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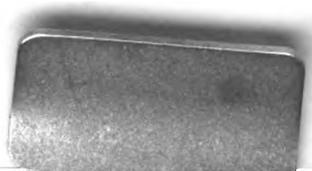
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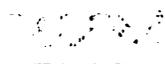


T H E  
**BANKERS MAGAZINE**

VOLUME CVII  
JULY TO DECEMBER  
1923

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*Seeking New Business on Our Record*

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**BROADWAY AND CHAMBERS, FACING CITY HALL**

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**A**T the new Uptown Branch of the Bank of New York and Trust Company, at Madison Avenue and Sixty-third Street, is a relic of old New York worth dropping in to see.

It is a check drawn by Aaron Burr in 1788 on the Bank established by his rival, Alexander Hamilton. It differs from the modern check in that the name of the bank does not appear. It is an order on "the Cashier of the Bank"; the name of the bank was not needed as The Bank of New York was the only bank in the city!

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Successors to N. W. HARRIS & CO. New York

Pine Street, Corner William  
NEW YORK

## BONDS FOR INVESTMENT

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Incorporated  
Boston

Harris Trust & Savings Bank  
Bond Department  
Chicago

1864

1923

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In strength of resources, in volume of business, in widening of business friendships, our progress has been consistent and constant.

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We invite you, if you feel the need of an institution of this character, to use the complete facilities of our banking and trust service.

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and  
Adminis-  
trator*

*Acts as  
Trustee  
Under  
Mortgages*

*Acts as Transfer Agent or Registrar*

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5th Ave. & 60th St.

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Surplus and Profits 21,000,000

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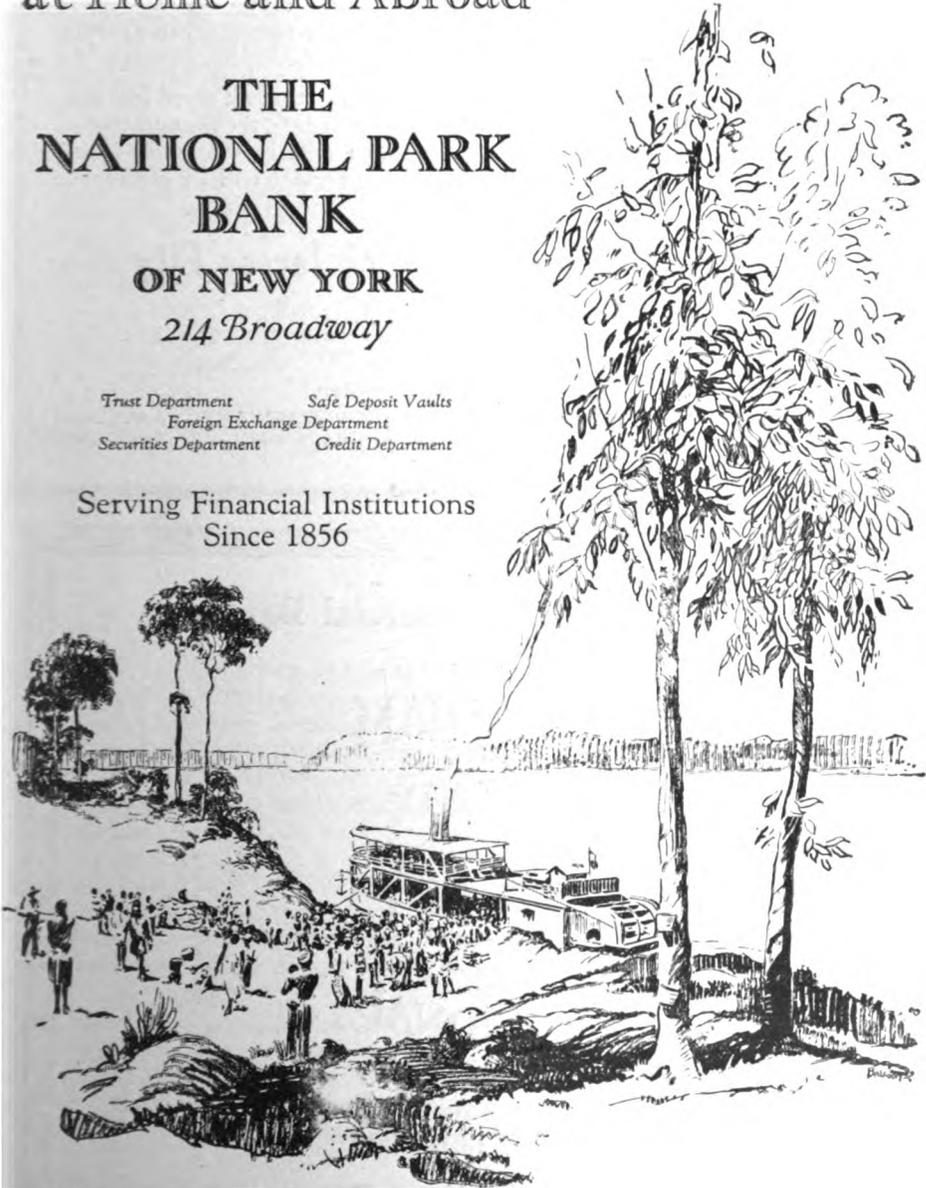
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**OF NEW YORK**

*214 Broadway*

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Foreign Exchange Department  
Securities Department      Credit Department

Serving Financial Institutions  
Since 1856



1864—SERVICE—1923



**F**OR fifty-eight years the First National Bank of Jersey City has striven continuously for the attainment of the highest ideals in banking SERVICE.

Public appreciation constantly increased the demands made on this institution until it became necessary to greatly increase facilities.

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**CHATHAM**  
AND  
**PHENIX**



**NATIONAL**  
**BANK**  
OF THE  
CITY OF NEW YORK

200 Million Dollars Resources



# ANNOUNCING

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TRAVEL

**T**HE use of your own checkbook when traveling is an innovation, which is now provided by the Seaboard Checkbook-Letter of Credit. This new provision for the comfort of travelers will eliminate considerable unpleasant bother which otherwise may be connected with the securing of cash by travelers abroad. It is no longer necessary to wait until foreign forms of draft, often unfamiliar, have been prepared and submitted to you for your signature. You now make out your own check in the

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Seaboard Checkbook-Letters of Credit can be secured at any of our three offices.

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## 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 Avenue

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**Commercial Banking, since 1812**

*(Authorized depository for federal, state and municipal funds)*

**Direct Foreign Banking, since 1814**

*(Correspondents in all principal cities of the world)*

**Trust Department, Organized 1888**

*(Acquired through consolidation with Franklin Trust Co. in 1920)*

Seven offices in the principal financial, wholesale and retail districts of Manhattan and Brooklyn.



**THE BANK  
OF AMERICA**

ESTABLISHED 1812

NEW YORK CITY

## *The* **COAL & IRON NATIONAL BANK**

OF THE CITY OF NEW YORK

It is significant that hundreds of out-of-town banks prefer the Coal and Iron as a New York correspondent. This preference is the natural result of an exceptional attention to their needs—a service no less practical because it is more personal.

*Personal Service Headquarters*

Liberty and West Streets

# TURNING NECESSITY INTO A VIRTUE

It is sometimes hard to persuade your depositors that checks and other out-of-town items cost both time and money to collect

It does not always pay to argue. Your best plan is to let our Twenty-four Hour Transit Department convert your collections into cash in the quickest possible time.

All items received at par.

No charge for telegraphic transfers.

THE  
PHILADELPHIA  
NATIONAL  
BANK

PHILADELPHIA, PA.

