tr. Co., J. N. Higley, pub. mgr.
 Zurich, Switzerland, J. Muller, 49 Sonneggstrasse.
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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

Banks' Lien Where Stockholders Indebted to It

Anderson v. Cook County State Bank,
Supreme Court of Minnesota, 191
N. W. Rep. 417.

IN some states, there is a statute, giving to banks a lien upon the shares of their stock for any indebtedness owing to the bank from the owner of the stock. Under such a statute, a bank may refuse to transfer shares standing in the name of a person who owes it money.

Where there is no statute of this character a lien in favor of the bank may be created through the medium of a by-law. And the lien thus created will be valid against all persons having notice of the existence of the by-law.

In Minnesota there is a statute which gives to corporations, generally, a lien upon their stock for claims against the stockholders.

In the present case, it is held that any lien which a bank might have by virtue of this statute, or by virtue of its by-laws, is abolished by a section of the banking law (G. S. § 6357) which provides that a bank "shall make no loan or discount on the security of its own capital stock, nor be the purchaser or holder thereof, unless necessary to prevent loss upon a debt previously contracted in good faith, and all stock so acquired shall be disposed of at public or private sale within six months after it is so acquired".

It was accordingly held that a judgment creditor of a bank's stockholder, which stockholder was indebted to the bank, had a claim against shares of stock belonging to the stockholder prior to the bank's claim.

OPINION

Action by John Anderson against one Burns, in which Cook County State

Bank intervened. From the judgment for intervenor the plaintiff appeals. Reversed.

TAYLOR, J.—On May 24, 1920, defendant Burns purchased from one Mooney, through the officers of intervenor bank, twenty-five shares of the capital stock of the bank of the par value of \$100 each and the bank issued to him its stock certificate No. 181 for the shares so purchased. Burns borrowed from the bank the money to make the purchase and gave his promissory note therefor in the sum of \$2850, no part of which has been paid. On January 25, 1921, plaintiff began an action against Burns and garnisheed one Wharton who then had possession of the certificate of stock and also levied upon the stock under a writ of attachment. The bank intervened and claimed a lien on the stock for the amount due from Burns on his note. The trial court rendered judgment to the effect that the bank had a lien on the stock for the sum of \$2850 and interest thereon from the date of the note; that plaintiff had a lien on the stock for the sum of \$1,591.01, the amount of the judgment rendered in his favor against Burns, and interest thereon from the date of the judgment; that the lien of plaintiff was subordinate and inferior to that of the bank; that the stock be sold; that the amount due the bank be paid first out of the proceeds; and that the amount due plaintiff be paid next. Plaintiff appealed.

The bank concedes that its only claim to a lien on the stock rests on section 6176, G. S. 1913, which provides, among other things, that—

"Stock shall not be transferred upon the books of the corporation while any installment thereon remains delinquent, nor while any indebtedness of the record holder thereof to the corporation remains unpaid."

This statute was under consideration in *United States & C. Land Co. v. Sullivan*, 113 Minn. 27, 128 N. W. 1112, Ann. Cas. 1912A, 51, and was held to create a lien on the stock for debts due to the corporation from the stockholder, so that the real question presented is whether this statute, found among the general provisions relating to corporations, applies to banks incorporated and operating under the state banking law. The statute regulating banks provides that a bank—

"shall make no loan or discount on the security of its own capital stock, nor be the purchaser or holder thereof, unless necessary to prevent loss upon a debt previously contracted in good faith, and all stock so acquired shall be disposed of at public or private sale within six months after it is so acquired." G. S. 1913, § 6357.

This provision, taken from the Federal Banking Act, was under consideration in *Nicollet National Bank v. City Bank*, 38 Minn. 85, 35 N. W. 577, 8 Am. St. Rep. 643. The defendant in that action, a state bank, asserted and sought to enforce a lien on a stockholder's stock for his indebtedness to the bank. It was held, following the decisions of the United States Supreme Court, that any lien which the bank may have had by virtue of its by-laws or of other statute was abolished by this statute. This decision was made in 1887, and seems to have remained unquestioned until the present time. The rule announced has become a rule of property and should be followed by the courts until changed by the Legislature. The restrictions imposed on banks by this statute were recognized and enforced in *Sigel v. Security State Bank*, 134 Minn. 272, 159 N. W. 567, and *St. Paul & M. Trust Co. v. Jenks*, 57 Minn. 248, 59 N. W. 299, but the specific question here presented was not involved in those cases. The intervener seeks to distinguish the instant case from the *Nicollet Bank Case* on the ground that the statutes giving liens on capital stock in force when that case was decided did not apply to banks,

but that section 6176 is broad enough to include banks. This contention is sufficiently answered in *United States & C. Land Co. v. Sullivan*, 113 Minn. 27, 128 N. W. 1112, Ann. Cas. 1912A, 51. Section 6176 was enacted in its present form as section 2863 of the Revised Laws of 1905, and it was held in that case that the Legislature intended thereby to continue the prior enactments unchanged in substance notwithstanding the change in phraseology.

Judgment reversed.



Bank May Give Collateral For Purpose of Securing Deposits

McFerson, State Bank Commissioner v. National Surety Company, Supreme Court of Colorado, 212 Pac. Rep. 489.

A bank may give collateral for the purpose of obtaining deposits and a contract of this kind entered into by a bank will be enforced. In this case, a bank, for the purpose of securing deposits of county funds, gave a bond to secure the depositor against loss, on which bond the National Surety Company was surety. The bank delivered certain securities to the surety company to protect it against loss on its bond.

The bank subsequently passed into the hands of the banking commissioner. The surety company paid the full amount of its liability under the bond. In this action, the banking commissioner sought to obtain possession of the securities, claiming that the contract was invalid. It was held that the banking commissioner was not entitled to recover. The contract was lawful and valid in every respect and was not void as an attempt to prefer one creditor over others. The surety company was, therefore, entitled to retain the securities to the extent of its liability under the bond.

OPINION

Action by Grant McFerson, as State Bank Commissioner, against the Na-

tional Surety Company, a corporation, and the Louisville Bank, a corporation. Judgment for defendants, and plaintiff brings error. Affirmed.

T. J. O'Donnell, of Denver, for defendants in error.

TELLER, J. The plaintiff in error, who at the time of the beginning of this action was in charge of the insolvent Louisville Bank, which had theretofore absorbed the Lafayette Bank, sought to recover from the defendant in error certain securities received by the defendant in error under the following circumstances: Each of the above-named banks had agreed with the county treasurer of Boulder county that, in consideration of his depositing county moneys with them, they would give him indemnifying bonds. In pursuance of that agreement the defendant in error became surety upon the bonds of the said bank, and received from each bank collateral to indemnify it against loss. It is the collateral thus deposited with the defendant in error which the bank commissioner seeks by suit to recover.

For the plaintiff in error it is claimed that the deposit of this collateral was void as an attempt to prefer one creditor over others, and hence it may be recovered. We see no ground for this contention.

The right of the treasurer to deposit the money in the banks is not involved, and that right is, of course, undoubted. There is no question that a bank, in order to secure deposits, may give security for them. The giving of the indemnifying bonds was within the authority of the banks, and was a matter of ordinary business. The banks owned the securities pledged to the surety company, and had full right so to pledge them. It is further undoubted that when collateral has been pledged as security the pledgor has no right to such collateral until the purpose of the pledge has been fulfilled. It is unnecessary to cite authorities on these points.

There being no fraud charged, and no violation of law in the transaction having been shown, the rights of the

bank commissioner are no greater than were the rights of the respective banks. If they could not recover the security, neither can he. The transaction appears to have been one in the ordinary course of business, proper in every respect, and the surety company having, as the record shows, paid the full amount of its liability under the bond, is entitled to retain the collateral to the extent necessary to repay it. There is no principle of law or equity under which the plaintiff is entitled to recover.

The various questions of pleading raised by the briefs need not be considered.

The judgment is affirmed.



Postdated Check Against Insufficient Funds Not An Offense

State v. Barone, Supreme Court of New Jersey, 118 Atl. Rep. 779.

A New Jersey statute makes it a misdemeanor for a person to deliver a bank check, knowing at the time that the check is drawn against insufficient funds.

The defendant delivered a check for \$150 to a garage keeper in part payment for an automobile. The check was delivered on May 1 but was dated May 5. Upon presentment of the check at maturity, the bank on which it was drawn refused payment on the ground of insufficient funds.

It was held that this did not constitute an offense under the statute.

OPINION

Joseph Barone was convicted of fraudulently making and delivering a check with knowledge that he had not sufficient funds in the bank with which to pay it and brings error. Reversed.

GUNMERE, C. J.—The writ of error in this case brings up a conviction

had against the defendant in the Somerset quarter sessions upon an indictment which charged that he, on May 5, 1921, with intent to defraud, did make and deliver to the order of Halsey's Garage a check for \$150, bearing date on the said 5th day of May, knowing at the time of the making and delivery of the check that he had not sufficient funds in or credit with the bank on which it was drawn with which to pay the check upon its presentation. The indictment charges the statutory offense declared in section 1 of the supplement to our Criminal Procedure Act, passed April 10, 1919 (P. L. p. 133) which provides that—

"Any person who, with intent to defraud, shall make or draw, or utter or deliver, any check, draft or order for the payment of money upon any bank or other depositary, knowing at the time of such making, drawing, uttering or delivery, that the maker, or drawer, has not sufficient funds in, or credit with, such bank or other depositary for the payment of such check, draft or order, in full, upon its presentation, shall be guilty of a misdemeanor."

The legislative purpose to be gathered from the language of this section of the statute seems to us to be plain, and that is to make criminal the fraudulent giving of a check which is immediately payable; the maker knowing when he delivers it that he has not sufficient funds in the bank upon which it is drawn out of which it can be paid. And this purpose is made clear—if the first section of the supplement leaves it at all in doubt—by section 2 thereof, which declares that, as against the maker of the check, refusal of payment by the bank shall be *prima facie* evidence of intent to defraud.

The charge laid in the indictment was that made criminal by the statute, as we construe it, viz. the giving of a check immediately payable, drawn upon a bank in which the maker had not sufficient funds on deposit with which to meet it. The proofs submitted on the part of the state, however, conspicuously failed to support that charge. The

situation disclosed by the evidence was that on May 1, 1921, the Halsey Garage sold either to the defendant or a friend of his (the identity of the purchaser being left somewhat in doubt) a second-hand automobile for \$600, that the car was delivered to the purchaser at the time of the sale, and that in part payment of the purchase price the defendant gave to the Halsey Garage his check for \$150, postdated on May 5, because of the fact that the defendant then had no funds in the bank upon which it was drawn, and that he informed the manager of the Halsey Garage of this fact when the check was delivered. No attempt was made to prove that at the time of the delivery of the check any promise or representation was made by the defendant other than the mere giving of the check, that on the day of its date he would have funds on deposit in the bank sufficient in amount to satisfy it; nor was there even a suggestion in the evidence that the payee had been induced to accept the check by reason of any express representation with relation to it which was made by the defendant.

From this collation of the facts submitted it is clear that the transaction proved is essentially variant from that laid in the indictment, and it would seem that this alone is sufficient to set aside the conviction now before us; for, as was said in *State v. Riley*, 65 N. J. Law, 624, 48 Atl. 586: "Evidence not within the allegations of the indictment is incompetent to induce a conviction." But, as this phase of the case has not been considered by counsel either for the defense or for the state, we prefer to base our conclusion in this case upon the determination of the question whether the mere fact that a person gives for a valuable consideration a postdated check upon a bank in which he has no deposit with which to meet it when the due date arrives brings him within the condemnation of the statute, even if our construction thereof be too narrow. We think that it does not. The giving of a check presently payable is an implied representation by the drawer that he then

has funds on deposit in the bank upon which it is drawn sufficient to meet it upon its presentation for payment.

The giving of a postdated check carries with it no such implication, but rather the contrary. It is a mere promise to discharge a present obligation on a future day. And the fact of its non-payment when the due date arrives—without more—is no more evidence that it was given with fraudulent intent than is the permitting of a promissory note to go to protest proof of such intent, or the failure to pay the purchase price of goods sold on credit, standing alone, evidence of fraud in the making of the contract. Fraud is never presumed, but

must always be proved, and an intent to defraud cannot be predicated solely upon the mere nonperformance of a future promise. The citation of authority in support of such a proposition is unnecessary. Its application under facts similar to those presented in the present case led to a reversal of a conviction in *Brown v. State*, 166 Ind. 85, 76 N. E. 881, 8 Ann. Cas. 1068, and in *State v. Winter*, 98 S. C. 294, 82, S. E. 419.

For the reason indicated, we consider that the application of the defendant for the direction of a verdict at the close of the state's case should have been granted, and that its refusal requires a reversal of the conviction.



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: Not long ago I attended a lecture on credits in which the statement was made that in extending accommodation to a mercantile company a "qualitative analysis" should be made of its receivables and merchandise. Can you explain what is meant by this term? The lecturer was attempting to point out that certain businesses could be loaned on a smaller current ratio than others.—S. F. T.

ANSWER: In analyzing any statement it is necessary to consider the liquidness of the company's receivables and merchandise i. e., to apply a "qualitative analysis" to them. Certain businesses can be loaned with safety on a much smaller margin of current assets over current liabilities than would be

considered safe in other lines of industry. For instance, it is quite obvious that in the case of a business where the receivables are collected on short terms and the merchandise is turned over quickly, we would be willing to extend credit on a lower "current ratio" than we would in a business where the receivables are outstanding for long periods of time and where the merchandise turnover is slow. To illustrate this we are taking the liberty of quoting some statistics compiled by Alexander Wall several years ago in a little pamphlet called "Credit Barometrics". These statistics show, among other figures, the average ratio of sales to receivables, and sales to merchandise, in various lines of business, based upon a consolidation of a large number of statements of concerns in the industries in question. (These figures are now somewhat out of date but nevertheless serve to illustrate the purpose.)

Take as an example two dissimilar lines of businesses: Dealers in farm implements and wholesale grocers. According to Mr. Wall's figures, the average ratio of quick assets to quick debt for farm implements at the time of compiling the figures was 355.78 per cent., very much higher than the current ratio of the wholesale grocer, which was 237.98. Yet in the former case neither the receivables nor the merchandise were as liquid as in the latter. The average ratio for farm implement houses of sales to receivables was 329.62, and of sales to merchandise, 209.33. Roughly, this means that receivables were outstanding for about three months and eighteen days, and that merchandise was turned over once every five months and twenty-one days. Yet in the case of the wholesale grocer, the ratio of sales to receivables was 788.06 per cent. and of sales to merchandise 564.25 per cent. This latter indicated that receivables were outstanding roughly about one month and fifteen days and that the merchandise was turned over approximately every two months and three days. Very obviously, then, a wholesale grocer could be extended credit on a statement showing a lower current ratio than that of a manufacturer of farm implements.

In analyzing the current ratio another rather interesting point to be taken into consideration is that we are considering two dissimilar elements: Merchandise, which is figured on a cost valuation (unless market is lower than cost); and receivables, which are of course entered at the selling price, i. e., cost plus profits. Therefore, by merely juggling the figures on its books, a company could transform a large part of its merchandise into receivables, and thereby increase the ratio. Reasoning from this, we must also realize that if, on a statement appearing one year, the receivables, in proportion to the merchandise, are considerably increased over those of the previous year, we should expect to see a proportionately larger current ratio.

QUESTION: On the statement of a customer of this bank I find among the receivables rather a large amount owing to one of the concern's officers. Should this be treated as a quick or slow asset, provided we consider the officer mentioned good for the amount?—K. W.

ANSWER: This is a slow asset. Bankers very seldom consider amounts due from officers as current, and the practice of a corporation's officers borrowing from the company personally is not looked upon with

favor. If the officers are entitled to accommodation there is no reason why they should not obtain the necessary funds from their banks instead of asking the corporation to loan it to them out of its business. If a bank credit man is convinced to his own satisfaction that an amount owing from an officer will be paid at a certain date, it is of course possible for him to consider it as a current asset in his personal analysis. However, such a case is the exception as it must be remembered that in the event of the individual officer getting into financial difficulty the corporation of which he is an official is not likely to press for payment. Too often corporations have loaned officers or stockholders money without any sound basis for extending the credit other than a desire to be of assistance to the individual in his personal affairs.

QUESTION: I have before me the statements for June 30 and December 31 of a manufacturer of heating apparatuses (furnaces and boilers) and am attempting to analyze them by comparison. As I am not familiar with the seasonal borrowing periods in this line, can you tell me if normally I should expect to find the company's debt and inventory reduced in December and quite high in June? In the statements in question the December balance sheet makes a distinctly more favorable showing. What time do collections come in most heavily in this business and when are inventory stocks highest? What are the selling terms?—J. S. S.

ANSWER: Manufacturers of heating apparatuses stock up and manufacture most heavily during the first seven months of the year. Their borrowing period is at its peak in the months of June, July and August, when their balance sheets should show heavy inventories and correspondingly high notes payable. The greater part of collections come in during the months of September, October and November. In September manufacturers should begin to take up their notes payable with their banks. In December their statements should make a favorable showing, with reduced debt and stronger current position. If the reverse of this is true the matter certainly warrants immediate investigation. Selling terms are usually 2-10-30, although trade acceptances may be taken for sixty day periods.

Anglo-American Co-operation

By Frederick C. Goodenough

Chairman of Barclays Bank, England

(The following article is taken from the address delivered by Mr. Goodenough at the spring meeting of the Executive Council of the American Bankers Association at the Westchester-Biltmore Country Club, Rye, N. Y.—THE EDITOR.)

THE fact that Great Britain and America have come to an agreement in regard to funding the British debt is regarded in my country with great satisfaction, because it removes all doubt as to the desire of each country to act in a fair and friendly spirit towards the other. People in England are glad also that there can be no longer any question in the minds of Americans as to the desire and intention of Great Britain to pay her debts. I do not know that there was ever any doubt upon this point with Americans who know the British people.

On the other hand we realize that America has shown a generous disposition to meet the convenience of Great Britain in the time for making her payments, and in other important matters of detail. She has also agreed to an adjustment of the rate of interest on the debt to a level which is in keeping with the current rate of today. I have always held that America would be prepared to meet us favorably on these points when the moment should arrive for coming to a settlement.

I think that this agreement will have a far-reaching effect. I think that it may be regarded as the turning point in the discussions and negotiations relating to the general financial settlement after the war. I believe that it will lead to agreement in regard to other Inter-Allied debts, and also to a final settlement of the reparation problem. Further than this, I believe also that it will bring about closer coöperation between Great Britain and America in the solution of the different problems in which they are both deeply concerned. I think that this must be so because of

the similarity of their interests in the complex problem of international payments which will follow reparation and debt agreements.

The reparation question, which concerns the whole world, seems at the moment to have been overshadowed by the question of "Guarantees". I believe, however that this is only a passing phase and I am reasonably confident that before long, negotiations as to the amount to be paid, and the way in which payment is to be distributed, coupled with the question of what steps are to be taken to safeguard France in the future, will be reopened.

At the meeting of Bonar Law and M. Poincaré in 1922, two of the principal points of difference between the British and French view seemed to be the length of time for the moratorium, and the value, if any, of the "C" bonds.

I do not believe that there is any insuperable difficulty in either of these points. Whatever may be the amount which has eventually to be paid by Germany, or the plan by which Germany may decide to restore her currency and balance her budget, credit will be required if any substantial payments in cash are to be made. If Great Britain and America are prepared to coöperate, as a purely commercial proposition, in finding at all events a portion of the initial sums that may be required, in such case a satisfactory arrangement as to the length of moratorium should be a comparatively easy matter.

I do not myself regard the amount that is likely to be required as being anything very large, and I feel quite sure that, given stabilization by Germany, adequate security could be offered.

The other point is that of the "C" bonds for 82,000,000,000 of gold marks which are in the nature of a third mort-

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R E S O U R C E S

Stockholders' Uncalled Liability	<u>\$5,000,000.00</u>	
Cash on Hand and Due from Banks.....	\$	6,333,822.72
Acceptances of Other Banks.....		2,564,488.89
U. S. Government Securities.....		10,193,681.30
Collateral Loans.....		5,880,723.51
Other Loans and Advances.....		5,922,814.15
Other Bonds, Securities, etc.....		3,733,174.35
Customers' Liability, Acceptances (less Anticipations \$2,352,169.70)		21,089,161.35
Customers' Liability under Letters of Credit.....		<u>10,301,652.79</u>
Total		<u>\$66,019,519.06</u>

L I A B I L I T I E S

Subscribed Capital and Surplus.....	<u>\$15,250,000.00</u>	
Capital Paid In	\$10,250,000.00	
Undivided Profits.....		1,083,159.01
Reserve for Taxes, etc.....		110,310.40
Due to Banks and Customers.....		20,833,065.81
Acceptances Outstanding (less held in portfolio \$1,038,629.28).....		23,441,331.05
Letters of Credit.....		<u>10,301,652.79</u>
Total		<u>\$66,019,519.06</u>

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gage, ranking after the 50,000,000,000 gold marks which is the amount of the "A" and "B" bonds. I do not suppose that anyone will contend that these bonds can have much, if any, present or prospective value, and it seems to me that it is open to Germany to put forward a simple and comprehensive scheme containing an offer for payment of an amount, based on some modification of the original scheme, and that common sense would ensure an agreement being reached, because such an agreement would be so much in the interests of all parties, including Great Britain and indirectly also America.

I do not propose to say more than I have done upon the vitally important questions of security or of the gradual withdrawal of France from the Ruhr, nor as to the measures which should be taken to ensure a Franco-German peace for a period so long as one can foresee. They would be measures from which both France and Germany as well as the whole world would benefit. My belief is that a solution will be achieved. I assume then an agreement will be reached in the matter of reparations, and I think that Great Britain and America, as the two great creditor countries of the world, can, by acting in coöperation upon commercial lines, carry the matters a long way toward a successful conclusion. I am of course aware that any proposition of this kind must be a sound business proposition, but it seems to me that the reconstruction of Europe and the general trade and prosperity of the world must depend upon finance, and if the people of Great Britain and America, as the creditor nations, are prepared to find it, they will at the same time serve their own individual and common interests.

The question then arises, are Great Britain and America, as a purely commercial proposition, likely to provide necessary credit? I think that under certain circumstances, substantial sums would be provided by Great Britain. But will America do the same? She will decide what shall be her own policy,

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but I can unhesitatingly say that my personal opinion is that the commercial and investment interests of the United States will lead her to approach this problem from much the same point of view as Great Britain.

SIMILARITY OF ECONOMIC INTEREST

Let me endeavor to show the similarity of economic interest which I believe exists between Great Britain and America, and also why the debt settlement which has taken place and the further settlements, which we hope will follow, will lead to that close, though perhaps unconscious, financial coöperation between America and Great Britain to which I have just referred and from which I anticipate much good to the world at large.

This involves a consideration of the influences brought to bear upon a cred-



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itor nation, also of the problem of how debt and interest payments can be made by debtor nations and in what form Great Britain and America are prepared to accept them. I need hardly say that payments between nations can only be made in the following ways, that is to say, in goods, in services, in gold, or in securities. So far, therefore, as America is not prepared to accept payment in goods, or services, or gold, she will of necessity follow the experience of Great Britain and other creditor nations and accept payment in securities.

On the one hand America may continue to reinvest in whole or in part such payments as are made to her by foreign debtors, increasing her foreign investments and maintaining such a volume of trade as would afford her a surplus of visible exports. On the other hand she may avoid foreign investments, and as far as possible, accept payment in goods, or services, or gold, and in that case the position would be altered and there would be a surplus of visible imports. I think that America will, partly from choice and partly from force of circumstances, adopt a permanent policy of foreign investment just as Great Britain has done in the past. In that event, there will be a great community of interests between the two countries. Both will have world wide trading and world wide investment interests and both will be deeply interested in furthering world peace and world prosperity. But if America should not, to a greater or less degree, adopt a policy of foreign investment, it would take her many years to collect the foreign debts now due to her and to convert them from external into internal assets. In the meantime, she will still be interested in conserving her foreign assets, though possibly not so strongly, and it will still be in her interests to promote prosperity in those countries which are indebted to her and which are, as a matter of fact, at the same time indebted to Great Britain.

It is understood that in the case of reinvestment Great Britain has in the



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past used what was due to her by one country for investment in another, as wisdom and prudence may have dictated, and America could of course do the same.

The question of investment in German securities must, however, be considered from the standpoint of the ordinary investor.

I think German reparation bonds could be made attractive if the principle of the endorsed bond were accepted. I feel sure that to the investing public in Great Britain and America, in fact throughout the world, a bond given by Germany, specifically secured by German assets and bearing also the endorsement of the recipient nation which had received it on account of reparations, would prove a marketable security, when once a reasonable satisfactory settlement is in sight.

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It is important to remember that Germany could not afford to default on a widely held bond issue, whatever she might do in regard to debts held directly by the governments of her late enemies. There is also the fact that Great Britain and America as great creditor and overseas trading nations would secure a substantial indirect benefit through taking part in these financial operations, inasmuch as they, by removing the present deadlock, would stimulate trade, promote peace and prosperity and thus conserve and consolidate their overseas assets. Moreover, some portion of the amount realized should be returned to them in part payment of inter-Allied debts, and would thus enable them to reduce their own government internal debt.

There would, however, still be the problem of providing the credit needed by Germany in order to enable her to tide over the interval, whilst she is stabilizing her currency and taking measures to balance her budget. It seems probable that a definite arrangement as to reparations would bring into operation forces which would result in the foreign balances owned by German nationals becoming available, and I think that very little, if any, external aid would be required

for this purpose. There would also be the gold in the Reichsbank.

I should like to refer here to the case of Austria, as an example of co-operative effort. We consider the bonds to be issued by that country will form a very reasonable security, yielding a good rate of interest. The placing of these bonds should enable Austria to recover from the desperate condition into which she fell, and again to become the financial center of that part of the world. Should this result, great benefit would accrue to those interested in foreign trade.

THE EFFECT OF DEBT PAYMENTS

It has been suggested to me that I should express an opinion as to how the industrial organization of Great Britain will be affected by the repayment of our debt to America, as to when Great Britain will again achieve a free gold market, and as to the extent to which her debt obligations to America may retard this operation.

No one would suggest that the debt payment will not be a heavy burden upon us. Our taxation problem is already serious, since, in our determination to follow a sound financial policy we have strained our taxable capacity to the very utmost—perhaps we have gone too far and entrenched to some

extent upon productive capital. It follows that an obligation involving taxation equivalent to an income tax of eight pence in the pound cannot be regarded lightly. The effect must be reflected in the standard of living, which cannot be so high as would otherwise have been possible. The full extent of the burden, however, cannot be estimated, until it is possible to measure more accurately the influence of factors which at present are uncertain. For instance, although we are making payments under the arrangements entered into, we have yet to receive payments from our debtors, and the burden of the amount we pay will obviously be lessened by any amounts received. Then again, there is the question of prices. If prices fall, the volume of commodities necessary to discharge our obligations will be increased, while if, as seems possible, the great aggregation of gold in the United States, amongst other influences, results in an increase in prices, then the burden will be lessened.

The actual method of payment of this great sum of \$4,600,000,000 plus interest cannot as yet be foreseen. The effect of the Fordney Tariff will probably be to discourage the shipment of such of our manufactured goods as may be likely to compete in your home markets. It is probable, therefore, that these goods, instead of being shipped to the United States, will be shipped to British Colonies and other countries and will in effect be used to pay for shipments of goods which the United States will take from them. This may mean that, to a considerable extent, the import into the United States, for example of rubber, will be paid for, not in American goods, but in British goods and that, to that extent, American export trade may suffer. This, however, may not necessarily be the consequence, for if the capacity to consume of the importing countries increases, America may continue to ship her manufactures and to lend the proceeds to the countries concerned. Briefly, the effect of



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this operation may be for America to increase her investments in countries to which Great Britain has, in the past, been in the habit of lending.

Until the details of the readjustment in foreign trade entailed by the British payments to America are more clearly discernible, it is difficult to indicate their effect upon the reestablishment of a free gold market in London.

America has, since the war, attained the position of a great creditor nation. Great Britain remains also, on balance, a creditor nation, notwithstanding her debt to America, and she retains her old position as a financial center because of her knowledge and experience particularly as regards foreign investments and foreign trade, whilst her financial and industrial position under her present economic system are dependent upon her relative cheapness.

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POUND PARITY AND A FREE GOLD MARKET

I might briefly refer, to a question of great interest, viz.: the ability of America's banking system to check upward price movements. Under ordinary conditions the Federal Reserve System is very elastic, and with the disappearance of automatic checks such as that supplied by London when its free gold market was operative and with the gold reserves of America so far above legal necessity, there would seem to be a very real danger of inflation and of rising prices with consequent reaction. Ignoring this danger, to which American bankers are fully alive, the effect of rising prices in America would seem to be to bring the pound more quickly to parity and even to place London once more in a position to draw gold from the United States.

Before the war, London with her free gold market could, accordingly to her old plan, either contract or expand her supplies of credit upon a gold basis, so as to meet her needs and requirements from time to time, as they might arise. The question is, will her old ability to control credit and price levels remain unaltered, when the pound returns to pre-war parity and when London can against attract gold. Will London, with the pound at parity, be able once more to establish a free gold market?

The question is a difficult one, for, under post-war conditions our currency is no longer based pound for pound on gold. It follows that, until some

definite, but steadily improving minimum ratio is established between gold and currency, there is no certainty that a withdrawal of gold for export would, by restricting the currency in circulation, bring that contraction in credit and fall in prices which formerly served to check the outflow. It seems, therefore, that Great Britain, before establishing a free gold market, would have to adopt a ratio system, and even then would require to have experience as to whether the cross currents of international trade were being adjusted so as to enable the liability incurred towards America for payment of debt and the payments which will have to be made for food supplies and raw materials, to be met without an undue drain from America on gold reserves. In the matter of gold reserves, coöperation between America and Great Britain would undoubtedly benefit both countries.

However we approach these various problems both financial and industrial, it seems to me to be clear that the interests of America and Great Britain in foreign markets must be closely allied.

Commerce during the last two years has adjusted itself to some extent to changed world conditions, and every interchange of commodities increases the possibilities of further trade. Gradually the natural effect of the insistent pressure of all peoples to satisfy their minimum requirements will restore once more a wider and more normal demand.

But we must act and not wait for the slow outcome of natural remedies.

Britain and America are already allied in sympathy. Our instincts and our interests are the same as yours, while to a great extent, like you, we are unhampered by merely political entanglements. We can, by action together, do much good for the world.


Great Britain

Stanley Baldwin, Chancellor of the Exchequer, introduced his first budget on April 16, last in the House of Commons.

A copyright cable to the *New York Times* giving an account of the Chancellor's speech, says in part:

"Premier Bonar Law sat on the Treasury bench to hear his chief lieutenant's pronouncement, but he did not tax his voice by taking any part in the proceedings, and Messrs. Lloyd George, Asquith, Ramsay, Macdonald and other prominent Opposition leaders listened intently. A figure in the diplomatic gallery who attracted great attention was Herr Sthamer, the German Ambassador.

"Mr. Baldwin was able to announce a considerable remission in taxation. Last year the Treasury realized a surplus of £101,510,000, and, though he did not expect that the taxes reckoned on the existing basis would produce more than £852,650,000, or £61,362,000 less than last year, his estimate of expenditures was only £816,616,000. This gave him a margin of about £36,000,000 with which to relieve the taxpayers. The income tax is to be reduced by sixpence in the pound, from five shillings to four shillings and sixpence; half of the corporation profits tax is to be remitted, a penny per pint is to be taken off beer, half the duty on sweetened mineral waters is to go, the duty on cider is abolished, certain postal rates are to be



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lowered and telephone charges are to be reduced.

"The final balance sheet of the nation, as the Chancellor estimates it, will be: Revenue, £818,500,000; expenditure, £816,616,000, which will leave a margin for contingencies of £1,884,000. No new taxes are to be imposed.

"In describing general conditions, Mr. Baldwin was optimistic. Trade, both home and foreign, improved; unemployment, though still grievous, decreased; Government securities steadily appreciated, and a very striking indication of the general tendency was in post-office saving bank deposits. In January, February and March of last year, withdrawals considerably exceeded deposits, while in the corresponding three months of the current year deposits exceeded withdrawals by £1,250,000.

"Last year's surplus was £101,500,000. That, the Chancellor explained,

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had already been given to a reduction of debt. To hold a vast sum from the market would have created a crisis of the greatest severity, and so, as the money came in, it was at once applied to reduction of debt.

"Passing on to the national debt the Chancellor said the deadweight debt March 31, 1922, was £7,626,000,000 and March 31, 1923, it was £7,773,000,000. Both figures were, of course, face value. It should not be inferred that there had been an increase in the burden of debt. If certain disturbing factors were eliminated effective reduction of the debt amounted to more than £149,000,000 face value.

"A year ago the external debt stood at £1,109,018,400 at par of exchange. On March 31 last it stood at £1,155,652,000, the apparent increase being more than accounted for by addition to the debt of three years' interest in ar-

rears on the American debt. In four years from March 31, 1921, Britain had reduced her external debt by £209,198,000. The only important external debts now remaining were to Canada and the United States, but for all practical purposes the Canadian debt might be regarded as settled, while the debt to the United States stood at a total of \$4,600,000,000.

"The sinking fund on the American debt was \$23,000,000 and the amount to be repaid this in respect of the purchase of silver under the Pittman Act was \$30,500,000. The proposed provision for the sinking fund this year was £40,000,000, increasing to £45,000,000 next year and to £50,000,000 as a maximum thereafter, a sum approximately equal to the yield of the death duties.

"Mr. Baldwin also spoke of the need of reducing interest on the debt. It now amounted to £300,000,000, 50 per cent. more than the total prewar budget. In the next seven years there would be some £1,300,000,000 of bond debt maturing, in addition to the £2,100,000,000 war loan, which could be redeemed in 1929.

"Passing on to revenue, the Chancellor pointed to signs that the purchasing power of the masses was falling. There had been less consumption of spirits and beer, and to some extent of tobacco. He had considered, he explained, making some reduction in the sugar tax, but he did not believe it would be sound in the present state of world markets.

"Loud cheers greeted his announcement of a sixpence reduction in the income tax, and the Chancellor ended his long speech with these words: 'I have gone to the utmost limit of my power to relieve the taxpayer without impairing the credit of the nation, for the future credit of the nation and relief to the taxpayer are in the long run inexplicably interwoven. I believe that although we are still in a series of transition years we have already passed the peak load of taxation, and we may hope soon to have left behind us the calamitous years of trade depression.'



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But our hopes may be frustrated by untoward events on the Continent or untoward events at home. Industrial peace and reduced taxation, which is the offspring of peace, can do more than anything else for the trade of this country."

France

Premier Poincaré in a recent speech at Dunkirk, as reported in a copyright cable to the *New York Times*, said, with regard to the French attitude toward Germany, and the invasion of the Ruhr:

"After a war in which we fought side by side for the defense of our rights, and which created an indissoluble community of interests, can England be astonished that we . . . intend to protect our frontiers against new violations and prevent a nation whose imperialism appears incurable to recommence in the dark preparations for another invasion?"

"Peace gave us only incomplete and

precarious guarantees. It promised us others which were later refused. How can one contest that we have the right, in accord with our allies, to seek protection.

"For three years we constantly showed patience, and patience brought us only disappointments. To show more patience, to give Germany the moratorium she asked without guarantees, meant only to be disappointed again. We entered the Ruhr and we have learned much. We have seen Germany could have paid us the coal she owed, since now she arranged to do without Ruhr coal. We have proof that she could have paid us in foreign values, since today she has foreign values with which to make purchases abroad. We have been able to unmask military organizations in the Reich. We have become convinced that if we had given Germany the moratorium she asked she would have replied at the end of that time with a refusal and defiance.

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"The guarantees which Germany did not want to give us and which certain of our Allies in good faith thought useless we considered necessary. What we have seen in the Ruhr has convinced us we were right.

"We hold these guarantees now; we hold them solidly, and we shall not give them up for mere promises. We will quit the occupied regions only as we are paid what is due us. Be sure that in affirming her will and in proclaiming to the world that she intends to enforce the peace treaty France has not lowered herself in the esteem of the peoples of the world. She is grander in the eyes of all those who respect right, and those friends of ours in England and America who differed with us on the advisability of our action have been obliged to approve our motives and the legitimacy of our claims.

"The change of opinion in our favor in the United States and throughout the British Empire is certainly due in great

part to the fact that we knew enough to put our hand on what Bonar Law calls the jugular vein of Germany. We do not wish to strangle anyone. We have no other ambition than to be paid and protect ourselves from financial disaster.

"The accusations of imperialism which German propaganda has been able to provoke against France in quarters too easily accessible to it are only foolish and childish. No sensible person can believe that France, which has always furthered the rights of mankind and given the fullest expression to national sovereignty, has the foolish thought of submitting foreign populations to her authority and grabbing territories against the wish of their inhabitants.

"And neither will the reproaches of a handful of misled Frenchmen turn us from our purpose. We are satisfied that we have the support of the Chambers. I hear certain people today



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talk of the feebleness of our action in the Ruhr. They will not interfere with our developing methodically the program which the Belgian and French Governments have fixed for the task, which may be of long duration.

"I hear some who enlarge upon the slightest incidents in the Ruhr and who thereby encourage Germany. And in listening to these futile voices I recall that passage of the speech on the crowd by Demosthenes when he denounced those poor Athenians who at each success of the city trembled, sighed and lowered their eyes, and when fortune seemed to smile on foreigners, paraded singing triumphal songs.

"If there are blind citizens in France they are only a very small minority, for the country as a whole is determined to finish what it has commenced. It will succeed. It will succeed patiently. And it is in vain that Germany will await one moment of weakening. In the enterprise in which she is en-

gaged France will hold firm, as she has done in the past, without provocations and without violence. She will see it through. And in fixing a durable peace she will render to our dead the best heritage they can have from their survivors."

Germany

Answering the speech made recently at Dunkirk by Premier Poincaré of France, Foreign Minister von Rosenberg, speaking in the Reichstag, said in part, according to a copyright cable to the *New York Times*:

"It is a fatality, that for centuries France and Germany have never attained to real peace. First one and then the other nation has gained the advantage. Perhaps it is harder for the French temperament than for the calmer German character to practice moderation in holding the upper hand, but lack of moderation was ever a short-sighted policy.

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"The victor's interest, rightly understood, points the way to an understanding. The peoples of Germany and France have only one choice—either to live together or go down to ruin together. If France would wake up her mind to recognize Germany's right to life and liberty and respect Germany's territories and rights of sovereignty and that her German neighbor does not dream of wounding France's sensibilities or sense of honor, then the ice would be broken.

"Then might the dream of many good Europeans be fulfilled who hope for a new era of prosperity and happiness for Europe from coöperation of the German and French peoples.

"So long as France, however, cannot bring herself to take such a step there remains only one thing for us to do, and that is to continue to grit our teeth, stand together and hold out, rely-

ing on our good right, supported by the moral forces of our people—its will to live and its love for the Fatherland.'

"In beginning his speech Baron von Rosenberg set forth that at the Paris conference early last January when a hearing to Germany was refused, Germany was prepared to offer 30,000,000,000 gold marks, backed by a guarantee of German industry. This figure was the utmost limit to which the country could go at the time; that undoubtedly the amount Germany could offer today would be considerably less as a result of the economic demoralization caused by the invasion of the Ruhr, yet that the total formerly proposed might serve as a basis on which to begin discussions.

"That Germany was willing to accept the Hughes plan and abide by the reparation figure fixed after thorough study and investigation by an international non-political commission of experts.

"That the Versailles Treaty gave France more than ample security, and that if any country needed guarantees of security against attack it was Germany, as the Ruhr invasion proved.

"That the Rhineland and Ruhr must remain German, no diminution of sovereignty therein being discussible by any German Government.

"That passive resistance must and would continue, indefinitely if necessary.

"In conclusion the Minister said:

"The Government will not under any circumstances be a party to sacrificing the Fatherland's future for the sake of temporary palliatives to smooth out difficulties. We realize that in the Rhineland and Ruhr our future is at stake, and the future and happiness of our children and children's children and this realization gives us, the present living generation, the strength and imposes upon us the duty to stand the test.'"

Italy

Italian government revenues for March, 1923, amounted to 823,000,000

The Corn Exchange National Bank

OF CHICAGO

Capital \$5,000,000
 Surplus and Profits.....\$11,700,000

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Foreign Exchange

Letters of Credit

Cable Transfers

lire, an increase of 48,000,000 lire over March, 1922, says a cable to the Department of Commerce.

Bank clearings in January amounted to 65,872,000,000 lire, and in February to 51,900,000,000 lire, compared with 56,303,000,000 lire in December and 54,108,000,000 in November. Bank clearings in January and February, 1922, were 53,874,000,000 and 45,564,000,000, respectively.

Business failures continue numerous. The Milan Chamber of Commerce records 364 in February, and the Turin publication *Le Procedure Commerciali* states that there were 434 failures in March.

Imports in December, 1922, according to statistics just issued, increased greatly over preceding months, totaling 1,916,000,000 lire, compared with 1,255,000,000 lire in November. Exports in December amounted to 1,010,000,000 lire, a slight decrease from the November total of 1,046,000,000 lire, but a

considerable advance over all preceding months of the year. In December 1921, imports amounted to 1,900,000,000 lire and exports to 865,000,000 lire.

Statistics of imports by ocean, which appear considerably in advance of the complete figures, have been published for February, 1923. Imports of coal totaled 779,000 tons, compared with 738,000 tons in January. Of this amount, 667,000 tons came from England, 4000 tons from the United States, and 105,000 tons from Germany. February grain imports amounted to 300,000 tons, compared with 233,000 tons in January, and cotton imports to 16,000 tons compared with 8803 tons in January.

Rumania

The financial situation of Rumania, which presented itself in very favorable conditions before the war, due to the extensive exportation of cereals, oils



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and other natural resources, is well known to all.

The standard value of the Rumanian leu was equivalent to the French, the Belgian, the Swiss Franc and the Italian lira.

In 1907 the circulation of the banknotes was 266,000,000, in 1910 it jumped up to 369,000,000 and in 1914 on the eve of the world war it reached 419,000,000.

The growth of this paper circulation was however made through a proportional supply of gold stock in deposit with the National Bank of Rumania and therefore as soon as new banknotes were printed, same were partially covered with the corresponding gold.

During the period from June 1914 to June 30, 1916, i. e., up to the eve of Rumania's entering the world war, the issuance of the banknotes jumped from 419,000,000 million to 920,000,000. Rumania's situation was so good that the circulation increase corresponded to

an increase of the gold stock of the National Bank of Rumania to 818,000,000, which means that the banknotes issued were covered with 88 per cent. of gold.

Rumania's situation became very difficult upon her entrance into the world war next to the Allies. Surrounded from all sides by enemies, devoid of commerce, without the necessities, fighting the Germans on one side and the Russian traitors on the other, in order to meet the growing needs, she started to print new paper money, so that at the end of the war, in December 1918 the paper circulation reached 2,489,000,000. That is when the leu started to depreciate in the foreign countries, having been quoted in Paris fifty centimes, reducing its value to half of what it was at the time Rumania entered the war.

Due to the fact that Rumania received, after the war, through the Treaty of Versailles various territories

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belonging to the former Austrian and Russian monarchies, she was obliged to recall from circulation all the crowns and rubles that were on the Rumanian market, facts which could not be done unless through the fictitious printing of Rumanian banknotes. Rumania therefore decided to print banknotes in proportional quantities, so that in 1922 she had 13,700,000,000 lei in circulation. This sum kept increasing all along until today it reaches 15,200,000,000 lei.

Although the cost of living went up in proportion and although there is at the present time a great shortage of currency in Rumania, a fact which would justify an increasing in the paper circulation, the Rumanian Government kept up a very conservative administration prohibiting increasing the circulation of banknotes unless for extraordinary cases such as pointed out above.

Today, Rumania faces a crisis of currency of the very acutest. It is very

difficult to find banknotes, due to the fact that the Rumanian peasants, not being familiar with the custom of depositing their savings with the banks, accumulate large quantities of Rumanian currency keeping them hidden in their homes, instead of either depositing them with the banks, or else putting them in circulation. On the other hand, the few that are aware of the system of keeping money in the banks, have absolutely no confidence in the financial institutions, because they cannot understand the system which is a real mystery to them.

The use of checks is very little known and it is only lately that they have begun to receive the necessary attention, doing away with the old system of transporting bags full of banknotes which used to expose the carriers to being held up and the money stolen from them.

Any other European country, placed in a similar situation, would have had

Banque Nationale Francaise Du Commerce Extérieur

Societe Anonyme

Organized under French Law of October 23, 1919

HEAD OFFICE: 21 BOULEVARD HAUSSMANN, PARIS

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 Dumaîne, 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.

recourse to the printing machines, while Rumania, even though she needs absolutely at least 6,000,000,000 of banknotes, did not do that only to avoid the complete crushing out of the Rumanian leu.

What is more, lately the National Bank of Rumania has begun to recall from circulation the banknotes that represented the partial payments made by the Rumanian Government covering the debt against the National Bank of Rumania.

Spain

IMPORTANCE OF SPANISH TRADE

By A. C. BLACKALL

ANGLO-SOUTH AMERICAN BANK, BARCELONA

The vast importance of the proposed new commercial treaty between the United States and Spain cannot be too loudly dinned into the ears of those in any way interested in the trend of commerce between the two nations. Such a treaty would mean a long period of prosperity for American manufacturers, its failure would be practically the death blow to all trade for years to come. Under the circumstances therefore great interest attaches to Spanish foreign trade and extracts from a report specially published by the Madrid branch of the Anglo-South American Bank, Ltd., are highly illuminating.

The official figures of the export and import trade of Spain for September 1922, and for the nine months from

January to September 1922, are just published. They show that the imports into Spain in September last amounted to 229.22 million pesetas against 213.69 and 115.29 million for the corresponding months of 1921 and 1920 respectively; and the exports to 126.66 million pesetas against 180.90 and 74.26 respectively, which figures do not include traffic in gold and silver, in bars or bullion. Including these the respective totals are: Imports, 229.26 millions against 213.75 and 115.42 respectively; exports, 127.02 against 181.74 and 76.16 million respectively.

The Superior Banking Council maintains absolute reserve regarding a matter which they have recently considered—namely the rates of interest they have agreed to fix for current accounts with banks and bankers inscribed in the Registry. Notwithstanding this the "Semana Financiera" states that it understands that the rates for current accounts of private persons will be a maximum of $2\frac{1}{2}$ per cent. at sight and 3 per cent. at eight days. It is said that the rate will increase up to a limit of $4\frac{1}{2}$ per cent. for deposits fixed for one year. It adds that this matter has to be further discussed and that it would not be surprising if the first agreements were subject to some modification. A later statement is published by the "Economista" indicating that the rate for one month will be $3\frac{1}{2}$ per cent. and for six months 4 per cent., that for savings bank accounts being $3\frac{1}{2}$ per cent.

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Branches: Arecibo, Mayaguez, Caguas

The Bank of Spain's report for the year 1922 shows net profits of pesetas 100,000,000 against pesetas 136,000,000 for 1921. Of this amount approximately pesetas 50,000,000 goes to the national exchequer in the form of taxation.

With the advent of the new postmaster general an effort is to be made to introduce into the post-office new departments for the issue of postal checks and the establishment of current accounts. The "Diario Universal" says that these reforms will bring considerable amounts of money into the treasury, besides fulfilling a desire many times expressed by the public. Powers for the formation of these branches of the post-office have been in existence since 1909, but no postmaster has yet put them into force.

The King is taking much interest in the suggestion made by a commission of members of the Provincial Parliaments of Salamanca and Zamora which was received in audience recently for the purpose of explaining a proposal to develop the water power of the River Donro. The Commission states that the waterfalls of Esta and Tormen are capable of furnishing 200,000 horsepower and that with a capital of pesetas 700,000,000 it would be possible to provide all the power to run by electricity every railway in Spain as well as the

greater portion of the agricultural and industrial machinery of the country.

The temporary trade treaty between Spain and Germany was extended from January 14 to February 28. The temporary treaty referred to secures the "most favored nation" clause for Spanish imports into Germany, in return for which Spain will concede to German goods the "second column" of the tariff, the present surcharge for depreciated currency being, however, still in force. The German Government undertakes not to increase the customs duties on the following Spanish products: Iron, zinc, lead or copper ores, pig lead, olive oil, citric acid, crude tartar, raw and washed wool, sheep skins, nuts, green and dried almonds, raisins, dried figs, oranges, table grapes, fruit pulp, tartaric acid, refined tartar and sardines and other fish in oil (tinned). The German Government also undertakes to abolish the import taxes on Spanish plantains, to reduce the duty on Spanish cork from sixty to thirty gold marks, and to permit the importation during the "Modus Vivendi" of 70,000 hectotikes of Spanish wines.

Austria

Austrian industrial conditions during January showed little improvement from the stagnation of recent months;

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Capital Subscribed . . Frs. 40,000,000

Capital Paid Up . . Frs. 16,884,000

Reserve Frs. 6,220,945

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BRUSSELS — OSTEND
CORRESPONDENTS
AT ALL BANKING POINTS

but grounds for hope that the greatest severity of the crisis is past is found in the revival of buying during the month, says a cable to the Department of Commerce at Washington.

Credit operations continued to occupy the attention of the government during January. Conditions at the present time are considered unfavorable for the flotation of the long term reconstruction loan. The League of Nations' Council decided at the end of January that the Austrian Government should seek to cover its current deficit by selling a certain amount of treasury bills abroad under the guarantees of the foreign powers already given to Chancellor Seipel. Finance Minister Kienboeck and President Reisch of the National Bank have been in London negotiating with the Bank of England for the sale of 3,500,000 pounds sterling of treasury bills.

Czecho-Slovakia

Increased activity was experienced in the hollow glass, paper, and gablonz goods industries of Czechoslovakia in February, according to a report to the Department of Commerce. Orders were placed with the iron and steel industry from Germany. The Skoda Works received orders for 220 locomotives from the Rumanian and Czechoslovakia railways and the Lovana Company. The demand for lumber, sawn timber, and wood pulp is increasing from Germany. The textile industry has resumed work although it is still difficult to operate

on account of the high production costs. The Ostrava coke oven received orders from Belgium, Lorraine, Germany, and Austria and by the end of the month had exhausted its stock of coke on hand. The North Bohemian coal mines are finding better markets in Germany.

South Africa

Little change is reported to the Department of Commerce at Washington from South Africa but owing to increased returns for their products, farmers and storekeepers in the country districts are buying more freely. A fair business is being done in agricultural implements and fencing materials. The crop outlook is unchanged. It is estimated that the new wheat yield will be 2,009,000 bags, a shortage of 596,000 bags, as compared with 1921. This year's wheat clip is estimated at 500,000 bales.

The condition of private finance is slightly improved, more money being available for banking purposes. Commercial failures were less than in 1921, numbering 2470. According to a report of the Union Government, the budget for the fiscal year ending March 31, 1923, will register a deficit, some £919,000.

Greece

The Council of Ministers in Athens has approved the project of the Minister of Finance for the imposition of a capital tax on immovable and movable

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, Tøftlund, Tønder, Viborg.

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

property in Greece, according to a cable to the Department of Commerce at Washington. The law was to take effect on April 1. By the terms of the arrangement, property to the value of 50,000 drachmas is exempted from the tax, while on larger fortunes a graduated tax is imposed varying from 2 per cent. on fortunes from 50,000 to 100,000 drachmas to 20 per cent. on fortunes larger than 25,000,000 drachmas. It is understood that the decree contains no provision for exempting property in Greece owned by nationals of foreign countries.

The par value of a drachma, is .193 cents, but the present exchange value is about one cent. The American equivalent of the exemption is, therefore, about \$5000, and of the fortunes on which the maximum of 20 per cent. is imposed \$250,000.

Japan

Speculative activity in stock and commodity markets in Japan is reported in

a cable to the Department of Commerce at Washington which states that there appears to be a general business revival, especially in metals. Chemicals also are active. Prices of dyes have risen, decreases in shipments from Germany being alleged as the reason. The lumber market is active with declining prices. The vegetable oil market has been active with increased sales at higher prices. The demand for automobiles is good and spring prospects are favorable, as it is expected that taxation will be reduced. An increase in prices of fertilizers and rice is attributed to the government's announcement that it will purchase 1,000,000 kokus, about 5,500,000 bushels of rice to relieve the agrarian situation.

India

India's foreign merchandise trade continues to be promising and indicates general future prosperity, according to a cable to the Department of Commerce

THE MERCANTILE BANK OF INDIA (LIMITED)

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

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

BANKERS:—Bank of England; London Joint City and Midland Bank (Limited)

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NEW YORK AGENCY, 64 WALL STREET

at Washington. A favorable trade balance, established February 1922, and maintained during each of the following months except October 1922, was continued for January 1923, and amounted that month to 67,300,000 rupees, in contrast with an unfavorable balance of 46,300,000 rupees for January 1922.

January exports aggregating 294,600,000 rupees (including 14,000,000 rupees of re-exports) represent an increase over the previous month of 16,300,000 rupees and of 64,500,000 rupees, compared with January 1922. Imports valued at 213,300,000 rupees show an increase of 11,300,000 rupees over the previous month and a decrease of 62,900,000, compared with January 1922.



International Banking Notes

The statement of condition of the Chartered Bank of India, Australia and China, as of December 31, 1923, shows a net profit, after providing for all bad and doubtful debts, of £1,004,701 4s. 5d. inclusive of £215,169 15s. 5d. brought forward from the previous year. The interim dividend at the rate of 14 per cent. per annum paid in September last absorbed £210,000. The amount now available is therefore £794,701 4s. 5d. and the directors propose to pay a final dividend at the rate of 14 per cent. per annum, together with a bonus of six shillings and three pence per share, making 20¼ per cent. per annum for the whole year, free of income tax; to add £100,000 to

the reserve fund which will then stand at £3,800,000; to add £25,000 to the officers' superannuation fund; to write off premises account £50,000, and to carry forward the balance of £222,201 4s. 5d.

Addressing the shareholders at the sixtieth general ordinary meeting, held April 4, at London, Sir Montagu Cornish Turner, chairman of the bank, presiding, said with reference to the financial position of India:

"As regards India's financial position, we have heard a great deal lately about her budget deficits. Well, it is true they do exist, or have existed, but they are due mainly to abnormal demands and abnormal conditions. India is a country of immense resources and wonderful recuperative powers, and provided that retrenchments as suggested by the Inchcape Committee are effected, the political agitator is reasonably restrained, and normal conditions prevail in Europe and America, I can see no reason why India should not be, ere long, in a very satisfactory financial position.

"China has also products available for export to Western markets, but unhappily she is still greatly handicapped by internal unrest, and one almost despairs of seeing a really firm civil government which could control the various elements of misrule and disturbance, a constant source of danger to the masses of humble traders who yearn to be let alone and given a chance of peaceful life.

"As regards the position of special Eastern commodities, we must congratulate our friends engaged in the tea industry on the most satisfactory position in which they find themselves. The demand for tea of high grades and consumption of tea has increased more than we could have expected, and has, I imagine, exceeded the most sanguine expectations. The Straits and Federated

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital £ 75,000,000
Reserve £ 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

Malay States have also benefited by a marked improvement in rubber and tin, though it must be remembered that in the case of rubber the improvement is, in a measure, due to restricted output, and before a really substantial and steady rise in the price of rubber can be looked for there must be an increased legitimate demand for that article.

"Looking all round, we ought to be satisfied with the position generally, in view of the prevailing world-wide state of political unsettlement and unrest. It is earnestly to be hoped that the present position of affairs in Central Europe may not be allowed to continue, to the great detriment of civilization, and that in England all classes will recognize that strikes must be averted, that hearty coöperation must exist between employer and employed, and that increased output and increased exports are essential if we wish to maintain the credit of this country in the world of finance." The New York office of the Chartered Bank is at 44 Beaver street. William Baxter is agent.

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The annual general meeting of the Adriatic Bank. Ltd., Belgrade, took place

on March 8, at the bank's temporary headquarters in Ljubljana. Of the 600,000 shares owned, 468,665 were represented. The printed annual directors' report and statement of account were submitted to the shareholders by the member delegated by the board of directors, Ćiro Kamenarovic. The first part of the report deals with the course of the dinar and takes an optimistic view of the situation, since the recent change of personnel in the financial administration of the state has also brought a change in policy and new schemes for solving the question of the rate of exchange. All business concerns, including banks, are suffering from the lack of ready money, and it is a mistake to think that the banks score when money is dear. On the contrary, the banks lose, because, although interest increases, yet this increase does not balance the loss caused by the falling of deposits and the restriction of business. Following upon last year's report the Adriatic Bank increased its share capital from dinars 30,000,000 to dinars 60,000,000 by the issue of 30,000 additional shares at the nominal value of dinars 100. The entire issue was absorbed by home capital—indeed, whereas

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 :

E. 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.

30,000 shares were issued, 326,515 were subscribed for.

Owing to the unsatisfactory conditions of the money market the Adriatic Bank has not committed itself to any fresh enterprise of importance during the last year. Exceptionally it took over 10,000 shares at 50 pesos of the Banco Yugoslavo de Chile, thereby strengthening its ties with the prosperous Yugoslav colony in that country. Finally the report stated that the various commercial enterprises in which the Adriatic Bank has an interest and which were enumerated by name had done well during the past year and were prospering satisfactorily. The iron, chemical, wood, building and printing industries were represented, likewise breweries, etc.

The balance sheet shows that the whole turnover of the Adriatic Bank during the past year amounted to dinars 29 milliards, 285,759,622.92. The actual cash turnover alone amounted to dinars 4 milliards, 227,583,247.97 and the net profit to dinars 7,855,454.19.

The directors and auditors' reports were unanimously passed by the general meeting, and the board and auditors thereupon were absolved from their functions. Upon the directors' proposal it was agreed that out of the dinars 7,855,454.19 net profits for the year a 5 per cent. ordinary dividend and a 7 per cent. super-dividend should be declared, and the balance of dinars 24,245.14 carried over to the account of 1923. Consequently, as from April 10 of the current year, dinars 12 per share will be paid out for share coupon 17 of the Adriatic Bank.

The regular surplus fund, which amounted to dinars 15,500,000 on December 31, 1921, was during 1922 increased by dinars 17,015,000 and on December 31, 1922 amounted to dinars 32,315,000. As the total amount

of the surplus fund therefore exceeds 54 per cent. of the paid-up shares the board deemed it unnecessary to propose an addition to the surplus fund, such addition being demanded by the statutes only in the case that the surplus fund is not equal to at least 10 per cent. of the paid-up shares.

The members of the board and supervisory board were then unanimously re-elected, and in addition to them the following new members: Edvard Pajkuric, Littoral Bank and Savings Society in Susak; Stane Uskokovic, director Coöperative Association in Belgrade; Dr. Misa Kolin, director "Racic" S/S Company; Luka Milicic, president Serbo-American Bank in Belgrade.

©

E. N. Fullington has been elected general manager of the Philippine National Bank, succeeding E. W. Wilson, who resigned on April 8.

Rafael Corpus at the same time was named president of the bank, replacing Wesceslao Trinidad, who has been acting manager since the resignation of Mr. Wilson.

©

The amalgamation in London of the Bank of Cox and Company with Lloyds Bank, considered one of the largest banking institutions in the world, is regarded by an authority on finance as a most important development in Indian banking. Since Cox and Company are already well established in India through eight important branches, this change marks the first establishment of one of the great London clearing banks in that country, thus greatly increasing Indian banking facilities. The Calcutta branch of the new firm will be known as

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

Lloyd's Bank, Limited, Cox's Indian Branch.

The Bank of Cox and Company, including its Indian branches, represented a paid-up capital of £1,250,000 and deposits amounting to £18,000,000, while Lloyd's Bank, with sixty London branches alone, has a paid-up capital of approximately £25,000,000 and deposits amounting to £347,000,000.

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R. E. Ellis, formerly manager of the Asia Banking Corporation, 35 Broadway, New York, has been appointed New York agent of the Banque Belge pour l'Etranger as successor to W. A. Hoehn, who is returning to Europe.

©

N. C. Stenning, New York agent of the Anglo-South American Bank, Ltd., has received a cablegram from the head office of the bank in London announcing that the directors have declared an interim dividend of six shillings per share, less tax, on the paid-up capital, payable on April 30, 1923.

The issued capital of the bank is £8,733,400 of which £4,366,700 is paid up and, with

a reserve fund of £4,000,000 and other special reserves, the total capital and reserves exceed £13,000,000. The bank's New York office is at 49 Broadway.

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At the regular meeting of the board of directors of Equitable Eastern Banking Corporation held on April 5 a quarterly dividend of 2 per cent. was declared on the capital stock of the corporation, payable April 10, to stockholders of record April 5.

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Recent investigation made in Soviet Russia by the American Express Company has resulted in the renewal of the company's foreign money orders payable in actual dollars of the United States. The investigation developed that new banks have been organized and that remittances can now be safely transmitted through these banks and the Soviet postal authorities in the form of dollar money orders. This branch of the company's service has been inoperative for some time past due to the unsettled conditions which have existed throughout Russia.

As a result of the American Relief Ad-

ministration discontinuing the sale of food and clothing remittances to Russia, it has hastened the decision of the American Express Company to resume its formerly well established service so as to enable those residents of the United States and Canada who wish to continue remittances to relatives and friends in Soviet Russia for the purchase of food and clothing or other necessities. The American Relief Administration in discontinuing its service stated that a food package can now be purchased in Soviet Russia for less than it costs in the United States or Canada.

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At the 144th half-yearly report of the directors of the Bank of New South Wales, Sydney, to the half-yearly general meeting of the proprietors, the statement of condition of the bank on September 30, 1922, showed net profits for the half-year, after deducting rebate on current bills, interest on deposits, paying income, land and other taxes, amounting to £140,145 12s. 5d. (making in all £292,130 4s. 4d. for the year), reducing valuation of bank premises, providing for bad and doubtful debts, and fluctuations in the value of investment securities, and including recoveries from debts previously written off as bad, amounting to £338,913 15s. 10d., to which is added undivided balance from last half-year of £160,132 18s. 1d., making a total of £499,046 13s. 11d. An interim dividend at the rate of 10 per cent. per annum for the quarter ended June 30 last was paid on August 25 out of the half-year's profits in terms of clause CV. of deed of settlement, this amount being £125,000, leaving a balance of £374,046 13s. 11d.

This sum has been distributed as follows:

To payment of a quarter's dividend to September 30, 1922, at the rate of 10 per cent. per annum out of the half-year's profits	£146,609	0	0
" augmentation of the reserve fund	75,000	0	0
" balance carried forward	152,437	13	11

During the half-year branches of the bank were opened at Coogee and Lakemba (in N.S.W.), Leitchville, Lockington and Preston (in Victoria), and Courtenay Place, Wellington (in N.Z.), and the branch at Tolaga Bay (in N.Z.) has been closed. Branches and agencies now number 368.

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The audited balance sheet of the London Joint City and Midland Bank Limited, made

up on December 31, 1922, compares as follows with the position shown by the bank on December 31, 1921:

	December 31, 1921	December 31, 1922
LIABILITIES	£	£
Capital paid up	10,860,852	10,860,852
Reserve fund	10,860,852	10,860,852
Current, deposit and other accounts	375,117,092	354,406,336
Profit balance, etc., and dividend payable	1,461,487	1,522,075
Acceptances and engagements on account of customers	19,848,322	25,862,341
	<u>418,148,605</u>	<u>403,512,456</u>
ASSETS		
Coin, bank and currency notes and balances with the Bank of England	59,989,012	54,254,534
Balances with, and checks in course of collection on other banks in Great Britain and Ireland	12,802,707	13,548,935
Money at call and short notice	11,651,497	17,187,013
Investments	56,758,808	55,454,831
Bills discounted	72,118,034	46,066,631
Advances to customers and other accounts	176,779,261	182,307,521
Liabilities of customers for acceptances and engagements	19,848,322	25,862,341
Bank premises	4,942,299	5,270,960
Shares of the Belfast Banking Company, Ltd., and the Clydesdale Bank Ltd.	3,258,665	3,259,690
Shares of The London City and Midland Executor and Trustee Company Ltd. ....	.....	300,000
	<u>418,148,605</u>	<u>403,512,456</u>

The following statement supplementing the above figures shows the proportion of the assets to current, deposit and other accounts:

	December 31, 1921 Per cent.	December 31, 1922 Per cent.
Coin, Bank and currency notes and balances with the Bank of England	16.0	15.3
Balances with, and checks in course of collection on other banks in Great Britain and Ireland	3.4	3.8
Money at call and short notice	3.1	4.8
Investments	15.1	15.6
Bills discounted	19.2	13.0
Advances to customers and other accounts	47.1	51.4

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At the report of the directors of the Bank of Liverpool & Martins, Limited, London, presented to the proprietors at their ninety-second annual general meeting, on January 23, 1923, the statement of condition of the bank on December 31, 1922, showed a net profit for the year, after payment of current expenses and provision for all bad and doubtful debts, amounting to £504,802. To this has been added the bal-

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*

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 Tr. Co. and Irving Bank-Columbia Tr. Co.

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

ance of profit brought forward from last account of £147,119, making a total of £651,921. This sum the directors have appropriated as follows:

To reserve fund	£100,000
" bank premises account	50,000
" the payment of two half-year dividends of 8 per cent. (making 16 per cent. for the year) subject to deduction of income tax	375,822
Balance carried forward to next account	126,099

Branches have been opened at Blackburn, Bolton, East Boldon, Ormskirk and Stokesley; and sub-branches at Berwick-on-Tweed Corn Exchange, Boldon Colliery, Chester Cattle Market, Chislehurst West, Freshfield, Helsby, Lindal-in-Furness, North Shields Fish Quay, Throckley and Welling. Swanley sub-branch has been made into a full branch.

Owing to the expansion of the bank's business, the directors have for some time past felt that a new and larger head office was required. They have accordingly secured an option for the purchase of Brown's Buildings and African House, Water street,

Liverpool. These properties, together with adjacent property already acquired, will provide an admirable site for the erection of a head office adequate to the bank's present and future requirements.

Premises for new branches have been acquired at Blackpool, Blyth (Northumberland), Borough Road (Birkenhead), Clubmoor (Liverpool), Guisborough (Yorks.), Moreton (Cheshire), Poulton (Cheshire), Ripponden (Yorks.) St. Annes-on-the-Sea, and Upton (Birkenhead).

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President Masaryk of Czechoslovakia has named Deputy Bohdan Bechka as the successor of the late Finance Minister, Dr. Rashin. Besides being a director of the Zivnostenska Bank, one of the largest banks in Prague, the new minister is director of many other concerns. It is expected that he will keep to Dr. Rashin's well-defined financial policy, which has kept the Czech krone from sharing the fate of other currencies.



The International Acceptance Bank, Inc.

THE second anniversary of the International Acceptance Bank, Inc., occurred on April 19, 1923, and it is very interesting to note the steady progress of this institution, which was organized on an exceptionally strong and unique foundation.

With acceptances and letters of credit outstanding of over \$31,000,000,



PAUL M. WARBURG

Chairman International Acceptance Bank, Inc.

according to the last published statement, it now occupies a position as one of our leading international banks.

It will be recalled that a large share of its capital and surplus of \$15,250,000 was subscribed by old established and leading banks in foreign countries. According to their recent literature, their foreign stockholders are as follows:

Belgium: Banque de Bruxelles, Brussels, Banque Centrale Anversoise, Ant-

werp; Canada: Bank of Montreal, Montreal; Denmark: R. Henriques, Jr., Copenhagen; France: Banque de Paris et des Pays Bas, Paris; Germany: M. M. Warburg & Co., Hamburg; Great Britain: N. M. Rothschild & Sons, London, National Provincial & Union Bank of England, Ltd., London; Netherlands: Nederlandsche Handel-Maatschappij, Amsterdam, Hope & Company, Amsterdam; Norway: Den Norske Creditbank, Christiania; Sweden: Skandinaviska Kredit Aktiebolaget, Stockholm, Svenska Handelsbanken, Stockholm; Switzerland: Swiss Bank Corporation, Basle, Credit Suisse, Zurich.

On the other hand, about an equal portion of their share capital and surplus was subscribed by leading domestic banks in practically all important trade centers of the United States, among which we note the following famous old institutions:

Birmingham: First National Bank of Birmingham; Boston, First National Bank of Boston, Old Colony Trust Company; Chicago, The First National Bank of Chicago; Cleveland: Central National Bank Savings & Trust Co., Cleveland Trust Company; Detroit: First National Bank in Detroit; Kansas City: Fidelity National Bank & Trust Co.; Los Angeles: First National Bank of Los Angeles; Minneapolis: Northwestern National Bank; New York: American International Corporation, Corn Exchange Bank, Huth & Company, Kuhn, Loeb & Company, New York Trust Company; Philadelphia: Franklin National Bank; Portland: First National Bank of Portland; Providence: Rhode-Island Hospital Trust Co.; San Francisco: Wells Fargo Nevada National Bank; Seattle: Seattle National Bank; St. Louis: First National Bank in St. Louis; Youngstown: First National Bank.

Through close coöperation with these foreign and domestic stockholding banks, it is in a position to play an im-

portant part in furthering our foreign trade, as well as establishing the American dollar acceptance as a new factor in financing the foreign trade of other countries.

A further study of its published financial statements shows that this splendid growth has been accomplished without undue expansion of credit in any particular country. As a matter of fact, F. Abbott Goodhue, president of the institution, recently said that in no foreign country did they have over \$2,000,000 in outstanding acceptance liabilities, and that in a similar manner great care was being exercised to spread the risks with regard to the collateral covering the loans, so that no excessive amounts should be advanced against any one particular commodity.

Paul M. Warburg, as chairman of the board, takes a keen and active part in its development. His interest in the development of the institution is probably not purely a matter of business, but he no doubt finds his motive largely in his connection with the enactment of the Federal Reserve legislation and his subsequent activity, as a member of the Federal Reserve Board. In the fight for banking reform he was one of the



F. ABBOT GOODHUE
President International Acceptance Bank, Inc.

leading exponents of acceptance banking and its bearing upon international finance.



Anglo-American Co-operation

REVIEWING the conditions of Europe in a recent address, Sir Robert Horne, former British Exchangeur, said:

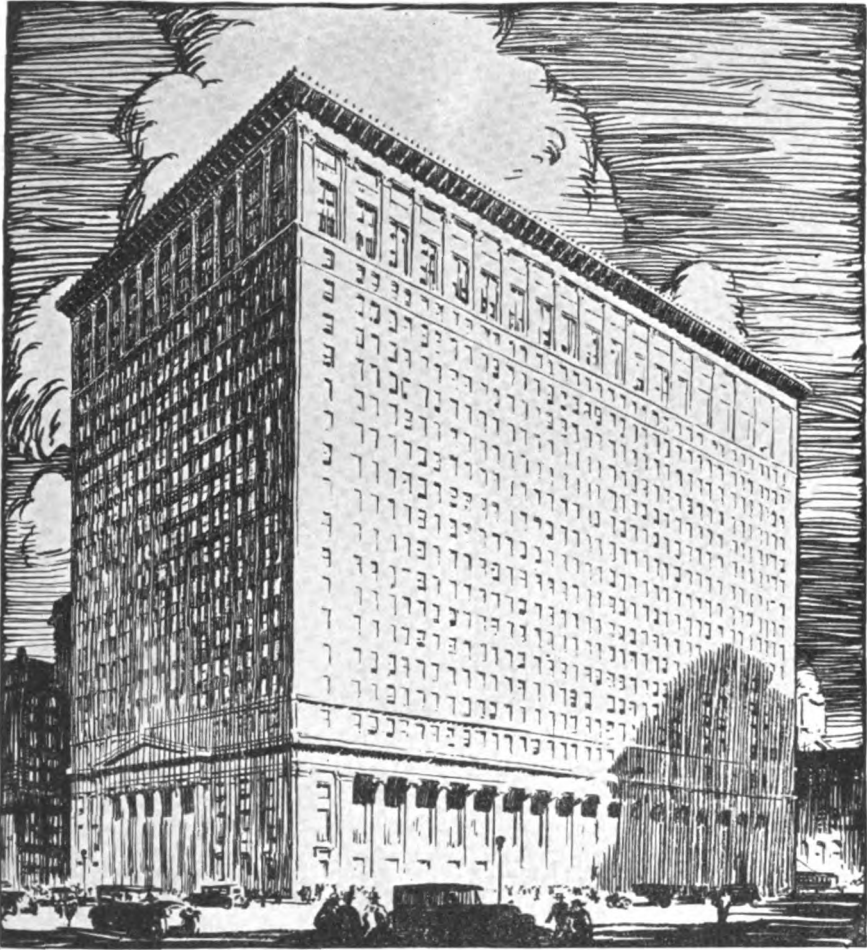
"There is only one factor of hope that sheds a gleam on the dark and sombre prospect. That is the increasing friendship between Britain and the United States. You have only to go there at the present time to discover that the atmosphere has entirely changed. There is scarcely any great issue of modern politics upon which the

two great countries at the present time do not see eye to eye. We have made a settlement of our mutual transactions, and we now stand as joint creditors of the world. When we approach our debtors, as we must ere long, it is inevitable that this question of German reparations should be brought into the discussions, and out of that situation I am profoundly convinced that there will emerge the solution of some of those great troubles which at present afflict a distracted world."



THE new ten-story building of the Wayne National Bank of Goldsboro, N. C., which for modern office and banking facilities will be the equal of any similar structure in the South. Architectural and Engineering work is by

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
660 FIFTH AVENUE, NEW YORK



Illinois-Merchants Bank Building at LaSalle, Jackson, Clark and Quincy streets, Chicago

Illinois-Merchants Trust Company in New Building

THE largest single consolidation of banking interests in the history of Chicago took effect on April 9.

On that date the Illinois Trust and Savings Bank and the Merchants Loan and Trust Company united under the name Illinois Merchants Trust Company and opened to the public the doors of their banking quarters in the Illinois Merchants Bank Building at Clark and Jackson streets.

The third member of the affiliating banks, the Corn Exchange National

Bank, retaining its present name, will remain at its present location at LaSalle and Adams streets until completion of the west half of the Illinois Merchants Bank Building in 1924.

The new Illinois Merchants Trust Company will continue the commercial banking, savings, farm loan, bond, trust and foreign business which has been conducted by the Illinois Trust and Merchants Loan, while the Corn Exchange National Bank will continue as a national bank carrying on its com-



JOHN J. MITCHELL

President Illinois-Merchants Trust Company and Corn Exchange National Bank, Chicago



ERNEST A. HAMILL

Chairman of the board Corn Exchange National Bank, Chicago

mercial, savings and general banking functions. Safety deposit vaults of the latest type, with a capacity of 40,000 boxes will be operated by the Illinois Trust Safety Deposit Company in the Illinois Merchants Bank Building.

The need for the consolidation has come about through the rapidly increasing demands for greater banking service as a result of the steady expansion of the agricultural, commercial and industrial requirements of Chicago and the Middle West. The new institution, by virtue of its size and unusual resources is in a position not only to render banking service of the highest quality to the average citizen but also to meet the needs of large business enterprises. The advancing position of Chicago in the world of national and even international finance has never been so dramatically indicated as by the establishment of a great house of banking such as this.

Indicating the magnitude of the or-

ganization its capital, surplus and undivided profits exceed \$50,000,000. The commercial and savings deposits aggregate over \$300,000,000. Trust funds in the care of the consolidating institutions amount to more than a half billion of dollars. More than 20,000 commercial and 200,000 savings depositors will be served.

Each of the three uniting banks has a history of fifty years or more of banking service in Chicago, their boards of directors and officers having had a prominent place in the upbuilding of Chicago from the beginning of our present financial structure.

John J. Mitchell who was chairman of the board of both the Illinois Trust and Savings Bank and the Merchants Loan and Trust Company was elected president of the new Illinois Merchants Trust Company on April 7. He succeeds Edmund D. Hulbert, who died March 30 on the eve of the merger.

Mr. Mitchell will also be president of the Corn Exchange National Bank. Mr. Mitchell's history as a banker goes back to 1878 when he started in as a messenger at \$12 a month in the old Illinois Trust. Today he holds directorships in a long list of Eastern as well as Western banks and industrial enterprises.

Ernest A. Hamill will remain as chairman of the board of the Corn Exchange National Bank.

The board of directors will include all the present directors of the three individual banks, and the new organization will be officered by fifty men experienced in conducting the business of the present banks.



Merger of Commonwealth Trust Company and Fourth-Atlantic National Bank, Boston

NO change in Boston banking circles during the last decade has aroused more interest than the consolidation recently announced of the Fourth-Atlantic National Bank and the Commonwealth Trust Company. The merger of these two banks into the Commonwealth-Atlantic National Bank will result in a combination of size and strength equalled by few national banks throughout the country. The total resources of the two banks will be considerably in excess of \$80,000,000.

Herbert K. Hallett, now president of the Fourth-Atlantic National Bank, will become chairman of the board, and George S. Mumford, president of the Commonwealth Trust Company, becomes president of the combined institutions.

Both institutions have long been identified with the banking history of Boston. The Fourth-Atlantic National Bank, the larger of the two banks, represents a merger effected in 1912 of the Fourth and the Atlantic National Banks of Boston and operates under the original charter of the old Atlantic Bank, dating back to 1828. Since 1912 the deposits of the Fourth-Atlantic have grown from \$14,000,000 to \$37,000,000. Last year it took over the Peoples Na-

tional Bank of Boston with total resources of about \$9,000,000 and has continued the offices of that bank in Roxbury as a branch.

The Commonwealth Trust Company commenced business in Boston in 1857 with a Federal banking charter under the name of the Continental National Bank. In 1899 when it merged with the Manufacturers National Bank, its name was changed to the Colonial National Bank of Boston. In 1904 it surrendered its national banking charter to become the Commonwealth Trust Company. In 1909 it took over the assets and good will of the New England National Bank of Boston and a little later, the South End National Bank and the Hamilton Trust Company. It has present deposits of over \$32,000,000 and maintains four banking offices in Boston conveniently located to serve the principal business sections of the city. These offices are all to be continued under the merger.

While the consolidation of these two organizations came as a complete surprise, an opportunity for just such a union was afforded by the projected move of the Fourth-Atlantic into much larger quarters in the new building now under construction for them. This

handsome addition to Post Office square will occupy an area of over 20,000 square feet. With its 170-foot frontage it will be one of the most imposing office and banking structures in the city. The entire ground floor and basement will form a central office for the combined banks with separate space for all the different departments—commercial, foreign, credit, trust, savings, safe deposit, bond, and the like.

It is the opinion of New England business interests that this merger carries with it great promises of future growth. The banking business of the Fourth-Atlantic and the Commonwealth Trust Company is in large part along supplementary lines, the former being a banker's bank and especially prominent in marketing and shipping circles, which has made possible the building up of one of the largest foreign departments in the city. The other is well known in leather and wool circles, and has active trust, transfer and safe deposit departments. The combination, effecting as it does, such an unusually well-rounded institution, cannot but be, with its increased facilities and larger resources, of great benefit to the merchants, manufacturers, and shipping interests of New England and the banks'

many friends throughout the country are congratulating them on their union.



Farmers National Bank of Salina, Kansas

THE Farmers National Bank of Salina, Kansas, has just moved into its new quarters which are by far the latest and most up-to-date of any bank in that part of Kansas.

They have now more than doubled the accommodation they had in the old quarters, vault accommodation of the very latest type protected by all of the means known to the bank vault designer. In 1892 the bank had less than \$150,000 in deposits, whereas in 1923 it is in the neighborhood of \$2,500,000.

J. R. Geis, president, started his banking activity as collection boy in 1900, and is one of the examples of the advantages of finding one's niche and staying there.

All of the architectural work, bank rooms and vault designing were handled by Alfred C. Bossom, bank architect, of 680 Fifth avenue, New York City.



Convention of Louisiana Bankers Association

BANKERS of Louisiana were warned to stop, look and listen at the twenty-third annual convention of the State Bankers Association, held in Shreveport, April 18-19.

W. S. Craig, cashier of the Tallulah State Bank, and president of the association, in his annual address, said: "During the past year, we have been on the rising tide and feel optimistic; but let us remember that there will

certainly be an ebb of the tide. Now is the time for the banker to preach conservatism.

"Many public expenditures are too extravagant. Many appropriations go through on the ground that they help roads, drainage or education and no man dares oppose them, although many of us realize that the results will be negligible and out of proportion to the cost. We must oppose the issue of

bonds by communities that already have an indebtedness out of proportion to existing values."

Nathan Adams, vice-president of the American Exchange National Bank, Dallas, Tex., said: "This year, agricultural credits should be extended carefully".

J. C. Barry of the Bank of Lafayette, and secretary of the association, said in his annual report, that we are only "bordering on prosperity".

The convention, with a registration of more than 500, including the wives and families of the delegates, was declared to be the largest, most interesting and most instructive ever held by the organization.

A resolution was unanimously passed favoring a "national tariff policy that will equalize the cost of production between this country and foreign countries, to the end that American standards of living may be maintained and American industries fostered".

This action was taken after an address by John H. Kirby of Houston, president of the Southern Tariff Association, after he had discussed the tariff on economic and not political grounds, and shown how essential it is to the safeguarding of Southern agricultural enterprise. Mr. Kirby is a democrat and he spoke to democrats.

The convention also endorsed the principle of coöperative marketing and urged its members to study that issue more closely. Though coöperative marketing has been demonstrated a success in various parts of the country, and in certain sections of Louisiana, it is a lamentable fact that hardly 10 per cent. of the bankers of this state understand its principles.

Other resolutions passed were: To back up the movement of the Live Stock Association in its drive against the cattle tick; endorse the Louisiana Safe Deposit Association; and request the amendment of the legislative act which provides that "public funds shall be preferred as to assets in case of the failure of a bank having such funds on

deposit". This act, it was pointed out, is merely a guarantee of the surety company, which is paid to take the risk.

The following officers were elected:

President—C. G. Rives, Jr., vice-president Interstate Bank, New Orleans; vice-president—W. D. Haas, Commercial Bank, Alexandria; secretary—J. C. Barry, Bank of



C. G. RIVES, JR.

Vice-president of the Interstate Bank, New Orleans, who was elected president of the Louisiana Bankers Association

Lafayette; treasurer—W. J. Mitchell, vice-president Canal-Commercial Bank, New Orleans.

Executive committee: L. O. Broussard, Bank of Abbeville; Emile Regard, Central Bank and Trust Company, Mansura; R. H. Miller, Bank of Minden; John Dane, Marine Bank, New Orleans; Joseph L. Fisher, Peoples State and Savings Bank, Morgan City; H. Flood Madison, Bastrop State Bank; W. S. Craig, Tallulah State Bank; C. G. Rives, Jr., ex-officio.

Committees appointed:

Legislative: Edward T. Merrick, Canal Commercial Bank, New Orleans; R. N. Sims, Hibernia Bank, New Orleans; W. L. Young, First National Bank, Shreveport.

Agricultural: Digby O. Young, Bank of

Lafayette and Trust Company; C. C. Gaspard, Federal Land Bank, New Orleans; T. E. Flournoy, Ouachita National Bank, Monroe; R. A. Kent, Bank of Kentwood, Amite; W. E. Lawson, Bank of Acadia, Crowley.

Public education: F. W. Ellsworth, Hibernia Bank, New Orleans; G. F. Provost, Bank of Commerce and Trust Company, Mansfield; R. C. Holt, Commercial Bank, Rayne; F. L. Ramos, Canal-Commercial Bank, New Orleans.

Commodity marketing: J. P. Turregano, Commercial Bank and Trust Company, Alexandria; P. C. Willis, Commercial-National Bank, Shreveport; Frank Dimmick, Bank of Sunset and Trust Company, Sunset.

The following were elected by the members for the American Bankers Association:

Members of the executive council, Ben Johnson, president Commercial-National Bank, Shreveport.

Vice-president for the A. B. A.: Joe Gottlieb, president Union Bank and Trust Company, Baton Rouge.

Member of the nominating committee: F. W. Ellsworth, vice-president Hibernia Bank, New Orleans.

Alternate member of the nominating com-

mittee, N. E. North, vice-president First National Bank, Lake Charles.

Vice-presidents for Louisiana: Trust company division—W. L. Young, vice-president First National Bank, Shreveport; savings bank division—F. E. Gunter, vice-president Canal-Commercial Bank, New Orleans; state bank division, Douglas Kilpatrick, president Houma Trust and Savings Bank; national bank division, Frank Roberts.

Dr. W. F. Gephart, vice-president of the First National Bank of St. Louis and dean of the School of Commerce, Washington University, spoke on tax-exempt public bonds. He argued that there should be no tax-exemption. There are \$30,000,000,000 of Government securities wholly or partially exempt from taxation in the United States today, he said. The national government loses in income taxes about \$300,000,000 a year. Men of large incomes use the tax-exempt bonds as a means to avoid their proportion of the taxes, which have to be paid by the smaller property owners.



New York Community Trust Created

RALPH HAYES, until recently assistant to Will H. Hayes and formerly assistant to the late Fred H. Goff, president of the Cleveland Trust Company, has been named director of the New York Community Trust. Alvin W. Krech, chairman of the board of the Equitable Trust Company, is chairman of the trustees' committee, which, on behalf of the Community Trust, concluded the arrangements with Mr. Hayes. The trustees' committee acted upon the recommendation of a special committee consisting of Joseph N. Babcock, vice-president of the Equitable Trust Company of New York, Clarence H. Kelsey, chairman of the board of the Title Guarantee & Trust Company of New York, and Frank J. Parsons, vice-president of the United States Mortgage & Trust Company of New York.

The Community Trust maintains contacts with the trust departments of the various financial institutions who act as trustees. Its principal purpose is to prevent future obsolescence in charitable gifts and to permit the pooling of bequests, large and small, becoming available, through the trustees, for promoting education and research, the improvement of living conditions, the furtherance of recreational facilities and other activities designed to benefit the community.

Mr. Hayes sailed in April on the Aquitania for three months in England, Belgium, France and Switzerland; he will undertake his new post as director immediately upon his return to America.

In February 1920 a form of resolution was adopted by a number of banking institutions in New York, creating the New York Community Trust. Much

preliminary work has since been done, certain necessary legislation secured and a number of gifts under wills or living trusts acquired by the different trustees. Meanwhile, community trusts or foundations have been instituted in more than fifty American cities. As a result of the experiences here and elsewhere, the New York Community Trust has selected a permanent director and decided to develop vigorously the situation in this city.

The distribution committee which will have charge of allocating funds which become available to the Community Trust, consists of eleven persons, five appointed by the trustee institutions, and one each by the president of the New York Chamber of Commerce, the mayor of the City of New York, the president of the New York Academy of Medicine, the president of the New York Bar Association, the president of the board of trustees of the Brooklyn Institute of Arts and Sciences, and the senior circuit judge of the U. S. Circuit Court of Appeals.

It will be noted that the control of the distribution committee does not rest with the institutions acting as trustees for the Community Trust, but with the several public and semi-public sources of appointment.

The list of participating trustees is not made public immediately, for the reason that several of the institutions which are expecting to act as trustees have not yet secured formal ratification by their directors. A number of views, however, were expressed by officers of organizations which will be a part of the Community Trust. Alvin W. Krech, chairman of the board of the Equitable Trust Company, stated:

The New York Community Trust plan marks a step forward in methods of charitable giving and will tend to restrict the making of unwise trusts and, through the powers reserved to the distribution committee, will keep alive and in the service of the community trusts which would otherwise become abortive or obsolete through changing conditions and the passage of time.

Clarence H. Kelsey, chairman of the

board of the Title Guarantee & Trust Company, when asked his opinion of the plan, said:

In my judgment, the importance of it can hardly be overestimated.

It provides for keeping securely and investing wisely the trust funds.

It provides for devoting the income to the purposes named by the donor and, with his consent, for transferring it to other uses when those originally selected have become obsolete or unworthy.

It provides for using in the best way large gifts which the donor may prefer to have elastic in their application or worked out in their usefulness with the help of those experienced in the fields selected.

It provides for receiving small gifts which otherwise it might not be thought worth while to make, and consolidating the income from a great number of them so as to enable each one, however small, to have a part in a great service.

It should be the means of greatly encouraging gifts for benevolent purposes from those who recognize the duty and the pleasure of aiding their fellow men.

The New York Community Trust puts at the service of this community a plan which I am sure will, in the years to come, develop into a great agency for the promotion of its welfare.

Frank J. Parsons, vice-president of the U. S. Mortgage and Trust Company, said:

I heartily concur in the estimate of Colonel Leonard Ayres of the Cleveland Trust Company that the Community Trust idea represents one of the most potent influences of the generation for turning the minds of men from an absorption that is selfish to a service that is social.

The Community Trust or Foundation idea was the conception of the late Judge F. H. Goff of Cleveland, president of the Cleveland Trust Company and organizer, in 1914 of the Cleveland Foundation. The Cleveland institution has had gifts in excess of \$100,000,000 designated for its eventual use. These funds will become available during the next fifty to one hundred years, usually upon fulfillment of specified conditions after the death of donors and their immediate families. In Cleveland, the Foundation has carried forward major surveys of education, of recreation, and of punitive justice, in addition to carrying on numerous subsidiary activities.

First Automatic School Savings Bank Installed

IN connection with the installation of the first Automatic School Savings Bank in Public School No. 4 of Long Island City, N. Y., on May 9, it is interesting to note that the first school savings bank in America was inaugurated at this same school in 1885.

On the minutes of the "Visitors' Book" of what was then the old Third Ward School, under date of March 16, 1885, is the following entry in the flowing Spencerian handwriting of a master of the old school of penmanship, "The establishment of the 'Penny Savings Bank' in Third Ward Sch., very successful at the beginning. One hundred and ninety-three depositors the first day. The credit of success is due to Commissioner J. H. Thiry, the originator of this project. (Signed) M. E. McGee, Principal".

Com. Thiry has been called the "Grandfather", and J. Harvey Smedley the "Father" of school savings in America, for it was to Mr. Smedley, then secretary of the Long Island City Savings Bank, that Mr. Thiry came, thirty-eight years ago, with the suggestion that the bank coöperate with the schools in helping to educate the pupils in the habit of saving money, by operating a virtual sub-station of the bank right at the school. This was done, and thus the first school bank in this country came into existence.

In commemoration of his early school days at No. 4, and as a mark of his deep interest in thrift education in the schools, Hon. George J. Ryan, now president of the Board of Education of New York City, and a trustee of the identical savings bank to which his first pennies were taken from the Third Ward school bank, presented to this school where the idea originated, the first Automatic School Savings Bank to be placed in any American school. Thus the development of school savings is furthered by honoring the school where Mr. Thiry and Mr. Smedley first started the school savings bank idea. Mr. Ryan said, "Over thirty-five years ago, I

saved the first dollar of my life by putting pennies and nickels to my account in the school bank at No. 4, where I attended".

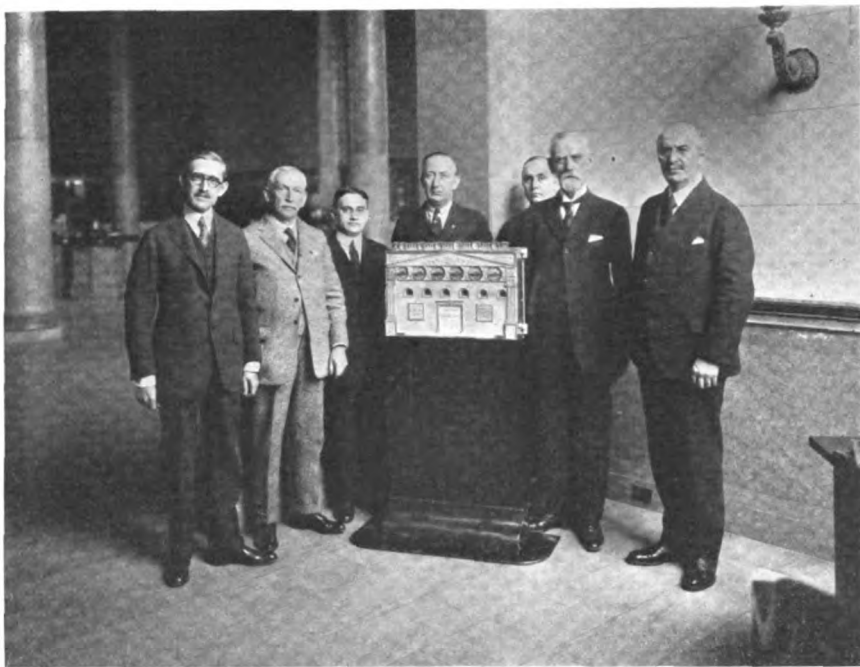
The advantages of this new automatic banking system were best illustrated by its use on the opening day. In this particular school in the past there were but forty-eight children with savings accounts, whereas 1447 new accounts were opened the first day with this new automatic system.

Every one of these accounts gave the depositors direct connection with the Long Island City Savings Bank where the amount of their deposits and all the usual data relating thereto was just as much a matter of accurate and dependable record as though the depositor had gone to the bank.

Another surprising feature of this new system is the large amounts of \$1 and \$5 deposits made by the pupils, in fact, the average for the 1447 depositors was 40 cents.

When this new automatic banking device was brought to the attention of Jarvis S. Hicks, comptroller of the Long Island City Savings Bank some time ago, the simplicity of its operation, and the outstanding advantages it possessed for safety and surely facilitating the saving of money, appealed to him so strongly that he conceived the idea of installing these automatic banks in the schools of Long Island City.

Mr. Hicks brought the automatic bank to the attention of Amzi N. Clark, superintendent of School Banks. Mr. Clark, who is perhaps the leading exponent of thrift education in the world, as practiced in some 300 New York City School Banks he has developed in the last twelve years, and which he now has charge of, immediately saw the possibilities of this automatic bank for school use. In spite of the degree to which Mr. Clark has developed school banking, nearly three-fourths of the school children of New York are without adequate banking facilities today on ac-



School and bank officials inaugurate first Automatic School Bank in P. S. No. 4 Long Island City

From left to right—Hon. George J. Ryan, president board of education of Greater New York; Benjamin Moore, president Long Island City Savings Bank; Morris Weisenberg, principal of the school; Stephen F. Bayne, district superintendent; Amzi N. Clark, superintendent School Banks of New York; J. Harvey Smedley, the "Father of School Savings Banks in America"; Jarvis S. Hicks, comptroller Long Island City Savings Bank.

count of their inability to perform the operations that their older brothers and sisters in the upper grades and in the high schools are enabled to carry on by virtue of their older age and greater ability.

Mr. Clark saw in this automatic banking device a means of extending the operation of school banks into the kindergartens, and carrying the child's thrift education consistently through to the last year in high school. He found this practical because of the utter simplicity of the automatic bank, and because *its every operation was mechanical, took all the burden of responsibility and supervision away from the overburdened school teacher, making it possible for the teacher to get far better results with considerably less work.* As a result, Mr. Clark made certain suggestions to conform the automatic bank to school needs, and when these changes were made, gave it his enthusiastic endorsement.

Upon receiving Mr. Clark's endorsement of the automatic bank, Mr. Hicks brought the device to the attention of Mr. Ryan, for his consent to recommend to Dr. Ettinger, superintendent of schools, that the Long Island City Savings Bank be allowed to install these banks in Long Island City schools.

At a board meeting when the matter of the banks came up, and their mechanical perfection, and guarantee of protection to the depositor, as well as their labor saving features were discussed, Mr. Ryan secured the unanimous vote of the board to adopt this bank to the exclusion of all others for use in New York schools because of its obvious points of superiority to anything on the market. Immediately after the automatic bank was passed by the Board of Education, Mr. Hicks, of the Long Island City Savings Bank ordered twenty-three machines for installation in the schools. These will be installed within the next week or two.

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the First National Bank in
St. Louis, the largest National
Bank west of the Mississippi,
serves correspondents in
every state in the Union
with complete satisfaction?

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 actual volume of agricultural production in 1922 was about equal to that of 1919, and about 10 per cent. greater than production in 1921", says the current *Chemical Bulletin* of the Chemical National Bank, New York. "Larger crops of cotton, hay, wheat and oats", continues the bank, "were largely responsible for the increase. The value of these eight crops was \$6,611,000,000, very much less than the 1919 value, but 35 per cent. greater than the value of the same crops in 1921". The bank says further:

The well-being of the farmer, however, is dependent primarily neither upon the total amount of his product nor upon its market value. It depends upon the ultimate buying power of the money he gets in exchange for his products, upon the commodity value of his crops. The total value, therefore, must be corrected for variations in the purchasing power of the dollar. When this correction is made it is found that the farmers' position is distinctly better than in 1921, but less favorable than in the peak year, 1919. The commodity value of these eight crops in 1922 was about two-thirds of their value in 1919. But as compared with the year 1921 their value in terms of other commodities had increased 29 per cent.

The year 1923, therefore, finds the farmer in a distinctly stronger position than during the preceding year. The recovery in the agricultural centers has not been an even one, for certain commodities have advanced more than others, but the upswing has helped practically all agricultural producers. The increased purchasing power resulting

from this improvement has played no small part in lifting business in general from the slough of depression.

BALANCE BETWEEN FIXED AND FLUID ASSETS

"The proper balance between fixed and fluid assets", writes Arthur S. Dewing in the *Corn Exchange* monthly publication of the Corn Exchange National Bank, Philadelphia, "is a very real and permanent problem confronting any business. It is particularly important in view of the relation between a business and its commercial bank. As every banker knows, a business has two types of assets which are separated from each other by a relatively clear and generally recognized line of demarcation." Mr. Dewing continues:

A business has the permanent capital represented by the tools and fixtures incident to the process of manufacture or to the process of distribution of goods. These are specifically capital in the economist's sense—permanent buildings, fixtures, counters, and showcases which every business requires as the necessary condition of the conduct of the enterprise.

Then in addition there is, in a going business, the endless stream of raw materials, goods in process, finished products, receivables, cash, which pass through the permanent property of the business much as grain passes through the mill. They constitute an ever-changing body of liquid or transitory assets.

Permanent assets are never sold; fluid

assets are either material getting ready to be sold, goods actually sold or else the product of goods sold. The former is the vehicle or means to an end of the business, the latter, the product or the end in itself. The former exists that the latter may exist.

NEW HIGH RECORD FOR AUTOMOBILES

"The potential market for automobiles in this country is nearly 20,000,000 cars", says the Cleveland Trust Company in its Midmonth Business Bulletin for April. That is the number of families that might aspire to own automobiles if continuing prosperity made it possible for them to do so. The number of cars now in use, according to the bank, is about 13,000,000.

"During March the production of passenger cars and trucks reached the unprecedented total of 346,000", says the Bulletin. "This was more than all the automobiles registered in the United States in any one year before 1910. It was greater than the annual production for any one year until 1912." The bulletin continues:

The new record means that the automobile factories now have a productive capacity in excess of 4,000,000 cars per year, and that the actual output in 1923 will probably be more than 3,000,000 machines. The automobile is a good deal like the domestic bath tub or the telephone. In broad, general terms the natural unit for automobile use is one per family.

The much discussed saturation point for automobiles will be reached when the market for new cars is largely confined to replacements, exports, and meeting the additional needs that will take care of the expansion of our increasing population. At present the average life of automobiles is approximately seven years, and thus if there are to be constantly 14,000,000 machines in use, the replacements alone would call for 2,000,000 new motors alone each year. In addition the growth of population requires about 250,000 new cars annually and our growing export trade holds large possibilities.

WILL HISTORY REPEAT ITSELF?

"The question now is asked", says the *Business Indicator*, monthly publication of the National Bank of the Republic, Chicago: "Will history repeat itself in the years following the World War?

Will prices continue to fall over a long swing? For the past year commodity prices have been rising and it is sometimes argued that conditions now are so different from formerly that we may not have a long period of declining prices". The bank says further:

History suggests that we are going through a perfectly natural adjustment in business and that we can expect in the long run a downward trend in prices for a number of years. That we may be very close to the downward turn in prices is suggested by both Dun's and Bradstreet's commodity indices. Dun's latest report shows an excess of declines in wholesale quotations over advances, there being thirty-four advances as against forty-five declines, while Bradstreet's Price Index gives a small decline for April first.

Considering these facts it is advisable for the business man and banker to exercise caution during the next few months. While it is true that business is booming, the basis for its continuance is not altogether sound. As building catches up with demand and as business in general meets the needs of the public in all lines of activity, there must inevitably come an easing up of the present prosperity. Not that there may be a bad slump, but a return to a more normal activity. Then we are likely to see prices lowered to a point that will continue to interest the buying public and move goods from the retailers' shelves. Otherwise we may encounter a buyers' strike in protest against high prices, which already are approaching a point that may be too stiff for traffic to bear.

DEPOSITS IN THE NORTHWEST

"Since 1917, deposits in state banks in Minnesota, North Dakota, South Dakota and Montana have increased 30 per cent." says the monthly review of the Northwestern National Bank, Minneapolis, "while cash reserves of these banks have decreased 8.6 per cent. The situation as to reserves, however, is more favorable than this statement would seem to indicate, there having been a marked recovery during the past year". The bank goes on to say:

From December, 1921, to December, 1922, while deposits in banks under the supervision of the banking departments of the four states have increased 5.5 per cent., cash reserves have increased 29 per cent. Including the state banks and trust companies of

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Willing Cooperation is a Part of Our Working Capital

Michigan and Wisconsin, deposits increased from \$1,885,027,000 in December, 1921, to \$2,067,513,000 in December, 1922, or an increase of 9.6 per cent.

The inclusion of the states of Michigan and Wisconsin, the former particularly, does not make a satisfactory grouping, however, as it brings into combination the industrialized southern sections of those states and the more purely agricultural states farther west.

The most remarkable increase in reserves made during the past year has been made by banks in North Dakota. From 1917 to 1921, the deposits of state banking institutions in North Dakota declined from \$104,589,000 to \$85,488,000, or a decrease of 18 per cent. Cash reserves of these banks declined during the same period 63 per cent. During 1922, however, deposits of state banks in North Dakota increased 11.7 per cent. and reserves increased 64 per cent.

COMPARING THE SITUATION WITH 1920

"The actual amount of business being done in this country", says the *Bache Review* of Jules S. Bache & Co., New York, "is exceeding that of 1920, and it is not unnatural that, looking back at

the disastrous results of that period, business men are proceeding carefully." The review continues:

The volume of business calculated on the dollar-and-cent basis, it is true, was greater in 1920 than now, but this was due to the much higher prices which then prevailed and which averaged nearly 50 per cent. above the present level. This vast volume of dollar business made a heavy strain upon credit, and this does not exist today. In other words, because prices are lower credit is still safe, but prices are constantly increasing, and this is one reason why the outlook might be viewed with some apprehension.

The principal force pressing for higher prices at this time is the shortage of labor. There is no natural relief for this, which would be the case if the immigration gates were opened to the hundreds of thousands of good workers who would like to come in, but are prevented by law.

We have constantly referred to this for the last several months, and Congress had an opportunity, long before it adjourned, to remedy the situation. But instead of that, it actually made the restrictions more stringent.

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Surplus and Undivided Profits \$13,288,695.46

Total Resources over \$200,000,000.00

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of Queens and Brooklyn

THE COTTON SITUATION

"The world is consuming raw cotton at a more rapid rate than it is being produced", says the First National Bank of Boston, "and stocks on hand are being depleted to the danger point. During such a period of maladjustment between supply and demand, high prices for both raw material and finished products are inevitable. It is our purpose to ascertain whether these conditions are of a temporary nature or likely to become permanent. To this end, we have prepared an analysis of performance in the fields of production, consumption, carryover and price, which affords an adequate basis for an answer to this question. The report, prepared by our service department, is that employed by our loaning officers as basic for the industry. A balance sheet of elements favorable and unfavorable toward a proper adjustment provides a background for comprehensive and unbiased judgment."

FAVORABLE

Production may be increased by

- a. Scientific cultivation;
- b. Better selection of seed;
- c. Extension of irrigation and transportation facilities;
- d. The possibility of developing new varieties immune to boll weevil;
- e. Extensive cultivation of new fields;
- f. Development of a mechanical cotton picker, which will mitigate the scarcity and inefficiency of field labor, decrease costs and incidentally increase production;
- g. Effective check to insect pests and other destructive forces;
- h. Encouragement to farmers by means of higher prices.

UNFAVORABLE

1. Production may continue to decrease
 - a. By insect depredations;
 - b. By adverse climatic conditions;
 - c. Scarcity of labor;
 - d. Increasing field costs;
 - e. Tendency toward crop diversification;
 - f. Increasing need of fertilizer.
2. Possible new fields of cultivation handicapped by
 - a. Inadequate transportation facilities;
 - b. Scarcity of labor and capital;



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FREDERICK W. GOLLUM
Assistant Cashier

DEPOSITS

April 20, 1920 (Date of Charter)	\$ 593,326.18
January 1, 1921	2,170,843.03
January 1, 1922	2,867,844.99
January 1, 1923	4,133,826.88

**National American
Bank
of New York**

8 West 40th Street
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Chartered 1836

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For about a century the Girard Trust Company has been intimately associated with Philadelphia's commercial and financial progress.

- Corporations and Individuals desiring Philadelphia connections are invited to avail themselves of the Banking, Trust, Real Estate and other facilities of this Company.

<i>Capital and Surplus</i>	<i>\$10,000,000</i>
<i>Resources</i>	<i>60,000,000</i>
<i>Individual Trust Funds</i>	<i>310,000,000</i>
<i>Corporate Trust Funds</i>	<i>1,450,000,000</i>

GIRARD TRUST COMPANY

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Capital and Surplus
\$10,000,000

EFFINGHAM B. MORRIS
President

Member Federal Reserve
System

- c. Difficulty in getting farmers to shift crops.
- 3. Possible continued increase of consumption over production, through
 - a. Resumption of normal purchases by Europe;
 - b. Increase in demand from backward countries;
 - c. Normal increase in world population.
- 4. Improbability of discovering adequate substitutes.

COST OF LATE DEPRESSION

The business depression of 1921 from which the country is now recovering, cost the nation a loss in income of approximately \$6,000,000,000, according to a report entitled "Business Cycles and Unemployment", published by the National Bureau of Economic Research.

In seven years out of ten, the National income was below the level attained in periods of moderate activity.

The report, which was made at the request of Secretary Hoover for President Harding's Conference on Unemployment, represents six months work by the staff of the Bureau with the assistance of a large number of Government agencies, trade associations and public spirited individuals. Part I is an analysis of Business Cycles and Unemployment; Part II reveals the fluctuations of unemployment and the way unemployment affects the worker's body and mind, his home life and the development of his children; and Part III gives the leading proposals for preventing or reducing cyclical unemployment and how they have operated so far.

Summarizing the figures showing the difference between the production of goods or income in years of depression and production or income in years of moderate and of intense activity, Dr. Wesley C. Mitchell under whose supervision the investigation was conducted, said:

The broad result is that the worst years run something like 15 to 20 per cent. behind the best, and something like 8 to 12 per cent. behind the moderately good years. Even 10 per cent. of the national income represents several billions of dollars.

These figures are rough approximations



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THE American Telephone and Telegraph Company has over 250,000 stockholders including more than 47,000 Bell System employees. Besides, about 100,000 employees are now paying for stock on a partial-payment plan.

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A. T. & T. derives the greater part of its revenues from its holdings in the Bell System. These revenues, added to its other earnings, enable it to pay 9% dividends on its stock which is a safe investment.

This stock can be bought today in the open market to yield about 7%. Full information of this investment will be sent on request. Write.



"The People's Messenger"

BELL TELEPHONE SECURITIES CO. *Inc.*

D.F. Houston, President
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to the direct losses caused by crises and depressions. The indirect losses cannot be measured even roughly. It may be contended that both the strains of booms and the sufferings of depressions impair efficiency more than uncertainty stimulates it. The latter is probably the commoner opinion. Those who accept this view will regard even the higher of the estimates here presented as understating the losses which plans for stabilizing production aim to check.

JOHNSON REVIEWS SITUATION

"The post-war depression has been left so far behind that we now begin to hear references to the present boom", says President J. L. Johnston of the Liberty Central Trust Company, St. Louis, in his monthly business review. "We would be glad if such expressions were without justification. We do not want booms. As a matter of fact, there are contrasts in today's situation. With so many manufacturing lines exceedingly active, considerable portions of our farming population still regard conditions as subnormal. By and large, the general outlook today is good, and improving; a little too good in some respects; and not good enough in others."

In commenting on the Federal winter wheat report, Johnston points out that the outlook in the St. Louis trade territory is as good or better than last year, and about equal to the ten year average. Prospects in Texas and Oklahoma are more favorable than at this time in 1922. As for cotton, acreage will probably be increased, and danger from boll weevil appears to be less than anticipated; the crop will probably be larger than last year's, though far from pre-war dimensions.

SEES DISTURBING SYMPTOMS

"There has probably been no single factor in the existing situation that has attracted more attention than the apparent lack of substantial demand for banking funds in relation to the steady increase in general business activity", says the *Business and Financial Review* of the First National Bank in St. Louis. "For over a year", continues the bank, "practically every accepted indicator of



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ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

business conditions has recorded a steady increase of a most substantial sort in almost every line of business". The bank says further:

Production figures for practically all of the important basic commodities, such as cotton goods, pig iron, steel ingots, locomotives, zinc, bituminous coal and lumber have been showing the largest output since the boom period of 1920. Sales and unfilled orders have been showing the same upward trend, especially in metals and building materials. This intense activity has naturally been reflected in large car-loadings and in a substantial car shortage for several months past.

All in all, business activity is now reaching the point where it has been equalled or surpassed only in boom times. The advance of the price level during 1922 was of a magnitude that, excluding the war period, has been equalled in but few years during the past half a century. A survey of price changes between 1870 and 1914 will show few, if any, increases of 20 per cent. in one year, yet the price increase last year, according to Bradstreet's, was close to this figure, and on the whole attracted but little notice on the part of business men. Fluctuations of this magnitude in the purchasing power of money over so short a period cannot be considered either normal or helpful. It is just another of the evidences we have of the disrupting effects of the war period upon the normal trend of economic affairs.

CITY GOVERNMENT COSTS

Residents of the average city in the United States pay about 25 per cent. more for their municipal government than they do for the maintenance of the Federal Government at Washington. The annual cost of government to each man, woman, and child who lives in a

city of 30,000 or more inhabitants is nearly \$100, divided as follows: Federal Government, \$35.47; state government, \$9.46; county government, \$6.91; city government, \$44.32, a total of \$96.16. If these costs of government were averaged among the workers, instead of being computed on a per capita basis, the result would be an annual levy of \$240 on every worker, from bootblack to banker.

These figures are given in an article on the cost of city government in the April issue of *The Budget*, the monthly publication of the National Budget Committee, by William P. Helm, Jr., its Washington correspondent, who has been making a study of the comparative costs of government in this country. He says:

On the basis of average earnings of \$1500 annually, the tax-collectors—Federal, state, county and city—exact about 16 per cent. of all the city workers earn, as compared with about 14 per cent. for the entire county, including both city and rural workers.

Measured in terms of labor, the city-dweller contributes fifty-eight days each year to government, as compared with about fifty days for the average worker, including rural dwellers. The toll of the man who lives in the country is about forty-five days.

Basing his estimates upon official reports for the year 1921, the last available, the writer points out that while the average per capita cost of city government is \$44.32, it is below that amount for three of the five groups into which cities are divided by the Census

Bureau. In cities of from 30,000 to 50,000 inhabitants, the average per capita governmental cost is \$34.20; in those of from 50,000 to 100,000 inhabitants, \$34.42; in those of from 100,000 to 300,000 inhabitants, \$37.29. In the other two groups, those of from 300,000 to 500,000 inhabitants, and those of more than 500,000, the per capita cost is very much higher, being \$50.88 in the former group, and \$51.04 in the latter.

STEADY NOT FLUSH BUSINESS WANTED

In commenting on the continued trend of business and manufacturing activity, with advancing prices, record traffic, and high bank loans and investments, the First National Bank, Milwaukee, says:

The situation is not necessarily unsound or unsafe. But it does call for the exercise of care and good judgment. An acceleration of industry and trade after a prolonged period of subnormal business is to be expected. But the indefinite continuance of abnormal activity is not to be expected, and it would be unwise to make plans, buy materials and expand plants on any such assumption.

This is a time when a manufacturer or merchant should take a good second thought and carefully survey the prospects before making large or long-time commitments. It is a time when business men should scrutinize their credits and when banks should insist upon borrowers maintaining a thoroughly liquid condition. It is better and safer to build upon what is possible than to take a chance upon probabilities. Steady, not flush, business is wanted.

The cycle theory means that business tends to go from one extreme to the other. The fundamental cause of this is the consuming desire to make quick and large profits, to get high wages and work short hours. But everyone knows that large profits and high wages do not last. Steady and moderate profits and wages do last and avoid the violent fluctuations of business that keep the nerves of all engaged in industry and trade on edge.

TRAFFIC GREATER THAN EVER BEFORE

More cars were loaded with revenue freight during the first three months this year than ever before in the history of the railroads, according to figures



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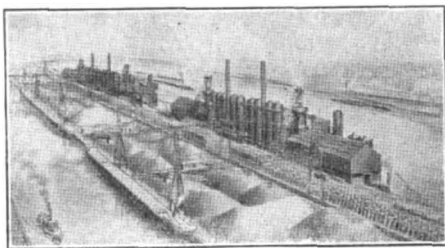
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Capital and Surplus . . . \$17,000,000.00

compiled by the Bureau of Railway Economics and based on reports filed by the carriers with the Car Service Division of the American Railway Association.

A total of 11,330,428 cars were loaded during the first quarter of the year, which was an increase of 1,429,286, or more than 14 per cent. over the corresponding period last year.

Loading of merchandise and miscellaneous freight showed an increase of nearly 16 per cent. over the first three months in 1922. The total for this class of commodities during the first three months this year was 6,653,144 cars, compared with 5,746,428 during the same months last year, which was an increase of 906,716 cars, or nearly 16 per cent. in 1923 over the year before.

Coal loadings during the first quarter amounted to 2,445,210 cars, an increase of 77,964 cars, or 3.29 per cent., over the first three months last year.

This increase was despite the fact that coal loadings one year ago were stimulated by the approaching coal miners' strike.

Tabulations showed 904,579 cars loaded with forest products. This was an increase of 258,248 cars, or approximately 40 per cent., over the first three months last year. Ore loadings totaled 150,840 cars, which was an increase of 90,494 cars, or 151 per cent., compared with the corresponding period one year ago.

Loading of grain and grain products totaled 561,861 cars, a decrease of 40,119 cars, or 6.66 per cent., compared with the same period last year. Reports showed 423,655 cars loaded with livestock, a gain of 47,913, or 12¾ per cent., over the first quarter one year ago.

The traffic in March totaled 4,583,162 cars, and was 495,130 cars, or more than 12 per cent., above the corresponding period last year.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

American Bankers Association—at Atlantic City, Sept. 24-27.

District of Columbia—at Hot Springs, Va., June 16-19.

Financial Advertisers Association—at Atlantic City, June 8-7.

Investment Bankers Association—at Washington, D. C., October 28-31.

Maryland—at Atlantic City, May 16-17.

Mutual Savings Bank—at Buffalo, June 5-7.

New Jersey—at Atlantic City, May 17-19.

New York—at Atlantic City, June 11-18.

Pennsylvania—at Atlantic City, May 23-25.

BANK OFFICERS CELEBRATE FIFTIETH ANNIVERSARY

Four officers are celebrating this year their twenty-fifth year of service with the Guaranty Trust Company of New York. One of them completes a quarter century of service with the Company's London office; the others were formerly members of the staffs of companies which have been merged into the Guaranty.

The four, all of whom are young in years despite their long period of service, are Charles M. Billings, vice-president, Fifth Avenue office; James M. Pratt, vice-president, Madison Avenue office; Robert Macvey, assistant manager, London office; and Walter Meacham, assistant secretary, Fifth Avenue office.

When the Standard Trust Company was organized in 1898, Mr. Billings joined that organization, remaining there until it was merged with the Guaranty Trust Company in 1912. At the time of the merger he was made an assistant treasurer and was located at the Fifth Avenue office. Six months later he was made manager of that office, and under his direction it enjoyed rapid growth in size and importance. His appointment as vice-president, which position he holds today, was made in 1915.

Mr. Pratt decided, in 1891, to become a banker at \$6 per week as loan clerk of the New York Guaranty and Indemnity Company. Remaining there for about seven years, he accepted the office of assistant secretary of the Fifth Avenue Trust Company in 1898. A few years later he was made secretary of that Company. In 1910,



C. M. BILLINGS
Vice-president
Fifth Avenue office



J. M. PRATT
Vice-president
Madison Avenue office



R. MACVEY
Assistant manager
London office



W. MEACHAM
Assistant Secretary
Fifth Avenue office

GUARANTY TRUST COMPANY OFFICERS

ed by Google



FRANK J. PARSONS
Vice-president United States Mortgage & Trust Co.,
New York

Mr. Parsons left on May 1 for a business trip to the Pacific Coast and stopped en route at White Sulphur Springs, in connection with the convention of the Investment Bankers Association, and at Louisville, Kentucky, to address a gathering of bankers, on the subject of "Community Trusts".

following the merger of the Fifth Avenue Trust Company with the Guaranty, Mr. Pratt was appointed vice-president of the Guaranty. The following year he went to the Standard Trust Company as vice-president, but when that Company was merged with the Guaranty in 1912, he returned and has served in the same capacity since that time.

Robert Macvey, who has served the Guaranty at its London office for twenty-five years, was born in Falkirk, Scotland, in 1873, and received his first training in banking with the Royal Bank of Scotland. He joined the Guaranty staff at London on March 1, 1898, was appointed assistant secretary in 1912, secretary in 1918, and assistant manager in 1920.

Walter Meacham, assistant secretary at the Fifth avenue office celebrated his twenty-fifth anniversary with the Company on February 7. Mr. Meacham was the original bookkeeper of the Fifth Avenue Trust Company when that organization was formed in 1898. Later he became loan clerk. Upon J. M. Pratt's appointment as secretary of the Fifth Avenue Trust Company, Mr.

Meacham was elected an officer with the title of assistant secretary.

After the close of business on February 7, the entire staff of the Fifth avenue office gathered around Mr. Meacham's desk and presented him with a hammered silver cigar box.

NEW FRANKLIN NATIONAL BANK

The new Franklin National Bank of New York, at Franklin and Hudson streets, had its first business day on May 14. The bank will find plenty of room for its activities, especially since it is to be managed by men who are well acquainted with the food trades and whose policies are those of the immortal Franklin for whom it is named—thrift, efficiency and personal service.

Its president will be A. P. Smith, long associated with the fruit and produce trade, the butter and egg industry, groceries and boots and shoes. N. F. Fairweather, the cashier, was formerly cashier of the Aetna office of the Irving; Mr. Sanderson, assistant cashier, was formerly with the Chase National Bank, while T. K. Smith, vice-president, is well known in the cotton goods trade and formerly connected with the National City Bank.

The bank is located in handsome quarters in the Borden Building at the corner of Hudson and Franklin streets.

NEW YORK TRUST BRANCH

The New York Trust Company opened on May 15 a new branch office at the corner of Fortieth street and Madison avenue, to provide a complete commercial banking service for corporations, firms and individuals in the territory, east of Fifth avenue and south of the Grand Central Station. The new office is the second branch office of the company, the first having been established in November, 1918, at Fifty-seventh street and Fifth avenue. The parent office is at 100 Broadway.

ELECTED PRESIDENT OF OHIO BANK

Harrod C. Newland, assistant vice-president of the Chemical National Bank of New York, was elected president of the Cosmopolitan Bank & Trust Company of Cincinnati, Ohio on April 12. The bank has total resources of more than \$8,000,000. Mr. Newland was formerly with the National City Bank and went to the Chem-

ical Bank in 1920 as assistant to President Percy H. Johnston. He is well known in banking circles. Before coming to New York he lived for several years in Memphis. Mr. Newland is a graduate of Perdue University and a member of the Kappa Sigma Fraternity. He served in the Spanish American War.

INTERNATIONAL ACCEPTANCE BANK DINNER

The second annual dinner of the International Acceptance Bank, Inc., New York, was held at the Hotel Commodore on April 5. F. Abbot Goodhue, president of the bank, in a short address, expressed his appreciation of the excellent spirit of coöperation which has made possible the splendid growth of the International Acceptance Bank, Inc., during its two years of existence.

GENERAL MOTORS ACCEPTANCE CORPORATION

The New York State Banking Department has authorized an increase in the capital stock of General Motors Acceptance Corporation of 12,000 shares. The entire amount was subscribed early in April by General Motors Corporation which holds all the stock of the Acceptance Corporation, the cash consideration being \$1,420,000.

The corporation reports business transacted in the first quarter of 1923 exceeding any similar period in its history and more than double the first quarter of 1922. It is because of this greatly increased volume and in order that the facilities available for General Motors dealers may be kept at pace with their increased requirements, that this additional capital is required.

The first quarter of 1923 rounds out a full four years of operation, during which the Acceptance Corporation has successfully provided financial accommodation of close to \$400,000,000 to dealers in and purchasers of General Motors products.

The Acceptance Corporation has established through its own representatives, a national market for its short term collateral obligations, which it has sold at discount to more than 1600 banking institutions, including most of the important institutions of the country, and in every state in the Union. It has discounted and paid at maturity approximately \$340,000,000 of its paper and as of March 31 had domestic obligations outstanding at discount of \$56,378,602.

SUPER-SAFETY **Insured** BANK CHECKS

An added service to bring you business

Here is a way to get more depositors — Super-Safety Insured Bank Checks. Banks now supplying their customers with them find this added service increases their deposits. It is a selling point for new business. Thousands of banks now give these Insured Checks and have increased deposits.

Look at this thing from the depositor's point of view. He wants protection from check raisers. And he will take his account to the bank that gives this positive protection. Our volume of check manufacturing is so large that the cost to you is no more than for ordinary checks of the same quality. Free advertising service is included.

The World's Safest Bank Checks

They are made of the world's best safety paper.

They are insured in the Hartford Accident & Indemnity Co., for \$1000.00 against loss through fraudulent alteration.

They are protected individually by the William J. Burns International Detective Agency, Inc.

The Bankers Supply Company

*The Largest Manufacturers of Bank Checks
in the World*

New York	Chicago	Denver
Atlanta	Des Moines	San Francisco



New building being constructed for the Citizens Savings Bank of New York

THIS new building of the Citizens Savings Bank, New York, is being constructed of light Barre granite, the most monumental and durable of building stones.

It is to be lighted by four large arched windows on each of the four sides, set high above a strong base, so as to make the bank practically riot proof.

The interior of the building is nearly seventy feet high and is designed much after the old Roman style, using Roman Travertine stone for the walls.

The building, vaults and equipment were designed by

CLARENCE WILSON BRAZER, A.I.A.

REGISTERED ARCHITECT

Distinctive Bank Buildings

St. James Building, 1133 Broadway, New York

Other illustrations sent on request

WALTER G. ROBINS

Walter G. Robins, who has been in the loan department of the Bankers Trust Company of New York, since 1912, has been appointed assistant treasurer. Mr. Robins was born in Brooklyn and after finishing school started with the Manhattan Trust Company in 1901, going to the Bankers when that organization was merged with it. During the war after attending the Plattsburg Training Camp, Mr. Robins was a First Lieutenant in Infantry attached to the Machine Gun Battalion at Camp Dix.

EASTERN BANKERS CORPORATION

The Eastern Bankers Corporation, New York, with an authorized capital of \$5,000,000 is being organized by the Bankers Capital Corporation, 41 East Forty-second street, New York, for the purpose of investing its funds in the stock of selected banks, trust companies and other sound financial corporations of a similar nature situated on and contiguous to the Eastern seaboard.

As the operations of the company are confined exclusively to investing its assets as above set forth, equipment and operating expense are at a minimum. The income of the company is derived entirely from its investments. Its profits are two-fold: (a) the cash income received and (b) increase in value of holdings.

The officers of the corporation have all had long and extensive experience in banking and investing. The directors and officers are substantial stockholders in the company. The president is Everett J. Sturges who for seven years prior to his acceptance of this office was bank examiner of the State of Connecticut.

PERRY B. STRASSBURGER

Perry B. Strassburger, formerly general manager of the securities department of the American Express Company, and who was recently elected to membership in the New York Stock Exchange, is making his headquarters at Barstow & Co., 18 Exchange Place, New York.

GUARANTY TRUST APPOINTMENTS

The Guaranty Trust Company of New York announces the appointment of Hugh R. Johnston, assistant treasurer of the company, to be treasurer, succeeding the late N. Devereux Putnam. Mr. Johnston has

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 with the Guaranty since 1911, and has served in practically all departments of the company since that time.

William L. Kleitz, also an assistant treasurer has been appointed an assistant vice-president.

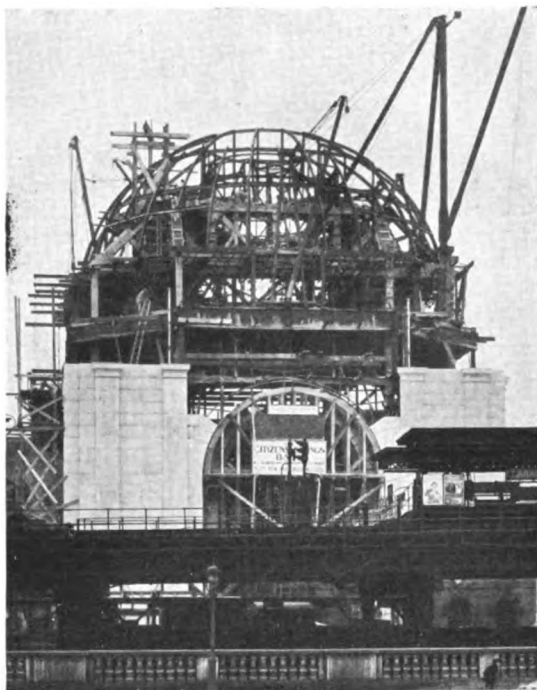
DISTRIBUTES INTERESTING
BOOKLETS

The creation of a trust fund by means of a life insurance policy is explained in a new booklet, "Capitalizing Your Life Insurance", now being distributed by the United States Mortgage & Trust Company, New York.

The United States Safe Deposit Company has recently issued a unique booklet featuring the Valley of the Kings and the Tomb of Tut-Ankh-Amen. The decorations are done in a style suggestive of Egyptian art and culture.

MANUFACTURERS TRUST MOVES

The Manufacturers Trust Company announced that after May 1, the principal of-



Citizens Savings Bank of New York under construction
C. W. Brazer, Archt.

THE CITIZENS SAVINGS BANK is nearing completion and is undoubtedly the most unique building "stunt" going on to-day in New York. The building is rapidly growing under them, over them and thru them. They are undisturbed, however, in their old quarters and are continuing business without interruption. We have just completed in the same way the Roosevelt Savings Bank in Brooklyn.

We have built

The Citizens Savings Bank, New York City, C. W. Brazer, Architect
The Roosevelt Savings Bank, Brooklyn, Carl L. Otto, Architect
The National Commercial Bank, Albany, N. Y., York & Sawyer, Architects
The Union Dime Savings Bank, New York City, A. H. Taylor, Architect
The Broadway Savings Institution, New York City, York & Sawyer, Architects
The Vanderbilt Hotel, New York City, Warren & Wetmore, Architects

William L. Crow Construction Company

103 Park Avenue, New York

Established 1840

"Better Buildings Built Better"

office of the company will be located at 139 Broadway, New York, at which office the main executive business of the company will be transacted.

The headquarters of Nathan S. Jonas, president, and James H. Conroy, vice-president, will also be at that office.

BANK SHARES SOLD TO EMPLOYEES

Delivery was made during the past month by the Irving Bank-Columbia Trust Company of New York, of 3068 shares of the company's stock purchased by approximately 900 employees ranging from office boys to vice-presidents. The stock which was delivered at \$100 a share, was quoted on the market at the time at \$238, making the total distribution of almost three-quarters of a million dollars, with several hundred shares not fully paid for to be delivered later.

The plans for participation by employees in stockholdings were developed three years ago by the Irving National Bank, which in February of this year, consolidated with the Columbia Trust Company. When, in June, 1920, the Irving's capital was increased from \$9,000,000 to \$12,500,000 the stockholders, at the request of the board of directors, waived their subscription rights to approximately 5000 shares of stock to enable the members of the bank's staff to acquire stock.

OPENS NEW YORK OFFICE

The bond department of the Mississippi Valley Trust Co. of St. Louis has recently opened an office in New York at 22 William street for the wholesaling of investment securities, particularly Middle Western municipal issues and industrial securities. The office is in charge of John M. Bowlin, who several years ago was connected with the Bankers Trust Company, both in New York and in their Cleveland office. The Mississippi Valley Trust Co. also has a Chicago office.

PHILADELPHIA BANK DISTRIBUTES BOOK ON CREDIT

The fourth installment of the revision of "The Four Big C's", which was written by William Post, chairman of the executive committee of the Central National Bank of Philadelphia has been issued. This installment is on Capacity, twin sister to Character. The preceding chapters have brought

favorable comment from students of credit. Mr. Post has been actively associated with the bank for more than fifty years, and writes from his experience.

PARK AVENUE ASSOCIATION

The board of directors of the Park Avenue Association, Inc., New York, announce the election of Joseph John Keon to the office of vice-president of the association. Mr. Keon is regarded as one of the leading insurance authorities in the East.

A VACATION CRUISE

The summer cruise to the Mediterranean organized by Thos. Cook & Son last year was to a large extent experimental; the idea of visiting these popular pleasure grounds of winter travelers during the summer months was a new one, and yet, in view of the actual climatic conditions known to prevail and the extraordinary romantic and historical interest of the Mediterranean borderlands it was difficult to understand why the thing had never been done. After securing the Cunard-Anchor Liner "Cameronia" and mapping out an itinerary which included not only the usual points visited by the popular winter cruises, but also such attractive spots as Venice, Fiume, Malaga and Genoa, the first vacation cruise was announced. The public response was immediate, and far exceeded the most sanguine expectations of the organizers.

On June 30 of this year, a new oil-burning steamer of the same line, "Tuscania", will set sail from New York on the second vacation cruise around the Mediterranean, now by popular demand an annual event in the cruising plans of Thos. Cook & Son. The itinerary, which is substantially that followed by the "Cameronia" last summer, includes visits to Funchal in the Madeira Islands, Lisbon, Gibraltar, Granada, Malaga, Monaco, Genoa, Naples, Venice, Fiume, Abbazia, Athens, the Dardanelles, Constantinople, the Holy Land and Egypt, with many delightful inland excursions and optional overland tours. The bookings up to the present time have exceeded those made on the "Cameronia" last year, and although a number of staterooms are still available, there is every indication that the limited membership will be completed well before the date of sailing. The passenger list is comprised of prominent names from all sections of the country; the success of the vacation cruise of 1923 is already assured.



*Academy of Arts and Letters, New York City
McKim, Mead & White, Architects*

"The Fifty Immortals" Build New Indiana Limestone Home

In any building devoted to the housing of records that are irreplaceable, the first thought should be to build of a material that will insure strength, stability and immunity from fire. ¶ Realizing this fact, "The Fifty Immortals," a union of representatives of the five arts—painting, sculpture, music, architecture and literature, showed splendid foresight in the selection of Indiana Limestone for their new home, "erected with the avowed purpose of preserving the literary and esthetic records of the nation." ¶ Such a building will be a lasting inspiration to its owners, for Indiana Limestone is a natural stone that mellows and grows more beautiful with the passing of Time.



*Detail Entrance, Academy of
Arts and Letters*

"It remains to say that the Academy is not building for today, not even for this generation; it is a foundation which is intended to reach on into the next century and to be a centre of inspiration to artists and poets in 1970."

Hamlin Garland,
New York Times, Feb. 18, 1933.

The latest addition to the Indiana Limestone library is recently off the press. This book handsomely illustrates many fine examples of Indiana Limestone bank buildings and will be sent free upon request

Indiana Limestone Quarrymen's Association, Box 758, Bedford, Ind.
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Our bank partitions are specially designed for bank service. They have the same features of beauty, speed in installation, improved design, and economy that characterize all our partitions.

Whether you are opening new offices or contemplating rearrangement, write our Dept. 14 now for advice. We gladly offer you the skill and experience of many years' service to banks.

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41 Beaver St., New York

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MATT E. HOSELY

H. M. Byllesby & Co., Inc., announce that Matt E. Hosely, for many years with their Chicago office, is now associated with the bond department of the New York office.

WHAT IS THE SAFEST MUNICIPAL BOND?

A pamphlet on the above title is being distributed by Remick, Hodges & Co., 14 Wall street, New York. It is an analysis of municipal bonds laying special emphasis upon the legal phases of the subject. The characteristics which are observable in the highest grade of municipal securities are described.

LIQUIDATION OF ASSOCIATED BANKERS CORPORATION

The offices of the Associated Bankers Corporation, at 35 Wall street, are closed and the company is liquidating its affairs. Clarence M. Sherwood was the president and Charles C. Barlow, treasurer.

The company was launched in October,

1921, and announced that it proposed to have directors from every part of the United States and that it would supplement local banking service by enabling member banks to serve their customers' largest needs.

"THE EQUITABLE ENVOY"

The house organ of the Equitable Trust Company of New York, "The Equitable Envoy", contains this month interesting articles on "New York City Real Estate", "Business Conditions in Texas and Oklahoma", "Bankers' Acceptances", and "Wall Street in History".

ROMANCE OF A PRIMARY STOCK MARKET

A booklet, entitled, "The Romance of a Primary Stock Market", which tells about the work of the New York Curb Market has been published by Jones & Baker, New York.

NEW MAGAZINE FOR BANK CLERKS

The Bank Clerk, Vol. 1, No. 1, dated April 1923, has made its appearance. This month-

ly magazine, pocket size, is "dedicated to a greater understanding and better coöperation between the banker and the men and women who work with him".

JOINS COAL AND IRON NATIONAL BANK

H. G. Stenerson has been appointed assistant to the president of the Coal and Iron National Bank of New York. He will have charge of furthering the bank's efforts to secure new business in the commercial banking field. Mr. Stenerson was formerly with the National Bank of Commerce as assistant cashier in charge of business development in the First and Second Federal Reserve Districts. In 1917 he was the pioneer in introducing the use of acceptances among New England cotton mills in financing the purchase of cotton.

CHANGES NAME TO BANK OF SMITHTOWN

The National Bank of Smithtown Branch, Smithtown Branch, N. Y., after May 7 became known as the Bank of Smithtown, continuing its membership in the Federal Reserve System.

DANCE AND DINNER OF TRUST COMPANY

The United States Mortgage & Trust Company of New York, gave a dance at the Hotel Plaza May 3, which was attended by officers and employees and those of the United States Safe Deposit Company.

Preceding the program at the Plaza, the officers of the United States Mortgage & Trust Company gave a dinner at the Lotos Club in honor of President John W. Platten.

FARMERS LOAN AND TRUST TO OPEN OFFICE ON LEVIATHAN

The Farmers Loan and Trust Company of New York have completed arrangements with the United States Shipping Board for opening a branch banking office aboard the steamship Leviathan, scheduled to sail July 4 on her first trip since reconditioning. This, it is said, is the first time that an American



New building for the Central City office of the Corn Exchange National Bank of Philadelphia now being erected at 1510-12 Chestnut street

bank has ever had an office aboard a steamship, although it is now common practice among the larger Cunard liners to have English bank offices.

Full banking facilities will be extended to all aboard the large liner, the Farmers Loan and Trust Company announced. Three clerks will be in charge of the office, and it is planned at first to carry \$75,000 in cash. The facilities offered will include cashing letters of credit, travelers' checks and exchanging moneys. Wireless communication will be maintained between ports and the ship so that the exchange rates will be kept up to date daily.



ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

THE best index to New England trade conditions is afforded by the reports of the big retail stores. Customers of these stores are buying freely and with a steadiness that has given the merchants courage to stock up much more heavily than they have done for several years. This steady buying is the direct result of the full employment of practically every class of workers. The textile mills already report a serious shortage of skilled labor, and they are operating practically at capacity, with orders enough ahead to assure full-time work for many months to come. The shoe factories, which got under way a little bit more slowly than some other lines, are now running for the most part with a full complement of workers, and are well supplied with orders. Machine shops and manufacturers in other lines make similar reports, and the full-time employment of labor is, as stated above, lending a new impetus to retail trade. Cash stores report a growing trade, while stores giving credit report that their customers are paying bills promptly and buying steadily.

With all of this evidence of rather free spending, it is gratifying to note that the same people who have so increased their spending have also increased their savings. The savings institutions report a remarkable increase in savings—an increase so large as to be almost an embarrassment in some cases, for the demand for loans is not yet heavy enough to take care of the money accumulating in the banks.

It is now reported that a wage and working agreement between builders and building labor, covering a period of two years, will be put into effect at once. This will immediately remove one of the principal obstacles to business expansion, for it will release building operations that had been temporarily held up, and it will convince those who were hoping for lower building costs in the near future that they will wait in vain, and might better start operations at once. It is evident that no lowering of the aggregate cost of building can be expected for some time to come. There may be a drop in the prices of certain separate items, but the cost of building as a whole is now as low as we can expect to see it for some time.

Real estate is active. Real estate prices have dropped to a normal level, and with

building costs at a fixed level, there is every indication that there will be a great deal more speculative activity in real estate and building this year than there has been for several years. There is a brisk demand for property of all sorts, urban and suburban, improved and unimproved, and there is plenty of mortgage money available to finance the expected activity.

Business failures are about normal and there is no evidence of any strain in any particular industry or locality.

Conditions in the farming sections of New England are very much better than they were a year ago. The farmers are buying much more freely of farming machinery and supplies, and early reports of crop conditions are all of an encouraging nature. There is an increasing demand for property in the farming sections of New England, a demand which is receiving every encouragement from the banks.



CONVENTION DATES

New England Foreign Trade—at Boston, May 17-18.

New England States—at New London, Conn., June 15-18.

Rhode Island—at East Providence, May 16.

NATIONAL ROCKLAND BANK OF
BOSTON

The statement of condition of the National Rockland Bank of Roxbury, Boston, Mass., at the close of business on April 8, 1923, showed total resources of \$9,086,978.19, surplus \$600,000, undivided profits \$169,434.30 and deposits \$7,890,443.10.

SOUTH BOSTON TRUST TO MERGE
WITH FEDERAL NATIONAL

Conversion of the South Boston Trust Company, Boston, into a national institution was effected on April 20. This was a preliminary step to the merger of the institution with the Federal National Bank of Boston, giving the Federal National Bank nine new branches. The capital of the enlarged Federal National Bank is as heretofore \$1,500,000. Theodore M. Logan, the former president of the South Boston Trust Company has been made a vice-president of the Federal National Bank and has also been elected president of the State National Bank in Lynn, recently organized to take over the business of the State National Bank of Lynn.



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.

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

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

WITH \$100,000,000 more wealth in the agricultural section than last year, due to the advanced prices; with next season's plantings well in hand; with the lumber industry speeding up, to meet the increased demand of a record-breaking building program; with foreign trade improving—the South, particularly the gulf division of the South is, to adopt an expressive colloquialism, sitting pretty.

Wholesalers of New Orleans, who supply a large territory and therefore have their fingers upon the general pulse, report a greatly increasing business especially in merchandise of better quality. For instance, one of the leading jobbers of silk goods reports a bigger business in silk at \$2.50 a yard than before the war at \$1.25. Machinery houses find the orders pouring in. The cut of Southern pine has been about 7 per cent. greater than it was a year ago.

The retail trade of the South, averaging reports of representative department stores, was nearly 10 per cent. greater, in January and February, than during the same period of 1922, according to the Sixth District Federal Reserve Bank. March's totals increased this lead, because of the Easter purchases, which in New Orleans were 25 per cent. or more heavier than last year. From other centers, similar reports come in. Nevertheless, the business in the South was retarded somewhat in March because of the belated cold weather.

This cold weather, however, has been a blessing in the cotton belt, because, according to Governmental observers, it slew great hordes of the boll weevil.

Manufacturing conditions have shown considerable improvement over the early months of 1922, and the output, orders and shipments show substantial increases over figures for last year. Industrial employment has increased throughout the district. In certain sections, there is a shortage in

building labor; and barely enough farm labor is available to work the crops.

Banks throughout the section report a steady increase in both demand and savings deposits. Loans and discounts, as of March 7, increased nearly 2 per cent. in representative banks, over February the increase was 16 per cent. over last year. Loans secured by Government obligations have dropped, being nearly 40 per cent. below the 1922 figure.

The volume of bills on hand with the Federal Reserve Bank for this district, on March 14, was 18 per cent. greater than in February, but 39.6 per cent. smaller than on March 15, 1922.

The Southern states generally show an increase in savings accounts, Florida leading



The Branch
First President

Merchants National Bank

RICHMOND, VA.

Capital \$1,000,000.00

Surplus and Undivided

Profits \$1,000,000.00

One of the largest, strongest and oldest banks in the South

Send Us Your Items

Bank of Charleston

National Banking Association

Charleston,

S. C.

Established 1834

The Bank of Charleston succeeded to business of liquidating branch Bank of the United States.

Capital and Surplus . \$1,500,000.00
Resources . . . \$12,500,000.00

with a growth of 2.2 per cent., and Alabama bringing up the rear with .9 per cent. This is as of February 28, 1923, compared with January 31. The increase over the same month last year is startling, being 23.6 per cent. for Florida, 23.6 per cent. for Georgia, 13.8 per cent. for Mississippi, to mention the three leaders. For the district, the improvement averages 14.7 per cent., Louisiana showing the least advance, a niggardly 4.5 per cent.

Commercial failures in the South were 50 per cent. fewer in number and 24.4 per cent. less in value, compared with February, 1922.

Through a decision by the Louisiana Supreme Court, recently given, the sale of \$3,000,000 of bonds, which has been held up in Calcasieu parish, can now be resumed. With the proceeds will be dredged a ship channel from the Calcasieu river to the Sabine river, an important link in the intra-coastal canal. This is part of the inland waterway system by which the South expects to usher in a new economic era. A beginning has already been made with the Mississippi-Warrior barge line, operated by the government, the business of which has increased so rapidly during the past several years that it has been a problem to get bottoms to carry the freight. An interesting river development has been contributed by the Pittsburgh steel interests, which have already sent several barge-tows of fabricated material to New Orleans for distribution at home and for export abroad. This movement is destined to increase.

An attempt is being made to secure for Southern shipping interests, a schedule of ocean freight rates that will give the ports of the South an advantage over the East

as regards those countries to which the South is geographically closer. The East has an advantage of 15 cents per 100 pounds on the rate to Europe, which is closer to New York than to New Orleans. The Eastern rate to Latin America, however, is the same as the Southern. Either the South should have the same rate to Europe, or it should have a lower rate to Latin America—that is the doctrine to which the economic and business leaders of the South are trying to convert the Southern shipping lines.

Port development of New Orleans is entering upon its larger phases. The foreign trade and transportation interests are focusing their attention upon this city, because of the approaching foreign trade convention, and because of the opening of the industrial canal to navigation. Leading publications of the country are devoting much space to the part New Orleans is playing and will play in foreign commerce. Several of the larger trunk-line railroads have made studies of the situation.

There is now building in New Orleans—on the industrial canal—a half-mile concrete wharf and shed. And through an agreement recently reached between the dock board and the Louisville and Nashville railroad, two new terminals, to cost \$1,500,000, are to be built in the commercial river front section of the city. One will be built by the dock board, which has secured possession from the L. and N., of a 400-foot stretch on the Mississippi, which has been years in dispute and was held by the railroad. It will cost \$500,000. The other will be built by the L. and N., on its property behind the river front. It will cost \$1,000,000. These two terminals will give added ship-unloading facilities to the port, and a great freight-distribution and concentration depot to the railroad.



CONVENTION DATES

National Association of Credit Men—at Atlanta, June 12-15.

Robert Morris Associates—at Atlanta, June 11-15.

Kentucky—at Louisville, Sept. 5-6.

South Carolina—at Greenville, June 19-21.

Tennessee—at Chattanooga, May 15-16.

Texas—at Dallas, May 15-17.

Virginia—at Richmond, May 24-26.

West Virginia—at Fairmont, August 21-22.

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



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EXPERIENCE — Over fifty - seven
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STRENGTH — Capital and Surplus
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OFFICERS — Experienced, capable and
well versed on conditions
and credits thruout this
territory ;

invites your business

JOHN M. MILLER, JR.
President

Resources over \$30,000,000

SEABOARD NATIONAL COMPANY

The Seaboard National Company of Norfolk, Va., has been formed to handle the bond and mortgage business of that city's bank of similar name. James B. Moss and Abner S. Pope, respectively president and vice-president of the bank, will have corresponding rank in the company. T. A. Bain, an assistant cashier of the bank, will be secretary-treasurer of the company and will be general manager.

PRACTICING ART OF THRIFT AT HOME

On April 1, 1913, a handful of employees gathered in the Union National Bank of Houston, Texas, for the purpose of organizing an investment association to encourage the habit of thrift and earn a larger income on their accumulation of savings from their salaries. Simultaneously the purpose was to train the participants in business execution: the making of loans, selecting careful investments and exercising care and judgment when examining collateral and determining its liquid value. In the course of ten years

successful operation, the association has grown to assets of \$32,420.49, having earned a substantial dividend each year and having no losses.

The organization is operated on a stock subscription basis, payments being made in partial installments each month at a rate of \$1.00 for each share subscribed for, with penalty and assessment in the event of failure to comply with the rules and regulations. In order that the stock is equally divided, a limit is set on shares any one person can own. Stock subscribed aggregates over \$60,000 which under this convenient partial payment plan will be paid out in a course of time and represent funds actually saved by employees.

TO INCREASE CAPITAL

The Guaranty Bank & Trust Co. of Lexington, Ky., will increase its capital from \$150,000 to \$300,000. The issuance of the new stock was authorized by the shareholders on March 20 and the enlarged capital will become effective July 30.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

THERE was a pleasant surprise in the responses made by the Chicago banks to calls for statements of condition which appeared early in the month. These reports gave striking evidence of the great expansion which has taken place in business in the last few months, but they also showed a strengthening of the position of the city's financial institutions. In the quarter covered by the statements, the interval having been a little longer than usual, there has been much discussion of hardening money conditions. It was gratifying, therefore, to learn that deposits had almost kept pace with the expansion in loans and that the latter did not indicate undue inflation.

Savings deposits continue to pile up at the rate of about \$1,000,000 a week, reflecting the prosperity of workers as a result of the quickening of industry and the gradual increase in wages. Surplus income is being placed in the banks to an unusually large extent, instead of being squandered on extravagant living as was too often the case in the "silk shirt" days of the boom of 1919 and 1920. The total of savings deposits for all the city's banks, number more than 200, as of April 3, was \$564,916,801, a new high record and an increase of \$17,577,930 over the figures at the beginning of the year. This gain comes on the heels of one of \$40,000,000 in the last quarter of 1922.

The most impressive fact brought out by the statements of the banks is the increased demand for credit which has come with enlarged commercial and manufacturing activity. Total loans and discounts for the city's banks are \$1,490,880,316, as against \$1,402,109,928 on December 29 last, an increase of \$88,770,388. This rise is regarded as moderate in view of the extent of the business interests which they serve. The total is still more than \$39,000,000 under the loans at the end of 1920, although more than \$100,000,000 above the aggregate on December 31, 1919.

Deposits also show a healthy increase, totaling \$2,144,864,482, an increase of \$17,535,032 in the last three months. It is noteworthy that this gain is just about equal to the increase in savings deposits, and also that most of the increase is in outlying institutions, the neighborhood depositories, whereas the loan expansion is largely in the downtown banks which carry the bulk of the heavy commercial accounts.

The event of the month in local banking circles has been the completion of the merger of the Illinois Trust and Savings Bank and the Merchants Loan and Trust Company under the name of the Illinois Merchants Trust Company and the opening for business of the consolidated institution on April 9 in the first half of its new \$12,000,000 building which has been completed. The Corn Exchange National Bank, which also is a part of the group, will remain in its present quarters until the second half of the building is finished, next year. The \$400,000,000 institution is the second largest west of New York.

John J. Mitchell was elected president of the merged bank. Edmund D. Hulbert, who died two weeks ago, was to have filled this position. Mr. Mitchell has been chairman of the boards of the constituent banks and will hold the presidency only temporarily. Thirteen vice-presidents were elected, including all from the staffs of the two merging banks and four others from their junior officers. John J. Geddes, who was cashier of the Merchants Loan, is one of the new vice-presidents. J. I. Cooper, who was cashier of the Illinois Trust, is cashier of the consolidated bank. The directors, made up of the boards of the two banks, include representatives of most of the leading business interests of the city.

In the new organization the staff of the Illinois Trust seems to hold the dominant positions. Virtually all the officers of the two banks are taken in, however, and if there is any weeding out to be done it will come later. Upon Mr. Mitchell, in spite of his seventy years, will devolve the somewhat arduous task of knitting the two organiza-

tions. By experience and amiable personality he is peculiarly fitted for the great responsibility, but it is only because of necessity that he undertakes it, and it is believed that he will let the burden pass to other shoulders as soon as the right man can be found.

In connection with the succession, which has aroused much interest in the financial district, two names are frequently mentioned—Melvin A. Traylor, president of the First Trust and Savings Bank, and Ralph Van Vechten, vice-president of the Continental and Commercial National Bank, but it is not believed that anyone has yet been directly approached on the subject.

Business continues on the upgrade in all parts of the seventh reserve district. Wholesale distribution of merchandise is substantially ahead of that at the corresponding time last year; buying for fall is on a more liberal scale than for several years past and retail trade, notwithstanding some disappointment in the turnover incidental to the Easter season because of unfavorable weather, is maintaining a satisfactory volume. The tendency of prices is steadily upward for virtually all commodities, but the movement is so gradual that it is causing no disturbance and there is no evidence of a stampede in buying. Stocks are in healthy condition and merchants as a rule are buying conservatively. Manufacturing is more active than it has been for a year or more. The steel industry is working at 85 to 90 per cent. of capacity and buying is heavy. Mills are booked up for the first half of the year and are not disposed to accept large commitments beyond that at current prices. Automobile and implement makers, as well as the railroads, are clamoring for early deliveries and in some cases are resorting to warehouse stocks to keep up their supplies.

Money rates have stiffened slightly. Commercial paper now rules at 5 to 5¼ per cent., brokers' loans are 5½ and other bank accommodation at 5½ to 6 per cent. Borrowing demand is fairly large, and rediscounts at the Federal Reserve Bank are about twice the figures at the low point a month or so ago—\$56,000,000—but still are moderate and leave the reserve position of the bank around the comfortable figure of 75 per cent. Industrial centers are busy, especially in the Michigan and Indiana automobile fields, and sentiment in the rural districts is cheerful despite the slowness of spring, which will make planting late. In-



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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**

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Real Estate at Public and Private Sale

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vestment demand has fallen off somewhat and many new issues, particularly unseasoned stocks, are undigested.



CONVENTION DATES

American Institute of Banking—at Cleveland, July 17-20.

Association of Reserve City Bankers—at French Lick, May 28-29.

Illinois—at Rockford, June 26-27.

Indiana—at Indianapolis, September 12.

Iowa—at Ames, June 12-14.

Michigan—aboard steamer, June 18-22.

Minnesota—at Minneapolis, June 6-8.

Missouri—at St. Joseph, May 22-23.

Ohio—at Toledo, June 21-22.

Wisconsin—at Milwaukee, June 19-20.

GUARDIAN SAVINGS & TRUST OF CLEVELAND

Growth in deposits of over \$21,799,000 during the past twelve months was shown by the current statement of the Guardian Savings & Trust Co., Cleveland, issued April 3. Deposits that day were \$94,551,816 as against \$72,752,400 on April 3, 1922. Resources are now over the \$105,000,000 mark, with capital, surplus and undivided profits totalling \$9,635,867. Loans and investments were \$81,549,900 on April 3.

HARRIS CREECH PRESIDENT OF CLEVELAND TRUST COMPANY

Harris Creech, whose office was next to that of President Fred H. Goff and who assisted Mr. Goff in working out banking problems, was elected on April 9 to the presidency of the Cleveland Trust Company, made vacant by the death of Mr. Goff.

Mr. Creech is quite familiar with the new

duties and will assume them at once. Members of the board believe he will carry out the policy of the Goff administration.

At the age of 49, Mr. Creech has twice been elected a bank president, the first time by the Garfield Savings Bank, and the second time by the Cleveland Trust Company. He has been in the banking business since he first went to work, at the age of 18, and has served only these two banks.

JAMES A. HOYT

It has been announced that James A. Hoyt has resigned as vice-president of the First National Bank in Detroit. Mr. Hoyt will devote a greater portion of his time to the Union Mortgage Company of Detroit, of which he has been president since the organization of the company.

WARREN R. GILLIAM

Warren R. Gilliam, vice-president of the Harvey Blodgett Company, Financial Advertising, with offices at St. Paul and Chicago, died at Los Angeles on April 6. Mr. Gilliam was a well known figure in financial advertising circles and he had a host of friends among the bankers of the entire country.

ELVIN G. KREBS

Elvin G. Krebs has been elected assistant cashier of the Central Savings Bank, Detroit; one of the First National Bank group. Mr. Krebs has been manager of the Fort street branch of the bank for a number of years. He is being succeeded by Howard S. Aseltine as manager.

DOUBLE SIZE OF PRESENT BUILDING

On July 15, the Des Moines National Bank, Des Moines, Iowa, will begin building

"Making B/L Business More Profitable for Correspondent Banks and Shippers"

We have reprinted a series of eight advertisements describing our special service as the B/L Bank of Chicago. Folder on request.



UNION TRUST COMPANY

Madison and Dearborn Streets, Chicago

Safety Spirit Experience Caliber Convenience Completeness Prestige

operations to double the size of its present home, John H. Hogan, vice-president announced recently.

The adjoining building will be torn down and a new addition, an exact duplication of the present Des Moines National Building, will be erected.

This will double the size of the present banking quarters and facilities. It is expected that the enlarged building will be completed by October 1.

The Des Moines National Bank was organized in 1881, when the national banking system was only eighteen years in existence, and it has operated continuously as a national bank since it was chartered.

G. C. RANSOM

G. C. Ransom has joined the Chicago organization of the First National Company of Detroit in the Wisconsin territory. Mr. Ransom has had an experience of more than ten years in the bond business.

ALBERT FRANK & CO. MOVE

The office of Albert Frank & Co., advertising agents of New York, Chicago and London, moved on April 28 into new and

larger quarters on the ninth floor of the Corn Exchange Building, 134 South La Salle street, Chicago. The new offices provide separate departments for the various branches of the organization which has greatly enlarged its staff in the past few months making larger quarters necessary.

NEW PRESIDENT OF MIDLAND BANK

D. D. Kimmel, president of the Union Mortgage Company, has been elected president of the Midland Bank, succeeding the late William P. Sharer, who died February 9. S. H. Robbins, president of the Youghiogheny & Ohio Coal Company, who has been acting-president since Mr. Sharer's death continues as chairman of the board.

At the same meeting, April 6, the board voted an initial dividend of 1½ per cent. on its capital stock, payable May 1 to stockholders of record April 25. The undivided profits of the bank are now in excess of \$250,000 and the present book value of its stock is \$132.50 per share.

The new president of the Midland has been the chief executive officer of the Union Mortgage Company since its organization in

Where is the Leak in your coal property profits?

Ask Peabody Service. We have the facts, gathered daily from 44 bituminous mines in 12 fields—and from nation-wide contact with markets. Write for particulars.



**PEABODY
COAL COMPANY**

Founded 1883

332 South Michigan Ave. - CHICAGO

Operating 44 Bituminous Mines in 12 Fields with Annual Capacity of 23,000,000 Tons



D. D. KIMMEL

Newly elected president Midland Bank, Cleveland

1914 and is generally regarded as the chief factor in the rapid growth of the institution. It is one of the largest mortgage companies in the country, with resources of \$17,000,000.

IN LARGER QUARTERS

Larger quarters and more extended facilities mark the change of location of the

William Ganson Rose, Inc., advertising agency, to offices in the Euclid-Thirtieth Building, Cleveland.

"FORT DEARBORN MAGAZINE" MERGED WITH "AMERICA TO-DAY MAGAZINE"

The American Bond & Mortgage Company announce the merging of the "Fort Dearborn Magazine" with their new publication known as "America To-day Magazine". The merging is effected with the May, 1923, issue.

The "Fort Dearborn Magazine", which has stood for a greater Chicago and the progress of her people, has familiarized its readers with the upbuilding of this large metropolis. The merged magazine, to be known as "America To-day Combined with Fort Dearborn Magazine", is an extension of the purpose of the publication on a national scale, reflecting the growth of our cities.

ANNUAL SPRING DRIVE

In fourteen business days the 600 employees of the Guardian Savings & Trust Co., Cleveland, in their annual spring drive, secured 3717 new accounts with initial deposits of \$1,747,650.

Employees of the bank set the quota at 3000 new savings accounts, purposing to end the contest immediately upon reaching the goal. They went over the top with such impetus April 4 that the excess totalled over 700 accounts.

Employees of the Guardian Savings &

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*

Trust Co., brought in 9774 new accounts in 1922, with initial deposits of \$2,585,405, according to figures tabulated by the new business department. These totals are results of the activities of the Account-a-Week Club and exclude the large volume of business secured by officers.

FORGAN, GRAY & CO., INC.

Robert R. Forgan, formerly vice-president of the National City Bank of Chicago and John R. Gray, formerly manager of the bond department of the National City Bank of Chicago announce the organization of Forgan, Gray & Co., Inc. The new company will do an investment banking business and has offices in 105 South La Salle street, Chicago.

LIBERTY CENTRAL CLUB ELECTS NEW PRESIDENT

At the annual banquet and installation of officers of the Liberty Central Trust Club, an organization composed of 250 officers and employees of the Liberty Central Trust Company, St. Louis, held at Hotel Chase April 7, Harry Gnau was installed as president for the coming year, succeeding R. A. Urian.

J. L. Johnston, president of the Trust

Company, commented upon the activity of the club, particularly expressing his appreciation of the good work of the employees in their recent new business contest which netted approximately 3000 new accounts for the bank.

Other officers elected are: Vice-president, Henrietta Demler; secretary, Helen Mueller; treasurer, E. Bode. Newly elected board of governors for a period of two years are: R. P. Titus and Tom Batts. The governors whose terms will not expire until 1924 are: Robert Kerr, Harry Hartkopf and Frank Moehsner.

M. R. Sturtevant, vice-president, acted as toastmaster. Entertainment and dancing followed the installation of officers.

HOUSEWARMING AT BRANCH OF CLEVELAND BANK

Thirty-five thousand people attended a two-day housewarming in the remodeled building of the Broadway Bank office of the Union Trust Company, Cleveland, on April 4 and 5. This housewarming, besides celebrating the opening of the remodeled office, also celebrated the thirty-ninth anniversary of the founding of that office.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

BY SAMUEL SOSLAND

CROP developments stand out as the dominating influence in Western business at the moment. There is no cessation of interest in the current demand and supply situation on agricultural markets, but the chief topic in all business discussions is the outlook for the harvests of 1923. When the harvests are garnered the demand situation will rise to leadership as a business influence, but the Western states are most concerned today over the degree of success that will attend their efforts to raise large crops. They want large crops contrary to all the uneconomic proposals for reducing the acreage in spring wheat and in other products for the purpose of bolstering prices.

In the spring wheat states composing the Western territory the acreage to spring wheat is not equal to that of last year for two major reasons. One is the delay in seeding work that arose from the abnormally cold and late spring. Another is the relatively higher prices that have prevailed for feedstuffs as compared with wheat. The spring wheat crop has a late start, seeding being later than in some years. But the advocates of a reduced acreage for the sake of forcing higher prices cannot claim that they wielded an influence of importance. A year ago cheap corn prices gave impetus to agitation for a reduced acreage in corn. The seeding operations were affected to a degree. But farmers have been regretting that they did not raise more corn, for this grain is selling at a very high price. The reduced acreage advocates can find almost no audience when they preach a lessening of the corn area. The fact is that in the case of all crops farmers are eager to raise a great aggregate in proportions which they deem commensurate with demand conditions. The farmers do not believe that prosperity will come to them from united efforts to create semi-famine conditions. They realize that their hope for better times for them-

selves lies in readjustments that will effect a balanced relationship between prices.

With the growing season advancing and the bulk of planting work completed, it is happy, or should be happy, for the business world to find farmers in a constructive mood. Nature, however, has not cooperated ideally with farmers. The western portions of Kansas and Nebraska have found it necessary to abandon extensive areas seeded last fall to winter wheat owing to the prolonged absence of moisture in the late fall and during the winter and early spring. In the spring wheat areas excessive moisture and cold proved a deterrent. However, Kansas, Nebraska and Oklahoma combined have a large wheat crop in sight even with abandonment. Oklahoma has the brightest promise compared with last year. This state is in greatest need of a large wheat crop, and present indications are that it will outshine all the others of the hard winter wheat belt in production in 1923. Nebraska probably will raise less wheat than in 1922. Kansas has a promise for as much or more, depending upon the weather the remainder of the crop year. It is too early to say what the spring wheat states will do, but they must have an ideal growing season to overcome the late start. As for corn and other feed grains, there is abundant evidence that the foundation laid by farmers in seeding will develop into a large crop if the season proves favorable. Pastures on the whole are in good condition. Where fruit is grown the outlook is good. On the whole, therefore, the crop outlook may be conservatively summarized as favorable. Perfect conditions are, it should be remembered, rare in humans and rare in crops as well.

In connection with the land sown to wheat that has been abandoned, a point for bankers and merchants to consider is that, while the ground will be seeded, or has already been seeded, to other crops, the feed grains replacing the winter wheat largely will be harvested about four months later than the bread grain crop. The western areas engaged in replanting in Kansas and

Nebraska did not have good crops last year. This means that they will have four more months to wait than expected for new crop money. The interval will be a period of extreme economy in these sections along with tightness of money. However, these sections are only a small part of the Western states. It is also well to note that, as feed grains are going to occupy relatively more acres this season and wheat relatively less and as feed grains are harvested later, the inflow of new crop money will not be so early as last year.

More comfort is being derived from agricultural markets. Wheat leads, with an improved foreign demand along with the crop damage reports providing the basis for the higher prices that have recently prevailed. The crop damage reports have been exaggerated on markets. Greatest encouragement so far as wheat is concerned is derived from the larger buying by Europe. It is believed that settlement of the Ruhr troubles between Germany and France and the return of more peaceful conditions elsewhere in Europe would give further impetus to foreign buying of wheat. The domestic demand has been moderate. Flour mills have had a slightly improved business, but the shipping instructions on their old bookings did not arrive with the freedom expected.

Among many millers and among wheat dealers and growers there is still some surprise over the fact that steel, lumber, corn and textiles have advanced sharply while the bread grain is out of line in prices. There is surprise that so many manufacturing enterprises are enjoying, or have enjoyed, activity and prosperity while milling and wheat handling have lagged with a slow business. This is interesting because it throws light on the general financial and business conditions confronting the Western states. Wheat and flour are products sensitive to world conditions. High tariffs protect them, but the United States produces a great surplus. So domestic prosperity does not mean prosperity to wheat growers and millers when the foreign demand is not strong. Emphasizing the great disparity, it is significant that many bakers and jobbers, seeing rises in commodities that are not so greatly affected by world conditions, contracted large quantities of flour from mills because that product of wheat appeared cheap by comparison. As a result, it has not been uncommon to find mills with larger flour bookings than ever. But many bakers

\$2.50
Per Day

and upward

is one reason for the rapidly growing popularity of the Hotel Martinique.

Another is the consistent economy of the entire establishment. Here you may enjoy a Club Breakfast at 45c., consisting of Fruit or Cereal, Bacon and Egg, and Rolls and Coffee — Special Luncheon and Dinners of superior quality are also served at the most moderate possible prices.

No location can be possibly more convenient than that of the Martinique. One block from the Pennsylvania Station (via enclosed subway) — Nine blocks from Grand Central — one block from the greatest and best Shops of the City — half a dozen blocks from the Opera and the leading Theatres — and directly connected with the Subway to any part of the City you wish to reach.

"The BEST without extravagance"
Hotel
Martinique
Affiliated with Hotel McAlpin
Broadway-32nd to 33rd Sts.
NEW YORK
A.E. Singleton, Manager,

and jobbers over-bought flour, and mills with a great volume of business have found difficulty in keeping their plants in operation. Such disparities make the West conservative even with reports of record car loadings of all classes of freight and a rising tide of general business.

1866



1923

Complete Financial Service

**The Omaha National Bank
The Omaha Trust Company
OMAHA, NEBRASKA**

Resources over - - \$35,000,000

An absence of unison has marked the markets for live stock and feed grains. The live stock markets are a shade lower on the whole than a month ago. Feed grains, on the other hand, including corn, the so-called key feed, have been advancing. For the first time in more than a year, with feed grains sharply higher, the feed markets are exerting a retarding influence on live stock feeding operations. When corn costs more than 80 cents a bushel on terminals and when hogs are below an \$8-level on stock yards, this is not surprising. For more than a year the cheapness of feed has been stimulating feeding operations in the live stock industry. The higher cost of feed has wiped out the large profits of the past year and a half. Where the feeder raises his own grain, however, it's a different story. But there is a question whether some feeders with their own feed would not do better if they sold the raw grain. With the growth in live stock feeding the past year or more, supplies of meat animals have expanded. The highly favorable employment conditions labor is enjoying have greatly increased meat consumption. Also, Europe has been a heavy buyer of lard. The increased sup-

plies of fat stock have been absorbed with the larger outlets thus created, but it begins to look as if further expansion in feeding would create a surplus over the larger meat demand and that a lessening of prosperity among labor would enlarge the surplus.

Brief special notice is due to the improvement in Western business arising from the extraordinary cotton market of recent months. Mule and horse sales have been greatly increased to the South owing to high cotton. There has been a larger business in feed with the South, too, for that reason. Also, hay has experienced almost boom trade in instances because of the larger buying power of the cotton states.

Financially, the Western states are experiencing a strengthening in money that generally accompanies the spring season. The Western states, however, are able to meet all demands without undergoing any strain and without outside assistance. The discounting operations at Federal Reserve banks show an increase. Many country banks are buyers of outside commercial paper to invest idle funds. The industrial and commercial prosperity noted in many



HOTEL HAMILTON

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The latest constructed and
finest hotel in Washington,
Opened December Second 1922
Four hundred rooms
each with tub and shower.
The finest service and
furnishings possible to obtain
have been installed

cities of the east is not leading farmers to engage in expansion. Too many have an excess of obligations already.

The intermediate credit banks provided under the new Anderson-Lenroot law are not expected to have any important influence on the financial situation of the agricultural West. Probably the principal influence will be to drive home another lesson to farmers misled by legislators, or legislators misled by farmers, into the belief that the agricultural industry can be strengthened by making it easier to contract more loans. There has been a tendency to expect too much from credit instruments.

Probably the greatest recovery among banks of the West is in the great sheep and wool areas. Flockmasters have had a year of very high sheep and lamb prices together with a booming wool market. Millions of pounds of wool have been contracted above 40 cents a pound, which means additional large revenues from that staple. Lamb feeders have not fared so well this season as last year, however.

General trade is improved, but lacks great activity. Country merchants are still carrying less than normal stocks, although they show more of a disposition to increase their merchandise holdings. Building in cities is active, but largely confined to new homes. Lumber is losing some of its boom. Oil trade is weak, with crude and refined

products on the decline. Metals are easier. Labor is high—too high for farmers.



CONVENTION DATES

Colorado—at Colorado Springs, June 15-16.

Kansas—at Hutchinson, May 24-25.

Montana—at Great Falls, August 9-11.

Nebraska—at Omaha, September 26-27.

New Mexico—at Cloudcroft, September 7-8.

North Dakota—Bismarck, June 27-29.

Oklahoma—at Oklahoma City, May 29-30.

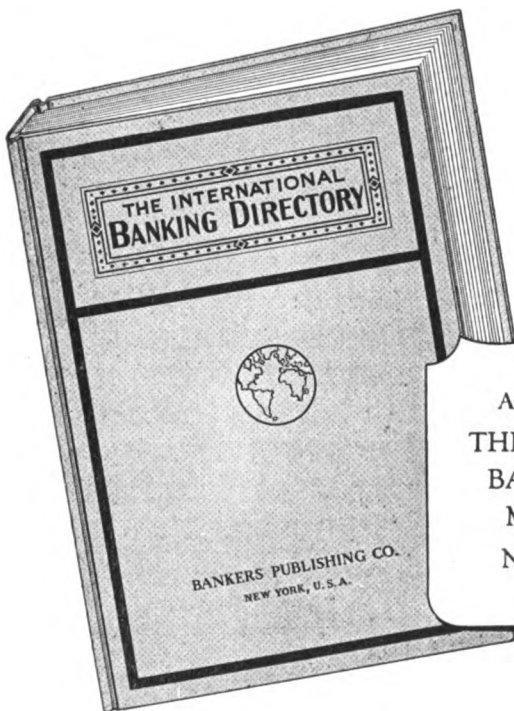
South Dakota—at Rapid City, June 21-23.

Wyoming—September.

MONTANA BANK CELEBRATES ANNIVERSARY

Observance of the fortieth anniversary of the founding of the Merchants National Bank of Glendive, Mont., was marked by the receipt by the officers of congratulations from many state and outside banking institutions. The Merchants National Bank, established in 1883, as a private bank, is one of the oldest firms in the state.

Numbered among its earliest depositors were many who helped in the building of Montana, particularly the eastern part.



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ECONOMIC CONDITIONS IN THE PACIFIC STATES

By C. E. TAYLOR, Economist

Department of Research and Service
Security Trust & Savings Bank
Los Angeles

ACTIVITY in the lumber producing regions of the Pacific Northwest, which is continuing at a rate which promises to make 1923 the record year in the industry, is responsible for the stimulation of almost every other business in that section. Mills reporting to the West Coast Lumbermen's Association, now the greatest organization of lumber producers in America, show production, shipments and orders far in excess of the figures for the corresponding period in 1922 and considerably greater than the figures reported by members of the Southern Pine Association. The output of lumber has been at the maximum permitted by the log supply and weather conditions. However, orders and shipments have far exceeded production and mill stocks have been rapidly depleted. During the opening quarter of the year logging activity was greatly curtailed, on account of severe storms in the mountains, and in February a shortage of logs developed in some sections, several large mills being forced to suspend or curtail their operations. With the coming of spring and more favorable weather conditions the lumber mills are speeding up production and may now be able to keep abreast or ahead of orders. Both foreign and domestic buyers are contributing to the present active demand for lumber. A feature of development during March was the renewed demand from Australia and Japan, neither of which have been for many months large buyers of lumber in this market.

Weather conditions for the winter wheat crop of Oregon and Washington have been good and it is not likely that farmers will this year suffer another short crop, such as caused severe losses in 1922. Heavy snows in the dry farming regions have brought joy to the hearts of the growers, who are

optimistic over spring planting conditions. Of the 1922 wheat crop but a small proportion remains and farmers are showing a tendency to hold for better prices. Oriental demand for wheat at prices in line with the Northwestern market is weak. Inquiries for flour have been numerous, particularly from China, but lack of steamer space prevents the mills from accepting these, except for shipment in May or June.

Apple growers in the Northwest have had a comparatively good year and profit from the late sales of fruit have been very satisfactory. However, present prices are far below those of a year ago and storage holdings still to be disposed of are considerably greater than in 1922. Last year was, however, an exceptional one for the apple growers, the 1921 crop bringing unusual returns during the winter and spring months, when there was a shortage of apples in the East and South.

In California, north and south, industrial and agricultural industries, as a whole, are in excellent condition, in spite of the unseasonable drouth which visited the region during the latter half of the "rainy" season. Rains during the early part of April, extending over a large portion of the state brought considerable relief to growers, though they were either insufficient or came too late to offset all the damage done by the long period of dry weather. The lemon crop will this year be the second largest in the history of the state. Prices, f. o. b. California, have been much higher than a year ago and the outlook is for an active demand and satisfactory quotations during the spring months. The orange crop has been improving steadily in condition, and prices, though lower than a year ago, have been higher than in 1921, when a larger crop was marketed. Petroleum production continues to increase and storage stocks to mount. During February the average daily production was 586,670 barrels, an increase of 80.8 per cent. over production in February 1922. The record-breaking 1922 pack of canned fruits has moved into dealers' hands at a fairly satisfactory pace, and the

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Mr. Morehouse writes from experience. For twenty years he has been in close personal contact with bank employees. He knows what it takes to succeed. Beginning in 1902 as bookkeeper and janitor in a small country bank, he today occupies the position of vice-president in the Security Trust and Savings Bank of Los Angeles, with resources exceeding \$165,000,000.

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hold-over compares favorably with that of a year ago. Much of the present carry-over is made up of lower grades of various fruits, particularly peaches, of which an unusually large quantity was packed in 1922. Price concessions have been necessary to move these grades of fruit, but prices for the higher grades have remained firm or have advanced. With the exception of raisins the dried fruit output has been readily marketed at good prices. The raisin crop has, however, proved hard to handle and unsold stocks are said to equal a third of the total 1922 crop, which was a record-breaker. The raisin growers' association has been reorganized and a tremendous effort will be made by the growers to meet the marketing problem which is being placed before them.

In Southern California economic activity goes on at a pace which has probably never been surpassed anywhere. An avalanche of new residents and visitors is pouring into the region and the stimulation to business has been tremendous. Building permits issued in Los Angeles during the opening quarter of the year exceeded \$44,000,000 in valuation and during 1923 the city will probably again stand third in the nation in building activity. Building during the first three months of 1923, to judge by permits issued, was 68 per cent. greater than in the corresponding months of the previous year. Real estate transactions in the city are enormous. During the year 1922 there were 56,602 residential lots put on the market in new subdivisions in the City of Los Angeles and its suburbs. These lots all lie within a radius of ten miles from the center of Los Angeles and equal an area of over eighteen square miles or about one third of the total settled section of the city at the beginning of 1922. About 93 per cent. of the lots were actually sold last year. The average price per lot was \$1400 and the total volume of first sales amounted to \$75,000,000.

The prosperity of Southern California is being built upon something more substantial than its mere reputation as a playground, though this is having its part in the development of the region. The fact that factories can produce more cheaply here than in the East is being demonstrated daily and every month witnesses the establishment of many new industries in this locality. Los Angeles has one comparatively small woolen mill, which will this year produce about 750,000 yards of goods, and which is earning profits



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Frank Crawford, *2d V.P.* R. McCorriston, *Cash'r*Branch Banks:—Lihue and Kapaa, *Island of Kauai*;
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which would make the Eastern textile manufacturer envious. Three quarters of the output of this plant is marketed in Eastern clothing centers, such as New York, Boston and Philadelphia, and this in spite of the fact that the mill purchases 50 per cent. of its wool east of Cleveland. In a small neighboring town there is a nationally known company manufacturing electrical appliances. This company has found that it can ship its raw materials from Chicago to the Coast, manufacture them into finished articles and lay these articles down in Chicago at a lower cost than it can manufacture them in Chicago itself. The industrial advantages of cheap power, favorable climatic conditions and contented labor are demonstrating themselves in Southern California in an impressive fashion and are leading to economic developments difficult for the Easterner to visualize.

As in the case of Southern California the industrial opportunities of Utah are at last gaining active recognition. Large steel companies of San Francisco and Los Angeles have entered the Mormon state and the development of its extensive and virtually untouched resources of coal and iron has begun. Blast furnaces and by-product coke ovens are being built and iron mines and new coal mines are being opened. Within a year the actual production of pig iron is expected to begin and within a comparatively few more years promoters of the new enterprises anticipate that all or a large share of the Pacific Coast steel trade will be supplied by steel manufactured entirely in this area. At the present time no iron ore is smelted in the Pacific states. It seems certain that Utah has entered upon an era

of development surpassing anything since its history began, a development in which the cities of California and of the entire Pacific Coast are bound to share.

Financial conditions throughout the Pacific states are excellent. There has been no important change in interest rates, loans and discounts of the banks in the area have increased only slightly more rapidly than deposits, and borrowings from the Federal Reserve Bank are small. Savings deposits in these states are at record levels and have shown a tendency to increase at even a more rapid rate than in 1922.

**CONVENTION DATES**

Arizona—at Tucson, October 26-27.
California—at Long Beach, May 23-26.
Idaho—at Idaho Falls, June 12-18.
Nevada—at Winnemucca, June 8-9.
Oregon—at Albany, June 27-29.
Utah—at Logan, June 15-16.
Washington—at Victoria, B. C., May 31-June 2.

W. H. THOMSON

W. H. Thomson, who was recently elected vice-president of the First National Bank of Los Angeles, and who is one of the best versed men in agriculture and cotton in the Pacific-Southwest is a native of New York City. After leaving school in 1902, he went with the United States Realty and Improvement Company, New York City, in the office of the president, where he remained until 1907.

He began his banking career the year following, when he entered the employ of the First National Bank of Pasadena, Calif. From 1911 to 1916 he was employed by the National Bank of California, Los Angeles, which in 1917 merged with the Merchants National Bank.

In 1916, Mr. Thomson accepted the position as cashier of the Phoenix National Bank of Phoenix, Arizona, later becoming vice-president and cashier and then vice-president. He was also vice-president of the Phoenix Savings Bank and Trust Company, an affiliated organization. While in Arizona, Mr. Thomson was a moving spirit in many organizations.

JAY LAWYER ELECTED DIRECTOR

At a meeting of the board of directors, of the Bank of America, Los Angeles, held

May 1, 1923, Jay Lawyer was elected a director.

Mr. Lawyer has been a resident of Los Angeles for a number of years, and is interested with, and manages, the Frank A. Vanderlip-Rockefeller and Stillman interests on the Pacific coast. One of their principal holdings in California, is the Palos Verde syndicate. Mr. Lawyer, together with the above interests, controls the Commonwealth Trust Company which was organized a short time ago to handle the trusteeship of the recent Palos Verde property sale, and of which Jonathan S. Dodge (formerly Superintendent of Banks of California) is president, and in which J. L. Williams, vice-president of the Bank of America is interested.

Mr. Lawyer controls the Reynolds Development Co., Oregon; the Kiernan-Lawyer Land Co., Spokane, Washington, and the Los Molinos Land Co., San Joaquin Valley.

CALIFORNIA BANK

The statement of condition of the California Bank, Los Angeles, Cal., at April 3, 1923, showed total resources of \$58,159,456.05, surplus and undivided profits \$923,041.56, and deposits \$54,769,881.40. The deposits have increased since January 1, 1923, \$5,437,144.08.

NEW LOS ANGELES BANK

An organization application of the Pacific National Bank, of Los Angeles, Calif., has been approved by the Comptroller of the Currency. The new bank will have \$500,000 capital.

PACIFIC TRUST AND SAVINGS TO BUILD

As a result of a contract worked out by the Pacific-Southwest Trust & Savings Bank, Desmonds and the Columbia Investment Company of Los Angeles, the bank will build a new Class A eleven story unit next to the present banking quarters of its central office in Los Angeles. Under this plan, the present banking quarters will be more than doubled. The first and second floors of the new building will be occupied by the bank while the nine stories above will be given over to general office use.

The new bank building to be constructed will follow the lines of the present Trust & Savings Building occupied by the bank and will constitute an additional unit of that building. On the north the new unit

of the bank building will join buildings to be constructed by the Mercantile Arcade Realty Company, and an arcade from Sixth street will connect with an arcade to be built over Mercantile Place.

The Trust and Savings Building which is one of the outstanding architectural features of the city, is inadequate for the present needs of the Pacific-Southwest Trust & Savings Bank. Much of the executive work of the entire Pacific-Southwest Trust & Savings Bank group of banks is at present crowded into the Trust & Savings Building, and the building of a second unit of this structure will enable the bank to handle its business in a much more efficient manner.

BANCITALY CORPORATION

Seven San Francisco men were elected officers of Bancitaly Corporation, according to announcement by the boards of directors of that institution following the first California meeting held in Los Angeles.

The officers are: A. P. Giannini, president; P. C. Hale, Jas. J. Fagan, Waller Taylor, vice-presidents; L. M. Giannini, Leo V. Belden, W. H. Snyder, assistants to the president; W. G. McAdoo, general counsel; E. C. Abel, secretary; L. R. Sevier, treasurer; R. E. Trengove, assistant treasurer, and M. B. Gibbons, assistant secretary.

The offering of \$3,000,000 of the corporation's new capital stock at a preferential rate of \$115 per share to stockholders of the Bank of Italy was authorized by the board. Subscriptions are to be accepted on the basis of one share of Bancitaly Corporation stock for each unit of five shares or fraction thereof of Bank of Italy stock owned.

"It is our intention to increase the paid in capital to the authorized \$20,000,000 as rapidly as the money can be advantageously employed", said Mr. Giannini in discussing plans for the future. "We will have \$13,000,000 paid in on July 3 of this year and will then be in a position to take such action with respect to the additional \$7,000,000 as the situation warrants."

NEW LOS ANGELES BUILDING FOR BANK OF ITALY

Southern California headquarters of the Bank of Italy have been established in Los Angeles, where a new 12-story building just completed will house the operations of the bank as well as the offices of the \$20,000,-

An Opinion

"I believe this book should be read by all young bank officers just coming into positions of responsibility and trust in order that they may have the benefit of so many historical cases as a guidance to them in their work."

F. O. WETMORE, *President*
First National Bank,
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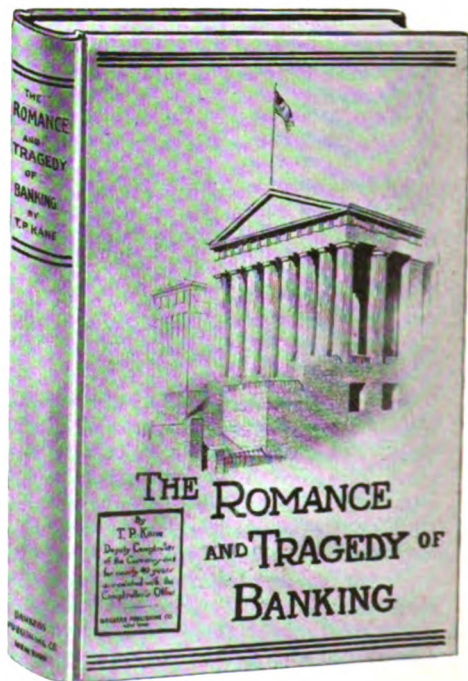
A New Book by Thomas P. Kane,
Late Deputy Comptroller of the Currency

ANOTHER edition of this popular book is now ready. The author, who died suddenly early in March, lived to see his book enthusiastically received by the banking public.

THIS really remarkable book contains within its 600 pages the story of national banking since the Civil War. It tells how the system was first put into operation and how it has been administered.

One of the most interesting features of the book is its graphic description of the events leading up to many of the most famous bank failures during the past half century. The causes of bank failures are always of vital interest to bank executives and these inside stories of famous disasters should prove particularly valuable.

This volume is not dry and uninteresting. It is written in an easy, readable, narrative style with particular emphasis on the human side of banking. The vivid personalities that have held the stage in the banking drama of the past half century are described, particular emphasis being placed on the Comptrollers of the Currency, whose administrations are each described in detail.



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New southern California headquarters in Los Angeles for the Bank of Italy

000 Bancitaly Corporation. A two day public reception marked the formal opening of the new quarters.

The building has been declared by the American Institute of Architects to be the finest commercial structure erected in Los Angeles during the last three years. A certificate of merit, certifying the excellence of the architectural design and workmanship has been presented to the bank, by the Southern California Chapter of the Institute.

Executed in sixteenth century Italian Renaissance period of architecture, the building stands 156 feet above the street level and provides a usable floor area of more than 175,000 square feet. The main banking lobby is in design and execution, one of the most beautiful in the United States. Its features of compelling attractiveness as well as of arrangement for commerce are unexcelled. The ceiling deeply coffered, is executed in striking colors, har-

monizing perfectly with the rich tones of the marble floors and screens. Six varieties of marble have been used in this room. The upper portion of the screens, above the counter, are of wrought iron and bronze, finished with burnished gold and polychrome.

The women's banking department, on the second floor of the building, is of the modern Italian period in its conception. The color scheme of taupe and gold is carried out in the rugs, furniture and hangings, as well as in the architectural appointments. The floors are of linotile covered with Hartford-Saxony rugs, while the furniture designed for comfort as well as beauty is carved Italian walnut. The tone of the room is warm and cheerful, but not lacking in businesslike atmosphere.

From the third to the twelfth floor the building is divided into offices, with thirty rooms on each floor. Each floor is so constructed that all or any part may be easily given over to the use of one organization.

The Paying Teller's Department

By Glenn G. Munn

Lecturer at the American Institute of Banking; Formerly with the
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"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 mere mechanical operations 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. * * *

"The book will not only prove useful to paying tellers, assistants, money clerks, and other bank employees, who wish to clarify and "check" their knowledge of their work, but also to the business executive and layman who daily draw, accept, deposit, and cash various credit instruments."—*Administration*.

"This is a most interesting book. We have never been a paying teller; we never expect to be one. But we read the "Paying Teller's Department" by Glenn G. Munn, with a great deal of zest and interest. The facts about any man's job are interesting, and worth while if for no other reason than that they help us to understand what the other fellow is up against. * * *

"The pages on the handling of checks at the window are interesting and worth the reading of every one who handles a bank account. * * * Incidentally the layman picks up bits of interesting information from the reading of these pages."—*The Office Economist*.

CONTENTS

The Relative Use of Money and Credit; Qualifications of a Good Paying Teller; The Paying Teller's Duties; Organization Chart of Paying Functions; Cash Reserves and Cash Requirements; The Paying Tellers' Cages; The Unit Paying-Receiving System; Methods of Safeguarding Paying Teller's Cash; Cashing Checks; The Paying Teller's Cash Proof; Risks of the Paying Teller; Stop-Payments; Alterations and Forgeries; Certifications; Sources of Money Supply; The Money Department; What a Paying Teller and Money Counter Should Know About the Various Kinds of Money; Chart Showing Various Kinds of United States Money with Their Leading Characteristics; Separating Good and Usable Money from Mutilated and Worn; Separating Paper Money by Denominations; Detecting Counterfeit Currency and Raised Bills; Verifying the Count; Money Section Proof; Shipping Currency; Settling Clearing-House Balances; The Bank's Payroll; The Petty Cashier; The Paying Teller's Reports; Department Proof to General Bookkeeper.

APPENDICES

I. Digest of Court Decisions Showing Liability of Bank to Drawer for Certain Irregularities in Certified, Altered, Forged, Post-Dated and Stopped Checks. II. Purposes of and Principles Underlying Subsidiary or Fractional Coins. III. Chart Showing Engraved Portrait on Various Kinds of United States Money.

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ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

THE recent reduction from 6 per cent. to $5\frac{1}{2}$ per cent. in the call money rate at Montreal may be taken as an indication of easy money generally throughout the country. This refers to funds for both commercial transactions and building loans. There is a shading in the commercial and industrial rates of the banks while mortgage rates are also easier and there is a tendency to increase the amount of loans on high class property. Conditions are thus propitious for industrial and commercial expansion, for building and construction and for such agricultural operations as come within the scope of sound banking. A continuation of the business improvement is therefore anticipated.

At the same time anything like inflation is likely to meet with discouragement in view of the experiences during the last boom. However, thus far there has not been in Canada anything like the prosperous times which have been experienced in the United States. The depression of the agricultural industry and the larger proportion of Canada's population on the land is undoubtedly responsible for this. However, the views of American business men as to how long the present boom will continue are of direct interest in this country because the termination of the boom in the States will quite likely, as usual, be followed by a change in this country even though the boom may not be even anything like so pronounced here. However, it was noted in the post-war period that in Canada conditions did not reach the extreme in one direction or the other as experienced in the United States and the future is quite likely to be a repetition of the past in this regard. Particularly will this be the case if there is an improvement in world market for wheat and other agricultural products which will put the Canadian farmer in a position to make a reasonable margin of profit.