# The Broad Dimensions of a Great Bank

**WEIGHING** experience in terms of years and decades, Barclays Bank Limited lays more than two centuries on the scales of time. Surveying growth of facilities in banking units, this bank checks on the map of the British Isles over 1670 branches—with 161 affiliated bank offices in Scotland and many on the Continent. Measuring the sheer power of resources, Barclays recounts aggregate assets in excess of \$1,618,000,000—forming one of the largest private reservoirs of credit in the world.

BARCLAYS' services, tested by time, shaped for efficient use by thorough practice, and distributed throughout all the principal world markets, are offered to American banks. *The foreign business of American corporations and individuals is solicited only through co-operation with their own home banks.*

CORRESPONDENCE is cordially invited

December 31, 1932

Authorized Capital.....	\$97,332,000
Issued and Paid up Capital....	75,882,773
Reserve Fund.....	40,149,945
Total Resources.....	1,618,098,798

(Sterling converted at Par)

## BARCLAYS BANK LIMITED

Frederick C. Goodenough, Esq., *Chairman*

Sir Herbert Hambling, *Deputy Chairman*    Edmund Henry Parker, Esq., *Vice-Chairman*

*Head Office: 54, LOMBARD STREET, LONDON, E. C. 3*

### AFFILIATED BANKS

BARCLAYS BANK (OVERSEAS) LIMITED: Offices in Paris, Bordeaux, Boulogne, Havre, Lyons, Marseilles, Rouen, Cannes, Mentone, Monte-Carlo, Nice and other Continental cities, also in Algiers.

THE BRITISH LINEN BANK: 161 offices in Scotland.

THE UNION BANK OF MANCHESTER: 148 offices in Lancashire, Cheshire, and the West Riding of Yorkshire.

THE ANGLO-EGYPTIAN BANK, LIMITED: Branches in Egypt and Palestine; also at Gibraltar, Malta and Khartoum.

*Representative in America—H. Poe Alton*  
60 WALL STREET, NEW YORK CITY

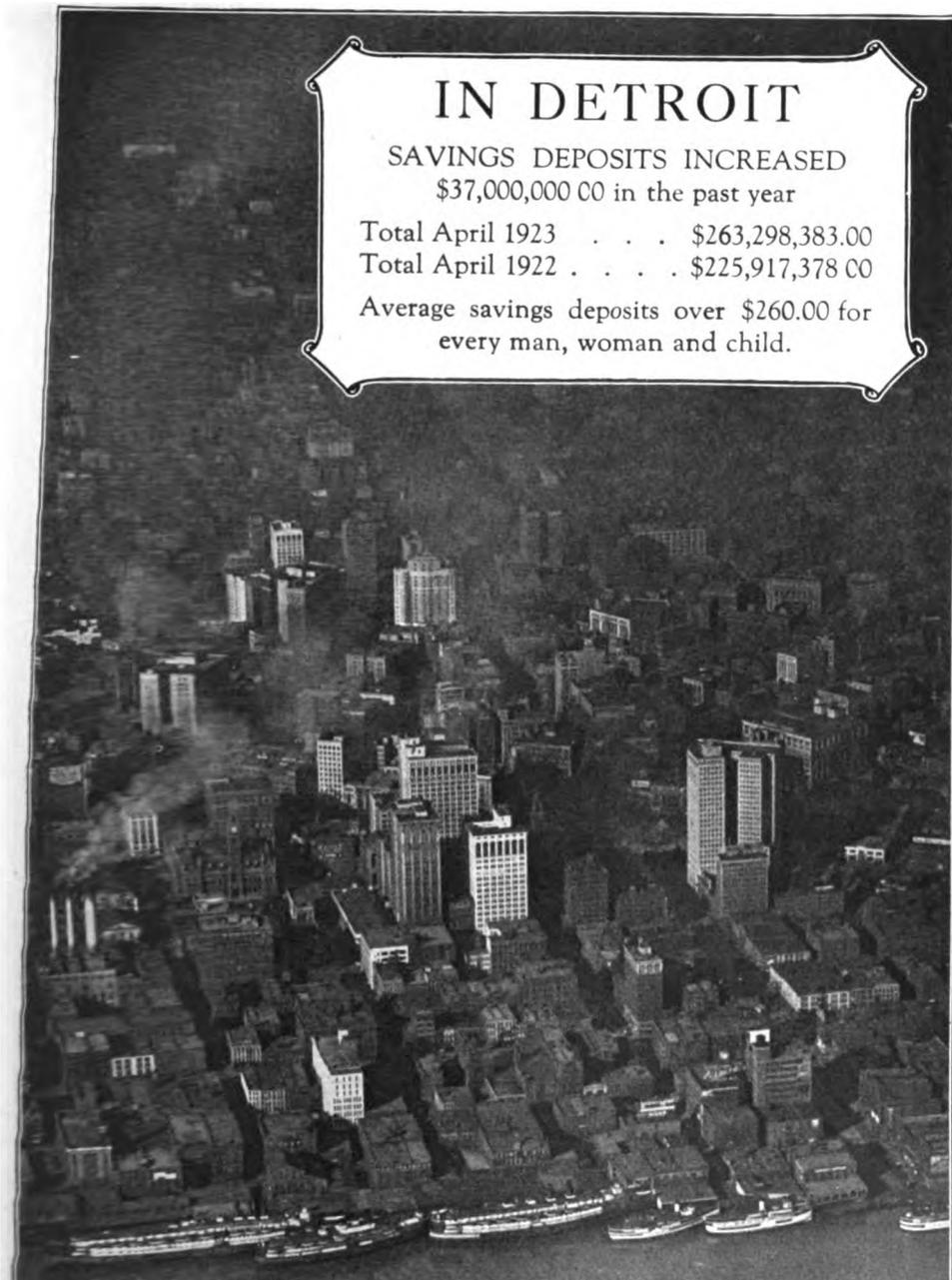
# IN DETROIT

SAVINGS DEPOSITS INCREASED  
\$37,000,000 00 in the past year

Total April 1923 . . . . \$263,298,383.00

Total April 1922 . . . . \$225,917,378 00

Average savings deposits over \$260.00 for  
every man, woman and child.



**THE PEOPLES STATE BANK**

MEMBER FEDERAL RESERVE BANK

RESOURCES OVER ONE HUNDRED MILLION DOLLARS



# Put Your Credit Problems Up to the *Continental*

If we can be of service to you in the southwest, don't hesitate to call upon us. Our credit facilities are at your disposal.

Give letters of introduction to us whenever you have customers coming this way—route your collection and transit items through us to insure quick, accurate service.



**CAPITAL and SURPLUS  
\$7,000,000.00**

**READY  
TO  
SERVE YOU  
IN CHICAGO**

**CENTRAL TRUST  
COMPANY OF ILLINOIS  
CHICAGO**

**Continental  
Service—  
With 7,450 Banks**

**The CONTINENTAL and  
COMMERCIAL  
BANKS  
CHICAGO**

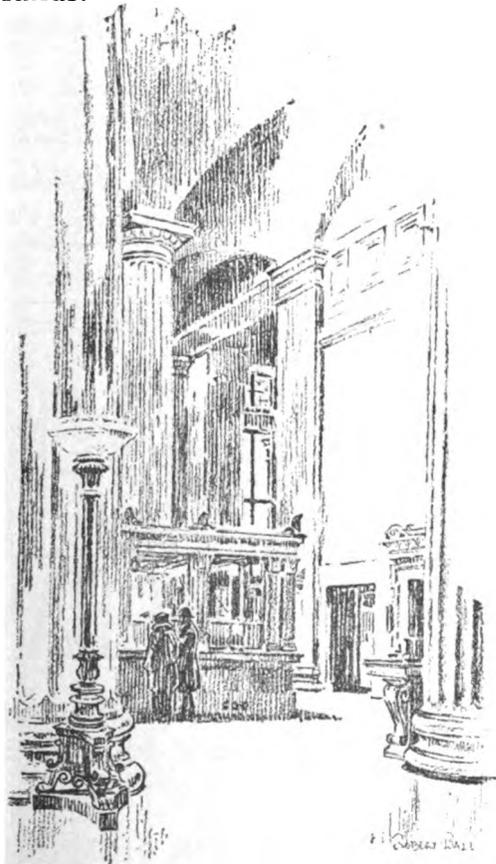
Combined Resources  
more than \$500,000,000

## Placing Surplus Funds

Location in a great commercial and financial center and intimate touch with the money markets make the Continental and Commercial National Bank the logical depository for surplus funds.

There is a variation in sectional and seasonal demand for and supply of funds. But the broad reach of this bank makes possible the advantageous placing of funds at all seasons.

Our 5,000 correspondent banks and 7,450 direct banking connections contribute greatly to success in this function, both by giving and receiving. It works both ways.



**CONTINENTAL and COMMERCIAL  
NATIONAL BANK of CHICAGO**

*"An extra measure of service"*

MEETING THE GROWING NEEDS OF THE GREAT MIDDLE WEST



# ILLINOIS MERCHANTS BANKS

CHICAGO

*Comprising*

**ILLINOIS MERCHANTS TRUST COMPANY**

*A consolidation of the Illinois Trust & Savings Bank and  
The Merchants Loan & Trust Company*

*Clark and Jackson Streets*

*and*

**THE CORN EXCHANGE NATIONAL BANK**

*Until completion of west half of Illinois Merchants Bank  
Building remains at its present location*

*La Salle and Adams Streets*

**CAPITAL AND SURPLUS • FORTY-FIVE MILLION DOLLARS**



## BOOKS THAT BANKERS NEED

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

BOOK DEPARTMENT

**THE BANKERS PUBLISHING Co.**

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



*Head Office :*

LOMBARD STREET, E. C. 3.

CAPITAL : (\$5 = £1.)  
 SUBSCRIBED \$359,323,900  
 PAID UP \$71,864,780

RESERVE FUND \$50,000,000

DEPOSITS, &c. \$1,659,767,335  
 ADVANCES, &c. \$616,943,395

1,600 Offices in England  
 and Wales.

Colonial & Foreign Department :  
 20, King William St., E. C. 4.

The Agency of Foreign & Colonial  
 Banks is undertaken.

Affiliated Banks :  
 THE NATIONAL BANK OF SCOTLAND LTD.  
 THE LONDON & RIVER PLATE BANK, LTD.

Auxiliary :  
 LLOYDS AND NATIONAL PROVINCIAL  
 FOREIGN BANK LTD.



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

# INTERNATIONAL TRUST CO.

Member of Federal Reserve System

**MAIN OFFICE, 45 MILK STREET, BOSTON**

## BRANCH OFFICES

115 Summer Street, Boston

Uphams Corner, Dorchester

Fields Corner, Dorchester

1219 River Street, Hyde Park

1 Belgrade Avenue, Roslindale

309 Washington Street, Brighton

136 Brighton Avenue, Allston

**Capital . . . \$2,000,000.00**

**Surplus . . . \$2,000,000.00**

**BANKING DEPARTMENT**

**TRUST DEPARTMENT**

**FOREIGN DEPARTMENT**

**SAVINGS DEPARTMENT**

**REGISTRAR AND TRANSFER DEPT.**

**SAFE DEPOSIT DEPARTMENT**

**CHARLES G. BANCROFT, President**

Thomas W. Murray, Vice-President

Henry E. Bothfeld, Vice-President

B. Farnham Smith, Vice-President

A. Francis Hayden, Vice-President and Secretary

Clifford B. Whitney, Treasurer

A. Edward Garland, Assistant Secretary

Howard Norton, Assistant Secretary

Thomas F. Megan, Assistant Secretary

Endicott Marean, Assistant Treasurer

Lawrence S. Bearse, Assistant Treasurer

Charles D. M. Bishop, Assistant Treasurer

Joseph J. Carson, Assistant Treasurer

Arthur E. Smith, Assistant Treasurer

Richard E. Chapman, Assistant Treasurer

Kenneth E. Downs, Assistant Treasurer

Walter J. O'Donnell, Assistant Treasurer

Donald Kirkpatrick, Assistant Treasurer

## Experienced In Every Problem of Trust

During our forty years as a trust company we have come in contact with every phase of service including the requirements of the large corporation as well as the individual.

We invite you to write to our officers concerning your Massachusetts trust business or to call at our offices when you are in Boston.

### **BOSTON** **SAFE DEPOSIT &** **TRUST COMPANY**

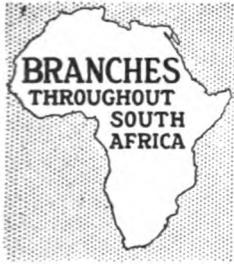
Charles E. Rogerson, President

100 Franklin Street

at Arch and Devonshire Streets

Boston 6





## Buyers of Bills

and sellers of Drafts and Cable  
Transfers on SOUTH AFRICA  
and AUSTRALASIA

### NATIONAL BANK of SOUTH AFRICA LTD.

New York Agency, 44 Beaver Street

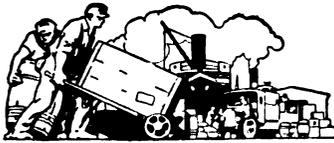
LEOPOLD R. MORGAN, Agent

Head Office, PRETORIA

BOMBAY

LONDON

ANTWERP



## The A B C

of international banking is provided through our  
62 branches and offices distributed as follows:

### Argentina Brazil Chile

ENGLAND  
GUATEMALA  
URUGUAY

FRANCE  
MEXICO  
VENEZUELA  
SAN FRANCISCO, U. S.

SPAIN  
PERU  
COLOMBIA

NICARAGUA  
ECUADOR  
SALVADOR

Anglo-South American Bank, Ltd.  
and its affiliations

British Bank of South America, Ltd.

and  
Commercial Bank of Spanish America, Ltd.

**ANGLO-SOUTH AMERICAN  
BANK, LIMITED**

New York Agency, 49 Broadway

Norman C. Stenning, Agent

Cecil Piatt, Sub-Agent

Head Office, London

**Capital and Reserves Over \$60,000,000**

# Citizens-American Bank & Trust Co.

TAMPA, FLA.

Member Federal Reserve System



Capital - - - \$1,000,000.00  
Surplus - - - 300,000.00

DR. L. A. BIZE . . . . .	President
W. W. TRICE . . . . .	Vice-President
ISAAC MAAS . . . . .	Vice-President
L. L. BUCHANAN . . . . .	Vice-President
D. H. LANEY . . . . .	Cashier
W. W. BLOUNT . . . . .	Assistant Cashier
EUGENE KNIGHT . . . . .	Assistant Cashier
C. E. HESTER . . . . .	Auditor

Our extensive connections and complete facilities enable us to handle all branches of foreign and domestic banking with the highest degree of efficiency

*Collections given special attention, and prompt remittances made*



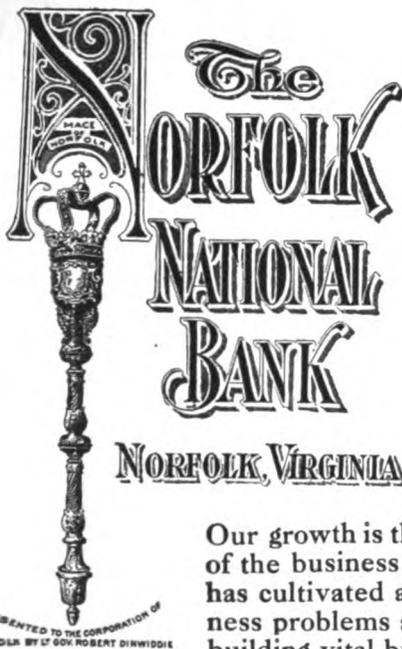
## Use The "Old National" In Spokane

—for the handling of your banking business in Eastern Washington, Eastern Oregon, Northern Idaho, and Western Montana. The services which we render are the result of 31 years of successful operation in the "Inland Empire."