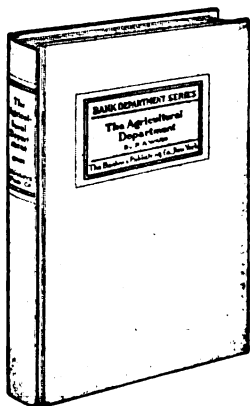
If there is any basis for the assumption which seems to be more or less expected in

American business circles there will be a reaction in conditions about the end of the year, it may be that the forthcoming crop will be effective in offsetting to a large extent the effect of such reaction in this country. On the other hand the opinion of American bankers, who would reduce the wheat acreage this year because they consider that depression in agriculture in America is the result of over-production in relation to European buying power, is somewhat disquieting. The tendency in Canada, because of the conditions which have prevailed in the markets for wheat, has been in the direction of mixed farming and an indication of the progress made is a marked increase in dairy winter production in Saskatchewan.

The opening of summer boat navigation and the expansion of building activities, coupled with industrial prosperity and an exodus of workers to the United States, is expected to result in higher wages in the near future. This, together with limited supplies of materials, may affect the building program which, in the matter of business and industrial construction, is showing a marked tendency to increase following a period in which there has been little activity in anything but residential building. Higher wages too in the steel and other basic industries will tend to further increase prices on finished products, which have been advancing sharply of late, and as this is having the effect of further increasing the spread between the cost of goods to the farmer and the prices he receives for his products, there is a direct effect upon a very large proportion of the Canadian population. This may be expected to exert a strong influence in regard to goods going into consumption. Fair buying of agricultural implements in some parts of the country is reported but the manufacturers generally are following a policy of keeping their prices at rock bottom despite a new advance in the costs of production estimated at about 35 per cent. above the recent low level.

An interesting feature of the shortage of finished steel products in the United States

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HERE is a book that tells the country bank how to organize and operate a special department to be of service to agricultural depositors. What the New Business Department is to the city bank the Agricultural Department is to the country bank.

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The Bank Agricultural Department

is written by R. A. Ward, General Manager of the Pacific Co-operative Woolgrowers and formerly vice-president of the First National Bank of Bend, Oregon.

In this book Mr. Ward gives many concrete examples of how a country bank can serve its community and build its own deposits by the operation of its Agricultural Department

Country banks and students of agriculture will find this little book both interesting and instructive.

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is the movement of substantial consignments of wire fencing to American distributors. This indicates a bidding up of prices to a level to take care of a duty working both ways and would seem to be conclusive evidence that speculation is having its influence no matter what the efforts of the big steel producers may be to prevent it.

Industrial conditions in British Columbia are much better than a year ago. The demand for flour is active, with increasing orders from China and Japan which are more than the mills can conveniently take care of. The lumber industry is buoyant with the American demand holding up and increasing orders from the Orient, particularly from Japan. There is an actual shortage of labor following the exodus of workers to the United States to participate in the Californian boom. The prairies are looking for 1500 men from the Coast but they will not be available. The wheat shipping season resulted in the movement of some 15,000,000 bushels or double the amount of the previous season, and this amount would have been even greater had facilities permitted. Altogether the situation in British Columbia is such that renewed efforts will be made by the government to encourage immigration on the ground that such efforts should be more successful during a period of industrial prosperity when there is plenty of work at good wages than during a period of depression.

Canada's fiscal trade year ending March 31, should show a trade balance on the favorable side of approximately \$130,000,000. This compares with a balance of only \$6,-

000,000 in the fiscal year ending 1922, and an adverse balance of \$30,000,000 for the year ending 1921. Also undoubtedly it represents a larger physical volume of goods than when prices were at the peak. Canada's total trade for the fiscal year will amount to approximately \$1,750,000,000, this is an increase of about \$500,000,000; the highest figure ever reached was a total of \$2,560,000,000 in 1918.

The legislative powers granted to provincial governments in Canada have in a number of cases been exercised to the extent that certain laws have been condemned as confiscatory and financiers have given serious warning as to the effect on investments from outside sources. L. Bureau, of Paris, a recent visitor in Alberta declares that the tax burdens on capital are so heavy in Canada that French money will stay at home. He admits high taxation in France but declares that the burden is more evenly distributed and that the levy is on the basis of revenue rather than on capital.

It has remained for the new Farmers' government in Manitoba to endeavor to get the rural credits scheme of their predecessors back to a sound footing. A commission of investigation has reported recommending some drastic changes. An increase in interest charges is advised. This is exactly the point where chartered bankers and the Norris government reached an impasse. The Norris government insisted upon a low fixed rate for rural credit funds which banks were to advance, and set out to do it. Bankers stood out for a proper

economic adjustment of interest rates as fixed from time to time by the exigencies of money market. The government now proposes to make the system self-supporting.

SAVINGS AGAIN INCREASING

A further increase of \$16,000,000 in savings deposits during the month is the feature of the February bank statement. These deposits are now only \$20,000,000 less than they were a year ago and although considerably below the high record, the recovery is a marked indication of the increased earning power and buying ability of the Canadian people. As there has been no particular change in the position of the farmer as regards income, it may be taken that this is a reflection of the more prosperous conditions prevailing in the manufacturing, mining and construction industries.

WEYBURN SECURITY BANK

With a considerable increase in demand deposits and some increase also in savings and with only a slight reduction in current loans, the Weyburn Security Bank was able to show some increase in net profits for 1922, the total of \$48,427 comparing with \$46,628 in the previous report. This must be regarded by the shareholders as a satisfactory showing when the generally depressed conditions in agriculture are taken into consideration. After the payment of dividends at the rate of 7 per cent. and appropriations for bank fixtures and taxes the balance was increased to \$16,979 compared with \$16,144 brought forward. Following are comparative figures:

	1922	1921	1920
Bal. forward	\$16,144	\$14,306	*\$ 7,249
Net profits	48,427	46,628	50,493
	\$64,571	\$60,934	\$57,742
Dividends	\$36,719	\$36,719	\$35,113
Bk. fixtures	3,240	3,782	3,598
Tax on inc.	7,633	4,289	4,725
Balance	16,979	16,144	14,306
	\$64,571	\$60,934	\$57,742
Earn. on cap.	9.3	8.9	10.0
*Less income war tax, year 1919.			

An increase of over \$550,000 in balances in other banks enabled the bank to increase its ratio of immediately available liquid assets to total assets and to the total of liabilities to the public.

THE BANK OF HAMILTON

In the annual report of the Bank of Hamilton the profit and loss account reflected the general contraction of earnings in the banking field, the net of \$797,898 comparing with \$850,672 in the previous year. However, after the payment of dividends and allowances for pensions and taxes, the total balance including that brought forward was sufficient to allow \$260,000 to be added to the reserve and leave \$76,798. The reserve fund now amounts to \$4,850,000 compared with a paid-up capital of \$5,000,000. Following are comparative figures from the profit and loss account:

	1922	1921	1920
Bal. forward.....	\$ 216,590	\$139,266	\$ 85,249
Profits	797,898	850,672	888,019
Prem. on stk. ....	.....	890	499,110
	\$1,014,488	\$990,827	\$1,472,378
Dividends	\$ 600,000	\$599,954	\$ 598,569
Pension	21,031	23,408	20,434
Taxes	66,659	49,984	65,000
Premises .....	.....	100,000	.....
Reserve	250,000	890	649,110
Balance	76,798	216,590	139,265
	\$1,014,488	\$990,827	\$1,472,378



THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SEVENTH YEAR

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Why the State Banks and Trust Companies do not Join the Reserve System

CONGRESS has authorized an investigation whose object is to discover why the state banks and trust companies do not join the Federal Reserve System. Without attempting in advance to answer this question, it may be said that the obvious answer is to be found in the fact that these institutions do not consider such membership advantageous. It seems clear that were the benefits to be derived from such membership commensurate with the sacrifices which it would entail, the banks in question would have been prompt in availing themselves of these benefits.

In considering this matter the banks have probably viewed the problem from their own individual standpoint, which is that of profit. But there is another aspect to the problem, and this relates to the general benefit to the community. The state banks and trust companies, constituting as they do by far the most numerous classes of our banks, and in regard to the former having in many cases smaller individual capital than that prescribed as the minimum for national banks, reach into the remotest districts of the country. They are in close touch with the people, know their needs, and by the somewhat greater variety and adaptability of the state banking laws are perhaps better fitted to deal with all the multifarious banking demands than are the national banks operating under a uniform law and supervised from Washington. This may be said without any intention of disparaging the high character of the national banks or of instituting any unfair comparison between the two classes of institutions. It is merely to recognize the fact that this is a vast country where like conditions do not obtain throughout its entire borders and that a considerable degree of flexibility in the banking system is desirable. That this is a true estimate of the situation clearly appears from the continued virility of the numerous state banking institutions.

One might reason that the state banks are mistaken in the view that it is to their interest to remain outside the Federal Reserve System, but the banks probably know where their own interests

lie better than anyone else. They probably feel also that by maintaining their independence they are in a position to render better service to the community than by making that surrender of their freedom which membership in the Federal Reserve System would involve.

The investigation should serve a useful purpose in disclosing the attitude of the state banks and trust companies towards the Federal Reserve System, and when the evidence is all in it may be found that membership would be increased either by changing the Federal Reserve Act or by effecting a considerable modification of the regulations prescribed by the Federal Reserve Board.

While it would be interesting to consider this whole problem in its general aspects, such discussion may well await the results of the official investigation. In making membership in the Federal Reserve System compulsory for national banks, Congress no doubt realized that unless this was done the growth of the system might have been very slow and that possibly the objects of the act might have been defeated altogether. The naturally conservative instincts of bankers tend to prevent their entering into novel arrangements even when they bear on their face obvious advantages. No doubt this has been one of the strong influences operating to keep the state banks from joining the System.

The Federal Reserve Banks seem too dignified to employ publicity as an instrumentality for making their attractions better understood. Possibly if the sums expended in sending out the speeches of various officials of these institutions had been employed in advertising the real advantages they offer to member banks more of the state banks might have been persuaded to cast their lot with the Federal Reserve System.



Progress in the Settlement of Foreign Debts

AT the time arrangements were announced for the funding of the debt due from Great Britain to the United States, the opinion was expressed in these pages that this example could be profitably followed by other nations indebted to us. This proved a good guess, for several other countries have recently instituted movements looking to the settlement of their obligations to this country. Bad as the fiscal situation is of several of these debtor nations it will not be improved but made worse by failing at least to recognize the validity of these debts and by not taking some tentative

steps for meeting them when circumstances permit. Great Britain has not entered upon her policy of debt adjustment without great hardship to her people. But no careful observer of the present international situation can doubt for a moment that the sacrifices involved have already borne good fruit. The credit of Great Britain is now firmly established, and the tonic effect has been felt there and throughout the world. It may well be believed that results of a like nature will flow from similar action on the part of the other debtor nations. It is a case of making present sacrifice for a future good, and this is a sound principle for nations as for individuals.

To follow this counsel, however, is by no means easy for the statesmen of the debtor nations. They are, with few exceptions, men who realize the sacred character of an obligation, and would like to pay if they knew how. But in some cases they are confronted by a staggering load of debt, domestic and foreign, and fear that even the promise to pay in the future would precipitate grave social disturbances. They may be shortsighted in failing to see that the restoration of their country's credit in the markets of the world would more than make up for the weight of the burden which a policy of debt-paying would entail. Financial experts declare that a preliminary condition to the restoration of a greater degree of world prosperity is to be found in the creation of confidence. It might with equal truth be said that a preliminary to the creation of confidence is a more scrupulous regard for existing obligations. How can there be any confidence in the credit of a country which does not at least recognize its existing debts and make what provision it can for meeting them? And what ground is there for believing that a nation which does not meet its obligations to foreign countries will keep faith with its own people? Both the foreign and domestic credit of a nation suffer through failure to meet outside obligations. It is believed that the statesmen of most of the debtor countries are fully mindful of this fact, and that they mean to take the necessary measures for meeting their foreign debts as soon as circumstances permit.



Mr. Kane's Well Rounded Work

PUBLIC service in this country was made richer by the long official career of Thomas P. Kane, the late Deputy Comptroller of the Currency, as it will be made poorer by his death. While the loss of this faithful and efficient public servant is to be regretted, it can not be truly said that his death was untimely, in the

general sense of that expression. For Mr. Kane had a long, busy and successful life. It is indeed a remarkable tribute to his sterling worth as a man and public official that he should have held office so long despite the changing political complexion of the Administrations which have come and gone in the long period embraced in his public career and the differing personalities of his respective chiefs in the Comptroller's Bureau. It may be fairly concluded that he possessed rare judgment, tact and exceptional executive ability. His personal qualities also must have been such as to win the respect and affection of those associated with him. Very likely his experience and judgment were relied on by his superiors in a degree unknown to the general public. Men have been appointed Comptrollers of the Currency in some cases without any practical knowledge of banking and much less knowledge of the complex duties of this important office. They have found Mr. Kane's knowledge, experience and judgment a tower of strength. He knew the laws and the precedents and how these were to be applied generally and in special cases. In relying on him the various Comptrollers did not display timidity but courage, for they were simply selecting the best ability attainable to ensure a competent administration of the delicate mechanism of the Comptroller's Bureau.

Through official correspondence, covering a period of nearly forty years, Mr. Kane became widely known to all the national banks of the United States. But outside his public duties, he did little to advertise himself or his work. He evidently did not court publicity, but shrank from it, and during his long official career displayed the modesty often characteristic of men of the greatest ability and strength of personal character. But he was intensely interested in the work of the Comptroller's Bureau and in the development of the National Banking System, and it is fortunate that before his public services were closed by his death he found the time and had the disposition to become the historian of this work and development in which he had so long and actively participated. Shortly before his fatal illness this work had been completed and published under the title "The Romance and Tragedy of Banking". It must have been a source of great satisfaction to Mr. Kane in the last few months of his life to learn, as he did, with what marked favor this work was received by the bankers of the United States. No doubt often in the course of his official duties he was called on to criticize the banks, and perhaps at times rather sharply. But that did not cause him to lose the respect of the bankers of the country. They rather respected him the more, because they knew he was conscientiously trying to do his duty.

It may be a subject of some speculation as to why Mr. Kane was never appointed as the actual head of the Comptroller's Bureau.

He was eminently qualified for the place. Perhaps he had no taste for the somewhat active participation in politics which has often constituted a qualification for those appointed to the office. Perhaps he was well content to remain where he was. As Deputy and Acting Comptroller he virtually possessed the honors which the position of Comptroller could confer, and his long tenure and efficient services placed him on a substantial equality with the titular heads of the Bureau. Comptrollers came and went, but Mr. Kane, like Mr. Adee in the State Department, continued in office because he was indispensable. The respective Comptrollers thus paid to him the highest possible honor.

Thomas P. Kane was an excellent type of American public servant. In the record he made in the Comptroller's Bureau and in the historical work of which he was the author he has left a worthy and enduring monument to his memory.



Looking Toward Atlantic City

EVEN this early thousands of bankers in all parts of the country are looking forward to a visit to Atlantic City in September.

From the twenty-fourth to the twenty-seventh of that month the annual convention of the American Bankers Association will meet at this great resort. Probably no better place could be found in the entire length and breadth of the land for this important meeting. First, there is the sea, whose varied charms have engaged the attention of poets and orators to an extent that renders all added praise superfluous; and then Atlantic City has so many really splendid hotels that they never seem overcrowded. There is, moreover, a happy atmosphere about the place. At Atlantic City, on the sands or the long reaches of the boardwalk, many of life's cares fall away like an outworn and discarded garment. Even the crowds, bent upon pleasure, are not boisterous, but quietly happy and contented as befits those who have reached a goal long desired. There is amusement in plenty of every healthful sort, and usually tender skies, well-tempered breezes and friendly sunshine. It is one of the few places in the country where one may go on wheels without riding a bicycle or using an automobile or street-car. At a very modest cost the smallest country banker may ride by in equal luxury with his metropolitan correspondent. For once "Wall Street" and the back districts meet upon the same level.

But there are other and weightier reasons why Atlantic City is a favored place for bankers to assemble. It gives those from the

Pacific Coast, the Middle West and the South an opportunity of visiting Washington, Baltimore, New York, Boston and other prominent places in the East—an opportunity which every American who loves the entire country must heartily welcome.

Atlantic City, it is true, is on one side of the country; but this does not matter so much in these days of swift and comfortable travel. And then the location with respect to the weight of population to a considerable extent compensates for the less favorable geographical situation.

There is every reason why the tide of bankers should set in heavily toward Atlantic City in September as there is every reason to believe that it will do so.



Sound Currency Principles

PLEAS for relief from conditions involving hardships to various classes in the community almost invariably take the form of weakening the character of the currency. These pleas are usually more subtle but not less dangerous than the now generally discredited demand for a pure fiat Government currency or greenbacks. One of these proposals now coming to the fore, and which has received far less attention than its dangerous character deserves is that which would virtually make long time farm credits available as a basis for circulation. The sound principles which should ever be kept in view in regard to our currency, and the dangers in departing from them were thus clearly stated some time ago by Elliot C. McDougal, the well-known Buffalo banker:

“Currency is not money. It is only a promise to pay money. By common consent, based on long experience, gold of standard weight and fineness is the only money of final redemption. Currency is only one form of credit. Whether a bank enters on its books a credit subject to check by its depositor, issues to him its check on itself, its certificate of deposit payable on demand, or its note in the form of currency, not only is its obligation in every case exactly the same but the essence of every transaction is the same. They differ in form only. This is true of Federal Reserve notes. Not on the printed currency itself but on the ability of the Federal Reserve System promptly to redeem that currency in gold depends its soundness. At present the law requires that Federal Reserve notes shall be covered by not less than 40 per cent. in gold and 60 per cent. in short time promissory notes based upon strictly commercial transactions. Should the law be changed, should all or the larger

part of that 60 per cent. be represented by farm notes, due in a year or longer, given perhaps to finance the purchase of land or machinery, and should the public suddenly realize what that means, and lose confidence in our currency, as actually happened in 1895 when they presented greenbacks issued by the United States and demanded gold, depleting the Government gold reserves to the danger point, the consequences might be serious—how serious none can predict.

“The average man does not discriminate between capital investment and loans, between notes based upon them, or between long time loans based upon fixed property—and short time loans as represented by notes the proceeds of which are used to buy lumber, grain or produce, which in a short time will be sold, the proceeds of which will pay off the loans. Short time loans of this character are the only proper cover for that percentage of currency issues not covered by gold.”

These principles are not new. Neither are the Ten Commandments. But neither age nor modern “progress” has impaired the validity of either.

An inflated currency or one liable to depreciation through failure of prompt redemption will not benefit the farmer but harm him as well as everybody else. Mr. McDougal’s plea is both sound and timely. Already, before the most recent legislation, unwise concessions had been made to farm paper of extended maturity in the rediscount privileges at the Federal Reserve Banks, thus making such long time paper available as a part of the basis of the country’s circulation.

Stocks, bonds, mortgages and all securities representing fixed loans or evidences of ownership in capital investments are improper bases of currency issues, and the danger in departing from the principles so clearly stated by Mr. McDougal are not theoretical but actual. He instances the experience of Germany and even our own experience with the greenbacks as proof of this.

There are plenty of wise and practical ways of helping the farmer without debasing the currency of the country.



The Dangers of Inflation

NO sooner does the country fairly begin to recover from the slump of 1920 than the cry is raised that we are in for a dangerous era of inflation. The rather rapid rise in prices and wages and the somewhat feverish activity of speculation lend considerable color to this fear. It must be conceded, though, that

the danger, such as exists, is more in the future than the present. With a sound condition generally on the part of the banks and so much unused lending ability on the part of the Federal Reserve Banks the dangers from an exhaustion of credit are remote. Let us hope that the fact of even a remote danger existing may give rise to that degree of caution which will prevent this danger from becoming immediate. Undoubtedly precautions have been taken with this end in view.

Our somewhat jerky economic journey has been ascribed to many causes. If there is a panic the party out of power holds the ruling party responsible. Economic experts of a free trade bias blame the high tariff. Protectionists say the tariff is too low. The banking and currency systems always come in for serious criticism.

But if we examine the history of crises, we find that they occur in practically all the countries of intense industrial and commercial activity. They are found where tariffs are low and where they are high, where currency systems are sound and unsound, where banking systems represent all the varied tastes and experiences of mankind. Many people thought the Federal Reserve System would make this country panic-proof. It has not done so, although it has thus far prevented the bank panics which have heretofore afflicted the country.

Probably the real explanation as to why panics occur may be attributed to the unstable elements of human nature, given to alternating extremes of hope and fear. Quite possibly the disposition of our own people tends rather too strongly in the direction of an undue hopefulness which makes them rush ahead too rapidly.

The experiences of 1920 are not far enough away easily to be forgotten. If our people are mindful of the causes which led to that catastrophe, and exercise a reasonable degree of caution, there seems no valid reason for expecting an early check to the present era of prosperity.



Some Surprises of British Finance

WHEN a finance minister finds that the actual results of the year show a surplus of some \$500,000,000 more than expected, he will no doubt experience so much satisfaction with his good fortune as to overlook the possible damage to his reputation as an expert calculator. It was something like this situation which confronted the British Chancellor of the Exchequer in presenting the accounts of receipts and expenditures for the year ending March 31. Sir Robert Horne, the predecessor of

Stanley Baldwin, the present Chancellor, had counted on a surplus of something less than £1,000,000, whereas the actual surplus was £101,515,848. He had hoped to reduce expenditures by £169,000,000, but the real saving was £266,690,023. Other miscalculations were striking. An expected decline of £70,000,000 from income and super taxes showed an actual falling off of only £19,842,000, notwithstanding a reduction in the rate of taxation—suggesting that the lower the tax the less the evasion. From the excess profits duty it was expected that there would be a shrinkage of £2,000,000, but the real loss was £28,448,000.

While a part of this realized surplus has been devoted to a reduction of taxation, the determination to keep British finance on a sound basis is shown by a provision of a statutory sinking fund of £40,000,000 for the current year, £45,000,000 for next year and £50,000,000 for the following year.

The postponement of debt payments to future generations has a strong element of popularity, but it has its dangers—one of them being the ever-present possibility of an emergency which may call for a large and sudden addition to the debt. Unless a policy of debt-paying is pursued, such an emergency would find a country with greatly weakened credits and loans could be had, if at all, only at high rates. Besides, the reduction of principal lessens the amount payable on interest, and it does not take many years for the saving thus made to help in lightening the burden of taxation.



Check to Branch Banking

BRANCH banking got at least a temporary set-back when the Supreme Court of Missouri decided, in the case of Attorney-General against the First National Bank of St. Louis, that under the laws of that state branches of national banks were prohibited. It will be seen that this decision is not conclusive, and for several reasons. In the first place, the matter will probably ultimately be carried to the Supreme Court of the United States. As the Comptroller of the Currency has sanctioned branch banking, it may be that the appeal will sustain him, since this appears to be the usual trend of the decisions of the Federal Courts in regard to the use of their powers by executive officers. But, on the other hand, since the matter relates to statutory law, the decision may be otherwise. Then it must not be forgotten that other state courts may view the matter differently than did the Supreme Court of Missouri. Where the state laws permit branch banking, the courts

may decide that the door is open to national banks to establish branches if they choose.

It would be desirable to have a clear adjudication of the matter. At present national banks can establish branches in a roundabout way, by buying up state banks and then converting the parent bank into a state bank, the entire family later going into the national system. Or an existing state bank with branches can convert into a national bank and keep its branches. In effect this makes it possible for some banks to have branches, while denying the privilege to others. It is desirable that the whole matter should be cleared up by a judicial decision of the highest authority, that is by the Supreme Court of the United States. The matter can be settled in another way—by a statute clearly granting the right of national banks to establish branches or by a law prohibiting such branches. In this case the merits of branch banking would have to be fully considered by the banks and people of the United States.



Credit Helps for Farmers

IF the farmers of this country have been deprived heretofore of any credit to which they were fairly entitled, or if they have been charged too much for the credit furnished them, and if the new rural credit legislation will relieve them from either or both these evils without giving rise to others of greater magnitude, then such legislation is to be hailed with genuine satisfaction. In expressing doubts as to the wisdom of this measure, **THE BANKERS MAGAZINE** certainly does not wish to be understood as antagonizing the farmers of the United States. Their welfare is of the greatest possible concern. Any legislation, relating to credit or aught else, that will soundly promote that welfare is to be heartily welcomed. But it will be profitable to study the object of this recent farm credit legislation. When analyzed it will be found to consist in a desire to enhance the price of farm products. And it is easy to understand why this should be so. If the farmer must pay more for everything he buys and at the same time get less for what he sells, it is perfectly natural and only fair that he should demand higher prices for his own products. Another way of satisfying this demand would be by reducing prices of other commodities. But as the labor costs of producing such commodities are largely subject to union control, and the selling prices kept up by large combinations and a high tariff, this remedy is not one easily applied. The farmer turns to what seems the only source of relief—easier credits which will enable him to get higher prices also.

Conceding a large element of truth in this view, the question still arises as to whether we are looking at this problem from the right angle. The farmer is suffering to a considerable degree from speculation in lands due to the impetus given to agricultural production during the war. He has found it difficult to extricate himself from this situation, especially since the decline in the price of farm products. But there is another reason why the farmer is not prosperous, and that is because some of his best customers are no longer able to buy. And this condition will not be helped but aggravated by anything tending to make farm products higher in price as will the new rural credit legislation. If we had made it easier for the world to buy our farm products, is there any doubt that abundant credit facilities would have been provided by the existing financial mechanism? Since when have banks not only been willing but eager to finance profitable business for farmers or anybody else? Was not our real problem to provide better credit facilities for the buyers of American farm products rather than for the farmers who grow these products? Whatever may be the right answer to this question, there can be no doubt that the existing agricultural distress in this country is very largely due to the curtailment of our foreign markets.

We had an opportunity of providing better facilities for financing foreign trade through the type of corporation authorized under the Edge Law, but have made little use of it. The apparent attempt to do something for Europe is politically far less popular than the proposals for doing something for the farmer, although we might actually have helped him more by the functioning of an Edge Law corporation on a large scale than by the recent rural credit legislation. Doctors who make a wrong diagnosis are hardly likely to prescribe the right remedy. Legislation looking to the boosting up of prices, whether of farm products or of manufactured commodities, may well excite suspicion.



Organized Labor Entering the Investment Field

FOLLOWING upon its entrance into the field of commercial banking, organized labor has gone into investment banking as well, the organization of two concerns of this character having been recently announced. The venture will depend for its success—like others of a similar kind—on the management and the observance of sound principles in the selection of securities handled.

It is a new departure in American finance, representing one more phase of the rapid changes taking place in the country's financial mechanism.

Labor already holds indirectly a vast amount of the highest type of securities. The wage earner who deposits in a savings bank or who buys life insurance has made an indirect investment in the best class of securities, for the money he puts into the bank or insurance company is largely employed in buying securities of this kind. Whether the worker will gain in making his investment in a more direct form remains to be seen. The new organization can hardly expect to earn a greater revenue than the existing ones on securities of a like degree of safety. Indeed, until the same degree of skill and experience is obtained it can hardly expect to earn as much. But probably the expectation is entertained that the profits will go to labor rather than to the capitalists who own the banks and insurance companies. But even this view is not correct in the case of mutual associations without capital stock as are all the mutual savings banks and insurance companies organized on a similar plan. Where all the earnings go to those contributing the funds—depositors in one case and the insured in the other. Even if the earnings are not all distributed in the form of interest and dividends, or used in the payment of losses of the insured, they go into a surplus fund which affords greater security to those making the deposits and payments.

This fresh departure in American finance will be watched with interest. In some respects it may serve a good purpose, especially if it shall result in bringing home to the wage earners of the country a more intimate knowledge of the nature of investments and of the whole problem of providing capital for the carrying on of enterprise. If the workers in industry shall become more largely interested in the factories in which they are employed and in the general field of investments through this new instrumentality, its creation will be fully justified.





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THE RIGHT HON. STANLEY BALDWIN

Bonar Law's successor as British Premier. Now serving in the tri-fold capacity of Premier, Chancellor of the Exchequer, and First Lord of the Treasury

STANLEY BALDWIN was born in 1867, the son of the late Alfred Baldwin. He was educated at Harrow and Trinity College, Cambridge, and entered the House of Commons as the member for the Bewdley Division of Worcester in 1908. He was Financial Secretary to the Treasury from 1917 to 1921 and president of the Board of Trade from 1921 until October, 1922, when he became Chancellor of the Exchequer on the formation of the Bonar Law Cabinet, retaining this post upon his recent appointment by the King as successor to Bonar Law. Mr. Baldwin headed the last financial mission to the United States, and played an important role in the negotiations leading to the Anglo-American debt settlement.



JAMES S. ALEXANDER

Chairman of the Board National Bank of Commerce, New York

MR. ALEXANDER was elected to the newly created position of chairman of the board of the National Bank of Commerce on June 1. He has been associated with the bank since 1885, when he left the Tarrytown National Bank of Tarrytown, N. Y., to become a clerk in the New York institution. Four years later he was made assistant cashier, a position he held until 1908, when he was made vice-president. He became president three years later, succeeding Valentine P. Snyder. As president of one of the largest commercial banks in the country, Mr. Alexander became a national figure in the banking world.

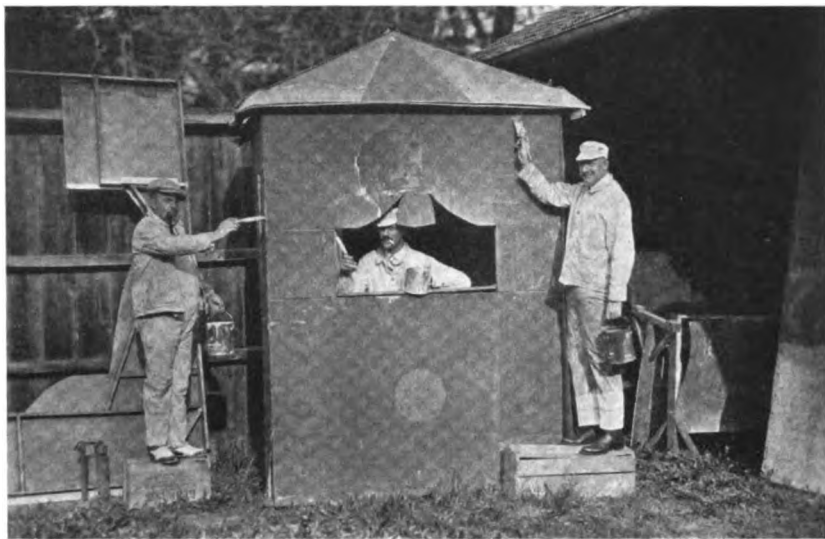


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STEVENSON E. WARD

President National Bank of Commerce, New York

MR. WARD came to the National Bank of Commerce in New York in 1912 at the invitation of Mr. Alexander, who knew him as cashier of the Bank of Mansfield, Ohio. He obtained his first banking experience in that institution following his graduation from the University of Michigan and succeeding his father, M. D. Ward. His first office in the New York bank was as assistant cashier. Subsequently he was made cashier and in 1915 became a vice-president, a position he held until his recent election to the presidency on June 1. His advancement in eleven years from assistant cashier to president is regarded in banking circles as unusually rapid.



TURNED TRADESMEN FOR A DAY

Left to right: Albert H. Wiggin, president Chase National Bank; James H. Perkins, president of the Farmers Loan and Trust Company; and Robert Chamberlain, president of the Putnam Trust Company, all of New York, don overalls and help with the building of booths for a fair to be held for the benefit of the Greenwich Hospital, New York.



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LONDON AND SAN FRANCISCO MEET

John Cheshire of London, president of the Thirty Club, an organization of leading British advertising men, and W. W. Douglas, vice-president Bank of Italy, San Francisco, and retiring president, Financial Advertisers' Association, are snapped together at Atlantic City at the annual convention of the Associated Advertising Clubs.

Getting the Facts at a Glance

How Graphic Charts Can Help the Bank Executive

By F. Ellis White

MANY articles have been written regarding the use of graphic charts by the modern business man. But, after reading through some of the books upon the subject, with their vast amount of technical detail, one sometimes wonders if the busy executive has the time to read all the details. And if he has at the end of his stupendous task would he be able to visualize the real value of the graphic chart?

The writer is inclined to think otherwise. With that idea in mind he has attempted to incorporate in this article some practical examples for the banking interests.

During the last few years we find graphic charts figuring more and more in the control of our daily business. They are not as difficult to understand as most books would lead one to think. In fact they are as simple to comprehend as your own system of book-keeping.

Charts are fast becoming the medium whereby directors are keeping in closer touch with their business. Any bank may have a set of graphic charts without much labor and at an inconsiderable cost.

The graphic charts which are illustrated in this article will enable your directors to keep their fingers on the all important facts of the day: loans, deposits, new accounts, bills payable, in fact every item of importance within a bank. If any phase of your business is nearing the danger point, it will be noticed in ample time to be remedied. A comparison with business a year ago can also be shown. This will indicate at a glance the exact status of your bank's business.

In the next few paragraphs and illustrations the author is building from the foundation upward. He is beginning at the "ABC" of graphic chart presentation. By this method the reader will grasp what a comparatively easy subject graphic charts are to understand.

If we wish to show Johnny's height in 1917, at age 1, (see Figure 1) we stand him up against a wall and mark the height on the wall paper. We then have made a graphic record of Johnny's height at 1 year of age. We can continue this and make marks at the ages of 3 and 5 respectively. If, however, we have had Johnny stand each time, two feet to the right of his previous

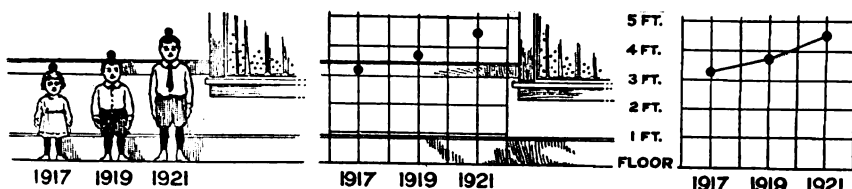


Figure 1—What a graphic chart is

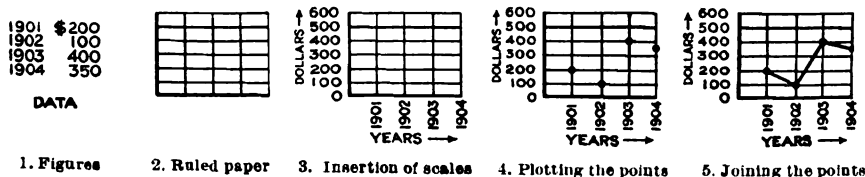


Figure 2—Graphic chart presentation on paper

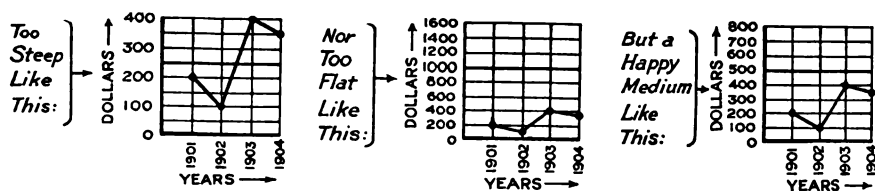


Figure 3—A few things to avoid

mark, we will have three marks spaced an equal distance apart. We could then rule one-foot squares on the wall, making it easy to read his height for each year. However, the three isolated points do not give us a clear idea of their relation to one another and the speed or rate

at which John grew. If we join these marks with heavy straight lines we can tell much better. We now have a graphic curve or chart.

In the same way the growth of any business condition, sales or manufacturing, can be shown on a graphic chart—

FIGURE 4

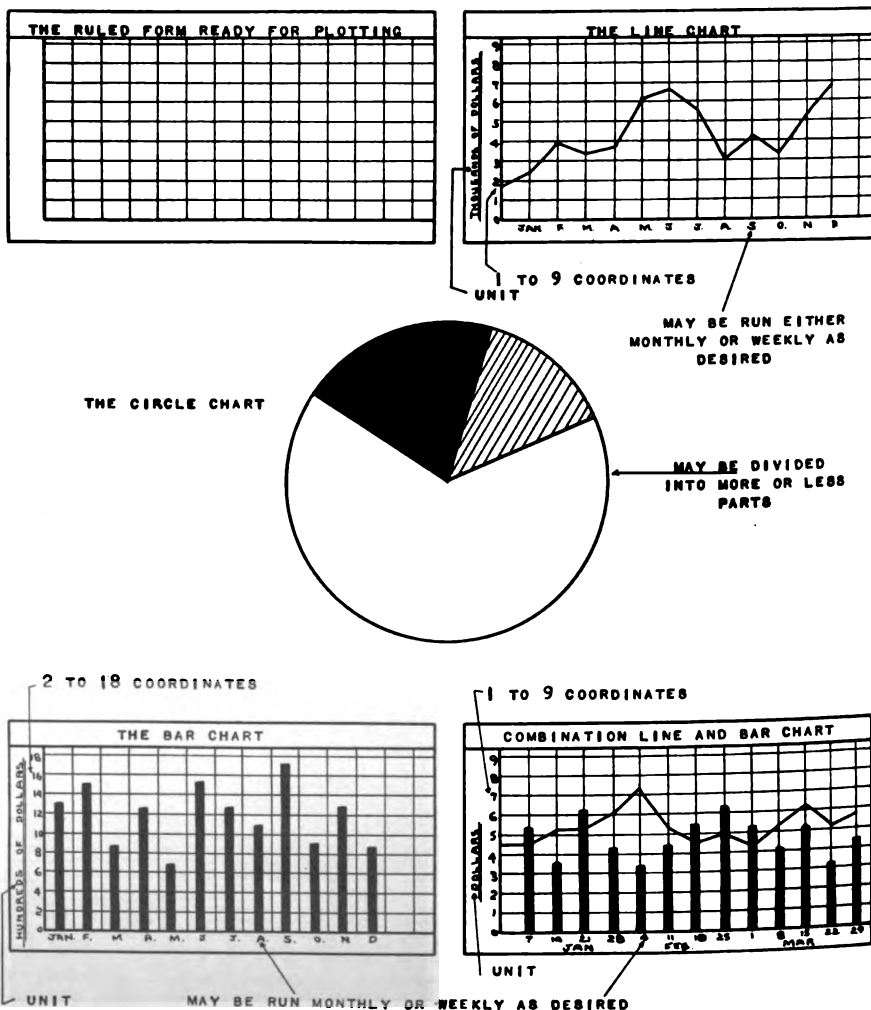


Figure 4

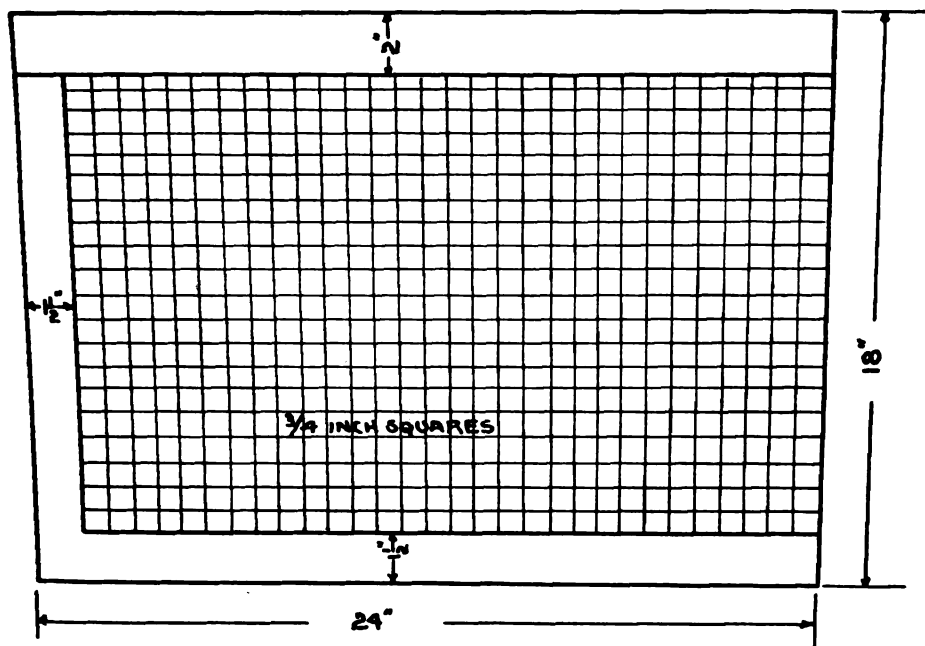


Figure 5

the years, months or days being measured off on fixed, equidistant spaces, while the units of sales or production are measured upward according to a scale from a base or "zero" line.

Most business charts are plotted with time as a basis: days, weeks, months or years. Time is usually measured across the sheet from left to right; units (dollars, tons, gallons, cars, etc.) from zero upward.

A beginner often believes that he cannot chart data unless he has a space or square for every unit. Thus, if he wishes to plot data running into \$1,000,000 he must have 1,000,000 squares. This is not necessary as will be readily understood when it is realized that one square may represent 100 or 1000 units, and that the error in plotting to so fine a scale is negligible in comparison with the figures which are handled. For instance, an error of \$100, or even \$1000, is of small importance in plotting a curve running into millions of dollars.

Selecting the scale is the most important. Curves should *not* be drawn as in Figure 3.

Figure 4 will enable the reader to become more familiar with the language of graphic charts. Study the illustrations very carefully as therein lies a great deal of valuable material.

THE VALUE OF CHARTS FOR DIRECTORS' MEETINGS

A great deal has been written in many published books of today regarding the use of graphic charts. One cannot imagine their value until one begins to notice the interest shown at the meetings of the directors. Heretofore, in some cases, meetings have had the tendency to be somewhat of a bore to a great many executives. When graphic charts have been used directors seem to take on new life. The directors are able to visualize the facts as they are and therefore manifest interest in their bank.

Various sizes of sheets have been tried to find a suitable method of presenting the charts. It has developed that a cardboard eighteen inches by twenty-four inches, ruled as illustrated

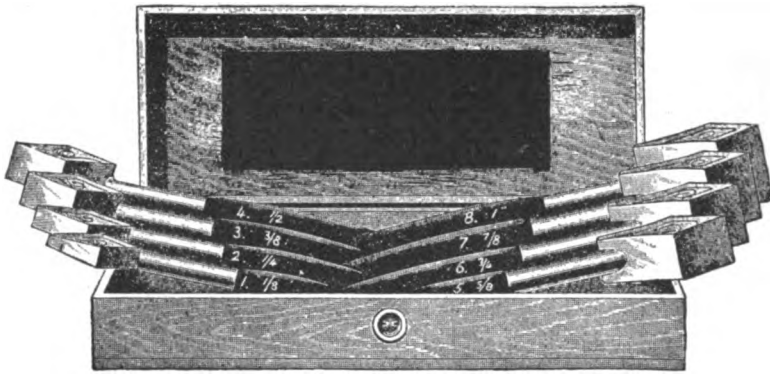


Figure 6—A set of lettering pens

The pens will carry enough thin fluid to rule a line 6 to 12 feet in length, or 20 to 40 letters or figures, with ink, water, turpentine, oil or varnish colors. For forming letters, characters, figures, symbols, designs and ruling even edge lines and widths. Notice the reservoir between the pen blades.

in Figure 5; is suitable for the smallest as well as the largest group of men.

The cardboard should be of good quality and of sufficient stiffness to stand upon an easel without bending. It should be ruled into three-quarter

top. The cards, already ruled can be obtained upon order from any reliable house dealing in such supplies.

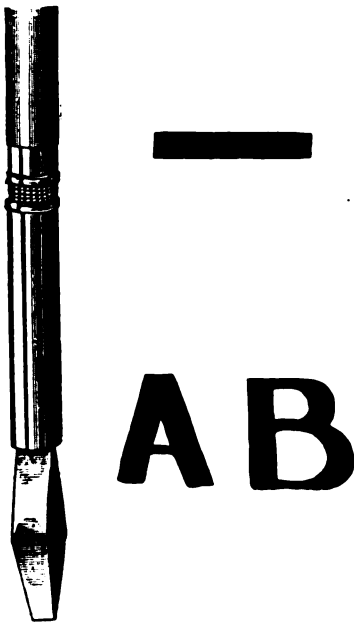


Figure 7—Pen for printing broad lines shown herewith

inch squares, allowing one and one-half inches at the bottom, one and one-half inches at the left, and two inches at the

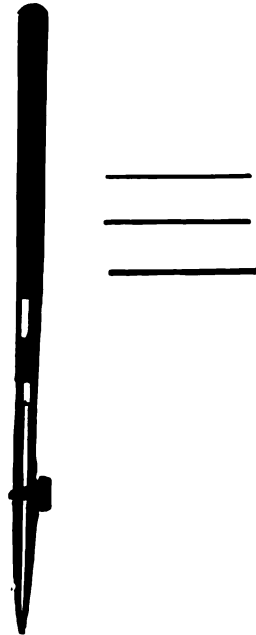


Figure 8 - Draftsman's pen for ruling such lines as above

MATERIALS NEEDED

The articles needed, in addition to the cardboard, are as follows: Drawing board, T square, triangle, draftsman's pen and a set of Newton-Stokes let-

below, the data, as far back as possible. A small loose-leaf book is suitable for the work and is not only practical, but convenient to handle. Figure 9 illustrates the form upon which the statistics may be listed when compiling.

A FEW SUGGESTIONS FOR CHARTING

1. Total weekly deposits.
2. Total savings department deposits.
3. Total commercial department deposits.
4. Number of new and closed accounts.
5. Total weekly deposits vs. withdrawals.
6. Average deposit per saver.
7. Cash on hand.
8. Interest paid vs. interest received.
9. Christmas club accumulated deposits vs. amount invested.
10. Monthly payroll.
11. Divisions of loans.
12. Divisions of investments.
13. Accumulated monthly deposits.
14. Total deposits divided (to be used if there is a branch).
15. Industrial department loans.
16. Departmental expense with budget.
17. Bills payable.
18. Ratio of loans to deposits.
19. Accounts receivable.
20. Analysis of total assets.
21. Analysis of total liabilities.

22. Average rate of income from investments.

23. Number of new accounts and total deposits.

24. Analysis of loans \$1000 to \$3000 — \$3000 to \$5000.

25. Real estate loans.

26. Analysis of real estate loans.

27. Taxes paid—city, state, Federal.

28. Statement of the bank.

29. Analysis of assets of banking department.

30. Analysis of liabilities of banking department.

31. Analysis of assets of savings department.

32. Analysis of liabilities of savings department.

33. Net earnings.

34. Net earnings analysis.

35. Dividends.

36. Analysis of dividends.

37. Financial statement—current assets and current liabilities.

38. Total insurance carried.

39. General losses—bad loans, etc.

40. Advertising expense.

SELECTING THE FIRST CHART

Considerable thought should be given to the selection of the subjects upon which the charts are to be drawn. It is to be expected that all of the charts mentioned in this article will not be of interest to the various boards of di-

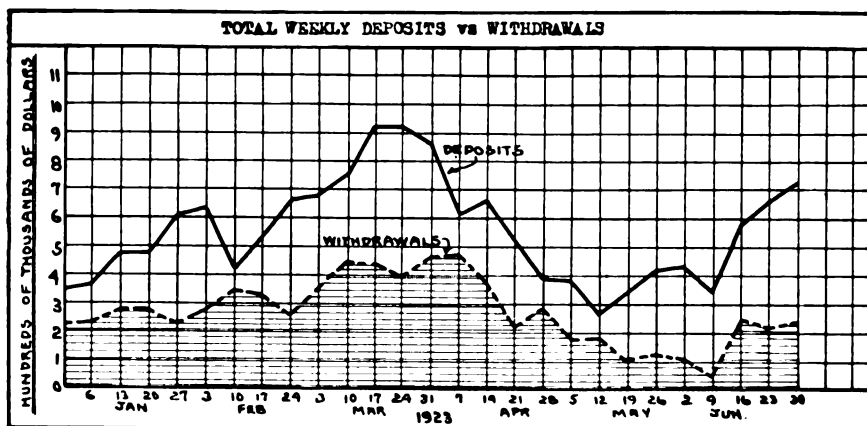


Figure 11—A line chart shown weekly

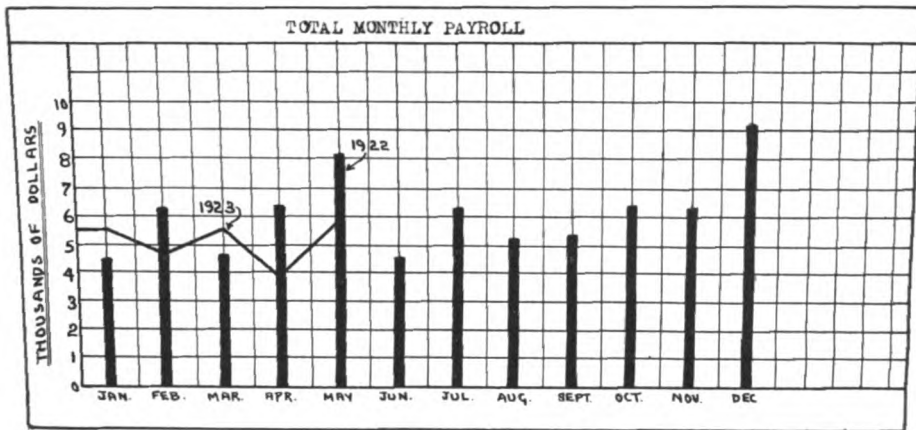


Figure 12—Combination line and bar chart

rectors. After careful thought the executive should choose five (5) of the various subjects for a beginning. As the members of the board become accustomed to the graphic chart, the number may be increased.

It has been said by such men as R. E. Moody: "People have a tendency toward 'picture mindedness' rather than 'figure mindedness', therefore the value of the chart increases. Starting out with the chart habit, the people took it none too well. The whole trouble was, some did not grasp the idea and consequently objected."

Therefore it is obviously necessary to begin with a small set of five graphs and increase the number as it seems advisable.

SOME PRACTICAL EXAMPLES

The charts herewith have been drawn for illustrative purposes and comprise a wide variety. It is earnestly hoped that they may prove as interesting to your board of directors as they have to those in which the writer is interested.

THE VALUE OF COLORS

Effective and eye pleasing charts may be drawn if colors are used to some degree. If the reader will take a yellow crayon and color in the shaded section of Figure 10 the effect can be readily seen.

After the necessary financing and law abiding duties are taken care of the

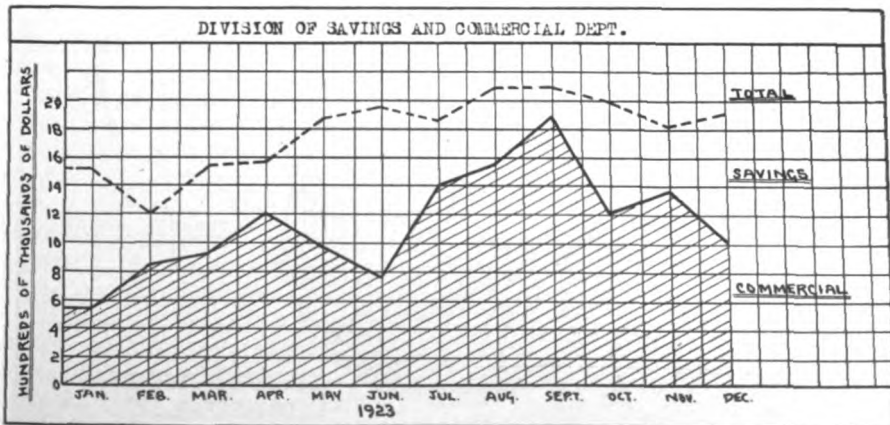


Figure 13—A line chart illustrated monthly

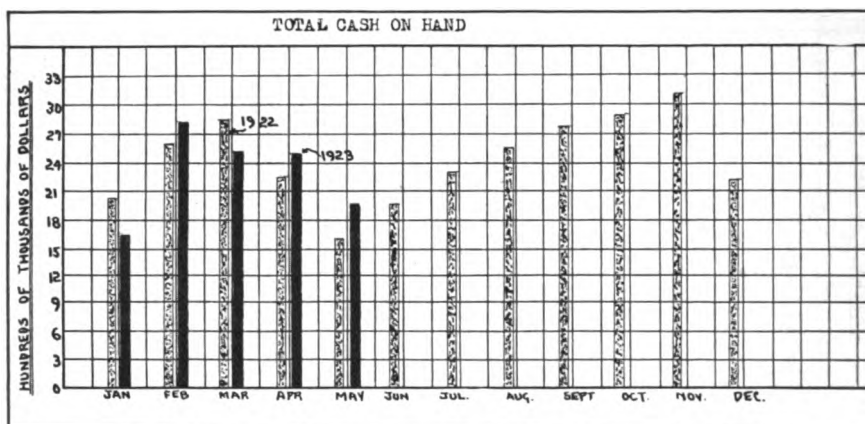


Figure 14—Bar chart for monthly showing

banker naturally turns to the matter of deposits. Therein lies the success or failure of his bank. If his deposits show a healthy condition it is probable that his profits will show the same. The chart shown in Figure 10 indicates total weekly deposits. The shaded portion represents the deposits of 1922 and the heavy black line those of 1923.

It is certain that if the withdrawals from the bank offset the deposits something should be done to build up the deposits (see Figure 11). A safety ratio should be determined in this matter and by this clear picture the facts can be visualized. Deposits are shown by the black line and withdrawals by the shaded section.

The chart shown in Figure 12 was designed to bring before the board the amount of salaries paid each month to the employees of the bank. The bars represent the total amount expended monthly during the year 1922, and the line the expenditures of 1923.

By the use of the chart shown in Figure 13 the amount of business transacted in the savings and commercial departments can be brought to the attention of the directors. The shaded area here represents the total amount of money in the commercial department. The white portion illustrates the amount in the savings department. The total of the two is shown by the heavy black line at the top.

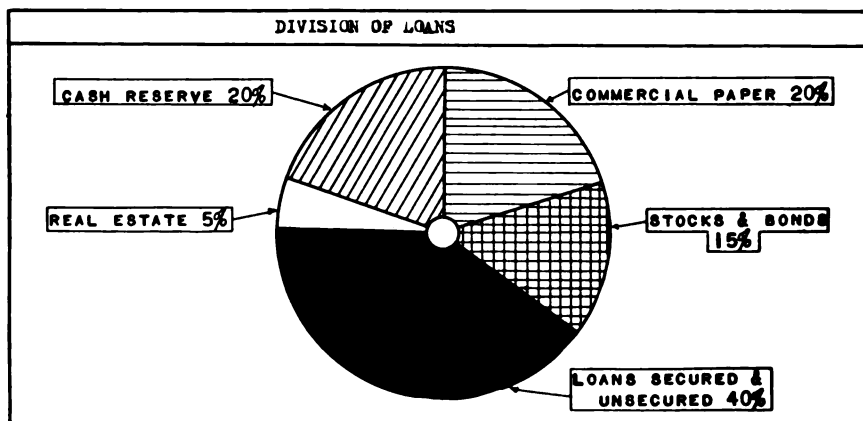


Figure 15—The circle chart

The Los Angeles School Savings Plan

By W. R. Morehouse

Vice-president Security Trust and Savings Bank, Los Angeles, California

JUST now school savings is receiving a great deal of attention in banking circles. After nearly twenty years of more or less spasmodic endeavor to put school savings over in a big way and make it a vital force for good in every community, some of our savings bankers have reached certain conclusions on the subject. Of these conclusions I have noted the following:

(1) That the proper place to teach thrift is not only in the home but in the school room as well;

(2) That if America is ever to become a thrifty nation, the place to begin is with our American boys and girls;

(3) That banks with savings departments are logically the proper institutions to get behind this movement;

(4) That any system to be effective must have the close coöperation of principals and teachers, and the best way to secure this coöperation is to give them a voice in directing how this work should be done;

(5) That the best results can be obtained by relieving principals and teachers of as much detail as possible; and

(6) That school savings is not an investment which will yield immediate profit to our banks, but is certain to prove an expense at least for some years.

School savings was first introduced twenty years ago. It was short lived. Too many details for busy teachers to handle defeated the plan from its inception. A second attempt was made a few years ago. However, it was tabled in favor of the Government which was then about to start its campaign for the sale of war stamps to school children. But in May 1922, school savings came back with a "punch". The local clearing-house association went on record for the movement 100 per cent. strong. A committee composed of two local bankers was appointed to draft a system, to be known as the Los Angeles Plan of School Savings. This committee made a careful study of other systems then in use in the United States and reached the conclusion that what Los Angeles

needed was a new system differing in several ways from plans used elsewhere. If possible, certain objectionable features in other systems should be eliminated. The new system must belong as much to the schools as to the banks, with representatives of local schools having a voice in formulating the plans inasmuch as they were expected to help carry them out later. Under the new system teachers must be relieved of practically all detail work in order that they will be free to devote the necessary time in which to do personal work in getting their pupils to save. Pupils should be brought in direct contact with a regular bank and not left to acquire an indirect banking experience through a school bank. The system must be one in which all banks within the school district may join at any time. The cost of operating the Los Angeles system must be assessed to the member banks according to the ratio of savings deposits at the last call prior to the time of levying an assessment.

A choice of where pupils prefer to bank must be left to the discretion of parents and pupils. Bank members must not be permitted to advertise individually to school children or in any way solicit their account, leaving this work entirely in the hands of the Association. Nor can a member bank stimulate its dormant or inactive school savings accounts, this to be done by the Association at stated intervals for all members. Even the home safes to be used must be of special design and manufactured in Los Angeles, if possible. They must be attractive as well as portable, durable, and must have an exceptionally simple locking device in order to facilitate banks in handling the vast numbers that will be used.

In the final analysis the Los Angeles Plan of School Savings must be broad-gauged enough to permit all banks to



Supervisor A. J. Gray addressing the children in a 100 per cent. school

participate in it on equal terms and reap benefits accordingly.

As the committee could find no plan in use which covered these points, it originated a new plan to fit the local situation. Under the proposed plan all literature must be prepared by members of the Association, none of it being copied or purchased from publishers.

THE PLAN OUTLINED

An association known as the Los Angeles Banks School Savings Association was organized to handle this work. Every bank in the Los Angeles school district either has or may at any time become a member by signing the Association's by-laws. To date fourteen parent banks have responded, bringing into the Association with them ninety-four branches. Each parent bank has one vote in the affairs of the Association. The Superintendent of Schools is also a member and enjoys all of the privileges accorded to bank members. A supervisor of savings forms the point

of contact between the Association and the schools, while a clerk at Association headquarters handles all details such as tabulating, files, typing, directing distribution of supplies, giving information and answering all telephone and personal calls.

The 165 schools in the Los Angeles District were divided into groups, the first group consisting of thirty elementary schools. Each bank member was invited to nominate a certain number of schools to comprise the first group, and naturally selected those adjacent to its head office or one of its branches. Where two or more banks nominated the same school, the Superintendent of Schools nominated schools to fill the quota. Following this selection of the field to be worked, the supervisor systematically introduced the system in the schools nominated. This he did by first tabulating certain necessary information, as for instance, the name of each school, its address, the name of the principal and teachers, and the enroll-

ment. Preceding his visit, the Superintendent of Schools sent a letter to each school to be visited, commending his work and bespeaking for him close coöperation from principal and teacher. Consequently when the supervisor called he was shown every consideration and principals and teachers were eager to coöperate with him in all his plans. By appointment, this supervisor appeared before the children in their classes and assemblies and in each instance spoke for about fifteen minutes. His talk was immediately supplemented by words of praise from the principals and teachers. Each child was given a bright orange colored folder and told to take it home to his parents. This folder outlined the plan and called attention to some of the benefits of being thrifty. On one end of the folder was a receipt which the parents were asked to sign jointly with the pupil. This receipt was returned to the school the following day and presented to the teacher and the pupil loaned free a

handsome school safe. He was admonished to save his money by depositing it in the safe whenever funds came into his possession. With the safe he was given an envelope containing fourteen slips of paper. Each slip contained the name of a bank member of the Association with the addresses of its head office and branches. Parents were asked to spread the slips out before them and make a choice of a bank or branch where the pupil's account was to be opened later.

When approximately \$1.00 had been saved, the pupil was told to take the safe to the bank selected and there open a regular savings account. He was also advised that upon opening an account the safe would be returned to him so that he could continue to save as before. He was promised a complimentary school ruler and pen holder and told that when he received a regular pass-book if he would take it to the principal of his school he would be presented with an honor button, which he was to



Pupils of the Vernon Avenue School, Los Angeles, swearing allegiance to thrift

wear as a testimony to his little friends that he was a school saver and had a regular bank account.

A LETTER FROM THE ASSOCIATION

Following the opening of an account at the bank the young depositor receives through the mail a large blue envelope, which contains a letter reading as follows:

To Our Little Savers:—

We are glad to hear that you have opened a school savings bank account. We congratulate you on becoming a savings depositor, and extend to you our best wishes for your success as a saver.

Save your pennies, nickels, dimes and quarters, and before long you will have dollars in the bank. Your bank will pay you interest on your savings and this will help to make your balance grow.

Tell your school friends that you have a bank account—and also tell them to get a home safe from their teacher, and when they have saved a dollar, take it to your bank and open a bank account.

Save as much as you can, and some day you will have a lot of money, just like grown up folks.

Wishing you success,

LOS ANGELES BANKS SCHOOL SAVINGS
ASSOCIATION

A supply of these letters, printed, sealed and stamped was furnished each bank by the Association so that as accounts are opened, all the teller needs to do is to address the envelope and mail.

INTENSE CULTIVATION OF THE FIELD

Having installed the system in the first group of schools, the supervisor returns for a second, third and fourth call at intervals in order to perpetuate enthusiasm for the system and urge the opening of bank accounts by all of the pupils. At each call he meets the principals and teachers and reviews with them the work already done and lays plans for the future. He again addresses the children and distributes to them new folders, which they are to take home to their parents. This folder is printed on bright colored paper so

as to make it as attractive as possible. Like the first folder, it is addressed to parents. However, it treats with the subject of thrift from an entirely different angle, emphasizing the importance of having pupils open bank accounts without delay. Each time the supervisor visits these schools he approaches the subject from a different angle.

At first thought it would appear that the liberal distribution of literature under the Los Angeles Plan would prove to be expensive, but the contrary is the case. Under the plan all literature is prepared by members of the Association, and as it is distributed through the schools there is no distribution cost. Therefore the expense is simply a matter of paper and ink. A folder costs but a small fraction of a cent.

WHY THE PLAN IS EFFECTIVE

Relieved of petty details, principals and teachers enter into the Los Angeles Plan of School Savings with an enthusiasm which has insured for it what perhaps will grow into the greatest success of any school savings system today. Teachers have voluntarily assured the Association that their rooms will go 100 per cent. for savings. They are holding contests between rooms to see which room will reach 100 per cent. first. Parent Teachers Associations are obligating themselves to support the system unreservedly. The Superintendent of Schools and her staff are supporting the plan at every turn, while local banks are working together harmoniously and of one accord on every point.

The demand for this system from elsewhere is very pressing. Many localities are only waiting until the Los Angeles plan has been thoroughly proven out before adopting it.

RESULTS

Thirty days from the date the system was installed in the first of the thirty schools, over 2000 regular savings accounts were opened. These accounts are not to be confused with the penny

stamp or the small school savings accounts, for they are regular bank accounts and average as an opening deposit over \$3.00. Sixty days from the date the system was installed in this first group, over 5000 term savings accounts were opened. Based upon present indications, 10,000 new term savings accounts should be secured during the year from the first thirty schools selected.

gratifying and doubtless will prove that the accounts obtained by the Los Angeles Plan will cost less per account than most banks are accustomed to pay for accounts with a smaller initial deposit.

HIGH SCHOOLS NEXT—THEN INDUSTRIAL SAVINGS

As soon as the elementary schools numbering 165 are reached, the system



Parent-Teachers Association meeting at Vermont Avenue school, Los Angeles

The second group consisted of sixty-five schools and work began with this group January 1, at which time the Association received delivery on 50,000 specially designed safes, being manufactured in Los Angeles and known as the Los Angeles School Safe. The third group consists of approximately seventy schools. Work on this third group began May 1. It will require over 100,000 safes costing approximately \$30,000 in order to reach the children in the elementary schools in the Los Angeles district. The results have been most

will be extended to the junior and senior high schools, and following the completion of work in these schools, a new association in Los Angeles will most likely be formed for the purpose of teaching thrift to workers in our factories, offices and stores.

The Los Angeles School Savings Bank Plan has demonstrated that a group of bankers can work together harmoniously and to a greater advantage and with less expense than is possible where individual effort along competitive lines is employed.





Sardes: Acropolis and Temple of Artemis

The Gold of Croesus

By T. Leslie Shear

Lecturer in the Department of Art and Archaeology at Princeton University

[Professor Shear has been engaged in exploration and research in Asia Minor at various intervals since 1910. He was a member of the staff of the Sardes Expedition in 1914, and was in charge of excavation there in 1922 when thirty small gold coins known as "staters", presumed to be the first ever made, and attributed to the reign of King Croesus in the Sixth Century B. C., were found at Sardes, in ancient Lydia, about sixty miles inland from Smyrna—THE EDITOR.]

THE wealth of Croesus is proverbial. "As rich as Croesus", is a phrase common to English speech and frequent in English literature in reference to any excessive accumulation of riches. This usage is well founded in English tradition, for as early as the fourteenth century Chaucer in "The Monkes Tale" gives a version of the story of Croesus in several stanzas, beginning with the line: "This riche Cresus, whylom king of Lyde". Chaucer took his material on this subject from French sources which had inherited historical and mythological themes from Latin books and Roman writers, who in their turn borrowed freely from Greek and Lydian works that dated back almost to the very lifetime of the king.

For Croesus was an historical char-

acter. We have no very exact data in regard to his birth, which seems to have been about the year 596 B. C. but, at least, we are informed that he was born on the day of the celebration of the festival of Aphrodite. Nor is there any agreement among ancient authorities as to the time or manner of his death. He was one of the picturesque and romantic figures of the ancient world, and within a generation of his death his name and deeds were enveloped in a haze of mystery and poetry, from which the historical details of his life and character can only with great difficulty be determined.

Long before the reign of Croesus the kingdom of Lydia was noted for its wealth and its prosperity. One of his predecessors on the throne, Kandaules, the last king of an earlier dynasty, some

time before the year 710 B. C., bought a painting, by the artist Boularchos, for its weight in gold. Gyges, an immediate ancestor of Croesus, is described as "rich in gold" by the poet Archilochos, of the Island of Paros, who wrote his iambics about 650 B. C., that is, 100 years before the time of Croesus. From such reference it is apparent that Croesus was no *parvenu* and yet like other sons of wealthy men his path was not always a path of roses, and he was sometimes caught in the toils of financial distress.

Alyattes, the king, his father, a shrewd financier, had heard tales of his son's extravagant habits, and therefore, without warning, upon one occasion directed him to appear at Sardes on a fixed date with a body of mercenaries, which he must hire at his own expense. Croesus, in his despair, went to Sadyattes, the richest merchant of Lydia, to ask for a loan of the necessary funds. At first the merchant kept him waiting in an anteroom until his bath was finished, and then received him only to refuse the loan on the specious plea that Alyattes had many sons and he could not supply money to them all. Here is, indeed, a delightful tableau, with a very modern touch, of the prince who was to become the richest man of the ancient world nervously waiting with embarrassed anxiety as to the best manner of broaching the subject of a loan, before the door of a great merchant, who, with apparent equanimity, finished his bath before coming out to refuse the prince. As events transpired the merchant was guilty of a grave error of judgment for Croesus met his obligations by borrowing a thousand staters from a friend in Ephesus, and later when he became king confiscated the entire property of the Lydian merchant which he dedicated to the goddess, Artemis, while he repaid his friend with the gift of a wagon filled with gold.

In the time of Alyattes, 610 to 561 B. C., the kingdom of Lydia was rich and powerful, and several important reasons account for this political and

material development. When his grandfather, Ardys, was king, a wild tribe of barbarians from the north, called Cimmerians, had invaded and pillaged the greater part of Asia Minor. Lydia was the first state to recover from this blow, and in the long period of fighting, which finally resulted in the expulsion of the barbarians, the king developed a large army that had become accustomed to the tradition of victory. Especially the Lydian cavalry was famous in antiquity, and the horsemanship of the people was heralded in poetry and in proverbs. If, for example, a Greek wished to refer by comparison to something incredible he mentioned the vision of a "Lydian riding on an ass"; or when the divine poetess wishes to set a measure to her affection Sappho cries, in her impassioned meter: "I would rather see Anactoria's gracious step and radiant glance than the chariots and cavalry of the Lydians". With this military power, then, at his command, Alyattes gradually imposed the Lydian yoke on many of his neighbors far and near, and as trade inevitably follows the flag, commercial affiliations were contracted between the Lydians and the Ionian Greeks in the West, and between the Lydians and the various peoples on the East. This trade movement that was guided by political expediency was confirmed by geographical dispositions, for Sardes, capital of Lydia, lay on a great natural trade route that, from prehistoric times, passed down the valley of the Hermus river, along which, in the era of the Persian hegemony, the "royal road" ran from Sousa to the Aegean sea. Add to these political and commercial considerations the fact that the kings at Sardes had natural deposits of gold at their very threshold, on the slopes of Mt. Tmolus and in the waters of the Pactolus, and we have a complete picture of the setting for the leap of the city of Sardes into a position of world supremacy.

WEALTH OF THE KINGS OF LYDIA

Some notion of the wealth of the kings of Lydia is given by the lavish-

ness of their presents to the distant shrine of Apollo at Delphi, in northern Greece. Herodotus records that Gyges, the first king of the Mermnad dynasty of which the last was Croesus, on being established on the Lydian throne, sent to Delphi many silver offerings and a great number of vessels of gold, including six gold goblets which weighed altogether thirty talents (worth \$30,000 ?). Another historian, Phanias of Eresus, declares that this was the beginning of the wealth of the Pythian oracle, which before the time of Gyges had been without silver and without gold. Alyattes was the second of the Lydian kings to send gifts to Delphi, and among others presented a bowl and stand which, according to Herodotus, was of all the offerings at Delphi the most worth looking at. Thus from very early times the kings at Sardes were so abundantly supplied with gold that quantities of it were placed at the disposal of artists and goldsmiths for fabrication into utensils and ornaments, of which liberal distribution was made even in far distant lands. Actual confirmation of this wealth of artistic gold products at Sardes has been made in the course of the recent American excavations, for in the tombs of the people, near the city, many gold objects of exquisite workmanship have been uncovered. No royal tomb has yet been found in spite of some preliminary investigation at the tumuli, located about five miles north of Sardes, where, according to tradition and historical records, the kings of Lydia were buried. Imagination is inadequate to conjure up the vision of the riches that await the fortunate excavator who may enter an un rifled tomb of one of these kings.

LYDIAN UNIT OF CURRENCY

Although the Lydians were thus from an early time abundantly familiar with the practice of refining gold and were highly skilled in the technique of its workmanship, nevertheless when they adopted a unit of currency for commer-

cial exchange they did not make it of gold, but used the metal found in the neighborhood of Sardes, which was a natural alloy of gold and silver, and was called electrum by the Greeks. According to Pliny the proportion of silver was one-fifth of the whole, but other authorities give it as one-fourth, and this latter ratio seems to have become more or less the standard, making thus a stated amount of electrum three-quarters of the value of a similar amount of gold. Because of the presence of this proportion of silver the metal has a light yellow color, and is, consequently, called by Herodotus and other Greek writers "white gold". Homer describes the palace of Menelaus as decorated with electrum as well as with gold and silver, and on the site of Troy, Schliemann found many objects made of this metal. Electrum seems to have been a characteristically Lydian product, of which the vogue is suggested by the fact that of 117 ingots sent by Croesus to Delphi only four were of refined gold while the rest were of electrum. This white gold, then, was the metal used by the Lydians when they struck their first coins. Percy Gardner believes that it was selected in preference to gold for two chief reasons, first because it was harder and, therefore, more durable in circulation, and next because its value was not exactly fixed, like that of gold, and consequently there would be less temptation to melt down the coins and use the metal for other purposes.

ROYAL GUARANTEE OF EARLY COINS

As the Greek lexicographer, Pollux, groups as equally famous with the staters of Croesus the gold of Gyges there has been associated with Gyges a primitive coin of electrum, which is without design of any kind, but is simply marked with scratches across its surface. It soon became evident, however, that if a specific coin were to be accepted at its face value in the local market place and, especially, in international trade, it was essential that it

should be guaranteed by the issuing power. The necessary guarantee was given by the seal or symbol of the king, stamped upon the coin, and in fact these early coins are simply lumps of metal that have received the dynast's stamp.

An extraordinary deposit of ninety-three of these early electrum coins, of which seventy-three are attributed to Sardes, was found by Hogarth in or near the basis of the cult statue of the temple of Artemis at Ephesus. According to Mr. Head these coins range

C. his son Croesus inherited a wealthy kingdom. But Croesus was a clever and ambitious man who used his inheritance only as a foundation for the construction of a greater empire. With his arms he subdued the neighboring nations until presently in all Asia Minor only the Lycians and Cilicians were free of his rule; by his diplomacy he contracted alliances with the Greek islands and with Sparta, a city reckoned at that time the most powerful in Greece; by his munificence he won recognition and friendship in many dis-



Coins of Croesus found at Sardes; the upper row shows the obverse of the coins and the lower the reverse

in date from 700 to 560 B. C., that is from the time of Gyges to the end of the reign of Alyattes, and include the earliest types without design, as well as the later specimens which are stamped with representations of the goat, the cock, and the lion. The attribution of these various types to specific members of the Lydian dynasty is quite conjectural, except in the case of the coin that is decorated with the head of a lion, which is generally accepted as an issue of Alyattes because in some cases it bears an inscription which, interpreted either as Greek or Lydian letters, clearly suggests the name of the king. The lion, too, as the royal symbol of the kings of Lydia would be the device naturally selected for use on the coins.

On the death of Alyattes in 561 B.

tant communities. It is impossible to reconstruct a convincing picture of the gorgeousness and magnificence of a semi-oriental court like that at Sardes, and we must be grateful for scraps of information that may be incidentally recorded by Greek and Roman writers.

For example Plutarch gives a suggestion of the atmosphere of the court when he describes the visit there of Solon, the Athenian. "They say that Solon, coming to Sardes at the request of Croesus, was in the same condition as an inland man when first he goes to look at the sea, for as he fancies every river he meets with to be the ocean so Solon, as he passed through the court, and saw a great many nobles richly dressed and proudly attended with a multitude of guards and footboys,

thought everyone had been the king, till he was brought to Croesus, who was decked with every possible rarity and curiosity, in ornaments of jewels, purple and gold, that could make a grand and gorgeous spectacle of him". Many witnesses, testifying to the magnificent liberality of the king, convince us that he was indeed an early representative of the type of "wealthy men who care not how they give".

On one occasion the Spartans sent to Sardes to purchase some gold with which to enrich a statue of Apollo; Croesus made them a gift of all they asked. At another time he permitted one whom he wished to honor to enter his treasury and take out all the gold he could himself carry, and only laughed when the man, Alcmeon, came staggering out with his boots and clothing stuffed with gold, with gold dust sprinkled on his head and beard and crammed into his mouth. The list of the presents sent by the king to Delphi and to other sanctuaries in Greece and in Asia Minor is astonishing for the number and the value of the objects, but in addition to his sumptuous offerings to the god at Delphi, on one occasion he did a most gracious act by giving also two gold staters to each of the Delphians.

THE LYDIAN CURRENCY SYSTEM

Now the "stater" was the standard unit of the Lydian currency system. The word itself means simply a "weight", an amount weighed, as the English pound was originally a pound of silver by weight. Coins weighing a fraction of the standard were also issued, such as a half stater, a third, a sixth, etc. Indeed, in the deposit of electrum coins at Ephesus there were some weighing as little as a ninety-sixth of a stater. But the gift made by Croesus to the Delphians consisted of gold staters, and from other literary sources we know that the gold staters of Croesus were famous. What, then, brought about the change of the monetary standard from electrum to gold?

We have no knowledge of any great or specific event that occasioned this change, and the explanation of it is undoubtedly to be sought in commercial expediency.

With the wide extension of the borders of the Lydian empire under the brilliant leadership of Croesus, and with the consequential boom of international trade, constant embarrassment must have been experienced, especially by foreign traders, in handling a monetary unit that was of variable value. The natural electrum which was current at Sardes at a fixed value by virtue of the signet of the king would be acceptable at Corinth or at Sousa only to the intrinsic value of the precious metal of its content. It is clear evidence, then, of the wisdom and foresight of Croesus that he should have realized that the establishment of a currency unit of universally recognized value was indispensable to the further development of the commercial potentialities of the state.

The adoption of the gold standard for currency by Croesus of Lydia, about the year 560 B. C., is an event of extraordinary interest for the history of banking. The design adopted for the official seal of the new gold coins shows the forepart of a lion facing the forepart of a bull. This change from the lion's head which appears alone on the electrum coins of Alyattes made the new issue readily distinguishable. The reason for the coupling of the bull with the lion on these coins is not known, but the association of the bull and lion, usually in combat scenes, is common on artistic remains found in Asia Minor.

In both groups of coins the figured design is placed on the upper part of the coin, the obverse, while on the lower side, the reverse, is seen a single or double incuse square. The method of striking the coin seems to have been quite simple. The molten metal was poured into an engraved die and then struck sharply from above with a punch and hammer, the squares on the reverse being thus merely the marks of the punch. The standard gold coin of this

type, the stater, was struck in two weights, the heavier weighing something over ten grammes, the lighter weighing a little more than eight grammes. Scholars usually explain the presence of these coins of different weights as due to the use of two standards, the heavier coin being based on the Babylonian standard and intended for inland trading, the lighter coin of the Phoenician standard being destined for dealings with the Ionian coast cities in the West. It is quite possible, however, that these staters of differing weight were not concurrently but successively used.

The heavy gold coin is three-quarters the weight of the electrum stater which it displaced, and consequently at the normal ratio of electrum exchange has exactly the same value. Croesus, in organizing his radical fiscal reform which involved a change of metal for the coinage, could have done nothing wiser by way of propitiating public opinion than to make the new coins and the old interchangeable in value. When, however, the circulation of the gold coins had become established it was found that they were not convenient for trading purposes, because they bore the fractional relationship of two-thirds to the Phocæan stater that was used in the West.

Croesus, therefore, by a slight reduction in the weight of his unit to 8+ grammes, produced a coin that was one half the weight of the Phocæan standard in the West, and ten times the value of the Babylonian silver unit that was current in the East. The new coin was thus convenient for the use of all visitors to Sardes, and as the Croesean stater, *par excellence*, was famous throughout antiquity. In support of this view, according to which the stater of 10+ grammes would have been in circulation for only a short time, it may be noted that the heavier stater is much rarer than the other, only twelve specimens being cited in the list published by the numismatist, Regling, in 1915.

This type of gold coin, with the representation of the lion and the bull

on the obverse, was first identified as the famous Croesean stater in the year 1840 by H. P. Borrell, the English consul in Smyrna, who secured a number of examples of the various weights from antiquity dealers and peasants, who in most cases reported that the coins had been found in Lydia. This attribution of the staters to Croesus is now universally accepted, and yet there is no



Vase which contained the gold of Croesus

authentic record, up to this time, of the discovery of a single one at the Lydian capital of Croesus.

THE THIRTY COINS FOUND AT SARDES

Therefore the finding of thirty specimens at Sardes last spring by the American expedition furnishes the strongest corroborative evidence to support the current view. The new coins were all found together in a small clay pot that is about four and one-half inches high. The pot is shown here and also a photograph of some of the coins. The vase was lying about two feet below the surface of the ground, on the slope of a hill, a little to the north of the site of the temple of Artemis, which occupies the central part of the illustration at the beginning of this article.

The coins are all of the lighter type of Croesean stater, and are approximately similar in weight, the lightest weighing 8.00 grammes, and the heaviest 8.094 grammes. The total weight of the thirty is 241.535 grammes, and the average is 8.051. The coins of this category previously known were listed by Dr. Regling in 1915. They are forty-four in number weighing together 353.94 grammes, or an average of 8.044 gr. each, which is very close to the average for the units of the new hoard.

Such a uniformity in weight among these early coins is partly due to the fact that the Lydians possessed an admirable means of testing the purity of their gold by the use of their famous touchstone. This method, which is described by Theophrastus and other Greek and Roman writers, consists simply of rubbing the gold beside a known standard, on a special stone found in early times in Lydia alone, and called by Greeks and Romans "basanos" after its Lydian name, or more simply "the Lydian stone". The possession of this simple means of testing the purity of the metal may be a sufficient explanation of the fact that the Lydians were first of the ancients to issue gold coins.

Especially in view of this knowledge and practice of the Lydians it seemed important and desirable to test the quality of the Lydian gold as it exists in the coins that have been found in Lydia. The specific gravity of several coins of this type is reported by Mr. Head in the British Museum catalogue of the coins of Lydia. In one case the specific gravity proved to be 19.29, "which is higher than that of pure gold (19.28)". In another case it was 19.24.

In order to confirm this evident fact of the purity of Lydian gold I submitted one of the coins from Sardes to Dr. George F. Kunz, the mineralogical specialist attached to Tiffany & Co. of New York. Dr. Kunz called on his gold expert to make a test of the coin, and he, to my great astonishment, used the method of the touchstone, just as it had been used by the masters of the

treasury of Croesus in the middle of the sixth century B. C. The stone, moreover, is still called today by its Lydian name, being geologically known as "basanite". By this test the coin from Sardes was declared by the expert to be of a weight of twenty-three karats, or about .958 fine.

But the ancients themselves recognized that the test of metal by the touchstone was not absolutely accurate; and we know that evidence secured by specific gravity often greatly differs from the results of actual chemical analysis. Therefore accurate knowledge of the composition of Lydian gold through a scientific assay was a very desirable aim to seek. It was, however, unthinkable to mutilate one of the new staters found at Sardes, but fortunately I was able to secure a coin of Croesus of the same type at the auction sale of Dupriez at Brussels in November 1922, and from this specimen sufficient metal was taken, .991 gramme, to permit of an accurate analysis.

ANALYSIS OF THE CROESUS COIN

Through the kind offices of Dr. Kunz this sample was submitted to the expert assayers, Ledoux & Co. of New York, who gave the following certificate of analysis, which, because of its importance, will be quoted in full:

After removing foreign iron by magnetic treatment: Gold 98.13 per cent.; silver, about 1.60 per cent.; Iron .15 per cent.; platinum, about .02 per cent.

NOTE: Only an approximate figure may be given for the silver, since it is impossible to determine this element within two or three-tenths per cent. on the amount of sample available. There can be no question about the presence of a very small proportion of platinum, although the actual figure obtained by analysis may not be strictly reliable owing to the small amount of the sample. The sample does not contain copper.

This analysis, thus, proves that the Croesean stater is made of almost pure gold. It is, therefore, comparatively soft, and consequently the design on most of those that have been discovered is badly rubbed and worn. In the hoard

that was found last spring, however, many of the coins have sharp and clear designs, an indication that they had been very little in circulation. It is probable that they were buried shortly after they were minted, and it is possible that the occasion of the burial was the siege and capture of the city of Sardes by Cyrus and the Persians in the year 546 B. C. At such a time of crisis and peril it is customary for cautious individuals to bury their treasures, and at Sardes we know that it was largely done, for after

his capture Croesus advised Cyrus to prevent the victorious soldiers from pillaging the city, and promised, if that were done, to urge the citizens to bring their wealth voluntarily and give to the Persian king. Fortunately this small treasure of thirty gold staters, which, in actual content, is about equal to \$150, was not surrendered to the hands of the conqueror, but was left and forgotten in its hiding place, until the excavator's spade revealed it in April 1922.



"He Who Gets Slapped"

Concerning the Derision of Banks and Bankers by Syndicate Columnists and Cartoonists, and What Can be Done About it

By Frank Hilton Madison

"**A**ND don't forget the bank account gets \$5", Mrs. Blake reminded her husband.

Charles Blake agreed readily, looking up from the sporting page of the morning newspaper. He would have agreed to anything that morning. He had slipped out before breakfast was ready and got the newspaper from the corner. Gee, it was a great morning! It was too fine a morning to even look at his favorite comic picture "How to Start the Day Wrong". It was a great day to be out, fine for a ball game, he reflected. Naturally, his thoughts turned toward the sport page first and he found his favorite team had won again.

All was right in the world.

After slipping into his coat, he looked at his watch and decided he had time to walk three blocks over to the main car line and avoid transferring. As he walked by the drug-store at the corner he noticed a poster in the window with two inch black letters:

"BANK FUNDS FLIT"

Blake paid little attention to it. But at the little bakery there it was again in the window:

"BANK FUNDS FLIT"

He knew what it was. It was one of the posters that the morning paper was sending out every day. They were made from some of the same pictures that were used in the newspaper. When a picture came in two cuts were made from it and a printing press was set to work running off the posters. These posters were taken out by the drivers of the newspaper delivery wagons and left at the places opening early in the morning. By daylight they were appearing in a number of store windows.

This one had a picture of a bank that had been closed the day before because there was a shortage of funds and one of the officials had been involved with a woman. Blake saw it several times before he got to the car-line—in a little confectionery and even a shoe repair shop.

But he paid little attention to it because he knew it was not the bank in which he and his wife had their little account. He had been made to feel that even his little account was welcome and therefore had confidence in "his bank". Nevertheless the words "Bank Funds Flit" had been sub-consciously impressed upon him.

When he reached the office the bank failure was brought a little closer home. One of the boys had put in several hundred dollars, and how much of it he would get back was quite naturally the subject of office gossip. Of course there were the usual office pessimists who declared their distrust of all banks and bankers. Blake told his fellows that not all banks were like that and spoke his belief that good sound men were behind the one he was using. Nevertheless the seed of doubt had commenced to sprout.

Now some bankers may expect to be told that Blake became upset and instead of adding \$5 to his savings account as he had promised his wife, withdrew all that he had put in, after thinking things over that day. He did nothing of the sort. The five went in when he found time to visit the bank.

But the posters "Bank Funds Flit" did flash across his vision when he went home that night. And they were still in the windows of several stores when he went to work the next day, new pictures being pasted to the bottoms of them. In fact some stores left these picture-posters in for a week or more. There was long life to the reminder that:

"BANK FUNDS FLIT"

Blake wasn't particularly interested in this bank closing, except that he felt sorry for the boy in the office who had money in it. And his concern for his comrade was soon ended for it was announced that steps had been taken so that depositors would not lose. Yet despite his willingness to forget the subject Blake was doomed to be reminded for many a day that banks and

bankers were to be looked upon with suspicion.

You see the humorists had not yet had their chance at the subject of banks which were now in the public mind.

Like a great many other people, Blake read two papers, one in the morning and one in the evening. As he was a great baseball fan, he read the sporting page first. The different sporting pages had "columns" made up of jokes and contributions. Of course timeliness is considered a valuable factor so Blake in a few days found this in the "column" on the sporting page:

DUSTING OFF THE OLD ONES

Bank Examiner—Where's the cashier?
Gone for a rest?

President—No, to avoid it.

It had been sent in by some reader who thought it the proper time to spring it.

Other contributors were encouraged by the column editor's liking for squibs at the expense of banks so they prepared their offerings along that line.

This particular column is syndicated. It is read in many small towns as well as large.

The idea that banks and bankers were not all that they should be began to resemble a snowball rolling down hill, getting larger the longer it rolled.

So Blake, without moving out of his seat, was presented with various comments upon banking for a week or ten days. He got them in the "columns", on the sporting page, in the editorials in the "Letters from Subscribers" and even from the syndicated features which were purchased from out of town.

The comments he read were written to apply to bankers anywhere. And some of them appeared in departments that were syndicated to newspapers all over the country.

Here are samples of some of the things that appeared within the next ten days:

Lives of bankers oft remind us,
Not to chase a butterfly;
Lest we, departing, leave behind us,
Banks that blossomed but to die.



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A typical example of the comic strip treatment of banks

This was thought good enough to put an artist to work drawing a little sketch for it.

This too, was in a syndicated "column".

"Just for one happy day let me ask", inquired a "contrib", "What cares a bank president for depositors' money or a March wind for longer skirts?"

Along about this time one of the papers in Blake's town ran a syndicated feature by this fellow Will Rogers. Blake had heard of him; he was that fellow who spun the rope in the Follies and nearly everybody in the country had seen him in the movies. This fellow Rogers was good, everybody said, so Blake read his funny article.

Now Blake couldn't tell whether this fellow Rogers was just kidding or not when he wrote about bankers and mortgages and "a sucker-game". Sometimes it read like he was in earnest and again like he was sarcastic. Anyway there was one place where it sounded like he was joking:

So you see it's not from a personal view that I am abolishing banks. It's just that I don't think these boys realize really what a menace they are. As far as being good fellows, personally, I have heard old-timers talk down home in the Indian Territory, and they say the James and Dalton boys were the most congenial men of their day too.

What bankers was he talking about? The headline of the article said "the country's bankers". The article was printed in papers in different parts of the country.

Again and again Blake saw within ten days humorous items insinuating that bankers were crooked, weak, heartless, glum and surly. Some of them applied only to the situation in his town and others to bankers in general. If Blake had only known it some of those referring to bankers in general had come to the newspapers from the syndicates and were appearing in the same form in nearly all other territories.

Blake could have picked up the local paper in a great many other cities and town and found the story about the banker whose glass eye was detected because it had the most human look; the article on zones that said, "Before getting in to see president of bank, you must insult your way through office boy and stenographer zone", or the poem including:

"There is hatred in the glitter of the paying teller's eye."

These things, he might have learned, were written for national consumption. They are supposed to be the kind of humor that is in demand.

"But why pick on the banks and bankers?" Blake might have asked if he had been deeply concerned instead of slowly absorbing the idea that banks do not amount to much after all.

If Blake had been interested enough, he could have gone to a writer of humor and found out something that not many bankers know. And that is: Banks apparently are regarded as safe victims for joke-writers.

"No joke is a wise joke if it is offensive to a considerable proportion of the readers of a periodical", he would find that a professional writer of humor had said . . . "It is quite safe to get flippant over plumbers and their alleged scandalous charges, but it would never do to make the same remarks about bricklayers for instance. The plumbers are calloused by this time, but the bricklayers would be touchy. Similarly, one can make a comic charge that the milkman is selling water, but an inference that the jeweler is mixing copper with his gold would probably result in serious trouble. Both insinuations are equally false, yet one is safe, and the other is so long as individual firms are not mentioned. Generalities are essential in humorous exaggerations."

But what the Blakes of the country do is to keep on reading and reading jokes about bankers and ultimately accepting the idea that some of the things at least are true. What effect it has upon the relations with the public and with business any banker can decide for himself.

This unfavorable picture of banking is impressed upon the Blakes because as Katherine Fullerton Gerould said recently in *Harper's Monthly*: "A joke does not carry unless it refers to something that everyone is aware of or involves an absolutely general sentiment. The humorist has nothing to do with special minorities. His appeal is to the man in the street. In that sense humor must always be broad."

But can the bankers become calloused to the type of humor which is not good-natured? There is a difference between friendly jokes and those with a sting of malice which are written by professional writers who are cynical. And if any banker doubts that there is cynicism among newspaper workers let him verify the eighth difficulty suggested when the Michigan Press Club planned to outline a "Code of Ethics for Newspapers" which would "contend for fairness and for justice toward all individuals, interests or issues dealt with in the newspaper columns". It was

pointed out that one of the dangers to be met was:

"Treating serious subjects flippantly. The tendency to become a newspaper cynic."

Bankers should not accept the statement of the professional humorist that "the plumbers became calloused". This is one of the things referred to by Ernest Elmo Calkins, a well-known advertising man writing recently in *Scribner's* for March 1923, when he said that: "The power of a jest to advertise adversely has demonstrated itself to the extreme discomfort of at least two industries." The plumbers started a crusade against the jokes but it soon died down.

As recently as April 1923, the jewelers of the country were being urged through their trade journals to take definite steps to end jokes and other articles, which were being run through malice or carelessness, to the disadvantage of jewelers.

Bankers all over the country can be affected by jokes, sent out by syndicate services, which are run in their local papers through careless editing. No one outside the newspaper business or who has not been in close contact with a large number of papers realizes the extent of this syndicating business. Even weeklies now use syndicate material. It was one of the three trends which Don C. Seitz of the *New York World* recently declared dangerous before a convention of publishers in the East.

"During the last few years", he said, "the policy of syndicating newspaper material has grown to huge proportions, and to my mind it has had a curious effect. I am convinced that it is destroying talent. . . . There is too much of a sameness about syndicate material."

Slams at the bank inevitably find their way into the comic strips and are broadcast through the country. There are now 200 different comic strips being syndicated. Less than 10 per cent. of the daily papers in the country, even in the smaller cities are without them. Pick up a stack of country weeklies and

you will find that many of them are beginning to use such service.

Naturally it takes lots of ideas to keep these comic strips going six and seven days a week. Therefore the unimaginative artists fall back upon the plan of illustrating jokes they have clipped. Most bankers have heard the old joke about the man who being called by his bank and informed of an overdraft, retorted that he didn't call the bank up when he had a balance of \$500. Less than a week before this article was written that old joke was prolonged into a series of pictures and sent out to the subscribing newspapers by one of the syndicates.

What steps can the local banker take when something injurious appears in the local paper. First, he might adjust it with the local paper. And he doesn't need to threaten to withdraw his advertising. He can calmly point out to the publisher, something that likely has not occurred to newspaper men. They are weakening the pulling power of their advertising columns. They are setting up in the minds of the readers two opposing ideas. The bank advertising declares that it performs a needed and legitimate service. The humorist sets up the idea that it does not. Teach the reader to discredit the bank's advertising and he is taught to discredit all the advertising in the newspaper.

As a matter of fact a good deal of the stuff gets into the papers through lack of attention. It does not occur to the men handling the copy that the paragraph or picture is really injurious. Let a protest at the injustice of untrue statements be made in a friendly manner and there are few newspaper offices that will not immediately issue an order to the editorial staff to watch for offending material in both local and syndicated offerings.