## The Old National Bank

Spokane, Washington

Resources \$22,000,000



**The  
NORFOLK  
NATIONAL  
BANK**

**NORFOLK, VIRGINIA**

Organized 1885

UNITED STATES DEPOSITORY

Capital . . . . \$1,000,000

Surplus and Profits . \$1,190,000

W. A. GODWIN.....President  
 A. B. SCHWARZKOPF....Vice-President  
 J. B. DEY, Jr.....Cashier  
 C. S. WHITEHURST.....Asst. Cashier  
 I. T. VAN PATTEN.....Asst. Cashier  
 E. D. DENBY.....Asst. Cashier  
 R. H. MOORE.....Asst. Cashier

*The Oldest National Bank  
 in Eastern Virginia*

CORRESPONDENTS — National City Bank, New York; National Bank of Commerce, New York; Fourth Street National Bank, Philadelphia; National Shawmut Bank, Boston; Merchants National Bank, Baltimore.

Our growth is the direct result of the confidence of the business world in our bank—a bank that has cultivated an intimate appreciation of business problems and has tried to be helpful in up-building vital business interests of our country

# Austin National Bank

AUSTIN, TEXAS

Capital \$300,000

Surplus and Profits \$766,812

Resources \$7,374,400

E. P. WILMOT, President  
 JOHN H. CHILES, Vice-President  
 T. H. DAVIS, Vice-President  
 S. B. ROBERDEAU, Asst. Cashier

WM. H. FOLTS, Vice-President  
 MORRIS HIRSHFELD, Vice-President  
 C. M. BARTHOLOMEW, Cashier  
 LEFFLER CORBITT, Asst. Cashier

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

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

H. A. WROE, President  
 R. C. ROBERDEAU, Vice-Pres.  
 A. D. THOMPSON, Vice-Pres.  
 H. PFAEFFLIN, Asst. Cashier

L. J. SCHNEIDER, Vice-Pres.  
 L. D. WILLIAMS, Cashier  
 D. H. HART, Jr., Asst. Cashier

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

# American National Bank

AUSTIN, TEXAS

Capital, \$300,000

Surplus, \$800,000

Directors Responsibility Over \$8,000,000 United States Government Depository  
 Will remit in New York, Boston, Chicago, St. Louis, Kansas City or New Orleans Exchange when requested. We have unsurpassed facilities for collecting on all banking points in Texas.





ESTABLISHED 1832

## Banking Service in Canada, Newfoundland and West Indies

With 280 branches in Canada, 22 in Newfoundland, 11 in Jamaica and 8 in Cuba, Porto Rico and the Dominican Republic, we are well equipped to handle the accounts of banks and corporations wishing to do business with these points.

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

# The Bank of Nova Scotia

GENERAL MANAGER'S OFFICE: TORONTO, ONT.

J. A. MCLEOD, General Manager

NEW YORK AGENCY - - - 49 WALL STREET

H. V. CANN and F. W. MURRAY, Agents

LONDON BRANCH: 55 Old Broad St., E.C. 2

### CORRESPONDENTS

LONDON, ENG.—London Joint City & Midland Bank, Ltd.,  
Bank of England

NEW YORK—Bank of New York & Trust Co.  
National Bank of Commerce in New York



**Capital**  
**\$5,000,000**

**Reserves**  
**\$7,000,000**

**Head Office—TORONTO, CANADA**

**CANADIAN COLLECTIONS—**

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

**CANADIAN ACCOUNTS AND BALANCES—**

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

**THE BANK OF TORONTO**

**INCORPORATED**  
**1855**

**JOHN E. LAMB**  
**General Manager**

**THE MOLSONS BANK**

Incorporated by Act of Parliament 1855

**HEAD OFFICE: MONTREAL, CANADA**

**Capital Paid Up, \$4,000,000**      **Reserve Fund, \$5,000,000**  
**Resources Over, \$70,000,000**

**BOARD OF DIRECTORS**

**WM. MOLSON MACPHERSON, Honorary President**  
**F. W. MOLSON, President**      **W. A. BLACK, Vice-President**  
**S. H. EWING**      **WM. M. BIRKS**      **JOHN W. BOSS**      **J. M. McINTYRE**

**EDWARD C. PRATT, General Manager**

**H. A. HARRIES, Superintendent of Branches**      **T. CARLISLE, Chief Inspector**  
**E. HABERER, Inspector**

**Agents in Great Britain and Colonies**

**LONDON and LIVERPOOL—Westminster Bank, Limited.**  
**IRELAND—Munster and Leinster Bank, Limited. AUSTRALIA and NEW ZEALAND**  
**—The Union Bank of Australia, Limited. SOUTH AFRICA—The Standard Bank of South Africa, Limited.**

**Foreign Agents**

**FRANCE—Société Générale. BELGIUM, Antwerp—La Banque D'Anvers.**  
**Brussels—Société Générale de Belgique. CHINA and JAPAN—Hong Kong and Shanghai Banking Corporation.**

**128 Branches throughout the Dominion of Canada**

**Agents in all the Principal Cities of the United States**

Collections made in all parts of the Dominion and returns promptly remitted at lowest rates of exchange. Commercial letters of credit and travellers' circular letters issued, available in all parts of the world.

YOUR CORRESPONDENTS—  
—OUR BRANCHES



Capital  
and Reserves  
\$41,000,000

Total  
Resources  
\$511,000,000

WE invite you to add to your list of correspondent Banks the names of our more important Branches in Canada, the West Indies, Cuba, Central and South America.

By directing Letters of Credit to our Branches we feel confident that your interests and those of your clients will be well and efficiently served.

Our chain of over 700 Branches is placed at your disposal for other classes of business, and we shall be pleased to quote terms for collections, drawings, etc.

*A copy of our complete list of  
Branches will be mailed to you  
upon request.*

**THE ROYAL BANK  
OF CANADA**

Head Office  
Montreal

New York  
68 William Street

Established 1875

# Imperial Bank of Canada

HEAD OFFICE, TORONTO

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

PELEG HOWLAND, PRESIDENT

WM. HAMILTON MERRITT, M.D., (St. Catherines), VICE-PRESIDENT  
A. E. PHIPPS, GEN. MANAGER G. D. BOULTON, ASST. GEN. MANAGER  
H. T. JAFFRAY, ASST. GEN. MANAGER

Agents and Correspondents

## UNITED STATES

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

## GREAT BRITAIN and IRELAND

England—Lloyds Bank, Limited.  
Scotland—The Commercial Bank of Scot-  
land.  
Ireland—Northern Banking Co., Limited,  
Belfast, and Branches.

## FRANCE, BELGIUM and SWITZERLAND

Lloyds & National Provincial Foreign  
Bank, Ltd.

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

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

## WESTMINSTER BANK LIMITED

Authorised Capital - \$165,000,000  
Paid-up Capital - \$45,018,590  
Reserve - - - \$45,018,590

(\$1 = £1)

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

*THE BANK is represented by Branches or Agents in all the Principal Cities and Towns of the United Kingdom and has Correspondents throughout the World*

Head Office: 41 LOTHBURY, LONDON, E.C.2

# The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

Capital Authorized and Issued.....	£9,000,000
Capital Paid-Up .....	£3,000,000
Reserve Fund .....	£3,250,000
Reserve Liability of Proprietors	£6,000,000

**Head Office—71, CORNHILL, LONDON, E. C. 3**

Manager—W. J. ESSAME      Assistant Manager—W. A. LAING  
Secretary—F. H. McINTYRE

*Branches throughout Australia and New Zealand 187, viz.:*—

In Victoria, 43; In South Australia, 14; In New South Wales, 42; In Western Australia, 20  
In Queensland, 19; In Tasmania, 3; In New Zealand, 46.