Another way to change the situation is to use the weapon of humor to advantage. As Mr. Calkins pointed out in his article in *Scribner's*:

"Humor, the editors say is the most precious thing they buy, which must mean that the public, the same public

that reads the advertisement is fond of it. If so, it is wise to try and use it in the advertising."

For instance this trend toward humor, fostered by the syndicated comics and columns was recognized by the First National Bank and Iowa State Savings Bank of Burlington, Iowa. Taking the title of a popular cartoon series the advertisement was headed:

WONDER WHAT A SAVINGS PASS BOOK SAYS

"Here I am gathering dust on my master's book shelf. He takes down other books to study. Some day he will realize my importance. I hope it isn't too late when he wakes up. A tiny \$10 entered in my balance column and he could easily have saved a thousand since he got me. Ah, well, I'll have to wait and hope. Maybe he will see a newspaper recital of my troubles that will start him thinking. Then he will take me often to the

FIRST NATIONAL BANK,
IOWA STATE SAVINGS BANK.

A Chicago shoe store sensed the interest of this popular interest in the humorous features and once a week it runs a page ad largely made up of parodies upon the different features that are found in *The Chicago Tribune*. It has a "Spinal Column" containing real wit (and also advertises shoes), burlesques of "What's Wrong With This Picture?" and different contests which the paper is conducting. Fanny Butcher, the literary editor of *The Chicago Tribune* had been getting letters from different noted authors, answering her question as to what book they would rather have written than any other. This shoe store published a pseudo letter from Miss Butcher in which she was supposed to have answered the question as follows:

I'm not quite sure, but I think a nicely bound check book on Cousin George Reynold's exquisite 16mo bank. Of course, you understand that I should not want the book to be finished—there are some books that are so convincing in their earlier chapters and yet disappointing at the end.

When more local banks can give the Blakes of the country good-natured advertisements like these to read then the

Blakes will have a better understanding of the atmosphere of banks than when the promise of friendliness is offered in a too high sounding manner. And such ideas of the bank will drive out the

older ideas, emphasized by posters and cynical writers, harping upon the theme:

"BANK FUNDS FLIT"



Overlooking the Sales Opportunity

A Perfunctory Letter Which Not Only Missed the Bull's-Eye of Constructive Selling, but Proved to be More Than 100 Per Cent. Bad Advertising

By G. W. Bittel

Manager Service Department, Harvey Blodgett Company

FIRST, let it be clearly understood that this is not an *imaginary* Pullman car *tete-a-tete*. It is a true story, based on first-hand facts. And every banker who reads it will see an answer to a few of the "why" questions on the transferring of many good accounts, the resultant shrinkage in deposits, and other evidences of business deterioration.

Advertising—What is it? Someone has well said that it is "The art of stating the truth attractively, done for the purpose of establishing confidence to the end that customers may be secured".

And salesmanship—Isn't it practically the same thing? Yes, as a matter of fact, advertising is *printed* salesmanship.

Edward Mott Woolley says that modern banking is 50 per cent. salesmanship. John H. Puelicher, president of the American Bankers Association, referring to banks from the advertising standpoint, recently stated that new business development is clearly a matter of *merchandising*.

Here is a letter. What's the matter with it? Very much more than is apparent on the surface, you may be sure.

Dear Sir:

The rent on your safe deposit box, No. 1083 will be due December 28, and we would appreciate your mailing us a check for \$4.00 at your earliest convenience.

Very truly yours,
(Signed) Cashier.

A well-known authority to whom the letter was recently submitted figuratively threw up his hands in despair and stated that, "Virtually all bank letters ignore the opportunity for salesmanship". He further conceded that this letter was "typical, as like as two peas, to nearly 100 per cent. of the safe deposit rental notices". Quite a significant statement, we should say, from one whose judgment on such subjects, is unquestioned.

While specially typewritten, the notice bore only a rubber stamp reproduction of the cashier's signature. It was mailed in December 1922, a week or so before Christmas, by a national bank in one of Missouri's liveliest cities. The recipient, a close personal friend of the writer, will be referred to as Mr. Burns.

He is a capable young executive, commanding a very good salary as secretary of a sales organization which enjoys an unusually high standing among the foremost concerns of its kind in

America. His active young wife is in many ways a "business partner". Their little boy is about seven years of age.

The credit standing of Mr. Burns is of the highest; and, because of the estate he has already built up, his present salary, and the promising future which lies ahead of him, he would qualify as a most desirable bank customer anywhere.

He opened his account with the national bank in question, not because of any special convenience of location, but due to a long-standing friendship with one of the vice-presidents.

With these interesting and pertinent facts forming the background, let us consider the evidences of glaringly poor salesmanship on the part of Mr. Cashier.

Not only is the letter itself curt and cold, utterly lacking in that necessary personal tone—"humanics", if you please—which goes so far in building business; but not the slightest effort is exerted to interest Mr. Burns in continuing his box for another year, or in renting a larger one. Nor is there any hint that the other departments of the bank might be used with benefit.

This little national bank—with big ambitions for future growth—has a very well organized special department for women customers, and a fully equipped savings department. Certainly, the active young wife of a successful, high-salaried executive is a perfect prospect for any women's department. You new business managers of vision, can you imagine letting such an opportunity get by?

What a wonderful chance to suggest a savings account for the little boy as the best kind of a Christmas gift, making it possible for him to begin the new year with a basis of his thrift education already established.

Just think of it, two of the most important sales points at the disposal of this young cashier, fairly "shouting" at him; and they were entirely overlooked.

And how about suggesting to the customer that he mention these complete facilities to his friends? Well, Mr.

Burns did mention them anyway; but only after reading the above letter in a negative frame of mind. He had formerly been a banker with progressive "selling" ideas, and had closely studied sales opportunities and methods inside the bank. Therefore, is it any wonder that he took special delight in graphically reciting details of the incident to a number of his business acquaintances?

In line with the suggestion made by the gentleman quoted in an earlier paragraph, you may hear some banker say, "Well, that's just like the letter we use, and we never lost any business because of it". Didn't he, though? Does he really *know*? How many accounts closed without giving any reason? How many accounts closed or transferred and merely stated, "Everything is O. K."? It has been our experience that many times a customer will follow the lines of least resistance by indicating that everything is satisfactory when it is not. Furthermore, does this banker know what opportunities for *increasing* the business of a patron have been neglected or entirely overlooked?

This happens to be one case where the inside facts were available. The big point is that the blunt letter brought to the foreground of the customer's memory all the little discourtesies and other disagreeable instances connected with the transaction of his business at the bank—and magnified them.

It may be said, "Yes, but this depositor must have been quite sensitive to take exceptions to a letter of that kind". Not necessarily so, but suppose that he was sensitive. Let any bank officer ask his teller how many sensitive patrons he has. Let him consult his records for the number of accounts closed or transferred with "No reason". Then it will be made quite clear that *it pays* to take thoroughly into account every single instance of dissatisfaction that comes up. Banking business, like any other business, is built upon the influence of satisfied customers; and one disgruntled, negative-talking customer is a mighty weak link in the chain of elements that make for growth—no matter

what the cause. Therefore, when a poorly constructed safe deposit letter is found to be the cause, let's analyze it thoroughly and make it strong. If, as our friend has stated, every bank in the country is using a lifeless safe deposit letter similar to the one appearing in this article; then isn't it high time that every bank in the country get busy and eliminate this big negative influence without a moment's delay; and, with no added expense, replace it with a strong, aggressive, business-building appeal?

It is difficult to determine whether such errors of omission are made simply because of inefficiency, or whether they are the result of more serious, careless indifference.

Certain it is that herein lies the reason *why* the results from hundreds of thousands of dollars of work done by advertising and new business departments are constantly counteracted by senior and junior officers.

Need it be here stated that as a result of negative impressions created by the letter, and because of memories of numerous unsatisfactory transactions it revived, Mr. Burns immediately relinquished his safe deposit box? Also, he transferred his account, and put into motion word-of-mouth "advertising" which will prove very costly to the national bank in question. Then, too, there will be a real kick-back upon one perfectly good embryo bank president—the unthinking cashier.

A rolling stone of dissatisfaction develops incredible momentum, and carries with it much weighty "moss" of negative advertising.

Let's take this specific case as an example and analyze all our letters; let's make them selling, merchandising messages instead of repelling, antagonizing missives.

Let's stop that rolling stone.



Our Combined Income the Largest in the World

AS a nation, our combined income is the largest in the world. In 1920-21, the amount was \$59,300,000,000. In 1922 and 1923 this amount will be considerably larger. Uncle Sam keeps a watchful eye on the national income to take his tax tribute in payment for Governmental services, says the National Industrial Conference Board.

Few of those who pay taxes know, except in a general way, how huge is the total amount or how the money is spent. In 1920-21, Federal, state and local taxes amounted to \$8,489,000,000. Of this stupendous sum, the Federal tax alone was \$4,908,000,000. State taxes totaled \$1,126,000,000, and local taxes \$2,460,000,000.

Federal receipts from all sources in 1921-22 were \$4,109,104,151; 86.9 per cent. of which came from taxation. With

this amount as cash capital on which to conduct the business of Federal Government, Uncle Sam provided for the following disbursements:

Interest on the public debt, \$991,000,759, or 26.1 per cent. of the cash capital; war and navy, \$931,505,912, or 24.5 per cent.; public debt retirement, \$422,694,600 or 11.1 per cent.; veterans' bureau \$400,691,610, or 10.6 per cent.; pensions, \$253,807,983, or 6.7 per cent.; Federal control of transportation, \$139,469,451, or 3.7 per cent.; Shipping Board, \$87,205,732 or 2.3 per cent.; all other disbursements, \$568,931,453, or 15 per cent. Disbursements for the fiscal year ending June 30, 1922 were therefore \$3,795,302,500, or \$308,801,651 less than the total Federal receipts.

Bank Organization and Functions

Article III of a Reading Course in Banking

By Glenn G. Munn

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OUTLINE OF ARTICLE III.

I. Organization Banking Types:

1. National-Chartered Banks

- a. National banks.
- b. Federal Reserve banks.
- c. Postal savings banks.
- d. Federal land (farm loan) banks with system of national farm loan associations.
- e. Joint-stock land banks.
- f. Federal foreign banking corporations.

2. State-Chartered Banks

- a. State banks.
- b. Trust companies.
- c. Savings banks.
- d. Building and loan associations.
- e. Safe deposit companies.
- f. Mortgage companies.
- g. Title insurance companies.
- h. Investment companies.
- i. Industrial banks (Morris Plan companies).
- j. Land banks.
- k. Credit unions.
- l. Personal loan companies.
- m. Foreign banking corporations.

3. Private Banks

II. Functional Banking Types:

1. Commercial, e. g., national banks and state banks.
2. Savings.
3. Trust (or fiduciary).
4. Investment, e. g., securities companies and bond houses.
5. Mortgage, e. g., title and mortgage companies, and building and loan associations.

6. Reserve (central or bankers') banks, e. g., Federal Reserve banks.

III. Functions of, and facilities offered by, a metropolitan commercial bank:

1. To receive demand and time deposits.
2. To pay out money.
3. To discount notes, acceptances, and bills of exchange.
4. To lend credit by making advances, and by issuing letters of credit and accepting bills drawn thereunder.
5. To transfer money at home and abroad.
6. To make collections and facilitate exchanges.
7. To issue circulating notes (restricted to Federal Reserve banks, and national banks).
8. To issue drafts, cashier's checks, and certified checks.
9. To invest in Government or other securities.
10. To deal in gold coin and bullion.
11. To deal in foreign exchange.
12. To act in individual and corporate trust capacities.
13. To act as depository and fiscal agent for the Government (national banks) and any of its civil subdivisions (national and state banks).
14. To receive special deposits and furnish means for the safe-keeping of valuables.
15. To act as insurance agent (by national banks in towns of less than 5000).

AN analysis of the banking laws of the United States and of the various states reveals the fact that no less than twenty distinct bank organization types are now doing business in this country. These are shown in the above outline. In addition to the

banking types indicated above, moreover, and beyond the jurisdiction of the supervising bank authorities are the investment bankers, stock exchange brokers, note brokers, foreign exchange brokers, commercial credit companies, and pawnbrokers, which are not usually

subject to regulation other than that provided through licensing. In view of this range of diversity, it is not surprising that business executives, banking students, and even bankers themselves, should be somewhat confused as to what all this means.

Perhaps the best method of accounting for these numerous types of bank organizations is to show the origin of the need for particular banking facilities. This may be accomplished by visualizing the progress of a typical successful business man from the time he enters his business career until he attains financial independence and retires from active business life.

Normally, the first bank relationship of the average individual is with a savings institution. The young man who first enters business as an employee has only a small surplus for savings, and is not yet ready or sufficiently well-informed to invest his earnings more profitably, and yet safely. While savings banks furnish the chief specialized machinery for collecting and investing small savings, many state banks, national banks, and trust companies make a bid for this business from the salaried man and wage-earner.

As the young business man advances his position and income, he finds that a checking account is advantageous, if not almost indispensable. By establishing small credit accounts with the grocer, department store, and haberdasher, he is beginning to build up a credit reputation in his community which will be of great importance later on.

Continuing in the assumption that the young business man is successful, at some time not far distant, he may decide to inaugurate a business of his own. The accumulated savings in his savings and checking account are sufficient for his capital needs at the outset, and by changing his status from employee to employer, his checking account loses its purely personal character, and becomes a business or commercial account.

As the business which has been started grows, more capital is required for expansion of operations. Where-

fore the officers of a commercial bank are consulted. If these officers have confidence in the prospective borrower's integrity and ability, and in the soundness of the enterprise as shown by comparison of the financial statements over a period of years, the loan will be made. Thus, the lending function of the commercial bank is called into being.

In a number of years the business may find an outlet for its products in various foreign markets. An export department is organized, and it becomes necessary to engage the services of a bank which will purchase bills of exchange drawn on foreign buyers, or which will grant letters of credit permitting such buyers to draw against the credit thereby established. National banks, state banks, and (in most states) trust companies, engage in buying and selling foreign exchange, and in accepting and discounting foreign bills. In addition, foreign banking corporations have been created under both Federal and state laws for the exclusive undertaking of this kind of business.

In the meantime, the successful business man has been making an income considerably in excess of his current needs. He desires to invest this surplus more profitably and in larger amounts than is possible in a savings bank. This need is fulfilled by investment banks which sell bonds and other securities; by mortgage companies which sell their certificates and bonds and mortgages with or without their guaranty; and by nearly all classes of banking institutions who are prepared to furnish advice in all matters pertaining to investments.

With the development of investment facilities undertaken by various classes of banks there enters a necessary accompaniment, i. e., the furnishing of safe deposit boxes for the safe-keeping of valuable papers. Safe deposit companies exist as separate corporations or are operated as an adjunct to a national bank, state bank, or trust company.

The satisfaction and social distinction enjoyed by home ownership is certain to motivate the successful business man. But most of his surplus has been rein-

vested in the business or else securities have been bought with the intent of creating a reserve of collateral power for use in case of emergency. To build a home, therefore, will require outside financing, and this will probably be managed by giving a mortgage upon a lot which has previously been purchased. A mortgage loan may be granted by a title and mortgage company, savings bank, state bank, or national bank. Or, by becoming a member of a building and loan association, funds for the purpose of home building may be obtained on especially easy terms.

Later in life the business man may wish to retire. Without relinquishing ownership in his business, he may appoint a trust company to administer his business affairs, to collect dividends and coupons from bonds, to receive mortgage interest, to care for his real estate, and to collect the rents therefrom. Instructions may be left to remit the proceeds from each source of income wherever the creator of such a trust, known as a living trust, may be.

Having amassed a competence for his wife and children, he will also wish to leave his property in such a way as to serve their best interest. This will require a trust service culminating in the execution of a will. If there is no will, then the services of a trust company will be required in the form of an administrator.

During the past ten years, bank legislation has progressed rapidly, and several important new bank types have been created. Among these are the Federal Reserve banks, Federal land banks, and the foreign banking corporations. The leading features of these three systems will be the subject of as many articles at a subsequent date. The Federal land banks which form a part of the rural credit system, and which are now receiving renewed attention, were created to provide farmers with a means of financing the purchase of land and equipment on easier terms and at lower interest rates than was possible through the means formerly available.

Recent bank legislation has tended to eliminate the chief differences between the three principal bank organization types—national banks, state banks, and trust companies. In most states, trust companies are permitted to engage in commercial banking. Conversely, state and national banks are allowed with certain restrictions to establish trust departments. As a result of being placed on an equal footing with substantially equal powers in the solicitation of business these three types operate on an even plane of competition.

Thus, in the larger cities, one finds national banks, state banks, and trust companies performing practically all varieties of banking service. Whatever financial needs customers have found accommodation there. In effect, the great metropolitan banks are veritable financial department stores, which endeavor to supply not only such banking services as they are specifically empowered to perform by law, but to supplement these services with many refinements not enumerated in the law.

READING ASSIGNMENT

J. T. Holdsworth: *Money and Banking*, Chap. 10. (Brief treatment of the various functions of different kinds of banks).

Langston & Whitney: *Banking Practice*, Chap. 1. (On how to organize a national bank).

L. H. Langston: *Practical Bank Operation*, Chap. 1. (Functions of a large commercial bank).

Clay Herrick: *Trust Companies*, Chap. 2, 3, 4, 17. (Organization and functions of trust companies with digest of laws of various states).

W. H. Kniffin: *The Business Man and His Bank*, Chap. 2. (Types of banking institutions).

SUPPLEMENTARY READING

For those who wish to undertake a more thorough study of the subject:

R. B. Westerfield: *Banking Practice and Principles*, Vol. 1. (Complete analysis of bank types by function and organization).

Pratt's *Digest of Federal Banking Laws* (edited annually).

Morgan & Parker's *New York Banking Law* (edited annually).

QUESTIONS

1. Contrast a national bank with a state bank in the following particulars: (a) where application for charter must be made, (b) kind of business transacted, (c) note issue, (d) minimum capital, (e) reserve requirements, (f) Federal Reserve bank relations, and (g) examinations.

2. Name the banking institutions under Federal, and those under state, charter.

3. Briefly explain the nature of the business undertaken by each of these banks.

4. Name ten functions of a commercial bank.

5. Classify banks into six functional types.

6. Besides the banks above mentioned, what other financial institutions are there which are beyond the jurisdiction of the supervising bank authorities?

7. What steps are involved in the organization of a national bank?

8. To what officials should an application for a national bank charter be sent? In the case of a state bank?

9. Name the principal bank organization papers.

10. If you were to open a bank in your community, how would you determine what kind to establish?

11. What official body supervises the operations of (a) national banks, (b) state banks, (c) trust companies, (d) private banks, and (e) Federal Reserve banks?

12. What two kinds of savings banks are there?

13. What other kinds of banks are permitted to receive time deposits and to pay interest thereon?

14. What is the maximum amount of deposits which a savings bank in your state can receive from a single customer?

15. Why should this amount be limited?

16. What is the primary purpose of building and loan associations?

17. What particular needs do the Morris Plan banks fulfill?

18. What facilities do trust companies offer?

19. Under what conditions may national and state banks establish trust departments?

20. To what body must a national bank apply for trust powers?

21. Can all banks make real estate loans? If not, which?

22. Postal savings banks were created to accomplish what object?

23. What two separate land bank systems are in operation in this country?

24. From what different bank types is it possible for a farmer to borrow for the purpose of financing the purchase of land?

25. What two facilities of banking institutions provide for the safe-keeping of valuable papers, and what are the comparative merits of these facilities?

26. Is a national bank permitted to operate safe deposit boxes?

27. Under what laws may foreign banking corporations be organized?

28. What tendencies may be noted in recent banking legislation?



Re-Investment of Victory Note Proceeds

THE problem many of our citizens are now pondering is to keep the proceeds just received from their maturing Victory Notes at work in as satisfactory a manner as was afforded by their original investment.

The Government has sounded many warnings to the people against investing money without careful investigation and is reiterating its advice now. The same old sharpers and swindlers are trying to cash in on as much of the Victory Note proceeds as possible.

Absolute protection for Victory Note funds will be guaranteed and satisfaction assured if such money is re-invested in United States Treasury Savings Certificates. Investment in the

Certificates up to \$5000 of any annual series, may be made by any individual.

Treasury Savings Certificates are issued in denominations of \$1000, \$100 and \$25, which are sold on a discount basis at prices of \$820, \$82, and \$20.50 respectively. They run for five years but are redeemable on demand with interest.

Victory Note holders who wish to continue their safe and sound investment with the Government will find these Certificates on sale at their local post-offices, where they may obtain descriptive leaflets or have the advantageous features of the securities explained to them by the postmaster.

An Adventure in Publicity

By O. R. Johnson

Of the Collins Service

IF you could run a newspaper advertisement that would be republished later on by two magazines and two newspapers, and that would be read at a banquet of business men whose accounts you wanted badly, and which would bring to your desk letters of appreciation and commendation from influential executives—would you do it, if the advertisement boosted a business not your own?

That is what happened to an advertisement published recently in a local paper by the Security State Bank, Keokuk, Iowa.

Perhaps it will be best to go back to the beginning, and tell the whole story in words of M. E. Tate, vice-president and cashier of the bank.

"Here in Lee County we have a pig club distinctive for two reasons: It is the largest club, and has the longest name, of any pig club in the world. Its name is the Lee County Hampshire Swine Breeders Association Pig Club.

"Many of its members are customers of this bank, but we have not made any special efforts to solicit business from the club members, since that would have meant concentrating more upon farmer's business than we have thought profitable. However, we have always been very much interested in the club's work, and supported it whenever possible, for we could see the splendid results from their efforts.

"Last January we thought it would be a good idea to take some official recognition of its third anniversary, and so asked our advertising agents for suggestions. They prepared copy for a newspaper advertisement as follows:

HAPPY, HEALTHY LITTLE PIGS

Happy, healthy little pigs have contributed a great deal to the happiness and prosperity of many residents of Lee County. And many more pigs could be raised to the advantage and profit of many more people. To raise pigs to the greatest advantage,

join the Lee County Hampshire Swine Breeders Association Pig Club and cooperate with a large group of people who have the same interests as yourself. Their experience and cooperation can mean a great deal to you.

MEETING AND BANQUET

This evening the third annual meeting and banquet of the Lee County Hampshire Swine Breeders Association Pig Club will be held at the Trinity M. E. Church. This is the largest pig club in Lee County, the largest in the state, the largest in the world!

This club has been an influential factor in the development of this section of the state. It has demonstrated to many people the advantage and profit of cooperation, and it has fostered and encouraged in many ways the application of the most modern principles of agriculture and stock-raising.

SECURITY STATE BANK
Eighth and Main Streets

"Now, this advertisement is nothing remarkable, so far as copy goes. The best line in it is the caption, and as that was displayed boldly, it undoubtedly did attract attention and stimulate interest.

"So far as we can tell, that advertisement is the most profitable we have ever run. It is the advertisement mentioned in the first paragraph, republished four times, responsible for many letters of appreciation, and brought to us the attention of every member of the club, a large group of people in and around this community whose good-will is of inestimable value to us.

"The first inkling we had that anything unusual had occurred was when the following letter turned up in the morning's mail:

Lee County Hampshire Swine Breeders Association, Keokuk, Ia.

February 1, 1923.

M. E. Tate, Cashier,
Security State Bank,
Keokuk, Ia.

Dear Mr. Tate:

Your splendid advertisement, appearing in last night's "Gate City", was read by

everyone at our annual meeting, and I know you would have been pleased to have heard the favorable comments.

On behalf of our Association, permit me to thank you for giving such favorable publicity to our work.

Yours truly,
(Signed) C. D. STREETER,
Secretary.

"Naturally, we were pleased. We expected to have the advertisement come to the attention of club members, of course, but that we should get as much recognition as this never occurred to us.

"The following day we received another letter, this one from the treasurer of the club, expressing his appreciation of our advertisement.

"Several days later a letter arrived from one of the officers of "The Hampshire Advocate", Peoria, Ill., which said in part:

If more bankers throughout the country would get a little of this spirit, both their banks and the business of their farm customers would be better.

"That was our first intimation of more than purely local interest in the advertisement, but we soon had additional evidence showing how effective was this single piece of advertising copy.

"This evidence came to us in the form of a half-column article in our local paper, quoting an article published in the *Chicago Daily Drovers' Journal*, issue of February 8, which said:

This is about as fine a bit of coöperation on the part of a bank or other business concern that has ever come to our attention. Recognizing the value of the work of the pig club, the bank spent its own good money to boost it along. Such coöperation creates a good feeling on all sides, helps a worthy work, and contributes to the up-building of the community. Done in the right way, there can hardly be too much of it in any community.

"It is interesting to consider what may have been the reasons for the wide

recognition given this advertisement.

"As I see it, two facts are responsible for its wide publicity. The first one, but in my opinion only an incidental one, is that it gave public recognition to a group of people who seldom are noticed: members of coöperative farmer enterprises, far more used to hard work and hard knocks than anything else.

"The second reason, and the important one, is that the advertisement is so obviously and unmistakably altruistic. There is no sly hint or gentle innuendo to the effect that certain persons' business would be appreciated. There is no boasting or bragging, and no attempt is made, clever or otherwise, to imply that this bank was responsible for this club's being the largest in the world.

"Indeed, I venture to say that the principal reason for the non-appearance of these things in the advertisement was the fact that the publicity was given absolutely in good faith, and that fact is evident in the copy.

"The experience was a very valuable one to us, in more ways than one. In the first place, we're going to be very careful hereafter to make certain that boasts and exaggerations do not creep into our copy. Instead, we're going to place the emphasis upon our customers and their interests, and go light on the bank. The bank is absorbingly interesting to us, but I'm not so sure now that it's of genuine interest to our customers.

"The second valuable conclusion is that we've shown what some of the possibilities are, in a business way, for this bank among the farmers, and we've already started a special campaign for their business.

"There may be nothing new to other bankers upon this point, perhaps, but we are convinced that there are few banks in the country whose advertising wouldn't be the better if the bragging and exaggerations were eliminated, and genuine sincerity of thought and feeling substituted for them."



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 Held Liable for Customer's War Savings Stamps Stolen From Its Vault

Miller v. Bank of Holly Springs, Supreme
Court of Mississippi, 95 So. Rep. 129.

THE plaintiff, a customer of the defendant bank, left with the bank for safe keeping, War Savings Stamps of the maturity value of \$1000, which he had purchased through the bank.

The bank had a Corliss safe, in which it kept its money, Liberty Bonds of its customers and other valuables. It also had a steel lined vault in which it kept as special deposits the War Savings Stamps of its customers and other valuables. The stamps were placed in this vault.

The plaintiff, hearing of a number of bank burglaries throughout the country, resulting in the loss of Liberty Bonds and War Savings Stamps, became concerned regarding the safety of the stamps which he had left in the custody of the bank. He spoke to the president of the bank about the matter and the president told him that, if he would permit the stamps to remain in the bank, the president would, in order to assure their safety, put them in the Corliss safe, where the bank's money was kept. The plaintiff thereupon agreed that the stamps should remain in the bank. The president, however neglected to place the stamps in the Corliss safe. Some-time later, the vault was burglarized and the plaintiff's stamps were among the property stolen. The safe was not broken into by the burglars.

The plaintiff brought suit against the bank to recover the value of his stamps. In the first place, the bank contended that receiving the stamps for safe keeping was not within its charter powers. It appeared, however, that the bank's charter authorized it to receive

on deposit gold or silver coin, bullion, bank notes, treasury notes, "or other valuable thing". The court held that this charter provision authorized the bank to receive for safe keeping, as special deposits, valuables belonging to its customers.

The bank then contended that, as it had received the stamps for safekeeping without compensation, it was a mere gratuitous bailee and not liable to the plaintiff unless it could be shown that the loss was the result of the bank's negligence. Of this point, the court held that, while the bank did not actually charge for keeping the stamps, its agreement to keep the stamps was based on a sufficient consideration. It pointed out that the object of banks in receiving such deposits is to induce the depositors to keep with the bank their checking accounts, time deposits and savings accounts. The plaintiff was a regular customer of the bank and kept his checking account with it. It was held that this was a sufficient consideration to support the bank's agreement to safeguard the stamps.

The contract was one of "special" bailment. The bank agreed to keep the stamps in a particular place. Its failure to keep the stamps in that place, that is, in the Corliss safe, was a breach of its contract and, as a result, it became liable to the plaintiff for the return of the stamps or their value.

OPINION

Action by John M. Miller against the Bank of Holly Springs. From a judgment for defendant, plaintiff appeals. Reversed and remanded.

ANDERSON, J. Appellant, John M. Miller, sued appellee, Bank of Holly Springs, in the circuit court of Marshall county for the value of United States War Savings Stamps owned by him of the maturity value of \$1000, which appellee held as a special deposit, and

failed to return to appellant on demand because of the fact that its bank vault where said stamps were kept had been burglarized and said stamps stolen therefrom. At the conclusion of the evidence there was a directed verdict in favor of appellee, and judgment accordingly, from which appellant prosecutes this appeal.

A reversal is asked upon that action of the court. Therefore the evidence must be treated as proving every fact favorable to appellant's case which it either proves or tends to prove. So considering the evidence, appellant made the following case: Appellee had in its bank a Corliss safe, in which it kept its money, Liberty Bonds of its customers, and other valuables. In addition it had a steel lined vault in which it kept as special deposits the War Savings Stamps of its customers as well as other valuables. In June, 1918, appellant purchased through appellee United States War Savings Stamps of the maturity value of \$1000, which he left on special deposit with appellee for safekeeping. These stamps were placed by an officer of the appellee in its said vault. In the summer or early fall of 1919 the vaults of a good many banks over the country were being burglarized, and United States Liberty Bonds and War Savings Stamps stolen therefrom. Appellant, learning of this fact through the public press, approached Mr. Fort, who was the active president of appellee bank as well as a director therein, and stated to him that, in view of these burglaries, he was uneasy about his War Saving Stamps remaining in appellee's said vault, and therefore desired to remove them to another bank for safe-keeping. Mr. Fort in response stated that, if appellant would permit stamps to remain in appellee bank, he would, in order to assure their safety, put them in the Corliss safe, where the money of the bank was kept; and in this connection stated that it would take a burglar twenty-four hours to get into said Corliss safe. Thereupon appellant agreed that the stamps should remain on deposit with appellee upon condi-

tion that they were put in that safe. In November, 1919, appellee's vault was burglarized, and the appellant's stamps stolen therefrom, appellee having failed to place them in its Corliss safe as agreed, which was not burglarized, and therefore appellant's loss was caused by appellee's breach of its agreement.

Appellee contends that under the provisions of its charter the action of its officers in receiving special deposits of this character was *ultra vires*, for the reason that its charter did not authorize it to receive that character of deposits. Section 4 of appellee's charter among other powers confers on appellee (quoting its language):

That said company shall be authorized to receive on deposit, in any sum not less than one dollar in value of gold or silver coin, bullion, bank notes, treasury notes, or *other valuable thing*. (Italics ours.)

We are of the opinion that United States War Savings Stamps come within the language as well as the intent and purpose of appellee's charter. "*Other valuable thing*" is very broad and comprehensive. It is sufficient to include anything of value which is ordinarily deposited with banks for safe-keeping. And, furthermore, appellee's managing officers so construed its charter, and in dealing with its customers acted on such construction; therefore, if there were any ambiguity in its charter in that respect, such construction would control as between appellee and its customers relying thereon.

Appellee contends that said contract of deposit was without consideration moving to it; therefore it held said deposit merely as a gratuitous bailee, and is not liable to appellant for its loss unless such loss was caused by appellee's negligence, and, there being no evidence of such negligence, the action of the trial court in directing a verdict for appellee was authorized. On the other hand, appellant contends that said contract was one of special bailment, with sufficient consideration to support it, and appellee, having violated its terms, is liable to appellant for the loss suffered by him as the result of such

breach, and that whether appellee was negligent or not in handling said stamps has no bearing on the question of its liability to appellant. Was said contract based on a sufficient consideration in law? If it was, appellee is liable to appellant for his loss, regardless of the fact that it took the same care of appellant's stamps that it did of its own and those of its other depositors, and regardless of whether such care constituted negligence or not, for the contract was binding according to its terms.

The evidence shows that appellant was a regular customer of appellee, not only as a special depositor, but as a general depositor with a checking account. The court knows and will take judicial notice of what is a matter of common knowledge, that receiving and keeping for their customers special deposits of valuables of the character here involved is a large and very important part of the business of banks; the main purpose being to induce such depositors to keep with them their surplus moneys on checking, time deposit, and savings accounts. In fact a bank, refusing its customers such facilities for the safe-keeping of their valuables, would be at a great disadvantage in competing with other banks furnishing such means.

There is a sufficient consideration for a promise if there be any benefit to the promisor or any loss, detriment, or inconvenience to the promisee. The consideration to be sufficient in law need not be adequate. The consideration is sufficient if the person to whom the promise is made refrains from doing anything which he has the right to do, whether there be any actual loss to him or actual benefit to the party making the promise or not. 13 C. J. § 150, pp. 315, 316; Lawson on Contracts (2d Ed.) §§ 98, 99, pp. 116, 117. The latter authority in section 99, page 117, illustrates the principle thus:

If A. promises B. to pay him \$5 if he will not eat a dinner or \$10 if he will not wear his best coat for a day, B.'s abstaining from eating his dinner and refraining from wearing his coat is sufficient to support A.'s promise, for B. has a legal right to do both of these things. In a New York case, an

uncle promised a nephew that if he would refrain from drinking liquor, using tobacco, swearing, and playing certain games for money until he came of age, he would pay him \$5000. The nephew kept his side of the bargain, but, when sued for the money, the uncle claimed that the agreement was not founded on a valid consideration. But the court said: "It is sufficient that he restricted his lawful freedom of action within certain limits upon the faith of his uncle's agreement."

In discussing the question as to what was necessary to constitute a sufficient consideration to uphold a promise, this court in *Byrne v. Cummings*, 41 Miss. 192, said:

Any benefit resulting to the party promising, by the act of the promisee, is a sufficient consideration. And it is not essential that there should be any adequacy in point of actual value, but a slight benefit will be sufficient.

So also any loss, trouble or inconvenience sustained by the promisee, at the instance of the person making the promise, will be a good consideration, although such trouble, loss or obligation be of a trifling description, provided it be not utterly worthless in law and fact; and although the person making the promise obtain no benefit or advantage from the performance of the stipulated act by the promisee. These principles are to be found in every elementary treatise on the law of contracts.

And in *Magee v. Catching*, 33 Miss. 672, it was said:

The law never looks to the amount of the consideration to uphold a contract, so that there is a consideration, though trivial, moving the parties. Loss or injury to one of the parties, or benefit to the other, may be a sufficient consideration.

Applying those principles to the case here: Appellant had the right to remove his War Savings Stamps to another bank than appellee's for safe-keeping. Appellee induced appellant to refrain from doing so by promising to remove said stamps into its Corliss safe and there keep them. It seems clear that under the authorities referred to there was sufficient consideration for said contract, and it bound appellee to do what it therein agreed to do. This identical question was involved in *Tallahatchie Compress & Storage Co. v. Hartshorn*, 125 Miss. 662, 88 South.

278, 17 A. L. R. 974. That was a suit for damages by Mrs. Hartshorn against the compress company for a breach of contract for the storage by the latter of cotton belonging to her. The compress company was engaged in storing and compressing cotton. Its warehouse contained a brick compartment and a wooden compartment. Mrs. Hartshorn considered the latter unsafe, and declined to store her cotton with the compress company unless it was put in the brick compartment, which the compress company agreed to do, but failed to do; and a fire in the compress destroyed said wooden compartment and along with it Mrs. Hartshorn's cotton, which was therein stored, while the cotton in the brick compartment was undamaged. No contract was shown by which Mrs. Hartshorn agreed to pay any more than the ordinary storage rate. The court held that the contract involved was one of special bailment, and the compress company, having breached it, was liable for Mrs. Hartshorn's loss. The court said, among other things:

When a warehouseman agrees to store goods in a particular place and complies with his contract, he is, of course, not liable for the loss of these goods, unless this loss be due to his negligence. This rule is elementary. But when he agrees to store goods in a particular place and stores them in a different place, he has breached his contract of bailment, and is therefore responsible for the return of the goods or for their value. He stores them in a different place at his own peril. This rule is thus laid down in Elliott on Contracts, vol. 4, § 3100: "The warehouseman must comply with the contract of storage. If he has contracted to store goods in a specified warehouse, or in a particular place, and stores them in a different place, it is at his own risk, and he is liable for any injury which occurs, even without his own negligence."

In the case now before the court we have not a general contract of bailment, but a special contract of bailment. The care to be exercised by a bailee under a general contract of bailment is fixed by law, while the obligations of the parties under a special contract of bailment are fixed by the terms of the contract itself. We think the authorities referred to by counsel touching the care

to be exercised by a bailee for hire, as well as a gratuitous bailee under a general contract of bailment, are without application here; for this contract comes within the definition of neither of those. By the bailment here involved appellant simply agreed to refrain from removing his War Stamps from appellee's custody upon condition appellee would in the future keep them in its Corliss safe, which appellee agreed to do. In our judgment this was a binding contract, and appellee is liable to appellant for the loss he sustained because of the breach thereof by the former.

Reversed and remanded.



Payment of Check After Drawer's Death

Burrows v. Burrows, Supreme Judicial
Court of Massachusetts, 137 N. E.
Rep. 923.

A bank depositor delivered to her daughter a check drawn on a bank for the sum of \$700, payable to the daughter's order. While the check was delivered on April 12, it was dated April 16. The drawer of the check died on April 13. Notwithstanding this fact, the daughter presented the check to the drawee bank on April 16 and it was paid.

In this action, the drawer's administrator sued to recover the proceeds of the check from the daughter and it was held that the administrator was entitled to recover.

Under the provision of the Negotiable Instruments Law, a check does not operate as an assignment. The mere delivery of the check does not constitute a valid gift. A check is simply an order and is revoked by the drawer's death before payment or certification.

It was held that the fact that the drawer delivered her pass book to her daughter at the time of giving her the check did not make the transaction a

valid gift in favor of the daughter. A pass book representing a checking account stands upon a different footing in this regard from a pass book representing a savings account. In the case of a savings bank account, the delivery of a draft on the bank, together with the delivery of the pass book, is held to make a valid gift.

OPINION

Action by Elmer F. Burrows, administrator, against Gladys T. Burrows to recover the proceeds of a check claimed by defendant as a gift from plaintiff's intestate. From an order of the Appellate Division vacating the finding of the trial judge and ordering judgment for plaintiff, defendant appeals. Affirmed.

CROSBY, J.—This is an action brought by the administrator of the estate of Mabel E. Burrows to recover the proceeds of a check, drawn by the intestate against a deposit of the intestate in the commercial department of the Commonwealth Trust Company, and payable to the order of her daughter, who is the defendant. The husband of the intestate is the plaintiff. The circumstances respecting the making and delivery of the check briefly stated are as follows:

The intestate, who had been in poor health, went to Florida, where she stayed from December, 1919, until April, 1920. She was accompanied by the defendant. The latter testified that on April 12, 1920, they boarded a train in Florida to return to their home in this commonwealth; the next morning while on the train the mother complained of being ill; that she then told the defendant to get her check book, pen and bank book and bring them to her; that her mother then made the check in question, dated April 16, 1920, payable to the order of the defendant in the sum of \$700, and said to her, "Gladys, this is for you. I want you to have it. You are young and you will need it," and handed her the check, together with her pass book issued by the trust company. She further testified

that her mother died on the night of April 13, 1920, while on the train; that she kept the check and pass book until she cashed the check at the trust company on April 16, 1920; that the money on deposit with the trust company was money her mother had earned and saved and deposited in her own name.

The question is whether the defendant is entitled to retain the proceeds of the check, or is bound to account therefor to the administrator of her mother's estate.

There is no evidence which would warrant a finding that there was any valuable consideration for the delivery of the check. Although the defendant's counsel contends that the trial judge may have found that the defendant, being of full age, did not accompany her mother to Florida and minister to her wants without expecting to be paid for her services, there is no evidence to support that contention. The claim that the delivery of the check to the defendant was a valid gift either *inter vivos* or *causa mortis* cannot be sustained, nor could it be held to be a valid equitable assignment of the "entire deposit," even if it appeared that the check was for the entire deposit.

General Laws, c. 107, § 208, defines a check as follows: "A check is a bill of exchange drawn on a bank payable on demand." Section 212 provides that—

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

Carr v. National Security Bank, 107 Mass. 45, 9 Am. Rep. 6; Beauregard v. Knowlton, 156 Mass. 395, 31 N. E. 389.

If the check was for a sum equal to or in excess of the whole amount of the deposit due the intestate, instead of for a part of it, the provisions of section 212 would not be rendered inapplicable. As the check of itself did not operate as an assignment of any part of the funds, it did not so operate as to the

whole of them; in other words, section 212 applies to the whole fund on deposit as well as to part of it. The general rule is well established, in this and many other jurisdictions, that the mere delivery of a donor's personal check or promissory note of itself does not constitute a valid gift, as it is revocable at any time before its presentation for payment, and is revoked by the death of the donor. *Parish v. Stone*, 14 Pick. 198, 25 Am. Dec. 378; *Pierce v. Boston Five Cents Savings Bank*, 129 Mass. 425, 37 Am. Rep. 371; *Gerry v. Howe*, 130 Mass. 350; *Bartlett, Petr.*, 163 Mass. 509, 514, 515, 40 N. E. 899; *Mason v. Gardner*, 186 Mass. 515, 71 N. E. 952; *Beak v. Beak*, Law Rep. 13 Eq. (1871-1872) 489.

The delivery by the donor to the defendant of the bank pass book with the check did not make the gift valid. By delivery of a savings bank book a gift may be shown, and may be proved by the presentation of the bank book unaccompanied by an assignment. The reason for this is because of the peculiar character of such a bank book, as was pointed out in *Pierce v. Boston Five Cents Savings Bank*, *supra*; *Foss v. Lowell Five Cents Savings Bank*, 111 Mass. 285. An ordinary pass book, however, stands upon a different footing. Its production is not necessary to

the withdrawal of funds; the presentation of a check or other order being required for that purpose. The production of the pass book will not entitle a depositor to withdraw any part of his deposit.

The death of the drawer before the check was presented for payment operated as a revocation of the order and rendered it invalid either as a gift *inter vivos* or a gift *causa mortis*. Cases which relate to gifts by a donor of promissory notes or other choses in action of third persons stand upon a different footing and have no application to the facts in the case at bar. *Grover v. Grover*, 24 Pick. 261, 35 Am. Dec. 319; *Slade v. Mutrie*, 156 Mass. 19, 30 N. E. 168.

General Laws, c. 107 § 17, protects a bank from liability by permitting it to pay a check or demand draft drawn on it by a depositor having funds on deposit to pay the same, notwithstanding his death, upon presentation within ten days after its date; this statute does not affect the rights of the parties in the case at bar.

The order of the Appellate Division vacating the finding of the trial judge and ordering judgment for the plaintiff for \$689.83 must be affirmed.

So ordered.

"SAVING money is largely a matter of habit, and people who make a good beginning at it presently discover that it is by no means impossible and it is altogether a good thing to do. Just at this juncture in the world's and our country's affairs it is certainly one of the most useful contributions that people could possibly make to putting the world right. I do not believe that there is any other way to straighten out the tangle of financial and economic concerns into which the world has been precipitated by the war, except to produce a good deal more than we consume, which means, to save, and by our savings to re-establish the world's stores of working capital."—WARREN G. HARDING.

(From a letter received by Earl R. Obern, assistant cashier of Old National Bank, Battle Creek, Mich.)

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: Kindly advise me the best and quickest method of analyzing a customer's statement and the statement of a corporation issuing bonds, etc.—W. M. G. D.

ANSWER: This question is so broad that it can not be answered thoroughly in these columns. It covers a good portion of the entire field of credits. A great many books have been written on this subject alone, and we would suggest to W. M. G. D. that he obtain a copy of one of these and go into the subject thoroughly for himself. Several valuable books on statement analysis are the following: "Commercial Paper, Acceptances and Analysis of Credit Statements" by William H. Kniffin, Jr.; "The Bankers Credit Manual" by Alexander Wall; "The Four C's of Credit" by William Post; "Commercial Paper" by Babson. The Robert Morris Associates of Lansdowne, Pa., also issue from time to time some very interesting statistics bearing on the analysis of statements which should be of considerable value to anyone making a study of credits.

As a preliminary supplement to the above, we might mention a few elementary principles in statement analysis that may serve as a guide to W. M. G. D. These we will put down at random, as they would probably occur to any credit man in making a quick analysis of a statement.

In the first place, the credit analyzer must segregate the current assets and current liabilities from the slow assets and slow liabilities. Without attempting to make fine distinctions (such as between "current" and "quick" assets) we will say that current assets consist of cash, accounts receivable, notes and acceptances receivable, merchandise, Liberty Bonds and in general all other collectible debts due the subject concern which have a maturity date of less than one year. Receivables due from officers, stockholders or subsidiary companies, how-

ever, are with but few exceptions classed as slow. Current liabilities consist of Notes and Bills Payable, Accounts Payable, Acceptances Payable, and other current obligations which will come due within the course of a year.

After segregating the above the credit man determines his "current ratio", i. e., the ratio of current assets to current debt. As a general rule he sets as a standard a ratio of at least "two for one", that is, \$2.00 of quick assets for every \$1.00 of quick debt. The two for one rule, however, is elastic and varies greatly with the type of business and the liquidity of the current assets shown on the particular statement. If the business is a staple one and the commodity sold a necessity, the credit man will not require as high a ratio as he will in a business in which the demand is subject to wide fluctuations and the commodity is a luxury or a novelty. Examples of two widely different types of business are those of a wholesale grocery house and a millinery establishment. The former is staple, the latter variable. Women may change their ideas of styles in hats overnight, whereas a can of Campbell's Soup is generally a can of Campbell's Soup under any conditions. In a business in which the receivables are usually liquidated within the selling period and the merchandise turnover is rapid, the credit man will not demand as high a current ratio as he will in a business in which accounts run past due and merchandise turnover is slow. In the latter he will generally want considerably more than a two for one ratio.

If the bank credit man observes that the current ratio does not represent two for one, he at once looks to see if the amount owing to banks exceeds the net working capital. (By net working capital is meant the excess of current assets over current liabilities). If such is the case it is evident that the banks are furnishing part of the permanent capital for the business, which does not come within a bank's functions. A portion of the debt to banks in such a case

should be replaced by an increase in the concern's fixed debt—i. e. through the raising of additional permanent capital by the issue of stock, etc.

Do cash and receivables equal current debt? Credit men instinctively look to see if this is the case and the affirmative usually indicates a sound current position with adequate working capital. If cash and receivables do not equal current debt, does it take more than 20 per cent. of the merchandise to offset the excess of current liabilities? If the latter is the case to any particular degree, it is generally a danger signal; either the concern's quick debt is too heavy or its quick assets are not properly balanced. It must be remembered that merchandise is not as liquid an asset as receivables and that in times of business depression a company's inventory may be only a little quicker asset than its real estate.

What is the proportion of cash to current debt? A strong cash position is always a favorable sign; a weak one never lends confidence. Credit men usually like to see at least 10 to 20 cents of cash for every dollar of current debt. Cash below the former figure is a sign of weakness, whereas above the larger figure it might indicate ultra-conservatism and failure to put liquid funds into work for the profit of the business.

The credit man next figures out the proportion of sales to receivables. This ratio will indicate the degree of collectibility of the accounts, since by knowing the proportion he can readily determine the actual amount of receivables outstanding in number of days which in turn may be compared to the normal amount that should be outstanding as indicated by the selling terms. In the wholesale grocery business, for instance, (selling terms 2%/10/30), a comfortable conditions of affairs is indicated if at the end of the current month only 25 per cent. of the previous month's receivables is outstanding. Thus 35-40 days' receivables outstanding on a grocery statement date would make a satisfactory showing. If the item of notes receivable on a statement seems large, the credit man will examine it closely, as notes are often taken simply as a conversion of slow accounts and hence, may be a general waste basket for more or less uncollectible debts.

What is the ratio of sales to merchandise? This will indicate the size of the inventory and whether or not the concern is stocked up too heavily; it also furnishes the basis for computing the annual merchandise turnover. Both of these are very important facts to know. Credit risks in which quick assets consist largely of inventory are invariably poor. Abnormal stocks of merchandise usually indicate either speculation or poor merchandising. The danger of a

drop in prices with attendant ruinous losses in inventory values such as happened in 1920 and 1921, leads the credit man to steer clear of such risks.

A reasonably substantial surplus is looked upon as a favorable sign since it indicates a safe equity of assets over debt. A comparison of earned surpluses over a period of years which shows a steady increase is likewise commendable; it indicates that the business is fundamentally sound since it is being operated on a paying basis. The credit manager of a well known mercantile house once said that he would rather lend his money to a small company which had shown continued earning power and progress over a period of years than to a large company which had stood still. On the other hand, a surplus that is so large as to be out of proportion to the capital invested is generally not looked upon with favor. In such a case a portion of the surplus should be capitalized so that there may be no danger of the business being suddenly crippled by the payment of large dividends out of working capital.

Other ratios which the credit man will be interested in scrutinizing are the following: (1) Ratio of reserves to total assets. This will indicate the degree of conservatism with which the balance sheet is compiled. Although the ratio of reserves to total assets varies greatly with the type of business, a normal and conservative average would perhaps be 2 cents to 3 cents in reserves to every \$1.00 of assets. Reserves for depreciation, reserves for general contingencies, reserves for taxes, reserves for fluctuation of inventory values and reserves for bad debts are examples of the types appearing on balance sheets. Reserves for taxes are, of course, treated as a quick liability. (2) Ratio of fixed assets to net worth. This will indicate the proportion of stockholders' investment in the non-current assets. The capital supplied by stockholders should take care of all the non-current assets and allow a fair margin above this for investment in the working capital of the business. Normally, there should be \$1.80 to \$3.00 in net worth to every \$1.00 in fixed or non-current assets (although this again varies greatly with the type of business). (3) Ratio of sales to net worth. This will indicate the activity of the stockholders' investment. In order to progress every business must turn its invested capital. Otherwise it is either overcapitalized, or dying a natural death of stagnation. On the other hand, when a concern gets to the point where it turns its capital too rapidly and the sales to net worth ratio increases at an alarming rate, it is overextending and needs either to retrench or increase its capital investment. A normal ratio would be \$2.00 to \$3.00 of sales to every \$1.00 of net worth. (4) Ratio

of sales to fixed assets. This indicates the vitality of the fixed assets. It very often happens in periods of inflation that too much money is tied up in plant, and with the coming of deflation and the return to normal it is found that sales activity cannot keep pace with the productive power of the plant. In other words, the volume of sales does not warrant the amount of fixed investment. A normal ratio would be \$3.60 to \$9.00 of sales to every \$1.00 of fixed assets. (This, of course, would not apply to a business in which the turnover is extremely rapid, as is the case with wholesale grocers. In the latter case we might expect to find sales of anywhere from \$9.00 to \$13.00 to every \$1.00 of fixed assets.)

In regard to the analysis of a statement showing a bonded debt, a copy of the bond indenture should, wherever possible, be in

the hands of the bank credit man. It is particularly important to know if there is any clause in the indenture which in any ways binds the company's current position. For instance, a clause may specify that if the current ratio falls below a certain figure the bonded indebtedness automatically becomes due. The credit man should also ascertain clearly on exactly what assets the bonds constitute a lien and should gauge the equity still left untouched. Could another bond issue be floated if necessary? What are the sinking fund requirements, if any, and how much do the annual interest charges amount to? Are the company's earnings sufficient to enable it to meet its fixed charges without affecting the working capital? These are all important points to know, and should be borne in mind by the credit man in making the analysis.



The New Spirit in Business

IN regard to the general business situation J. H. Puelicher, president of the American Bankers Association, in his address entitled "The New Spirit in Business", delivered before the Virginia Bankers Association, proposed better team-work to avoid ups and downs in business as a means "to maintain this splendid prosperity of 1923 indefinitely." He warned that lack of coördination of effort to the general welfare would lead to an unbalanced business situation. He said in part:

It is an unnecessarily fatalistic attitude toward business to assume that a period of prosperity must inevitably give way to severe depression. We are in the midst of sound prosperity. We have in our own hands the means to maintain a strong prosperous course of business activity indefinitely. To make prosperity permanent is the paramount duty of American bankers, business men and working men. They can do it with better economic team-work. They cannot do it otherwise.

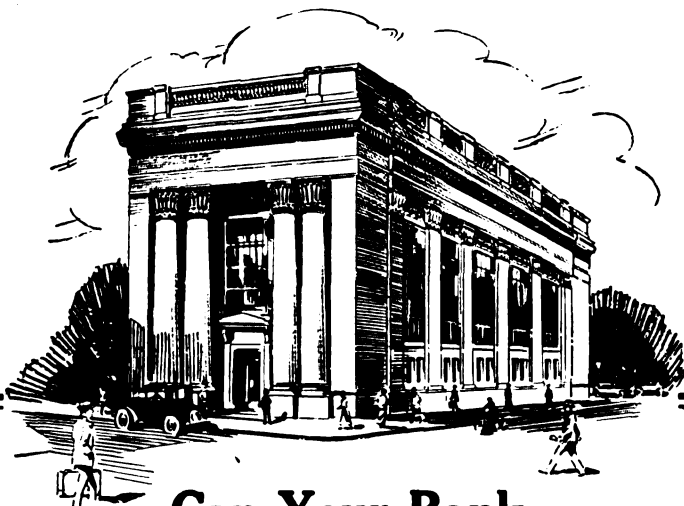
Better self-control and better team-work in business will so modify the human factor among the controlling forces that produce business ups and downs that the extremes of over-done booms and disheartening depressions will be avoided.

The Federal Reserve System has gone far toward saving business from the effects of recklessness on one hand, and panicky fears

on the other, in the use of the nation's credit resources that have characterized business in the past. It has brought better team-work to banking so that it can render better service to business.

But the Federal Reserve System is not enough. We need still greater team-work in all aspects of the inter-relations of men in business. We must have team-work that recognizes the fact that "business is service". The old days of "business is business" are passed. Only that business will endure which renders a real public service. Only that business is sound which administers to real human needs, comforts and progress. The most conspicuous part of a reaction is the crashing to earth of business based on selfish speculation, on exploitation of public emergencies, on over-trading and on stimulation of abnormal activity in many lines beyond the point of rendering real service.

Again, we must have team-work that recognizes that everyone who participates in the production, preparation and transportation of goods is entitled to a fair return for his effort, and no more. The man who raises the fruit, the man who cans it, the man who transports it, the merchant who distributes it, all perform a share of a composite public service. Team-work demands that each recognize the value of the others' shares. This means that labor be paid a fair wage, that capital be allowed to earn a fair profit. When any element attempts to take advantage of conditions to get more than its share it tends to throw the price structure out of true and weakens the whole business fabric.



Can Your Bank Go On Without You?

DURING his lifetime a certain man had carved in marble a full-sized monument of himself, for he wished to leave something by which he might be remembered always.

He was an eccentric; but not because he wished to be remembered. It was because he failed to realize that there is only one real reason for remembrance—a service to our fellowmen so established that it shall continue.

One of the most durable, substantial and lasting forms such a monument may take is a well-established banking business that has been so closely knit into the lives of the people as to stand solidly in its own strength, unshaken even when the personal-

ity of its founder is taken away.

Has your bank this characteristic? Only if it is a well advertised institution, which has extended its interests and woven them into the people's interests so closely that the institution is no longer yours alone but in an important sense theirs.

Consult The Collins Service regarding publicity that will so mold the attitude of the community toward your bank that it shall be a permanent, public institution.

The Collins Service
The Recognized Standard of Financial Advertising
 Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

JUNE 1923

Supporting the Bank's Advertising

By Minnie Ann Buzbee
Staff of the Harvey Blodgett Co.

[The incidents set forth in this article are based on actual occurrences. Names of banks or individuals have, for obvious reasons, been altered or omitted—THE EDITOR.]

FAR OUT on Riverside Drive in New York is a recently built large apartment house towering a great many stories in height. Part of it is built against a steep hill but the side facing the river is all open underneath for a depth sufficient to hold two or three stories. From a distance it would seem as if the house must surely topple over but closer observation reveals the fact that it is held up by heavy steel supports. People refer to it as "the apartment on stilts".

Every builder would know that without these "stilts" the house could not possible stand. Other things besides houses built on hill sides need props in order to prevent a crash. One of these is the advertising department of any bank, which, to achieve the maximum results, should receive the unqualified support and backing of every

person within the bank it represents; and yet—

A man moving his family from a small town to a larger city was attracted by the newspaper advertisement of a certain bank. Such a friendly, hearty spirit emanated from the advertisement that he immediately decided he would feel at home in that bank, and proceeded to call there with the intention of opening an account. Instead of the cordial welcome and the friendly atmosphere which the advertisement had led him to expect, he found the tellers and officers so frigid and indifferent that he left the bank without making the connection he had planned.

Going to another bank he was welcomed with a cheerful "Good morning. What can we do for you?" The lobby man, the tellers and the officers were pleasant and agreeable and

made him feel that they were interested in him. Before he left the bank he had opened a substantial checking account, discussed future investments, rented a safe deposit box, intimated that his wife would be in later to open an account, and had promised to send to the bank a former neighbor in his recent home who also expected soon to move to the city.

The first bank might just as well have had the account—really should have had it as the reward of its advertising. The man who wrote the advertising matter was sincere in his desire for a friendly, attentive service and personally did all he could to back up his verbal claims by actions. But his work and the money he spent were wasted by lack of co-operation. That bank paid good money for space to say one thing and then deliberately acted in the opposite way.

In a middle Western city is a bank that has become rather well and favorably known through the cordial tone of its

(Continued on page 1035)

Dominant at Home Prominent the World Over



THE FIRST NATIONAL BANK OF MINNEAPOLIS is the largest and most prominent bank in the Northwest. It is the only bank in the Northwest that has a branch in every one of the four great cities of the Northwest—Minneapolis, St. Paul, Duluth and Superior.

FIRST NATIONAL BANK
MINNEAPOLIS

Leaders of Finance



THE FIRST NATIONAL BANK OF MINNEAPOLIS is the largest and most prominent bank in the Northwest. It is the only bank in the Northwest that has a branch in every one of the four great cities of the Northwest—Minneapolis, St. Paul, Duluth and Superior.

FIRST NATIONAL BANK
MINNEAPOLIS

To Our 40,000 Patrons—

A Most Prosperous
New Year

THE FIRST NATIONAL BANK OF MINNEAPOLIS is the largest and most prominent bank in the Northwest. It is the only bank in the Northwest that has a branch in every one of the four great cities of the Northwest—Minneapolis, St. Paul, Duluth and Superior.

THE FIRST NATIONAL BANK OF MINNEAPOLIS is the largest and most prominent bank in the Northwest. It is the only bank in the Northwest that has a branch in every one of the four great cities of the Northwest—Minneapolis, St. Paul, Duluth and Superior.

FIRST NATIONAL BANK
MINNEAPOLIS

Progress

THE FIRST NATIONAL BANK OF MINNEAPOLIS is the largest and most prominent bank in the Northwest. It is the only bank in the Northwest that has a branch in every one of the four great cities of the Northwest—Minneapolis, St. Paul, Duluth and Superior.

THE FIRST NATIONAL BANK OF MINNEAPOLIS is the largest and most prominent bank in the Northwest. It is the only bank in the Northwest that has a branch in every one of the four great cities of the Northwest—Minneapolis, St. Paul, Duluth and Superior.

FIRST NATIONAL BANK
MINNEAPOLIS

A good example of the distinctive use of the reproduction of a bank's building as a trademark or label serving to give the advertising of the bank an identity and to render it readily distinguishable. The layouts in this group of advertisements are very well planned and pleasing to the eye.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JUNE 1923

THE other day we read in a local newspaper one of the cleverest advertisements we have seen in a long time. It certainly was clever! Well laid out too—the eye was caught by it right away. The illustration was good, head-line strikingly original, copy readable and all that. It was a bank advertisement. Fooled us entirely at first. We thought it was something else. Then we saw the signature cut. A bank, unmistakably. Upon more careful investigation we found two or three lines in the copy about banking.

We questioned some of our friends about this advertisement. Out of four of them outside the banking field who recalled the advertisement only one remembered the name of the bank. One of them, a rather backward person, didn't even know that the advertisement was run by a bank.



IT SEEMS to us that a bank advertisement should be recognized as such at first glance. It seems to us further that it should be recog-

nized at first glance as belonging to a *definite* bank—not just any bank.

There is a wide difference between an advertisement that is good, technically speaking, and an advertisement that is distinctive.

An emblem appropriately chosen and consistently used can lend a touch of distinction to the advertising of any bank—provided the emblem itself is distinctive.

The use of an Indian head symbol has made the advertising of a Boston bank instantly recognizable. The same thing applies to the use of an ear of corn as the symbol of the advertising of a Philadelphia bank. In each of these two cases the emblem chosen is appropriate. In each case it has been consistently used. In each case it is distinctive.

Conversely most emblems in use by banks do not give individuality to the advertising of those banks because the emblems usually have in themselves no quality of distinctiveness; that there is nothing in their make-up that renders them peculiarly appropriate for use by certain banks, or that they are not consistently used.

How many bank emblems are you familiar with to the extent that you can recall them offhand?



IN A letter which came in to the editor of this depart-

ment recently from a man outside the banking field are contained the following paragraphs:

When my bank sends me a personal card of greeting on the occasion of a holiday, why must they always add to this greeting some such stuff as "We Trust That We May Continue To Receive Your Valued Patronage During The Coming Year", or, "We Hope That You Will Drop In To See Us Oftener During The Coming Year—We Are Always Ready To Serve You"? As a matter of fact the officers of my bank don't know me from Adam's house-cat, and show just about that much interest in me when I do drop in to see them.

A man appreciates a *real* card of greeting on an appropriate occasion, and such a card has a good-will value that is not lost. But why the devil drag business in at such a time? Why not wish a man "Merry Christmas" or "Happy New Year", as the case may be, and have done with it? He'll accept the greeting in the spirit in which it is sent.

The reader may think that this man is making a mountain out of a mole-hill. That, however, is neither here nor there. The fact remains that just such a thing as this can cause real trouble. Let a man feel that his sense of propriety has been offended, and you have "started something".

If any reader of this feels that he would like to answer our friend's letter, let him do so by all means. We will try to find space for mention of the reply, or replies, in these columns.

Supporting the Bank's Advertising

(Continued from page 1035)

advertising. Its ads talked about "the bank where you feel at home", "officers who have a personal interest in you", courteous clerks', etc. It brought results, too. But unfortunately, only a few people in the bank were living up to the claims made in its advertising. A girl who was employed as cashier of a wholesale concern had a small account there and knew personally many of the banking force. Usually she sent her deposits by the clerk who took down the firm's deposit, so did not visit the bank herself very often. But when she had a building and loan stock mature in the sum of \$1000 she felt rather proud of having so much money all at one time to place in the bank and felt it was worth a personal trip.

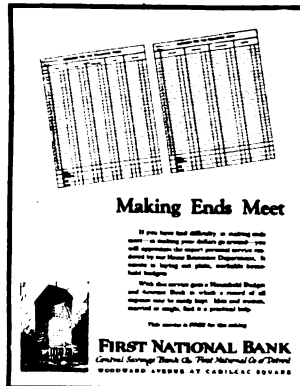
While in the lobby of the bank she told the president's secretary—a life-long friend—of her good fortune, and the secretary, sensing the importance of the occasion in the young lady's life and seeing an opportunity for the bank to

make a better customer, said "Fine! I should like Mr. Baker to know how well you've done. Come on over and let's tell him about it", and she led the way over to the president who had known the young lady slightly for some time. When told that she had managed to save \$1000 and was now bringing it over to deposit in his bank, instead of congratulating her, saying they were glad to have it, or anything pleasant said curtly, "All right. Take her over to window Number Three, Miss Martin".

The young lady was so hurt and so incensed over his indifference that she has never forgotten the incident, and although she still has a number



Inspirational copy—well laid out, well constructed and logically developed. The illustration is both suitable and helpful to the copy.



Note the apt combination of illustration and head-line in this advertisement run in the interest of the home economic department of a Detroit bank.

of very good friends at that bank, she never has a good word to say for it. She didn't leave the \$1000 there very long, but soon transferred it to another bank. In addition, being in a position to influence the deposit of the wholesale house with which she was connected, she also moved that. And all because the president didn't take the trouble to live up to his advertising and to the courteous interest effected by a number of his employees.



Good layout in this life insurance trust copy of a Pittsburgh bank.

it worth while, so didn't go back.

Another bank had been sending out trust booklets each month to a specially selected list, and at the time the booklets went out the newspaper advertising also featured the trust department of the bank and suggested that interested readers ask for a copy of these booklets. Time and again interested people would come in with such a request. After being referred from one person to another, like a baseball in a practice game, they would finally reach an officer who


name and address of the party making the inquiry, or have a trust officer talk to him. It is not surprising that after sending out all the advertising material the bank decided it hadn't really been worth while after all for no tangible results could be traced to it.

On the other hand, another bank that was sending out material telling of its trust facilities, made it a point to see that every one in the bank knew about the material and that all inquiries were referred to some one capable of taking care of them. No inquirer was allowed

tion it developed that the employee hadn't the faintest idea whether the bank's deposits ran in the neighborhood of three million or ten million.


Often typists send out hundreds of pieces of advertising matter and know absolutely nothing of the contents.

Such conditions used to exist in great numbers of banks; unfortunately still exist in too many. But everywhere progressive banks are finding that it pays in many ways to keep each department advised as to what the other departments are doing. They are beginning to




Faithfulness

First National Bank of Detroit




\$1,000 Savings

Central Savings Bank



A "Back-Log"

First National Bank of Detroit



"Bankers' Hours"

First National Bank of Detroit

Through the consistent reproduction of its building in its advertisements this Detroit bank has given them an identity that receives very wide recognition.

would 'phone up to the advertising department, "Send me down a set of our trust booklets, please". And when a clerk from the department would take the material down he would merely say, with an inclination of his head in that direction, "Hand them to that man over there". And that was the end of it.

Now "that man over there" was interested in learning something about the importance of making his will, and the things that a trust company could do for him, or he would not have made a trip to the bank to ask for the advertising matter. But after going to the expense of getting out the booklets, no one thought the matter of sufficient importance to even get the

to get away without first giving his name and address. He was always invited to talk with an officer about the trust services the bank could render and in most instances was glad to do it, for if he hadn't been interested in the first place he would not have called. This bank reported more trust business done during that twelve months than at any other period in its existence. But it wouldn't have been true if it had not made its advertising amount to something more than words on paper.

A man met an employee of a bank at a social function and commented upon the rapid increase in deposits as indicated in its recent advertising. During the course of the conversa-

think of the entire group as "the bank family". They are creating an *esprit de corps* that results in cooperation, harmony of purpose and a general knowledge of what is going on.

To get the best results from its advertising a bank's entire force, from messenger to president, should first know just what is being advertised. This is accomplished in various ways. Some banks place samples of all advertising matter on a bulletin board, instructing that it be read daily. In some cases an officer writes a general letter to the employees, calling attention to the need of cooperation and suggesting that they try to keep in touch with the things the bank is doing.

Perhaps the best results are

obtained by those banks that have regular weekly or monthly get-together meetings of everybody connected with the bank. At these meetings some officer, department manager or employee tells about the functions



Maximum Convenience Plus Maximum Safety

The pronounced investment convenience of Union Bonds is becoming more and more appreciated by men and women everywhere.

Naturally the 10% safety of Union Bonds is a definite and strongest recommendation, which leads to their purchase.

Union Bonds pay a liberal return every six months. The bond holder merely clips a coupon, calling for the exact amount of interest due for a six-month period, and sends it in to the Union Mortgage Company.

We immediately receive a check for the full amount of the interest.

When the principal becomes payable the bond holder presents the bonds at our office and without a minute's delay his principal is paid to him in full.

Union Bonds are preferable in practically any emergency. When the investor desires a certain amount of capital at a certain future time, he selects Union Bonds which will mature at that time.

He does this with certain knowledge, that because of their 10% safety, the money he puts into Union Bonds will be returned to him promptly and in full at precisely the time he needs it.

We sincerely believe that for all practical purposes there is no safer investment and no more universal investment than Union Bonds. Furthermore, Union Bonds come in denominations of \$100, \$500 and \$1000 and are purchased by men and women in every walk of life.

For further information please send the coupon.

Open Monthly
payments, 6
or 12 p. m.

UNION First Mortgage BONDS

Reproduction of Union Bonds, 20000. The Union Mortgage Company, Inc., 1000 Union Building, Chicago, Illinois. Union Mortgage Company, Inc., 1000 Union Building, Chicago, Illinois.

Send the Coupon	UNION MORTGAGE COMPANY
	1000 Union Building, Chicago, Illinois
	NAME _____
	ADDRESS _____
	CITY _____

This advertisement has a good layout and is very convincingly written. But the mere reproduction of a bond with coupons attached, however impressive, means nothing in particular. Most \$1000 gold bonds look pretty much alike on the surface to the untrained eye. What will get across to the reader though, is a picture of some kind of what is back of the bond, when such a picture can be given.

of the different departments, and questions are asked and answered. In the absence of some such plan it too often happens that a worker in the transit department knows nothing whatever about the collection department, and an employee in the bookkeeping department

THE TIME HAS COME

For a decade or more Horace Greeley's advice "Go West, young man," has turned the thoughts and efforts of our growing population to the prairies and beyond; little dreaming that the richest undeveloped resources of our country are located not in the far West nor in farthest Alaska, but in the South.

The time has come when intense competition is inducing large industries to transfer their operations to the source of their raw materials. The abundant resources, potential water powers, mild climate and freedom from labor unrest are deciding factors in the upbuilding of the South of today and tomorrow.

With confidence in their strategic location in the Central South and the increasing prosperity of the entire Southland, the builders of the American Banks have not been content to meet the requirements of today but have developed completely specialized yet closely affiliated financial organizations to meet the diversified requirements for financing the tomorrows.

Let "American Service" serve you and be "An American Alibi"

THE AMERICAN BANKS
American National Bank
Nashville
American Trust Company
American National Securities Company

This good-will copy in behalf of the South placed in a pleasing frame, has about it a ring of genuineness and sincerity that gets the advertisement across very effectively.

wonders what all this noise concerning the central file is about. A general knowledge

of all the functions of the bank is very necessary if the best coöperation among employees is to be had.

At these meetings the general policies and plans of the bank can be discussed to advantage. If there is to be a special effort made in a certain direction—a campaign for new customers or more business from present customers, all the employees are told about it. And not only do they know about it but they are expected to help put it over.

It won't do much good to get out advertising matter that will induce the doctor around the corner to bring his account to the bank if an officer by his austerity, a teller by his grouchiness and indifference, a bookkeeper by his carelessness is going to drive the new customer away.



Trust Service Is for All

This company handles every kind of case, from simple to more than \$5,000.

The small case—the few, hand-sorted documents—can mean more than the large estate, much risk, careful, constant management.

The number of these in our hands is growing every year—a mark of confidence in which we take just pride.

CHICAGO TITLE & TRUST COMPANY
40 West Washington Street
Phone BR 2444-2445 - 16 Second Building

This trust copy is unusual in that it gets down to brass tacks, something that relatively few trust advertisements seem to do, and gives definite figures on the minimum size of an estate that the company feels that it can undertake to handle to the mutual advantage of client and bank. The copy is very concise, and few words are wasted.



Inconsistent Mr. Spenlow

Dickens knew a thing or two about human nature when he created this character

DO YOU remember Mr. Spenlow in David Copperfield? One day he denounces men who fail to make wills. But a few days later—Mr. Spenlow himself is dead and his friends, Mr. Jackson, Mr. Tiffey and David Copperfield, are going over his effects—looking for a will.

"We began the search at once," goes the story. "We had searched several pockets, and were still going on dimly and quietly, when Mr. Jackson said, 'Mr. Spenlow was very difficult to move from the beaten track. You know who he was? I am disposed to think he had made no will.'"

"I think you are mistaken," said I, for on the very day when I last saw him, he told me that he had, and that his affairs were long since settled.

"That looks very surprising," said Tiffey.

"Very surprising," said Mr. Jackson.

"Surely you don't doubt?" I began.

"My good Mr. Copperfield," said Tiffey, "there is no subject on which men are so inconsistent, and so liable to be misled."

"It appeared a wonderful thing to me, but, indeed, it turned out that there was no will. He had never so much as thought of was wanted him according to me was that his affairs were in a most disordered state. It was extremely difficult to make out what he owed, or what he paid, or what he did possess."

"What making out, or for his papers affecting any evidence."

"It was extremely difficult to make out what he owed, or what he paid, or what he did possess."

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"It was extremely difficult to make out what he owed, or what he paid, or what he did possess."

Perhaps you have long since attended to this matter. But if you haven't, will you consider this an invitation to reduce the number of Mr. Spenlow in the world? It can be easily done. Just two steps.

1. Have your lawyer draw your will. Because if you "leave no will, the law will step in, and wind up your affairs by inflexible rules, regardless of your wishes or the needs of your heirs.

2. Appear in person at your Banker and Trust Company of your estate, and then be assured that your repeated wishes will be carried out and that your family will be protected against normal investment, bad management of money, or other unhappy financial circumstances. A group of spending, irresponsible and legal and investment experts will choose for their quality of human consideration, will be at the disposal of your family, to help and to guide.

Do these two things and you will live and die happily,—and be remembered most gratefully than was Mr. Spenlow.

To save the full value of your money, you can in fact visit our Trust Department either in person, by mail or phone. Room 3211. If you prefer, our representative will call upon you. This is Mr. A. Good time is to do it.

TRUST DEPARTMENT The Seaboard National Bank

Memphis Branch
115 BROADWAY
N. Y. CITY

MAIN OFFICE
BROAD AND BEAVER STREETS

Uptown Branch
20 EAST 41ST STREET
New York City

A story from Dickens of the inconsistency of Mr. Spenlow who, living, denounced men who failed to make wills and who died without making one himself, is woven into the above trust advertisement of a New York bank in a manner which makes the copy as convincing as it is interesting. The eye is caught at once by the illustration and the headline. The only criticism we have to make of this advertisement is that there is too much about Mr. Spenlow and not enough about the bank. The name of the bank is apt to become disassociated from the advertisement.

The advertising manager may prepare or select or oversee the distribution of the bank's advertising but it is not stating the whole truth to say he advertises the bank. Every officer, every employee is in reality a member of the advertising department and is constantly advertising the bank, either favorably or unfavorably.

The advertising department may work into the "wee sma' hours" devising plans for securing new business and increasing the business already on the books and spend a mint of money in the execution of the plans, but these efforts will be of no more value than a bucket of water added to the Pacific ocean unless the depart-

ment has the hearty backing and coöperation of the entire banking force.

©

A New Plan to Get New Accounts

By Charles A. Goddard

THAT thrift and religion go hand-in-hand has been demonstrated by the Fidelity Savings Trust Company of Kansas City, Mo. According to the experience of Robert J. Campbell, assistant treasurer of the bank, who fostered the idea of interesting the local churches and charitable organizations, the plan worked out better than was expected. In fact, it was an experiment.

To date around 4000 new savings accounts have been developed from the plan. A number of these have been extremely good, Mr. Campbell states.

"It not only brought in the accounts," Mr. Campbell said, "but it is the best stunt we ever tried in creating good will among the people of the city. After we get these people on our books we immediately start in to keep, or to try to keep, them alive by sending them each month some inspirational literature—this to dormant accounts. This attention to dormant accounts, so we've found, is the only safe and successful plan of increasing the average balances of our savings accounts. Our windows, of course, work generally to back up this work, featuring various stunts and civic ideas to give the bank general publicity."

It was on the first of October in 1920 that the plan was given its start; so there has been plenty of time to learn of its merits.

At that time a letter was sent to each of the 235 pastors of the city. It read as follows:

Dear Sir:—

We are offering to each church:

Digitized by Google

In Kansas City the means of securing a contribution for your church from this bank. It will be necessary, however, for the party or parties in charge of the organization you designate to get this contribution to call at this bank. Then the writer will be glad to explain the situation.

I might say that our plan is working satisfactorily with other churches at the present time, and we trust you will have the president of your missionary society, head of your Epworth League or Christian Endeavor or the president of some live Sunday school class, or of your Sunday school call and get our proposition.

We are addressing this letter to you as pastor of the church realizing that you are in the best position to put this in the hands of the best organization of your church.

Thanking you, and trusting that we will hear from some member of your church in the very near future, I am

Very truly yours.

As was to be expected, every church did not respond; but a large percentage did send representatives and were ready to coöperate. This was the substance of the plan that was outlined personally to each church representative:

They were to take from the bank some signature cards and to distribute these cards among the workers of the organization; and the workers were to solicit savings accounts, the more force they would put back of the handing out of the cards the more accounts would be secured and the greater the contribution to the organization. Accounts could be started with an initial deposit of a dollar or more; but the representatives were impressed with the fact that the length of time that the campaign would continue would depend on the average of these initial deposits. When fifty new accounts were secured for the bank by the workers of an organization that organization would receive \$50 in cash; and if the plan was working out satisfactorily as far as that particular church was concerned the organization would be given another order for fifty accounts, with another \$50 in cash to be paid when these fifty new accounts were secured; and so

Who's Who in Bank Advertising



P. C. REHRAUER

Advertising manager Union National Bank, Houston, Texas

MR. REHRAUER'S work in the field of financial publicity since the war has received wide notice and has attracted much favorable comment. In addition to his duties as advertising manager, he is also purchasing agent for the bank. During the war he served in the navy, joining the force of the Union National Bank of Houston immediately after being mustered out. Through diligent application he has risen to the position which he now holds. He is president of the Union Investment Association, an organization composed of employees of the bank. Mr. Rehrauer has been very active in furthering the best interests of this association whose primary purpose is to encourage saving among the employees. The association is operated on a stock subscription basis, payments being made in partial installments each month at the rate of \$1 for each share subscribed for, with penalty and assessment in the event of failure to comply with the rules and regulations. The number of shares one person can subscribe for is limited.

The association has had a phenomenal success, growing from an initial investment of \$250 on April 1, 1913, to present assets of \$32,420.49, each year earnings a substantial dividend for the shareholders. The stock subscribed for aggregated \$60,000, which under the partial payment plan is paid in convenient installments each month.

Lost in Cairo—

A customer of the Merchants National Bank of Los Angeles lost his Letter of Credit in Cairo, thousands of miles from home in a strange land. Ordinarily this would be a precarious situation. This bank's protective form of letter, however, made the lost document valueless and within 24 hours a new Letter of Credit was issued through our cable service to Cairo; and the customer proceeded on his journey. Travelers and traders find our world banking service, with direct connections in all commercial centers of the globe, efficient, reliable and economical.

(Reserves \$25,000,000)

THE MERCHANTS NATIONAL BANK

SAVING DEPOSITS • CREDIT ADVANCE • CABLE TRANSFERS • EXCHANGE • TRAVELERS' CHECKS

This copy presents an interesting story of what happened to a man from Los Angeles who lost his letter of credit in Cairo. This method of citing a specific case of a bank's services to a traveler is much more effective than using copy which deals with vague generalities.

on as long as the plan worked in a way satisfactory to the bank.

One ruling was that the accounts had to remain in force for thirty days, but in spite of this brief period as the limit there were very few of them withdrawn then—the percentage was probably less than 5 per cent. of them.

Some specific cases show how well the plan was taken hold of by the workers and what desirable accounts came in with the quantity thus secured:

On one afternoon during the campaign one church enrolled all their Sunday school pupils of school age to call at the bank. From that organization in that one afternoon forty-nine new accounts were opened. This case alone demonstrates the value of having an organization behind the solicitation. It is typical of many. Some very profitable business can be traced directly to this plan.

"I think the principal result is that it creates good will among the people in the community," said Mr. Campbell, "at least, as far as the cam-

paign reaches. We found that the women were usually the ones who took up the work, and they would do a great deal of talking about the plan and incidentally give the bank many nice compliments."

In the large number of accounts that came in were some that indicated the good class of people who were reached through the campaign. One

church that is composed almost entirely of Swedish people showed initial deposits that averaged \$16.

One man's initial deposit as secured through the plan was \$146. On the day that he came in touch with the bank he brought in a draft for \$1300 which he asked to be shown how to endorse. This he deposited in the bank.



How Banks Are Advertising

"THE PORT of Boston", a booklet recently issued by the National Shawmut Bank of Boston sketches the history of the commerce of Boston in a most interesting fashion. That a single Boston house controlled nearly one-half of the commerce between the United States and China previous to 1840, is but one of the interesting historical facts set forth in the booklet.

A comparison of the commercial development of American ports in the last twenty years brings the material in the booklet down to date. Information as to port equipment, docks, terminals, port charges, etc., lists of port officials and foreign consuls in Boston, and all steamship lines serving the port, with up to date statistical data, add to the value of the booklet as a reference book on the growth and development of the commerce of the Port of Boston.

A FOLDER sent out by the Fidelity Trust Company, Philadelphia, reads on the outside cover "Enclosed is a note of the Russian Socialist Federated Soviet Republic". Copy on the inside of the folder says regarding the enclosed note:

Formerly the ruble was worth approximately 50 cents. At that rate this note would be worth \$25,000. It has been bought by us at the rate of 2,500,000 rubles for a dollar, equal to 25,000 for a cent.

Please observe the inscription

"guaranteed by the entire resources of the republic".

How futile to oppose the force of monetary law! In the words used by Thomas Jefferson, speaking of excessive issues, public and private, "The whole visionary fabric vanishes into air, and shows that paper is poverty; that it is only the ghost of money and not money itself."

FIDELITY TRUST COMPANY

Wm. P. Gest, President

THE BANK of the Manhattan Co., New York, has been running a series of newspaper ad-



Your Insurance and Your Family

FOR years you have paid your insurance premiums—perhaps at a real service—that your family may be protected.

Have you considered the treatment of your loved ones when it is paid? In their distraction and experience your heirs may not make wise use of the money.

At no extra cost you can secure the protection of your family by leaving your insurance in trust with us. Let us explain the simplicity and benefit of this arrangement.

Omaha Trust Company
Member National Bank Association

While it is obviously true that a man is always keenly interested in matters pertaining to his insurance and to his family, the head-line does not introduce this copy in such a way as may be calculated to pique the curiosity of the reader as does the head-line in the advertisement at the top of the next page.

vertisements on the economic progress and development of various states of the Union, tying-up the copy with the part that the bank has played in helping American industry during more than a century. The following extract is taken from an advertisement of the bank featuring the State of Mississippi:

MISSISSIPPI IN THE FRONT RANK

It takes a mighty fleet of river-boats and ocean-going vessels as well as a busy network of railroads to give to the world the good things Mississippi has to offer. Her great cotton crop (last year third largest in the country) her sugar cane (ranking fourth), and large quantities of corn, rice and sorghum make an annual total of \$336,000,000. Her factories, according to the last census, produced over \$197,000,000 and her lumber products were fourth in the Nation.

The nature of her products and her excellent shipping facilities

Make your money work for you now

ON or before April tenth, every dollar you put in a Marine Trust Company Special Interest account will have worked for you since the first of April.

Make an extra effort—start building for the future now.

Interest Compounded Quarterly

You will be welcome at any of the twenty offices of the

MARINE TRUST COMPANY OF BUFFALO

Pioneers in Community Service

Capital, Surplus
and Reserves

over
\$20,000,000.00

An effort to stir the reader to immediate action—with emphasis on the word "now". This copy is well suited to the purpose for which it is intended.

"How Did They Get My Name?"



BEFORE her husband died her correspondence had been confined to social matters. For this reason she was greatly impressed when one morning she received in the mail a convincingly worded letter from a certain irresponsible promotion company offering her "an attractive investment."

"How did they get my name?" she wondered. "They must be very clever business men."

She was right. They were entirely too clever for a widow inexperienced in business. Before many months they had got practically all of this Detroit woman's fortune.

If her husband had left his estate in Trust for her with this responsible institution, she would not be "visiting" relatives today.

Putting property in Trust is a subject worth investigating. We have many facts which might interest you. Why not consult with one of our Trust officers? A few words with us today may save your heirs much regret and financial hardship later on.

Our booklet, "Little Life Stories From The Ledger," will be sent on request.

DETROIT TRUST COMPANY

Opposite Post Office

Detroit, Michigan

CAPITAL AND SURPLUS \$4,000,000

Safe deposit boxes for rent, \$4.00 a year and up
Detroit Trust Safe Deposit Company

Reader interest is aroused by the head-line copy in this trust advertisement, and is sustained in the copy.

have led Mississippi's merchants and planters to find extensive markets outside her borders. Many of their important transactions have been facilitated by the metropolitan service and foreign connections of the Bank of the Manhattan Company.

THE INVESTMENT house of Blyth, Witter & Co., has issued a booklet "Hand Book of California Public Utilities", which gives the financial record of the more important light and power companies of that state.

E. H. KITTREDGE, publicity manager of the Old Colony Trust Co., Boston, has departed wide-

ly from the old style of bond advertising in his publicity for the bond department of his institution. He believes that even an investment circular may be interesting. Accordingly he illustrates his public utility bond circulars with maps of the territory covered and views of the cities the companies serve. A municipal bond circular gives a comprehensive airplane view of the city showing schools, parks, manufacturing plants, etc., and features facts concerning banking, education, industries, etc.

Keep Us In Touch With Your Work

Each month in this department current advertising matter is reproduced and commented upon. The editor of this department keeps on file bank advertising matter from all parts of the country—newspaper ads, booklets, folders, specialties, etc.

Keep us in touch with your own publicity work. We are especially interested in newspaper ads. Clip some of yours as they are published and send them along to us.

Address all communications to:

EDITOR BANKING PUBLICITY

**The BANKERS
MAGAZINE**

71 Murray St., New York City

A monthly booklet of investments gives views of utility and industrial plants and full information. Mr. Kittredge's publicity in this department, like his other publicity plans, have proved highly successful.

"THE WACHOVIA", monthly publication of the Wachovia Bank and Trust Company, North Carolina, does credit to that enterprising institution. There is seldom an issue of this interesting publication that does not contain something of real value.

VOL. 1, No. 1, "Woodside National Bank News", house organ of the Woodside National Bank, Greenville, S. C., has recently come in to this office. This little magazine is a commendable addition to the field of bank publications. In this first number mention is made of the fact that the bank will soon be at home in its new quarters in the modern seventeen story Woodside Building which has been erected for it.

THROUGH an arrangement with the Federal Reserve Bank of Philadelphia, the Fourth Street National Bank of that city makes use of the front and back cover of the monthly bulletin on business and financial conditions issued by the reserve bank, for advertising purposes.

THE NATIONAL City Company, New York, has issued a booklet on the Chicago, Milwaukee & St. Paul Railway which is well worthy of special mention. The booklet gives a comprehensive outline, well supplemented by charts and figures, of the development and progress of this well-known Western railroad. In addition there are some exceptionally good illustrations. The cover design in colors, by Walter Greene, showing the "Olympian", crack train of the road, crossing the Cascades over the electrified section, is strikingly effective.

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., City Svgs. Bank, F. H. Williams, treas.
 Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy.-treas.
 Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.
 Berkeley, Cal., Berkeley Com'l & Svgs. Bk., G. L. Pape, V. P.
 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, A. E. Leighton, adv. mgr.
 Bruxelles, Belgium, Moniteur des Interets Materiels, 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, V. P.
 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, asst. tr. off.
 Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
 Charleston, W. Va., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.
 Chicago, Ill., Bauder-Baker, 738 S. Michigan Ave., R. E. Bauder, pres.
 Chicago, Ill., Critchfield & Co., L. E. Delson, finan. adv. mgr.
 Chicago, Ill., Liberty Tr. & Svgs. Bank, H. J. Bilansky, mgr. bus. ex. dept.
 Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, mgr. serv. dept.
 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, pub. mgr.
 Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
 Cleveland, Ohio, Central Nat'l Bank, R. J. Izant, adv. mgr.
 Cleveland, Ohio, Cleveland Tr. Co., I. I. Sperling, pub. mgr.
 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, O., City Nat'l Bank, L. C. Tingley, bus. ex. mgr.
 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.
 East Moline, Ill., Manufacturers State Bank, F. T. Shearman, cash.
 Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, cash.
 Elmira, N. Y., 2nd Nat'l Bank, Helen E. Mallory, adv. mgr.
 Evansville, Ind., Nat'l City Bank, Josephine C. MacCorkle, pub. mgr.
 Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
 Flint, Mich., Citizens Com'l & Svgs. Bank, H. E. Potter, asst. cash.
 Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
 Flint, Mich., Genesee Co. Svgs. Bank, W. Power, mgr. new bus. dept.
 Gardner, Mass., Gardner Tr. Co., P. O. Ahlin, V. P.
 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, adv. dept.
 Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy. & treas.
 Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
 Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
 Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
 Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
 Lima, Peru, S. A., Banco Mercantil Americano del Peru.
 Long Beach, Cal., Long Beach Nat'l Bank, P. L. Hudson, asst. cash.
 Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
 Los Angeles, Cal., Pacific-Southwest Tr. & Svgs. Bk., R. M. MacLennan, adv. mgr.
 Los Angeles, Cal., Union Bank & Tr. Co., A. L. Lathrop, tr. off.
 Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
 Madrid, Spain, Banco Hispano Sulzo, Apartado 1023, E. C. Hirt.
 Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, 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, mgr. bus. serv. dept.
 Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace, treas.
 Minneapolis, Minn., Midland Nat'l Bank, L. L. D. Stark, asst. tr. off.
 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 & Sons, Apartado No. 6.

- Montreal, Que., Banque d'Hochelaga, 112 St. James St., H. G. Gonthier, dir. pub.
 Newark, Onto, Home Bldg. Ass'n Co., E. M. Baugher, pres.
 New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, secy. to pres.
 New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. H. Wisdom, 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., 65 Broadway, S. D. Malcolm, gen. mgr. adv.
 N. Y. C., American Union Bank, R. Stein, asst. cash.
 N. Y. C., Bank of America, Withers Woolford.
 N. Y. C., The Bankers Magazine.
 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., The Farmers Loan & Tr. Co., I. H. Meehan, asst. V. P.
 N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd St., E. S. Van Leer, asst. cash.
 N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, V. P.
 N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
 N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, new bus. mgr.
 Northampton, Mass., Hampshire Co. Trust Co., G. S. Willis, pres.
 Norwich, Conn., Chelsea Svgs. Bank, J. D. Coit, asst. treas.
 Oak Park, Ill., Oak Park Tr. & Svgs. Bank, L. A. Clarahan, mgr. new bus. dept.
 Orizaba, Ver., Mex., J. C. Gutierrez, Apartado 146.
 Osaka, Japan, Japan Trust Bank, Ltd., H. Araki, for. div.
 Owego, N. Y., Owego Nat'l Bank, H. L. Underhill.
 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, adv. mgr.
 Phila., Pa., Overbrook Bank, R. H. Thompson, V. P.
 Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
 Phila., Pa., Tradesmen's Nat'l Bank, H. E. Delfy, asst. cash.
 Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett, mgr. svgs. & pub. dept.
 Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter, asst. cash.
 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. cash.
 Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbreth, mgr. svgs. dept.
 Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., asst. cash.
 Richmond, Va., Virginia Tr. Co., W. Scott, 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. mgr.
 San Antonio, Tex., Central Tr. Co., D. Ansley, V. P.
 San Francisco, Cal., 1002 Monadnock Bldg., L. G. Peedle.
 San Francisco, Cal., Anglo-California Tr. Co., R. P. Anderson, mgr. bus. dev. dept.
 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., 3rd Nat'l Bank, Theda A. Hoppa, mgr. new bus. dept.
 Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
 Shelbyville, Ill., 1st Nat'l Bank, J. C. Eber-spacher, V. P.
 Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
 Smithtown Branch, N. Y., Bank of Smithtown, J. A. Overton, cash.
 South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
 Spokane, Wash., Old Nat'l Bank-Union Tr. Co., A. F. Brunkow, pub. mgr.
 St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, pub. mgr.
 St. Louis, Mo., 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, asst. to pres.
 Stockholm, Sweden, Svenska Handelsbanken, P. G. Norberg, pub. mgr.
 Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
 Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Bize, pres.
 Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, asst. secy-treas.
 Toronto, Canada, Canadian Bank of Commerce, A. St. L. Triggs, secy.
 Toronto, Canada, H. J. Coon, 68 Farnham Ave.
 Toronto, Canada, Home Bank Monthly, Home Bank of Canada, 8 King St. West.
 Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off. & pub. mgr.
 Tuscaloosa, Ala., City Nat'l Bank, S. F. Cla-baugh, V. P. & cash.
 Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
 Valdosta, Ga., Merchants Bank, A. F. Winn, Jr., V. P.
 Warren, Pa., Warren Nat'l Bk., R. W. Mackay, cash.
 Washington, D. C., Federal Nat'l Bank, John Poole, pres.
 Washington, D. C., Union Tr. Co. of D. C., W. S. Lyons, asst. secy.
 Washington, D. C., Washington Loan & Tr. Co., E. H. Thompson, pub. mgr.
 Watertown, N. Y., Jefferson Co., Nat'l Bank, R. W. Oakes, asst. cash.
 Wausau, Wis., Marathan Co. Bank, H. C. Berger, cash.
 Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
 Wellsboro, Pa., 1st Nat'l Bank, M. L. Matson, adv. dept.
 West Chester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall, V. P.
 Wilkes-Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
 Wilkes-Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. pub. dept.
 Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, pres.
 Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
 Youngstown, Ohio, 1st Nat'l Bank & Dollar Svgs. & Tr. Co., J. N. Higley, pub. mgr.
 Zurich, Switzerland, J. Muller, 49 Sonnegg-strasse.
 Zurich, Switzerland, Union de Banques Suisses, H. de Muralt, sub-mgr.

©

New Names

- New Orleans, La., Whitney-Central Nat'l Bank, M. L. Bouden, pub. mgr.
 N. Y. C., Coal & Iron Nat'l Bank, H. G. Stenerson, asst. to pres.
 New York, N. Y., Battery Park Nat'l Bank, E. E. Gafford, asst. V. P.

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Exporting American Capital*

By Grosvenor M. Jones

Chief of the Finance and Investment Division, Bureau of Foreign and Domestic Commerce

THE export of capital has assumed great importance for the American people in recent years with the advent of the United States into the class of creditor nations. This does not mean, of course, that we did not export capital during the period when the United States was a debtor nation, for even then several billions of American capital were invested outside our borders. It does mean, however, that the export of capital has a new and greater significance for us.

Prior to the war, when we were a so-called debtor nation, that is, when the amount of foreign capital invested in the United States exceeded the total American investments in foreign countries, the conditions affecting the outflow of American capital were, in many respects, quite different from those that now prevail. Then, the investment of American capital abroad was induced not by a super-abundance of capital seeking a profitable outlet for its employment nor by urgent necessity of foreign markets for our goods, but almost entirely by the desire of individual American enterprises to extend the field of operations, primarily for the protection of their position in international trade. The majority of these investments were made out of the accumulated capital of strong American concerns or through loans based not on the value of the foreign investment but on the financial position of the domestic firm or corporation itself. In other words, the investing public was not asked, as a rule, to share directly in these foreign ventures.

A cursory study of our pre-war foreign investments indicate that they were made chiefly by our large oil, mining, meat packing, fruit and timber concerns, and by companies manufacturing special types of machinery. To a very large degree, too, these investments

were concentrated in adjacent or nearby countries, such as Canada, Mexico and Cuba.

The establishment of most American factories in Canada has been influenced to a large degree by the desire of our manufacturers to avoid fairly high import duties on such goods as would naturally be sold in Canada and to obtain the benefit of the preferential duties on exports to such British areas as accord concessions in duties to goods of Canadian manufacture. In part this movement was stimulated also by the fact that from many points of view Canada and the United States form an economic unit. With reference to our extensive construction of wood pulp and paper mills in Canada, there has been the special necessity of overcoming the depletion of our own supplies of pulp wood and of meeting the competition of paper mills located in Canada.

Some American branch factories have been established in Great Britain, largely as a result of British patent laws enacted since 1907. These laws require in general that the person holding a British patent must, within four years, begin the manufacture in Great Britain of the appliance or, at least, the part covered by the patent, on a scale sufficient to cover sales thereof in that country. Unless the patentee undertakes the working of his patent within the period allowed, any interested party may demand a license for using the patent.

To meet strong international competition, to be better placed for the distribution of their product, and, in some cases, to secure the benefit of lower labor costs, certain American corporations have invested large sums in foreign establishments in other parts of the world.

*An address before the New England Foreign Trade Convention, Boston, May 19, 1923.

BONDS · SHORT TERM NOTES
ACCEPTANCES · SUITABLE
FOR BANK INVESTMENT



The National City Company

NATIONAL CITY BANK BUILDING · NEW YORK

CHICAGO · BOSTON · PHILADELPHIA · SAN FRANCISCO

NEW ORLEANS · MONTREAL · LONDON · TOKIO

In the pre-war period, other considerations determined the investment of American capital abroad in certain cases, but the factors named were the most influential.

FACTORS IN OUTFLOW OF AMERICAN CAPITAL

Other factors of a more potent character are now in operation to induce the outflow of American capital. Among these may be mentioned the following:

1. The United States is now the world's chief source of floating as well as of fixed capital.

2. The United States has reached the stage in its economic development at which a portion of its capital savings can profitably be exported.

3. The development of many manufacturing industries has reached the point at which, if these industries are to be fully and efficiently operated, a certain proportion of their production must be exported regularly. This exportation in many cases must be facilitated by loans placed in this country. This is true particularly in the case of locomotives, freight and passenger cars, rails, and other railroad equipment, and of electrical, mining and other heavy machinery.

4. The manufacturing industry of the United States has, moreover, become so extensive and diversified that it must draw increasingly upon foreign countries for a wide range of materials. The development of such resources under the auspices of American capital, would, therefore, assure to American industry a steady and certain supply of such raw materials at prices at least as low as those obtained by our foreign industrial competitors. Such motives doubtless influenced the United States Rubber Company in acquiring rubber plantations in the Far East; the Bethlehem Steel Company in developing iron ore properties in Cuba and Chile; and the United States Steel Corporation in acquiring manganese mines in Brazil.

5. Our total foreign loans including the allied debt, and our foreign investments are now so large that the interest and amortization on the one hand and the dividends on the other, aggregate huge sums, which, if paid directly in goods (as they must be in large measure despite the efforts of our debtors to pay as much as possible through increased exports to other countries) will greatly increase competition in the home market. If payment cannot readily be made in goods or in goods and services, the debtor countries will be obliged to restrict their purchases in this country to the barest minimum. If, however, the returns on our foreign loans and investments are reinvested abroad, either this importation of goods will be avoided or it will be offset by a corresponding exportation of goods.

6. Other nations are looking to this country for capital for the development of their natural resources and for other purposes. The development of the natural resources, the transportation systems, and public works of many foreign countries was retarded during the war and the immediate post-war period, since the European money markets on which these countries depended were virtually closed to them.

7. The capital losses incurred during the Great War can be offset in great measure and the well-being of the world at large can be prompted by the development of the great natural resources of the newer countries. A given amount of capital when wisely applied to such development will, as a rule, yield larger returns than when invested in most of the older countries.

Enough has been stated to show that the export of capital has a new significance and that it affects not only particular industrial concerns but also practically every branch of industry. In its present phase, moreover, the export of capital demands, as never before, the intelligent interest and coöperation of our investors.

Vacationing in the Great Lakes Region



DETROIT

HUNDREDS of bankers will be on vacation throughout the Great Lakes Region during the next few months.

They will motor or cruise and will undoubtedly pay a visit to Detroit.

If you are lucky enough to be one of these, perhaps there will be some service which we may perform which will add to your pleasure on this trip.

We extend a cordial invitation for any banker or his friends to write us or call upon us and make his wants known.

FIRST NATIONAL BANK
DETROIT **MICHIGAN**

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

DEFINITION OF EXPORT CAPITAL

It is pertinent, then, to ask what is meant by capital for export; and how such export is effected:

First, as to what is meant by export capital: A good definition for the present purpose is that given by C. K. Hobson, an English economist, in his work on "The Export Capital", which is, as follows: "Substantially, capital consists of goods, of accumulated wealth. It is a stock of commodities employed to assist the production of further commodities." When, therefore, we refer to the export of capital, we have chiefly in mind the export of commodities as that term is commonly understood, and not of gold, although strictly speaking, gold is capital.

At the present time frequent reference is made to the possibility of our granting gold loans to foreign countries. This is not a remote contingency, since as a result of the tremendously favorable trade balances in recent years the United States has drawn heavily on the gold supplies of Europe; since a fairly large part of the gold thus acquired by us will be needed by several countries to build up the reserves against their note issues; and since the export of a portion of this gold—a billion or more—would remove an element of great potential danger to our credit structure. It is probable, therefore, that for a few years export of capital will involve the export of gold as well as of goods. But after the world's gold has found its level, capital export will mean pretty largely the export of goods directly or indirectly.

Secondly, as to how the export of capital is effected: Without going into great detail it might be stated that the export of capital is made by loans or credits to foreign governments and to foreign enterprises, whether such enterprises are owned by foreign citizens or by citizens of the United States; by the diversion to foreign fields of a part of the capital of a domestic concern; or by the reinvestment in foreign



New Orleans
VII
Railways

New Orleans is a great railway terminal and is served by no less than twelve trunk lines. All approaches extending for many hundreds of miles into the North, Northeast and Northwest are on easy grades, and movement of traffic is along lines of least resistance, enjoying prompt dispatch and advantageous freight rates.

New Orleans is an "all year port" and is not handicapped by either congestion or embargoes.

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

enterprises of the returns on previous investments therein, by earnings put back into plant, railroad, mine, etc.

The export of capital may be effected either directly or indirectly and in various ways. The movement is not always easy to follow, as for example in the case of a mining company, which may have developed its foreign properties largely out of undistributed earnings; or may have raised the capital therefor out of general bond and stock issues covering all of its properties, both domestic and foreign.

Nor is it possible to earmark the particular commodities bought in this country as a result of the issuance of bonds or shares in a foreign enterprise. The process of export capital is not so simple or direct as that.

We know for a certainty, however, that the dollar proceeds of the bonds,

Irving Bank-Columbia Trust Company

NEW YORK

Statement of Condition, March 27, 1923

Resources

Cash in Vault and with Federal Reserve Bank	\$44,205,160.92	
Exchanges for Clearing House and due from other Banks	46,172,635.82	
Call Loans, Commercial Paper and Loans eligible for Re-discount with Federal Re- serve Bank	101,497,595.88	
United States Obligations	20,555,016.72	\$212,430,409.34
<i>Other Loans and Discounts</i>		
Demand Loans	\$15,605,007.56	
Due within 30 days	21,634,762.76	
Due 30 to 90 days	36,003,902.87	
Due 90 to 180 days	38,790,314.34	
Due after 180 days	1,460,813.59	113,494,801.12
Short Term Securities		10,886,785.50
Other Investments		4,430,191.45
New York City Mortgages		4,116,768.98
Bank Buildings		4,983,383.66
Customers' Liability for Acceptances by this Bank and its Correspondents outstanding (anticipated \$3,532,451.46)		21,327,510.67
		<u>\$371,669,850.72</u>

Liabilities

Capital Stock	\$17,500,000.00	
Surplus and Undivided Profits	10,550,480.39	\$28,050,480.39
Dividend Payable April 2, 1923		525,000.00
Discount Collected but not Earned		1,351,497.70
Reserved for Taxes, Interest and Expenses		1,150,919.96
Foreign Bills of Exchange sold with Endorsement of this Bank		2,643,555.62
Acceptances by this Bank and by Correspondents for its Account outstanding (including Acceptances to Create Dollar Exchange)		24,859,962.13
Deposits		313,088,434.92
		<u>\$371,669,850.72</u>

FRENCH AMERICAN BANKING CORPORATION

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

Cedar and William Sts., New York

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



Arch of
Triumph, Paris

of foreign governments or the bonds and shares of foreign enterprises, whether owned by American citizens or by foreigners, must be used chiefly in this country. Drafts will be drawn against such proceeds either to liquidate past indebtedness in dollars or to buy American goods. This occurred in the case of the large loans to foreign governments and to foreign railroads and public utility, shipping, and industrial enterprises which our investment bankers placed in this country in the last few years. If this had not been the case, we should have had a great outflow of gold, whereas there has been a great net inflow of gold that has been not a little embarrassing to our farsighted financiers as well as to those who control the destinies of our currency and credit system. Without this large volume of private loans to foreign governments and foreign private interests during the period from 1919 to date, two things would have happened: The huge unfunded credit balances due our bankers and exporters as a result of our tremendously favorable balances of trade down through 1921 would still have been largely unfunded and many of our bankers and exporters left in a very uncomfortable position; and our export trade would have declined pre-

cipitately instead of gradually, as has been the case.

These facts make any discussion of the probable course of our export of capital of vital relevancy, since the export of capital means essentially the export of commodities. Even if for a time the export of capital is in the form of gold, our export of commodities is facilitated since with an outflow of gold the upward movement of prices is bound to be retarded or reversed and the ability of our exporters to compete in foreign markets correspondingly improved.

WILL EXPORT OF CAPITAL PROVE WISE?

The question naturally arises: Will it prove wise and profitable in the long run for the United States to export capital? There can be little doubt I believe, that for a number of years the export of capital would be advantageous, if it were kept within proper limits, and if it were covered by sound loans to stable governments and reliable enterprises or by reasonably safe investments.

By proper limits I have in mind the fact that for years to come the continued development of our own resources will require the major portion of our capital savings and that the capital for

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this development should be provided at reasonable rates, which probably could not be done if domestic enterprises had to compete for capital too keenly with foreign governments and foreign enterprises. Our railroads, for example will require huge amounts of capital for many years; likewise, irrigation and other similar large scale enterprises.

In suggesting that our export of capital should be kept within reasonable limits I have also in mind the fact that our people should be on their guard against rushing too quickly into the field of foreign loans and investments, as the investors of other nations have done occasionally to their detriment. Time and care are required for learning the essential facts regarding the investment of capital abroad.

The limits that should be set for our foreign loans and investments will not be easy of determination but if we proceed therein with caution and conservation we shall not go wrong. A great deal could be said on this subject, as I have indicated in an article on "The Need of a Sound Foreign Loan Policy", which was published in Commerce Reports, December 18, 1922.

With these limits of caution and conservatism and of due regard for the capital requirements of our domestic industries, there is no doubt that the export of capital would be beneficial to the American people in general and to our manufacturing industries, in particular. The reasons for this have al-

ready been indicated in the enumeration of the seven principal factors inducing the outflow of American capital, to several of which, on an occasion such as this, it seems pertinent to give special emphasis.

There is no question but that the present productive capacity of many of our foreign industries can not be fully and profitably employed year after year without foreign outlets for a fair proportion of their products. This fact is not clearly perceived in busy periods such as the one through which we are now passing. But if we hark back to that other busy period in 1919 and the first half of 1920 and reflect on the great volume of goods sent abroad, and when we remember the losses incurred in the latter part of 1920 and early in 1921 when export orders were cancelled and our export shipments were abandoned in foreign ports, the fact becomes clearer. At this moment when the domestic demand appears instable, there is the usual tendency to minimize the importance of exports but to tell New Englanders that even now exports are vital to many industries, would be presumptuous.

When provisions has been made for the shortage in building and for the restoration and improvement of our transportation system, which are important factors in our present prosperity, most of our industries will need new stimuli; and a strong stimulus

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would doubtless come from increased export trade.

But how can exports be stimulated then? Even assuming that by that time the economic status of Europe will have been restored to something like its pre-war basis, will its purchasing power be sufficient to take up any considerable amount of the slack? I fear not, for even then the direction of that purchasing power will be changed.

MUST LOOK TO NEWER COUNTRIES

We must look, therefore, to the newer countries—those that have natural resources awaiting the magic touch of foreign capital for their development. We should remember the part that British capital played in the early economic development of our country and the great benefit that accrued to British manufacturers of rails and railroad equipment for which British investors took our bonds. Not only did the British investors and the British manufacturers benefit from this operation but also the British people as a whole, since the building of American railroads opened up our great Mississippi granary and made foodstuffs cheaper. The same process occurred later in Argentina; only in that case the railroads are British owned and continue to buy British equipment to this day whereas our railroads are American-controlled and no longer buy their rails or equipment in Great Britain.

The construction by British capital

of railroads in Argentina, for example, is largely responsible for the high economic development of that important country, which is not only an important source of Britain's supply of wheat, wool, linseed, and meat products but also a great buyer of British textiles, machinery, and a host of other manufactured goods.

Similar opportunities are now presented to us in various parts of the world and similar benefits would accrue to us, both in the immediate sale of rail, locomotives, electrical, industrial, and mining machinery, etc., and also in the sale of practically all lines of goods which the whole country when developed would ever after require. In addition, our capitalists and investors would secure, on the average, a higher return on their capital, if the proper wisdom in investments were shown. But I would lay greater stress on the trade phases of the export of capital.

If our investments abroad should result in the increased production of raw materials needed by our industries, such as tin, rubber, sisal, nickel, chrome, and vanadium, or of foodstuffs, which we do not produce at all, such as coffee, cacao, tea, and bananas, or of such commodities as sugar, tobacco, domestic production of which is insufficient even now for our requirements and will probably become more so with the years, this stimulation of the development of the resources of new countries would cause us no inconvenience but rather

bestow a great blessing on our people and the world at large.

The development of the newer countries would thus be a benefit to the American people in many directions. It would also raise the standards of living of millions in foreign lands. It would, moreover, create markets not only for American goods but also for European goods, and the economic position of our European debtors would be improved. Just as the United States has shared in the prosperity of Argentina, which British capital has in large measure created, so we should be pleased to find that the prosperity of other countries, in the development of which American capital, may play a large part, had proved a great boon to the export trade of European nations.

**WISE CAPITAL EXPORT SHOULD BRING
IMMEDIATE BENEFIT**

In short, there is little reason to doubt that the proper and wise export of American capital would be of immediate benefit to this country and to other countries as well. But will it prove beneficial for all time? It must be remembered that as our foreign investments accumulate, the returns thereon will increase in proportion until they aggregate tremendous sums. Now how will those returns be made? And what effect will they have on domestic industry?

The answers to these questions have already been hinted at. The ultimate result of years of continued investment of capital abroad would be the increased importation of goods in payment of interest on those investments. In other words, the visible balance of trade in goods alone, would become unfavorable unless, of course, we re-invested abroad each year an amount equivalent to the returns on our investments.

An unfavorable balance of trade in goods would not necessarily mean an actual decline in our exports, since the re-investment abroad of the returns on our previous investments would induce an increased outflow of capital goods



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and since the economic development of new countries would give rise to an increased demand for consumers' goods.

Consequently, even if the value of our imports exceeded the value of our exports, we should be benefited. No harm would result. The American people have the highest standards of living and therefore the greatest per capita consuming power. Moreover, as our population increases, the demands on foreign sources of foodstuffs and raw materials will expand, with the result that we shall be able easily and economically to absorb these products of foreign lands.

Great Britain's experience with foreign investments over at least three-quarters of a century confirms us in this belief. That country has profited greatly from her investments abroad, even in instances like that of the United States, in which the investment of her

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capital assisted in the development of a country that was destined to become her great competitor in international trade. After the American railways ceased to buy British rails and railroad equipment, the American people, as a result of their increased prosperity, bought more British textiles, textile machinery, cutlery, etc.

Likewise, we need have no fear of assisting in the development of new countries that may later prove keen competitors in our domestic and foreign markets. Since British trade and industry have been able to survive the sturdy competition of such well-equipped countries as the United States and Germany, we should be able to face the future quite calmly.

But all such fears would be utterly groundless, if the outflow of our capital were directed very largely to tropical or sub-tropical countries, since such

countries are not adapted to manufacturing but are, on the other hand, well suited for the production of foodstuffs and raw materials we need.

As to the objections that a large-scale export of capital would involve the foreign affairs of the nation in the undesirable implications of "dollar diplomacy" or that it would create a large leisure class whose influence would be detrimental in a democracy, little need be said. The arguments based on the great benefits that would accrue not only to ourselves but also to other peoples from the wise investment of American capital in foreign lands are too certain and convincing to be overcome by such hypothetical and speculative objections. We can safely trust the spirit and character of our people to guard against such dangers. Moreover, economic laws will work themselves out; their operation cannot be indefinitely thwarted or postponed. The logic of the economic situation of the United States at the present time indicates clearly that there should be a large outflow of capital from this country for years to come and that if wisely directed this export of capital should prove highly beneficial to our people.



Great Britain

"The retirement of Bonar Law", says the London *Economist*, "severs yet another and almost the last of the links which connected the Cabinet of today with the Governments of the war era. The transition has been effected with despatch and an absence of fuss which has aroused pride in the forms of our smooth working Constitution and admiration for the efficiency and tact with which the King discharges his important functions.

"Mr. Baldwin has been chosen in preference to Lord Curzon on the sound ground that in these days, when real power and the strife of politics is increasingly centered in the Lower House,



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the Prime Minister should be a House of Commons man. But the choice has commended itself to the country for the added reason that whatever Lord Curzon's claims to the chief office under the Crown may be—and his claims are very great—there is a personal objection to him as head of the State.

"The fact that, rightly or wrongly, Lord Curzon has come to be regarded as the embodiment of the aristocratic tradition of government is a real objection to a Curzon Premiership, for it would undoubtedly tend to emphasize the class character of the struggle in the political arena. There is a partial truth in this view of politics, but it is far from the whole of the truth. Political differences are the outcome partly of the variations of temperament and outlook to be found in every society and partly of divergent economic interests. Political life is the healthiest where the former predominate.

"Mr. Baldwin, on the other hand, has

been accepted as a representative figure in a much wider sense. A man of insight, culture, and modesty of character, he has struck the imagination of the public by his humanity. Fond of home life rather than ambitions of advancement, his quiet request for the prayers rather than the congratulations of the Press men who met him after leaving Buckingham Palace will have stimulated a sympathetic reflex among serious-minded people. Mr. Baldwin therefore starts with a substantial credit balance of personal goodwill.

"The settlement of the American debt and this year's budget are also substantial grounds for confidence in his ability and statesmanship. At the same time, the appointment of a comparatively inexperienced Premier is undoubtedly something of an experiment. Nor can the future be very clearly foreseen with a leader whose political views are to the public more a matter of hearsay than of knowledge.

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"In the meantime we take our leave for the moment of Bonar Law, with respect and sincere wishes for restored health. These sentiments are no mere matter of form. The late Prime Minister has long had a very firm hold over the affections of his own party, and

there is no feature of his short administration more striking than the rapidity with which he won the esteem of both sections of a high-spirited and critical Opposition."

France

The deadlock in French metallurgical industries continues, according to a cable to the Department of Commerce at Washington. The Ruhr situation shows no important change. French coal production is increasing, although shortage of labor is felt. During March production amounted to approximately 3,000,000 tons, and it is unofficially reported that the April total increased over March. Large imports of British coal continue. British coke prices are lower, but the quality of deliveries is being criticized, and several cargoes of American coke which have arrived were said to be in bad condition. French coke production is slowly rising, and



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new ovens are being started. Imports from the Ruhr are irregular in volume, but now average about 6000 tons daily.

Pig iron production during March totaled 316,000 tons (305,000 tons in February and 426,000 tons in January); steel ingots and castings, 315,000 tons (289,000 tons in February, and 407,500 tons in January). Prices of iron and steel are from 15 per cent. to 30 per cent. off on various products.

Although textile conditions are generally satisfactory, labor unrest is felt in both cotton and woolen textile industries. In the Elbeuf woolen mills, 10,000 strikers are out. The strikes of the Lille cotton workers and Paris dressmakers, which started during April have ended. Present high prices are causing general uncertainty concerning future prospects in the silk trade. Silk mills are well supplied with orders, but there is little new business. Artificial silk textiles are in strong demand.

Hide and leather prices show little change, and sales are slow. Shoe factory conditions are somewhat better and retail business is picking up.

Annual reports of a number of automobile manufacturers for 1922 indicate increasing activity, but losses incurred during 1920 and 1921 have not yet been compensated.

March foreign trade values again increased over previous months. Based on importers' declarations, total imports amounted to 2,486,736,000 francs, as against 2,343,014,000 francs in February, and 2,144,294,000 francs in January. Exports (based on 1921 values) were 2,474,378,000 francs compared, with 2,328,858,000 francs in February, and 1,695,898,000 francs in January.

Italy

Industry in Italy is, on the whole, fairly dull, says a cable to the Department of Commerce at Washington.

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While no actual depression has set in, limited domestic demand and the failure of export trade to expand satisfactorily have checked industrial production in many lines. The engineering trade is depressed, but automotives and the manufacture of railway materials are fairly active.

Cotton spinners' stocks are fairly light, but the domestic demand is reduced, while exports are only fair. The Cotton Association has recommended a four-day week for spinners and weavers for a period of two months because of the slackness of demand. The high price of American staple has increased the use of Indian cotton. Woollen mills are also quiet because of the refusal of consumers to pay prices corresponding to the price of raw materials.

Stocks of coal are large, with local prices declining and purchases reduced. Imports in March, however, were

especially heavy. American gas coal has a slight advantage as to price, and the available amount of British gas coal is rather limited.

The production of pig iron in Italy has increased greatly since the occupation of the Ruhr. The four blast furnaces now in operation are producing at the rate of 18,000 tons monthly, compared with a total production of 91,000 tons for the year 1922. Steel production is now approximately at pre-war levels. The consul at Palermo reports that the Sicilian production of sulphur has increased since the agreement with American producers.

Railway freight traffic has shown considerable advance. In January and February, 1923, traffic was 19 per cent. greater than in the same period of 1922.

Crop conditions are normal for this period of the year. The acreage planted in sugar beets is somewhat greater than last year. Stocks of domestic sugar on hand, March 31, amounted to 573,000 tons, approximately three months' supply.

Total imports in January were valued at 1,056,000,000 lire, and in February at 1,571,000,000 lire, while exports reached 788,000,000 and 751,000,000 lire in the same months. The two months, compared with 1922, show an increase of 256,000,000 lire in imports and 200,000,000 lire in exports.

The consul at Milan reports that exports of silk to the United States in the period January to April, 1923, reached a value of \$8,700,000, compared with \$4,500,000 in the corresponding period of 1922.

The number of emigrants from Italy in 1922 was 244,000, compared with 255,000 in 1921. Emigrants to the United States numbered 45,000, compared with 138,000, while emigrants to France increased to 86,000 from 36,000 in the earlier year.

Germany

"Since the occupation of the Ruhr", says the *New York Times* editorially, "there has been a great influx into this

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country of German leaflets, broadsides and pamphlets. To call these publications propaganda would be to dignify them too much. Propaganda implies a certain plausibility of statement, an approach to art in presentation, and some glimmerings of knowledge of the state of mind of the persons addressed. But these recent German efforts to influence the 'good-natured but misinformed American', as he is called in one of the latest issues of the German press, are so crude, so bungling, so misdirected, as in themselves to discredit the intelligence of the authors of these precious writing and of those who export them to the United States." The *Times* continues:

We are asked, for example, to consider the terrible case of "The Reparation Profiteers". The reference is to the valuation placed by the Reparation Commission on German payments in material. Thus, according to this impartial and truthful German estimate, the value of the steamships delivered up was really 5,916,000,000 gold

marks. But the Reparation Commission valued them at only 716,900,000 gold marks—a clean steal for the profiteers of more than five billions. A little further arraying of "figures that do not lie" is all that is necessary to show that Germany has already paid far more than the total fixed by the Allies two years ago.

It is in its approach to the American people that this leaflet stands out above all others of its kind for sublime ignorance of how to do it. Setting out with the avowed aim of counteracting French propaganda in the United States, the adroit question is asked in the headline, "Would You Eat a Live Frog?" If not, the demand is made why anyone should swallow statements coming from France. This is German wit at its best, and German acuteness in understanding foreigners raised to its highest power. It was probably considered in Berlin extremely clever, just the thing to get under the skin of Americans. But if the German officials had taken the trouble to inquire of wandering German-American Socialists at the Hamburg International Congress, they could have learned what a horrible miscalculation of American sentiment, and of the way to approach it, they were making.

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barreled, one charge being fired in the direction of England. Great Britain is told of her "fatal error" in allowing the French to go into the Ruhr and to proceed with the whole ambitious policy of France, which is now militarist and imperialist in the extreme. A famous German scholar and publicist, Dr. Oswald Spengler, is brought forward to give evidence regarding the true goals toward which the French are pressing. He has discovered that there is "a direct strategic line" leading from Paris through Prague and Belgrade down to the mouth of the Danube. This line is already "plastered with French military commissions," whose real design is to control the route to India. France also desires to make use of the North Sea "as a basis of operations against England," and is likewise plotting to "ally herself with Moscow," with the certain result of dominating Central Europe and securing for herself an open path to Asia Minor and to India.

Furthermore, in her world-wide plotting France has progressed so far that "a direct understanding has taken place between the negroes of the French occupying forces and the negroes of the United States". This must be so, for otherwise the solemn Herr Doctor Professor would not have said it. Yet we fear that his statements laid before a Yankee would elicit only the comment, "Du tell!"

Belgium

Although the Belgian business and industrial situation showed a tendency to improve after the early part of April, the general strike of railway, telephone, telegraph and postal operatives has proved a serious setback, according to cable advices to the Department of Commerce at Washington. Inability to transport British coal from the ports is

causing further difficulties in the metallurgical industry which was already handicapped by the fuel shortage and lack of orders. Native textile markets are stagnant, and the industries are kept in motion chiefly by foreign orders. Plate and window-glass plants are the most favorably situated of the industries.

Agricultural conditions are favorable and indicate a heavy production in all crops. Figures for sowings show little change, except for an increase in sugar beets and flax, and a smaller acreage of potatoes.

An increased shipping movement was noted at Antwerp during April, and imports of British coal showed large gains. Although the petroleum rate war has been concluded, all companies are selling at cost. Grain stocks are smaller, with a good demand for corn and oats, especially spot. Hide transactions were only half of the March total, but the wool market has improved and prices are stronger. The expected spring demand for lumber did not materialize, and business is disappointing. Pork products have been affected by exchange, and large shipments are irregular and inferior to last year's total for the same period. While canned fruits find little demand, there is an increased interest in dried fruits. Business in American tobacco is limited to cheap grades, with an increased demand for yellow Virginia and light Burley.

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The Netherlands

General business conditions in the Netherlands remain unaltered and continue to be unfavorably affected by the European political situation, says a cable to the Department of Commerce at Washington. Increased confidence for the future is in evidence, however, as a result of favorable developments in the Dutch East Indies. The results shown by 1922 reports, and dividends of old established local companies indicate adaptation to present conditions. Recent favorable developments in the Dutch East Indies include higher prices on colonial products; a large reduction in the 1923 floating debt; and an improved export trade. The number of unemployed in the Netherlands on May 5 was 83,764, as compared with 87,695 on April 14.

The foreign trade of the Netherlands for April showed imports amounting to 169,713,564 guilders and exports to 97,000,415 guilders; imports for March totaled 165,449,351 guilders and exports 106,977,347 guilders. The State revenue of the Netherlands for April amounted to 36,880,927 guilders, as compared with 39,500,000 guilders for April of last year. The March index figure for retail prices was 149, in comparison with 149 for February, and 148 for January. The prices of twenty-nine articles in 1913 are taken as a basis of 100.

Certain recent changes have been made in the plan adopted by the Nether-

lands Government last September for the guarantee of exports credits with a view of encouraging foreign trade. Under the old system after due investigation by the several agents in charge, if it were found that a guarantee of the credit was needed the government gave it. This guarantee, however, was in reality extended to the bank granting the guarantee and not to the exporter. Under the new plan the government extends its guarantee not to the bank but to the exporter to cover the actual export transaction. Against payment of a small premium the Government actually guarantees payment of the invoice up to 40 per cent. of the whole amount. Such a guarantee is extended upon the recommendation of a committee similar to the commission arranged to pass upon the credits guaranteed under the system inaugurated last fall.

Under the new arrangement the guarantee can be given for an indefinite number of transactions of the same sort for the same concern, an arrangement which is not practicable under the former system, since under the old system the credit was guaranteed on the financial responsibility of the firm and its bank but which is now guaranteed on the responsibility of the export transaction itself.

Under the new arrangements the government also requires in most cases that the bank of the exporter shall join with the latter in the application for the guarantee, the bank in all cases being required to give all necessary information

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to the government as to the financial standing of the exporter.

Scandinavia

The economic situation in Denmark continues to improve, says a cable to the Department of Commerce at Washington. Industry is becoming more active and unemployment is decreasing. Confidence in financial circles is returning slowly, exports are increasing, and the crown is becoming more stable.

The note circulation of the Riksbank on May 12 was 441,000,000; at the beginning of April the amount in circulation was 449,000,000 crowns.

The status of the Danish Landmandsbank continues to develop favorably, the April statement showing a considerable increase in deposits.

Only lesser labor conflicts are now in effect and unemployment has declined to 28,000,000, as against 60,000 at the same time last year. Industrial activity is much improved in all lines, but fear of dumping by Germany as a result of the relapse of the mark exists.

The most important economic development in Norway during last month was the financial crisis, according to a cable to the Department of Commerce at Washington, which is likely to extend the economic depression. Owing to the

financial crisis, the note circulation rose sharply to 404,000,000 crowns on May 7. The crown is showing a violent reaction and continues to decline sharply.

The labor situation has improved and no major strikes are expected to take place. Agreements have been concluded in the iron industry providing for a slight reduction in wages based on the price indexes. Industrial activity is generally good with active foreign demand for export products. Wood pulp stock is reported exhausted and prices are expected to rise. Shipping is fairly active, although profits are small.

The foreign trade of Sweden during April again showed an unfavorable balance, says a cable to the Department of Commerce at Washington. Imports were twice as large as exports.

Imports by weight of the principal commodities for April, as compared with March were: Wheat, 20,000 metric tons; maize, 4300 metric tons; mineral oils, 12,700 metric tons; cotton, 950 metric tons; iron and steel, 7900 metric tons. Coal and coke imported during April amounted to 274,000 metric tons; 1594 automobiles were imported during April, as compared with 836 for March.

Exports of the principal commodities during the month were: Wood pulp, 21,500 metric tons; sawn lumber, 37,312,000 board feet including 10,800

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box shooks; planed lumber, 8,649,600 board feet including 1600 box shooks; paper, 16,400 metric tons; iron ore, 329,000 metric tons; iron and steel, 18,000 metric tons; matches, 2300 metric tons.

Declared exports from Sweden to the United States during April were valued at \$1,700,000 including paper, valued at \$406,000; iron ore, \$352,000; and wood pulp, \$305,000. Swedish imports during March were valued at 108,770,000 crowns while exports were valued at only 60,914,000 crowns. The total value of imports during the first quarter was 284,000,000 crowns and of exports, 175,000,000 crowns; 450,000 standards of lumber were sold from January 1 to May 15.

Capital issues increased from 14,000,000 crowns in March to 32,200,000 for April. Commercial failures during April numbered 273, a decided decrease from 332 in March and 339 in February.

Spain

The publication of the tentative budget for the current Spanish fiscal year which began April 1 shows no improvement over the preceding two years, says a cable to the Department of Commerce at Washington. The initial deficit is in the neighborhood of 1,000,000,000 pesetas, equaling the estimate for the past fiscal year, while the final deficit for the previous year has been announced as 1,800,000,000 pesetas.

During the ten months, April, 1921, to January 31, 1923, government income exceeded the budget estimates by 57,000,000 pesetas. Reforms in tax laws in 1922 were expected to add 305,000,000 pesetas to revenues; but, at the present rate, the total increase for the fiscal year will not exceed 70,000,000 pesetas.

Customs collections for March, 1923, amounted to 44,300,000 pesetas. This is approximately equal to the yield in March, 1922.

There are indications that revenue from taxation in Spain has reached its maximum. The official Chamber of Commerce in Spain has protested against the increases in the utilities tax and surcharges, claiming that there has been an increase of 200 per cent. in the past three years.

Economies are said to be necessary, such as the reduction of the number of government employees which has increased 350 per cent. in the past ten years, the relinquishment of the policy of subsidizing uneconomic Spanish industries, and the elimination of the loss on public supplies and railway materials.

At the fourth annual Barcelona sample fair held from March 17 to 28, there were more than 2000 exhibitors, and the industries of the principal manufacturing centers of the world were represented.

Of the foreign exhibitors, Germany was first as regards number and importance of exhibits, especially of ma-

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chinery, dyes, photographic supplies, and office equipment.

Exhibits from the United States came next in importance, with displays of roofing materials, paints and varnish, a great variety of office supplies, refrigerating, industrial and agricultural machinery, petroleum and derivatives, pianos, telephone equipment, and various metal manufactures. A small installation for refrigerating and ice making attracted a great deal of attention. The only automobile exhibited at this fair was an American machine not previously introduced in Spain, which attracted many visitors by its workmanship, design, and above all, its low price, 5500 pesetas.

Austria

Arrangements for the \$120,000,000 international loan to Austria are now nearly complete, according to a copy-right cable to the *New York Times*. American bankers are guaranteeing \$25,000,000 and those of France 150,000,000 francs. Bankers of Spain and Switzerland have put their names down for specific amounts, and the announcement of the sum Great Britain and other countries will guarantee will be made shortly.

Dr. Alfred Zimmerman, the Commissioner-General of the League of Nations for Austria, explained at the Bank of England to American correspondents his reason for believing that the loan would effect the reconstruction of Aus-

tria. Present at the interview were Montagu C. Norman, Governor of the Bank of England, and Thomas W. Lamont, of J. P. Morgan & Co.

"The reconstruction of Austria," said Dr. Zimmerman, "is one of the remarkable features of recent European history. The situation of the country has in the last ten months undergone a complete change. New life and new hope have come to the Austrian people, and the foundation of new prosperity has been laid. The scheme which is at the basis of this resurrection is a very simple one, but represents a form of constructive international effort new in the history of the world. In broad lines it comes down to the following:

First—Austria's political and economic independence was guaranteed by all its neighbors.

Secondly—A carefully prepared plan was worked out for the purpose of restoring the equilibrium of the Austrian budget within two years by means of a heavy reduction of expenditures and an increase of certain revenues. The whole state administration had to be reorganized; 100,000 officials had to be dismissed, and new taxation had to be introduced. The necessary legislation for these various purposes had to be passed and to be carried out under control of the Foreign Commissioner General. Moreover, the government received special constitutional powers for the application of this legislation, enabling them in certain cases to act without further parliamentary sanction.

Thirdly—Internal and foreign credits had to be found in order to cover the deficit on the budget deficits during the reconstruction period. Another reform, the reorganization of the railways, which weighs heavily on the state budget, has been taken up recently. A

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

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Capital *fl* 75,000,000
Reserve *fl* 36,500,000

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British expert is busy in preparing a plan for this important part of the program.

I do not want to give you the impression that all these measures have been carried out without any difficulties. Great sacrifices are asked and are willingly granted by every citizen, also by the working people.

Apart from the important measures mentioned above, numerous smaller measures of reorganization and simplification are carried through in practically every branch of the State Administration.

MARKED REDUCTION OF THE DEFICIT

The effect of all these measures together is clearly to be noticed in the steady reduction of the deficit. Since January 1 of this year I have introduced a system of monthly budget control which enables me to follow closely the development of the situation. All the money lent the state is paid into a special account in my name, of which account the treasury cannot dispose without my authority. In the same way the gross receipts of the customs and the tobacco monopoly are paid into an account in my name.

To obtain outside credits or loans the revenues of the customs and tobacco monopoly would ordinarily have been sufficient, but in order to inspire complete con-

fidence in the lenders it was thought wise to organize also an international state guarantee to come into effect. Thus three essential elements were wanted for the success of the plan, the desire and will of the Austrian Government and people to undertake the reorganization of their states as possible in the guarantee of the reconstruction loan and the collaboration of private capital. Since I have been in Vienna, that is to say, since December 15, 1922, I have seen with great satisfaction that all three elements are ready to do their share in the common work.

REDUCTION OF STATE EXPENDITURES

The Austrian Government has adopted all necessary reorganization measures and is carrying them through in a way which makes me consider the situation with confidence. One of the principal measures to be taken, namely, the reduction of the number of Ministries from eleven to eight, is an advanced state of execution. In October the deficit still amounted to 170 billion paper crowns (\$8,140,000). Since the beginning of the year, that is to say, for five months past, we have not only kept the deficit just under the monthly average of 330 billion paper crowns, but the actual expenditure during the first three months has

been \$7,570,000 lower than was foreseen.

The remark has been made that it is not sufficient to restore Austrian national finances as long as the country does not recover economically. Fortunately this recovery is being made, and since September last the crown has been stabilized.

AUSTRIAN SAVINGS DEPOSITS INCREASE

One of the first results of this stabilization has been that, confidence in the national currency having been restored, savings deposits have started to increase. From 2,000,000 gold crowns in September last they went up to 18,000,000 at the end of April, and they are still increasing.

Another sign is the tremendous increase of the gold value of the shares of banks and industrial enterprises quoted on the Vienna Exchange, the explanation being that soon as the crown remained stable it was noticed that many shares were quoted under their real value. Austrian and foreign capitalists soon started buying, and the result was an unusual advance.

At the same time Vienna is rapidly recovering its old situation as the clearing house for Central Europe, as the crown is the only stable currency in that part of the Continent.

The same thing is also true of commercial transactions, commercial treaties having now been concluded with most of the surrounding states.

And last, not least, it is important to notice the rapid reduction in the number of unemployed, which from 170,000 in February last, went down to 120,000 last month.

At the same time Vienna's outward appearance has changed. Americans must not think Vienna is a starving city, where the ghost of misery is walking through the streets. On the contrary, it is now full of life, with crowded shops and increasing industry and trade. Vienna's theaters and concerts are still keeping their high artistic standard.

Rumania

The acute credit stringency in Rumania together with the parliamentary struggle over the new constitution, reacted seriously on general business conditions and the stagnation has been pronounced, according to cables to the Department of Commerce at Washington. The adoption of the constitution on March 27 may perhaps tend to alleviate the situation slightly, but the chances for a general revival of business before the next harvest are slim. A rise

of sixty points in the cost of living is reflected in the intention to advance railroad rates again on May 1.

The new constitution definitely settled, at least for the time being, the state policy with respect to petroleum, for the nationalization of underground resources has now become part of the fundamental law. A few days before the adoption of the constitution, a new turn was given to the provisions on this subject—namely, that "rights already acquired will be contingent on the workings of a new mining law yet to be framed". It is not yet known whether this clause was finally adopted. The Minister of Industry and Commerce recently established a bureau for the control of deliveries of petroleum for domestic consumption. Crude production for February continued to decline, being 114,000 metric tons, as compared with 127,000 tons for January. Exports during February (20,000 tons), however, exceeded those of January by 1000 tons.

Bulgaria

The amount of reparations to be paid by Bulgaria has at length apparently been decided by the Reparations Committee, the figures, as reported to the Department of Commerce at Washington, being placed at 550,000,000 gold francs probably payable in sixty years. Such a decision will undoubtedly serve to dispel some of the uncertainty that has been manifest in business and financial circles for some time, causing merchants to be very cautious, and resulting in a decrease in both imports and exports. Although figures are not yet available, it is stated that, for the first time since the war, exports for 1922 have about equaled imports in value. Both imports and exports, however, are far below prewar normal. In 1914, for instance, imports reached 628,324 tons, which (even allowing for about 200,000 tons of coal then imported, but now unnecessary because of the use of the native product) is much more than the 179,722 tons imported in 1921.

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Czecho-Slovakia

Continued active demand for coke, iron, and steel in Czechoslovakia is reported to the Department of Commerce at Washington. The cost of living in Czechoslovakia continued to decline during March as shown by a slight decrease of retail prices.

Total unemployment was estimated at 340,000 at the beginning of May, as compared with 404,000 on March 1 and 420,000 at the beginning of the year. At the end of April there was a strike in the chemical industry affecting 5000 workers.

Commercial failures during March numbered 409, against 426 for February, with approximate resources of 103,000,000 crowns and liabilities of 95,000,000 crowns.

The note circulation of Czechoslovakia increased slightly to 8,930,000,000 crowns (over 2,000,000,000 crowns below the legal limit) on April 23, as compared with 8,580,000,000 crowns on March 23.

The exchange continued steady during April, the crown being quoted on the Prague exchange on April 1 at 34.20 crowns to the dollar and 34.10 crowns on April 25. The New York cable rate for one crown was \$0.0297 on April 2 and \$0.0296 on April 30. On May 22 the Czechoslovak crown was quoted at \$0.0298.

The industrial depression has embarrassed several secondary banks and

created some public uneasiness but the general banking situation appears satisfactory.

The March favorable trade balance of 100,000,000 crowns was much lower than for previous months, owing principally to increased imports of cotton, wool, and tobacco. Total March imports amounted to 270,000 metric tons, valued at 801,000,000 crowns while exports amounted to 1,028,000 tons, valued at 902,000,000 crowns.

During the first quarter of 1923 total imports amounted to 571,000 metric tons, valued at 1,820,000,000 crowns. Total exports amounted to 2,630,000 metric tons, valued at 2,550,000,000 crowns, showing a favorable balance of 730,000,000 crowns.

International Banking Notes

The statement of condition of the Kansallis-Osake-Pankki, Helsingfors, for the year ended December 30, 1922, shows profits for the year amounting to Fmk. 30,-176,394:01. The same dividend as for the year immediately preceding, i. e. 17 per cent. will be paid to the shareholders, Fmk. 5,000,000 be transferred to the special reserve fund, and Fmk. 300,000 assigned to the support of public enterprises and institutions. After adding to the profit of the year Fmks. 30, 176,394:01, and the balance of the preceding year, Fmks. 4, 547,243: 87, there remains at the disposal of the meeting

of shareholders Fmks. 34, 723,637: 88. This sum has been appropriated as follows:

	Fmks
To payment of a dividend of 17 per cent. on the share capital of Fmks. 150,000,000	25,500,000
" the extra reserve fund	5,000,000
" be placed at the disposal of the supervisory board and the board of directors in support of public enterprises and institutions	300,000
Balance to be carried forward to profit and loss account	3,923,637

⊙

The statement of condition of the Union Bank of Scotland, Glasgow, as of April 2, 1923, shows that the profit for the year, after providing for rebate of interest and for all bad and doubtful debts, amounts to £326,361, to which has to be added the balance from last year, £51,188, making together, £377,549, which has been applied as follows:

	£
To bank offices	10,000
" heritable property yielding rent	10,000
" rest account	100,000
In payment of a dividend at the rate of 18 per cent. per annum on the paid-up capital, or 36/- per share (less income tax), in equal proportions, on May 10 and November 10 next, which, together with income tax thus deducted, amounts to	180,000
To pensions and allowances fund	25,000
Balance carried forward to next year	52,549

The bank's rest, or surplus profit, stands at £1,200,000 exclusive of the balance in profit and loss account, which amounts to £257,549 18s. 5d.

⊙

The statement of condition of the Kawasaki Bank, Ltd., Tokyo, as of December 31, 1922, shows total resources of yen 212,206,860; paid-up capital of yen 10,000,000; reserve fund of yen 4,600,000; and total deposits of yen 189,343,093.

⊙

The statement of condition of the Popular Bank, Ltd., Athens, for the half-year ended June 30, 1922, shows total resources of Dr. 161,443,540; capital and reserves of Dr. 12,381,354; and deposits of Dr. 84,297,739.

⊙

The statement of condition of the Commonwealth Bank of Australia, Sydney, for the year ended December 31, 1922, shows total resources of £126,438,717. The balance sheet reads as follows:

	£
LIABILITIES	
Deposits, accrued interest and rebate	27,543,581
Bills payable and other liabilities	2,895,295
Savings Bank Department	
Depositors' balances (with interest accrued)	39,494,116
Capital—debentures issued—	
Reserve fund	2,099,482
Redemption fund	2,099,482
Contingent liabilities—	
Outstanding credits per contra	335,326
Note issue department	51,971,431
	<hr/> £126,438,717

	£
ASSETS	
Coin, bullion and cash balances	6,819,926
Australian notes	1,970,809
Money at short call in London	9,210,000
Investments—	
British, Colonial and Government securities (face value, £25,894, 703 18 3)	25,717,171
Commonwealth Government securities (face value, £9,768, 570 5 7)	9,705,652
Fixed deposits of other banks	954,000
Bills receivable in London and remittances in transit	2,140,159
Bills discounted, loans and advances to customers and other sums due to the bank	16,918,393
Bank premises	695,847
Liabilities of customers and others on letters of credit per contra	335,326
Note issue department	51,971,431
	<hr/> £126,438,717

⊙

The general meeting of shareholders of the Rotterdamsche Bankvereeniging took place in Rotterdam on May 16 when a dividend of 6 per cent. for the year 1922, payable from May 17, was declared. Aggregate net profits for the year 1922 amounting to fl. 10,733,439.14, on buildings are written down fl. 268,133.79, while the reserve fund will receive fl. 500,000 (increasing this surplus account to fl. 36,500,000). The special reserve fund will be endowed with fl. 4,000,000, (inasmuch as fl. 3,508,000 have been drawn on these reserves during the year 1922, this fund will amount to fl. 4,492,000), payment 6 per cent. dividend fl. 4,500,000, tax on dividend fl. 407,250, bonuses fl. 425,727.73, while fl. 632,327.62 will be carried forward as undivided profits.

⊙

At the eighty-sixth ordinary general meeting of the shareholders of the Yokohama Specie Bank, Limited, held at the head office, Yokohama, March 10, 1923, Kenji Kodama, president, in moving the adoption of the report, said in part:

Gentlemen:—In submitting for your approval at this eighty-sixth ordinary general meeting of shareholders the bank's statement and report and the proposals for the distribution of the profits for the second half-year of 1922. I shall, following the time-honored practice, have pleasure in briefly reviewing the general aspect

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CORRESPONDENCE IN ALL LANGUAGES INVITED

of economic affairs at home and abroad, and will also give you a rough résumé of the bank's operations during the period mentioned.

During the half-year under review, our economic position continued in the process of readjustment throughout, attention being concentrated on the problem of high prices and on the embargo on the export of gold. The government eventually originated many measures for the purpose of reducing prices, and also announced its intention of selling exchange on America against its funds there, whenever deemed advisable.

The demand for money for either domestic or foreign trade was not large, and although there were several new issues of public loans and debentures, money was easy for the greater part of the time and the note circulation was diminishing. Towards the end of the year, however, the calm was suddenly disturbed by successive runs on banks, which originated in the Osaka district, rapidly spread to other neighborhoods. At one time a serious crisis was feared, but, thanks to the timely measures of precaution adopted by the financial authorities, this was fortunately averted. The note issue of the Bank of Japan, however, as a result, and at one time reached a total of over yen 1,590,000,000, exceeding even the previous high record of 1919. New capital issues and bank clearings fell off considerably, the former amounting to yen 599,000,000 and the latter to yen 36,156,000,000, one-half and yen 1,263,000,000 less respectively compared with the corresponding period of the previous year, which is clear evidence of the continued trade depression in Japan.

Foreign trade during the period under review resulted in a total excess of exports over imports of yen 117,000,000. The excess was continuous month after month during the whole six months, a great contrast to the same period of the preceding year, when the result each month was just the contrary. This favorable position was chiefly due to the large exports

of raw silk, which amounted to yen 464,000,000 or about 50 per cent. of the total exports for the period.

The total amount of exchange dealt in by the bank during the half-year was yen 1,120,000,000, (an approximately similar result to that for the latter half of the year before) of which turnover yen 628,000,000 represents export transactions and yen 492,000,000 import.

The exchange rate for United States dollars, which commenced to show an upward tendency from the end of June last, reached 47½ on July 3 and gradually advanced to 48½ towards the end of the year, due to good exports of raw silk and poor imports in general to and from America respectively. Sterling recovered a good deal as the result of the improvement in the Anglo-American cross rate and of England's progressively favorable financial position, and 2½ was recorded by the close of the year. The value of the mark and franc still further depreciated, the unsatisfactory state of the financial and political situation in Germany and France being responsible for this. The mark, in particular, declined extraordinarily, and at the end of the year was quoted at marks 2700 to yen 1—(1/1350th of the pre-war level), and there seemed every tendency that there would be a further fall. Silver kept comparatively steady at about 35 to 36 pence until the beginning of October, when China came out as a free seller, and from that time, in spite of good support from India, the price gradually dropped to 30 pence, involving exchange on China in its fall.

◎

Within a period of a few months, representatives of two separate Chinese banking institutions have visited Havana to determine the needs for a local branch catering

to Chinese interests, according to the Department of Commerce. These banking institutions are the Industrial and Commercial Bank (I.t.d.), of Hongkong, and the Chinese Merchants' Bank of the same city.

The representative of the latter bank reports that a branch of the Chinese Merchants' Bank will be established in Havana within two or three months. Plans are under way for the carrying out of the necessary legal formalities. This bank, whose capital is stated to be \$5,000,000 in currency and \$2,500,000 in gold, has an agency in New York. The owners of the bank are reported to be heavily interested in rice, and it is expected that the Havana branch will devote itself to financing shipments to Cuba of Chinese rice, silks, embroidery, chinaware, and other oriental products.



American tourists returning from Germany report that officials at German ports and border stations are enforcing a recently enacted law to prohibit American money from being taken out of Germany in amounts over \$25 for any one person. This new law provides that travelers may report on entering the country the amount of American money they have with them. By so doing they are exempt from the \$25 limitation when leaving the country and may depart with American dollars up to the amount declared less a reasonable sum calculated for living expenses according to the duration of their stay in the country. This law also provides that if the party recording American money remains in Germany longer than six months he is subject to a tax.

As most of the tourists stay in Germany less than six months this tax does not apply in the large majority of the cases. Travelers returning on ships arriving direct from Hamburg state that German officials did not prohibit their taking out of Germany any amount in American Express Cheques, French francs or German marks. As the major part of travel funds carried by tourists are in the form of travelers' cheques and negotiable only when countersigned by the original purchaser they are exempt from seizure under the new law.



A specific suggestion looking to the solution of the vexed reparations question, was advanced in a report submitted by a special

committee of the National Foreign Trade Council, to the First General Session on European Conditions, of the Tenth National Foreign Trade Convention at New Orleans, on May 2, when the question was raised whether Germany might not be able to pay without detriment to its creditors, 50,000,000,000 gold marks, on terms similar to those of the British debt settlement. This would require annual payments on principal running from about \$50,000,000 the first year to about \$525,000,000 for the sixty-second year, and this, the report considers possible without undue menace to the trade of the Allies.

After quoting from the conclusions reached by the Financial Section of the International Chamber of Commerce at its recent meeting in Rome, the report says in part:

American industry, which earnestly seeks an expansion of foreign trade based on stable conditions that will rebuild the buying power of Europe, and American agriculture, which greatly needs for its surplus production the restored buying power of its chief markets in Europe, would welcome any method by which these questions could be determined, and the great engine of world commerce enabled again to run at full speed ahead.

A settlement which includes both revision of the reparations amount due from Germany and the question of future national security, must, to be effective, enlist the official participation of the interested governments. But it should also have the best business ability and experience on these economic phases.

Finally, a settlement to be effective and lasting, must be one in which Germany gives conclusive proof of honesty of purpose and sincerity of effort. With such a foundation it may reasonably be hoped there would follow a long era of active and prosperous foreign trade on which could be built individual and national prosperity for both Europe and America.

Among the members of the National Foreign Trade Council are its chairman, James A. Farrell, president United States Steel Corporation; A. C. Bedford, chairman Standard Oil Company of New Jersey; Julius H. Barnes, president Chamber of Commerce of U. S. A.; Lewis E. Pierson, president Merchants Association of New York; Willis H. Booth, president International Chamber of Commerce; P. A. S. Franklin, president International Mercantile Marine Company; Fred I. Kent, Bankers Trust Company; John McHugh, Mechanics & Metals National Bank; Franklin Remington, Foundation Company; Clarence M. Woolley, American Radiator Company; John D. Ryan, Anaconda Copper Mining Company, New York; Cyrus H. McCormick, International Harvester Company; Edward F. Carry, Pullman Company; E. M. Hurley,

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*

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 Tr. Co. and Irving Bank-Columbia Tr. Co.

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Bank of Canton, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

Hurley Machine Company, Chicago; Charles A. Hinsth, Fifth-Third National Bank, Cincinnati; Robert Dollar, Robert Dollar Company; Frederick J. Koster, California Barrel Company, San Francisco; William Pigot, Pacific Car & Foundry Company, Seattle; R. S. Hecht, Hibernia Bank and Trust Company, New Orleans; John S. Lawrence, Lawrence & Company, Boston; and M. A. Oudin, International General Electric Company, Schenectady.

New England is to be the host of the next National Foreign Trade Convention, according to James A. Farrell, chairman of the National Foreign Trade Council, and president of the United States Steel Corporation. The meeting will be held in Boston, probably during May, 1924.

The invitation to meet in Boston had the backing of the State of Massachusetts, the City of Boston, and the Boston Chamber of Commerce. It is now planned to enlist the coöperation of every manufacturing community throughout New England in what is expected to be the largest Foreign Trade Convention ever held in the United States.

The statement of condition of the Bank of Canton, Ltd., Hongkong, for the year ended December 31, 1922, shows total resources of £3,970,025; capital of £1,074,725; and deposits of £2,435,249. The statement follows:

ASSETS

	£
Cash on hand and at bankers	696,318
Bullion and foreign coins, etc.....	64,881
Bills receivable	326,084
Agencies	410,858
Loans receivable and advances.....	2,281,003
Suspense a/c exch. trans.	22,436
Investments at cost	6,100
Payments in advance including telegraph guarantee	4,532
Stationery a/c	2,218
Furniture, fixtures and vaults.....	7,568
Underwriting commission	134
Bank buildings	138,166
New York agency organization a/c.....	9,722

£3,970,025

LIABILITIES

	£
Capital: 214,945 shares of £5 each, fully paid	1,074,725
Silver reserve fund, \$500,000.....	89,166
Reserve for bad and doubtful debts.....	5,001
Deposits	2,435,249
Drafts payable	155,626
Agencies	164,085
Unpaid dividends	8,360
Compradore guarantee fund	4,458
Profit and loss a/c.....	33,350

£3,970,025

New York Bankers Meet at Atlantic City

McHugh Urges Intensive Campaign Against Excessive Rate of Bank Taxation

DECLARING that under present laws, banks pay a higher rate of taxation than other business enterprises, John McHugh, president of the Mechanics and Metals National Bank, New York, one of the principal speakers at the thirtieth annual convention of the New York State Bankers Association at the Hotel Traymore, Atlantic City, June 11 to 13, urged an intensive campaign to bring about the enactment by the next New York Legislature of laws which will place all state and national banks in New York under the provisions of the State Income Tax law, as it applies to other corporations.

Mr. McHugh's address comprised an exhaustive review of the entire subject of taxation as it applies to banking interests. He pointed out that in the gradual drift away from the old system of direct taxation on property values—a drift which has been particularly pronounced in New York State—and the acceptance of the principle of earnings as the basis of modern taxation, banks had been discriminated against. He said in part:

Study of taxes paid by the financial institutions of our state shows that they are bearing a heavier burden, measured by net income, than other business corporations.

At the recent session of the Legislature, a bill was introduced by Senator McKnight which proposed to tax financial institutions upon a net income basis similar to that employed for the taxation of other corporations. This complies with the Federal requirements and is a fair and equitable solution of the bank tax problem. It would bring the taxation of the banking business into harmony with the tax system of the state. To this end, a state-wide intensive campaign must be waged before the meeting of the Legislature on January 1 next.

Mr. McHugh disclosed the details of the compromise by which three years' tax claims against New York banks are to be adjusted. Objecting to the assessments levied on the banks, the Hanover National began a test case. This was

decided in December, 1922, by the Court of Appeals, which held that the proposed taxation was illegal.

The Supreme Court of the United States denied an appeal. Both houses of the State Legislature, at the last session, passed what is known as the Sheridan bill, designed to meet the objections raised by the courts and to legalize the taxes declared void. In the meantime a committee of bankers and the Comptroller of the City of New York reached a compromise whereby the banks were to pay 50 cents on the dollar of the 1920, 1921 and 1922 taxes levied. One of the conditions of the agreement was that the Comptroller should advise the Governor to veto the Sheridan bill.

LEGISLATION INVOLVES \$15,000,000

Mr. McHugh read the memorandum filed by Governor Smith in disapproving the Sheridan bill. This memorandum was dated June 1, and in it Governor Smith said that the amount involved was upward of \$15,000,000. Mr. McHugh said that the compromise was satisfactory to both the banks and public authorities, but urged all members of the association to get behind the movement for the enactment of the McKnight bill, to the end that future difficulty of the same kind be avoided.

In his address at the opening of the general session, Howard Bissell, president of the Peoples Bank of Buffalo, and head of the State association, made a brief talk, having just recovered from an attack of pneumonia. He concluded by urging the bankers to remember that happiness was more important than dollars.

The New York bankers adopted the plan, rapidly being popularized by Atlantic City conventions, of holding business sessions in the forenoon only, devoting the afternoon to play, surf bathing and sightseeing. The association golf tournament was held on both

the Atlantic City Country Club and the Linewood Country Club courses.

The ladies attending the convention were guests at a fashion exhibition held in the Submarine Grill of the Traymore.

FRENCH RUHR POLICY

The keynote in what is declared to have been the first comprehensive and authoritative statement of French policy in the Ruhr yet made in America, used as a text by Gaston Liebert, former French Consul General at New York and now director of the French Bureau of Information in the United States, in his address, was:

We went into the Ruhr because the Ruhr is the jugular vein of Germany, and we intend to hold our hands at Germany's throat until the German people come to their senses. We want to make it clear, however, that Belgian and French troops are not in the Ruhr to make war on the German people. They are there to act as receivers to collect an honest debt from a stubborn, dishonest and evasive debtor.

M. Liebert compared the German attitude in 1919-23 with the French attitude in 1871-73, drawing a sharp distinction between the nature of payments in the two instances. He said:

Following the war 1871 France was compelled to pay not reparations for damage done German people or German property because the war of 1871, like the war of 1914-18, had been fought on French soil, but France was compelled to pay 5,000,000,000 gold francs indemnity, a penalty for being vanquished. The just debt which we have for four years been trying to collect from Germany is not an indemnity; it is a claim for actual damages wrought by German troops on French and Belgian soil.

Now, after four years, Germany, untouched by war invasion, with her factories and industries producing as they were before the war, has only paid about 2,000,000,000 gold marks in cash.

The answer, and the only answer, is that if Germany had shown a real willingness to pay, if Germany had been as strictly honest as France was, there would have been found a way, and the troops of France and Belgium would not today be in the Ruhr to act as a receiver to collect an honest debt from a stubborn and dishonest and evasive debtor.

At a meeting of the members of the American Bankers Association, N. I.

Schermerhorn, president of the City Trust Company of Schenectady, was elected vice-president of the association for New York. The following were named as members of the Executive Council of the national body:

Howard Bissell, president of the Peoples Bank of Buffalo and retiring president of the State Association; John McHugh, president of the Mechanics and Metals National Bank of New York City; C. Howard Marfield, vice-president and cashier of the Seaboard National Bank of New York City.

John A. Kloepper of the Liberty Bank of Buffalo was named as a member of the nominating committee of the American Bankers Association, with Frank Hilton, vice-president of the Bank of Manhattan, as alternate.

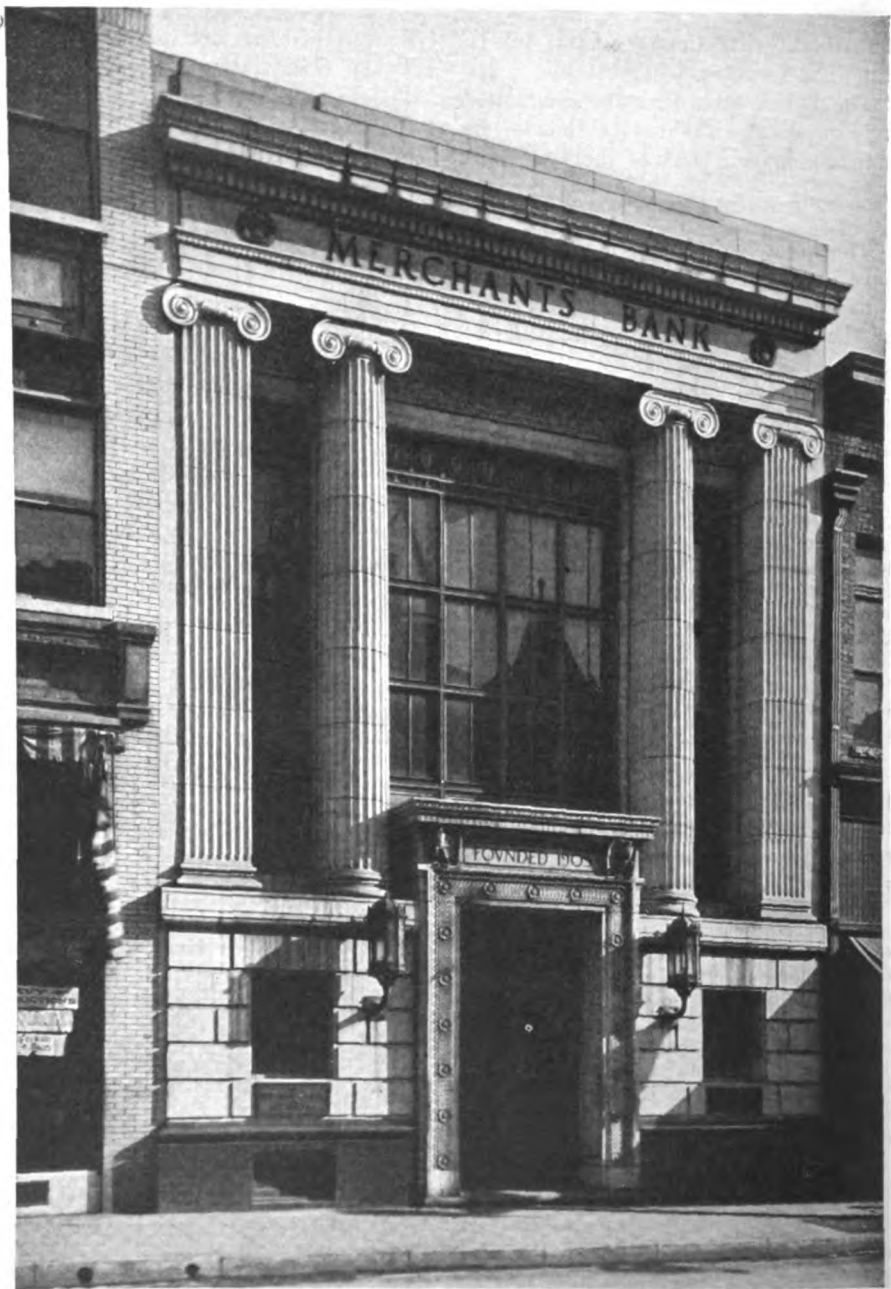
The various sections of the State Association elected officers, as follows:

National Bank Section: President—Pelton Cannon, vice-president Merchants' National Bank, Poughkeepsie; Vice-president—A. C. Kilmer, cashier First National Bank, Cobleskill; Vice-secretary—F. W. Koster, vice-president Lafayette National Bank, Buffalo; Vice-president for National Bank Division of A. B. A.—F. J. R. Clark, president National Bank of Westchester County, Kingston.

Trust Company Section: President—Boyd G. Curtis, secretary New York Trust Company; Vice-president—M. H. Sawtelle, treasurer People's Trust Company, Binghamton; Secretary—Irving H. Meehan, assistant secretary Farmers' Loan and Trust Company, New York; Vice-president for Trust Company Division of A. B. A.—E. T. Shelman, president Bank Trust Company, Syracuse.

State Bank Section: President—B. H. Fancher, vice-president Fifth Avenue Bank, New York; Secretary—P. A. Vay, vice-president Lincoln Alliance Bank, Rochester; Vice-president for State Bank Division of A. B. A.—J. W. Spaulding, vice-president North Avenue Bank, New Rochelle.

Savings Bank Section: President—A. Ten Eyck Lansing, treasurer Jefferson County Savings Bank, Watertown; Vice-president—William S. Downer, treasurer Auburn Savings Bank, Auburn; Secretary—J. D. Anthony, treasurer Troy Savings Bank, Troy; Secretary and Vice-president for Savings Bank Division, A. B. A.—H. S. Hanford, president Rochester Savings Bank, Rochester.



THE black and white marble front of the new building of the Merchants Bank, Durham, N. C., stands out in pleasing contrast to the dark exteriors of the other buildings in the same block. This is another addition to the modern Southern bank buildings designed and erected by

ALFRED C. BOSSOM
 BANK ARCHITECT & EQUIPMENT ENGINEER
 680 FIFTH AVENUE, NEW YORK

Old National Bank and Union Trust Company of Spokane

FEW institutions in the West have enjoyed the steady and consistent growth of the Old National Bank and Union Trust Company of Spokane. It was in 1910 that the directors gave to Spokane its fifteen story skyscraper and launched the plan of furnishing the bank with a permanent home. At that time, the bank occupied only about two-thirds of the ground floor. In 1917, the Union Trust Company joined in this occupancy and the banking room was extended to its full length.

Since it opened for business in 1891, more than thirty-one years ago, the Old National Bank has grown with Spokane and has helped Spokane to grow. In the founding of the Union Trust Company in 1907, the directors endeavored not only to meet, but to anticipate the ever-broadening financial needs of the community. The Union Trust Company was organized with the prime object of aiding in the conservation of the estates of the widow and orphan, its principal function being to administer estates and act as trustee in those affairs that have outgrown the personal executor and personal trustee.

For the third time within twelve years, the growth of the business and the demand for increased facilities have made further extensions necessary. The organization is today fully rounded out, affording a complete banking, trust, investment and safe deposit service—all under one roof.

The safe deposit service began recently on the installation of the safe deposit department in the basement. The construction of this new department, rearrangement of the main banking floor, and extension of the mezzanine, just completed, is the culmination of the original plans of the officers and directors when the fifteen-story bank building was erected in 1910.

Under the rearrangement the departments are now assigned as follows:

Main floor—Commercial banking, credit, savings, collections, drafts, bonds and investments.

Mezzanine—Trusts and estates, auditing, bookkeeping, publicity, executive conference rooms.

Vault floor—Safe deposit vaults, insurance, surety bonds, mortgage loans, rentals and Liberty bonds.

On the main floor the general banking accommodations have been greatly augmented by the addition of seven tellers' cages. Quarters have been provided also for two assistant cashiers adjoining the savings and foreign departments which come under their supervision.

The mezzanine, which heretofore ran only across the rear of the main floor, now extends around four sides of the room. A public corridor on the mezzanine floor leads to all departments. An inviting and commodious lounge, provided with comfortable chairs, divans and tables is located at the south end of the mezzanine.

The trust department occupies the entire east area of the mezzanine; the more spacious accommodations and greater privacy supplying a need which has long been recognized, and which has become increasingly imperative because of its rapidly growing clientele. The offices of the president and trust officers of the Union Trust Company are located adjoining this department.

The new safe deposit department is easily accessible by a broad marble staircase leading from the main banking room lobby. It may also be reached by a new stairway located just inside the office building entrance. This stairway is for the convenient use of the tenants of the building and as a means of access outside of banking hours. In addition to these stairways an automatic electric elevator has been installed adjoining the main entrance vestibule, for the exclusive service of all three floors.



THE OLD NATIONAL BANK BUILDING, SPOKANE, WASH.

The bank has been in this building since 1910, the Union Trust Company joining with it in 1917



Main banking room showing the stairs leading to the safe deposit vaults



Partial view of the mezzanine which now extends around the entire banking room, the trust department now being located on the east side



Entrance to the safe deposit department



In this section of the vault floor, Liberty bonds, property management and insurance are taken care of



Head office at Rome of the Banca Nazionale di Credito

Banca Nazionale di Credito

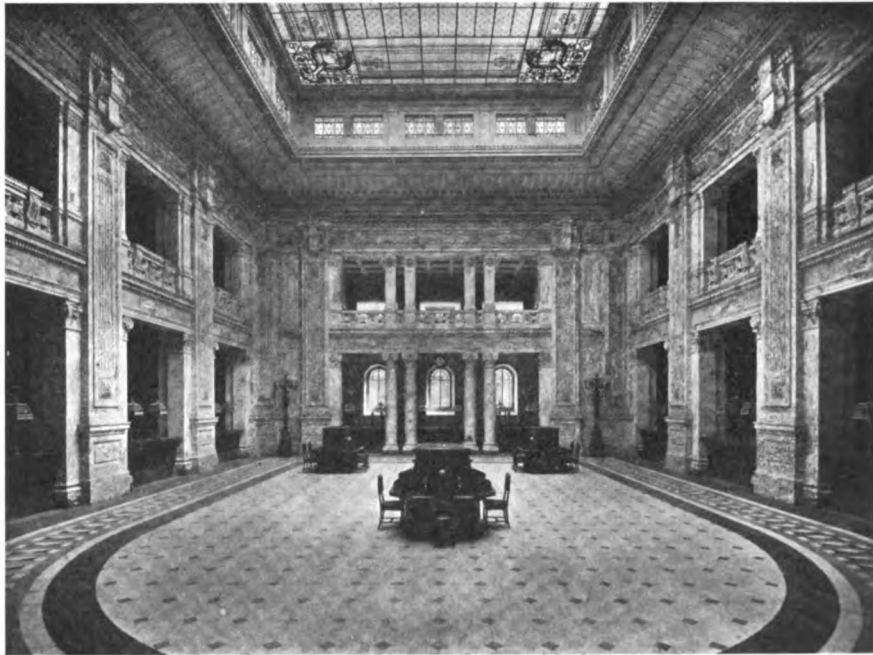
THE Banca Nazionale di Credito is at present one of the great banking institutions of Italy. It has taken the place of the Banca Italiana di Sconto which closed its doors, December 1921, during the crisis which momentarily and briefly upset the financial and economic life of Italy at that time.

When at the end of 1921 the Banca Italiana di Sconto declared a moratorium, a judiciary commission appointed by the court took possession of the institution. A complete report was presented to the court. The investigation committee also submitted a plan suggesting to proceed at once with the liquidation of the Banca di Sconto and to create in the meantime a great banking institution with an initial capital derived from the conversion of credits of the bank in crisis. The new institution had to take charge of the liquidation of the Banca di Sconto. The project was approved by the Tribunal of Rome and the Banca Nazionale di Credito was constituted on May 13,

1922 with a capital of 250,000,000 lire, fully paid, divided into shares of 500 lire each.

Domenico Gidoni, a noted Italian financier, well known in New York, was called to the presidency of the board of directors of the new bank. He had already served as judiciary commissioner of the Banca di Sconto and was fully cognizant of the complicated situation of the closed bank.

During the first few months of its constitution the Banca Nazionale di Credito has shown appreciable and encouraging results. Its organization is sound and strong. The new institution has a solid financial basis and is administered with rigid and strict judgment by men of the highest ability in the Italian financial circle. Besides Mr. Gidoni, an authority as a banker and as organizer, the board of directors includes: Ambrogio Molteni, central director, Mario Bevilacqua, Alberto d'Agostino, Count Carlo Parravicini, Ercole Pizzoli and Guido Tonello, as vice-directors.



Rotunda of the main banking room, one of the largest of the banks in Italy



Lobby of the foreign exchange department



View of the galleries and entrance to the main banking room

The central office of Banca Nazionale di Credito is in Rome with seventy-four branch offices in the most important industrial and commercial cities of Italy as follows: Acqui, Alessandria, Ancona, Aquila, Asti, Bari, Belluno, Bergamo, Biella, Bologna, Brescia, Busto Arsizio, Cagliari, Caltanissetta, Carrara, Caserta, Catania, Catanzaro, Chiavari, Como, Cosenza, Cremona, Cuneo, Domodossola, Ferrara, Firenze, Fiume, Foggia, Gallarate, Genova, Lecce, Legnano, Livorno, Lucca, Mantova, Messina, Milano, Monza, Napoli, Novi Ligure, Padova, Palermo, Parma, Perugia, Piacenza, Pinerolo, Pisa, Pistoia, Prato, (Tuscany) Reggio Calabria, Reggio Emilia, Rimini, Roma, Rovigo, Salerno, Sanremo, Saronno, Savona, Seregno, Siracusa, Spezia,

Torino, Trapani, Trento, Treviso, Trieste, Udine, Varese, Venezia, Vercelli, Verona, Vicenza, Vigevano.

The activities of the Banca Nazionale di Credito are those of all the great banking institutions. It offers complete facilities for the transaction of every kind of banking business. The foreign exchange departments in Rome and in the other branch offices all over Italy, are operated accurately and swiftly. Special care is taken in serving the tourists who visit Italy from all over the world.

The main office is located in one of the finest and most imposing new edifices of Rome. This building is situated in the magnificent Piazza Colonna in the pulsating heart of the Eternal City and its busiest business center. The



Directors' room

immense construction has a rectangular area of 6000 square meters divided into three triangles which form a banking gallery in the shape of the letter V.

The frontal length is ninety meters and the height thirty meters divided into six floors. The gallery is of granite, Verona stone and marble.

The architecture of the building is simple and imposing with its stone walls and immense pillars. In the center of the structure there is the rotunda where the public convenes every day for the banking transactions. This rotunda is considered to be the largest of any bank in Italy. The tellers' cages are all around. The immense hall with spacious corridors, marble pillars and the artistic dome is beautiful. It is of pure Renaissance of Serravezza stones with

stucco and gold decorations. The floor is of polychrome marbles handsomely placed in artistic geometrical designs.

Special attractions of this fine building are the four large staircases in Carrara and Verona marble situated on the lateral entrances; the big conference rooms with superb decorations on the first floor; the lobby and the spacious corridors. The new structure has a safe deposit vault of great dimensions which contains the treasury of the bank, besides the cash vault for the public. The huge vault contains space for over 5000 individual rental safe deposit boxes of various sizes. This safe deposit department, embodying the best modern protective safety devices, is the best of any bank in Italy.





Banco Espanol del Rio de la Plata, Madrid branch

A Spanish Bank for Spanish-American Business

THE Banco Español del Río de la Plata (Spanish River Plate Bank) was founded in 1887 in Buenos Aires with the object of facilitating the banking operations of the Spanish colony in particular and of transacting banking business in general. The initial capital was 3,000,000 paper pesos which was increased to 6,000,000 in 1889, to 20,000,000 in 1903, to 50,000,000 in 1907, and in 1911 to 100,000,000 paper pesos, at which figure it now stands.

The progress of the bank has been

constant and rapid in spite of alternatives in Argentine, with the logical exception of the years 1914 and 1915 when in common with most other banking institutions progress was checked. Once this period passed deposits rose rapidly, as will be seen from the accompanying table.

On June 15, 1903, a branch was opened in Madrid and in the following year further offices were opened in Paris and Genoa; London and Hamburg branches were opened in 1907 and 1910 respectively.



Manager's office



Board of directors' room



One of the departments on the main floor

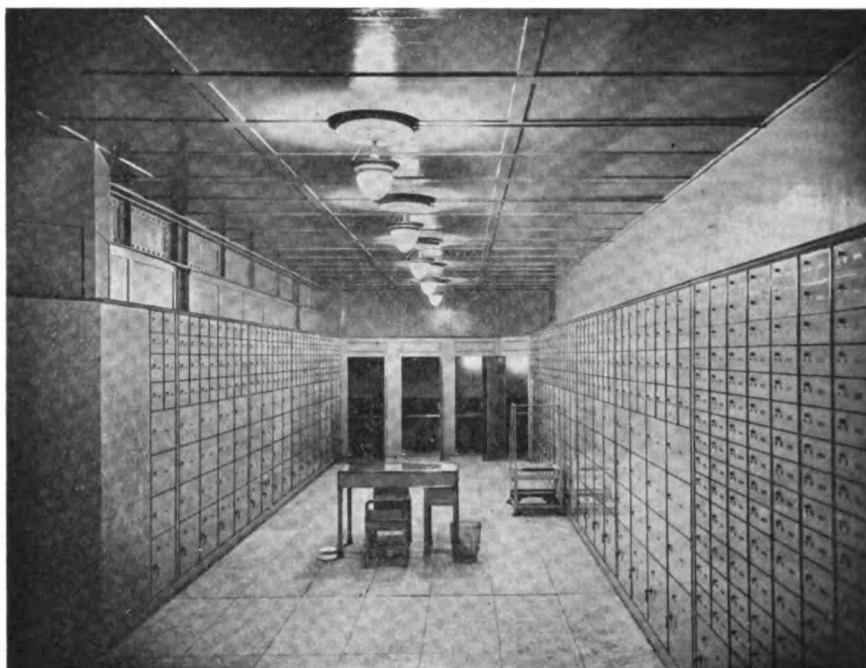
(In millions of paper pesos.)

Years	Annual dividends	Capital paid up	Reserves	Deposits	Cash	Discounts and advances
1887	2½%	1.91		6.28	4.06	3.97
1891-92	12%	6.00	0.31	27.56	13.98	19.03
1896-97	10%	6.00	0.61	46.31	21.77	30.49
1901-02	10%	6.00	0.91	60.37	23.13	42.04
1906-07	12%	25.18	4.09	128.84	59.84	98.67
1911-12	12%	89.54	38.82	237.90	88.57	276.61
1914-15	4%	97.88	47.53	174.89	40.56	193.76
1915-16	5%	98.01	47.81	200.39	46.05	222.90
1916-17	5%	98.15	48.10	246.99	85.62	242.33
1917-18	5½%	98.39	48.47	354.45	107.63	276.49
1918-19	6%	98.58	48.85	393.14	99.43	297.79
1919-20	7%	98.87	49.07	496.87	123.31	415.94
1920-21	8%	98.91	49.58	524.15	149.86	422.30
1921-22	7%	98.99	49.93	542.86	159.82	384.33

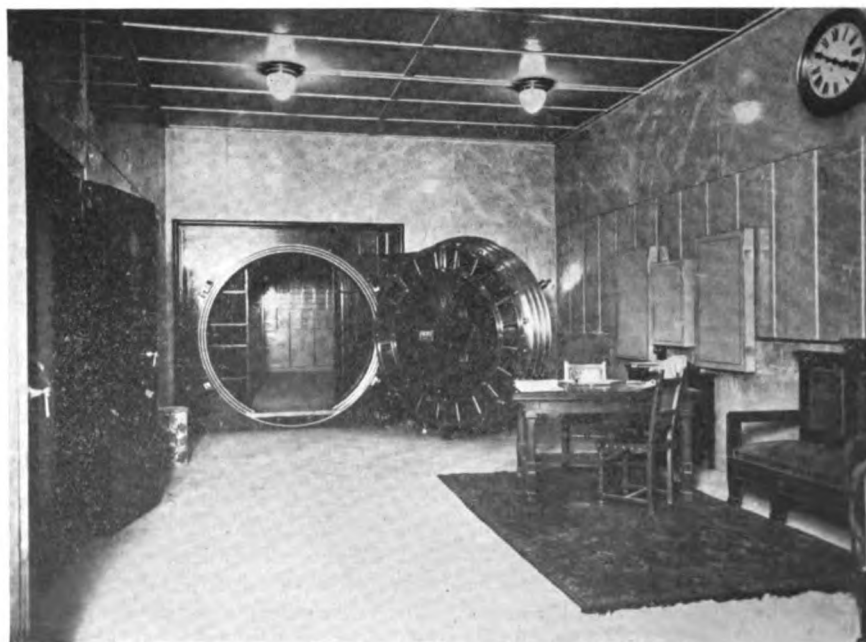
In 1904 the building which was being constructed in Buenos Aires for the head office of the bank was completed and it is still considered one of the finest in that city. The spacious hall, probably the largest to be found in Argentine, is none too big for the crowds of clients which swarm in and out of the building during business hours. The Spanish River Plate Bank has always given special attention to the small depositors and has found its recompense

in the total of its current accounts and fixed deposits which are far higher than those of any other non-official bank. This bank also remits annually to Spain over 400,000,000 pesetas for accounts of its clients, which fact gives an idea of the importance of the essentially Spanish element in Argentine. The full name of the bank is rarely used in the South American cities where it is established; it is *the* Spanish Bank.

As may be imagined, the activity of



One of the corridors in the safe deposit department



Entrance to the safe deposit vault



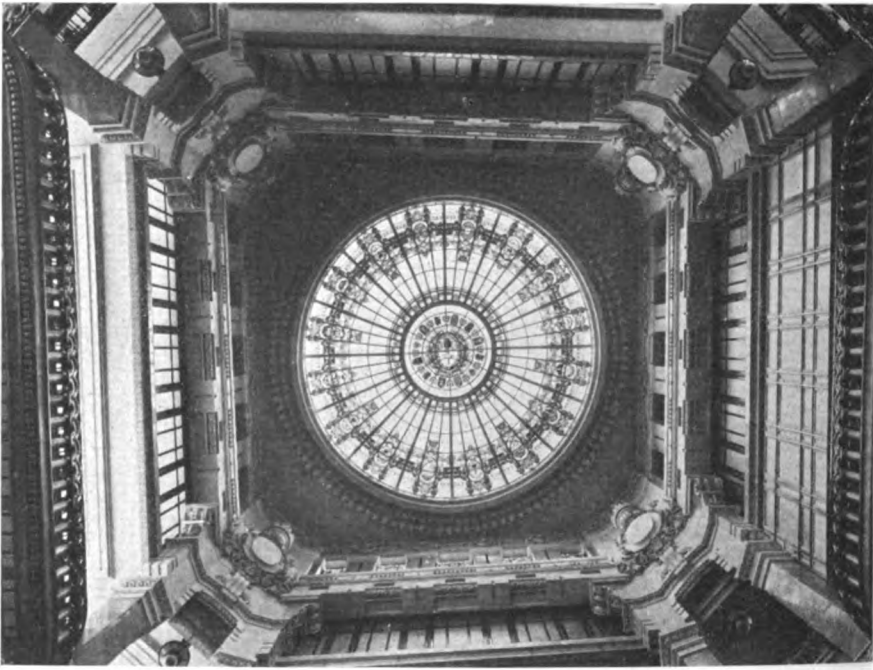
Another of the spacious corridors, some of the coupon booths can be seen in the rear

this establishment in Argentine finds its echo in Europe, especially Spain, and the central office for Europe is worthy of its American mother. The photographs reproduced give but a poor impression of the magnificent building which is situated in the center of the business quarter, opposite the Bank of Spain, and forming with the Central Post-office and the Murga Palace an artistic adornment to the fine Plaza de Cástelar.

The foundations were begun in 1912 and the finished building was opened six years afterwards, two years being spent in changing the course of an underground stream which passes through that part of Madrid. The total cost of the construction was Ptas 5,000,000, of which the stone material alone accounted for Ptas 1,290,000. The interior is lined with Italian and Spanish marble with bronze ornaments and the ensemble, under a Madrid sun, presents a gay picture. Although, on account of its special construction, the

interior of the building keeps very cool in summer, an additional refresher is provided in the form of a powerful blower, which distributes cold purified air throughout the different departments. The height of the building is twenty-five meters, which was more than the maximum allowed by the municipality at the time and a special permit had to be obtained before the plans were approved.

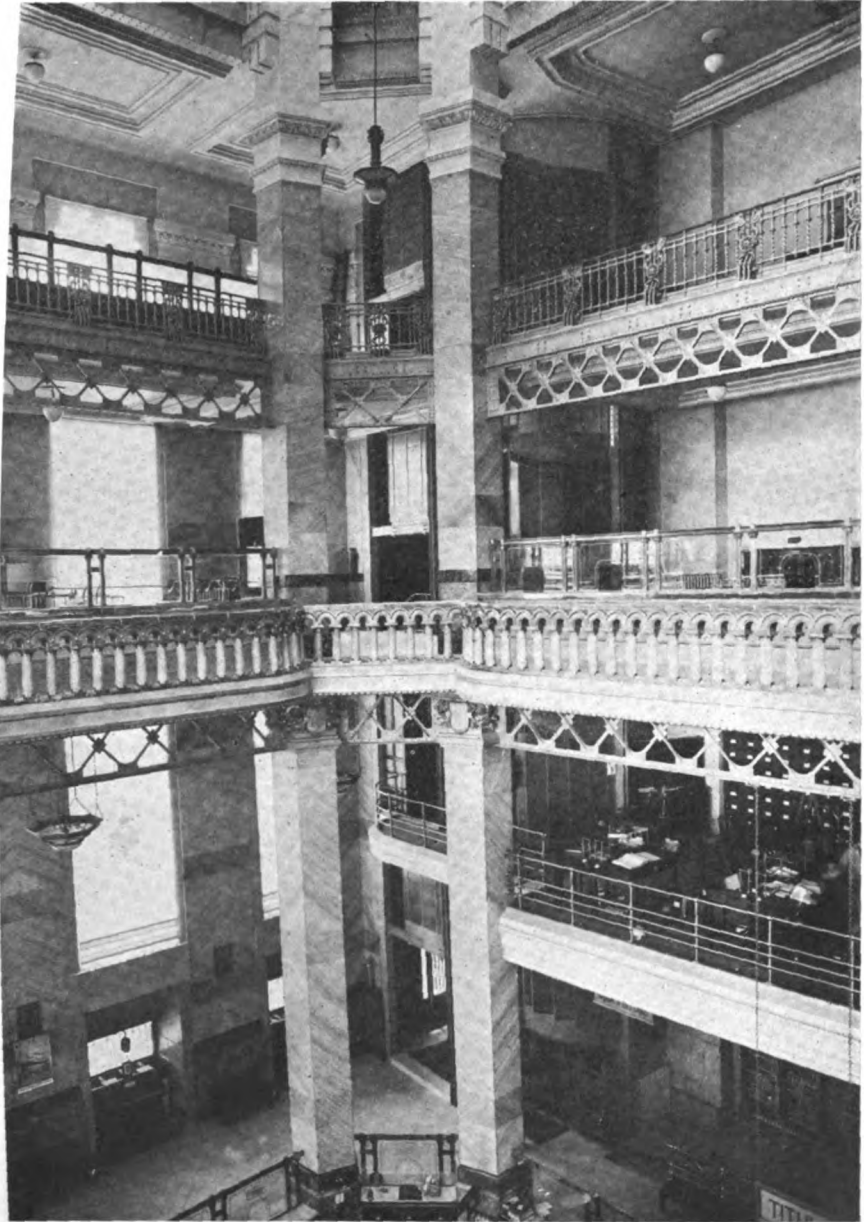
On the ground floor of the building, which has a surface area of some 12,000 square feet, are situated the various departments with which the public comes in contact, while on the mezzanine and higher floors are the secretarial, information and other less public services. Below the street level are spacious filing and messengers' departments, and lower, the public and the bank's private safes which are among the finest in Madrid. The circular time closing door shown in the photograph was the first to be fitted in Spain and



Looking up at the beautiful glass cupola which floods the floors below with light



View of the Plaza de Castelar from the terrace of the bank



This view shows the mezzanine and upper floors

was made by Lips of Dordrecht, Holland.

When it is considered that the development of Spanish banks is comparatively recent, it must be admitted that the management of the Banco Español has shown considerable enterprise and

good judgment in anticipating events in Spain.

Money has not been stinted to make the premises worthy of the position held by the Banco Español del Rio de la Plata in Spanish banking circles and the expense has proved to be justified. The

volume of business of the Madrid branch is important and increases steadily, in spite of the universal trade reaction which was as acute in Spain as elsewhere on the European continent.

The European branches are managed by a local board of directors in Madrid

aided by a Central Inspection Department, only matters affecting the whole bank in general being referred to the Buenos Aires head office. This arrangement works exceedingly well and enables important business to be dispatched with rapidity.



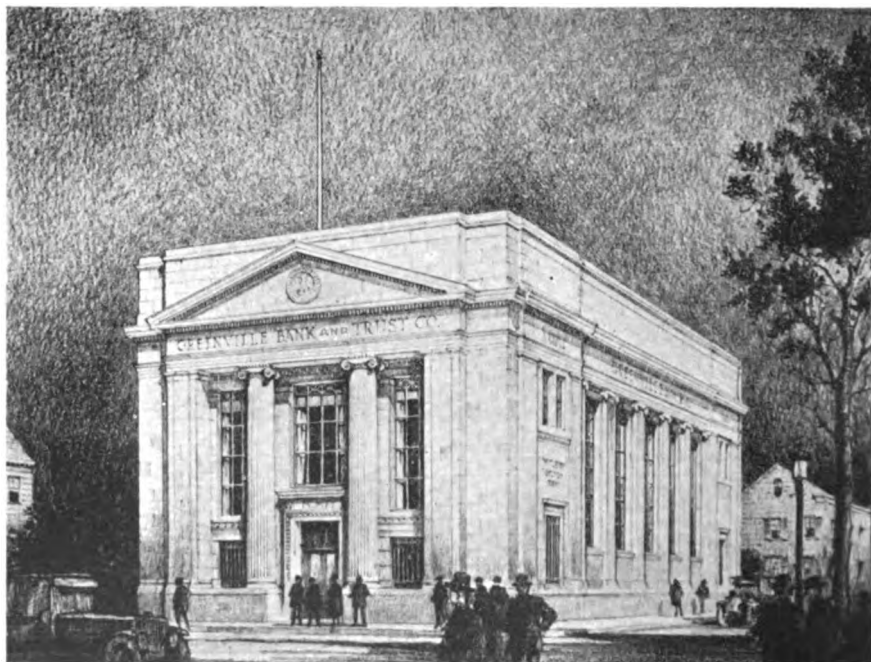
Greenville Bank and Trust Company, Jersey City

THE Greenville Bank & Trust Company, located at the corner of Lembeck and Ocean avenues, Jersey City, N. J., is proceeding with the construction of its new building.

The exterior will be in the Neo-Greek style of architecture which has become so popular in Europe of late. It will be of stone with a granite base very much of the character of those rather

famous old banking houses of London that were built during the Greek Revival of the Eighteenth Century.

It is not often that a bank gives as much attention to its safe deposit equipment as the Greenville Banking and Trust Company is doing. In practically every other bank in the Metropolitan district you walk from the public lobby through one pair of gates to the



New building under construction for the Greenville Bank and Trust Company, Jersey City

front of the vault, but in the new Greenville Banking and Trust Company Building, a most ingenious cross passageway has been designed, so that should any member of the public get through the first pair of gates, they have not put themselves in dangerous proximity to the bank's strong box. This feature is going to give the greatest possible sense of security to all safe deposit users.

BEST OF ACCOMMODATIONS

The bank's clientele will be provided with accommodation in advance of anything of a similar nature in this section of Jersey City. In addition to a very handsome and monumental vault, the interior is characterized by a general rich warm coloring, which it is hoped

will give the friendly and welcome appearance now felt to be so essential in banking houses that deal particularly with communities.

The president, Oliver P. Vreeland, and Henry Holmes, vice-president, have both had considerable experience in the past, having been most actively connected with the new building for the Claremont Bank, which was finished some little time ago.

They have retained as their architect and engineer Alfred C. Bossom of 680 Fifth avenue, New York, and the First National Bank Building of Jersey City. Mr. Bossom was also the architect for the Liberty Trust Company of Newark and the First National Bank Building of Jersey City.



New Building for the Forest City National Bank of Rockford, Ill.

ONE of the most recent bank and office buildings constructed in the Middle West is shown in the accompanying illustrations. This structure owned by the Forest City National Bank of Rockford, Illinois, is an eight-story fireproof building with a basement, first floor and mezzanine for banking purposes and six floors of rentable offices. The building is of steel and reinforced concrete construction and has two elevators with automatic levelling devices. It has its own independent water system with water softener and refrigerating plant. By reason of its grade of construction and safe-guards against fire, the building has been given the lowest rating made by the underwriters board for any building in the business district of Rockford.