*Agents and Correspondents in all parts of the World*

The Bank offers facilities for the transaction of every description of Banking business in Australia and New Zealand.

Bills negotiated or sent for collection. Commercial and Circular Credits issued available throughout the World.

# Bank of Liverpool & Martins Limited.

Head Office: 7 WATER STREET, LIVERPOOL.

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

Capital Subscribed .....	\$5=£1 \$93,955,600
Capital Paid Up .....	11,744,450
Reserve Fund and Surplus Profits.....	8,130,495
Deposits, etc., at 31st Dec., 1922.....	341,506,760

**345 BRANCHES AND SUB-BRANCHES.**

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

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

*Established 1833*

# THE NATIONAL PROVINCIAL AND UNION BANK OF ENGLAND, LTD.

(\$5 = £1)

Subscribed Capital - \$217,235,400

Paid-up Capital - 46,547,080

Reserve Fund - - 45,000,000

**HEAD OFFICE : 15, BISHOPSGATE, LONDON, E.C.2.**

OVER 1000 OFFICES in ENGLAND and WALES.

Every Description of Banking Business Transacted.

The Agency of COLONIAL and  
FOREIGN BANKS undertaken.

**PRINCES STREET OFFICE : 2, Princes Street, London, E.C. 2.**

The Foreign Department at this Office is specially organized for the conduct of the  
Accounts of the Colonial and Foreign Correspondents of the Bank.

## COUTTS & CO.

Established 1692, is affiliated with this Bank

LONDON: 440 Strand, W.C. 2. 15 Lombard Street, E.C. 3. 1 Park Lane, W. 1

AUXILIARY

**LLOYDS & NATIONAL PROVINCIAL FOREIGN BANK LTD.**

Principal Offices: London and Paris.

# In Every Important Italian Market

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



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

## FOREIGN BRANCHES

**New York**

**London**

**Constantinople**

## AFFILIATED INSTITUTIONS

Banca Commerciale Italiana (France): MARSEILLES, NICE, and other important cities.

Banca Commerciale Italiana e Bulgara: SOFIA and branches.

Banca Commerciale Italiana e Romana: BUCHAREST and branches.

Banca Ungaro Italiana: BUDAPEST  
Banque Francaise et Italienne pour l'Amérique du Sud: PARIS, BUENOS AIRES, SAO PAULO, RIO DE JANEIRO, VALPARAISO, and other important cities in Argentina, Brazil and Chile.

Boehmische Union Bank: PRAGUE and branches.

Banca della Svizzera Italiana: LUGANO and branches.

Credit Anversois: ANVERS, BRUXELLES and branches.

Società Italiana di Credite Commerciale: VIENNA, and branches.

Banco Italiano: LIMA and branches.

Banco Francés de Chile: SANTIAGO.

Banco Francés e Italiana de Colombia: BOGOTA.

# Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital	\$80,000,000	Surplus	. .	\$36,000,000
Capital fully paid	\$69,757,200	Resources	. .	\$1,345,547,956
Five Lire = One Dollar				

**NEW YORK AGENCY, 62-64 WILLIAM STREET**

Telephone—John 1000

Giovanni Costa  
John Stewart Durland

Siro Fusi  
Edoardo Roffi

**AGENTS**

# THE BANK OF CANTON

New York Agency Established January 9th, 1922

1 WALL STREET

Announces the opening of a new branch in Hankow, China: other branches in Shanghai, Canton and Bangkok

HEAD OFFICE, HONG KONG, CHINA

HEW FAN UN, Agent

TELEPHONE WHITEHALL 3680-3681

Inquiries and correspondence invited

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The Bankers Publishing Company

NEW YORK

CHICAGO

BOSTON

A Native Bank in Peru  
for all Banking Operations

### BANCO ITALIANO

LIMA, PERU

Established 1889

Capital Fully Paid Lp. 400,000

Surplus Lp. 401,585

BRANCHES

Callao—Arequipa—Chincha Alta—Mollendo—Trujillo

Representatives for the U. S. A.

Banca Commerciale Italiana

62-64 William Street, N. Y.

Phone: John 1000



## In Rhode Island —the Industrial Trust

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

INDUSTRIAL TRUST COMPANY

Member of Federal Reserve System

Main Offices: Providence, Rhode Island

# The Business Law Journal

*A new monthly publication  
for bankers and business men*

**I**T presents each month, in clear and concise form, the decisions of the courts, State and Federal, and the national and state legislation, which have a direct bearing on banking and business.

There is no escaping the fact that much of the vast amount of business litigation is avoidable. It can be traced to overlooking some statutory provision or settled rule of elementary law.

The most important of the business decisions are selected each month and published either in full or in digest form.

It is not intended to provide a course of study in business law, but rather to keep the reader in touch with the utterances of the courts and legislatures which affect his everyday business transactions.

*Current decisions on the following subjects  
in each issue :*

Agents	Guaranty
Arbitration	Insurance
Banking	Negligence
Bank Checks	Notaries
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Contracts	Stockholders
Corporations	Trade Acceptances
Exports	Warehouses
Foreign Corporations	Workmen's Compensation

*Single Copies, 75 cents*

*Yearly, \$8.00*

## The Business Law Journal Co.

71 Murray Street

New York City

# **Banca Nazionale di Credito**

**Capital Paid up - - Lit. 250,000,000**

**HEAD OFFICE: ROME, ITALY**

**Over 70 Branches and Agencies Throughout Italy  
Correspondents  
in all the Principal Cities of the Kingdom**

**Every Description of Domestic and International  
Banking Business Transacted**

**Special Travelers' Letters of Credit and  
Money Order Departments**

***Inquiries and Correspondence Solicited***

## **AFFILIATED BANKS**

**Banque Italo-Francaise de Crédit**

**PARIS                      MARSEILLES                      TUNIS**

**Capital Paid up - - Frs. 15,000,000**

**Italian Discount & Trust Co.**

**NEW YORK CITY**

**Capital and Surplus - - \$1,500,000**

# Banca Nazionale del Reduce

(ITALIAN VETERANS BANK)

ESTABLISHED 1919

Capital Subscribed .....	Lire 30,000,000.
Capital Paid-up .....	" 11,344,300.
Reserve Fund (Dec. 31, 1922).....	" 2,000,000.

HEAD OFFICE: ROMA, ITALY

GR. UFF. ALFREDO CALORO. President

NEW YORK AGENCY—231 East 14th St., New York City.

Telephone : Lexington 5860-5861-5862-5863

HOME OFFICES—Roma, Milano, Genoa, Tivoli

FOREIGN BRANCHES—New York, Paris

Affiliated Banks: First State Bank, Boston, Mass.; South Philadelphia State Bank, Philadelphia, Pa.

3,000 Correspondents in Italy: Correspondents all over the world.

Cable Transfers; Drafts; Letters of Credits; Bonds; and etc.

# Nederlandsche Handel-Maatschappij

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824

Capital Paid up.....	f.80,000,000	Neth. Currency	(£6,666,666)
Statutory Reserve Fund.....	f.19,455,211	" "	(£1,620,434)
Extraordinary Reserve Fund	f.22,660,000	" "	(£1,888,333)

Head Office: AMSTERDAM

Branches: ROTTERDAM, THE HAGUE.