The banking room has an unusual

color scheme for decoration; the old-ivory tinted ceiling, the pale blue panels on the walls and ceiling, full length buff colored draperies, a delicate bronze railing on the mezzanine floor, and an Italian marble counterscreen and floor, make this a most harmonious room. The illumination is by an indirect lighting system, concealed at the top of the counterscreen.

OFFICERS' QUARTERS

To the right as one enters the banking room are quarters reserved for officers of the bank. In a private room in the southeast corner is located the office of the president and chairman of the board of directors. Five other officials will have desks near the front entrances, to which the public will have access.

Across from the officers' enclosure is

a women's writing and rest room. Three double marble table desks stand in the center of the foyer, for the use of customers. The counter about the foyer is of marble with brass fixtures. There are eleven service windows, each plainly

In the basement are located locker rooms for both men and women employees, storage vaults, sealing tables and a safety deposit vault, besides janitor's rooms, heating, ventilating and vacuum plants and other machinery in-

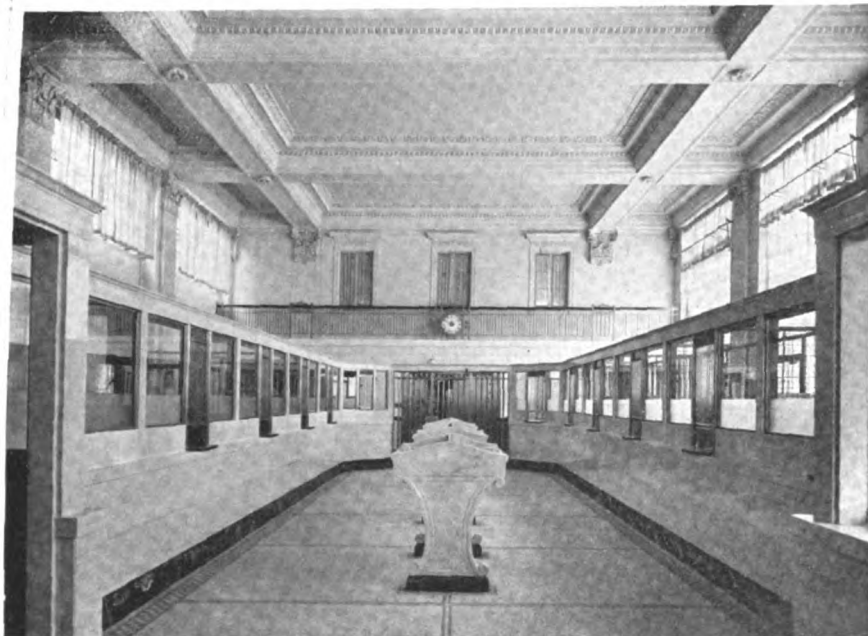


Forest City National Bank of Rockford, Ill.

marked with an attractive electric sign.

Another feature of the new bank is the trust department equipped for the convenience of its customers with small rooms for clipping bonds, computing accounts and for consultation and conferences.

cluded in the building. Room is provided for a heating plant and coal bins, but the building is connected with the city heating system. At the rear of the main foyer is a balcony on the second floor, on which the bookkeeping department will be housed. On the second



Interior of the banking room, looking from the entrance

floor front is located a large committee room for directors.

The contract for the design and construction of this building was placed with Hoggson Brothers of New York

and Chicago; Visscher and Burley being the architects for the exterior design and Hoggson Brothers handling the banking room layout and building construction.



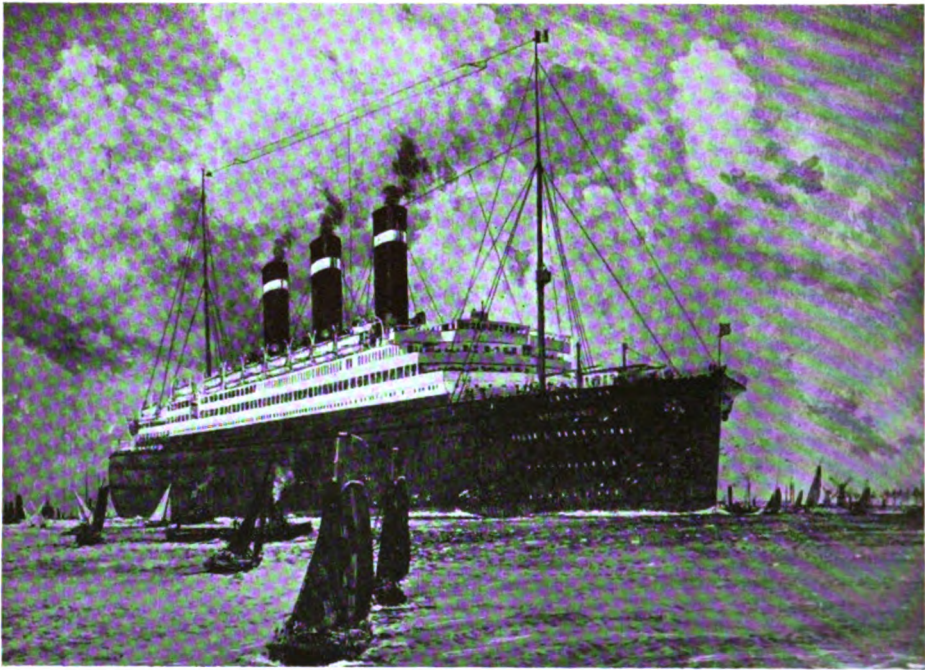
Prosperity Coming for Farmer

AN era of prosperity for the people in the agricultural regions of the country was foreshadowed in a speech made by Vice-president George E. Roberts of the National City Company of New York before the Iowa State College of Agriculture recently.

Mr. Roberts pointed out that the Malthusian Theory will soon once more represent the true state of affairs as the growth of the country is continued along normal lines, increasing the population beyond the food supply. He stated:

The people of Iowa have been passing through a period of hard times in the last three years, and perhaps are not in a mood at the moment to be impressed with the danger of food shortage. But such temporary experiences as this are not new, either in this country or elsewhere. The fall of agricultural prices has signified a disorganized state of world industry and trade, rather than an excess of production.

I am not predicting a scarcity of food in the United States. We have a vast amount of land yet to be brought under cultivation, but most of it is either of inferior quality or will require a large expenditure of labor to fit it for use. It is in competition with these lands that Iowa farms have been bringing \$200 to \$300 per acre.



S. S. "Belgenland" newest addition to the palatial trans-Atlantic fleet of the International Mercantile Marine Company

Pleasure Travel De Luxe

Cruising the Mediterranean in 1924

An interview by E. M. Winans with a representative of Thomas Cook & Son*

DURING the past winter the number of Americans visiting the Mediterranean borderlands reached proportions never before approached in the annals of travel; no less than five great liners sailed from New York under special charter to the leading tourist agencies, and several trans-Atlantic steamship lines diverted ships from the regular run between New York and Northern European ports, to make the circuit of the "Inland Sea".

To the casual observer it might have appeared that this section of the world, celebrated as the resort of fashionable health and pleasure seekers since the hey-day of the Roman Empire, had been suddenly discovered by America and become the choice spot on earth in which to spend the winter months.

Just what a winter cruise to the Mediterranean comprises and why it

has become the synonym for "Pleasure Travel de Luxe" was explained to us by an official of one of the leading tourists' agencies who was good enough to furnish an outline of their own plans for the coming year. The chartering of one of the new palatial liners is, of course, the *sine qua non* of a successful cruise; the American, above all other people, demands to travel in absolute comfort and is not prone to make allowances on board ship; state-rooms with hot and cold running water, electric heating and cooling devices, private bathrooms and dressing-rooms must be available in all parts of the ship, and the public rooms, lounges, smoking-rooms, writing-rooms, dining saloons and cafes comparable to best in our modern hotels.

*Illustrations for this article by courtesy of Thos. Cook & Son.

For the Mediterranean cruise next winter, there has been secured the new "Belgenland", which in addition to the qualifications enumerated, provides a novelty in the shape of a *la carte* dining-room service throughout the cruise. Fixed meal hours and fixed menus will be eliminated and the individual passenger may indulge his fancy in the matter of ordering special dishes without the unpleasant necessity of paying for them. Another unusually attractive feature of the ship is the arrangement

than the lesser features of the cruise, but on the other hand, ports less frequently included often prove the chief attraction to those who have traveled extensively, and may not be passed by with only a fleeting glimpse. During the cruise of 1924, there will be sixteen days devoted to Egypt and Palestine; this time may be given to both countries jointly or to either one or the other as the individual wishes. An unusually wide variety of Up-the-Nile trips has been planned and there can be little



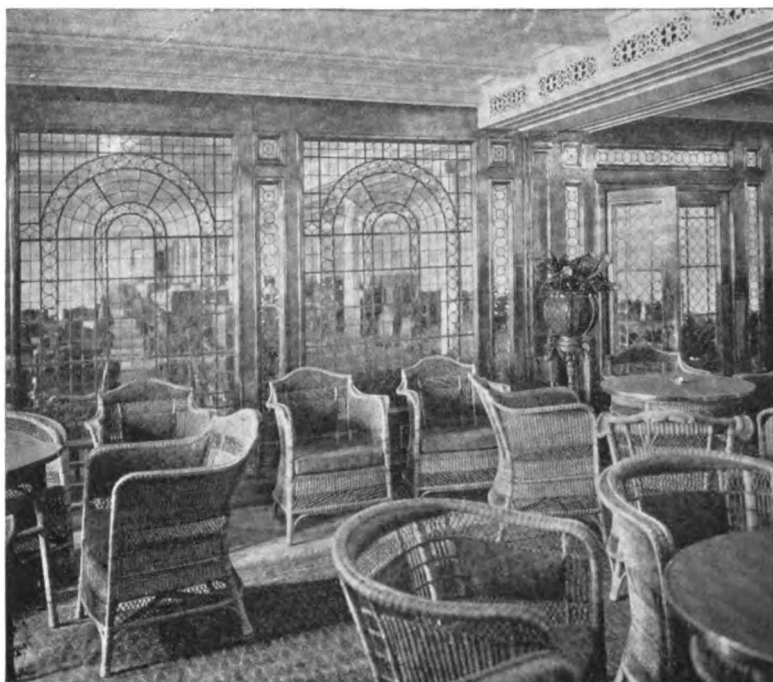
S. S. Belgenland—one of the beautiful and spacious staterooms

of the staterooms with connecting doors, making it possible to provide a suite of any number of bedrooms, sitting-rooms and baths. In point of deck space and equipment, the "Belgenland" is second to no ship afloat, and consequently offers a perfect field for the deck sports and games which are a favorite pastime during a cruise.

Next in point of importance to the choice of the ship is the arrangement of a practical and comprehensive itinerary and program of sightseeing and entertainment ashore; points of universal interest such as Egypt and the Holy Land naturally require more extended visits

doubt that the splendid opportunity offered to visit Luxor, the site of ancient Thebes and the nearby Valley of the Kings, containing Tut-Ankh-Amen's tomb, will prove one of the great drawing cards of the cruise.

The program in Spain in addition to Cadiz, Seville, Granada, Gibraltar also includes an excursion across the Straits to Tangier in Morocco. A jaunt on donkey or mule back through the tortuous colorful streets of this quaint old Moorish town is one of the most interesting experiences imaginable; the traveler suddenly finds himself in a world of a thousand years ago, sur-



S. S. Belgenland—reception room, divided from the main dining saloon by a lovely crystal screen



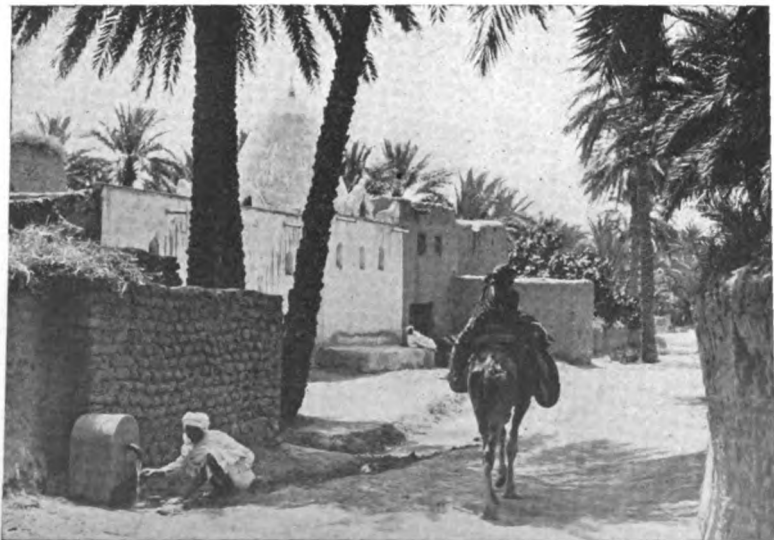
S. S. Belgenland—an attractive corner of the lounge



Mosque of Omar at Jerusalem, built on the site of the Temple of Solomon

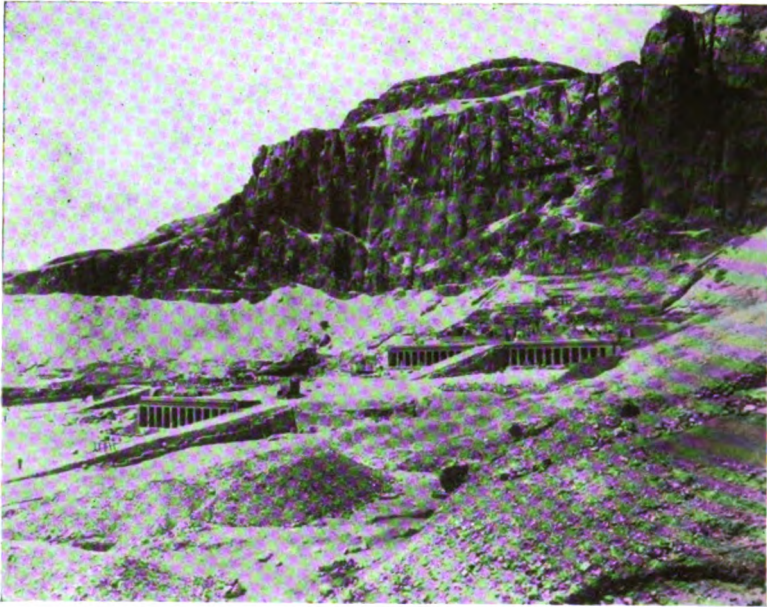
rounded by fortune tellers, soothsayers, snake charmers, magicians and a score of other denizens of the pages of the Arabian Nights. This visit of half a day, which seems insignificant in comparison to the programs in Egypt,

Naples, Constantinople and the Holy Land will undoubtedly be one of the most lasting impressions of the whole voyage. And so the question of arranging an itinerary resolves itself into making a proper choice of what is most



ELMENDORF • GALLOWAY

Algiers—"In the desert a fountain is springing, in the wide waste there is still a tree"



The lofty cliffs of Deir el Bahri which shelter the Valley of the Kings

worth while, of contrasting Orient and Occident, desert and mountainous coast line—in short a judicious mingling of the variety of charms which make the

Mediterranean Cruise a unique travel experience.

In the arrangement of shore programs regard for the traveler's comfort



A pleasant oasis in the desert close by the great Pyramids of Gizeh



Trafalgar Square, London

is of equal importance with the actual plan of sightseeing; crowding and hurry are of course the chief dangers to be avoided. The most satisfactory plan, and one which was adopted many years ago, is to divide the cruise membership into small parties which may be conveniently handled, securing for each an adequate number of motor cars and preserving, to the greatest possible degree, the freedom of movement and privacy of the individual. In addition to the chief sights of each city visited an effort is made to offer some form of entertainment ashore which is typical of the locale. In many cases special luncheons, teas and dinner parties are given at famous hotels or restaurants, and wherever advisable, dances or fancy dress balls are enjoyed on shore. The universal desire on the part of travelers to shop in the fascinating bazaars of Near Eastern cities is always taken into account, and sufficient free time allowed for the individual to indulge his whims in rugs, beads, shawls, scarabs, basketry, embroidery and the thousand and

one other delights of Cairo, Constantinople and Damascus.

A rule has been made always to limit the membership of the winter cruises to the Mediterranean to 500 guests, regardless of the size of the ship chartered and the number of staterooms available. The "Belgenland", for example would comfortably accommodate three times that number, but the ship would necessarily lose the atmosphere of a private yacht, which it is the purpose of the company to maintain.

It would be difficult to predict how many Americans will cruise the Mediterranean next winter; the outstanding success of the "Homeric" Cruise, as well as that of the other leading cruises has quite naturally increased the number of prospective Mediterranean travelers by leaps and bounds. Advance bookings, however, indicate that the season of 1924 will establish a new record and that the borderlands of the Sea of the Ancients will again be the meeting place of the élite travel corps of America.



A Banking Milestone

A SMALL informal banking conference was held on May 24-25, in Kansas City, Missouri. The conferees were an inconspicuous but potentially important group, for they represented the Association of Bank Women, organized in New York City in 1921, now extending through twenty-eight states and comprising women in positions from manager of women's department to bank president.

In view of the many women now in the banking field and the quietly increasing number continually drawn into it, this first, small mid-west conference will be thrown, by the passage of years, into high relief—as an event in bank history. It was called by Mrs. Ralph Beebe of the Commerce Trust Company, Kansas City, regional vice-president of the Association. Only those members belonging to the district were scheduled to take active part, but it was felt that the presence of New York delegates would evidence support and interest, so three of the Association organizers, Mrs. William Laimbeer, assistant secretary of the United States Mortgage & Trust Company, New York, Miss Jean Reid, manager of the women's department of the Bankers Trust Company and Mrs. Key Cammack, assistant secretary of the New York Trust Company, together with Miss Edna Howard, manager of the women's department of the Northern Trust Company, Chicago, were added to the regional group and participated in general discussions.

The first day of the conference was spent at the Commerce Trust Company, the second at the New England National Bank, the presidents of each welcoming the members with cordiality and placing the board rooms at their disposal. The chairman of the board of the Commerce Trust Company announced that "The importance of women in banks is gaining recognition every day. The development of our laws relative to women's property rights is increasing the number of independent fe-

male depositors, who appreciate the contact with women bank executives".

The members were also congratulated by Mr. Downing, president of the New England National Bank upon the "ambition and vision which had led to the formation of the Association and to the Kansas City conference". He prophesied their "banks would reap unquestionable benefits".

Much regret was felt for the unavoidable absence of Miss V. D. H. Furman, assistant secretary of the Irving Bank-Columbia Trust Co., New York, and president of the Association of Bank Women. A letter from her heartily endorsing the purposes of the conference was read, and was followed by the introduction of the first speaker, Miss M. O. Movius, president of the First National Bank of Lidgewood, N. D. The close relations between farmer, banker and business man in that part of the country were stressed by her, the helpful attitude of the Federal Reserve Bank praised, and the active coöperation between large and small banks emphasized. The agricultural loans peculiar to that neighborhood were detailed in a shrewd but engaging manner. "Personal credit is a great factor with us", said Miss Movius. The financial statement alone is not sufficient. We accept chattel mortgages and even make loans on seeds, in the springtime, being entitled to the first harvest proceeds. Our dividends have ranged to 24 per cent. Our savings department pays 6 per cent." Before assuming the presidency in 1916, Miss Movius was cashier of her institution.

Miss Emma Hall, assistant secretary of the Commerce Trust Company and especially interested in its bond department centered her remarks upon the absorbing question of securities. A general discussion as to investments peculiarly suitable to women followed.

"Woman and her Property" was the logical topic of Miss Mary J. Scherrer,



MRS. WM. LAIMBEER
Assistant secretary United
States Mortgage & Trust Co.,
New York



MRS. KEY CAMMAK
Assistant secretary New York
Trust Company



© U. & U., N. Y.
MISS JEAN A. REID
Manager women's department
Bankers Trust Company,
New York

assistant trust officer of the National Bank of Commerce, St. Louis.

She contrasted the moderate surprise, occasioned by the recent selection of a woman as trustee and executor, made by a lawyer of national repute, with the popular traditions of a woman's helplessness and ineptitude a few generations ago. She traced the origin of the modern system of trusts to the time of the "femme covert", when, a married woman having no right, it was often deemed advisable to tie up her property that it might not be dissipated by a husband.

From the ignominious status of a "femme covert" to that of a developed business woman in the position of trustee is not a step—but a flight, and, it has been safely taken. Miss Scherrer thinks certain types of women eminently qualified to be individual trustees or trust officers. "They have patience and love of detail which compare favorably with male competitors. Those unschooled women, 'gun-shy' in the presence of mortgages, stocks and bonds often hanker to question their trustees and are dissatisfied with replies of such brevity or such technicality that they

are further mystified. Although some may, at first, be reluctant to consult one of their own sex, when that reluctance is overcome they will find relations comfortable and satisfactory."

The best means of securing new accounts next offered a field for suggestions and discussions. Afterward Mrs. L. D. Sultzer, manager of the savings department of the Mercantile Trust, St. Louis, spoke at some length. She advocated general advertising, avowed her bank the greatest advertiser in its city, both in newspapers and on bill boards, and pointed to net results. The merit of display windows was emphasized.

When the other scheduled speakers had concluded and plans for coöperative work had been made, Mrs. William Laimbeer, vice-president of the Association urged a general attendance in September during the A. B. A. Convention at Atlantic City. She quoted the various Chicago bank presidents, seen by the New York delegates en routes, as being favorably impressed with the suggestion that the women executives in their institutions should take part in this proposed larger gathering.

FIRST

IN ST. LOUIS

- FIRST** IN CAPITAL AND SURPLUS—\$15,000,000.00.
- FIRST** IN DEPOSITS—more than \$123,000,000.00.
- FIRST** IN RESOURCES—more than \$145,000,000.00.
- FIRST** IN SERVICE AT HOME—nearly 100,000 patrons;
occupies six floors of tremendous size.
- FIRST** IN FOREIGN SERVICE—over 2,000 correspondent
banks representing every state in the Union.

This forms the foundation on which the First National Bank has attained its position as the FIRST financial institution in St. Louis and the great Central West.



BROADWAY—LOCUST—OLIVE

CORRESPONDENCE INVITED

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

“**B**USINESS caution”, says *Trade Trends*, a monthly review of business conditions issued by the Franklin National Bank, Philadelphia. “has grown more pronounced and widespread during the past month. It has been accompanied by reduced buying, some industrial curtailment, halting prices and falling stock market values. These developments have given rise to a degree of doubt and uncertainty hardly justified by the underlying constructive factors in the outlook.” The review continues:

Those who maintain that the crest of prosperity has been passed, hold that production has outstripped consumption, that prices and wages have advanced too rapidly, and that business profits will suffer between high costs and inability to increase prices further. Those inclined to the favorable view regard the halt in prices, the curtailment of production, and lessened commodity and security speculation as entirely healthy. They expect that recent inflationary tendencies will be corrected and good times prolonged.

Outside of the building industry, where soaring materials and labor costs have caused a “buyers’ strike,” the general situation bears little resemblance to that of 1920. Prices have stopped rising 35 per cent. under the peak of three years ago. Credit is abundant. The Federal Reserve Banks now are holding less than \$700,000,000 of rediscounted bills against over \$3,000,000,000 in 1920. Even the prospect of gold exports due to the swing of the trade balance against this country is not alarming

because bank gold reserves are double legal requirements.

In 1920 it was the resistance of ultimate consumers to soaring prices which started business down grade. The present “buyers’ strike” is confined largely to producers and distributors. Final consumption is unprecedented, and, if it continues at its present pace, a rush of buying might develop in the autumn.

That the lessons of 1920 are still fresh, is shown by the prompt response to recent warnings against excesses. Caution has served a good purpose, but it should not be allowed to become timidity. The present hesitation may prove to be a temporary lull between buying movements.

OUR VANISHING EXPORT BALANCE

“Throughout last year our balance of exports over imports was a diminishing factor”, says the monthly bulletin of the National City Bank, New York. “and this tendency has continued until in the last two months for which figures are available, March and April, imports have exceeded exports. The excess in March was about \$57,000,000, in April about \$41,000,000, and for the first four months of 1923 there was a net balance of imports over exports of about \$89,000,000.” The letter goes on to say:

Probably the most important influence in the reversal of the trade balance has been the revival of our domestic business, which naturally has included an increased demand for foreign as well as domestic commodities. The increased activity in our industries has

caused larger importations of raw materials of foreign origin, and importations of all classes have increased. On the other hand, there has not been a corresponding revival abroad to increase the demand for our products.

Our exports and imports in March in three years have been as follows:

	1923	1922	1921
Exports	\$341,000,000	\$330,000,000	\$386,000,000
Imports	398,000,000	256,000,000	257,000,000

The price level is higher in 1923, which would be one factor in the showing, and the rising price level in the United States no doubt has been a factor in changing the situation. In the last six months, however gold prices have been rising abroad, and in England are now rather higher than in this country, in relation to the pre-war level.

European exchange rates have shown no important changes of late. Sterling is higher than a year ago, but at about \$4.62½ is below quotations reached last fall, when it passed \$4.70. Purchases of dollar exchange by the British Government for its payments at Washington are a probable factor. These purchases will run above \$161,000,000 per year on the main debt, besides which it is making payments for silver bought under the Pittman act. Exchange rates do not indicate that gold exports are imminent, but the present trend trade if maintained will cause them eventually. As has been often pointed out, an adverse trade balance is helpful in collecting our foreign claims; in fact, essential thereto.

THE "INTERNATIONAL BANKER"

In the course of an address recently delivered before the Rochester Chamber of Commerce, Otto H. Kahn of New York said in part:

There is no such thing as an "International Banker" in America, as the meaning of the term is generally understood.

He exists in the imagination of people all too numerous, but he does not exist in the flesh. You might just as well speak of the "International Farmer" because the farmer sells a certain percentage of his crops to Europe, or of the "International Manufacturer" because some of his products are exported to Europe, and some American manufacturers maintain branch establishments or agents in Europe, or of the "International Merchant" because he imports goods from Europe. The banker maintains, and can maintain, international contact, and conduct international business only to the extent that American industry, commerce and agriculture are international.

The vast bulk of the business of the

American banker—with or without international affiliation—originates and ends in this country. His allegiance, his reputation, his self-interest, his capital, his aspirations, the vast preponderance of his opportunities, are here.

The banker does not buy for the purpose of holding, but of distributing. If the banker were to hold for his own account the securities which he buys in the course of his business, his funds would very soon be exhausted and he would find himself unable to undertake new business. The first principle of correct banking is for the banker to keep his capital as liquid as possible.

The bonds which he buys from a foreign government or corporation—or, for that matter, from a domestic corporation—do not remain in his safe deposit box but find their way into the boxes of hundreds of thousands of investors throughout the country. His financial obligation, his monetary stake, are involved normally only for the length of the interval between his purchase from a government or corporation and his disposing of the securities so purchased by an offering to the public.

His remaining obligation—and that is a continuing and weighty one—is of a moral character, and consists in the requirement that he must have used the best of diligence, judgment and care in satisfying himself as to the soundness and intrinsic value of the securities offered to the public under his auspices.

The penalty for failure to fulfill this requirement is severe and inevitable—consisting, as it does, in the loss of the confidence, and patronage of his clients, and without these assets no banking business can endure.

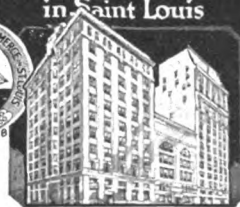
POLITICAL INFLUENCE AND PRICES

"Nearly all men", says George S. Mumford, president of Commonwealth Trust Company, Boston, in the monthly letter of that bank, "want to buy cheap and sell dear. This characteristic is at the root of most political movements, and prompts much of the speechmaking and active partisanship in Congress." Mr. Mumford says further:

A senator from Alabama has now for nearly two years taken every chance offered to attack the Federal Reserve Board for advancing rediscount rates a couple of years ago. His reason is that cotton then sold at forty cents a pound or more and the Board's action, which resulted in radically reducing commodity prices, knocked down the price of cotton with everything else. Another senator has recently obtained considerable publicity in the newspapers by attacking

DOLLARS and SENSE

The NATIONAL BANK of COMMERCE
in Saint Louis



A wise combination of the two makes an ideal banking relationship.

In 65 years of experience, we have developed facilities for intelligent banking service—the kind that leaves no aftermath but satisfaction.

Let us know your requirements.

Willing Cooperation is a Part of Our Working Capital

the Federal Reserve Board because it did not a month or two ago radically raise rediscount rates, and so cause a reduction in the price of sugar.

It is evidently impossible to satisfy everybody. Certainly the Federal Reserve Board may as well resign any hope it may have ever had of doing so. Of course, in 1920 it did not especially single out cotton as the one offender and consequent victim, but it did intend to check general and excessive inflation when advancing the rediscount rates. Because the cotton raiser in Alabama and the mill man in New England found the value of his property or inventory suddenly shrink, he was only too ready to place the blame for his loss on this semi-public body.

And now the price of sugar goes up and the same type of man is enraged because somebody else appears to be making money out of an article which he considers a necessity to his own comfort and which he naturally enough wants to buy cheap. An increase in rediscount rates at this particular time would probably have little or no effect on the cotton planter, for he has sold out his cotton for the season. Possibly Senator Heflin of Alabama would this time commend the Board if it now raised rediscount rates.

No better illustration could be found of the extreme danger of putting the Federal

Reserve Board into politics. What could be worse for the country than to have any one industry or class of producers strong enough or influential enough with the Board to induce it through political pressure to raise discount rates at a time when such action appeared to be advantageous to it, by lowering the costs of the supplies it had to purchase? Or suppose the industry in question was strong enough politically to induce the Federal Reserve Board to reduce rates to make it easier for it to finance itself regardless of general conditions in other industries throughout the country.

This is practical politics brought into the Federal Reserve Board in a way desired by many people. The theory appears to be something like this: Congress by a tariff can favor certain influential groups that desire higher duties in order to raise prices on certain articles, wool for instance. Why, then, should not the Federal Reserve Board be controlled by other groups, and in their interest make regulations to raise prices of some other staple, cotton for instance? It is so easy to make the average unthinking man believe that such action by a public board appointed to act in the interest of all has the same moral justification as the partisan action of an elected body like Congress dominated by motives of party expediency.

The whole situation is really very simple.

The Corn Exchange Bank

WILLIAM AND BEAVER STREETS

AND FIFTY-THREE OTHER LOCATIONS IN GREATER NEW YORK

Statement—June 5, 1923

The Bank Owes to Depositors.....\$210,955,417.54

To Pay This Amount We Have:

Cash, Checks on Other Banks, U. S. Government Securities,

Demand Loans (Secured).....\$146,168,372.95

Bonds, Time Loans, Mortgages and Real Estate.....86,142,571.92

Total to Meet Indebtedness.....\$232,310,944.87

This Leaves a Capital and Surplus of.....\$ 21,355,527.33

Our Branch system enables us to give our depositors, in addition to the regular banking service, the following

Special Services

Deposits can be made at the head office or any of the branches, to be credited to the depositors' account at the head office or branch where the account is carried.

Arrangements can be made to have depositors' checks payable at any or all of our fifty-four different locations in the City of New York.

Deposits of cash can be made and cash forwarded by express to depositors located within seventy-five miles of New York City, without expense.

Pay checks for employees can be cashed at any of our fifty-four offices from 9 A. M. to 5:30 P. M. daily except Saturdays, Sundays and Holidays, and on Saturdays from 9 A. M. to 3:30 P. M.

Trust Department

THE Trust Department, under the management of a thoroughly experienced Trust Officer, brings to estates, trusts and guardianships, the high degree of technical skill required for their proper administration and avoids the dangers common in individual management—inexperience, error of judgment, dishonesty, etc.

Foreign Department

TO the traveling public we offer our Travelers Letters of Credit available in all parts of the world. We also sell Travelers Checks to those who may prefer this means of carrying their funds.

We facilitate the importing and exporting of merchandise by issuing to our customers Commercial Letters of Credit.

Collections are made on all parts of the world.

We draw Bills of Exchange on all the principal Centres of Europe, Canada and South America.

The Manager of our Foreign Department is always ready to advise our customers on any question that may arise in financing import or export business and his long experience relating to foreign business is always at the disposal of our clients.

Investment Department

OUR Investment Department supplies the best obtainable information as to bonds and stocks—United States, State and Municipal securities and Mortgages, and executes orders for the purchase and sale through responsible Brokers.

This department is not organized to dispose of any securities that the bank has on hand or wishes to sell, but is an effort to place at the use of its depositors and friends the very best information possible.

The Corn Exchange Safe Deposit Co.

with a Capital of \$600,000, with 28,000 boxes rented, operates vaults in various branches of the Corn Exchange Bank. Its facilities are available to all of our depositors.

The Board itself is a party of the compromise under which the Reserve Act went through Congress. With twelve separate Reserve Banks instead of the central bank as originally planned, it became necessary to have a central board of control to regulate action between these twelve banks. But it was clear at that time that such a board, if it was to function as it was intended, could not be subject to "influence". The public has in the course of years been gradually educated up to the idea that our courts must be impartial, that to have judges who can be bought either with money or favors would be a great evil to the community as a whole, and it reconciles itself to unwelcome decisions which may be rendered now and then, by the consideration of the immense advantage of their being at least rendered by an impartial body. And yet this was not the general attitude 100 years ago, and readers of our history cannot fail to be astonished at the amount of political pressure that was formerly exerted to influence our courts.

It is just as important that the board at the head of our banking system should be free from partisan or special interests as that our courts should be impartial. It may take a long time to get this fact into the minds of the public, but it seems to be too obvious and reasonable to fail ultimately of general acceptance. In the meantime the type of politician that a century ago urged the impeachment of Chief Justice Marshall will now seek the same sort of political capital by instructing the Federal Reserve Board how it should act, or why it should not have acted as it did, on various matters under its control.

THE LAST TWO YEARS IN THE BANKING WORLD

"The last two years have been a period of rather extraordinary activity in the banking world", said D. R. Crissinger, Governor of the Federal Reserve Board, in the course of some remarks made by him on the occasion of his recent retirement as Comptroller of the Currency. "From March 4, 1921 to April 30, 1923, charters were issued to 421 associations with aggregate capital of \$51,203,300, which number includes 194 conversions of state banks with capital of \$25,263,300, fifty-seven reorganizations of state, private, and national banks with capital of \$5,345,000 and 170 with capital of \$20,595,000 primary organizations. The conversion of state banks has represented during



Established 1889

THE character of the service of The Peoples Bank is distinctive. It is the product of over thirty years' steadfast devotion to the highest ideals in commercial banking.

We invite your Buffalo business.

THE PEOPLES BANK OF BUFFALO

Four complete offices—

Main and Seneca Streets
(Head)

Niagara and Virginia Streets

Main and Tupper Streets
(Uptown)

Michigan Avenue and Perry Street
(Elk Street Market)

Resources over \$24,000,000.00

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,000,000 Undivided Profits \$518,000

OFFICERS

JULIAN D. FAIRCHILD, *President*
JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*
ALBERT I. TABOR, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
ALBERT E. ECKERSON, *Auditor*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

the last two years a much larger percentage of banks chartered than in previous years. On April 30, 1923, there were 8268 active national banks with authorized capital of \$1,330,171,215." Mr. Crissinger continued:

Since March 4, 1921, 535 national banks increased their capital stock by \$78,827,350. The increases of 150 of these banks were entirely by stock dividends aggregating \$27,657,500. Part cash and part stock forty-seven banks by stock dividend \$3,087,300 and by cash \$3,592,700. The remaining 338 banks increased their capital by \$44,489,850 all of which was paid in cash. Total by sale of new stock \$48,082,550; total stock dividend, \$30,744,800.

During the same period fifty-one national banks reduced their capitalization in the sum of \$6,980,000.

During this period there were ninety-two banks consolidated with aggregate capital of \$96,160,000 into forty-six associations with capital of \$95,535,000 under the Act of November 7, 1918. The aggregate assets of the consolidated banks was \$1,782,600,313.

Since June 13, 1922 the Comptroller has issued permits to sixty banks authorizing them to operate ninety-seven additional offices or agencies, all of these additional offices being located within the limits of the place in which the bank is located.

During this period 226 national banks with capital stock aggregating \$65,320,000 were reported in voluntary liquidation. Of this number sixty-one banks with aggregate capital of \$15,080,000 were succeeded by or absorbed by other national banks, 155 banks with capital aggregating \$49,640,000 were succeeded by or absorbed by state or private banks, and ten banks with aggregate capital of \$600,000 discontinued business.

ADJUSTING OUR MINDS TO PROSPERITY

"Compared with the latter part of 1922", says the current letter of the Mechanics and Metals Bank, New York, "the volume of business is so large that in many cases people have not been able to adjust themselves to the upswing and have wondered at its real meaning." The letter says further:

The change has been so complete and has swept industry into such activity that conservative minds have sought for extraordinary reasons and have in many cases come to the conclusion that inflation is responsible for the forward impetus under way. Although the commercial banks of the country have extended credits in large volume, the increase over last year is not sufficiently pronounced to support the inflation theory; moreover, the position of the Federal Reserve System is one that in comparison with 1922 and with the inflation period of 1919, fails to support any belief that use to the banking resources of the country is alone responsible for what is under way.

As a matter of fact, the requirements of the American people, plus the demands of

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Twenty-fourth Edition
Revised to January 1, 1925

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The Uniform Stock Transfer Act.
The Blue Sky Laws.
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Forms and Precedents.

United States Corporation Company

65 Cedar Street, New York

our export trade, have been sufficient to warrant the trade developments under way. Dating from the war period there has been a shortage of many essentials in this country, and in making up this shortage the buying power of the American people has demonstrated itself in the increasing demands upon the country's industries. Of course, in a situation like the present the outlook for a continuance of prosperity rests altogether in the degree in which the people as a whole keep their heads.

While many of the country's leaders are still a bit bewildered by the completeness of the change from the recent business stagnation to the present rapid turnover, there are others who, looking for a prolonged period of activity with rising prices, are beginning, as already indicated, to buy heavily for forward delivery, and a duplication of orders, to insure deliveries, is beginning to appear.

It is hardly more than three years ago that just such a condition of speculative buying helped to bring about the dangerous era of inflation that ended in a collapse; hence, many cautionary statements are now appearing designed to hold in check any undue buoyancy. While the lessons of experience are not readily forgotten, these cautionary statements should have a good effect on those whose memories are short.

SOUTH CONFIDENT BUT CAUTIOUS

"The state of business mind in the South", says the monthly letter of the Federal International Banking Company, New Orleans, "is confident but cautious. This, in brief, summarizes the views of bankers and economists expressed at the May meetings of the several state bankers' associations. The late spring and the rather excessive rains have given the crops a poor start, but the delay may result in as much good as evil. The moisture if conserved may carry the crops safely through a dry period later, and the cold, wet soil has undoubtedly curtailed some of the intended increase in cotton acreage". The letter continues:

A further contributing factor in the restrained acreage is the continuing loss of labor in the eastern part of the Cotton Belt. This is not to say that there will be no increase of acreage. At this writing planting is still under way and if there be no further interruption in the northern part of the belt the count of acres in July will add up larger than last year, but not so large



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BUFFALO—the city of enterprise served by the

MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus . . . \$17,000,000.00

probably as the Department of Agriculture's report of "intentions" to plant 12 per cent. more. The expert observers in the cotton trade are guessing at an increase of 7 to 10 per cent., with the odds favoring the smaller rather than the larger figure.

There has been considerable replanting on account of poor stand due to the cool weather or to flooding in localities of excessive rainfall. It is possible that abandonment may reduce the acreage below current expectations. It is hardly likely that it will exceed the estimates of 7 to 10 per cent. over last year.

THE ARMOUR-MORRIS PURCHASE

In comment on the Armour-Morris purchase and the benefits to the public through this combine, a bulletin issued by Armour and Company says:

The fusion of the two businesses has already progressed to a point which confirms the expectations as to the possible economies that would result from a single administration.

For example, take the savings effected in the repairing and building of refrigerator cars. Prior to the purchase, the payroll at the Armour car shops and the payroll at the Morris shops totaled \$250,000 a year. The Armour shops are now doing the work formerly done by both shops, and doing it better, with a payroll of \$200,000. The result is a cash saving of \$50,000—and quicker and better service.

Similar savings are being effected in consumption of coal, the use of steam, refrigeration and many other important items of cost.

It is a reasonable certainty that the sum total of the savings and economies which will result from our acquisition of the Morris business will exceed \$10,000,000 per annum. There is a possibility that this can be considerably augmented as time goes on, through improvements in distribution and sales.

These millions of dollars of savings will necessarily have to be shared by the company with the meat consuming public and with the producers of live stock. Economic forces over which we have no control will compel this regardless of whether we desire it or not.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

American Bankers Association—at Atlantic City, Sept. 24-27.

Investment Bankers Association—at Washington, D. C., October 28-31.

Morris Plan Banks—at Atlantic City, October 15-17.

BANK OF AMERICA ABSORBS BATTERY PARK NATIONAL

The boards of directors of the Bank of America, New York, and of the Battery Park National Bank have approved a plan for merging the two institutions, which it is believed will be advantageous to both. The plan will be submitted to the stockholders of the two banks in due course.

The Bank of America which, according to its last report, had capital and surplus of \$11,000,000, gross deposits of over \$130,000,000 and total resources in excess of \$150,000,000, was founded in 1812 as the successor of the first Bank of the United States, when the charter of the latter was not renewed. Since that time it has been located at its present site at Wall and William streets, New York, where it owns the block front bounded by Wall, William and Pine streets. It has seven offices located in New York and Brooklyn.

The Battery Park National Bank, which is located at 8 Broadway, was organized about twenty years ago and has deposits of about \$11,000,000 and capital and surplus of \$2,700,000. Its principal officers are: E. A. de Lima, president; F. E. Hasler, R. C. Coner, E. R. Carhart and J. C. DeSola, vice-presidents; A. H. Merry, cashier.

This is the second consolidation in which the Bank of America has participated within the last year. About twelve months ago the Atlantic National Bank, which had deposits of about \$17,000,000 and which was controlled by the Kountze interests, was merged with it, becoming its Atlantic office.

In 1920 the Franklin Trust Company merged with the Bank of America, as a result of which the bank acquired a well

established trust department and doubled its net deposits.

Principal officers of the Bank of America are: Edward C. Delafield, president; Walter M. Bennet, first vice-president; Clarence M. Fincke, Edward K. Cherrill, Thornton Gerish, William J. Montgomery and Charles F. Junod, vice-presidents; Charles E. Curtis, vice-president and cashier.

CONVENTION PROGRAM OF TRUST COMPANY DIVISION

To plan and prepare a program of worth while interest and value so that each section of the country and all classes of institutions shall receive definite benefit therefrom is the task which confronts the officers of the Trust Company Division, American Bankers Association, who constitute a committee charged with the preparation of the program for the September meeting.

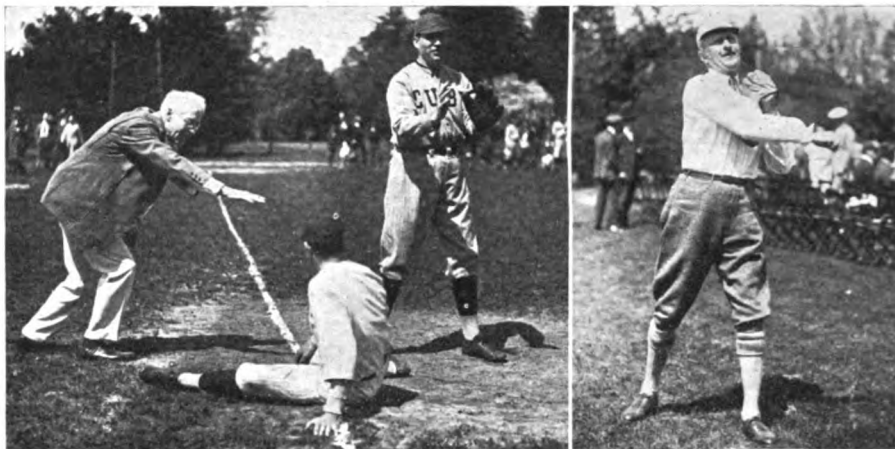
At this date the general outline of the program is determined to the point where it is safe to promise talks, discussions and conferences which will be of definite value to every member of the official staff, as well as department heads and employees of the modern trust company. Before finally fixing the program which will also include exhibits of various kinds, members are invited to forward to the secretary of the division all suggestions of topics which they believe will be of interest to those in attendance.

S. W. STRAUS & CO.

The Buffalo branch of S. W. Straus & Co., R. J. Highland, vice-president and resident manager, has made its second move since it was established in Buffalo four years ago and now occupies a handsome remodelled building, with a large banking room on the main floor, at 124 Pearl street.

FIDELITY TRUST OPENS NEW BRANCH

The Fidelity Trust Company of Buffalo has opened a new branch bank on Hertel



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NEW YORK BANKERS PLAY CHICAGO BANKERS AT OUTING AT SLEEPY HOLLOW

Frank A. Vanderlip acting as umpire ; Bob Emmons safe at third ; Fred Whitney of Chicago on third base

Charles H. Sabin pitching for the New York team

at Parkside avenue. It will be known as the Hertel branch.

George D. Thomson is the manager of the branch. He was formerly manager of the Cold Spring branch and later managed the Kensington branch. Associated with Mr. Thomson in the capacity of assistant manager is Franklin B. Jefferson. He has worked in the various departments of the main office for a period of more than twelve years and for the last three years has been a teller.

BANK EXPANDS CAPITAL

Stockholders of the East River National Bank, New York, have authorized an increase from \$1,000,000 to \$1,500,000 in the bank's capital and an increase from \$600,000 to \$1,100,000 in surplus.

NEW LABOR BANK ORGANIZED

New York's newest labor bank, starting with a capital and surplus of \$500,000, was opened recently in quarters at the southwest corner of Thirty-fourth street and Eighth avenue, on the ground floor of the Printing Crafts Building.

The new institution, organized under the State Banking Law, is known as the Federation Bank of New York. Its shareholders are members of 118 separate labor organizations and the capital was oversubscribed

\$125,000. Peter J. Brady, long prominent in labor and political circles, is president; Walter McCaleb, one of the organizers of the Brotherhood of Locomotive Engineers' Bank in Cleveland, is vice-president and cashier, and John J. Mulholland is vice-president and secretary.

NEW VALUE FOR VIENNA BANK SHARES

Shares of the Allgemeine Depositen Bank of Vienna, which have been automatically increased in value from 400 kronen to 2000 kronen, will be stamped to show this increase, upon presentation to F. Rosenberg, 256 Broadway, New York, American representative of the bank, before July 31, it was announced recently by Mr. Rosenberg. A dividend of 100 per cent. on the new face value of the shares was payable June 5.

The Allgemeine Depositen Bank was established in 1871 and has been a regular dividend payer since 1873. Its assets are largely on gold basis, including holdings in over 100 companies and its reserves are two and a half times its capital. The bank has fifty branches.

ROGER P. KAVANAUGH

Roger P. Kavanaugh, for years an expert New York State bank examiner, has resigned as vice-president of the French-

American Banking Corporation, to become a partner in the accounting firm of McArdle, Djourup & McArdle.

RETURNS FROM BUSINESS TRIP

S. W. Straus, president of S. W. Straus & Co., who has been abroad for four months on a combination pleasure and business trip, returned to his New York headquarters on May 29.

GUARANTY TRUST DIVIDEND

The board of directors of the Guaranty Trust Company of New York has declared a quarterly dividend of 3 per cent. on the capital stock of the company, payable on June 30 to stockholders of record, June 15.

NEW MANAGER OF FOREIGN DEPARTMENT

The Chemical National Bank of New York announces the appointment of Jens K. Nickelsen as manager of the foreign department, succeeding Robert B. Raymond who resigned to become associated with the United States Mortgage & Trust Company of New York as manager of the foreign department.

NEW PRESIDENT OF PITTSBURGH BANK

Lloyd W. Smith has been elected president of the Union National Bank of Pittsburgh, succeeding the late John R. McCune. Charles D. Armstrong has been elected chairman of the board of directors.

CELEBRATE ALVIN W. KRECH'S TWENTIETH YEAR AS PRESIDENT

An informal surprise dinner was given Alvin W. Krech, president of the Equitable Trust Company of New York at the Links Club, New York City, by the senior officers of the company, on June 4, in celebration of Mr. Krech's twentieth year as chief executive of the institution. A silver service was presented to Mr. Krech.

The following officers of the Equitable were gathered around the table: Arthur W. Loasby, senior vice-president; Henry E. Cooper, Lyman Rhoades, Herman J. Cook, H. Mercer Walker, Joseph N. Babcock, Samuel Armstrong, Richard R. Hunter, George L. LeBlanc, Morris K. Parker,

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Last year more than \$50,000,000 was lost through check frauds. Insurance is the only positive protection. If you give this protection free, you are building a confidence in the minds of your local public, which is very profitable. And the Super-Safety Insured Bank Checks cost no more than ordinary unsafe bank checks of the same quality.

The World's Safest Bank Checks

They are made of the world's best safety paper.

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They are protected individually by The William J. Burns International Detective Agency, Inc.

**SUPER-SAFETY
Insured
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WALTER E. FREW

President Corn Exchange Bank, New York

James I. Bush, Carleton Bunce, Lucian A. Eddy, Jr., A. Seton Post, Edmund L. Judson, H. H. Powell, E. P. Townsend, vice-presidents; W. J. Eck, secretary; A. A. Miller, treasurer; John A. Will, comptroller.

CORN EXCHANGE WILL FORWARD CASH BY EXPRESS WITHIN SEVENTY-FIVE MILES

The Corn Exchange Bank of New York recently announced the inauguration of new services for the benefit of depositors which illustrates in a very striking way how a modern branch bank can offer unusual facilities to the public, and provide a city-wide banking service undreamed of only a few years ago. One innovation, for example, provides for the forwarding of cash to depositors by express free of charge to any point within seventy-five miles of New York.

"Arrangements can be made," the announcement stated, "to have depositors' checks payable at any or all of our fifty-four different locations in the City of New York.

"Deposits can be made at the head office or any of the branches to be credited to the depositor's account at the head office or branch where the account is carried.

"Pay checks for employees can be cashed at any of our fifty-four offices from 9 a. m. to 5.30 p. m. daily, except Saturdays, Sundays and holidays, and on Saturdays from 9 a. m. to 3:30 p. m."

UNITED STATES MORTGAGE & TRUST ELECTS NEW VICE-PRESIDENT

At a meeting of the board of directors of United States Mortgage & Trust Company held May 25, H. E. Willer was elected vice-president in charge of the new business and publicity departments.

Mr. Willer, until now an assistant secretary of the Guaranty Trust Company, was up to 1919 for many years connected with the New York Central Lines as assistant vice-president. During the war he represented the American Railway Association in transportation matters connected with the army and navy, and also acted as manager



H. E. WILLER

Vice-president United States Mortgage and Trust Company of New York, in charge of new business and publicity

of Bituminous Coal Distribution of the United States Fuel Administration of New York.

DANIEL C. PIERCE

The board of directors of the Bank of Hamburg, Hamburg, N. Y., announce the death of the president of the bank, Daniel C. Pierce, on May 28.

INTERNATIONAL ACCEPTANCE APPOINTMENTS

H. J. Rogers has been appointed assistant secretary of the International Acceptance Bank, Inc., New York. Mr. Rogers was formerly manager of the collection department. William E. Woodman has been appointed manager of the collection department to succeed Mr. Rogers.

RESULTS OF SAVINGS ACCOUNTS CONTEST

Results of the contest of the National City Bank, New York, to obtain new sav-



EDMUND D. FISHER

President Hamilton National Bank, New York

Mr. Fisher was formerly Comptroller of the City of New York and vice-president of the Bank of Detroit. The Hamilton National Bank has a most central location in the Bush Terminal Building at 130 West Forty-second street, adjacent to Times Square and mid-way between New York's two railroad terminals. It is open until 10 in the evening with safe deposit vaults, women's department and unusual facilities for the transaction of a general banking business.

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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

ings, or compound interest department accounts have been tabulated. A total of 45,226 new accounts, with more than \$3,000,000 deposits, were opened as a result of the contest. The five highest contestants were: Charles Caggiano, G. H. Hewitt, Louise E. Keller, D. Prichard and John Soler, who received prizes, in addition to commissions, ranging from \$500 to \$100 in gold and an extra week's vacation.

FRANKLIN TRUST TO DOUBLE CAPITAL

Stockholders of the Franklin Trust Company, Philadelphia, will vote July 26 on the question of doubling the capital from \$1,000,000 to \$2,000,000. This increase, if ap-

proved, will bring the total number of shares outstanding to 20,000.

The Franklin Trust recently purchased the twenty-story building now in course of construction at the southwest corner of Fifteenth and Chestnut streets as the site for their new home office.

CHARLES HOWARD NORTON

Charles Howard Norton, whose genial personality is known to the comparatively few bankers who have met him, but whose exceptional work in the financial advertising field has been known for many years to every banker in the country, has given up the direction of The Collins Service of Philadelphia and engaged in business for himself. The new organization is Charles Howard Norton and Associates, with offices



CHARLES H. NORTON

Now heads his own organization in Philadelphia

on the tenth floor of the new City Centre Building, in Philadelphia.

On the occasion of his leaving the Collins staff, Mr. Norton was the pleased and surprised recipient of a very handsome gold and silver loving cup, presented to him by his associates, all participating in the gift, including stenographers, clerks and office assistants. Those who have been familiar with the splendid work of The Collins Serv-

ice for the past many years attributed not a little of the success to the remarkable loyalty and devotion of the entire organiza-



Silver loving cup presented to Charles H. Norton by his associates in The Collins Service

tion, from the salesman in a remote district to the office boys at the headquarters, to the general manager and his business ideals.

NEW MANAGER OF NEW YORK OFFICE

R. S. Hecht, president of the Hibernia Securities Company, Inc., of New Orleans announces the appointment of James M. Rhett as manager of the New York office to succeed Harold S. Schultz who has resigned to take up the practice of law.

Mr. Rhett who has been manager of the bond department of the New York office was formerly manager of the bond department of the Equitable Trust Company of New York, and has had a wide experience in the New York investment banking field, both as salesman and as sales manager.

Charles L. Frost who has been associated with the New York office ever since it was opened several years ago, has been appointed assistant manager.

UNITED STATES MORTGAGE AND TRUST COMPANY DIVIDEND

A quarterly dividend of 12½ per cent. on the capital stock of the United States Mortgage and Trust Company of New York has been declared payable on July 2 next, to stockholders of record at close of business June 21, 1923.



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FIFTH MID-WINTER CONFERENCE

Thursday, February 14, 1924, has been selected as the date for the holding of the Fifth Mid-Winter Conference and Thirteenth Annual Trust Companies' Banquet in New York City. The early announcement of the date should enable many of those living at a distance to plan their mid-winter visit to New York in order to be present at these events.

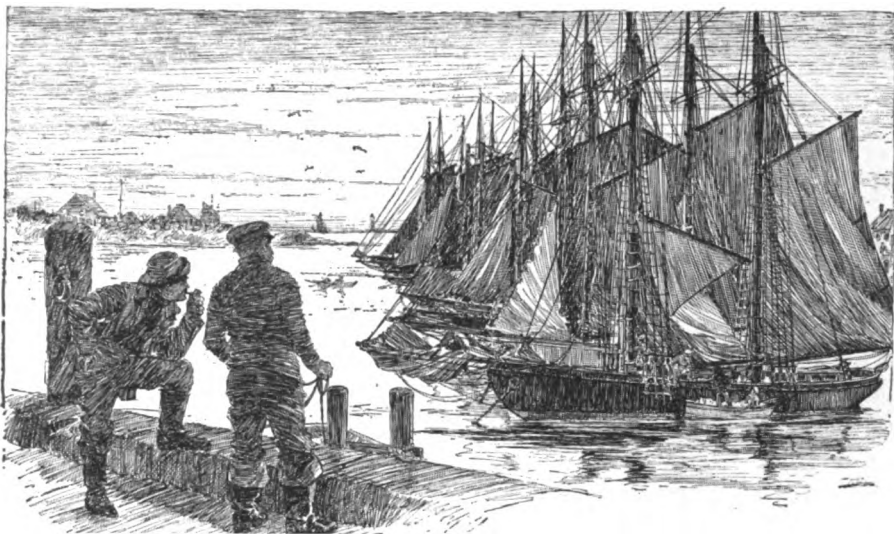
Lucius Teter, chairman of the executive committee, has announced the appointment of the committee on arrangements for the banquet as follows: Evans Woollen, president Fletcher Savings & Trust Co., Indianapolis, Ind., chairman; Theodore G. Smith, vice-president Central Union Trust Co., New York; Uzal H. McCarter, president Fidelity Union Trust Co., Newark, N. J.; John W. Platten, president United States Mortgage & Trust Co., New York; Frank H. Sisson, vice-president The Guaranty Trust Company of New York; Edwin P. Maynard, president Brooklyn Trust Co., Brooklyn.

"WHEN YOU CHOOSE YOUR BANK"

"When You Choose Your Bank" is the title of an illustrated booklet issued by the United States Mortgage & Trust Company of New York, descriptive of its Broadway and Seventy-third street branch office.

HUTH & CO. TO REORGANIZE

On June 30 the merchant banking firm of Huth & Co. of 30 Pine street, as at present constituted, will be dissolved. A new partnership will be formed July 1 under the same style of Huth & Co., which will carry on business at the same address and meet all existing engagements of the old firm. The new firm will consist of all the present partners of Frederick Huth & Co., London, as well as of Messrs. F. C. MacDermot and K. Glaesser, hitherto associated with Huth & Co., and F. Braymeier, formerly associated with Konig Brothers. As will be remembered, the last named recently amalgamated with Frederick Huth & Co.



As in the days when cod was currency

IT may be inborn love of the sea, or perhaps pride in a manly calling older than Christianity, that draws fishermen to their hazardous work. The fishing industry of Massachusetts is as substantial to-day, and vastly larger than in Colonial days when codfish was used as money.

Every state and many countries share in the shipments of seafoods from Boston district. Thirty-five carloads per day is substantial evidence that the world enjoys New England fish.

Important transfers must be made in settlement of these seafood sales; many of the financial details requiring advice and special attention, as well as routine matters, are carefully looked after by this bank.

It is typical of the close relationship between The National Shawmut Bank and not only the fishing industry, but all New England industries, that so many of the financial transactions involved in the foreign and domestic commerce of the district are handled by this bank.



THE NATIONAL SHAWMUT BANK
of BOSTON

The bank that is closest to New England industry

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island

FIRST NATIONAL BANK OF BOSTON REVIEWS CONDITIONS

THE month of April has seen a softening in general business conditions in volume and value, according to the monthly letter of the First National Bank of Boston. Bank clearings show a slight decrease from the previous month, while general prices receded very slightly. This slackening in the business movement is borne out by the reported increase in the Federal Reserve percentage during the last two weeks. The banks remain in a comfortable position, and find little need for the rediscounting service of the Federal Reserve. On the other hand, car loadings continued to show a progressive gain throughout April, and the resulting shortage in freight cars acts as a real hindrance to a free business movement. The upward movement of the stock market appears to have been halted for the time being, and general stock prices indicate that the extraordinary production activity of the country has been discounted. The Federal Reserve index of twenty-two industries indicates the highest production activity on record, and this is accompanied by a 12 per cent. deficit in the labor supply, according to the figures of the Department of Agriculture. This great activity has been accomplished without noticeable strain on the credit structure. While demand for goods generally continues to be firm, buying caution is evidenced by the gradual disappearance of premiums for steel deliveries.

Wholesale buying and booking by manufacturers for future deliveries are light. Mail order sales and retail trade throughout the country have shown increased strength. The present lull in business is considered healthy, in that it prevents duplicate orders and a runaway market, particularly in view of the apparent peak production. The limit to business activity at the moment is not, as customarily, the size of credit reserves, but rather the physical limit imposed by equipment and available labor. Equipment is being used to the full in many instances, but

labor is the real disturbing factor. Not only are numerous trades receiving demands for increased wages, but frequently local labor organizations are pressing for still further advances in defiance of their respective national organizations. The labor situation is particularly acute in the building trades, whose problem is further complicated by delayed deliveries. As a consequence, there have been recent indications of the withdrawal of large construction projects for the present. Rumors of cancellations of textile goods appear to have no visible foundation.

April pig iron production broke all records for gross tonnage and for average per diem output. Although April was one working day shorter than March, the April production figure exceeded that of the previous month by about 25,000 tons. Consumption of iron and steel has continued at a high rate, with pressure exerted for rapid delivery. New buying has been generally lighter, due in part to the uncertainty of deliveries, but the actual obligations of mills have increased, owing to the fact that specifications against contracts have been exceeding shipments. Buyers who entered the market late, due to belated improvement in their own business, such as agricultural implement makers, have experienced difficulty in securing steel.

Little change in the paper situation was recorded in the last month. While the general business has been about normal, the individual activity of various mills has been spotty. Great activity has been shown in newsprint, book and building papers, while writing, cover and tissue papers have been about 90 per cent. of normal. The last two months have witnessed no price changes. The raw material market is still strong, and while the pulp market is very bullish, prices will probably hold for the remainder of the year. Rags and chemicals show no signs of weakness, and indications point to another wage advance within the next few months. These increasing cost items may necessitate further advances in paper prices. The ef-



AN appropriately designed building for the Federal Land Bank of the First District, comprising the New England States, New York and New Jersey, with headquarters at Springfield. Built of Harvard brick, with variegated slate roof, colonial in design, it will be admirably adapted to the use to which it will be put.

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fect on the American market of the strike in Swedish pulp mills has been the subject of much speculation.

A Department of Commerce report estimated the total stock of cotton on hand on April 1, of 6,039,000 bales, and total world stocks on the same date at 12,010,000 bales.

Seasonal dullness in the hide, leather and shoe markets of New England is becoming more noticeable, but that this condition is temporary is evident from the fact that salesmen now on the road with sample footwear for next season are taking orders that indicate a sizeable business for the future. March proved the peak month for the last two years in shoe production, with an aggregate output for the United States of 34,855,833 pairs. In New England alone March production showed a gain of about 20 per cent. over February. Fewer shoe factories are now on a full-time basis in New England, and employment figures for the country at large show a slight decrease in March over February, though there were 5.2 per cent. more employees in March 1923 than for the corresponding month a year ago. Labor statistics for April when available will probably show the happy effect of the recent settlement of strikes and labor unrest in New England. Foreign trade in boots and shoes for the first quarter of 1923 shows a gain of 42.1 per cent. in volume and 36.9 per cent. in value over the first quarter of 1922. Nevertheless, shoe manufacturers, like many other industrial producers, are exercising extreme caution in buying leather, and even the popular novelty grades and colors have shown a considerable diminution of sales during the past two weeks.



STORY OF THE PORT OF BOSTON

That a single Boston house controlled nearly one-half of the commerce between the United States and China previous to 1840, is but one of the interesting bits contained in "The Port of Boston", a booklet just issued by the National Shawmut Bank of Boston.

The history of the commerce of Boston from early days is interestingly sketched. Particular emphasis is laid upon the former position of the port in building up the trade between the United States and the Orient.

In these days when the question of adequate rail transportation systems is recog-

nized as of first importance in the industrial and commercial life of New England, one is surprised to learn that Boston's first essays in the development of rail transportation were regarded as a menace to the prosperity of the port. When these schemes of railroad construction were first broached, many of the merchants of Boston could foresee nothing short of complete disaster.

Subsequent events showed how ill-founded had been early opposition to the railroads. The benefits growing out of the combined development of steamship and rail traffic are to be seen in the expansion of Boston's foreign trade between 1840 and 1857. The import trade of the port, for which the most serious disaster had been predicted, increased more than 200 per cent. during that time.

A comparison of the commercial development of American ports in the last twenty years, brings the material in the booklet down to date. Information as to port equipment, docks, terminals, port charges, etc., lists of port officials and foreign consuls in Boston, and all steamship lines serving the port, with up-to-date statistical data, add to the value of the booklet as a reference book on the growth and development of the commerce of the Port of Boston.

IMPORTANT BOSTON BANK MERGER

The International Trust Co. and the First National Bank, Boston, have decided to join forces and as soon as the necessary legal details have been carried out, the business of the International will be taken over by the First National. The latter will thus acquire seven important branches which will be continued as heretofore and also a savings department which has become an important part of the business of the International Trust Co.

The merger will be accomplished by the purchase of the Trust Company assets by the First National and the result will give the latter deposits of over \$200,000,000 and total resources of \$300,000,000. President Charles G. Bancroft of the International will become chairman of the executive committee of the First National and the entire staff of the Trust Company will remain.

In his announcement to his depositors President Bancroft says:

"The evolution in banking which is taking place in all large cities and the great advantages to Boston and New England to be derived from a large banking unit, has made

it seem wise to the directors of the International Trust Company to join with another institution of the highest grade in every particular, and we have, accordingly, ar-



DANIEL G. WING

President of the First National Bank, Boston, which has just taken over the International Trust Company, thereby increasing its total resources to \$300,000,000

ranged a consolidation with the First National Bank of Boston. For many years the First National has been the largest bank in New England, with a most progressive and able management, rendering a service to the community of the highest character. . . . I believe thoroughly that this move will be of very great importance to Boston and New England."

Among the other important recent activities of the First National is the opening of a branch in Havana. This new branch will occupy the ground floor, basement and mezzanine floor of the Gomez Mena building, one of the finest in Cuba, located at Obispo and Aguiar streets, in the very heart of Havana's business and financial district.

John G. Carriker, an American, 35 years old, who has had eight years experience in foreign branch banking in Latin-American countries, has been selected as manager

of this new branch bank. Associated with him will be members of the staff of the bank's Argentina branch, who, like Mr. Carriker, speak Spanish and are familiar with Latin-American banking.

Mr. Carriker began his banking career in Kansas City and has filled a wide range of positions, even to that of national bank examiner. His foreign experience embraces managing branches of the National City Bank of New York and the American Foreign Banking Corporation in Rio de Janeiro, Pernambuco and Buenos Aires.

For several years past the First National



CHARLES G. BANCROFT

Who becomes chairman of the executive committee of the First National Bank, Boston

has had a branch in Buenos Aires, Argentina, and it is now erecting a large banking and office building of its own on one of the finest streets of the city, at a cost of about \$2,000,000.

NEW BUILDING FOR OLD COLONY TRUST CO.

Work is starting on the new building of the Old Colony Trust Co., Boston, as shown in the illustration on another page. The bank will occupy all the floors and basement and will connect its present building with



THE NEW BUILDING OF THE OLD COLONY TRUST CO., BOSTON

Fronting on Cornhill, it will connect directly with the present main building on Court street,
which will be occupied as heretofore

the corresponding floors in the new building.

On the first floor will be the offices, the banking and bond departments and the messengers' quarters, with the bond traders and bond department clerical force in the mezzanine. The trust, transfer, real estate, foreign, auditors', interest bookkeepers', publicity, new business, commission and charge, library, statistical, mailing and stencil departments will occupy other floors and there will be a large assembly hall, rest and luncheon rooms on the top floor.

New vaults are to be built in the basement and they will be somewhat larger than the present vaults. This will make available for rental to the public one of the largest vaults in New England. A well-equipped first-aid room will be a feature of one of the upper floors.

ELECTION OF OFFICERS BY RHODE ISLAND BANKERS ASSOCIATION

The Rhode Island Bankers Association elected the following officers: President—Albert R. Plant, Blackstone Canal National, Providence; vice-president—G. Burton Hibbert, Rhode Island Hospital Trust Company, Providence; treasurer—W. Howard Perry, National Bank of Commerce, Providence. Members of the executive council for three years: Thomas H. West, Jr., Providence, R. I.; Edward A. Brown, Newport, R. I. To fill unexpired term of Albert R. Plant, Chas. H. W. Mandeville, Providence. F. A. Havens of Providence is secretary.

SUCCEEDS FATHER AS PRESIDENT

At a meeting of the directors of the Second National Bank of Boston Thomas P. Beal was elected president of the bank, succeeding his father, the late Thomas P. Beal. Mr. Beal, who is a Harvard man, 1904, was connected with Kidder, Peabody & Co. for three years and the Northwestern National Bank of Minneapolis one year.

In 1908 he became assistant cashier of the Second National, and in 1910 vice-president and director. He is the third of his family to become president of the Second National, his grandfather having been elected president in 1864.

FIRST NATIONAL BANK OF LEWISTON, MAINE

The statement of condition of the First National Bank of Lewiston, Maine, at April 3, 1923, showed total resources of \$4,192,738.95, capital \$400,000, surplus \$200,000, undivided profits \$278,271.39, deposits \$2,918,667.56.

THE LATE THOMAS P. BEAL

The late Thomas P. Beal, president of the Second National Bank, Boston, was one of the ablest and most respected bankers in the country. Recognized for many years as the dean of Boston bankers, he had held every position of trust and honor that a financial center of Boston's importance had to offer. In financial emergencies he was a tower of strength and from his wisdom, experience and sound judgment could always point out the safe course. During the panic of 1907, when most banks were greatly extended and there was fear that big bank failures in New York might cause trouble in many other sections, Mr. Beal was called upon by a young bank president from rural Massachusetts who had already borrowed heavily on account of conditions at that time and who was fearful of the possible outcome, should the panic become widespread and of long duration. He told Mr. Beal his troubles and after listening attentively the latter asked the bank president how much he thought he would want. "I may not want anything," was the reply, "but I want to be sure of help if I need it." Mr. Beal said nothing, but pushed a button and summoned his cashier. "Mr. ——— is to have all the money he wants on the usual terms," said he, and then turning to the bank president, added, "Does that make you feel any better?" This was typical of Mr. Beal, and the bank president, now at the head of a large city institution, needless to say, never forgot the incident.

ELECTED NEW HEAD OF BOSTON CLEARING-HOUSE

Alfred L. Ripley, president of the Merchants' National Bank of Boston has been elected head of the Boston Clearing-house Association.

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

WHILE Southern bankers have been advising extreme caution in domestic enterprise, some of the nation's outstanding men in the production of raw material, the manufacture of finished products, and the financing and transportation of business have been showing how the prosperity which has come after the violent lesson of two years ago can be solidified and made greater.

The formula is a simple one: Develop foreign trade.

That was the message of the tenth annual foreign trade convention meeting in New Orleans early in May.

The men who gave their best thought to the solution of the economic problems of the United States and the world, so that our people might have a better understanding of what they must do in order to help others to help themselves, which is the only way through which they can help us, have directed the particular attention of the South upon foreign horizons; they have given Southern business men a greater realizing conception of the necessity of foreign trade, which absorbs the surplus production after domestic needs have been filled and therefore stabilizes the price of the whole; they have directed their minds into more sympathetic channels towards our Latin-American neighbors and our friends in Europe and the Orient; they have struck a powerful blow at the provincialism that obtains in the South.

Not the least important event of the convention was the dedication of the \$20,000,000 industrial canal of New Orleans to the foreign trade of the Mississippi Valley. The canal has been operating for several weeks, but the christening party wasn't held until the thousand-odd delegates to the convention foregathered at the Crescent City.

Business throughout the South has been increasing its momentum. It is true that in many sections, the crop-planting was de-

layed several weeks by the weather, which continued cold beyond the allotted period; but this has not been an unmixed misfortune. The cotton district reports that the boll weevil has been considerably thinned by the weather. The farmers have been making up for lost time during the pleasant weeks of April, and practically the entire cotton crop has been planted. Admirable progress has been made on other field crops as well.

Retail business in the cities shows a substantial increase over the same period last year. Official compilations are for March, but it is generally understood that April's trade current was about as strong. Throughout the Sixth Federal District, the retail



The Branch
Our First President

Merchants National Bank

RICHMOND, VA.

Capital \$1,000,000.00
Surplus and Undivided
Profits \$1,000,000.00

One of the largest, strongest and
oldest banks in the South

Send Us Your Items

Bank of Charleston

National Banking Association

Charleston, S. C.

Established 1834

The Bank of Charleston succeeded to business of liquidating branch Bank of the United States.

Capital and Surplus . . \$1,500,000.00
Resources . . . \$12,500,000.00

business in March was nearly 24 per cent. better than it was in March, 1922.

Taking a few of the leading centers, we see that the swing of the pendulum was widest at Birmingham and in the surrounding territory. The March 1923, business was 53 per cent. better than the March 1922. Chattanooga is second, 39 per cent.; and Atlanta is third, 34 per cent. Savannah is at the foot of the class, 9 per cent.; and New Orleans shows an advance of 15 per cent.

February's business in the South was only 7.5 per cent. greater than that of February 1922. The 23 per cent. improvement in March, therefore, is strongly significant.

In the wholesale trade, we see a like improvement. The different lines report an advance, in March, not only as compared with February, but also with March of last year. The shoe trade reports the heaviest advance over February—46 per cent.; and 26 per cent. compared with March of last year. The farm implement business was 45 per cent. better than February's and 85 per cent. better than that of March last year. Smaller but substantial increases are reported by wholesale groceries, drygoods, hardware, furniture, stationery and drugs.

Financial conditions continue to improve. The caution that has been observed by the banks, plus the more favorable economic situation, has resulted in the banks being better prepared than they have been for several years, to meet the requirements of making and harvesting the crops.

Loans and discounts, on April 4, declined from the month preceding, but showed an increase over the same period of 1922. Savings deposits showed slight increases over the preceding month. They were 14 per

cent. greater than at the same time last year. The heaviest increase was in Atlanta, 17 per cent. compared with the same time last year; then Jacksonville, 16 per cent.; Birmingham, 14 per cent.; Nashville, 11 per cent.; New Orleans, 4 per cent.

Debits to individual accounts show a firm increase, and commercial failures have continued their downward trend, both as to the number and the amount of liabilities.

Building operations continue on a heavy scale. The rising costs of material ran the doubters aboard the band wagon, and commercial as well as home construction is being rapidly pushed.

In certain parts of the South, there is a growing complaint on the labor situation, especially in the agricultural sections. Some lumber and textile mills have had to restrict their output because labor was enticed to other jobs. Thousands of negroes have migrated North from Mississippi, according to reliable statistics. In Georgia, Eastern factories are reported to be recruiting men from the fields.

Industrial employment in the cities has shown a rise, but not a violent one. The South responds more slowly to economic vibrations than other parts of the country. Thus prosperity is slower to get to the South, panic is slower to get to the South, and re-adjustment is slower to get to the South. It is not anticipated that the labor shortage will be acutely felt in the South as in the North, no matter to how many more revolutions the manufacturing wheel is speeded; but it is causing some concern.

CONVENTION DATES

Kentucky—at Louisville, Sept. 5-6.

West Virginia—at Fairmont, August 21-22.

RIGGS NATIONAL BANK TO INCREASE CAPITAL

The board of directors of the Riggs National Bank, Washington, have voted to recommend to the stockholders of the institution that the capital stock of the bank be increased from the present capitalization of \$1,000,000 to \$2,500,000.

The increase would be accomplished by the issuance of a stock dividend of \$1,000,000 and new stock to the amount of \$500,000. With the increased capitalization the

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE — Over fifty - seven
years

STRENGTH — Capital and Surplus
\$4,000,000.00

OFFICERS — Experienced, capable and
well versed on conditions
and credits throught this
territory :

invites your business

JOHN M. MILLER, JR.
President

Resources over \$30,000,000

bank would be placed on an annual dividend
basis at the rate of 18 per cent.

NEW OFFICE CREATED IN CHARLESTON BANK

At the regular meeting of the Bank of
Charleston, N. B. A., held recently, the board
of directors unanimously decided, in view
of the increasing scope of the bank's busi-
ness, to advance the president to a position
created as chairman of the board of direct-
ors, and to advance to the presidency thus
made vacant, the senior vice-president,
Robert S. Small.

As chairman of the board of directors of
the bank, E. H. Pringle gave the following
announcement to the press:

The growth of the bank and the increased
volume of business handled, has made it ap-
parent for some time that it would be necessary
to remodel the banking offices in order to prop-
erly handle the business of the bank, and at
the same time to furnish adequate and suit-
able quarters for the convenience of the bank's
customers.

The work of doing this has been going on for
some months, and it has been practically com-
pleted, and these new offices have now been
opened for occupancy.

It seemed fitting and appropriate at this
meeting, and on this occasion, to evidence the
appreciation by the board of the services of the
president and senior vice-president of the bank
by the promotion of E. H. Pringle to the posi-
tion of chairman of the board and R. S. Small
to the position of president, made vacant by
Mr. Pringle's elevation to the chairmanship
of the board.

T. ROWLAND THOMAS PRESIDENT OF ASSOCIATION

At the recent convention of the Maryland
Bankers' Association held in Atlantic City,
they elected as their president, T. Rowland
Thomas, president of The National Bank of
Baltimore.

GEORGIA BANKERS ELECTIONS

At the annual meeting of the Georgia
Bankers Association, the following officers
were elected: President, J. S. Peters, Man-
chester; first vice-president, J. S. Ken-
nedy, Atlanta; second vice-president, C. E.
Martin, Fort Valley; third vice-president,
Abial Winn, Valdosta; secretary, Haynes
McFadden, Atlanta; treasurer, E. I. Hen-
derson, Cedartown; general counsel, Orville
A. Park, Macon.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

THE month has brought about indications of an easing of money conditions in the Central West. How far this relaxation will go is uncertain, depending somewhat on the effect that will come from the heavy Government financing operations in connection with maturing Treasury Certificates and the redemption of Victory Notes. The slackening in the borrowing demand and in commercial and industrial expansion is regarded as a wholesome sign which will make for a prolongation of the present upturn in business and lessen the likelihood of a violent and costly reaction from a too far and too rapid swinging of the pendulum in the direction of prosperity.

Money rates have not changed materially. Commercial paper is still being placed at 5 to 5¼ per cent., but the bulk of transactions is now moving toward the lower figure instead of toward the higher as was the case a month ago. Bank loans are 5 to 6 per cent., whereas a month ago they were almost on a 5½ per cent. minimum basis. The borrowing demand is still heavy, but the banks are able to care for it with only moderate rediscounting at the Federal Reserve Bank. The fact that this is the case although there is almost a full point difference between the 4½ per cent. at which member banks can obtain funds from the Reserve System and the rate at which they can lend it to their customers gives strong evidence not only of the comfortable position of the banks, but of their disposition to make wise use of the Federal Reserve privileges. The most conservative bankers do not regard this wide margin of possible profit as an altogether desirable condition, and they would not be surprised if within a short time there should come a slight advance in the Federal Reserve rediscount rate. This, they say, would bring that rate more nearly into line with conditions in the open market, would place that market more firmly on a basis around 5 per cent. and

probably would not result in any increase of commercial rates of interest.

Business is strong and all signs point to continued activity for some months to come. Wholesale orders are running substantially ahead of those at the corresponding time last year and there is a much more confident attitude on the part of merchants toward providing for their needs of late summer or next fall. Retail trade was much retarded by the late spring, but the coming of warmer weather has put more snap into it and expectations are that the turnover as a whole will be satisfactory. There is noticeable a greater disposition to buy on the part of the interior districts than has been in evidence for two years. The orders of the large mail order houses are running 30 to 50 per cent. ahead of last year, and have shown a continuous improvement since the first of the year. The demand for merchandise covers a much wider range than has been usual in the last three years and now extends into the semi-luxury class. A large proportion of the buying is still of essentials, but these are being taken more freely, especially in the lines of implements, machinery, clothing, household furnishings, shoes and knit goods.

Manufacturers are busy, but they are not wavering from the policy of caution which has characterized them since the beginning of the current movement toward expansion of operations. They are making large quantities of goods, but are keeping their inventories well in hand and are not committing themselves beyond reasonably certain sales and their rate of production is quickly responsive to any change in demand for their goods. A case in point is that of a shoe manufacturer, one of the largest in the Middle West, whose plants up to about the first of the month were operating at capacity. He was appraised of a let-up in orders and immediately began an investigation, making a trip to the East for the purpose, interviewing other manufacturers and also customers to whom he was in the habit of selling in large quantities. He found similar conditions there,

and immediately cut down his production from 5000 to 2000 pairs of shoes a day, although this reduction almost doubled his overhead per pair. This is rather an extreme case, for there has been no such curtailment as that in the general run of industries, but it is typical of the attitude of manufacturers and is a good illustration of the safeguard which that attitude provides for continued safe and satisfactory conditions.

The steel mills of the district are running at the highest rate since the coal and shop strikes of last summer—about 90 per cent. for the leading producer and 80 per cent. for the principal independents. Orders are not being placed in such large volumes, because of the sold-up condition of most of the plants, their commitments already assuring operations on the present large scale through the second quarter and virtually all the third. Inquiry for steel is still heavy, however, especially from the railroads, automobile and implement makers and structural users. There is a large tonnage of steel rails in the market and all kinds of track accessories are in brisk demand. Pig iron is firm at \$32 to \$33.

Railroad traffic is of record-breaking proportions and affords an excellent index to the generally free distribution of commodities of all kinds. The equipment of the carriers is in much better condition than last fall and is improving steadily as all the roads are striving to place themselves in position to derive the greatest benefit from the freight offerings of the latter part of the year, in which usually their greatest business is done.

Building operations are on a large scale and the increased movement of materials of all kinds is an important factor in the high figures on railroad traffic. Permits issued so far this year in Chicago are in the neighborhood of 100 per cent. in excess of those of the corresponding time last year and include many large projects as well as thousands of dwelling and apartment houses. Wages have been increased and costs of construction are so high that they are near the point at which capital will be disinclined to enter this field freely, but material dealers have sought to avoid a runaway market and so far have been able to hold prices in check. A plentiful supply of cars on the railroads has contributed to this result, making possible a rapid movement of supplies from mills, yards and pits and preventing a shortage of materials which would



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. T aylor, 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

afford a pretext for selling at a premium. The ease with which money may be obtained is another factor in keeping building operations at a high rate, as has the maintenance of a high level of rentals, which makes investments of this character attractive as compared with current rates of interest, notwithstanding the possibility of a reduction when the shortage of housing accommodations is relieved. So far there is not much evidence of a lowering of rents. New construction, great as it is, is little more than enough to keep pace with the normal growth of the cities.

Much complaint of labor scarcity is heard. The trend of wages in the industries is higher and this has drawn all the surplus help from the country. With the lateness of spring and the consequent shortening of the planting season, this has made the farmer's problem a hard one and undoubtedly will result in a reduction of the acreage of important food crops. In the case of livestock growers the situation also is serious and through their national organizations they are taking part in the agitation for a modification of immigration restrictions.

Conditions of the growing crops are good in spite of the low temperatures of the early part of the spring. There has been a good supply of moisture and this is relied upon to have an important influence in correcting some of the disadvantages of a late start. Wheat acreage probably will be around 10,000,000 less than last year, but recent declines in the cereal markets do not indicate any serious misgivings on the part of the trade as to the year's soil yields.

Savings had another large increase in the intervals between the last bank calls. The figures of the Chicago banks reached a new high record of \$564,000,000. This result of the combination of thrift, high wages and full employment is a confidence-inspiring feature of the business situation.



CONVENTION DATES

American Institute of Banking—at Cleveland, July 17-20.

Farm Mortgage Bankers—at West Baden, September 18-19.

Indiana—at Indianapolis, September 12.

N. A. McMILLAN

N. A. McMillan, chairman of the board of the First National Bank in St. Louis was

elected head of the St. Louis Commercial Club, at its annual meeting held recently at the Bogey Golf Club, St. Louis County.

Mr. McMillan served the club last year as vice-president and for three consecutive years prior, he was the club's treasurer.

MIDLAND NATIONAL BANK ELECTS DIRECTORS

At the meeting of the board of directors of the Midland National Bank of Minneapolis, held May 1, Harold B. Wood and P. Schlampp were elected directors.

THOMAS C. HENNINGS

Thomas C. Hennings, vice-president and trust officer of the Mercantile Trust Company, St. Louis, was elected president of the Community Council of that city, at the annual meeting on May 4.

UNION TRUST COMPANY OF CHICAGO

Claude B. Carter, formerly cashier of the Arkansas Valley Bank, Ft. Smith, Ark., and subsequently with the Mississippi Valley Trust Company, St. Louis, Mo., has been appointed assistant cashier of the Union Trust Company, Chicago. Mr. Carter joined the staff of the Union Trust Company in 1921.

Alfred T. Sihler, of St. Louis, where he has been engaged in the investment business for several years, has joined the staff of the Union Trust Company, Chicago, with the title of sales manager of the investment department.

NEW VICE-PRESIDENTS OF ST. LOUIS BANK

F. O. Watts, president of the First National Bank in St. Louis announces the election of Ernest G. Coffman and Oliver G. Lucas as vice-presidents.

Mr. Coffman was born in Rolla, Mo., came to St. Louis as a boy to work for the old Mechanics-American National Bank which consolidated with the St. Louis Union National Bank and Third National Bank in July 1919, and has thus served the First National Bank and its predecessors for fourteen years. Upon the consolidation of the three banks Mr. Coffman was placed in charge of internal operations and in recognition of his splendid service in this position he was given an official title, and in October

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*

of last year was made assistant vice-president.

Mr. Lucas came to the First National Bank in October 1919, shortly after consolidation as assistant cashier, having previously been connected with the National City Bank of New York. He is a native of St. Louis, although educated in Europe where he resided between his fourteenth and twentieth years and has a knowledge of French and German. At one time he managed the foreign department of the Mercantile Trust Company. He also spent a year and a half as junior officer in the National Bank of Republic, Port Au Prince, Hayti.

HEADS ST. LOUIS CHAPTER A. I. B.

Dale Graham, advertising manager of the Mississippi Valley Trust Company, has been elected president of the St. Louis Chapter, American Institute of Banking. Mr. Graham also is chairman of the committee on analysis of the Missouri Bankers Association, vice-chairman of the financial advertisers department of the Advertising Club of St. Louis and a member of the national pub-

licity committee of the American Institute of Banking.

The St. Louis Chapter has about 1000 members. During the past season it conducted eleven classes in banking and legal subjects.

CEDAR RAPIDS SAVINGS BANK AND TRUST COMPANY

The Cedar Rapids Savings Bank and Trust Company of Cedar Rapids, Iowa, celebrated its fortieth anniversary on May 15. The bank officers held open-house from 6.30 to 9.30, entertaining with music and giving souvenirs away.

ASSOCIATION OF RESERVE CITY BANKERS

Craig B. Hazelwood, vice-president Union Trust Company, Chicago, was elected president of the Association of Reserve City Bankers at the annual convention at French Lick, Ind., May 29. O. Howard Wolfe, cashier Philadelphia National Bank was elected vice-president and John D. Gillespie, vice-president Dallas National Bank, Dallas, was elected secretary and treasurer.

Richard C. Bean, president Louisville National Bank; George V. Drew, assistant secretary Equitable Trust Company, New York; and James Ringold, president United States National Bank of Denver were elected directors. The association decided to hold next year's convention at Dallas.

**J. G. GEDDES PRESIDENT OF
CLEVELAND ASSOCIATION
OF CREDIT MEN**

J. G. Geddes, vice-president of the Union Trust Company and the head of its foreign department, was elected president of the Cleveland Association of Credit Men by the



J G GEDDES

Elected president of the Cleveland Association of Credit Men

board of trustees at its meeting on May 16.

Mr. Geddes has been active in the association for some time. For two years he was chairman of the foreign credits committee of the association and he has also served on the foreign credits committee of the National Association of Credit Men. During the last year he has been treasurer of the Cleveland association and a member

of its board. He is recognized as a leading authority in matters pertaining to foreign commerce and credits and has been prominent in foreign trade conventions.

SIXTH AVENUE STATE BANK

At a meeting of the board of directors of the Sixth Avenue State Bank of Minneapolis, held May 11, the following new officers were elected: A. L. Erickson, cashier; Carl Hanson, assistant cashier. The other officers of the bank are: Charles B. Mills, president; Edgar L. Mattson, vice-president.

**CLEVELAND CLEARING-HOUSE
MOVES**

To centralize the control of Cleveland banks, the Cleveland Clearing-house Association will be located in the new Federal Reserve Bank Building, according to announcement by the president of the association, J. A. House, president of the Guardian Savings and Trust Company. This will be more convenient for all banks because settlements are now made at the Federal Reserve Bank. For the past sixty-five years the clearing-house has occupied quarters in the Commercial Bank Building, now the Commercial office of the Guardian Savings and Trust Company. George A. Kelsey is manager of the Cleveland Clearing-house Association. Francis Coates, Jr., is the examiner.

F. W. BISHOP

F. W. Bishop, who has had considerable manufacturing experience has been added to the industrial department of the Guardian Savings and Trust Company, Cleveland, to analyze the conditions of industrial concerns having loans with the bank.

**LIBERTY TRUST & SAVINGS BANK
INCREASES OFFICIAL STAFF**

At a recent meeting of the board of directors of the Liberty Trust & Savings Bank, Chicago, Ill., the following additions and promotions were made in the official staff:

Jacob Landon, who was formerly cashier, was elected to vice-president and cashier. William G. Dooley was elected vice-president. He was formerly assistant cashier. Milton Rosenthal, formerly manager of the

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. 40 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

bond department, William Kabaker, former chief clerk, and J. Albert Liss, former discount teller, were elected assistant cashiers.

The other officers of the Liberty Trust & Savings Bank are Walter M. Heymann, president, Adolph S. Helquist, vice-president, Harry Wiersema, assistant cashier, and Benjamin Levinson, trust officer.

CHARLES C. YOUNGGREEN

Charles C. Younggreen, who has been director of advertising and publicity of the J. I. Case Plow Works Company, of Racine, Wisconsin, has resigned to accept the position of vice-president, with the Klau-Van-Pieterse-Dunlap Advertising Agency, of Milwaukee, Wisconsin.

As a mark of tribute and appreciation for his energy and the able manner in which he has handled the advertising of the J. I. Case Plow Works Company, the company has placed its account in the hands of Mr. Younggreen, in his new connection.

MISS MINNIE A. BUZBEE

Miss Minnie A. Buzbee, who has been in New York for a year to establish a service department for the Harvey Blodgett Company, is now going to St. Paul to the main office of the company to join the copy staff. While in New York Miss Buzbee was an active member of the New York League of Advertising Women and was called upon to address a number of groups of people

on advertising subjects. She was the only representative of bank advertising in the Women's Advertising League.

Miss Buzbee before going to the Harvey



MISS MINNIE A. BUZBEE
With the Harvey Blodgett Company,
New York and St. Paul



**HOTEL
HAMILTON**
WASHINGTON D. C.

The latest constructed and
finest hotel in Washington,
Opened December Second 1922
Four hundred rooms
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Blodgett Company was advertising manager of the American Bank of Commerce and Trust Company of Little Rock, Ark.

WILLIAM J. MURRAY

The Des Moines National Bank announces the election of William J. Murray as vice-president of the bank.

ROBERT MORRIS ASSOCIATES ENDORSED

On May 7 William J. Tonks, vice-president of the Union Trust Company of Cleveland received word from the secretary of the American Bankers Association that the executive committee of that body had passed a resolution endorsing the methods and ideals of the Robert Morris Associates and pledging the support and coöperation of the American Bankers Association to the work being carried on by the Robert Morris Associates, under the leadership of Mr. Tonks.

Mr. Tonk is president of the Robert Morris Associates, an organization established for the purpose of enlarging the

available knowledge of statement analysis and improving the methods of gathering, compiling and intelligently using credit data.

CALVIN D. MAY

Calvin D. May, president of the Merchants National Bank of Clinton, Iowa, died after a short illness on April 19. Mr. May was a native of Illinois, residing in Clinton after 1887. He was born at Belvidere in 1859, coming from an old American family whose early representatives settled in the colonies in 1640.

He made his initial step in the business world as an employee of the First National Bank of Belvidere. Afterwards he entered the State University of Michigan at Ann Arbor, where he won the degree of Bachelor of Arts in 1884, and that of LL. B. in 1886. In the latter year he was admitted to the bar in Michigan with privilege of practicing before the supreme court.

Mr. May went to Clinton in 1887 to become assistant cashier of the Merchants National Bank. In 1896 he became cashier of the bank, and on May 11, 1918, assumed the duties of president of the institution.



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

DEVELOPMENTS in general business over the United States tend to make the Western territory feel more important than in past months. The recent events are at least making the Western states feel that they are receiving more adequate recognition as a part of the general economic fabric of the country. For months this territory has been wondering at the commercial recovery of industrial districts, including the transformation of some lines from a state of depression to conditions approaching a boom. Prices on many manufactures advanced far out of line with the agricultural products of the West. How long, how long can such a disparity continue? This question the Western states propounded. Now they see an answer—the inauguration of readjustments to their levels. They would have preferred to see advances in their own products to the level of manufactures, but the verdict seems to be that world economic affairs are averse to such a change.

The Western states are not enthusiastic over the readjustments that appear to have started, or the greater recognition of the impossibility of maintaining highly prosperous conditions among wage earners at factories and among other classes in cities while agricultural interests feel a pinch in making their income meet their expenses. There is only one condition over which the Western states are enthusiastic, and in this instance the enthusiasm is not unanimous. But it is quite general. The enthusiasm is over the improved crop prospects as compared with the outlook during the winter and early in the spring. Winter wheat has recorded improvement beyond expectations. Spring wheat has a late start, but there is a generous supply of moisture that promises an excellent start. The general pasturage situation is the brightest in some years, which means very much indeed to the great pastoral regions of the West with their hun-

dreds of thousands of head of live stock. In the crop outlook the Western states see a potential increase in their income. There has already been some increased buying of mercantile products in anticipation of a better income from crops for farmers.

A crop of wheat, which is a hardy plant, and even a crop of grass beef is not made until it is safely garnered. But at this season it is quite safe to count on the probable harvests, for in a few days winter wheat cutting will start in Oklahoma, and then gradually proceed northward. So the Western states, laying aside the optimism of their crop prospects, are looking to other major factors with which they must contend.

What of industrial readjustments? What of Europe's buying power? Next to the harvests these are outstanding questions at present.

Yes, pastures are very promising, promising from Montana down to New Mexico. But what of industries? In the past year of advancing wages and full employment for labor the live stock industry profited enormously from expansion in meat consumption by the laboring classes, the greatest consumers of meat. Cattle and sheep prices advanced. Hogs sold far better than expected considering the enormous increase in production. Wool helped the sheep industry, and some Western districts experienced almost a magical change from financial depression to prosperity through the lofty sheep and wool markets. Cattle sold far better than expected and made up for some of the losses the industry experienced during deflation. Today, however, even with labor still fully employed, hog production has reached a point where the supplies are in excess of the domestic and foreign demand. Corn is relatively higher than hogs. A year ago corn was far cheaper than hogs. More grass beef is in sight. Will labor next fall and winter be equal to the supplies? The West is asking these questions. It has been looking askance at the prices of many manufactures offered it, but that portion of the West interested in

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live stock has been reaping some benefits. On the other hand, the great army of wheat growers have reaped no benefits. Industrial readjustments will enable the West to find quotations of manufactures on a healthier parity with its products, but to what extent

will live stock be affected? Time will tell.

The cost of producing live stock is receding. The abundance of grass will add to the average weight of grass cattle in the fall. Montana has taken more young cattle out of Texas for grazing this season than in some years. Kansas and Oklahoma are carrying fully 25 per cent. more cattle on summer pastures than a year ago. There is more interest in sheep production. The Western states are not feeding many cattle in drylots, for they raised a small supply of corn last year, but other sections have more cattle in dry lots than a year ago. The spring season was not ideal for farrowing pigs, but with a larger supply of sows, more pigs are on farms. The outlook for corn promises lower feed prices. This is helpful to the industry.

Even horses and mules have improved with industrial recovery. There is a better market for heavy work horses than in several years. Mules have been strengthened by the cotton boom. As usual at this season, the markets for these animals are approaching dullness.

It's a different story in the great grain areas. In the Western state wheat is more important than corn. Industrial readjustments that lessen meat consumption tend to cheapen corn. Wheat, on the other hand, has been on an international basis. It has been "dirt cheap" to American consumers, who have enjoyed a wheat and flour market where the lower buying power of Germany, England, Holland and other European countries played a great part in determining prices. The wheat growers have complained loudest about price disparities. In the event of industrial readjustments that make some sharp price changes on manufactures, the wheat growers will be better buyers. They may even take up a little slack in industrial lines when starting to fill the voids in supplies which they felt impelled to create, or which they were forced to create. However, the wheat states would feel better if they had more assurance of somewhat healthier buying conditions in European markets, although there is some hope of improvement in this respect.

With the new wheat season at hand, it is probable that every banker will give some thought to the influence the farmers' legislative "saviours" are going to exert through the Capper-Tincher law, or the Grain Futures Act. At this writing the regulations for the enforcement of this act have not been promulgated. It is the plan, as indi-

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cated in the tentative regulations submitted by the U. S. Department of Agriculture, to require commission houses on contract grain markets to report the names of the traders or dealers carrying lines of wheat futures of 200,000 bushels or more. The dealer or trader with such lines will know, in the event the tentative regulations are made permanent, that the Government has its eyes on him. Will this act as a discouraging influence on large speculative operations that are of value to the market when great hedges are placed? Some conservative, unbiased trade interests think so. The Capper-Tincher law will deprive the wheat market of some support if this is the case. The 1923 crop year so far as wheat is concerned will be the first in history with the futures dealings under the supervision of the Government. For the last two years there has been a lack of public participation in wheat futures markets with unfavorable financial results upon the growers of wheat.

It is said that many cities have already caught up with building requirements. Not rural districts. It is said many sources of buying of steel have been filled up. Not so in rural districts. One authority estimates

that the supply of implements on farms is 80 per cent. of that in 1919 and that the conditions of this reduced supply is 75 per cent. compared with the average of 1919. Farmers have been refusing to purchase implements because prices were out of line. When steel is readjusted some of these holes will be filled up. The extent of the buying depends upon the trend of prices of farm products and the production.

Industrially, the Western states are not so active as the Central and Eastern states. The farmer either dropped or was forced to drop his habit of some years ago in buying goods in anticipation of a crop. Some who did this several years ago failed to take price readjustments into consideration and made commitments which they have not yet cleared up.



CONVENTION DATES

Montana—at Great Falls, August 9-11.

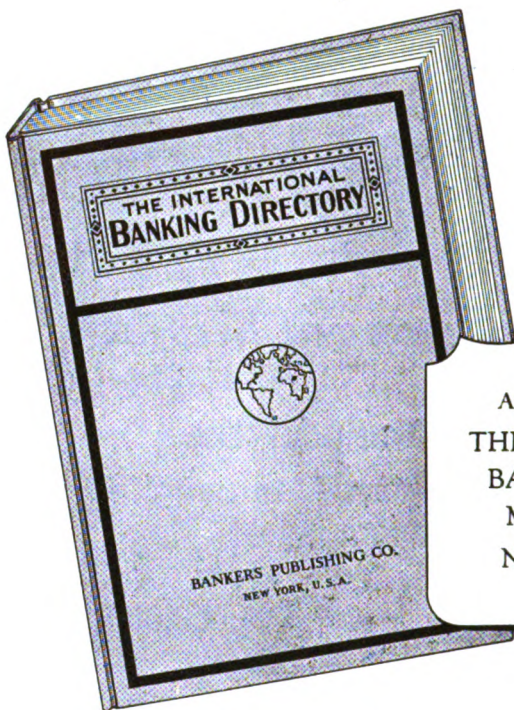
Nebraska—at Omaha, September 26-27.

New Mexico—at Cloudcroft, September

7-8.

North Dakota—Bismarck, June 27-29.

Wyoming—September.



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ECONOMIC CONDITIONS IN THE PACIFIC STATES

By C. E. TAYLOR, Economist

Department of Research and Service,
Security Trust & Savings Bank,
Los Angeles

THE improvement in general economic conditions in the Pacific States, which began in the early part of 1922, continues and trade and production records of previous years are being steadily approached or exceeded. Taken as a whole, however, it is doubtful whether the rate of progress in this territory is much greater than that being shown in a number of other sections of the country. Bank clearings throughout the district were about 28 per cent. higher during the opening quarter of this year than in the corresponding period a year ago, compared with gains of 32½ per cent. in New England, 30 per cent. in the Western states, 33 per cent. in the Southern states and 17 per cent. in the country as a whole. Building permits issued in the Pacific States during March exceeded those of the corresponding month in 1922 by about 43½ per cent. In the Middle Atlantic states the gain was over 58 per cent., in the Central Western states over 100 per cent., in the Southwestern states about 93 per cent. and in the entire country about 55 per cent. Retail trade, however, is considerably more active in this territory than anywhere else in the United States. In fact the Pacific states are the only portion of the country in which the volume of retail sales, measured in dollars, was noticeably greater during the opening months of this year than in the opening months of the boom year of 1919. Wholesale trade activity is showing a healthy improvement, which, however, is not greatly in excess of the average for the country, judging by what statistics are available. Crop conditions are good, generally speaking. The winter was not severe and early spring weather has been favorable.

An actual shortage of labor in some lines

of activity has developed in portions of this territory and much of the unemployment which prevailed in 1920-21 has disappeared, according to reports emanating from industrial commissions and state and Federal employment agencies in different portions of the district. Shortage of farm help is being complained of in every state, except Utah and Idaho. Skilled workmen in different trades, particularly the building industry, are being sought by a number of the cities in the district and wage increases have occurred in several lines, among them the mining, metal trades and lumber industries. So far no serious labor troubles have occurred this year, with the exception of the nation-wide shipping and lumber strike. In Southern California a strike of carpenters and another of garment workers have recently proved abortive.

Prices of zinc, copper and lead, of which the Pacific states are important producers, have all recorded declines during the last few weeks and markets have been reported weak. However, the reaction in metal prices has not seriously affected the activity in the mining camps, where conditions are better than they have been for over two years and a half. The silver mining interests of the region have been thrown into a considerable flurry by the recent announcement of the director of the United States Mint that Government purchases of silver under the Pittman Act will probably be completed about July 1, instead of around October 1 as had previously been expected. Silver mines of the district are now breaking production records in an effort to market as much silver as possible before the price of \$1 an ounce provided for in the act is discontinued. What effect the expiration of the Government's purchases will have on the silver mining industry is something on which few will hazard a prediction. However, it is difficult to see how the effect can be other than serious when mine owners are compelled to make sales of their product at 65 or 67½ cents, the current open market price, instead of at the artificial figure of \$1 an ounce. Gold mining in this territory

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has been maintained at normal levels during the past few months and operations are reported to have been carried on at 100 per cent. of capacity during March and April. If general price levels continue to advance, however, a recession in gold mining activity may be expected.

In the other great mineral industry of the Pacific states, the production of petroleum, output has reached such volume that producers in the three principal Southern California fields have agreed to curtail production 30 per cent. for the next four months. In California as a whole oil production increased from an average of 586,670 barrels a day in February to a daily average of over 725,000 barrels during the week ending April 21. By far the greater proportion of California's petroleum is now produced in its southern section and practically all the increase in production has occurred in the fields of this portion of the state. Prices of petroleum and petroleum products have been declining during the last few months and were again lowered in April, when buying prices of crude petroleum from Southern California fields were reduced by amounts ranging from 1 cent to 41 cents per barrel, depending upon the gravity of the oil. It is believed that by the end of four months additional storage containers will be available to care for such oil as may be produced in excess of trade demands and that the recent heavy overproduction of oil is only temporary.

In Oregon prospects for a prosperous year are exceedingly bright. An open winter and an early spring benefited farmers, fruit growers and livestock men materially. Grain required only three per cent. replant-

ing. Sheep and other livestock came through the winter in excellent condition and lambing has been nearly 100 per cent. good. Wool and mutton prices are much better than a year ago, although cattle prices have not yet made any worth while advance. The lumber industry continues to boom, coincident with the tremendous building activity throughout the nation, and the effect is noticeable in the general stimulation of wholesale and retail trade. Water commerce between Portland and the Atlantic Coast showed a gain during March of this year of 300 per cent. in quantity and 500 per cent. in value over commerce in March a year ago.

In Utah conditions, which for a long time were discouraging, have been improving steadily. Developmental and building activities are being undertaken in numerous parts of the state, the mining regions are active and a greater degree of optimism is reported in the agricultural communities than at any time since the beginning of the depression in 1920. In Salt Lake City bank clearings have been about 25 per cent. greater than a year ago and building activity has more than doubled. Similar reports are received from other principal cities in the state, such as Ogden and Provo. Lead, copper and silver mines are running at capacity or near capacity and mine wages have been increased. Sheep and wool prices are encouraging and the wool crop is of unusually good quality. Growers have been slow to contract for their product and a large proportion of the crop remains unsold. The cattle situation has not improved as much as might have been expected and remains the one depressing feature of the general agricultural situation. The sugar beet growers have had a good year and there seems to be considerable likelihood that final payments by the sugar factories will bring the average price for the 1922 crop to about \$7.50 a ton. A considerable increase in the 1923 acreage planted to sugar beets is expected to be disclosed when figures are compiled.

The volume of bank credit in the Pacific states has been expanding steadily and interest rates have been tending upward. The increase in rates has probably been as much as a half of 1 per cent. Total loans, discounts and investments of banks in this territory have risen to a point above even the peak reached in 1920. However, the total deposits of the banks are considerably above deposits in 1920 and demands upon the

Reserve Bank at San Francisco for credit have thus far been slight. Indicative of the healthy state of economic conditions in the Pacific Coast territory is the volume of savings deposits, which are now higher than at any time in the history of this district, being over 16 per cent. greater than at this time one year ago and nearly 56 per cent. greater than in the spring of 1919.



CONVENTION DATES

Arizona—at Tucson, October 26-27.

Oregon—at Albany, June 27-29.

NEW VICE-PRESIDENT OF BANK OF ITALY

M. H. Epstein, chairman of the county council of the American Legion, vice-chairman of the Legion's Convention Committee and former Commander of Daylight Post No. 229, has been elected vice-president of the Bank of Italy, according to announcement made by the executive committee of that institution.

Since 1919 Mr. Epstein has been associated with the Bank of Italy as assistant comptroller. Before coming to San Francisco he was vice-president of the Southern Trust and Commerce Bank of San Diego, which office he held for a number of years.

During the World War Mr. Epstein served as a major in the Medical Department and was in charge of a forward base hospital. He is a graduate of the University of California and a lecturer in its school of medicine.

UNITED BANK AND TRUST COMPANY RESULT OF MERGER

The Sacramento-San Joaquin Bank and the Merchants National Bank of San Francisco have united under the title of United Bank and Trust Company of California. The new business department is now established in San Francisco.

NEW OFFICERS OF ANGLO-CALIFORNIA TRUST COMPANY

Four new officers were added to the official staff of the Anglo-California Trust Company at a meeting held recently. W.



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M. Rosenblum and William E. Burns were elected assistant cashiers. F. H. Lougher and W. G. White were elected assistant trust officers. Each of the promotions was made from within the bank's own ranks.

Mr. Burns became connected with the bank's new business department in July, 1921. Five months later, he was made assistant manager of the Mission branch, at Mission and Sixteenth streets. In his official capacity he will continue as assistant manager of the Mission branch. Mr. Burns was previously superintendent of the Big Meadow district of the Great Western Power Company, and was formerly connected with Meese & Gottfried.

W. M. Rosenblum also became associated with the bank's new business department in 1921. He has been assistant manager of the Market-Jones branch since its establishment in January, 1922. Mr. Rosenblum was formerly connected with the Anglo & London Paris National Bank, and is well known in San Francisco banking circles.

F. H. Lougher and W. G. White started with the Anglo-California Trust Company fourteen and twelve years ago, respectively, as bookkeepers. They have worked their way up through several departments, and their promotions were well deserved.

BANCITALY CORPORATION

Over-subscription of the recent offering of 30,000 shares of the capital stock of Bancitaly Corporation and additional requests originating since the books were closed, has resulted in the decision to offer a further issue of 10,000 shares, to be paid in on or before July 8.

The stock will be sold at \$125 per share, stockholders of Bancitaly Corporation having prior rights until June 25. If at that time subscription privilege has not been exercised, it will be assumed that present stockholders have waived their rights.

When this new issue is paid in on July 8, the corporation will have \$14,000,000 of its authorized \$20,000,000 capital. Plans for the future look to an ultimate capitalization of \$50,000,000.

APPOINTED ASSISTANT MANAGER

C. E. Robinson has been appointed assistant manager of the Bank of Italy's new Southern California headquarters in Los Angeles. Mr. Robinson has been associated with the Bank of Italy for a number of years as assistant cashier at the Broadway Branch in that city, and his appointment was made immediately following removal to the new quarters.

At the recent election of the Los Angeles Chapter of the American Institute of Banking, Mr. Robinson was elected to the board of governors. He has been active in Institute affairs and served on many of its committees. He is an Institute graduate and is in line for a senior officership there.

PACIFIC COAST ADVERTISING CLUBS ASSOCIATION

The Financial Departmental of the Pacific Coast Advertising Clubs Association held its convention on June 18-19 at the Hotel Davenport, Spokane, Wash. Ralph P. Anderson, manager of the business development department of the Anglo-California Trust Company, San Francisco, was chairman. Some of the topics discussed at the meetings were: "A Few Facts"—Joseph Bailey, vice-president Fidelity National Bank, Spokane; "The Central File and New Business"—M. Ethel Berlin, district manager, San Francisco, The Findex Company of New York; "The Bank's Importance in the Community"—J. W. Spangler, president Seattle National Bank, Seattle; "Advertising Trust Services"—G. W. Wickland, advertising manager Union Trust Company, San Francisco; "After the White Space—What?"—Carl W. Art, Carl W. Art Advertising Agency, Spokane; "Report Concerning the National Convention"—F. A. Stearns, advertising manager Security Trust & Savings Bank, Los Angeles; "Banking As Seen by the Outsider"—R. A. Cleaveland, president Cleaveland Poster Advertising Co., Modesto, California.

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ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

ALTHOUGH the opening of navigation on the lakes is two weeks late, compared with the average, and with the exception of British Columbia the same applies to agricultural operations on the land, there is much more optimistic note in the farming communities which is reflected in the general business situation. However, throughout Canada the business improvement is much more moderate than in the United States. For this the fact that the country is to a much larger extent dependent upon agriculture is no doubt responsible. Conditions in Ontario and Quebec, where industrial activities center are distinctly better than in the agricultural provinces, particularly in the West. In mining and lumbering activities are extensive while the pulp and paper, textile and steel industries are prosperous.

The two weeks delay in getting on the land in Western Canada has not dampened the characteristic optimism of the spring season—an optimism which has been materially increased by the trend of prices for wheat, and other farm products, to higher levels. Wet snows in Southern Alberta and Southwestern and Central Saskatchewan, where it was very dry last year, have supplied needed moisture and there have also been welcome showers in some districts. Such has been the improvement in the situation in the first days of May that it is not likely that there will be any curtailment in wheat acreage in Alberta and that the lessened acreage in Manitoba and Saskatchewan will be considerably smaller than was feared. In Manitoba any land that is not dried off soon enough for wheat will be available for flax.

At the annual meeting of the shareholders of the Weyburn Security Bank, held at Weyburn, Saskatchewan, recently, American shareholders expressed the opinion that farming conditions in Southern Saskatchewan were more favorable than in the Western States. H. O. Powell, general

manager of the bank, states that spring conditions could not be improved much in his territory.

It has been estimated by the Department of Agriculture in Saskatchewan that there was a surplus of \$100,000,000 on Western wheat last year and the point is being made that the real farmers are in a sound position and that the complaints have come from the get-rich-quick adventurers in agriculture who know little of farming and still expect to make enough profit in a few years to be able to retire to an easy life in the city. To the disgruntled ones the politicians turned in getting support for all sorts of demands on the governments for paternalistic legislation. These politicians were temporarily successful in getting a following but lately there has been a change of opinion and the politicians themselves, sensing this change, have become professional optimists instead of professional pessimists.

Unseasonable weather has had its effect on trade throughout the country and conditions with retailers can be regarded as only fair. Goods have not been moving out as desired. Then too prices are advancing rapidly and while the workers in industrial centers, where there is plenty of employment at increasing wages, are able to meet these advancing prices, there is a tendency to discourage buying in the agricultural communities. It is this situation which has prevented Canada from sharing in the benefits of industrial prosperity to the extent which has been experienced in the United States. What is feared here is that the rapid advance in commodity prices and in wages will create a state of inflation to be followed by a reaction and another period of depression before the country has fully recovered from the last slump. Much will of course depend on the results of the coming crop in relation to prices in export markets as established by the buying power of European countries.

The total value of exports of Canadian merchandise during the fiscal year ending March 31, was \$932,229,443, as against \$753,927,009 during the previous year. If

these values are deflated to a uniform level on the basis of wholesale prices of exports, the increase in volume is approximately 27 per cent. Agricultural products accounted for \$383,425,251 and wood products and paper, taken as one group, for \$228,756,205. The value of imports amounted to \$802,-457,043, an increase of \$54,694,059, over the previous year.

The Canadian Bank of Commerce index number of wholesale prices has fallen for both exports and imports, the figure for mid-April being 152.57 for exports as against 154.24 the previous month, and 167.05 for imports as against 172.69. The number of exports and imports combined has fallen from 163.46 to 159.81. Canadian wheat is stronger in tone, but the prices of cattle, beef, bacon and dairy produce have receded.

The statement of the Canadian chartered banks shows an increase during March of \$22,000,000 in short and call loans, and of \$9,000,000 in the banks' holdings of securities. On the other hand current loans in Canada have also increased \$22,000,000, standing at \$1,150,000,000, which is still however \$89,-000,000 less than in March, 1922. Deposits by the public in Canada remained constant during the month at \$1,708,000,000. Note circulation decreased \$17,000,000.

Vancouver is preparing for a very busy summer and improvements are being made to handle the increased tourist traffic. Before the end of the season, pavement will be completed so that there will be a hard-surfaced road all the way to Seattle, 165 miles, and most of the road is paved to Portland, 368 miles.



NEW DIRECTOR OF NOVA SCOTIA BANK

At the last meeting of the board of directors of the Bank of Nova Scotia, Francis P. Starr, of St. John, N. B., was elected a director of the bank, succeeding the late James Manchester of the same city. Mr. Starr was a director of the Bank of New Brunswick at the time that bank was amalgamated with the Bank of Nova Scotia, and will represent on the Nova Scotia board the interest of the former customers and shareholders of the Bank of New Brunswick. He is also a director of the Eastern Trust Company, Halifax, N. S.

IMPORTANT BANK MERGER

The United Finance Corporation of Montreal, one of the largest of the Canadian investment banking houses, has been combined with the Canadian corporation of the National City Company, the merged institution to be known as the National City Company, Ltd., it was announced recently. The merger greatly enlarges the scope of the National City Company's operations in Canada and places at the head of the institution thirteen Canadian financiers rated among the foremost in the Dominion.

Lord Shaughnessy will remain as chairman of the advisory board of the National City Company, Ltd. He is chairman of the Canadian Pacific Railway and director of the bank of Montreal. Five additions to the board, consisting of officials of the old United Finance Corporation, are:

A. J. Brown, vice-president Royal Bank, director Steel Company of Canada and an official of other Canadian industries and trust companies; Sir Charles B. Gordon, vice-president Bank of Montreal, president Dominion Textile Company, Penmans, Ltd. and Dominion Glass Company; Charles R. Hosmer, director Bank of Montreal, Canadian Pacific Railway and five other important corporations; J. M. Wilson, director La Banque d'Hochelaga and Montreal Tram Company, who replaces as a representative French-Canadian Marshal Chevalier, now residing in France, and F. W. Molson, president Molson's Bank and director Canadian Pacific Railway and Canadian Steamship Lines.

The National City Company, Ltd., will engage in a business similar to that of the National City Company. Through absorption of the United Finance Corporation and inclusion in its board of individuals representing a number of Canada's most important industries, the company becomes nation-wide in size, with offices in all the larger cities of Canada.

In addition to Lord Shaughnessy members of the advisory board, representing the old Canadian corporation of the National City Company who will continue in the same capacity in the merged institution include Sir John Aird, vice-president and general manager Bank of Commerce; Sir Lomer Gouin, director Bank of Montreal, the City and District Savings Bank and the Laurentide Power Company; Wilmot L. Matthews of Toronto, director Dominion Bank, president Canada Malting Company, and, among

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Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	5,000,000.00

other concerns, a director of the Canadian General Electric Company; Lieut.-Col. Herbert Molson, director Bank of Montreal and Royal Trust Company; Sir August Nanton of Winnipeg, director Canadian Pacific Railway and president Winnipeg Electric Railway Company; Edson L. Pease, director Royal Bank and Montreal Trust Company, and W. N. Tilley, director Canadian Pacific Railway Company.

ROYAL BANK REVIEWS CONDITIONS

"A survey of conditions in Canada readily discloses the fact that the Dominion is not enjoying any such prosperity as has been outlined with reference to the United States. The earlier months of the year brought forecasts of coming improvement, but this improvement is rather more delayed than was anticipated. Retail buying has been disappointing for the most part in all sections of the country, and this naturally has been reflected in wholesale orders. Prices of agricultural products have been unusually low for some time, and little improvement has as yet taken place. Lumber operations during the winter and early spring were interfered with by the lateness of the spring", says the Royal Bank of Canada in its monthly letter for May, in part.

"Why is Canada not experiencing the prosperity which exists in the United States? In the first place, if the business activity during the war period resulted in a net increase in the wealth of the nation, such an increase bears no proportion to the financial benefits realized by the United States.

Canada is dependent to a proportionately greater extent on agriculture than is our neighbor to the south. Further, the movements of the business cycle are never so pronounced or violent as in the United States, and relative movements in Canada usually occur after an interval, averaging probably six months. There is undoubted evidence of a revival of industrial activity in practically all lines. Our export trade continues to improve, and, it is interesting to note that on a per capita basis, it was three times as great as that of the United States during the last calendar year. Recently substantial orders for steel and other products have been received from the United States at prices higher than those ruling in Canada, a situation created, no doubt, by the difficulty of obtaining prompt deliveries at home.

"The pulp and paper industry continues to be very active, and the large stocks of lumber which were on hand a year ago have been cleaned up at steadily advancing prices. There is, we think, some indication of an improvement in agricultural conditions, due not only to a tendency to increased prices, but also to a better adjustment of operating costs, to actual conditions. While better business conditions in the United States have tended to some extent to attract skilled laborers from Canada, there is evidence that important immigration from Europe will take place during the coming summer. A comparison of conditions in Canada with those which obtained in the United States a few months ago, seems to justify the belief that the degree

of improvement which has already commenced will gradually increase, and that Canada will experience a business activity, comparable at least, to that which now exists in the United States. Such a movement would not necessarily be dependent upon the continuance of the upswing in the United States.

"In press and Parliament much emphasis has been laid in recent months on the difficulties which confront us, and it is not wise that we should underestimate such difficulties. Our taxes, increased since the pre-war period by large deficits arising out of government operation of railways, service of war debt, pensions, etc., are undoubt-

edly burdensome, but it is possible to overestimate our troubles. As indicated above, we believe that business prospects are encouraging. What is most necessary, in order that we may take advantage of our opportunities, is that public expenditures, municipal, provincial and federal, should be curtailed, thereby rendering possible reductions in taxation and particularly in company and personal income taxation which is so discouraging to enterprise. Given thrift, hard work and enthusiasm, on the part of our citizens, there is no room for pessimism either in the existing situation or in our future prospects."



Bank Loans Rise In Year

THE Federal Reserve Board announced recently that reports of condition received by the Comptroller of Currency from national banks and by the Federal Reserve System as of April 3, 1923, show that there has been an increase in loans and discounts of all member banks since December 29, 1922, the date of the last previous call of \$492,000,000, and of \$1,407,000,000 since March, 1922.

Holdings of the United States securities increased only \$95,000,000 from December 29, 1922, to April 3, 1923, as compared with an increase of \$1,128,000,000 from March 10, 1922, to April 3, 1923.

Demand deposits went down in both New York and Chicago, and increased somewhat in Reserve city and country banks, the substantial decline for New York being due largely to the fact that deposits of such banks on December 29, 1922, were very materially inflated because of the large amount of exchanges for the clearing-house held on that date. The amount of such exchanges held by New York banks on December 29 was \$1,019,819,000, as compared with

\$614,326,000 on April 3, 1923. The Reserve Board says:

It is noteworthy that during the year or since March 10, 1922, demand and time deposits have increased about \$1,500,000,000 each, the increase in demand deposits in the aggregate being slightly in excess of the increase in time deposits, although in New York City the increase in time deposits amounted to \$259,000,000 and the increase in demand deposits to only \$136,000,000. This increase of about \$3,000,000,000 in demand and time deposits compares with an increase of about \$2,900,000,000 in loans, discounts and investments.

While reports indicate that there was an increase of \$68,000,000 in the loans and discounts of national banks and of \$424,000,000 in the loans and discounts of state bank and trust company members since December 29, the figures are somewhat misleading, since one of the larger national banks of New York City with loans, discounts and investments, and deposits of approximately \$200,000,000 surrendered its national charter and joined the system as a state bank between the dates of the last two calls.

Had it not been for this fact, the increase in loans and discounts for national banks and for state banks and trust company members of the system during the period between the last two calls would have been approximately the same, or about \$250,000,000.

BOOK TALKS

Special Section of The Bankers Magazine

JANUARY 1923

"MANY a plant has saved hundreds, even thousands, of dollars installing a new method or device for economical production learned from a modern book or magazine."—

E. E. Purinton.

How Much Do You Know About Bank Credit Methods?

IF YOU ARE a business executive who is interested in learning the banker's attitude on what is and what is not a good credit risk; if you are a university student, A. I. B. student, or perhaps studying at home for your advancement; or if you are a banker who has been needing a concise reference book as an aid to the organization of your credit department, "Bank Credit Methods and Practice" is no doubt the very book you have been looking for. It contains an accurate description of the operation of a credit department in a modern bank, showing how credits are passed upon by the bank executive and how essential information is kept on file.

This book is written by Thomas J. Kavanaugh, vice-president of the Mississippi Valley Trust Company of St. Louis and lecturer on credits at St. Louis University. It is published by the Bankers Publishing Company of New York. The price is only \$2.50.

As his introduction the author explains the theory of the beginnings of credit in such an interesting style, that he has carried you into his outline of the three important considerations by which the banker gauges his customer as a

credit risk, before you realize you have been reading so many pages. These three important considerations or angles from which a prospective borrower must be analyzed are character, capacity and capital. Mr. Kavanaugh, in enlarging upon them says that each branch of the credit risk is reactive upon the other, and to a great extent they are coördinate. In the determination of these essential elements he advises a personal study of each individual case and leniency just so far as the limit of safety allows.

A man's business character is based largely upon past performances, according to the author. The stability of his business enterprises prior to application for the loan, whether he has ever gone through bankruptcy and whether his associates and acquaintances regard him as a level-headed executive are among the chief considerations. In taking up the question of his capacity or ability to produce with his capital the personal equation is joined by his equipment and business plans, the author makes plain. In many cases these can only be studied by personal visits to the customer's plant or business house. The bank credit man must be something of an

industrial engineer, an expert accountant, a business efficiency expert and a judge of human nature.

The third consideration is that of capital. Enterprises which are run on a "shoestring", businesses which have watered stock or have a fictitious capitalization because of an overestimated value of assets are listed as dangerous by the bank credit man. In an effort to determine the intrinsic worth of any business a careful analysis of its statements and a conservative appraisal of its assets are necessary, the book declares. A chapter is devoted to the mathematical aspect of statement analysis and other technical instructions.

An interesting feature of the book is a study of the ideal personnel of the bank credit department, in which the author presents his idea of the successful credit man. The personal element, tact, politeness, individual attention and other desired features of service are emphasized.

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 for-

(Continued on page 7)

BOOK TALKS

EVELYN M. WINANS, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JANUARY 1923

THE American Library Association through Miss Ethel Cleland, librarian of the business branch of the Indianapolis Public Library has compiled and printed a booklet giving a suggestive reading course on business. The subjects and titles were chosen largely on the recommendations of the departments of commerce and business administration of the leading universities.

One or more representative books are named for each of the following subjects. Economics, industrial sociology, government, psychology, transportation, commerce, money and banking, investment, corporations, real property and insurance, production, accounting, office efficiency, marketing, advertising, selling and credits. The booklet has this to say about the titles selected:

It has been no easy task to choose from the long lists of excellent books in every field of economics, commerce and business, those which taken step by step, will constitute a systematic reading course. In each class there are many books which might have been included instead of the one finally selected. Let each book in the list stand, not for the one book on the subject, but rather for

an open door into a room of books, where the reader once entered, guided by his tastes, his needs and his desire for understanding, may choose without limit for himself.

Under the topic, "Money and Banking", we can suggest such books as "The Practical Work of a Bank", "Elements of Foreign Exchange", "New Business Department", "Commercial Paper", "Paying Teller's Department", all of which are published by the Bankers Publishing Company.

Under "Advertising" for the man who is interested particularly in bank advertising, we suggest "Bank Deposit Building" "Bank Window Advertising", or "MacGregor's Book of Bank Advertising". Under "Credits" we offer "The Bank Credit Investigator", and "Bank Credit Methods and Practice", the former recently off the press. Any of these books may be obtained on five day's approval by any bank or bank employee.



"TRUST COMPANIES" by Clay Herrick, published by the Bankers Publishing Company, New York, has been included in the list of banking and business books suggested by Harvey D. Gibson, president of the New York Trust Company to assist in building up a business library for a New York hotel.

Incidentally, this book describes in detail the ac-

tual organization and operation of every department of a modern trust company, the author writing from actual experience covering many years in trust work. A valuable feature of the book is the large number of charts and forms which make it indispensable to any trust company officer.

The contents include: History of Trust Company Movement in the United States; Functions of Trust Companies; Organization of Trust Companies; Trust Company Legislation; Organization of the Working Force; Forms and Records for the Trust Department, for the Safe Deposit Department, for the Banking Department, for the Savings Department, for the Real Estate Department; Title Insurance Department; Methods of Increasing Business; Examinations, Audits and Other Means of Safeguarding the Business; Sundry Topics; Duties and Liabilities of Trust Companies Acting in Various Capacities; Trust Companies Outside of the United States; Summary of State Laws Relating to Trust Companies.



"THE BOOKS which readers should buy and own are the really good books, the books that open the doors and windows to all the better things of mind, and heart, and spirit. They announce themselves; they need no special label. The reader cannot own too many of them."—M. A. DeWolfe Howe.

Announcing a New Book by the Deputy Comptroller of the Currency

IT is only the layman—the man who knows little or nothing about it who looks upon banking as a cold, dull and uninteresting business. Those who are actually engaged in banking know it to be both fascinating and romantic. The story of American banking rightly told is intensely human as every banker knows.

No man is better qualified to write on the human side of banking than Thomas P. Kane, Deputy Comptroller of the Currency, who for nearly forty years, has been an observer of National banking. That's why he wrote

The Romance and Tragedy of Banking

By T. P. KANE

This really remarkable book contains within its 600 pages the story of national banking since the Civil War. It tells how the system was first put into operation and how it has been administered. Many interesting and significant incidents connected with national bank supervision are here related for the first time.

One of the most interesting features of the book is its graphic description of the events leading up to many of the most famous bank failures during the past half century. The causes of bank failures are always of vital interest to bank executives and these inside stories of famous disasters should prove particularly valuable.

This volume is not dry and un-

interesting. It is written in an easy, readable, narrative style with particular emphasis on the human side of banking. The vivid personalities that have held the stage in the banking drama of the past half century are described, particular emphasis being placed on the Comptrollers of the Currency, whose administrations are each described in detail.

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You don't have to take our word for all this. By signing the coupon overleaf you can have "The Romance and Tragedy of Banking" sent to your own desk at our expense, where you can look it over and decide for yourself.

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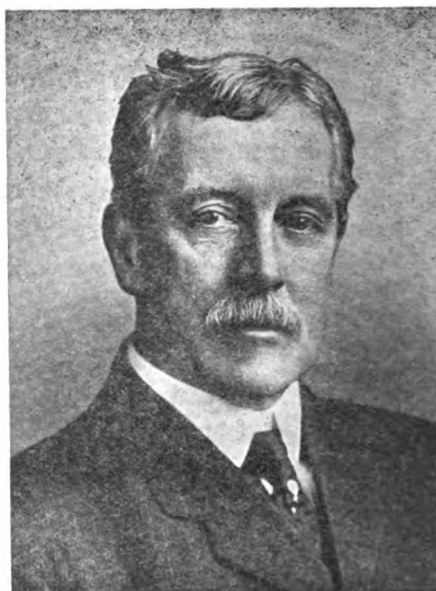
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THOMAS P. KANE

Deputy Comptroller of the Currency

Mr. Kane has known personally every Comptroller
of the Currency with two exceptions

Some Interesting Topics

Branch Banking

Payment of Interest on Bank
Balances

Real Estate Loans

Causes of Panics

The Chicago Wheat Deal

The Celebrated Cassie A.
Chadwick

Indictment of Charles W. Morse

Celebrated Bank Failures

Riggs National Bank Controversy

Should the Comptroller's Office
Be Abolished?

Stock Dividends

Read Over This Table of Contents

THE NATIONAL BANK ACT AND ITS ORIGIN

Origin and passage of the National Bank Act.

THE CURRENCY BUREAU

Organization of the National Currency Bureau; Tenure of office of the Comptroller of the Currency; Composition of the Currency Bureau; National Bank Circulation first printed under contract; Profit to Government from circulation more than entire cost of bureau.

HUGH McCULLOCH

Biography of McCulloch, the first Comptroller of the Currency; McCulloch's annual reports; McCulloch's circular letter to the banks; McCulloch's appointment as Secretary of the Treasury; Selection of McCulloch to organize the bureau; First national bank organized.

FREEMAN CLARKE

Biography of Freeman Clarke; First failure of a national bank; Clarke's annual report to Congress; Bank failures during Clarke's administration; Failure of the Venango National Bank of Franklin, Pennsylvania.

HILAND R. HULBURD

Biography of Hiland R. Hulburd; Payment of interest on bank balances; Operation of the Reserve laws; National Bank Circulation vs. Government Issues; Bank note redemption agency; Instances of theft in connection with currency shipments; Great Chicago fire of 1871 and its effect upon the banks; Bank failures during Hulburd's administration; Amendments to the laws enacted.

JOHN J. KNOX

Biography of John Jay Knox; Knox's annual reports; Panic of 1873 and its causes; Resumption of specie payments; The Freedmans Savings and Trust Company; Real estate loans by national banks; Interpretation of the banking laws; Banking conducted on widely different lines than formerly; Bank failures during Knox's term; Failure of the National Bank of the State of Missouri; Charges preferred against Knox by United States Attorney; Knox's reply to charges; Failure First National Bank of Washington, D. C., and of Jay Cooke & Company; Inadequacies of the law and recommendations for amendments; Amendments to the law enacted.

HENRY W. CANNON

Biography of Henry W. Cannon; Panic of 1894; Cause of the financial troubles of 1884; Failure of the Marine National Bank; Failure of the brokerage firm of Grant and Ward; Legislation recommended.

WILLIAM L. TRENHOLM

Biography of William L. Trenholm; Unprecedented reduction in circulation; Trenholm's circular letter to the banks; Plan for National Currency reform; Failure of the Fidelity National Bank; Peculiar construction of the law; Criticism of official supervision of the banks; The Chicago wheat deal; Suggested amendments to the law; Heterogenous Currency System; Amendments to the law.

EDWARD S. LACEY

Biography of Edward S. Lacey; Monetary stringency of 1890; Failures during Lacey's administration; Failure of the Keystone National Bank; Failure of the Spring Garden National Bank; Failure of the Maverick National Bank; Necessity for some limitation on the discount of commercial paper; Suggested amendments to the law.

A. BARTON HEPBURN

Biography of A. Barton Hepburn; National Bank failures during Hepburn administration; Failure of the National Bank of Guthrie, Oklahoma; Annual report of Hepburn; Amendments to the law recommended.

JAMES H. ECKELS

Biography of James H. Eckels; Panic of 1893; The model receiver; Ex-convict receiver and examiner; Suspensions during the panic of 1893; Shrinkage in assets and liabilities; Cause of the panic of 1893; Most important bank failure during the panic of 1893; The Zimri Dwiggins chain of banks; The Chemical National Bank and its branch in the Exposition grounds at Chicago; The National Bank of Kansas City, Missouri; Failure of the National Bank of Illinois; Amendments to the law recommended.

CHARLES G. DAWES

Biography of Charles G. Dawes; Liquidation of receiverships; Second assessment of stockholders; National bank failures during Mr. Dawes' administration; Failure of the Globe National Bank; Defalcation in the First National Bank of New York City; The Currency Laws; Preferment of

stockholder to depositor; Currency legislation suggested; Amendments to the banking laws enacted.

WILLIAM B. RIDGELY

Biography of William B. Ridgely; Extension of corporate existence of national banks; Robbery of the Merchants National Bank of Lowell, Massachusetts; The Baltimore and San Francisco fires; Failure of the Chicago National Bank; Legality of the action of the Clearing House Banks; Indictment trial and conviction of John R. Walsh; The Bigelow defalcation; Culpability of the bank examiner; Bank failures during Mr. Ridgely's administration; The failure of the Citizens National Bank of Oberlin, Ohio; The celebrated Cassie A. Chadwick; The Andrew Carnegie notes; Obligations of directors; Failure of the National Bank of North America and the Amsterdam National Bank of New York City; Indictment, trial and conviction of Charles W. Morse; Trial and acquittal of F. Augustus Heinze, indicted on the same charges; Failure of the Farmers and Drovers National Bank of Waynesburg, Pa.; Ridgely's policies of administration; The crisis of 1907; Failure of the Aetna Banking and Trust Company of Butte, Montana, and branch at Washington, D. C.; Secretary Shaw's ruling in regard to reserve requirements; Brief panic on Wall Street; Life of receiverships; Ridgely's annual reports; Amendments to the banking laws.

LAWRENCE O. MURRAY

Biography of Lawrence O. Murray; Murray's first official act; Bank examiners and bank examinations; Difference between an examination and an audit; Failure of the National City Bank of Cambridge, Massachusetts; Rotation of examiners; Bonding of examiners; Instances of honesty on the part of examiners; National Monetary Commission and Mr. Murray's peculiar attitude before the Commission; Fee system of compensation; instances of excessive and undue concentration of loans made by banks; Faultiness of Mr. Murray's knowledge of banking

laws; Murray's famous twenty-nine questions; The poetical critic; Murray's mismanagement; President Taft on so-called reforms; Examiners' fees; Characteristics of Murray's administration; Failures during Mr. Murray's term; Change of location of small suburban bank; A chicken bank.

INTERIM

Interim between expiration of Murray's term and appointment of John Skelton Williams; Failure of the First-Second National Bank of Pittsburgh; Failure of United States Trust Company of Washington, D. C.; Deposit of U. S. Treasury funds in Munsey Trust Company by Mr. Williams; The Miss Lottie M. Taylor incident; The Federal Reserve Act and date of passage in House and Senate.

JOHN SKELTON WILLIAMS

Biography of John Skelton Williams; Aldrich-Vreeland Emergency law; The Riggs National Bank controversy; Bill of complaint filed by Riggs National Bank; Court's ruling on powers of Comptroller; Extension of charter of Riggs National Bank; Indictment of officer of Riggs National bank for perjury; Trial of case; Origin of Riggs National Bank; General activities of Comptroller Williams; Mr. Williams' anti-usury campaign; Theft of postage and currency; McFadden's suit to enjoin the Comptroller; Last official act of Comptroller Williams.

DANIEL RICHARD CRISSINGER

Biography of D. R. Crissinger; Malcontents; Commercial value of title—First National; Theodore Roosevelt's methods; First official act of Comptroller Crissinger; Modification of form for reports of condition; Suit to forfeit the charter of the First National Bank of Hagerstown, Maryland; Stock dividends; Enforced liquidation of Fort Dearborn National Bank of Chicago, Illinois; Proposed abolition of office of Comptroller of the Currency and consolidation of Bureau with Federal Reserve Board; Status of Federal Reserve Board.

BANKERS PUBLISHING COMPANY,
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Please send me on approval a copy of "THE ROMANCE AND TRAGEDY OF BANKING" by T. P. Kane. After 5 DAYS I will either remit \$5 or return the book.

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elign credit, an analysis of the Federal Reserve System and model tables for use in solving specific problems which confront the credit department.

Particularly valuable is the excellent demonstration of the theory of the Federal Reserve System, which was devised to prevent panics through the elasticity of a currency system. Briefly stated, the plan transforms a properly secured note

made with a bank which is a member of the Federal Reserve into Federal Reserve bank notes. This currency which goes into circulation is backed by a 40 per cent. gold reserve, the good name of the United States and a first lien upon the property of the bank which turned in the note. Thus the money borrowed by a reputable merchant is at once put back into circulation.

increase the number of the bank's patrons and should receive proper credit for it, whether the account is finally brought in by his own unaided efforts or is secured by the efforts of the New Business official of the house. Solicitation is a feature of new business work that is too often neglected. Officials of a bank ought to make at least one call a year on every account they handle. Even if this does not succeed in developing a great amount of new business, it is invaluable for keeping in personal touch with patrons.

The organization of the New Business Department, it is suggested, may well be under four headings: Advertising and Publicity, New Business Division, Publication and Service Division and a Legislative Division to serve the customer by supplying him with digests of all bills, acts, decisions and Treasury Department rulings affecting business.

The book also details and illustrates a simple card system for maintaining a live record of results obtained and logical prospects. Chapters on "Getting 'Leads' from Inquiries" and "A Follow-up System" contain good suggestions.

The point is also well made that for the bank which maintains an active New Business Department, the need of sincere and tactful courtesy on the part of every employee coming in contact with patrons is a first essential, as a single lapse may result in the destruction of all the good-will it has required months of work and dollars of real money to build.

The department of New Business is simply a manifestation of the faith of the institution in the service it sells and an aggressive determination to sell it to as many people as can use it.—*The Office Economist*.

Getting New Business For Banks

BANK publicity is a thing of comparatively recent development, if one limits the meaning of publicity to the organized use of the various recognized forms of commercial advertising. The time is not so far in the past when efforts of banking institutions to use real selling advertising with a "punch" were an invitation for suspicion as to the institution's soundness and the integrity of its aims.

This attitude of professional aloofness, the air of something approaching mystery which often was allowed to sit heavily on the visible forehead of a banking house is rapidly being dispelled. And the chief agent of this change is the sturdy infant of the banking departments, the New Business Department. This is the title of a pocket sized book by T. D. MacGregor (published by the Bankers Publishing Co., New York City). As the title indicates it is a study of the purpose, methods and results obtainable through the operation of such a department.

Whether the prevalence of this department in modern banking institutions is due to increased competition, or to an awakening idea that banking can be exploited in much the same way as can shoes or chewing gum, there are few banking houses today that do

not have a department for securing new accounts, that is, among the larger institutions.

"The primary purpose of such a department," Mr. MacGregor says, "is to maintain and promote the growth and prestige of the bank by every legitimate and approved method, and to assist in keeping up the *esprit de corps*, loyalty and efficiency of its working force, so that customers will be better served and the good-will of the institution steadily increased".

Under the chapter heading, Sources of New Business, the following divisions of the banking "market" are outlined: "Prospects from Present Patrons," "Prospects from Outside the Bank," "Solicitation," "Special" and "Accounts of Banks".

Under the first heading there is much business to be had from present patrons of any bank, by presenting to them the services the bank is equipped to render and which they are not now utilizing. For instance, a patron of the Bond Department is a logical prospect for the Custody Department. If he is using the Trust Department, he can be interested in the Banking Department, etc.

Prospects from outside the bank are reached in a number of ways. Employees should be encouraged to work hard to

Start Your Banking Library With These Books

EVERY one of the books listed below is crammed full of valuable information and progressive ideas and methods for increasing your efficiency as a banker. Read over the brief descriptions below and select the ones that you want to examine.

Practical Work of a Bank. By William H. Kniffin, Jr. There isn't a single practical banking problem or detail of modern bank administration that this book doesn't take up carefully and describe in detail. Tells how to increase the efficiency of a bank—how to make the work run more smoothly—how to get the most out of equipment. 600 pages. Fully illustrated and indexed. Price, \$5.00, postpaid.

Commercial Paper and the Analysis of Credit Statements. By William H. Kniffin, Jr. This volume fills the long-felt want for a work that will enable the banker and the credit man to properly analyze credit statements and thus be able to pass properly on the credit risk involved. A number of actual statements are carefully explained and analyzed so as to show the reader the proper method by which to draw his deductions. Price, \$2.50, postpaid.

Bank Deposit Building. By W. R. Morehouse. Deals with successful methods by which bank deposits are made to grow steadily and permanently. Presents many practical and tried plans for intelligent and resultful advertising including newspapers, street car cards, window displays, etc. 260 pages. 40 illustrations. Price, \$4.00, postpaid.

New Business Department. By T. D. MacGregor. This book describes the actual operation and organization of the "new business department" of a modern bank and shows how any bank can organize such a department and make it a profitable producer of new business and accounts for the bank. Price, \$1.25, postpaid.

Bank Credit Methods and Practice. By Thomas J. Kavanaugh. Defines the theory of credit in all its intricacies. Combines theory with a description of practical methods used in the extension of credit. To the banker, this book is an everyday essential. The student of

credit and the business man will find it indispensable in viewing the credit situation from the banker's point of view. Illustrated with forms of practical value to any credit man. Price, \$2.50, postpaid.

MacGregor's Book of Bank Advertising. By T. D. MacGregor. A complete treatise on bank advertising from every angle. The most exhaustive book on the subject yet published. This new 400-page book is really a cyclopedia of bank and trust company advertising. It contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising. Price, \$5.00, postpaid.

The Paying Teller's Department. By Glenn G. Munn. In this book the organization, functions, routine, forms, methods and processes of the paying teller's department, with their interrelations, are set forth. 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. The book will prove useful as a handy manual of reference to bank officers, paying tellers, assistants, money clerks, or business man. 138 pages. Price, \$1.25.

Bank Credit Investigator. By Russell F. Prudden. The purpose of this book is to give to the beginner or the young man who wishes to take up credit work, exact, definite and practical information in as concise a manner as possible as to what problems he may expect to meet in a bank credit department. In the chapters will be found practical information and advice as to the steps to be taken in a credit investigation and analysis of a credit risk. Price, \$1.50, postpaid.

Bank Directors. By O. W. Birckhead. Written by a national bank examiner to explain in simple outline just how directors should proceed with an examination of their bank. It tells how to appraise the assets; verify the cash; verify exchanges for the clearing house; check up loans and discounts; examine items such as bonds and securities, bank building, furniture and fixtures, real estate, due from banks and bankers, etc. 75 pages, 4 1/2 x 6 1/2. Price, \$1.25, postpaid.

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BOOK TALKS

Special Section of The Bankers Magazine

FEBRUARY 1923

Helping The Farmers

A new book that tells how to organize an agricultural department in banks serving rural communities

THE BANK AGRICULTURAL DEPARTMENT. By R. A. Ward.
New York: Bankers Publishing Company. Price \$1.25.

This little book is the latest addition to the Bank Department series which will eventually cover every department of a modern bank. The present volume, as its name implies, covers the organization and operation of the agricultural department.

Speaking of the need for such a department the author says:

Progressive banks have departed from time-honored customs to the extent of establishing new business departments. The keen competition for deposits makes such a department necessary, in order to insure that the bank gets, develops, and holds its share of business. Instead of calmly waiting for business to come in at the door as of old, progressive banks of today go into the open market and bring in business. Business building for banks is a profession by itself.

While much progress has been made by city banks, country banks have lagged behind, although they have realized the need of doing something toward developing the resources of the territory from which they derive their business. Forward looking bankers and business men recognize that agriculture is the corner-stone of our national wealth and the basis of our prosperity. Although the close relationship existing between the business of banking and the business of agriculture has been generally recognized, banker and farmer have been somewhat at a loss to know how to help each other. A few pioneers have ventured some experiments in this problem, and as a result of their experience the agricultural department came into existence as a regular department of the enterprising country bank. Although only about thirty banks out of approximately thirty thousand in the United States main-

tain such departments at the present time, the number bids fair to grow rapidly if the continual stream of inquiries from interested banks directed to those already in the work, is any criterion.

The author writes with authority as he was himself responsible for organizing and operating one of the most successful bank agricultural departments in the country. He has also made a comprehensive investigation of the work being done by various banks in agricultural development and in this book he is able to give concrete examples of what has actually been accomplished by up-to-date banks.

One of the most interesting chapters is the one on "banker-farmer activities" in which the author outlines various ways by which a better understanding can be brought about between the banks and the farmers. He tells what can be accomplished by "mixers," luncheons, conferences, moving pictures, etc.

Mr. Ward gives some valuable advice on how to obtain publicity on the activities of the agricultural department. He says:

There is always an opportunity to carry in the advertising space little sermons about better farming practices with which the bank's name can be linked. Because of its originality, educational value and human interest such advertising readily attracts attention. In strictly agricultural communities copy of this sort can well form the bulk of the advertising, because most of the readers and most of the customers of the bank are interested either directly or indirectly in farming. So much of the bank advertising copy in the past has been hackneyed material about strength, safety, conservatism and the like

that it irritates the reader. It is surprising that more bankers have not realized the many possibilities of readable, informative and interest-compelling agricultural advertising.

The author describes what one agricultural bank has done for its community in stimulating dairying. Commenting on this work he says:

Did all this work pay the Grove City National Bank? Let us see. In October, 1916, when the bank first brought a carload of dairy cattle to Grove City its deposits were \$894,445.46. On January 1, 1918, the bank's deposits were \$1,325,308.28, a gain of \$430,862.82, or 48 per cent., in fifteen months. During the same period the number of depositors increased from 4614 to 5343. It is stated the bank also extended its territory from a five-mile radius to Grove City in 1916 to a ten-mile radius in 1918. During this epoch-making period over 250 farmers became owners of pure-bred cattle.

This work on the part of the bank, coupled with the efforts of the Department of Agriculture and the other business interests of Grove City, has created an admirable community spirit that now exists in the district. Formerly there was no spirit of coöperation among the farmers and but little effort was made towards public improvement. The town and the country had drifted apart. But since the awakening, a spirit of friendly helpfulness and coöperation now prevails. The members of the Commercial Club from the very beginning took an active interest in the creamery and in the movement for general agricultural development. Their enthusiasm also aroused the interest of the farmers whose coöperation was enlisted.

This book should not only prove useful to all banks serving an agricultural community but should also be read with profit by students of agriculture.

The chapter headings follow:

Bank Agricultural Service; Organizing the Department—The Man and The Job; Planning a Program of Work; Using the Agricultural Survey; An Increased Crop Production Campaign; Live Stock Improvement Project; Boys' and Girls' Club Work; Advertising and Publicity; Banker-Farmer Activities; Conclusions.

THE BANKERS MAGAZINE—BOOK TALKS

BOOK TALKS

EVELYN M. WINANS, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

FEBRUARY 1923

Shop Talk

TWO EDITIONS in less than a month. That is the record of *The Romance and Tragedy of Banking* by T. P. Kane, Deputy Comptroller of the Currency. The first special edition was published in two volumes and was limited to 500 copies, all autographed by the author. This entire edition was sold before publication. The first regular edition was completely sold out within a month of publication date. A second edition is now on the press and will be ready about March 1.

READ WHAT *The Credit Monthly* says about *The Bank Credit Investigator*:

This is an unpretentious but skillfully written little handbook for those who are about to start in bank credit work. The author covers a field that is covered only in part by the many books on bank credit; and has designed his book as an introduction to bank credit work. In his own words: "The purpose and aim of this book is to give the beginner, or the young man who wishes to take up credit work, exact, definite and practical information, in as concise a manner as possible, as to what problems he may expect to meet in a bank credit department. Credit investiga-

tion is intensely interesting and broadening, its possibilities are unlimited, and the bank investigator of today has the opportunity of becoming the credit manager or official of tomorrow."

What more can be said than that this book completely serves the purposes for which it was designed? It begins with a brief discussion of the development of bank credit work and the organization of the credit department. It then takes up briefly agency reports and statement analysis. The last four chapters cover the subject of interviewing under Interviewing Commercial Paper Brokers, Interviewing Trade Houses, and Summarizing the Investigation. Though designed as a compendium for beginners, it will prove to be refreshing reading for the "old" credit man who though he has read scores of books and articles on the subject of bank credit, can only profit by such a skillful survey of the field as that given by the author.

The Credit Monthly is the official organ of the National Credit Men's Association and speaks with considerable authority on credit matters.

THE SECOND edition of *The Paying Teller's Department* which is now ready contains in the Appendix the text of the Negotiable Instruments Law which adds materially to the value of the book.

PLANS are under way to revise and bring up to date *The Savings Bank and Its Practical Work* by W. H.

Kniffin, Jr. This book, which has been out of print for some time, still holds its place as a classic of savings bank literature.

MANY OF our book buyers have asked us if we sell books on the installment plan. On orders for our own books amounting to \$10 or more we offer special terms of an initial deposit (depending on the size of the order) and a monthly payment of \$5 until the total amount is covered. If you are interested in buying a library on this plan write for special order blank. This privilege is extended only to banks or bankers.

IF YOU are interested in commercial law, you would do well to write for a sample copy of *The Business Law Journal*, a new monthly publication devoted to court decisions and legislation affecting business. It is published at 71 Murray street, New York.

O. W. BIRCKHEAD, the author of *Bank Directors—Their Duties and Liabilities*, who was formerly a national bank examiner, has been elected a vice-president of the Harriman National Bank of New York. Many banks are purchasing extra copies of his book for all of their directors.

The Paying Teller's Department

By Glenn G. Munn

Lecturer at the American Institute of Banking; Formerly with the
Chase National Bank, New York

Second Edition containing the complete Text of the
Negotiable Instrument Law and other Additions
Now Ready

What Others Say About This Book:

"To young men ambitious of becoming bank tellers, Mr. Munn's book will come as a boon and a blessing. They will learn therefrom all that the teller should be."—*The Annalist*.

"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 mere mechanical operations 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. * * *

"The book will not only prove useful to paying tellers, assistants, money clerks, and other bank employees, who wish to clarify and "check" their knowledge of their work, but also to the business executive and layman who daily draw, accept, deposit, and cash various credit instruments."—*Administration*.

"This is a most interesting book. We have never been a paying teller; we never expect to be one. But we read the "Paying Teller's Department" by Glenn G. Munn, with a great deal of zest and interest. The facts about any man's job are interesting, and worth while if for no other reason than that they help us to understand what the other fellow is up against. * * *

"The pages on the handling of checks at the window are interesting and worth the reading of every one who handles a bank account. * * * Incidentally the layman picks up bits of interesting information from the reading of these pages."—*The Office Economist*.

CONTENTS

The Relative Use of Money and Credit; Qualifications of a Good Paying Teller; The Paying Teller's Duties; Organization Chart of Paying Functions; Cash Reserves and Cash Requirements; The Paying Teller's Cages; The Unit Paying-Receiving System; Methods of Safeguarding Paying Teller's Cash; Cashing Checks; The Paying Teller's Cash Proof; Risks of the Paying Teller; Stop-Payments; Alterations and Forgeries; Certifications; Sources of Money Supply; The Money Department; What a Paying Teller and Money Counter Should Know About the Various Kinds of Money; Chart Showing Various Kinds of United States Money with Their Leading Characteristics; Separating Good and Usable Money from Mutilated and Worn; Separating Paper Money by Denominations; Detecting Counterfeit Currency and Raised Bills; Verifying the Count; Money Section Proof; Shipping Currency; Settling Clearing-House Balances; The Bank's Payroll; The Petty Cashier; The Paying Teller's Reports; Department Proof to General Bookkeeper.

APPENDICES

I. Digest of Court Decisions Showing Liability of Bank to Drawer for Certain Irregularities in Certified, Altered, Forged, Post-Dated and Stopped Checks. II. Purposes of and Principles Underlying Subsidiary or Fractional Coins. III. Chart Showing Engraved Portrait on Various Kinds of United States Money.

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 5 days and you will refund the money.

Name

Bank

Address

Book Reviews

HOW TO SUCCEED IN THE BANK.

By W. R. Morehouse. New York: Bankers Publishing Company. Price \$2.50.

"Opportunity never knocks at the door of the young banker who has folded his arms, seated himself in a comfortable chair, and is waiting for something to happen. Opportunity is for those who are on the lookout for something more responsible to do", begins Chapter I of this new book by Mr. Morehouse.

In his latest book this favorite author has tilted the lid and frankly discussed with bank employees such important subjects as salaries, promotions, fitness, punctuality, permanency, brains, service, work, personal appearance, broken promises, foolish notions, and twenty or more just as interesting subjects. The last chapter is just as snappy and full of ginger as the first. It begins: "The old mill can't run on the water that has passed, nor can anyone of us 'carry on' very far on past accomplishments. What the manager of our bank expects of us is results, today and again tomorrow."

"Charles Paddock, the famous sprinter, has a hobby of trying to lower his own record. Apparently he trains with but a single purpose in mind, and that is to beat Paddock. There is a lesson in Paddock's philosophy for every young banker. It is this—compete with yourself, try each day to improve on your own record. Never mind watching the progress made by other employees. The only way you can ever hope to be a champion in your bank is to keep on smashing your own record."

Mr. Morehouse writes from experience. For twenty years he has been in close personal contact with bank employees. He knows what it takes to

succeed. Beginning in 1902 as bookkeeper and janitor in a small country bank, he today occupies the position of a vice-president in the Security Trust & Savings Bank, Los Angeles, with resources exceeding \$165,000,000.

His new book is full of suggestions, which are invaluable to every ambitious young banker.

Every bank employee should get a copy. Bankers would find it a splendid investment to buy a copy for each employee. It will give them more good common sense advice than they could get from a course of twenty lectures.

Written by the author of the "Bankers Guide Book", "Written Examinations for Bank Employees", "Bank Deposit Building", etc., this latest book, "How to Succeed In the Bank" is sure to be popular.



Fifty Best Books on Foreign Trade

THE COMPLETION of a select bibliography of foreign trade, 1922, in which are listed the leading authorities on various aspects of international commerce, is announced by the National Foreign Trade Council, from whom copies can be obtained. This five-foot bookshelf of foreign trade contains fifty titles dealing with training for foreign trade, the history and geography of foreign trade, the practical administration of an export business, and with all phases of ocean transportation.

"We receive many requests for the titles of books on foreign trade which may be termed the leading authorities," says O. K. Davis, secretary of the National Foreign Trade Council. "To meet this demand we have consulted a large num-

ber of representative economists, editors, educators and practical export executives in order to obtain consensus of opinion as to which are the best books in the English language on foreign trade.

"The American literature of foreign trade, which was little better than nothing ten years ago, has now grown to such proportions that a full list of titles would include several hundred books. It is obviously impossible for business men or those other than academic students of the subject to make practical use of such a list, but there is a desire and a need among those actively engaged in one or another of the different branches of overseas commerce for a brief list of authoritative references. It is primarily to meet that need that this list has been prepared.

"It has been impossible to include many books of recognized value, but failure to include them indicates only that others were preferred by those consulted.



An Exceptionally Successful Volume

"THE ANALYSIS of the Federal Reserve Act" by Ex-New York State Bank Superintendent, Willis S. Paine, LL.D., has had a remarkable sale.

Only twelve copies remain unsold.

The price for the same including the Supplement, all of which are published by the Bankers Publishing Company, will remain as at present, but it is evident that these books will soon be out of print and will command a premium.

It may be added that seven editions have been published of Paine's National Banking Laws and also Paine's New York Banking Laws. These are the only books of this nature that have had so many editions.



Some Books for Bankers



The Romance and Tragedy of Banking

By THOMAS P. KANE, *Deputy Comptroller of the Currency.*

Over 600 pages. \$5.00

The author of this book has been connected with the Comptroller's office for thirty-six years, has known personally most of the Comptrollers of the Currency, and is intimately acquainted with the many incidents, both romantic and tragic, that have taken place in the banking world during his term of office. In this volume he tells the inside story of hundreds of interesting incidents. A chapter is devoted to the administration of each Comptroller.

Bank Credit Methods and Practice

By THOMAS J. KAVANAUGH, *vice-president Mississippi Valley Trust Company of St. Louis and lecturer on credits at St. Louis University.*

Second edition. 241 pages. Illustrated with forms. \$2.50

An accurate description of the operation of a credit department in a modern bank, showing how credits are passed upon by the bank executive and how essential information is kept on file. It is useful not only to the banker but also to the business executive who is interested in learning the banker's attitude on credit risks.

Bank Agricultural Department

By R. A. WARD, *general manager Pacific Coöperative Woolgrowers; formerly vice-president First National Bank of Bend, Ore.*

\$1.25

This book shows the bank serving an agricultural district how to organize a special department to serve the farming interests of the community. It tells why a service of this kind is profitable for the bank and how it can be of help to the bank's customers.

Bank Credit Investigator

By RUSSELL F. PRUDEN

200 pages. \$1.50

Exact, definite and practical information in as concise a manner as possible as to what problems the young man may expect to meet in a bank credit department. In the chapters will be found information and advice as to the steps to be taken in a credit investigation and analyzation of a credit risk.

Paying Teller's Department

By GLENN G. MUNN, *lecturer, New York Chapter, American Institute of Banking.*

144 pages. \$1.25

Presents in a practical manner the functions of the paying teller and related departments in every phase—whether they occur in a city or country bank, or in the East or West. It is intended as a reference book to which the officers, paying tellers and other clerks may turn for guidance in answering questions which constantly arise with regard to cashing checks, certifications, reserve requirements, supply and disposition of money, tests for counterfeit money and raised bills, shipping currency, etc.

Bank Directors

By O. W. BIRCKHEAD, *former national bank examiner.*

75 pages. \$1.25

Written to explain in simple outline just how directors should proceed with an examination of their bank. This book tells how to appraise the assets; verify the cash; verify exchanges for the clearing-house; check up loans and discounts; examine items such as bonds and securities, bank building, furniture and fixtures, real estate, etc.

MacGregor's Book of Bank Advertising

By T. D. MACGREGOR, *vice-president E. Bird Wilson, Inc.*

400 pages. \$5.00

A complete treatise on bank advertising from every angle. The most exhaustive book on the subject yet published, it is really a cyclopedia of bank and trust company advertising. It contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising.

Practical Work of a Bank

By WILLIAM H. KNIFFIN, JR.

600 pages. Fully illustrated and indexed. \$5.00

There isn't a single practical banking problem or detail of modern bank administration that this book doesn't take up carefully and describe in detail. Tells how to increase the efficiency of a bank—how to make the work run more smoothly—how to get the most out of equipment.

See last page

Bankers Publishing Company, 71 Murray Street, New York

The Question Box

On this page every month questions relating to banking and financial books will be answered. Books marked with a star will be sent on approval to any bank or banker. Books not starred will be sent on receipt of the amount indicated. Make checks payable to The Bankers Publishing Company, 71 Murray Street, New York.

QUESTION: Where can I obtain a good book on bank auditing?—G. E. S.

ANSWER: There is no book available devoted entirely to the subject of bank auditing although there are a number of books that cover the subject more or less fully. There is a very good chapter devoted to the subject in *The Practical Work of a Bank** (Price \$5.00). There is also some good material on auditing in *Bank Directors—Their Duties and Liabilities** by Birkhead (Price \$1.25). *Practical Bank Operation* by Langston (Price \$8.15) contains some material on bank auditing.

In *THE BANKERS MAGAZINE* of July, 1921, there appeared a very comprehensive article on *Who Should Make the Bank Examination?*

Some of the current books on auditing, although not on bank auditing are: *Auditing Procedure* by Castenholz (\$3.25); *Auditing Theory and Practice* by Montgomery (2 vols.) (\$10.00); *Principles of Auditing* by Wildman (\$2.00); *Auditing and Cost Accounting* by Chase (\$3.30).

QUESTION: What literature is available on the trust operations of a bank? We are contemplating the establishment of a trust department in this bank.—G. E. J.

ANSWER: The only material on establishing a trust department seems to be what has been written in article form. There has appeared in *THE BANKERS MAGAZINE* within the last few years the following articles: *Trust Departments in Banks*, a series of two articles, November 1920 and January 1921; *Trust Departments in Banks*, August 1921; *Trust Departments in Banks*, June 1921, (this article is available in pamphlet form); *Charges for Trust Services*, July 1919.

In 1919 the National Bank of Commerce in St. Louis published a pamphlet on *Development of a Trust Department of a National Bank*.

Of course two of the best known books on trust companies are *Trust Companies** by Herriek (Price \$5.00) and the *Modern Trust Company* by Kirkbride and Sterret (Price \$6.75).

QUESTION: I am interested in bank credit. Can you give me a list of the best literature on the subject?—L. S.

ANSWER: Some books on bank credit are *Bank Credit Methods and Practice** by Kavanaugh (Price \$2.50), *Bank Credit* by Phillips (Price \$3.15); *Bankers Credits* by Spalding (Price \$3.60) which is written by a well known English author; *Banking and Credits* by Dewing and Shugrue (Price \$3.15).

The first volume of Wester-

field's 5 vol. set on *Banking Principles and Practice* covers bank credit also.

QUESTION: I have just been put in charge of the advertising of this bank and would like to know if you have any books that would be of value to me.

ANSWER: Here is first a list of books on bank advertising to choose from: *MacGregor's Book of Bank Advertising** (Price \$5.00); *Bank Window Advertising** by Morehouse (Price \$3.00); *Bank Deposit Building** by Morehouse (Price \$4.00); *How to Advertise the Bank* (Price \$1.10); *Advertising and Service for Banks* (Price \$3.15).

You no doubt will want to read some books on general advertising of which some of the best are given here: *The Advertising Handbook* by Hall (Price \$5.15); *Advertising Procedure* by Kleppner and Lesceritz (Price \$5.15); *Better Advertising* by Manly and Powell (Price \$1.65); *The Business of Advertising* by Calkins (Price \$3.15); *Making Advertisements and Making Them Pay* by Durstine (Price \$2.15).

Books Received

PRACTICAL ECONOMICS. By Henry P. Shearman. Price delivered, \$2.60.

COST ACCOUNTING PROCEDURE. By William B. Castenholz, A.B., C.P.A.

ADVANCED ACCOUNTING. By George E. Bennett. Price delivered, \$4.10.

APPLIED BUSINESS FINANCE. By Edmond E. Lincoln. Price delivered, \$4.10.

APPLIED BUSINESS CORRESPONDENCE. By Herbert Watson. Price delivered, \$6.10.

ACCOUNTING PROBLEMS. By C. F. Rittenhouse and A. L. Percy. Price delivered, \$3.10.

The February Bankers Magazine contains

"THE PLIGHT OF THE NORTHWEST FARMER"

By Carl H. Getz

HAVE the bankers of the country any true conception of the desperate situation in which the farmer of the Pacific Northwest finds himself today? The bankers in Minnesota, the Dakotas, and Montana know well enough. At the present time JOHN H. SINCLAIR a young Minneapolis banker who, as the leader of the new country-banker-farmers' movement, has joined more than 300 country banks together in an aggressive political and financial movement, is making frequent trips to Washington demanding immediate legislation to help a drowning industry. Read what MR. SINCLAIR says about THE PLIGHT OF THE NORTHWEST FARMER in the February issue.

WHAT return do you get on the advertising of your bank, and how do you know that advertising did it? O. R. JOHNSON of the COLLINS SERVICE in an article "MEASURING THE RESULTS ON BANK ADVERTISING" gives some very interesting conclusions, based on an intensive study of this subject. MR. JOHNSON looks carefully into the whys and wherefores of indiscriminate criticism of bank advertising, and shows how a large percentage of such criticism is devoid of any real value because of the lack of true evidence either for or against the advertising which has been done and is being done.

THE property statement has been a bone of contention between many farmers and bankers, and in some cases is the reason for broken friendships and business relationships. G. BERLE FOX, an Ohio banker, has shown the farmer where the property statement, rather than being an intrusion on his private affairs, is a real help to himself as well as to his bankers. Through the use of the property statement in his dealings with farmers, MR. FOX is showing them more clearly where they stand at the end of the year, and has been able to suggest changes in farming procedure which have made business more profitable for his customers. TOM DELOHERY tells how this plan has worked out in his article SUCCESSFUL USE OF THE PROPERTY STATEMENT.

SOME of the other articles in this issue are GETTING BANK LITERATURE INTO THE READERS' HANDS by JOHN T. BARTLETT; THE DENVER MINT ROBBERY; FUNDAMENTALS OF FOREIGN TRADE by DR. W. F. GEPHART; HOW CAR CARDS HAVE HELPED BANKS GROW by C. L. CHILTON; HOW MUCH DID WE SELL HIM LAST YEAR? by A. M. DEBEBIAN.

THE BANKERS MAGAZINE
50 cents *\$5 a year*

THE BANKERS MAGAZINE,
71 Murray St., New York

Please send me a copy of the February issue of THE BANKERS MAGAZINE and put me down for a year's subscription, billing me \$5. If I like the February number which is sent to me without obligation on my part, I will pay the bill—if not I will notify you to cancel the subscription.

Name

Bank

Address

How to Build a Banking Library

WITH a very small investment it is possible for any bank or banker to accumulate a useful and practical library of books pertaining to the immediate problems of bank administration.

For the individual banker such a library means the increased efficiency which comes from keeping well informed. For the bank as an institution the maintenance of such a library means giving to members of the staff the means of increasing their usefulness through increased knowledge. Every bank, no matter how small, should have a library of banking books.

It is not necessary to purchase a complete library at one time. Books can be accumulated gradually, a few each month. In a surprisingly short time a well-rounded library can be built up.

The books described in these pages were all written to be of practical value to the banker in the solution of his every-day problems. They contain no theory or guess work but the tried-out conclusion of writers who have learned from actual experience.

Realizing that it is difficult to decide on the suitability of a banking book without an actual examination of the book itself, the Bankers Publishing Company has adopted an approval system which enables any bank or banker to send for any of its publications on five days' examination, at the expiration of which time the books may be returned or a remittance sent if they are satisfactory.

These terms apply only on orders from points within the United States. Orders from outside the United States must be accompanied by cash (New York Exchange). A refund will be made on all foreign orders if books are not satisfactory, provided they are returned to us within five days of receipt.

The approval privilege is extended only to banks or to bankers who should state their banking connections when ordering. Orders from customers who are not bankers should be accompanied by cash, which will be refunded if the books are not satisfactory and are returned within five days.

BANKERS PUBLISHING COMPANY—71 Murray Street, New York

You may send me on approval the books checked below. At the end of five days I will pay you the amount indicated or return to you.

<input type="checkbox"/> Bank Credit Investigator.....	\$1.50	<input type="checkbox"/> Commercial Paper and Analysis of Credit Statements.....	\$2.50
<input type="checkbox"/> Bank Credit Methods and Practice	\$2.50	<input type="checkbox"/> Elements of Foreign Exchange.....	\$1.60
<input type="checkbox"/> Bank Agricultural Department	\$1.25	<input type="checkbox"/> New Business Department.....	\$1.25
<input type="checkbox"/> Bank Deposit Building	\$4.00	<input type="checkbox"/> Practical Work of a Bank.....	\$5.00
<input type="checkbox"/> Bank Directors.....	\$1.25	<input type="checkbox"/> Paying Teller's Department.....	\$1.25
<input type="checkbox"/> Bank Window Advertising	\$3.00	<input type="checkbox"/> Romance and Tragedy of Banking.....	\$5.00
<input type="checkbox"/> Book of Bank Advertising	\$5.00	<input type="checkbox"/> Trust Companies.....	\$5.00

Name _____
[Please print]

Bank _____

Address _____

N. B.—This approval privilege is restricted to banks and bankers. State your banking connection.

BOOK TALKS

Special Section of The Bankers Magazine

MARCH 1923

A Book on Business Finance

APPLIED BUSINESS FINANCE. By
Edward E. Lincoln. A. W.
Shaw Company \$4.

IN THIS new book the author outlines the principles of financing which actually arise in the operation of the average business concern whether incorporated or unincorporated. The author was formerly assistant professor of finance at the Graduate School of Business Administration of Harvard University and is at present a staff executive in one of the largest corporations in the United States.

Of particular interest to the banker is the chapter headed "The Business and the Commercial Bank" in which the author discusses such interesting topics as the importance of adequate working capital; attitude of the small borrower toward the bank; nature of the unsecured bank loan; selecting the bank; questions raised by the banker; should the banker know the purpose for which the loan is intended; application of bank borrowings to permanent uses; the periodic clean up of loans; the 20 per cent. deposit requirement; paying interest on deposit balances; borrowing from more than one bank; the future of commercial banking.

In justification of the 20 per cent. deposit requirement the author makes the following suggestions:

1. By maintaining this balance the borrower insures his credit. He can ordinarily be certain that when he needs to use his line he will be permitted to do so, provided he abides by the requirements.

2. It is extremely useful for the borrower to have such a cash reserve as a "buffer". He can thus

be sure of maintaining a more liquid and sounder financial position. He will be prevented from unduly reducing his cash reserves.

3. This requirement will in itself probably induce the borrower to keep more closely in touch with his bank at all times.

4. The borrower who abides strictly by the requirements and treats his bank liberally in this regard, will be in the position of a preferred customer, who can be assured of the most favorable rates which the bank can give, while many a small business man has been disposed to regard the deposit requirement as an injustice and a hardship. The larger business houses keep generous balances, even though they may be "out of the banks" for long periods at a time. When they need money, however, they have no difficulty in making use of their "line", and the rates which they pay are frequently much lower than those charged to a customer who has not protected his credit in this way.

In the chapter on "Banking and Business Finance" the author discusses the industrial service of the bank. Here are the three types of industrial service he outlines as having been developed by a few banks:

1. One form of this service extends little beyond the collection of useful information for the purpose of distributing it to the bank's clients. This sort of service may in many instances be of considerable value. However, inasmuch as it is from a business point of view rather ancient history by the time it reaches the customer in this impersonal sort of way, there is a doubt as to how much the borrower gains. There are already almost enough information disseminating institutions of various sorts.

2. Another type of industrial service is rendered very much in the nature of a post mortem ceremony. Certain very prominent banks have well organized statistical and industrial departments whose function seems to be to assist largely in trying to solve the financial difficulties of some of their clients after they have become unable to meet their loans when due. Much of the service thus rendered has been purely "rescue party" performance. Out of the knowledge thus gained, however, it is probable that the banks now rendering such service

in self-defense, will ultimately be in a position, through constructive advice, to prevent the financial difficulties, the evils resulting from which they are at present attempting to remedy.

3. The third type of industrial service is of a more constructive sort, organized primarily to work in cooperation with the credit department of the bank and to make deeper analyses than could be made from a mere study of the balance sheet. There is practically no limit to the possibilities of usefulness along these lines both for paid and unpaid service.

The business man will find this book both interesting and instructive and so will the banker who will perhaps gain through reading it a better understanding of the financial problems of his depositors.

The table of contents includes: Chapter I, Introduction, Business Finance and the Business Cycle; II, The Average Industrial Concern — Its Normal Problems; III, Shall the Enterprise be Launched; IV, The Form of Organization; V, The Instruments of Long Time Finance, Stocks; VI, The Instruments of Long Time Finance, Bonds and Notes; VII, Raising Long Time Capital without Security Issues; VIII, Raising Long Time Capital by Means of Security Issues; IX, Raising New Permanent Capital for Established Concerns; X, The Business and the Investment Banker; XI, Business Finance and the Stock Market; XII, Customer Ownership and Employee Ownership; XIII, Financial Statements and Their Interpretation; XIV, Comparative Statements of Condition and Financial Standards; XV, The Business and the Commercial Bank; XVI, The Business and the Commercial Paper House; XVII, Trade Acceptances and Bank Acceptances; XVIII, Miscellaneous Methods of Raising Working Capital.

THE BANKERS MAGAZINE—BOOK TALKS

BOOK TALKS

EVELYN M. WINANS, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

MARCH 1923

Shop Talk

WRITING IN THE January number of *The Banking Law Journal* the editor of this publication writes of "The Romance and Tragedy of Banking":

The book provides a most agreeable method of acquiring a thorough knowledge of the laws pertaining to banking and following the course of their development.

We have always known, for instance, that there was nothing illegal in drawing a check upon a bank for a sum less than \$1.00. But we were never quite able to understand why the question as to the validity of such a check keeps repeatedly coming up. It seems, that shortly after the Civil War an amendment was passed to the Act of July 17, 1862, making it a penal offense "to make, issue, circulate, or pay any note, check, memorandum, token or other obligation for a less sum than one dollar, intended to circulate as money, or to be received or used in lieu of money."

The object of this statute was to prevent certain Southern states and corporations from issuing certificates in the form of bank notes. "This provision of law," writes Mr. Kane, "was brought prominently into notice by its reenactment in the codification of the criminal statutes of the United States, approved March 4, 1909, and gave rise to the impression that it was new legislation, and that an ordinary bank check issued in payment for a sum of money less than one dollar was prohibited by this Act. The Treasury Department, in reply to numerous inquiries on the subject, advised correspondents that it had always been held by the department that this law did not apply to bank checks, for the reason that a bank check is an order on a banker to pay a particular sum of money and is not designed to circulate as a substitute for money, and therefore the issuing of checks for any amount, however small, was not in conflict with this statute."

WE LEARN from the Editorial Department of THE BANKERS MAGAZINE that a reading course in banking is to be started as a regular monthly feature in the near future. The purpose of this course is to give systematic direction to the reading of the young banker. Regular reading assignments will be made each month and the following month a series of questions will be given based on the last month's reading, the purpose being to test the knowledge thus acquired.

SPEAKING of reading courses, the banker who would acquire a sound knowledge of bank credit practice should read "Some Bank Credit Problems" in every number of THE BANKERS MAGAZINE. These questions and answers on the current problems of the bank credit manager contain a wealth of valuable information.

W. R. MOREHOUSE, whose banking books have attained well deserved popularity, has just written a new book entitled "How to Succeed in the Bank". This book is priced at \$2.50 and is for sale by The Bankers Publishing Company, 71 Murray street, New York.

A VALUABLE feature of the second edition of "The Paying Teller's Department" is the inclusion of the text of

the Negotiable Instruments Law. Every bank teller should be familiar with all of the provisions of this law. Another addition to the Appendix in this new edition is "The Story of the Money Department of the Cleveland Federal Reserve Bank".

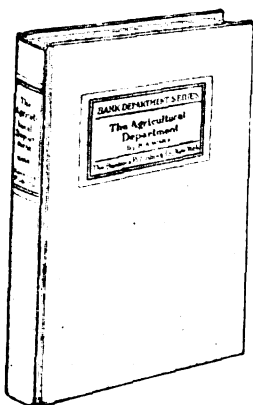
READERS of *Book Talks* are always welcome at the office of The Bankers Publishing Company, 71 Murray street, New York. Here they may examine at their leisure the various publications on banking published by this company.

Books published by The Bankers Publishing Company are sold on approval to banks and bankers in the United States. In ordering be sure to always give the name of the bank with which you are connected.

WE LEARN from a bank in the West that a class of tellers has been organized and *The Paying Teller's Department* adopted as a text book. Many banks have ordered extra copies for their tellers and clerks who aspire to a teller's job.

A BORROWED book is but a cheap pleasure, an unappreciated and unsatisfactory tool. To know the true value of books—you must feel the sweet delight of buying them.—J. M. Baldwin.

A Book for Every Country Bank



HERE is a book that tells the country bank how to organize and operate a special department to be of service to agricultural depositors. What the New Business Department is to the city bank the Agricultural Department is to the country bank.

TABLE OF CONTENTS

Bank Agricultural Service
Organizing the Department
Planning a Program of Work
Using the Agricultural Survey
Increased Crop Production Campaign
Livestock Improvement Project
Members' Agreement for Cow Testing Association
Boys' and Girls' Clubs
Advertising and Publicity
Banker - Farmer Activities

The Bank Agricultural Department

is written by R. A. Ward, General Manager of the Pacific Co-operative Woolgrowers and formerly vice-president of the First National Bank of Bend, Oregon.

In this book Mr. Ward gives many concrete examples of how a country bank can serve its community and build its own deposits by the operation of its Agricultural Department

Country banks and students of agriculture will find this little book both interesting and instructive.

Order your copy today by signing and mailing the coupon below.

BANKERS PUBLISHING COMPANY,
71 Murray St., New York.

You may send me on five days' approval a copy of "The Bank Agricultural Department" by R. A. Ward. At the end of five days I will either return the book or remit \$1.25.

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THE BANKERS MAGAZINE—BOOK TALKS

Book Reviews

DOMESTIC AND FOREIGN EXCHANGE; THEORY AND PRACTICE. By Ira B. Cross, PhD. Professor of Economics, University of California. New York: Macmillan Company.

THIS BOOK is a valuable contribution to the literature of both domestic and foreign exchange. As the author explains in his preface he has "sought to prepare a book on the exchanges which would be simple and adequate in its treatment of the subject, and suited to the needs alike of college students and the younger men engaged in actual exchange operations."

The author does not confine himself to the theory of exchange but gives a great deal of valuable information on the technique of exchange operations. A useful feature of the book is the large number of charts, forms and illustrations, all of the important credit instruments used in exchange being reproduced in facsimile.

The book starts out with a chapter on Inter-bank Relations showing how exchange operations are handled by banks through their correspondent arrangements. Various typical transactions are traced through from bank to bank showing in detail exactly how credits are transferred from one city to another and from one country to another. This chapter also contains some examples of the exact terms of the agreements under which correspondent relations are carried on between banks.

A chapter is devoted to domestic exchange in which the various instruments are described such as money orders, telegraphic transfers, bank drafts, circular letters of credit, sight drafts, trade acceptances, commercial letters of credit, etc. Typical transactions are described in detail. This is followed by a chapter on indorsement and acceptance liability.

A chapter on exchange dealers is divided into two parts, one being devoted to exchange dealers in the United States and the other to exchange dealers in England. In this chapter the operations of the acceptance houses are also described.

The following chapter headings will indicate the thorough manner in which Prof. Cross has covered the subject of foreign exchange: Principles of Foreign Exchange; Fundamentals of Foreign Bills of Exchange; Types of Foreign Bills of Exchange; Import and Export Credits; Rates of Foreign Exchange. As the titles indicate these chapters describe foreign exchange operations in detail and should give the reader a clear understanding of the fundamentals of this extremely intricate subject.

In a chapter on Gold and Gold Movements, Prof. Cross writes about the excess supply of gold in the United States as follows:

We have no need of this excess gold, we are unable to use it to advantage, and yet its coming has sadly crippled foreign nations that could much better employ it. Various plans and programs have been suggested to alleviate the situation caused by our excess of gold and its scarcity abroad, but at present the accepted policy seems to be to let matters take their course, naturally and without the application of artificial means of stabilizing exchange rates or of distributing the world's gold on a more satisfactory basis. The future alone will disclose whether or not present policies are to be justified. But, so far as our own country is concerned, we are still a free gold market, permitting the import and export of gold without any restrictions whatsoever.

Other chapters are as follows: Exchange Relations with Silver, Gold Exchange, and Paper Standard Countries; Investment, Speculation, Arbitrage; the World War and the Exchanges.

This is a book that any student of banking could read with profit whether he is directly concerned with foreign ex-

change work or not. A clear understanding of foreign exchange is important knowledge for any banker and this book provides the means to acquire such knowledge in a pleasant and interesting way.

©

New Book on Investment
THE ART OF INVESTMENT. By Morrell W. Gaines. New York: The Ronald Press.

MORRELL W. GAINES, associated with the international banking house of Brown Brothers & Company, New York has written this book entitled "The Art of Investment", an interesting addition to the literature of finance. The solid fortunes, the author says, have been amassed through investment and not made by speculation.

"The Art of Investment" aims to train investors in conservative methods of accumulating a competency alike from the long-term fluctuations of standard securities, and from the special opportunities which present themselves from time to time for acquiring securities with great possibilities of enhancement of value. It is the hope of the author to inspire as well as guide every investor—from the beginner saving a few hundred dollars a year against old age or the rainy day, to the millionaire possessed of a large and varied line of investments which he seeks to keep intact if not to increase.

The character of the work is best indicated by some of the chapter headings, such as: "The Business of the Industrials", "The Business of the Railroads", "The Business of Traction and Other Utilities", "The Relation of Bank Credit to Business", "Business Barometers", "Corporation Reports", "The Course of the Stock Market", "The Course of the Bond Market", "Classes and Types of Securities", and "Trustworthy and Untrustworthy Dealers in Securities".



Some Books for Bankers



The Romance and Tragedy of Banking

By THOMAS P. KANE, *Deputy Comptroller of the Currency.*

Over 600 pages. \$5.00

The author of this book has been connected with the Comptroller's office for thirty-six years, has known personally most of the Comptrollers of the Currency, and is intimately acquainted with the many incidents, both romantic and tragic, that have taken place in the banking world during his term of office. In this volume he tells the inside story of hundreds of interesting incidents. A chapter is devoted to the administration of each Comptroller.

Bank Credit Methods and Practice

By THOMAS J. KAVANAUGH, *vice-president Mississippi Valley Trust Company of St. Louis and lecturer on credits at St. Louis University.*

Second edition. 241 pages. Illustrated with forms. \$2.50

An accurate description of the operation of a credit department in a modern bank, showing how credits are passed upon by the bank executive and how essential information is kept on file. It is useful not only to the banker but also to the business executive who is interested in learning the banker's attitude on credit risks.

Bank Agricultural Department

By R. A. WARD, *general manager Pacific Coöperative Woolgrowers; formerly vice-president First National Bank of Bend, Ore.*

\$1.25

This book shows the bank serving an agricultural district how to organize a special department to serve the farming interests of the community. It tells why a service of this kind is profitable for the bank and how it can be of help to the bank's customers.

Bank Credit Investigator

By RUSSELL F. PRUDDEN

200 pages. \$1.50

Exact, definite and practical information in as concise a manner as possible as to what problems the young man may expect to meet in a bank credit department. In the chapters will be found information and advice as to the steps to be taken in a credit investigation and analyzation of a credit risk.

Paying Teller's Department

By GLENN G. MUNN, *lecturer, New York Chapter, American Institute of Banking.*

144 pages. \$1.25

Presents in a practical manner the functions of the paying teller and related departments in every phase—whether they occur in a city or country bank, or in the East or West. It is intended as a reference book to which the officers, paying tellers and other clerks may turn for guidance in answering questions which constantly arise with regard to cashing checks, certifications, reserve requirements, supply and disposition of money, tests for counterfeit money and raised bills, shipping currency, etc.

Bank Directors

By O. W. BIRCKHEAD, *former national bank examiner.*

75 pages. \$1.25

Written to explain in simple outline just how directors should proceed with an examination of their bank. This book tells how to appraise the assets; verify the cash; verify exchanges for the clearing-house; check up loans and discounts; examine items such as bonds and securities, bank building, furniture and fixtures, real estate, etc.

MacGregor's Book of Bank Advertising

By T. D. MACGREGOR, *vice-president E. Bird Wilson, Inc.*

400 pages. \$5.00

A complete treatise on bank advertising from every angle. The most exhaustive book on the subject yet published, it is really a cyclopedia of bank and trust company advertising. It contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising.

Practical Work of a Bank

By WILLIAM H. KNIFFIN, JR.

600 pages. Fully illustrated and indexed. \$5.00

There isn't a single practical banking problem or detail of modern bank administration that this book doesn't take up carefully and describe in detail. Tells how to increase the efficiency of a bank—how to make the work run more smoothly—how to get the most out of equipment.

See last page

Bankers Publishing Company, 71 Murray Street, New York

The Question Box

On this page every month questions relating to banking and financial books will be answered. Books marked with a star will be sent on approval to any bank or banker. Books not starred will be sent on receipt of the amount indicated. Make checks payable to The Bankers Publishing Company, 71 Murray Street, New York.

QUESTION: Where can I get some information on bank cost accounting?—R. E.

ANSWER: Chapter 17, in *The Practical Work of a Bank** (\$5.00) by Kniffin discusses this subject at some length and in an interesting manner. The Guaranty Trust Company of New York issued in 1922 a monologue by S. H. Patterson entitled *The Cost of Deposit Accounts*. The Federal Reserve Bank of New York has also issued a pamphlet entitled *Analysis of Depositors' Accounts*. An article entitled *A Profitable Account* by A. Wall appeared in the October, 1921, number of *THE BANKERS MAGAZINE* and in the May 1921 number there was another article entitled *How to Determine Banking Costs*.

QUESTION: Can you tell me where I can find some material on the 20 per cent. deposit requirements of a commercial bank?—G. L. C.

ANSWER: This subject is discussed in an interesting way beginning on page 406 of *Applied Business Finance* by Lincoln (\$4.00). The same subject is also discussed in Chapter VI of *Bank Credit Methods** by Kavanaugh (\$2.50) and on page 255 of *Practical Bank Operation* by Langston (\$8.00). An article on the subject entitled *The Twenty Per Cent. Rule or Why Banks Keep a Part of the Money They Loan* by Glenn

G. Munn appeared in the January 1922 number of *THE BANKERS MAGAZINE*.



New Books

ADVANCED ACCOUNTING. By George E. Bennett. McGraw Hill \$4.00.

A CRITIQUE OF ECONOMICS. By Oswald Fred Boucke. Macmillan \$2. Attempts to show in what sense economics may be considered a science and what changes seem necessary to bring it into harmony with current facts and concepts in the allied fields of psychology, philosophy, logic and ethics.

LABOR TURNOVER IN INDUSTRY. By Paul Frederick Brissenden and Frankel Emil. Macmillan \$3.50.

THE LAW OF STOCKBROKERS. By Douglas Campbell. Baker, Voorhies & Co. \$4.50. Includes the law relating to transactions for customers on the New York Stock Exchange.

APPLIED BUSINESS CORRESPONDENCE. By Herbert Watson. A. W. Shaw \$6.

THE ALLIED DEBTS. A symposium edited and distributed by the American Association for International Conciliation, 407 West 117th street, New York.

THE NEW THRIFT. By Bolton Hall. Huebsch \$1.50. Practical advice on vital everyday economics; how to make money and to keep it working really to produce.

THE RURAL COMMUNITY. By Llewellyn MacGarr. Macmillan \$1.80.

PUBLIC FINANCE. By M. E. Robinson. Harcourt Brace \$1.25. One of a series of handbooks dealing with current economic problems.

NEW YORK CURB EXCHANGE. Distributed gratis by the Bureau of Business Research of New York University. A symposium resulting from a questionnaire answered by 208 members of the American Economic Association.

ADVERTISING YEAR BOOK FOR 1921-1922. Edited by Noble T. Praigg. Contains a comprehensive digest of the most important papers and addresses presented before the seventeenth annual convention of the Associated Advertising Clubs of the World.

GRAPHIC CHARTS IN BUSINESS. By Allan C. Haskell and Joseph G. Breagnell. Codex Book Co. \$4.

AUDIT WORKING PAPERS. By J. Hugh Jackson. American Inst. of Accountants. Found. \$5; lea. \$7.50.

LABOR AND POLITICS. By Mollie Ray Carroll. Houghton Mifflin \$2. Discusses the attitude of the American Federation of Labor toward legislation and politics.

SERIAL BOND MATURITIES. By Arthur Shepard Little. (Author) St. Louis, Mo. \$10. Contains a table of key numbers for obtaining with readiness and ease level-tax maturities for serial bonds, at various usual coupon rates to be retired in any number of installments from five to forty years.

INCOME TAX PROCEDURE. By Robert Hiester Montgomery. Ronald \$10. Includes Federal capital stock tax, Federal estate tax and supplement to excess profits tax procedure. 1921.

OFFICE PRACTICE AND BUSINESS PROCEDURE. By Florence E. McGill. Gregg Pub. Co. \$1.25

The March Bankers Magazine contains

"THE LABOR BANK MOVEMENT"

By Leroy Peterson

IN January last, organized labor acquired a substantial block of stock in the strong and long established Empire Trust Company of New York, with representation on the bank's directorate. Now comes the word that labor will open its first bank in New York City with a capital of \$200,000. LEROY PETERSON, who has just resigned from the Guaranty Trust Company of New York to become the cashier of this new labor bank, contributes a timely and interesting article, **THE LABOR BANK MOVEMENT**, to the March issue. Labor banks are now established and in successful operation in a dozen cities of the country, with plans under way for the opening of several others in the near future.