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

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

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

LONDON CORRESPONDENTS: The National Provincial and Union Bank of England, Ltd., LONDON.

Sir Christopher Wren,  
Builder of St. Paul's Cathedral.



# The Craftsman lives in his work

"If you would see my monument look around,"  
is the proud inscription on the tomb of Sir  
Christopher Wren in St. Paul's Cathedral, London.

The craftsman gives his life to his work—and  
his achievement in his reward.

Seventy years of patient and skilful craftsman-  
ship have gone to the perfecting of The Chatwood  
Safe and Strong Room. Throughout all those  
years a determination to be satisfied with nothing  
less than the best attainable has animated everyone  
concerned with their construction.

The security afforded by The Chatwood Safe  
and Strong Room of to-day is the monument  
to the high ideals of Samuel Chatwood when  
he laid the foundation on which the present  
great business has been built.

# THE CHATWOOD SAFE

Since 1858

*"Achievement is but another  
milestone along the highway  
of progress—the end of the  
journey lies ever beyond."*  
THE CHATWOOD TRADITION

SINCE 1858	<b>THE CHATWOOD SAFE CO. LTD.</b> <i>Bankers' Engineers</i> <b>Head Offices and Works: Belton, England.</b> <i>Branches: London—56 Gracechurch St. E. C.</i> <i>Glasgow—12 Greenlodge Terrace, Greenhead.</i> <i>Manchester—Royal Exchange.</i>	SINCE 1858
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# LONDON JOINT CITY AND MIDLAND BANK LIMITED

CHAIRMAN:

The Right Hon. R. McKENNA

JOINT MANAGING DIRECTORS:

FREDERICK HYDE      EDGAR W. WOOLLEY

<b>Subscribed Capital</b>	-	-	<b>£38,117,103</b>
<b>Paid-up Capital</b>	-	-	<b>10,860,852</b>
<b>Reserve Fund</b>	-	-	<b>10,860,852</b>
<b>Deposits (Dec. 31st, 1922)</b>	-	-	<b>354,406,336</b>

HEAD OFFICE: 5, THREADNEEDLE STREET, LONDON, E.C. 2

OVER 1,670 OFFICES IN ENGLAND AND WALES

OVERSEAS BRANCH: 65 & 66, OLD BROAD STREET, LONDON, E.C. 2

Atlantic Offices: "Aquitania" "Berengaria" "Mauretania"

AFFILIATIONS:

**BELFAST BANKING CO. LTD.**      **THE CLYDESDALE BANK LTD.**

OVER 110 OFFICES IN IRELAND

OVER 180 OFFICES IN SCOTLAND

**THE LONDON CITY & MIDLAND EXECUTOR & TRUSTEE CO. LTD.**

# The Anglo-Egyptian Bank, Limited

(Affiliated with Barclays Bank, Ltd.)

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

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

BRANCHES

- EGYPT.** Alexandria, Cairo, Port-Said, Suez, Tintah, Zagazig, Mansourah, Assiut, Beni-Suef.
- SUDAN.** Omdurman, Khartoum, Port Sudan, Makwar, Wad Medani.
- PALESTINE.** Haifa, Jaffa, Jerusalem, Ramallah, Nazareth.
- MEDITERRANEAN.** Malta, Gibraltar.
- TRANS-JORDANIA.** Amman.

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

# THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

Head Office: **TAIPEH, TAIWAN**

Capital Subscribed.....		.....Yen 60,000,000
Capital Paid Up.....		.....Yen 52,500,000
Reserve Funds.....		.....Yen 12,580,000

**KOJURO NAKAGAWA, Esq.**  
President

**HIROZO MORI, Esq.**  
Vice-President

Directors

**GUNJI KAWASAKI, Esq.**  
**TADASU HISAMUNE, Esq.**

**MASUMI ESAKI, Esq.**  
**DENKICHI TAKITA, Esq.**

BRANCHES:

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

**TAIWAN**—Giran, Heito, Kagi, Karenko, Keelung, Mako, Nanto, Shinchiku, Taichu, Tainan, Takao, Tamsui, Toyen.

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

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

**New York Office: 165 Broadway**

**MASAJIRO ARAKI, Agent**

**London Office: 25 Old Broad Street**

New York Correspondents:

CHASE NATIONAL BANK	HANOVER NATIONAL BANK
NATIONAL CITY BANK	GUARANTY TRUST COMPANY
NATIONAL BANK OF COMMERCE	BANKERS TRUST COMPANY
IRVING BANK-COLUMBIA TRUST CO.	EQUITABLE TRUST COMPANY
CENTRAL UNION TRUST COMPANY	BANK OF THE MANHATTAN COMPANY
NEW YORK TRUST COMPANY	FARMERS LOAN & TRUST COMPANY

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

# The Sumitomo Bank, Limited

ESTABLISHED 1912  
(Successors to The Sumitomo Bank)

Capital Subscribed . . .		Yen 70,000,000
Capital Paid up . . .		" 50,000,000
Reserve Fund . . .		" 24,500,000
Deposits (Dec. 31, 1922)		" 333,900,000

**Head Office : OSAKA, JAPAN**

**BARON K. SUMITOMO, President**

**K. YUKAWA, Esq., Managing Director**

**S. YOSHIDA, Esq., Managing Director**

**N. YATSUSHIRO, Esq., Managing Director**

**New York Agency, 149 Broadway, New York  
S. IMAMURA, Agent**

**HOME OFFICES**

Osaka (11)	Tokyo (7)	Yokohama	Kobe	Kyoto (2)	Nagoya
Shimonoseki	Moji	Hiroshima (2)	Hakata	Hyogo	Niitama
Kurume	Kure	Wakamatsu	Kokura	Yanai	Onomichi

**Foreign Branches—Shanghai, New York, London, Hankow, San Francisco, Bombay**

**Affiliated Banks—The Sumitomo Bank of Hawaii, Ltd., Honolulu, T. H.; The Sumitomo Bank of Seattle, Seattle Wash.**

**Chief Bankers in New York and London—National City Bank of New York, New York; Lloyds Bank, Ltd., London**

**Correspondents in All Important Places at Home and Abroad**

**The Bank buys, sells and receives for collection drafts and telegraphic transfers; issues Commercial and Travellers Letters of Credit available in all important parts of the world, besides doing general banking business**

# THE MITSUI BANK, LTD.

Capital Subscribed . . .		Yen 100,000,000.00
Capital Paid-Up . . .		Yen 60,000,000.00
Reserve Fund (Aug. 1922).		Yen 33,900,000.00

**HEAD OFFICE**

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

**TOKIO**

**BRANCHES**

**Nihombashi (Tokio), Otaru, Yokohama, Nagoya, Kyoto, Osaka, Nakanoshima (Osaka), Nishi (Osaka), Kawaguchi (Osaka), Kobe, Hiroshima, Shimonoseki, Moji, Wakamatsu (Kyushu), Fukuoka, Nagasaki, Shanghai, New York**

**Foreign Agents**

**London—Barclays Bank, Ltd.; London Joint City & Midland Bank, Ltd.**

**Paris—Banque de l'Union Parisienne; Comptoir National d'Escompte de Paris**

**Hamburg—Commerz und Privat Bank**

**Bombay—National Bank of India, Ltd.; Lloyds Bank, Ltd., Cox Branch**

# The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 80,000,000
Capital Paid-Up . . .		Yen 50,000,000
Total Resources . . .		Yen 600,000,000

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

Governor, S. MINOBE

Deputy Governor, T. KANO

*Directors*

S. OHTA

S. KATAYAMA

S. YOSHIDA

S. KAKEI

### FOREIGN DEPARTMENT: TOKYO

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

### *Principal Branches:*

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

## New York Agency, 165 Broadway

M. Hashimoto and T. Koba, Agents

# The Kajima Bank, Limited

Established in 1888

CAPITAL PAID UP . . .		Yen 15,100,000.00
RESERVE FUND . . .		3,700,000.00
DEPOSITS (Dec. 31st, 1922) . . .		138,985,881.69

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

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

## Head Office, Osaka, Japan

*Principal Branches*

Tokyo    Kobe    Okayama    Hiroshima    Fukuyama    Tokuyama

**Transacts General Banking, Foreign Exchange and Trust Company Business**

*New York Correspondents*

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

*London Correspondents*

Yokohama Specie Bank, Ltd.  
 Bank of Taiwan, Ltd.  
 London Joint City & Midland Bank, Ltd.

# SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

**GOTHENBURG      STOCKHOLM      MALMÖ**

**Branches  
In All Parts of Sweden**

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

Telegraphic Address: Kreditbolaget

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

## Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

**Head Office: Athens**

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

**ASSOCIATED BANK in LONDON**

## The Commercial Bank of The Near East, Ltd.

1 Broad Street Place, E. C. 2

*with branch in CONSTANTINOPLE*

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

**GENERAL BANKING BUSINESS TRANSACTED**

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

**Capital . . . . . Dr. 25,000,000.00**

**Reserves . . . . . 18,103,997.79**

of the above Dr. 20,000,000 are represented by assets of £800,000 evaluated at Dr. 25

# The National Bank of New Zealand, Ltd.

Authorized Capital, \$22,500,000  
 Subscribed Capital, \$18,750,000  
 Paid-up Capital, \$ 6,250,000  
 Reserve Fund, \$ 6,250,000

Head Office

8 Moorgate Street, London, E.C. 2

Manager, ARTHUR WILLIS

Chief Office

In New Zealand at Wellington

General Manager, ALFRED JOLLY



73 Branches and Agencies Throughout New Zealand.

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

# Industrial and Agricultural Bank of Bohemia

(Česká průmyslová a hospodářská banka)

Prague, Czechoslovakia

Paid up Capital . . . . .	Kč	210,000,000.00
Reserves over . . . . .	Kč	70,000,000.00
Resources over . . . . .	Kč	2,650,000,000.00

**62 Branches and Sub-Branches in Czechoslovakia**

Correspondents in every town of the Republic

Foreign Branch:—LJUBLJANA, Yugoslavia

FOREIGN AFFILIATIONS:

Hungarian-Bohemian Industrial Bank, Budapest, Hungary.

Anglo-Roumanian Bank, Bucarest, Roumania.

**Special Facilities for Foreign Banking Business**



# Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

## HEAD OFFICE, SYDNEY



Head Office  
Sydney, N. S. W.

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

A Savings Bank Department at all Branches and 3,212 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

*Agents and Correspondents throughout the World*

**Banking and Exchange Business**

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

December 31st, 1922

General Bank Deposits	-	-	\$137,717,907.63
Other Items	-	-	37,147,936.54
Savings Bank Deposits	-	-	197,470,584.08
Note Issue Department	-	-	259,857,157.50
			<u>\$632,193,585.75</u>

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

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened Interest on Fixed Deposits

Advances made against approved Securities

**JAMES KELL, Esq.**

Deputy Governor

**SIR DENISON MILLER, K.C.M.G.**

Governor

# Bank of New Zealand

ESTABLISHED IN 1861

Bankers to the Government of New Zealand, which holds Preference Shares in the Bank for \$5,474,812, and guarantees its Redeemable Stock \$2,579,186

Paid-up Capital ..... \$19,003,624  
Reserve Fund and Undivided Profits ..... 10,247,963  
Aggregate Assets at 31st March, 1922 ..... 210,866,370

Head Office:

**WELLINGTON, NEW ZEALAND**

General Manager: H. BUCKLETON

London Office:

**1 QUEEN VICTORIA STREET, E. C. 4**

Manager: ROBERT MILL



Head Office, Wellington

**THE BANK OF NEW ZEALAND** has branches at Auckland, Blenheim, Christchurch, Dannevirke, Dunedin, Gisborne, Hamilton, Hastings, Invercargill, Masterton, Napier, Nelson, New Plymouth, Oamaru, Palmerston North, Queenstown, Rotorua, Timaru, Wanganui and Wellington, and has also Branches or Agencies at 188 other towns in New Zealand, at Melbourne and Sydney in Australia, Suva and Levuka in Fiji, and Apia in Samoa, also Agents in all the principal Cities in the World.

The Bank has facilities for conducting every description of Banking Business.

It is prepared to negotiate at any of its Branches, Bills drawn in dollars or sterling under Credits established by its American Agents, and to issue Drafts or Credits, either in dollars or sterling, on any of the principal Cities in North America.

Chief Agents in New York: **IRVING NATIONAL BANK**

Chief Agents in San Francisco: **FIRST NATIONAL BANK OF SAN FRANCISCO**

### *Other Agents and Correspondents in United States:*

American Exchange National Bank, New York  
American Express Company  
Bankers Trust Company, New York  
Bank of Bishop & Co., Ltd., Honolulu  
Bank of Italy  
Bank of Montreal  
Bank of Nova Scotia  
Brown Brothers & Co., Boston  
Canadian Bank of Commerce  
Chartered Bank of India, Australia & China  
Chase National Bank, New York  
Irving Bank-Columbia Trust Company, New York  
Crocker National Bank of San Francisco  
Drexel and Co., Philadelphia  
Equitable Trust Company of New York  
Farmers & Merchants Nat'l Bank, Los Angeles  
Farmers' Loan & Trust Company, New York  
First National Bank of Boston  
First National Bank of Chicago  
Greenebaum Sons Bank & Trust Co., Chicago

Guaranty Trust Company of New York  
Hanover National Bank of the City of New York  
Hongkong & Shanghai Banking Corporation  
Illinois Merchants Trust Co., Chicago  
International Banking Corporation  
Merchants National Bank of Boston  
Mercantile Trust Company, St. Louis  
Morgan & Co., J. P., New York  
National Bank of Commerce, St. Louis  
National Bank of South Africa, Ltd.  
National City Bank of New York  
National Park Bank of New York  
National Shawmut Bank, Boston  
Northern Trust Company, Chicago  
Philadelphia National Bank  
Riggs National Bank of Washington, D. C.  
Royal Bank of Canada  
Standard Bank of South Africa, Ltd.  
Walker Bros., Salt Lake City  
Yokohama Specie Bank, Limited

### *Chief Agents in Canada:*

**CANADIAN BANK OF COMMERCE**

**BANK OF MONTREAL**

### *Other Agents and Correspondents in Canada:*

American Express Company  
Bank of Nova Scotia  
Dominion Bank

Dominion Express Company, Toronto  
Imperial Bank of Canada  
Royal Bank of Canada

# National Bank of Australasia, Ltd.

ESTABLISHED 1858

Head Office: MELBOURNE

Authorized Capital . . . . .	\$25,000,000
Capital Paid Up . . . . .	10,000,000
Reserve Fund . . . . .	5,700,000
Reserve Liability . . . . .	4,140,000



## DIRECTORS

Mr JOHN GRICE, Chairman	HON. F. G. CLARKE, M.L.C.
EDWARD TRENCHARD, Esq., Vice-Chairman	BOWES KELLY, Esq.
J. NEWMAN BARKER, Esq.	HUGH M. STRACHAN, Esq.
Auditors: C. H. TUCKETT, F.C.P.A., JOHN BISHOP, F.C.P.A.	
Solicitors: MALLISON, STEWART, STAWELL and NANKIVELL	
MOUIE, HAMILTON and KIDDLE	
Chief Manager: F. H. WRENFORD	Deputy Chief Manager: JAMES WILSON
	Chief Inspector: T. A. EDMANDES

## OFFICES

VICTORIA, Head Office and 130 Branches NEW SOUTH WALES, Sydney and 11 Branches  
 S. AUSTRALIA, Adelaide and 41 Branches WEST AUSTRALIA, Perth and 29 Branches  
 Agents in all important towns in New South Wales, Queensland, New Zealand  
 and Tasmania  
 LONDON OFFICE, 7 Leithbury, E. C.