"LET the bank examiner do it; that is his business," might be taken to be the attitude of some country bankers concerning the auditing of the bookkeeping operations of their banks. At least from what he has been told by several bank examiners, R. L. WOODWORTH, assistant cashier of the Peoples National Bank of Barre, Vermont, feels that many country banks could apply to advantage the system described in his article, **AUDITING A COUNTRY BANK**. This system as outlined by Mr. Woodworth was approved by a bank examiner as desirable in every country bank and has proved very helpful in actual use.

THERE is an amazingly large number of people who either do not know how to make out a check properly, or who through carelessness or thoughtlessness fail to take even elementary precautions in making out their checks. CARL H. GETZ points out in his article, **TEACHING DEPOSITORS CARE IN THE WRITING OF CHECKS**, why forgery and check raising are so common, and suggests some practical steps in educational work through which the bankers can help remedy this situation.

ARE high surtaxes a productive factor in the Government income tax? An examination of statistics for recent years shows that there has been a remarkable decline in the larger taxable incomes at the very time when the aggregate net incomes reported have been increased. MORRIS F. FREY, assistant treasurer of the Guaranty Trust Company of New York, and an authority on income tax procedure, believes that the present income tax law is both defective in conception and unjust in application. In his article, **CLOSING THE GAPS IN THE INCOME TAX**, he points out very clearly and specifically the reasons for his beliefs.

THE BANKERS MAGAZINE

50 cents

\$5 a year

THE BANKERS MAGAZINE,
71 Murray St., New York

Please send me a copy of the March issue of **THE BANKERS MAGAZINE** and put me down for a year's subscription, billing me \$5. If I like the March number which is sent to me without obligation on my part, I will pay the bill—if not I will notify you to cancel the subscription.

Name

Bank

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How to Build a Banking Library

WITH a very small investment it is possible for any bank or banker to accumulate a useful and practical library of books pertaining to the immediate problems of bank administration.

For the individual banker such a library means the increased efficiency which comes from keeping well informed. For the bank as an institution the maintenance of such a library means giving to members of the staff the means of increasing their usefulness through increased knowledge. Every bank, no matter how small, should have a library of banking books.

It is not necessary to purchase a complete library at one time. Books can be accumulated gradually, a few each month. In a surprisingly short time a well-rounded library can be built up.

The books described in these pages were all written to be of practical value to the banker in the solution of his every-day problems. They contain no theory or guess work but the tried-out conclusion of writers who have learned from actual experience.

Realizing that it is difficult to decide on the suitability of a banking book without an actual examination of the book itself, the Bankers Publishing Company has adopted an approval system which enables any bank or banker to send for any of its publications on five days' examination, at the expiration of which time the books may be returned or a remittance sent if they are satisfactory.

These terms apply only on orders from points within the United States. Orders from outside the United States must be accompanied by cash (New York Exchange). A refund will be made on all foreign orders if books are not satisfactory, provided they are returned to us within five days of receipt.

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<input type="checkbox"/> Bank Credit Methods and Practice	\$2.50	<input type="checkbox"/> Elements of Foreign Exchange	\$1.60
<input type="checkbox"/> Bank Agricultural Department	\$1.25	<input type="checkbox"/> New Business Department	\$1.25
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<input type="checkbox"/> Bank Window Advertising	\$3.00	<input type="checkbox"/> Romance and Tragedy of Banking	\$5.00
<input type="checkbox"/> Book of Bank Advertising	\$5.00	<input type="checkbox"/> Trust Companies	\$5.00

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BOOK TALKS

Special Section of The Bankers Magazine

APRIL 1923

The Credit Man and the Law

Knowledge of Employers' Legal Rights and Remedies Necessary to Credit Men

LEGAL ASPECTS OF CREDIT. By Stanley F. Brewster. New York: The Ronald Press Company. \$5.00.

THIS is a very valuable work for the credit man, a careful study of which will enable him to deal properly with problems of a legal nature constantly arising out of extension of credit. It will give him the information necessary for the most effective protection of his employer's interests at all stages of credit transactions.

In a simple and direct way the book discusses the distinction between sales and sales contracts, the passing of title to goods, conditional sales, and warranties. It sets forth the methods of securing accounts by guaranty, suretyship, and chattel mortgage, and the legal process of enforcing settlement.

The credit man needs to know what constitutes a binding contract of sale, what obligations and rights result therefrom, and what steps are necessary to its legal performance. The author explains the application of some of the most important legal principles that have been established in this connection.

In the chapter on "Legal Process" the author quotes a well-known writer on the subject of the credit man and the lawyer, in defense of his belief that certain knowledge of the law will aid in a better understanding between the two who should work together for the upholding of the rights of the credit man's firm.

The grievance of the credit man

against the lawyer is that he won't work for nothing, and the grievance of the lawyer against the credit man is that he expects something which may save him thousands, and which is something of the lawyer's stock in trade, for nothing. The credit man usually knows little about law, and the lawyer little or nothing about business, and when oil and water mix, we may expect a satisfactory result from two such forces.

Every step of the legal process of enforcing settlement is explained very simply and clearly, and should do away with the "mystery" which the credit man believes pervades the law. Of this the author says:

There seems to be a more or less common impression among credit men that something mysterious takes place after an account is turned over to an attorney, which is beyond the comprehension of anyone but an attorney, and the lack of knowledge on the part of many credit men as to what does transpire in the subsequent proceedings is not only surprising but a great mistake on their part, because there is absolutely no reason why anyone of sufficient intelligence to handle collections should not be just as familiar with the process of forcing a settlement as an attorney. The usual procedure to be complied with involves very little law, and practically no legal reasoning, and for the most part constitutes a mere matter of formal procedure.

As supplementing its main purpose, the book also aims to give a simple but fairly thorough exposition of the fundamental principles involved in credit-granting. The chapters on the preparation and analysis of financial statements are very complete and well illustrated, as are those on the sources of credit information, etc.

The negotiable instruments

law, the carrier's liability for goods in transit, and the special legal remedies afforded creditors, such as attachments, garnishment and replevin, are explained in a manner readily understood by the layman. The book closes with a similar treatment of insolvency proceedings, including assignment, receivership, bankruptcy, and the liquidation of insolvent estates.

The author has the advantage of being a practising attorney with considerable credit experience, and is, therefore, exceptionally well qualified to present the legal aspects of credit work from a standpoint calculated to serve the credit man to the greatest advantage.

The table of contents is given here in part:

Part I. takes up Types of Business Organizations and Their Legal Liability. The types explained are: The Sole Proprietorship Partnerships and the Unincorporated Association; The Corporation.

Part II.—The Legal Nature of Sales. Sales and Sales Contracts; The Passing of Title; Warranties; Laws Governing the Validity of Sales Contracts.

Part III.—Safeguarding Payment in the Sale of Goods. Analysis of Mercantile Credit; Sources of Credit Information; Preparation and Analysis of Financial Statements; Description and Valuation of Assets and Liabilities; Analysis of Corporate Financial Statements; Income or Profit and Loss Statement; Laws on Publication of Financial Statements; Comparative Statement Analysis; Significance of Working Capital.

Part IV.—Incidental Factors Affecting a Concern's Credit Standing. Manner of Payment; Securing of Accounts, Chattel Mortgages; Credit Insurance; Granting of Extensions; Trade Abuses.

Part V.—Legal Rights and Remedies of Mercantile Creditors. Effecting the Collection; Legal Processes; General Rights and Remedies; Provisional Remedy of Attachment; of Garnishment; of Replevin; Bulk Sales Law; Commercial Fraud Carriers; Liability for Goods in Transit.

THE BANKERS MAGAZINE—BOOK TALKS

BOOK TALKS

EVELYN M. WINANS, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

APRIL 1923

Shop Talk

THE SUDDEN death of Thomas P. Kane, author of "The Romance and Tragedy of Banking" occurred on March 2. Mr. Kane had devoted much thought and time during the last years of his life to the preparation of his book and it seems a fortunate dispensation of providence that he was permitted to see its publication and success before his death.

* * *

Shortly before his death Mr. Kane received a letter from a banker who had recently finished his book stating that while he had searched diligently to find the "romance"—all he could find was "tragedy". To this Mr. Kane replied:

You ask me why I used the word "romance" as part of the title. I thought first of using the word "comedy" in place of "romance" but found nothing in the narrative which would make that word appropriate. There are some incidents showing imbecility of bank management and of Government supervision but not of the comedy nature. I, therefore, abandoned the word and substituted the word "romance", not in the restricted sense of its application to fiction, but in the broader definition of the word given to it by

the lexicographer—"an act of experience or a series of interesting acts or happenings; a wonderful tale whose interest lies not so much in depiction or analysis of real life and character as in adventure, surprising incidents or the like"—such for instance as the Cassie A. Chadwick story and some of the celebrated and sensational bank robberies.



THE PAYING teller's job is no bed of roses is the reader's conclusion after finishing Glenn G. Munn's interesting book "The Paying Teller's Department". No one can read this book without acquiring a greater respect for the qualities demanded of a good teller. Of the latter's importance Mr. Munn writes:

Perhaps no teller is in a position to advertise the bank's service qualities as well as the paying teller. He probably meets more of the bank's customers than any other person, and for this reason he occupies a strategic position. He should have a memory for faces, be able to call the bank's customers by name, and maintain a friendly and courteous attitude even though he may be working under pressure or other trying circumstances. The nature of his work is such, moreover, that he must combine the contradictory attributes of accuracy and speed.



THOMAS J. KAVANAUGH, author of "Bank Credit Methods", thinks that the bank's credit officer also should have qualities of a high order. He writes in his book:

It is highly important that the credit man be a man of faithful application to his duties. That he be exact in his habits and systematic in his methods. He should not be a clock-watcher, for in the intensity with which he applies himself to his duties and faithfully performs them lies his chief value to the bank and his future success.

If there is one position in the bank in which tact is necessary, it is his. And the reason is simple. Credit is the most delicate subject in the field of human psychology. It embraces character, morality, wealth, poverty, ability and all the disabilities about which a human being is sensitive. If you tell a man his credit is not good, you may be striking at any of the qualities he values most highly—his purity, his veracity, his worldly possessions, his antecedents—about which he may be most sensitive. Place yourself in the other man's shoes and suppose you had spent years endeavoring to build up your credit standing, and then have it cast aside with one fell swoop by the unthinking credit man—how would you feel?



IN THE April issue of THE BANKERS MAGAZINE begins the series of articles on "A Reading Course in Banking", which will be a regular monthly feature of the Magazine. It is being conducted by Glenn G. Munn, instructor in banking of the New York and Hudson County (New Jersey) Chapter of the American Institute of Banking. Order a copy of the April issue and look this article over.

Modern credit department methods

The simple theory and principles of credit are combined with a description of modern credit department methods as practiced by leading banks and trust companies in this book.

The credit department of a bank is the most important consideration before the banker, because it regulates the interchange between the bank and its customers.

Bank Credit Methods and Practice

By THOMAS J. KAVANAUGH

Vice-president Mississippi Valley Trust Company, St. Louis; lecturer on credits,
St. Louis University

240 pages, 5½ x 8, \$2.50 postpaid

This book should be of practical value not only to the credit department of the average bank, but also to the student of finance, whether in the college or the home. It will enlighten the commercial man as to the viewpoint of the banker in the making of loans, thus bringing him closer to his bank in mutual understanding.

Credit department methods are given careful attention, such as the actual keeping of the necessary records with many illustrations showing the forms in use in the up-to-date banks. Statement analysis is given very thorough attention, and is well illustrated.

One of the interesting features of the book is a study of the ideal personnel of the bank credit department, in which the author presents his idea of the successful bank credit man. The personal element, tact, politeness, individual attention and other desired features of service are emphasized.

**12 chapters that cover
the subject thoroughly**

I. The Theory of Credit. II. The Essentials of a Credit Risk. III. Analyzing a Financial Statement. IV. Foreign Credits. V. Bankers' Acceptances. VI. Commercial Lines of Credit; Reciprocal Relations. VII. Theory of Statement Analysis. VIII. The Federal Reserve System. IX. Commercial Paper and Trade Acceptances. X. Investigation and Compiling Information. XI. Credit Department Methods and Organization. XII. Importance of Statement Analysis.

BANKERS PUBLISHING COMPANY
71 MURRAY STREET **NEW YORK**

THE BANKERS MAGAZINE—BOOK TALKS

Book Reviews

FINANCING EXPORTS AND IMPORTS. By Allan B. Cook. New York: The Ronald Press Company. \$2.50.

"FINANCING Exports and Imports" analyzes and illustrates with an abundance of practical detail the various methods of foreign trade financing, and describes the relative safety of each. It offers valuable hints concerning the adjustments which merchants engaged in foreign trade must often make with their bankers in the present unstable conditions of international trade and exchange. It gives a particularly useful discussion of the elimination of the exchange risk by the purchase or sale of future exchange.

This book, coming from one with banking and mercantile experience, will be found of great practical service to the banker as well as the merchant. It is most important for the merchant to understand the merit of any request he makes and to be able to marshal his facts in a manner most likely to win the banker's consent. This he cannot do unless he knows how and why the banker makes his decisions.

There are on the other hand, certain sales and financial problems confronting international traders with which the banker must be thoroughly conversant if he is to render these customers his best service.

Bankers and merchants often fail to consider the wide, yet natural difference in their respective viewpoints, with resulting misunderstanding on both sides. There are sound reasons for the banker's insistence that certain technical requirements be met by his customers, and on the other hand, there are equally good reasons why the merchant should be given the benefit of such elasticity of

terms as may safely be granted him. In the best interests of both one should understand the problem of the other.

Certain broader topics, of great practical interest to importers and exporters in the prevailing international situation are also treated, including the various channels by which the Government assists in foreign trade, the Edge Law banks, and trade combinations in the export field.

The author is assistant secretary of the Asia Banking Corporation and was formerly assistant treasurer of the Willys Overland Company and John N. Willys Export Corporation. He is a lecturer in foreign exchange at New York University School of Commerce, Accounts and Finance.

The chapters cover: Technical Terms Explained; The Sources of Exchange Supply; The Demand for Exchange; The Rise and Fall of Exchange Rates; The London and New York Discount Markets; The Four Currency Systems in Use; The Bank as a Dealer in Credit; How Payment is Made for Imports; The Import Letter of Credit; How the Exporter Obtains His Money; Export Letters of Credit; The Acceptance Credit; Dollar and Sterling Credits Compared; Eliminating Exchange Risks; Government Influence in Foreign Trade; The Branch Bank as a Trade Outpost; Trade Combinations in the Export Field, etc.

©

THE STABILIZATION OF BUSINESS.
Edited by Lionel D. Edie.
New York: The Macmillan Company. \$2.50.

THE PROBLEM of business policies as they relate to business cycles is here analyzed by a group of special writers of established reputation. The

dominating theme is the degree to which it is possible and desirable to control the business cycle, and the business policies which are sound and practical toward that end.

The writers are: John B. Andrews, secretary of the American Association for Labor Legislation; John R. Commons, Professor of Political Economy, University of Wisconsin; Henry S. Dennison, president Dennison Manufacturing Company; Frank Haigh Dixon, Professor of Economics, Princeton University; Irving G. Fisher, Department of Economics, Yale University; Wesley C. Mitchell, New School for Social Research; E. R. A. Seligman, Professor of Political Economy, Columbia University; Walter Dill Scott, President of Northwestern University. The book has been edited by Lionel D. Edie of the Department of Politics, Colgate University.

Separate chapters are devoted to basic causes of business cycles, to the steadying of price levels and of the purchasing power of money, to the international, financial and commercial factors in business stability, to the railroad problem and the use of public works as an agency of control, to the coordination of production and marketing policies in a business organization, to the prevention and control of unemployment, to the psychological problem of human engineering in relations to cycles, to the banking and credit system as influences in stabilizing business.

A balance is maintained between the viewpoint of practical business policy and the viewpoint of sound economic principle. The book is deeply suggestive of the far-reaching advantages attainable by a constructive attitude toward many fundamental economic policies of the nation.



Some Books for Bankers



The Romance and Tragedy of Banking

By THOMAS P. KANE, *Deputy Comptroller of the Currency.*

Over 600 pages. \$5.00

The author of this book has been connected with the Comptroller's office for thirty-six years, has known personally most of the Comptrollers of the Currency, and is intimately acquainted with the many incidents, both romantic and tragic, that have taken place in the banking world during his term of office. In this volume he tells the inside story of hundreds of interesting incidents. A chapter is devoted to the administration of each Comptroller.

Bank Credit Methods and Practice

By THOMAS J. KAVANAUGH, *vice-president Mississippi Valley Trust Company of St. Louis and lecturer on credits at St. Louis University.*

Second edition. 241 pages. Illustrated with forms. \$2.50

An accurate description of the operation of a credit department in a modern bank, showing how credits are passed upon by the bank executive and how essential information is kept on file. It is useful not only to the banker but also to the business executive who is interested in learning the banker's attitude on credit risks.

Bank Agricultural Department

By R. A. WARD, *general manager Pacific Coöperative Woolgrowers; formerly vice-president First National Bank of Bend, Ore.*

\$1.25

This book shows the bank serving an agricultural district how to organize a special department to serve the farming interests of the community. It tells why a service of this kind is profitable for the bank and how it can be of help to the bank's customers.

Bank Credit Investigator

By RUSSELL F. PRUDEN

200 pages. \$1.50

Exact, definite and practical information in as concise a manner as possible as to what problems the young man may expect to meet in a bank credit department. In the chapters will be found information and advice as to the steps to be taken in a credit investigation and analyzation of a credit risk.

Paying Teller's Department

By GLENN G. MUNN, *lecturer, New York Chapter, American Institute of Banking.*

144 pages. \$1.25

Presents in a practical manner the functions of the paying teller and related departments in every phase—whether they occur in a city or country bank, or in the East or West. It is intended as a reference book to which the officers, paying tellers and other clerks may turn for guidance in answering questions which constantly arise with regard to cashing checks, certifications, reserve requirements, supply and disposition of money, tests for counterfeit money and raised bills, shipping currency, etc.

Bank Directors

By O. W. BIRCKHEAD, *former national bank examiner.*

75 pages. \$1.25

Written to explain in simple outline just how directors should proceed with an examination of their bank. This book tells how to appraise the assets; verify the cash; verify exchanges for the clearing-house; check up loans and discounts; examine items such as bonds and securities, bank building, furniture and fixtures, real estate, etc.

MacGregor's Book of Bank Advertising

By T. D. MACGREGOR, *vice-president F. Bird Wilson, Inc.*

400 pages. \$5.00

A complete treatise on bank advertising from every angle. The most exhaustive book on the subject yet published, it is really a cyclopedia of bank and trust company advertising. It contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising.

Practical Work of a Bank

By WILLIAM H. KNIFFIN, JR.

600 pages. Fully illustrated and indexed. \$5.00

There isn't a single practical banking problem or detail of modern bank administration that this book doesn't take up carefully and describe in detail. Tells how to increase the efficiency of a bank—how to make the work run more smoothly—how to get the most out of equipment.

See last page

Bankers Publishing Company, 71 Murray Street, New York

The Question Box

On this page every month questions relating to banking and financial books will be answered. Books marked with a star will be sent on approval to any bank or banker. Books not starred will be sent on receipt of the amount indicated. Make checks payable to The Bankers Publishing Company, 71 Murray Street, New York.

QUESTION: I am interested in making a study of acceptance credits. What would you recommend?—R. F. D.

ANSWER: Practically all of the books on finance devote at least a chapter to acceptances, but a great deal of information about acceptance credits has been put in pamphlet form and published by many of the banks, and particularly by the American Acceptance Council from whom any amount of literature on the subject can be obtained.

One book on the subject is *Acceptances, Trade and Bankers*, by Park Mathewson (\$3.50), and there is also *Commercial Paper, Acceptances and Analysis of Credit Statements** by Kniffin (\$2.50). Most all of the books on finance or banking devote chapters to the subject.

Articles that have appeared in *THE BANKERS MAGAZINE* are *Bank Commercial Acceptance Credits Useful in Export Financing*, December, 1922; *Criticism of the Use of Bank Acceptances* (editorial) August 1922; *Bankers' Acceptances*, January 1922; *Some Principles Relating to Acceptances*, July 1919; *Developing the Acceptance Market Through the Savings Banks*, April 1919; *Trade Acceptances—How They Benefit the Banker*, May 1918; *London Acceptances and Their Creators*, May 1916; *Caution*

About the Acceptance Business (editorial) April 1916; *Rediscount and Acceptance System*, April and May 1915; *Bank Acceptances and Rediscounts*, August 1914.

QUESTION: I am a vice-president of a small country bank and would like to develop a department that will bring the banker and the farmer closer together. Has any book been published which would give me some idea as what other country banks might have been doing in this line?—W. S. K.

ANSWER: We know of only one book that might help you, *The Agricultural Department** (\$1.25). Pamphlets on the results of boys' and girls' agricultural club work can be obtained for ten cents from the United States Superintendent of Documents.

The banking magazines often publish articles which would give you ideas on how some country banks are helping the farmer. For instance in *THE BANKERS MAGAZINE* have appeared the following articles on the subject: *Banking Service in the Rural Community*, November 1921; *Country Banker as a Counselor and Friend*, April 1922; *Country Bank's Agricultural Problem*, April 1921; *Country Banks Promoting Club Work*, July 1922; *A Day in the*

Agricultural Department of a Country Bank, November 1920; *Does the Agricultural Department Pay?*, September 1922; *Successful Use of the Property Statement*, February 1923; *What One Bank Has Done to Help the Farmer*, July 1917; *What the Bank Farm Agent Can Do*, July 1921.



New Books

TRAINING FOR THE BUSINESS OF ADVERTISING. By Charles Wilson Hoyt. Woolson & Co. \$1.50. Explains the various kinds of work that make up advertising and the duties connected with each. Contains the names and addresses of the leading advertising agencies.

THE INTERNATIONAL TRADE BALANCES IN THEORY AND PRACTICE. By Theodore H. Boggs. Macmillan \$2. Sets forth the principles underlying the theory of the balance of trade and their practical application as revealed in the trade balances of various countries for the years 1911 to 1918, together with the question of foreign exchange.

POVERTY; A STUDY OF TOWN LIFE. By B. Seebohm Rowntree. Longmans, Green \$1.75.

COST ACCOUNTING PROCEDURE. By William Burtis Castenholz. La Salle Extension Univ. \$3.50.

MARSHALL FIELD AND COMPANY. By S. H. Ditchett. Dry Goods Economist \$3. A story of the principles and policies on which one of the world's greatest business enterprises was built.

THE CREATION OF ACCEPTANCE CREDITS. By Wilbert Ward. American Acceptance Council. pap. \$25.

SOME LEGAL PHASES OF CORPORATE FINANCING, REORGANIZATION AND REGULATION. By Francis Lynd Stetson and others. Macmillan \$3.

The April Bankers Magazine contains **"A READING COURSE IN BANKING"**

By Glenn G. Munn

THIS is the first instalment of a series of articles which will run in **THE BANKERS MAGAZINE**, one every month, until completion. The series constitutes **A READING COURSE IN BANKING** that will be both thorough and complete, the articles being designed particularly to assist the enterprising banker to become better acquainted with the broader but practical phases of his business. The author, **GLENN G. MUNN**, is well equipped, both through his practical banking experience and his experience as an author and instructor of, and a lecturer on, banking subjects, to present this authoritative and practical series of articles on the broader aspects of present day banking.

BRANCH banking is without question the most vital problem before the bankers of the country today. In its ultimate satisfactory solution every banker is interested. Soundness of economic reasoning, and the thoroughness with which it deals with fundamental factors, mark the **SOCIAL IMPORTANCE OF BRANCH BANKING** by **HOWARD WHIPPLE**, president of the First National Bank of Turlock, California, as one of the best and most illuminating articles on this subject yet written. This article bears evidence of the time and careful study that Mr. Whipple has devoted to the subject of branch banking.

THE Chinese Bankers are now strongly organized. They have been developing a number of modern banking companies during the last few years, and are amalgamating in a Chinese Bankers Association. **JULEAN ARNOLD**, American Commercial Attaché Peking, points out, in his article **AMERICAN BANKERS OF THE NEW CHINA**, why American banking and financial interests will find in China a very field for the development of our foreign trade.

THE future trend of prices is a matter of consequence to the banker as well as to the business man. So long as the manufacturer must carry inventories of raw materials, and the merchant stocks of finished goods at the risk of price changes, speculation must be an inherent accompaniment of business. Success or failure, therefore, depends in no small degree upon the ability of management to predetermine price trends. In his article, **THE OUTLOOK FOR COMMUNITY PRICES**, careful studies of the nature and causes of the business cycle and its attendant price movements have been made by the author, **GLENN G. MUNN**.

THE BANKERS MAGAZINE

50 cents **\$5 a year**

THE BANKERS MAGAZINE,
71 Murray St., New York

Please send me a copy of the April issue of **THE BANKERS MAGAZINE** and put me down for a year's subscription, billing me \$5. If I like the April number which is sent to me without obligation on my part, I will pay the bill—if not I will notify you to cancel the subscription.

Name

Bank

Address

How to Build a Banking Library

WITH a very small investment it is possible for any bank or banker to accumulate a useful and practical library of books pertaining to the immediate problems of bank administration.

For the individual banker such a library means the increased efficiency which comes from keeping well informed. For the bank as an institution the maintenance of such a library means giving to members of the staff the means of increasing their usefulness through increased knowledge. Every bank, no matter how small, should have a library of banking books.

It is not necessary to purchase a complete library at one time. Books can be accumulated gradually, a few each month. In a surprisingly short time a well-rounded library can be built up.

The books described in these pages were all written to be of practical value to the banker in the solution of his every-day problems. They contain no theory or guess work but the tried-out conclusion of writers who have learned from actual experience.

Realizing that it is difficult to decide on the suitability of a banking book without an actual examination of the book itself, the Bankers Publishing Company has adopted an approval system which enables any bank or banker to send for any of its publications on five days' examination, at the expiration of which time the books may be returned or a remittance sent if they are satisfactory.

These terms apply only on orders from points within the United States. Orders from outside the United States must be accompanied by cash (New York Exchange). A refund will be made on all foreign orders if books are not satisfactory, provided they are returned to us within five days of receipt.

The approval privilege is extended only to banks or to bankers who should state their banking connections when ordering. Orders from customers who are not bankers should be accompanied by cash, which will be refunded if the books are not satisfactory and are returned within five days.

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You may send me on approval the books checked below. At the end of five days I will pay you the amount indicated or return to you.

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<input type="checkbox"/> Bank Credit Methods and Practice	\$2.50	<input type="checkbox"/> Elements of Foreign Exchange.....	\$1.60
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<input type="checkbox"/> Bank Directors.....	\$1.25	<input type="checkbox"/> Paying Teller's Department.....	\$1.25
<input type="checkbox"/> Bank Window Advertising	\$3.00	<input type="checkbox"/> Romance and Tragedy of Banking.....	\$5.00
<input type="checkbox"/> Book of Bank Advertising	\$5.00	<input type="checkbox"/> Trust Companies.....	\$5.00

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N. B.—This approval privilege is restricted to banks and bankers. State your banking connection.

BOOK TALKS

Special Section of The Bankers Magazine

MAY 1923

A Hand Book for Bank Directors

National Bank Examiner Tells How Directors Should Examine Their Bank

BANK DIRECTORS: THEIR DUTIES AND LIABILITIES. By O. W. Birkhead. New York: The Bankers Publishing Company. Price \$1.25.

ONE OF THE requirements of the Comptroller of the Currency calls for regular examinations of the bank by a committee of the board of directors. This same requirement is also made by most of the state banking departments. Owing to the lack of familiarity with the details of bank accounting this task is often a difficult one for directors adequately to perform.

Mr. Birkhead, who has had many years' experience as a national bank examiner, wrote this book to help bank directors to perform their duties and to show them just how an examination should be made. It is the most helpful book that has ever been written for bank directors and should be read by everyone who holds this important office.

In introducing his subject, the author says:

"There are two important parts of an examination which should be emphasized at the outset: First, the *appraisal* or valuing of the assets; and, second, proof of the actual *existence* and legal *custody* by the bank of all assets called for by the general books. An examination is made to determine whether the bank has actual legal title to and possession of all assets called for by the books; whether such assets are worth book value, if not, what depreciation has oc-

curred; and whether all liabilities of the bank are shown on the books.

"The appraisal of the assets is the most important. Most bankers and bank employees are honest, and not many banks, comparatively speaking, are embarrassed by dishonest employees. Nearly all serve their employers, the stockholders, and the depositors faithfully and honestly. But there must always be placed about the bank's funds all possible protection to guard against dishonest acts, which though infrequent may occur in any bank and result in serious loss."

There is no detail of the work that Mr. Birkhead has overlooked. He carefully tells how to go about all of the duties in connection with the examination.

The index at the end of the book will help the reader to find quickly anything that he is in doubt about.

The book is made additionally valuable by the extracts which it gives from the law defining the duties and liabilities of bank directors and the penalties prescribed for the neglect of such duties.

These extracts cover such points as the appointment and powers of directors, qualifications, falsely certifying check, making false entries in books, penalty for receiving fee or commission for making loans—and many others—including the liability of directors for mismanagement and the degree of care required of directors. The last named is of particular interest as this book has been

written in order to prevent directors from unwittingly being careless in their examination through ignorance of the banking business, as their business activities are often in other lines.

The Supreme Court of the United States has held (*Briggs v. Spaulding*, 141 U. S., 132) that directors of a national bank must exercise ordinary care and prudence in the administration of the affairs of a bank, and this includes something more than officiating as figureheads. They are entitled under the law to commit the banking business, as defined, to their duly authorized officers but this does not absolve them from the duty of reasonable supervision nor ought they to be permitted to be shielded from liability because of want of knowledge of wrongdoing. If that ignorance is the result of gross inattention.

It was further held in the same case that the degree of care required of directors of corporations depends upon the subject to which it is to be applied, and each case is to be determined in view of all the circumstances; that the directors of a corporation are not insurers of the fidelity of the agents whom they appoint and they cannot be held responsible for losses resulting from the wrongful acts or omissions of other directors or agents unless the loss is a consequence of their own neglect of duty.

The United States Supreme Court in a decision rendered June 9, 1919, in the case of *Bowerman v. Hamner*, held that a director who had never attended a meeting during five years' connection with the bank, and who lived 200 miles from the place where the bank was located, was liable for mismanagement because he did not exercise the diligence which a prudent man would usually exercise in ascertaining the condition of the business of the bank or a reasonable control and supervision over its affairs, and that he could not be shielded from liability because of want of knowledge of wrongdoing on his part, since that ignorance was the result of gross inattention in the discharge of his voluntarily assumed and sworn duty.

A special form is given at the end which is recommended for use in reporting the results of the examination to the board of directors.

BOOK TALKS

EVELYN M. WINANS, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

MAY 1923

Shop Talk

THE NEW edition of *The Romance and Tragedy of Banking* by the late Deputy Comptroller of the Currency, T. P. Kane, is now ready. Judging from the way orders are pouring in from all parts of the country, it will be necessary to print several more editions before the demand for this book falls off.

As a matter of fact, Mr. Kane's book is likely to remain standard for many years to come on account of the wealth of historical material that it contains bearing on the banking history of the past half century.



WILLIAM M. Hardt, examiner for the Philadelphia Clearing-house Association, who served as a bank examiner under six different comptrollers, recently wrote of Mr. Kane: "I could furnish to a competent author material for a book on the history of the Comptroller's office that would show that the most important factor in the success of all administrations was the ability, fidelity and industry of Thomas P. Kane, always the valuable

advisor and assistant who ably performed every duty assigned to him, was just to friend and foe and always true to his friends."



THE BANK AGRICULTURAL DEPARTMENT is being well received, not only by bankers but by that portion of the public that is interested in agricultural problems. That the banker and farmer should have a better appreciation of each other's problems has long been admitted. This book outlines a practical plan of coöperation that is profitable to the banker and helpful to the farmer.



"COMMERCE AND FINANCE" says of *The Bank Agricultural Department*, "Though this interesting booklet will be particularly useful to bankers who deal directly with agricultural depositors, the facts it outlines are important enough to make its reading worth while for anyone interested in agricultural development. This book sets out to prove by citing actual instances that a bank department devoted to agricultural improvement can become one of the most lucrative branches of a country bank's business."



"THE READING Course in Banking" that began in the April issue of THE BANKERS MAGAZINE gives to the young

banker an opportunity to put method into his reading habits. By devoting a regular amount of time each day to reading the assigned passages in various books the student can systematically acquire a broad knowledge of the subjects with which a banker should be acquainted. Complete information about this course will be sent to any reader of Book TALKS on request.



WE LEARN from the editors of THE BANKING MAGAZINE that a series of articles of interest to country banks is now being planned. A definite announcement will be made shortly.



WE WILL be glad to send to anyone interested a sample copy of *The Banking Law Journal*, a monthly publication devoted exclusively to the legal aspects of banking.

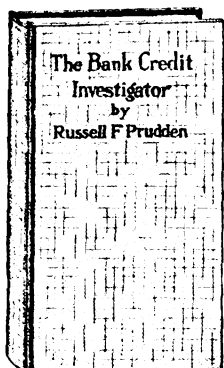


WE want BOOK TALKS to reach every banker who is interested in the literature of banking. We would appreciate it if our readers would send us the names and addresses of their friends and associates to be added to our list.



A GREAT MANY banks have ordered copies of "The Bank Credit Investigator" for each man in the bank credit department.

A Book for Credit Men



CONTENTS

Development of Bank Credit Work
Growth of Credit Departments. Services rendered. Importance of Credit Training. Qualifications of an Investigator.
Organization of the Credit Department
Control of Bank Credits. Divisional Responsibility. Duties of Credit Manager. Handling the Daily Mail.
Credit Department Filing Systems
Necessity of Systematic Filing. Descriptions of Filing Systems. Make up of the Credit Folder. Loan and Discount Information Card.
Agency Reports
General and Special Reports. Recording of Reports. Character of Information Obtainable.
Elements of Accounting
Importance of a knowledge of Accounting. Partnership Accounting. Theory of Double Entry. Journal and Ledger Entries. Closing the Books. Inventory Taking. Preparation of Profit and Loss Statement and Balance Sheet. Advantages of Corporate form of Organization. Corporation Accounting. Stocks and Bonds. Dividend Payments. Value of Audited Statements.
Statement Analysis
Bank Statement Analysis Forms. Current Ratio Explained. Internal and Type Analysis. Some Practical Problems. Analyzation of Assets. Analyzation of Liabilities. Significance of a Large Surplus. Value of Endorsements. Contingent Liabilities.
Interviewing Commercial Paper Brokers
Development of Note Brokerage. Advantages and Disadvantages of Using Open Market. Commercial Paper as a Bank Investment. Selection of Good Names. How to Question the Broker.
Interviewing the Banker
Purposes and Desirability of Bank Interviews. Important points to be Covered in an Interview. Bank Lines and Commensurate Balances. Foreign Department Facilities.
Interviewing Trade Houses
Various Methods of Making Trade Investigations. General Trade Conditions. List of Trade Terms. Suggested Questions. Use of Trade Acceptances. How to Take Notes and Value of Stenography.
Summarizing the Investigation
Value of a Summary. Suggest Forms. Answer Credit Inquiries by Letter. Credit Department Ethics. Need of Constructive Criticism, Sound Judgment and Courtesy.

THIS book can well be used as a text book for the beginner—the young man who is just starting in at bank credit investigation work. It is designed to give him an understanding of the importance of this branch of bank work, an appreciation of the necessity for tact and diplomacy and by concrete examples to explain the various steps in the scientific investigation and analysis of a credit risk.

The Bank Credit Investigator

By RUSSELL F. PRUDDEN

192 pages

Price \$1.50 postpaid

It is not only for the beginner, as it contains much valuable information for the bank officer in credit work, especially executives in smaller banks that have not yet had the opportunity to establish up-to-date credit departments. The book should also be valuable to financial and credit men in mercantile and manufacturing houses.

Credit managers will find it of the greatest usefulness in training the members of their staff and in helping them to avoid the errors that come from inexperience. Young bankers who expect to get into credit work should read this book in order to grasp the fundamentals of the work. It should be in every bank library.

Read the Table of Contents

An analysis of the contents of this valuable book is given here. Note particularly the chapters on statement analysis and those on interviewing commercial paper brokers, bankers and trade houses.

You Can Decide for Yourself

We will send this book on five days approval to any bank or banker and let you decide for yourself whether it is worth the slight cost. After five days you can either return the book to us or mail us your check. Check this book and fill out and mail the convenient coupon on the last page of "Book Talks" now.

THE BANKERS MAGAZINE—BOOK TALKS

Book Reviews

CONTROLLING THE FINANCES OF A BUSINESS. By James O. McKinsey, A.M., LL.B., and Stuart P. Meech, Ph.B. New York: The Ronald Press Company. \$5.00.

A COMPREHENSIVE and detailed treatment of the problems with which the financial executive of a business must deal is given in this book. Emphasis is made upon those of an internal nature, but those arising from the external relations of business are also considered.

The problems discussed are grouped as having to do with: (1) Determining the amount of capital required; (2) Securing it as cheaply as possible; (3) Controlling properly its investment and use; (4) Controlling properly the use of resulting profits. Certain special problems of organization, promotion, consolidation, and reorganization are also taken up.

Particular attention is given to the determination of capital requirements, and in this connection, to the business cycle, and its effect on financial plans, and to the control of disbursements, as secured by means of budgetary control and adequate supervision of credit extension.

©

CANADIAN BANKING PRACTICE. By F. Wilson Smith. Published under the Auspices of the Canadian Bankers Association. Fourth edition.

THE FOURTH edition of Canadian Banking Practice, now on sale, contains nearly fifty pages more than the previous edition. The work has been revised to date by Albert Swindlehurst, of the Quebec Bar. In the revision of questions presenting legal problems, the answers were supervised by John D. Falconbridge, of the Ontario Bar, the

well-known author of "Banking and Bills of Exchange", whose services were specially engaged by the Canadian Bankers Association.

The numerous and important changes in legislation within recent years have called for the present revised edition of Canadian Banking Practice. In the fourth edition over 200 new questions and answers appear, and the old answers have been thoroughly revised to conform with the numerous and important changes in legislation. Questions no longer of general interest have been omitted. Owing to changes caused by the Bank Act of 1913, and its amendments, and by decisions of courts on debatable points, some of the answers in the previous edition of 1912 had become obsolete or misleading.

In order to make the work more complete, notes have been added in all cases, where the law of Quebec differs from that of other provinces, and the appendix has been greatly enlarged, by including the By-Laws of the Canadian Bankers Association, The Finance Act

of 1914, the Dominion Notes Act, The Currency Act, the Amendments to the Bank Act of 1913, and sections relating to banks and banking in the War Finance Act, the Bankruptcy Act, and the Companies' Act.

©

CAPACITY, TWIN SISTER TO CHARACTER IN THE FOUR BIG C's. Part III. By William Post. Philadelphia: Central National Bank.

THE FOURTH installment of the revision of "The Four Big C's", which was written by William Post, chairman of the executive committee of the Central National Bank of Philadelphia has been issued by the bank in paper. This installment is Part III of "Capacity, Twin Sister to Character".

The chapters that the author has already revised are Character; Capacity, Part I, II, III. There remain chapters on Capital and Collateral and all together will constitute a volume of text close on to 400 pages.

In relation to his title of "The Four Big C's", the author says that for the banker there will always be the four big C's—Collateral being the fourth, but not the least of the group, although it has been urged in credit journals and from credit platforms that there are but three C's in credits. He says, "The trade men may have their Three C's—Character—Capacity—Capital—the banker to these will add the fourth—Collateral.

This volume which covers Part III of Capacity explains very thoroughly the statement and its analysis, giving very specific illustrations of every point brought out.

Mr. Post has been actively associated with the Central National Bank for more than fifty years, and writes from experience.

How to Order



Orders for books mentioned in *Book Talks* will be promptly filled on receipt of the price indicated.

Books listed on the last page of *Book Talks* will be sent on five days approval to any bank or banker.

Book Department
Bankers Publishing Co.
71 Murray St., New York

The May Bankers Magazine contains European Politics and the Economic Situation

By Elmer H. Youngman

ARE Europe's troubles more political than economic in their underlying nature? ELMER H. YOUNGMAN, Editor of **THE BANKERS MAGAZINE** who has been in Europe for the last ten months believes they are. He bases his beliefs on an intensive study made during his stay abroad of the economic and financial situation of the leading countries. In his article **EUROPEAN POLITICS AND THE ECONOMIC SITUATION**, Mr. Youngman says that an understanding of political conditions is essential to an intelligent solution of the grave economic problems with which Europe is confronted.

CAN you?—Give four comprehensive definitions of credit; name six distinct kinds of credit; explain what is meant by "the manufacture of bank credit"; tell in what two ways a bank may lend its credit without having an equivalent amount of cash; explain how a bank could manage to pay all its depositors in actual cash if called for? These are a few points touched upon in the **FUNDAMENTALS OF CREDIT**, the second of a series of articles in "A Reading Course in Banking", by GLENN G. MUNN.

UNFORTUNATELY the distinction between an examination and an audit is seldom recognized in the criticisms of bank examiners when banks suffer losses through dishonesty or other causes which have remained concealed for some time. THOMAS P. KANE, late Deputy Comptroller of the Currency, shows in his article, **BANK EXAMINING AND BANK AUDITING**, why every bank should be required by law to have an annual audit made of its affairs by a competent accountant, in addition to the examination made by the national bank examiner.

AS a banker you would not think of trusting all the funds of your depositors to one security. Applying the same principle to bank advertising, G. PRATHER KNAPP suggests in his article **DIVERSIFIED INVESTMENTS IN PUBLICITY**, that simply because one form of bank advertising has been used by a bank with more success than others is no reason why the bank in question should discard all other forms in favor of this one alone.

SMALL banks in villages, state banks, national banks and trust companies of various sizes in towns and cities both large and small have established investment departments with success. Within a comparatively short radius of Chicago are some seventy banks, all with well established investment departments that are helping to pay dividends. M. E. CHASE tells in his article, **ESTABLISHING THE BANK'S INVESTMENT DEPARTMENT**, how these banks are making their investment departments pay.

THE BANKERS MAGAZINE

50 cents **\$5 a year**

THE BANKERS MAGAZINE,
71 Murray St., New York

Please send me a copy of the May issue of **THE BANKERS MAGAZINE** and put me down for a year's subscription, billing me \$5. If I like the May number which is sent to me without obligation on my part, I will pay the bill—if not I will notify you to cancel the subscription.

Name
Bank
Address

The Question Box

On this page every month questions relating to banking and financial books will be answered. Books marked with a star will be sent on approval to any bank or banker. Books not starred will be sent on receipt of the amount indicated. Make checks payable to The Bankers Publishing Company, 71 Murray Street, New York.

QUESTION: We are considering having an employees' contest for gaining new accounts for our bank, and are naturally very anxious to know the results of such contests in other banks. Do you know of anything in that line that would help us?

ANSWER: In *Bank Deposit Building** by W. R. Morehouse (\$4.00) a chapter is devoted to employees' contests in which suggestions are given for starting one. In *MacGregor's Book of Bank Advertising** (\$5.00) some pages are given to the subject. I might add that in the latter book there are suggestions for other contests such as Pig Clubs that are often begun by country banks, and theme contests among school children, etc. In his book Mr. MacGregor says of such contests, "A popular contest creates a great deal of discussion and arouses such general interest that the bank gets a lot of valuable free publicity".

But if you are chiefly interested in the employees' contest for new accounts, some definite information on how banks that have held such contests have succeeded can also be found in some articles that have appeared in *THE BANKERS MAGAZINE*. Among them are: *Getting 6500 New Accounts in Six Months*, April 1923; *A Successful Contest*, September 1922; *Dangers in Some Short-*

cut Methods of Bank Publicity, January 1923; (In this last named article the author writes against contests); *Employees' Contests for Securing New Depositors*, July 1913; *How to Conduct an Employees' Contest*, November 1921.

QUESTION: We would like to know how other banks handle their mail. We believe that something appeared in *THE BANKERS MAGAZINE* on this subject re-

cently, but are not able to recall what issue.

ANSWER: In the September 1922 issue of *THE BANKERS MAGAZINE* was published the result of a questionnaire which was entitled *How Banks Handle Their Mail*. For new suggestions for efficiency in the mailing department there are chapters on the subject in Kniffin's *Practical Work of a Bank** (\$5.00), Langston's *Practical Bank Operation*, Vol. 2; and Westerfield's *Banking Principles and Practice*, Vol. 3.

©

QUESTION: We would like to improve the correspondence that goes out from our bank. How can we get some new ideas without hiring an expensive correspondent?

ANSWER: *Bank Letters** by Morehouse (\$10.00) consists of 100 letters written by an expert. A chapter in *MacGregor's Book of Bank Advertising** (\$5.00) is devoted to bank letters and here also good examples are given. Under the chapter "Direct Advertising" in Morehouse's *Bank Deposit Building** (\$4.00) are valuable hints on circularizing and sample letters are given for trying to get new accounts and to renew inactive ones.

In *THE BANKERS MAGAZINE* there have been these articles on the subject: *Some Thoughts on Bank Letters*, July 1921; *Economy and Efficiency in Bank Correspondence*, January 1916; *Bank Letters That Pull and Hold Business*, February 1914.

Books on general letter writing may also be of interest to you. Two recent ones are *Modern Business Writing* by Charles H. Raymond, and *Applied Business Correspondence* by Herbert Watson, (\$6.00).

These Four Books for \$12.00



Paine's National Banking Laws. 7th edition

Paine's New York Banking Laws, 7th edition, and Supplement

Summary of Failed Savings Banks. 2nd edition

Paine's Analysis of the Federal Reserve Act

If ordered together the price is \$12.00

Address Book Department
The Bankers Publishing Co.
71 Murray St., New York



Some Books for Bankers



The Romance and Tragedy of Banking

By THOMAS P. KANE, *late Deputy Comptroller of the Currency.*

Over 600 pages. \$5.00

The author of this book was connected with the Comptroller's office for thirty-six years, had known personally most of the Comptrollers of the Currency, and was intimately acquainted with the many incidents, both romantic and tragic, that have taken place in the banking world during his term of office. In this volume he tells the inside story of hundreds of interesting incidents. A chapter is devoted to the administration of each Comptroller.

Bank Credit Methods and Practice

By THOMAS J. KAVANAUGH, *vice-president Mississippi Valley Trust Company of St. Louis and lecturer on credits at St. Louis University.*

Second edition. 241 pages. Illustrated with forms. \$2.50

An accurate description of the operation of a credit department in a modern bank, showing how credits are passed upon by the bank executive and how essential information is kept on file. It is useful not only to the banker but also to the business executive who is interested in learning the banker's attitude on credit risks.

Bank Agricultural Department

By R. A. WARD, *general manager Pacific Coöperative Woolgrowers; formerly vice-president First National Bank of Bend, Ore.*

This book shows the bank serving an agricultural district how to organize a special department to serve the farming interests of the community. It tells why a service of this kind is profitable for the bank and how it can be of help to the bank's customers.

Bank Credit Investigator

By RUSSELL F. PRUDDEN

200 pages. \$1.50

Exact, definite and practical information in as concise a manner as possible as to what problems the young man may expect to meet in a bank credit department. In the chapters will be found information and advice as to the steps to be taken in a credit investigation and analyzation of a credit risk.

Paying Teller's Department

By GLENN G. MUNN, *lecturer, New York Chapter, American Institute of Banking.*

144 pages. \$1.25

Presents in a practical manner the functions of the paying teller and related departments in every phase—whether they occur in a city or country bank, or in the East or West. It is intended as a reference book to which the officers, paying tellers and other clerks may turn for guidance in answering questions which constantly arise with regard to cashing checks, certifications, reserve requirements, supply and disposition of money, tests for counterfeit money and raised bills, shipping currency, etc.

Bank Directors

By O. W. BIRCKHEAD, *former national bank examiner.*

75 pages. \$1.25

Written to explain in simple outline just how directors should proceed with an examination of their bank. This book tells how to appraise the assets; verify the cash; verify exchanges for the clearing-house; check up loans and discounts; examine items such as bonds and securities, bank building, furniture and fixtures, real estate, etc.

MacGregor's Book of Bank Advertising

By T. D. MACGREGOR, *vice-president E. Bird Wilson, Inc.*

400 pages. \$5.00

A complete treatise on bank advertising from every angle. The most exhaustive book on the subject yet published, it is really a cyclopedia of bank and trust company advertising. It contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising.

Practical Work of a Bank

By WILLIAM H. KNIFFIN, JR.

600 pages. Fully illustrated and indexed. \$5.00

There isn't a single practical banking problem or detail of modern bank administration that this book doesn't take up carefully and describe in detail. Tells how to increase the efficiency of a bank—how to make the work run more smoothly—how to get the most out of equipment.

See last page

Bankers Publishing Company, 71 Murray Street, New York

How to Build a Banking Library

WITH a very small investment it is possible for any bank or banker to accumulate a useful and practical library of books pertaining to the immediate problems of bank administration.

For the individual banker such a library means the increased efficiency which comes from keeping well informed. For the bank as an institution the maintenance of such a library means giving to members of the staff the means of increasing their usefulness through increased knowledge. Every bank, no matter how small, should have a library of banking books.

It is not necessary to purchase a complete library at one time. Books can be accumulated gradually, a few each month. In a surprisingly short time a well-rounded library can be built up.

The books described in these pages were all written to be of practical value to the banker in the solution of his every-day problems. They contain no theory or guess work but the tried-out conclusion of writers who have learned from actual experience.

Realizing that it is difficult to decide on the suitability of a banking book without an actual examination of the book it is

Bankers Publishing Company has an approval system which enables any bank or banker to send for any of its publications on five days' examination, at the expiration of which time the books may be returned or a remittance sent if they are satisfactory.

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The approval privilege is extended only to banks or to bankers who should state their banking connections when ordering. Orders from customers who are not bankers should be accompanied by cash, which will be refunded if the books are not satisfactory and are returned within five days.

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<input type="checkbox"/> Bank Credit Methods and Practice	\$2.50	<input type="checkbox"/> Elements of Foreign Exchange.....	\$1.60
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N. B.—This approval privilege is restricted to banks and bankers. State your banking connection.

BOOK TALKS

Special Section of The Bankers Magazine

JUNE 1923

Literary Holiday of a Comptroller of the Currency*

THE ROMANCE AND TRAGEDY OF BANKING. By Thomas P. Kane. Illustrated. 549 pp. New York: The Bankers Publishing Company. \$5.00.

For thirty-six years Mr. Thomas P. Kane, whose death occurred in March of this year had been in the service of the National Bureau of Currency, during the first thirteen years of that time as Secretary to the Comptroller, and since 1899 as Deputy Comptroller. Since the Currency Bureau, generally known as the Office of the Comptroller of the Currency, has direct supervision over all the national banks in the United States, it follows that, when Mr. Kane discusses the banking business, he speaks as one having authority. Through the reports of the bank examiners he was in constant touch with all of the national banks throughout the country. When one of them is in trouble, it is the business of the Comptroller's office to find out what caused the trouble and how it can best be remedied.

One of the most sensational bank failures of recent years was that of the Citizens National Bank of Oberlin, Ohio, which was wrecked by Cassie Chadwick. This remarkable woman succeeded in borrowing from the bank \$250,000, more than four times the entire amount of its capital stock. All this she borrowed on forged securities, among them a note for half a million, purporting to be signed by Andrew Carnegie. That such securities were ac-

cepted without investigation bears eloquent testimony to the imbecility of the management and to the persuasive powers of Mrs. Chadwick. The first loan was for \$13,000, and even this was \$7000 more than the bank was permitted by law to lend to any one person. The bank held no security for this loan.

Commenting on this failure, Mr. Kane says:

How many bankers who have read the story of this failure and the causes which led to it will profit by the lesson it teaches? Every president, and every cashier who is a director of a national bank is required by law to take and subscribe to an oath that he will not knowingly violate or willingly permit to be violated any of the provisions of the national banking laws. The president of the Citizens National Bank of Oberlin subscribed to this oath, and his violation of it brought disaster upon his institution.

Contrary to the general opinion, a favorable report by an examiner is not a guarantee of the solvency of the bank. It is not a very difficult matter for bank officials to falsify the accounts so as to make it appear that everything is as it should be. The bank examiner does not make a complete audit. To do so would necessitate calling in all the passbooks and comparing them with the bank's books. This would require more time than the examiner has at his disposal. One Comptroller of the Currency did try the plan of having the examiners call in a certain number of passbooks, the names being taken at random from the bank's ledgers, but this plan was soon abandoned. It was found that those who received requests for their passbooks from the bank exam-

iner immediately jumped to the conclusion that there was something wrong with the bank. In some cases this was enough to start a run on the bank. Some depositors became indignant and told the examiner it was none of his business how much money they had in the bank.

The Comptroller's office has charge of national bank notes before they are sent to the banks to be put into circulation. It has happened several times that a number of these notes have been stolen by employees of the office. Mr. Kane tells an amusing incident that happened in the issue division when a package of such notes was missed at the close of a day's work.

The entire force of the division was detained as late as 10 o'clock at night while search was being made for the missing package. A young man, an employee of the division, had an important social engagement for that evening which he was prevented from keeping because of his detention at the office, and he naturally became considerably exasperated. After the vault had been thoroughly searched for the missing package, without results, this young man in temper gave one of the desk chairs which was in his way a kick, upsetting it, and the lost money package fell off the chair on to the floor. Upon inquiry as to how the package came there it was learned that an absent-minded money counter had used the package during the day as a cushion.

Mr. Kane takes up the administration of each Comptroller in turn, tells what changes were made in the banking laws and in the policy of the bureau under each, lists the important new banks organized, the failures and the instances in which banks have been saved from failure through the action of the Comptroller and his aids, and gives much other information which should be of great value to students of banking.

*Extracts from the NEW YORK TIMES review of January 21.

THE BANKERS MAGAZINE—BOOK TALKS

BOOK TALKS

EVELYN M. WINANS, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JUNE 1923

Shop Talk

THOSE READERS of BOOK TALKS who are studying banking will be interested in the article on *Bank Organization and Functions* in the June issue of THE BANKERS MAGAZINE. This is the third of the series of *A Reading Course in Banking* which is appearing monthly in the Magazine. With each article is given a list of books for supplementary reading besides the books in which are the reading assignments.



THOSE WHO have ordered or are interested in ordering copies of our books on credit—*The Bank Credit Investigator* or *Bank Credit Methods and Practice*—will want to follow the department called "Some Bank Credit Problems" which is a monthly feature of THE BANKERS MAGAZINE.



"THE UNIVERSITY Journal of Business" of the University of Chicago says of *The Bank Credit Investigator*, "It is a pleasure to recommend this little book to everyone who is interested in the subject and who appreciates interesting material treated with brevity."

BANK CREDIT METHODS AND PRACTICE is as intensively practical as the banker would have it, in addition to being clear and convincing as the trained teacher would make it, in the opinion of C. T. Murchison, professor of business economics at the University of North Carolina. Mr. Murchison reviewed this book in the February issue of *The Tarheel Banker*, the official publication of the North Carolina Bankers Association. His review, part of which is given below, is of great help to the student in selecting a book on bank credit:

What impresses the reviewer as being another valuable characteristic of this book is the sensible way in which it regards the bank as a living, going concern always confronting a certain amount of readjustment. This is in pleasing contrast to many books which are content to instruct the student in banking by giving him a cross-section survey after the manner of one teaching the structure of a steam engine or a skeleton. If the literature of banking is going to help produce bankers, it must lead the student through the daily problems of the bank that spring from the changing seasons, the appearance of new forms of business, the constantly changing personnel of a bank's customers, the thousand and one other forces that operate to affect the liquidity and size of a bank's portfolio.



THE TITLE of our new book, *The Romance and Tragedy of Banking*, by the late Deputy Comptroller of the Currency, Thomas P. Kade,

through an error was published in a list of comparatively old books that were being advertised for by a California bookshop. It isn't necessary for you to advertise for a copy now, merely order it from the publisher, but don't delay for you will want it to complete your banking library. (Use the convenient coupon on the last page of BOOK TALKS.) Every banker should have this book in his library. The second edition has been off the press only a short time and is fast diminishing filling the many orders on hand.



THE BANKERS MAGAZINE is trying each month to give its readers the most helpful articles obtainable. If you can write on some phase of banking that you feel will help your fellow-bankers, do so, and send your article in to the editorial offices. If you have been able to overcome some problem in your department in the bank, write up what you have done and send it in. Or there may be some phase of banking that you would like to see covered more often by interesting articles—if so, write to us about it. We receive many inquiries about books as can be seen by those we print on page 6 of BOOK TALKS every month. We will be just as glad to hear from you about the kind of articles wanted in THE BANKERS MAGAZINE.

BANK ADVERTISERS, ATTENTION!

Here is a book which includes within its covers anything that the banker needs to know to plan and conduct an advertising campaign for his institution intelligently and effectively. It covers the subject thoroughly, and the reader can rest assured that every idea and suggestion therein has stood the test of actual use. It eliminates costly experimentation. Its conclusions are not merely the result of one man's experience and observation. The author has also set down in this work the results of the experience of hundreds of others who have been successful in advertising banks and trust companies in the past ten years or more.

MacGREGOR'S BOOK OF BANK ADVERTISING

By T. D. MacGREGOR,
Vice-President Edwin Bird Wilson, Inc.

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 in the form of newspaper advertisements, street car cards, lobby posters, moving picture slides, booklets, circulars, form letters, outdoor displays, electric signs, etc.

THE author is vice-president of Edwin Bird Wilson, Inc., New York, an advertising agency which specializes in bank advertising. Through this and previous agency connections, Mr. MacGregor has written advertising copy for hundreds of banks and trust companies in all parts of the country. In the past ten years or more, probably no man has written so much or more acceptably on the subject of bank and trust company advertising in all its various phases as Mr. MacGregor.

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.

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THE BANKERS MAGAZINE—BOOK TALKS

Book Reviews

SCHOOL SAVINGS BANKING. Text by Savings Bank Division, American Bankers Association. New York: The Ronald Press Co. \$1.25.

THIS BOOK on school savings banking has just been published for the American Bankers Association by the Ronald Press of New York. The text was prepared by the Savings Bank Division of the Association under the direction of a special committee on school savings banking methods. In addition to general discussions of the educational aspects of thrift and savings, it presents the standard method for conducting school savings banking systems approved by the Association. The committee says in the preface of the book:

The conviction is growing among our people that if thrift is to become general, we must begin to train the child while he is in school. The thought is that by wise organization of school savings banking as an educational project the habit of thrift may be inculcated, even before the pupil is old enough to grasp its full significance. By periodical repetition of the act of saving according to ability, the pupil can thus be led to develop a desire to save, an intention to have something to save, and a determination to avoid thriftless expenditures and waste in general.

Reports from both successful and unsuccessful projects seem to indicate three requisites for any school savings plan. First, every pupil should be a regular participant in the school banking system, just as everyone participates in the reading lesson. We can presume that there is no child in school who cannot earn and deposit at least one cent per week. Second, no effort to divert this work away from banking and into investments or sales schemes of any kind should be tolerated; the child mind lacks the ability to judge of investments. Third, the success and value of each installation can not be measured or determined without accurate records of results.

The method adopted by the American Bankers Association provides for careful differentiation of responsibility between the teacher and the banker. The responsibility of the banker is to protect the child's nickel as carefully as the balance of the prosperous adult. The method here

set forth is so ordered that moral and legal responsibilities are identical. It follows banking practice throughout. No deposit is too small or too large and is never in inconvenient form. Each penny is definitely and accurately accounted for as the property of the individual depositor. The teacher, meanwhile, is by this method freed from unaccustomed details of bookkeeping and enabled to give her attention to correlating the bank work with the school work.

The scope of the book is indicated in the following topics treated in the various chapters: Economic Reasons for the Encouragement of Thrift; Educational Value in School Savings Banking; Teaching of Thrift—Banker-Citizen Viewpoint; Teaching of Thrift—Educator's Viewpoint; Statutory Provisions; General Movement—With Statistics; American Bankers Association Method—Installation and Description; Pupil Organization; Serving School Depositors During Vacation; High School Credit for Savings Accounts; Bank Accounting; Methods of Stimulation; Way to Wealth.

The extent of the school savings banking movement in the United States is indicated in a review of reported statistics of systems in actual operation, showing that they have been installed in 5339 school buildings, that 1,543,406 pupils are participating as depositors, and that their bank balances amount to over \$14,000,000.

©

THE VEST POCKET BOOKKEEPER AND SHORTCUTS IN FIGURES.
By F. M. Payne. New York: T. J. Carey & Co. \$1.00.

A SIMPLE and concise method of practical bookkeeping with complete instructions for the correct keeping of books of accounts, and numerous explanations and forms used in commercial business, showing an entire set of books based upon

actual transactions. How to take off a trial balance sheet, and finally close and balance accounts. A working model of elementary bookkeeping and modern methods of accounts.

This new popular work is considered by experts as the most thorough and perfect self-teacher now published. The work covers the principles of bookkeeping in a form readily understood by both novice and business man. 160 pages, bound in leatherette.

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CO-OPERATIVE BANKING. By ROY F. BERGENGREN. New York: The Macmillan Co. \$3.00.

MR. BERGENGREN's aim in this book is to explain certain phases of coöperative banking as exemplified by the credit union, with some reference to other types of coöperative banks.

Thrift promotion, the elimination of usury, the farmer's problem of short-term credits, legitimate investments for small savings—these are a few of the subjects of national concern involved in the discussion. He also makes some illuminating suggestions as to how the banking system might be supplemented by the extension of coöperative banking, in order to bring banking service to the great masses of the people, and he sets forth the value of the credit union in a developing democracy.

©

"Bankers of the World"

The All-World Publishing Co., 70 Fifth avenue, New York, is to bring out soon a volume to be called "Bankers of the World", to contain short biographies of bankers, stock exchange and investment house partners, etc., both domestic and foreign. R. G. Hopper is secretary of the company and will edit the publication.

The June Bankers Magazine contains

Getting The Facts at a Glance

By F. Ellis White

GRAPHIC charts are assuming ever increasing importance as a medium by means of which the bank executive or director can readily keep in close and comprehensive touch with all important developments in the bank from day to day. The charts explained and illustrated in **GETTING THE FACTS AT A GLANCE**, by **F. ELLIS WHITE**, will enable directors to keep their fingers on all the important facts of the day: loans, deposits, new accounts, bills payable, in fact every item of importance within a bank.

THE humorists who hold forth in the syndicated columns and comic strips of the newspapers of the country seem to take a peculiar delight in harpooning the banker. If the professional humorist confined his activities as a rule to good-natured banter of the banker the aspect of things would change. But the columnist and the cartoonist are usually either caustic or ironic in their portrayal of anything related to banks and bankers. **FRANK HILTON MADISON** gives you in his article **HE WHO GETS SLAPPED** what he believes to be the underlying causes of this situation.

SIXTY days from the date the system was installed in thirty elementary schools of the district, over 5000 regular banking accounts with an average deposit of more than \$3.00 were opened under the Los Angeles Plan now in operation in that city. Read the interesting story of **THE LOS ANGELES SCHOOL SAVINGS PLAN** as outlined and explained in detail by **W. R. MOREHOUSE**, vice-president Security Trust and Savings Bank, Los Angeles.

YOU can probably answer the following questions. But how sure are you of the accuracy of your answers?—Name ten functions of a commercial bank? If you were to open a bank in your community, how would you determine what kind to establish? Can all banks make real estate loans, and if not which ones can? What kinds of banks other than savings banks are permitted to receive time deposits and to pay interest thereon? What is the primary purpose of building and loan associations? These are only a few of the topics discussed in **BANK ORGANIZATION AND FUNCTIONS**, the third of the series of articles of "A Reading Course in Banking", by **GLENN G. MUNN**.

THE BANKERS MAGAZINE

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71 Murray St., New York

Please send me a copy of the June issue of **THE BANKERS MAGAZINE** and put me down for a year's subscription, billing me \$5. If I like the June number which is sent to me without obligation on my part, I will pay the bill—if not I will notify you to cancel the subscription.

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The Question Box

On this page every month questions relating to banking and financial books will be answered. Books marked with a star will be sent on approval to any bank or banker. Books not starred will be sent on receipt of the amount indicated. Make checks payable to The Bankers Publishing Company, 71 Murray Street, New York.

QUESTION: Can you refer us to books on the organization of the Federal Reserve System and the Federal Budget Department?—X. Y. Z.

ANSWER: The organization of the Federal Reserve System is explained in volume II of Westerfield's *Banking Principles and Practice*; Willis' *Banking Under the Federal Reserve System*; chapter XII of Shugrue & Dewey's *Banking and Credit*; chapter XXII of White's *Money and Banking*. For information on the Federal Budget Department, write to the Superintendent of Documents at Washington.

As supplementary to the books, you may be interested in these articles that appeared in THE BANKERS MAGAZINE—*How the Reserve Banks Clear by Wire*, May 1922; *National Banks and the Federal Reserve System*, October 1915.

©

QUESTION: Can you recommend any books to us that will show whether it has been worth while for the banks to encourage school savings banking?—W. E. B.

ANSWER: A very timely answer to your request is given in *School Savings Banking* which is just off the press. A review of the book is given on a previous page of BOOK TALKS. Examples of how the work has been organized in some schools

are also given in MacGregor's *Book of Bank Advertising** (\$5.00) page 185; Morehouse's *Bank Deposit Building** (\$4.00) chap. XI. A very comprehensive article by W. R. Morehouse on *The Los Angeles School Savings Plan* appears in the June issue of THE BANKERS MAGAZINE.

©

QUESTION: We would appreciate it if you could give us a plan of organization and operation of an employees' club for social and educational purposes.—J. B. D.

ANSWER: IN THE BANKERS MAGAZINE there have appeared some articles on the above subject, but they do not give a direct plan of organization. The first three articles mentioned can be obtained free as they have been reprinted from the issue in which they appeared. *Every Bank Its Own Teacher* (basis for training a bank's employees in its own methods) March 1921; *Human Equation in Banking* (how to cultivate a healthy *esprit de corps* among employees) December 1920; *Relations Between a Bank and Its Employees*, October 1921; *Relations Between a Bank and Its Employees*, November 1921; *Country Homes for Bank Employees*, July 1922; *Developing Future Bank Executives*, January 1923.

Chapter XXVI of Langston's *Practical Bank Operation* dis-

cusses bank personnel work and the employees' club.

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QUESTION: Kindly advise me whether you have any books treating on the subject of bank examining, one that will tell how to conduct an examination of a bank.—C. M.

ANSWER: The subject of bank examining is thoroughly covered in one of the chapters of *The Practical Work of a Bank** (\$5.00). *Bank Directors** by Birkhead (\$1.25) tells how directors should examine their bank in detail. A chapter in Langston's *Practical Bank Operation* (\$8.00) covers auditing and examining and also one in Westerfield's *Banking Principles and Practice* (\$12.00).

In the July 1921 issue of THE BANKERS MAGAZINE there appeared a very comprehensive article on *Who Should Make the Bank Examination?*

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New Books

MONEY CREDIT AND COMMERCE.

By Alfred Marshall. Macmillan \$3. The third of a group the main purpose of which is to study the direction of man's efforts for the attainment of material ends.

ENGLISH MANUAL FOR BUSINESS.

By R. Winternitz & P. T. Cherington. A. W. Shaw Co. New York. \$1.00.

MAKING LETTERS PAY. By E.

H. Schulze. A practical system for making business letters produce better results in less time, at lower cost. Appleton. \$5.00.

CYCLES OF PROSPERITY AND DEPRESSION IN THE UNITED STATES, GREAT BRITAIN AND GERMANY. By Alvin Harvey Hansen. Apply to the University of Wisconsin, Madison, Wis.



Some Books for Bankers



The Romance and Tragedy of Banking

By THOMAS P. KANE, *late Deputy Comptroller of the Currency.*
Over 600 pages. \$5.00

The author of this book was connected with the Comptroller's office for thirty-six years, had known personally most of the Comptrollers of the Currency, and was intimately acquainted with the many incidents, both romantic and tragic, that have taken place in the banking world during his term of office. In this volume he tells the inside story of hundreds of interesting incidents. A chapter is devoted to the administration of each Comptroller.

Bank Credit Methods and Practice

By THOMAS J. KAVANAUGH, *vice-president Mississippi Valley Trust Company of St. Louis and lecturer on credits at St. Louis University.*

Second edition. 241 pages. Illustrated with forms. \$2.50

An accurate description of the operation of a credit department in a modern bank, showing how credits are passed upon by the bank executive and how essential information is kept on file. It is useful not only to the banker but also to the business executive who is interested in learning the banker's attitude on credit risks.

Bank Agricultural Department

By R. A. WARD, *general manager Pacific Coöperative Woolgrowers; formerly vice-president First National Bank of Bend, Ore.* \$1.25

This book shows the bank serving an agricultural district how to organize a special department to serve the farming interests of the community. It tells why a service of this kind is profitable for the bank and how it can be of help to the bank's customers.

Bank Credit Investigator

By RUSSELL F. PRUDEN
200 pages. \$1.50

Exact, definite and practical information in as concise a manner as possible as to what problems the young man may expect to meet in a bank credit department. In the chapters will be found information and advice as to the steps to be taken in a credit investigation and analyzation of a credit risk.

Paying Teller's Department

By GLENN G. MUNN, *lecturer, New York Chapter, American Institute of Banking.*

144 pages.

\$1.25

Presents in a practical manner the functions of the paying teller and related departments in every phase—whether they occur in a city or country bank, or in the East or West. It is intended as a reference book to which the officers, paying tellers and other clerks may turn for guidance in answering questions which constantly arise with regard to cashing checks, certifications, reserve requirements, supply and disposition of money, tests for counterfeit money and raised bills, shipping currency, etc.

Bank Directors

By O. W. BIRCKHEAD, *former national bank examiner.*

75 pages.

\$1.25

Written to explain in simple outline just how directors should proceed with an examination of their bank. This book tells how to appraise the assets; verify the cash; verify exchanges for the clearing-house; check up loans and discounts; examine items such as bonds and securities, bank building, furniture and fixtures, real estate, etc.

MacGregor's Book of Bank Advertising

By T. D. MACGREGOR, *vice-president F. Bird Wilson, Inc.*

400 pages.

\$5.00

A complete treatise on bank advertising from every angle. The most exhaustive book on the subject yet published, it is really a cyclopedia of bank and trust company advertising. It contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising.

Practical Work of a Bank

By WILLIAM H. KNIFFIN, JR.

600 pages. Fully illustrated and indexed.

\$5.00

There isn't a single practical banking problem or detail of modern bank administration that this book doesn't take up carefully and describe in detail. Tells how to increase the efficiency of a bank—how to make the work run more smoothly—how to get the most out of equipment.

See last page

Bankers Publishing Company, 71 Murray Street, New York

How to Build a Banking Library

WITH a very small investment it is possible for any bank or banker to accumulate a useful and practical library of books pertaining to the immediate problems of bank administration.

For the individual banker such a library means the increased efficiency which comes from keeping well informed. For the bank as an institution the maintenance of such a library means giving to members of the staff the means of increasing their usefulness through increased knowledge. Every bank, no matter how small, should have a library of banking books.

It is not necessary to purchase a complete library at one time. Books can be accumulated gradually, a few each month. In a surprisingly short time a well-rounded library can be built up.

The books described in these pages were all written to be of practical value to the banker in the solution of his every-day problems. They contain no theory or guess work but the tried-out conclusion of writers who have learned from actual experience.

Realizing that it is difficult to decide on the suitability of a banking book without an actual examination of the book itself, the Bankers Publishing Company has adopted an approval system which enables any bank or banker to send for any of its publications on five days' examination, at the expiration of which time the books may be returned or a remittance sent if they are satisfactory.

These terms apply only on orders from points within the United States. Orders from outside the United States must be accompanied by cash (New York Exchange). A refund will be made on all foreign orders if books are not satisfactory, provided they are returned to us within five days of receipt.

The approval privilege is extended only to banks or to bankers who should state their banking connections when ordering. Orders from customers who are not bankers should be accompanied by cash, which will be refunded if the books are not satisfactory and are returned within five days.

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You may send me on approval the books checked below. At the end of five days I will pay you the amount indicated or return to you.

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<input type="checkbox"/> Bank Credit Methods and Practice	\$2.50	<input type="checkbox"/> Elements of Foreign Exchange.....	\$1.60
<input type="checkbox"/> Bank Agricultural Department	\$1.25	<input type="checkbox"/> New Business Department.....	\$1.25
<input type="checkbox"/> Bank Deposit Building	\$4.00	<input type="checkbox"/> Practical Work of a Bank.....	\$5.00
<input type="checkbox"/> Bank Directors.....	\$1.25	<input type="checkbox"/> Paying Teller's Department.....	\$1.25
<input type="checkbox"/> Bank Window Advertising	\$3.00	<input type="checkbox"/> Romance and Tragedy of Banking.....	\$5.00
<input type="checkbox"/> Book of Bank Advertising	\$5.00	<input type="checkbox"/> Trust Companies.....	\$5.00

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How to Build a Banking Library

WITH a very small investment it is possible for any bank or banker to accumulate a useful and practical library of books pertaining to the immediate problems of bank administration.

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BOOK TALKS

Special Section of The Bankers Magazine

JUNE 1923

Literary Holiday of a Comptroller of the Currency*

THE ROMANCE AND TRAGEDY OF BANKING. By Thomas P. Kane. Illustrated. 549 pp. New York: The Bankers Publishing Company. \$5.00.

For thirty-six years Mr. Thomas P. Kane, whose death occurred in March of this year had been in the service of the National Bureau of Currency, during the first thirteen years of that time as Secretary to the Comptroller, and since 1899 as Deputy Comptroller. Since the Currency Bureau, generally known as the Office of the Comptroller of the Currency, has direct supervision over all the national banks in the United States, it follows that, when Mr. Kane discusses the banking business, he speaks as one having authority. Through the reports of the bank examiners he was in constant touch with all of the national banks throughout the country. When one of them is in trouble, it is the business of the Comptroller's office to find out what caused the trouble and how it can best be remedied.

One of the most sensational bank failures of recent years was that of the Citizens National Bank of Oberlin, Ohio, which was wrecked by Cassie Chadwick. This remarkable woman succeeded in borrowing from the bank \$250,000, more than four times the entire amount of its capital stock. All this she borrowed on forged securities, among them a note for half a million, purporting to be signed by Andrew Carnegie. That such securities were ac-

cepted without investigation bears eloquent testimony to the imbecility of the management and to the persuasive powers of Mrs. Chadwick. The first loan was for \$13,000, and even this was \$7000 more than the bank was permitted by law to lend to any one person. The bank held no security for this loan.

Commenting on this failure, Mr. Kane says:

How many bankers who have read the story of this failure and the causes which led to it will profit by the lesson it teaches? Every president, and every cashier who is a director of a national bank is required by law to take and subscribe to an oath that he will not knowingly violate or willingly permit to be violated any of the provisions of the national banking laws. The president of the Citizens National Bank of Oberlin subscribed to this oath, and his violation of it brought disaster upon his institution.

Contrary to the general opinion, a favorable report by an examiner is not a guarantee of the solvency of the bank. It is not a very difficult matter for bank officials to falsify the accounts so as to make it appear that everything is as it should be. The bank examiner does not make a complete audit. To do so would necessitate calling in all the passbooks and comparing them with the bank's books. This would require more time than the examiner has at his disposal. One Comptroller of the Currency did try the plan of having the examiners call in a certain number of passbooks, the names being taken at random from the bank's ledgers, but this plan was soon abandoned. It was found that those who received requests for their passbooks from the bank exam-

iner immediately jumped to the conclusion that there was something wrong with the bank. In some cases this was enough to start a run on the bank. Some depositors became indignant and told the examiner it was none of his business how much money they had in the bank.

The Comptroller's office has charge of national bank notes before they are sent to the banks to be put into circulation. It has happened several times that a number of these notes have been stolen by employees of the office. Mr. Kane tells an amusing incident that happened in the issue division when a package of such notes was missed at the close of a day's work.

The entire force of the division was detained as late as 10 o'clock at night while search was being made for the missing package. A young man, an employee of the division, had an important social engagement for that evening which he was prevented from keeping because of his detention at the office, and he naturally became considerably exasperated. After the vault had been thoroughly searched for the missing package, without results, this young man in temper gave one of the desk chairs which was in his way a kick, upsetting it, and the lost money package fell off the chair on to the floor. Upon inquiry as to how the package came there it was learned that an absent-minded money counter had used the package during the day as a cushion.

Mr. Kane takes up the administration of each Comptroller in turn, tells what changes were made in the banking laws and in the policy of the bureau under each, lists the important new banks organized, the failures and the instances in which banks have been saved from failure through the action of the Comptroller and his aids, and gives much other information which should be of great value to students of banking.

*Extracts from the NEW YORK TIMES review of January 21.

THE BANKERS MAGAZINE—BOOK TALKS

BOOK TALKS

EVELYN M. WINANS, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JUNE 1923

Shop Talk

THOSE READERS of BOOK TALKS who are studying banking will be interested in the article on *Bank Organization and Functions* in the June issue of THE BANKERS MAGAZINE. This is the third of the series of *A Reading Course in Banking* which is appearing monthly in the Magazine. With each article is given a list of books for supplementary reading besides the books in which are the reading assignments.



THOSE who have ordered or are interested in ordering copies of our books on credit—*The Bank Credit Investigator* or *Bank Credit Methods and Practice*—will want to follow the department called "Some Bank Credit Problems" which is a monthly feature of THE BANKERS MAGAZINE.



"THE UNIVERSITY Journal of Business" of the University of Chicago says of *The Bank Credit Investigator*, "It is a pleasure to recommend this little book to everyone who is interested in the subject and who appreciates interesting material treated with brevity."

BANK CREDIT METHODS AND PRACTICE is as intensively practical as the banker would have it, in addition to being clear and convincing as the trained teacher would make it, in the opinion of C. T. Murchison, professor of business economics at the University of North Carolina. Mr. Murchison reviewed this book in the February issue of *The Tarheel Banker*, the official publication of the North Carolina Bankers Association. His review, part of which is given below, is of great help to the student in selecting a book on bank credit:

What impresses the reviewer as being another valuable characteristic of this book is the sensible way in which it regards the bank as a living, going concern always confronting a certain amount of readjustment. This is in pleasing contrast to many books which are content to instruct the student in banking by giving him a cross-section survey after the manner of one teaching the structure of a steam engine or a skeleton. If the literature of banking is going to help produce bankers, it must lead the student through the daily problems of the bank that spring from the changing seasons, the appearance of new forms of business, the constantly changing personnel of a bank's customers, the thousand and one other forces that operate to affect the liquidity and size of a bank's portfolio.



THE TITLE of our new book, *The Romance and Tragedy of Banking*, by the late Deputy Comptroller of the Currency, Thomas P. Kane,

through an error was published in a list of comparatively old books that were being advertised for by a California bookshop. It isn't necessary for you to advertise for a copy now, merely order it from the publisher, but don't delay for you will want it to complete your banking library. (Use the convenient coupon on the last page of BOOK TALKS.) Every banker should have this book in his library. The second edition has been off the press only a short time and is fast diminishing filling the many orders on hand.



THE BANKERS MAGAZINE is trying each month to give its readers the most helpful articles obtainable. If you can write on some phase of banking that you feel will help your fellow-bankers, do so, and send your article in to the editorial offices. If you have been able to overcome some problem in your department in the bank, write up what you have done and send it in. Or there may be some phase of banking that you would like to see covered more often by interesting articles—if so, write to us about it. We receive many inquiries about books as can be seen by those we print on page 6 of BOOK TALKS every month. We will be just as glad to hear from you about the kind of articles wanted in THE BANKERS MAGAZINE.

BANK ADVERTISERS, ATTENTION!

Here is a book which includes within its covers anything that the banker needs to know to plan and conduct an advertising campaign for his institution intelligently and effectively. It covers the subject thoroughly, and the reader can rest assured that every idea and suggestion therein has stood the test of actual use. It eliminates costly experimentation. Its conclusions are not merely the result of one man's experience and observation. The author has also set down in this work the results of the experience of hundreds of others who have been successful in advertising banks and trust companies in the past ten years or more.

MacGREGOR'S BOOK OF BANK ADVERTISING

By T. D. MacGREGOR,
Vice-President Edwin Bird Wilson, Inc.

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 in the form of newspaper advertisements, street car cards, lobby posters, moving picture slides, booklets, circulars, form letters, outdoor displays, electric signs, etc.

THE author is vice-president of Edwin Bird Wilson, Inc., New York, an advertising agency which specializes in bank advertising. Through this and previous agency connections, Mr. MacGregor has written advertising copy for hundreds of banks and trust companies in all parts of the country. In the past ten years or more, probably no man has written so much or more acceptably on the subject of bank and trust company advertising in all its various phases as Mr. MacGregor.

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.

\$5.00

Check this book and fill out and mail the convenient coupon on the last page of "Book Talks".

\$5.00

Book Reviews

SCHOOL SAVINGS BANKING. Text by Savings Bank Division, American Bankers Association. New York: The Ronald Press Co. \$1.25.

THIS BOOK on school savings banking has just been published for the American Bankers Association by the Ronald Press of New York. The text was prepared by the Savings Bank Division of the Association under the direction of a special committee on school savings banking methods. In addition to general discussions of the educational aspects of thrift and savings, it presents the standard method for conducting school savings banking systems approved by the Association. The committee says in the preface of the book:

The conviction is growing among our people that if thrift is to become general, we must begin to train the child while he is in school. The thought is that by wise organization of school savings banking as an educational project the habit of thrift may be inculcated, even before the pupil is old enough to grasp its full significance. By periodical repetition of the act of saving according to ability, the pupil can thus be led to develop a desire to save, an intention to have something to save, and a determination to avoid thriftless expenditures and waste in general.

Reports from both successful and unsuccessful projects seem to indicate three requisites for any school savings plan. First, every pupil should be a regular participant in the school banking system, just as everyone participates in the reading lesson. We can presume that there is no child in school who cannot earn and deposit at least one cent per week. Second, no effort to divert this work away from banking and into investments or sales schemes of any kind should be tolerated; the child mind lacks the ability to judge of investments. Third, the success and value of each installation can not be measured or determined without accurate records of results.

The method adopted by the American Bankers Association provides for careful differentiation of responsibility between the teacher and the banker. The responsibility of the banker is to protect the child's nickel as carefully as the balance of the prosperous adult. The method here

set forth is so ordered that moral and legal responsibilities are identical. It follows banking practice throughout. No deposit is too small or too large and is never in inconvenient form. Each penny is definitely and accurately accounted for as the property of the individual depositor. The teacher, meanwhile, is by this method freed from unaccustomed details of bookkeeping and enabled to give her attention to correlating the bank work with the school work.

The scope of the book is indicated in the following topics treated in the various chapters: Economic Reasons for the Encouragement of Thrift; Educational Value in School Savings Banking; Teaching of Thrift—Banker-Citizen Viewpoint; Teaching of Thrift—Educator's Viewpoint; Statutory Provisions; General Movement—With Statistics; American Bankers Association Method—Installation and Description; Pupil Organization; Serving School Depositors During Vacation; High School Credit for Savings Accounts; Bank Accounting; Methods of Stimulation; Way to Wealth.

The extent of the school savings banking movement in the United States is indicated in a review of reported statistics of systems in actual operation, showing that they have been installed in 5339 school buildings, that 1,543,406 pupils are participating as depositors, and that their bank balances amount to over \$14,000,000.

THE VEST POCKET BOOKKEEPER AND SHORTCUTS IN FIGURES. By F. M. Payne. New York: T. J. Carey & Co. \$1.00.

A SIMPLE and concise method of practical bookkeeping with complete instructions for the correct keeping of books of accounts, and numerous explanations and forms used in commercial business, showing an entire set of books based upon

actual transactions. How to take off a trial balance sheet, and finally close and balance accounts. A working model of elementary bookkeeping and modern methods of accounts.

This new popular work is considered by experts as the most thorough and perfect self-teacher now published. The work covers the principles of bookkeeping in a form readily understood by both novice and business man. 160 pages, bound in leatherette.

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CO-OPERATIVE BANKING. By Roy F. Bergengren. New York: The Macmillan Co. \$3.00.

MR. BERGENGREN'S aim in this book is to explain certain phases of coöperative banking as exemplified by the credit union, with some reference to other types of coöperative banks.

Thrift promotion, the elimination of usury, the farmer's problem of short-term credits, legitimate investments for small savings—these are a few of the subjects of national concern involved in the discussion. He also makes some illuminating suggestions as to how the banking system might be supplemented by the extension of coöperative banking, in order to bring banking service to the great masses of the people, and he sets forth the value of the credit union in a developing democracy.

"Bankers of the World"

The All-World Publishing Co., 70 Fifth Avenue, New York, is to bring out soon a volume to be called "Bankers of the World", to contain short biographies of bankers, stock exchange and investment house partners, etc., both domestic and foreign. R. G. Hopper is secretary of the company and will edit the publication.

The June Bankers Magazine contains

Getting The Facts at a Glance

By F. Ellis White

GRAPHIC charts are assuming ever increasing importance as a medium by means of which the bank executive or director can readily keep in close and comprehensive touch with all important developments in the bank from day to day. The charts explained and illustrated in **GETTING THE FACTS AT A GLANCE**, by **F. ELLIS WHITE**, will enable directors to keep their fingers on all the important facts of the day: loans, deposits, new accounts, bills payable, in fact every item of importance within a bank.

THE humorists who hold forth in the syndicated columns and comic strips of the newspapers of the country seem to take a peculiar delight in harpooning the banker. If the professional humorist confined his activities as a rule to good-natured banter of the banker the aspect of things would change. But the columnist and the cartoonist are usually either caustic or ironic in their portrayal of anything related to banks and bankers. **FRANK HILTON MADISON** gives you in his article **HE WHO GETS SLAPPED** what he believes to be the underlying causes of this situation.

SIXTY days from the date the system was installed in thirty elementary schools of the district, over 5000 regular banking accounts with an average deposit of more than \$3.00 were opened under the Los Angeles Plan now in operation in that city. Read the interesting story of **THE LOS ANGELES SCHOOL SAVINGS PLAN** as outlined and explained in detail by **W. R. MOREHOUSE**, vice-president Security Trust and Savings Bank, Los Angeles.

YOU can probably answer the following questions. But how sure are you of the accuracy of your answers?—Name ten functions of a commercial bank? If you were to open a bank in your community, how would you determine what kind to establish? Can all banks make real estate loans, and if not which ones can? What kinds of banks other than savings banks are permitted to receive time deposits and to pay interest thereon? What is the primary purpose of building and loan associations? These are only a few of the topics discussed in **BANK ORGANIZATION AND FUNCTIONS**, the third of the series of articles of "A Reading Course in Banking", by **GLENN G. MUNN**.

THE BANKERS MAGAZINE
50 cents *\$5 a year*

THE BANKERS MAGAZINE,
71 Murray St., New York

Please send me a copy of the June issue of **THE BANKERS MAGAZINE** and put me down for a year's subscription, billing me \$5. If I like the June number which is sent to me without obligation on my part, I will pay the bill—if not I will notify you to cancel the subscription.

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Bank

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The Question Box

On this page every month questions relating to banking and financial books will be answered. Books marked with a star will be sent on approval to any bank or banker. Books not starred will be sent on receipt of the amount indicated. Make checks payable to The Bankers Publishing Company, 71 Murray Street, New York.

QUESTION: Can you refer us to books on the organization of the Federal Reserve System and the Federal Budget Department?—X. Y. Z.

ANSWER: The organization of the Federal Reserve System is explained in volume II of Westerfield's *Banking Principles and Practice*; Willis' *Banking Under the Federal Reserve System*; chapter XII of Shugrue & Dewey's *Banking and Credit*; chapter XXII of White's *Money and Banking*. For information on the Federal Budget Department, write to the Superintendent of Documents at Washington.

As supplementary to the books, you may be interested in these articles that appeared in THE BANKERS MAGAZINE—*How the Reserve Banks Clear by Wire*, May 1922; *National Banks and the Federal Reserve System*, October 1915.

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QUESTION: Can you recommend any books to us that will show whether it has been worth while for the banks to encourage school savings banking?—W. E. B.

ANSWER: A very timely answer to your request is given in *School Savings Banking* which is just off the press. A review of the book is given on a previous page of BOOK TALKS. Examples of how the work has been organized in some schools

are also given in MacGregor's *Book of Bank Advertising** (\$5.00) page 135; Morehouse's *Bank Deposit Building** (\$4.00) chap. XI. A very comprehensive article by W. R. Morehouse on *The Los Angeles School Savings Plan* appears in the June issue of THE BANKERS MAGAZINE.

©

QUESTION: We would appreciate it if you could give us a plan of organization and operation of an employees' club for social and educational purposes.—J. B. D.

ANSWER: In THE BANKERS MAGAZINE there have appeared some articles on the above subject, but they do not give a direct plan of organization. The first three articles mentioned can be obtained free as they have been reprinted from the issue in which they appeared. *Every Bank Its Own Teacher* (basis for training a bank's employees in its own methods) March 1921; *Human Equation in Banking* (how to cultivate a healthy *esprit de corps* among employees) December 1920; *Relations Between a Bank and Its Employees*, October 1921; *Relations Between a Bank and Its Employees*, November 1921; *Country Homes for Bank Employees*, July 1922; *Developing Future Bank Executives*, January 1923.

Chapter XXVI of Langston's *Practical Bank Operation* dis-

cusses bank personnel work and the employees' club.

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QUESTION: Kindly advise me whether you have any books treating on the subject of bank examining, one that will tell how to conduct an examination of a bank.—C. M.

ANSWER: The subject of bank examining is thoroughly covered in one of the chapters of *The Practical Work of a Bank** (\$5.00). *Bank Directors** by Birkhead (\$1.25) tells how directors should examine their bank in detail. A chapter in Langston's *Practical Bank Operation* (\$8.00) covers auditing and examining and also one in Westerfield's *Banking Principles and Practice* (\$12.00).

In the July 1921 issue of THE BANKERS MAGAZINE there appeared a very comprehensive article on *Who Should Make the Bank Examination?*

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New Books

MONEY CREDIT AND COMMERCE.

By Alfred Marshall. Macmillan \$3. The third of a group the main purpose of which is to study the direction of man's efforts for the attainment of material ends.

ENGLISH MANUAL FOR BUSINESS.

By R. Winternitz & P. T. Cherington. A. W. Shaw Co. New York. \$1.00.

MAKING LETTERS PAY. By E. H. Schulze. A practical system for making business letters produce better results in less time, at lower cost. Appleton. \$5.00.

CYCLES OF PROSPERITY AND DEPRESSION IN THE UNITED STATES, GREAT BRITAIN AND GERMANY. By Alvin Harvey Hansen. Apply to the University of Wisconsin, Madison, Wis.



Some Books for Bankers



The Romance and Tragedy of Banking

By THOMAS P. KANE, *late Deputy Comptroller of the Currency.*
Over 600 pages. \$5.00

The author of this book was connected with the Comptroller's office for thirty-six years, had known personally most of the Comptrollers of the Currency, and was intimately acquainted with the many incidents, both romantic and tragic, that have taken place in the banking world during his term of office. In this volume he tells the inside story of hundreds of interesting incidents. A chapter is devoted to the administration of each Comptroller.

Bank Credit Methods and Practice

By THOMAS J. KAVANAUGH, *vice-president Mississippi Valley Trust Company of St. Louis and lecturer on credits at St. Louis University.*
Second edition. 241 pages. Illustrated with forms. \$2.50

An accurate description of the operation of a credit department in a modern bank, showing how credits are passed upon by the bank executive and how essential information is kept on file. It is useful not only to the banker but also to the business executive who is interested in learning the banker's attitude on credit risks.

Bank Agricultural Department

By R. A. WARD, *general manager Pacific Coöperative Woolgrowers; formerly vice-president First National Bank of Bend, Ore.* \$1.25

This book shows the bank serving an agricultural district how to organize a special department to serve the farming interests of the community. It tells why a service of this kind is profitable for the bank and how it can be of help to the bank's customers.

Bank Credit Investigator

By RUSSELL F. PRUDEN
200 pages. \$1.50

Exact, definite and practical information in as concise a manner as possible as to what problems the young man may expect to meet in a bank credit department. In the chapters will be found information and advice as to the steps to be taken in a credit investigation and analyzation of a credit risk.

Paying Teller's Department

By GLENN G. MUNN, *lecturer, New York Chapter, American Institute of Banking.*

144 pages. \$1.25

Presents in a practical manner the functions of the paying teller and related departments in every phase—whether they occur in a city or country bank, or in the East or West. It is intended as a reference book to which the officers, paying tellers and other clerks may turn for guidance in answering questions which constantly arise with regard to cashing checks, certifications, reserve requirements, supply and disposition of money, tests for counterfeit money and raised bills, shipping currency, etc.

Bank Directors

By O. W. BIRCKHEAD, *former national bank examiner.*

75 pages. \$1.25

Written to explain in simple outline just how directors should proceed with an examination of their bank. This book tells how to appraise the assets; verify the cash; verify exchanges for the clearing-house; check up loans and discounts; examine items such as bonds and securities, bank building, furniture and fixtures, real estate, etc.

MacGregor's Book of Bank Advertising

By T. D. MACGREGOR, *vice-president F. Bird Wilson, Inc.*

400 pages. \$5.00

A complete treatise on bank advertising from every angle. The most exhaustive book on the subject yet published, it is really a cyclopedia of bank and trust company advertising. It contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising.

Practical Work of a Bank

By WILLIAM H. KNIFFIN, JR.
600 pages. Fully illustrated and indexed. \$5.00

There isn't a single practical banking problem or detail of modern bank administration that this book doesn't take up carefully and describe in detail. Tells how to increase the efficiency of a bank—how to make the work run more smoothly—how to get the most out of equipment.

See last page

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