AGENTS AND CORRESPONDENTS THROUGHOUT THE WORLD

Trade Bills discounted or collected Foreign Bills bought or collected. Moneys remitted to all parts by Drafts, Telegraphic or Cable Transfers. Circular and other Letters of Credit issued, available in Australasia and Abroad for Touring and Commercial needs.

# English, Scottish & Australian Bank, Limited

Authorized Capital . . . . .	\$15,000,000
Subscribed Capital . . . . .	\$15,000,000
Paid-up Capital . . . . .	\$7,500,000
Further Liability of Shareholders . . . . .	\$7,500,000
Reserve Fund . . . . .	\$7,250,000

HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E. C. 3  
 and 325 Branches and Agencies in Australia

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

### Chief Agents in United States

NEW YORK—Guaranty Trust Company of New York.  
 CHICAGO—First National Bank.  
 SAN FRANCISCO—Crocker National Bank.  
 E. M. JANION, Manager.



# THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

Paid-up Capital . . . . . £4,000,000  
 Reserve Fund . . . . . £3,525,000  
 Reserve Liability of Proprietors  
 under the Charter . . . . . £4,000,000  
 £11,525,000

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

EDMUND GODWARD, Manager

## Branches in Australia

VICTORIA	Victoria, Contd.	N. S. Wales, Contd.	Queensland, Contd.
Melbourne: 394 & 396 Collins St.; 384 Elizabeth St.	Shepparton Stawell Strathmoreton Tallangatta Terang Traralgon Tungamah Walwa Warragul Warrnambool Wederburn Weslispool Wycheproof Yackandandah Yarram-Yarram Yarrowonga	Glen Innes Goulburn Grafton Grenfell Howlong Jerilderie Kempsey Kyogle Lismore Maitland (West) Maitland (East) Moree Murrumbidgee Murrumbidgee Narrabri Narramine Newcastle Nowra Orange Parkes Peak Hill South Grafton Stroud Tamworth Tullamore Wagga-Wagga Wool Young	Rockhampton Roma Toowoomba Toowoomba Townsville  <b>SOUTH AUSTRALIA</b> Adelaide Kooronga Mount Barker Port Lincoln Port Pirie Wirrabarra  <b>WESTERN AUSTRALIA</b> Perth Albany Beverly Bunbury Fremantle Gnowangerup Kalgoorlie Mooro Northam Pingelly Wagin Wickepin
Ratnadales Ballarat Benalla Bendigo Bright Castlemaine Charlton Chiltern Cobram Corryong Drouin Euroa Fish Creek Foster Geelong Kangaroo Kingston Koroit Korong Vale Korumburra Leongatha Mirboo North Mooroopna Morwell Nathalia Narrawah Port Fairy (Belcast) Rutherglen St. James Sale	<b>NEW SOUTH WALES</b> Sydney: Martin Place; 64 Pitt St.; 355 George St. South Hurstville Wentworth Avenue Kogarah Leichhardt Marrickville Newtown Petersham Albury Ballina Bathurst Bega Bellingen Berrigan Blayney Broken Hill Cootamundra Corryong Crockwell Dorrigo Dubbo Forbes	<b>QUEENSLAND</b> Brisbane Cairns Charters Towers Chillagoe Cooyar Crow's Nest Herberton Hughenden Innsworth Kingsgrove Longreach Maryborough Oakley Richmond	<b>TASMANIA</b> Hobart Burnie Deloraine Devonport Fingal Latrobe Launceston Sheffield Stanley Ulverstone Wynyard

## Branches in New Zealand

Wellington Ashburton Auckland Christchurch Dunedin Dunedin Eltham Featherston Fellinging Gisborne Gore Hamilton	Hastings Hawera Invercargill Kaikoura Levin Mania Mangonui Marton Masterton Matamata Morrinsville Motu	Napier New Plymouth Otaki Palmerston (Nth.) Palmerston Rotorua Rotorua Stratford Taihape Tauranga Te Aroha	Te Kuiti Temuka Te Puke Timaru Waipawa Waipukurua Waipara Wanganui Waverley Whakatane Whangarei
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## Principal Correspondents in North America

### CANADA:

Bank of Montreal  
 Canadian Bank of Commerce

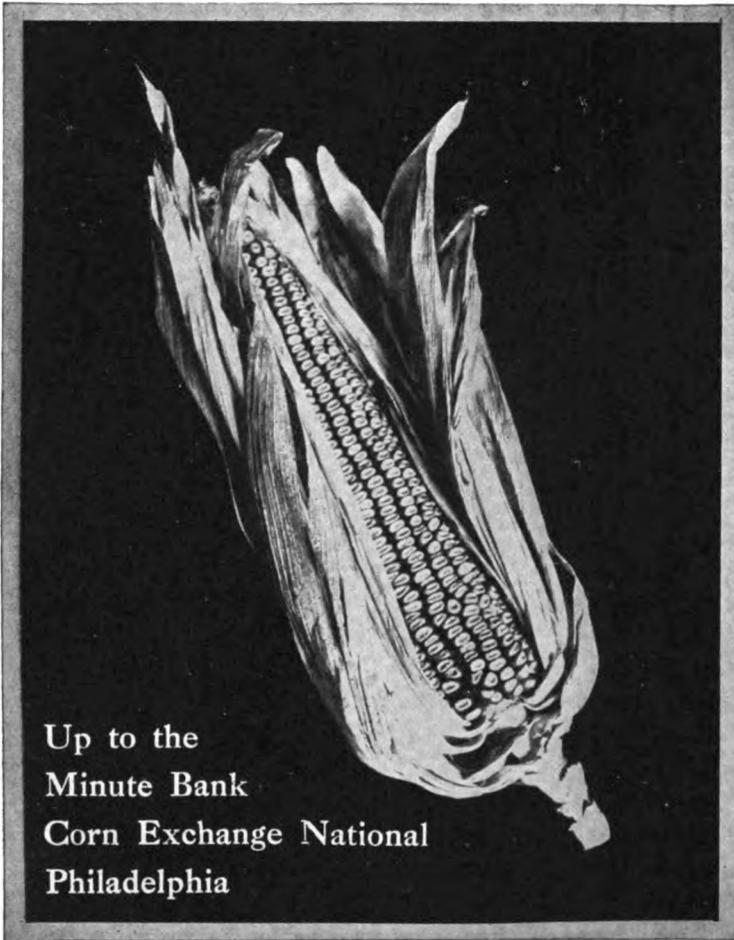
### UNITED STATES:

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

### UNITED STATES:

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

Offer facilities for the transaction of every description of Banking Business in Australia and New Zealand. Negotiate or Collect Bills. Issue Telegraphic Transfers, Letters of Credit and Drafts, also Circular Notes and Circular Credits, in all parts of the world.



Up to the  
Minute Bank  
Corn Exchange National  
Philadelphia

*Of Course*

we want your business, but we want it on a basis that will pay you as well as ourselves. We want it because we have proper facilities for handling it. Don't worry over poor service—send your business to

**“CORN EXCHANGE”**

PHILADELPHIA

Established 1846

# The Bankers Magazine

Published Monthly by

**THE BANKERS PUBLISHING COMPANY**

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No. 1

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

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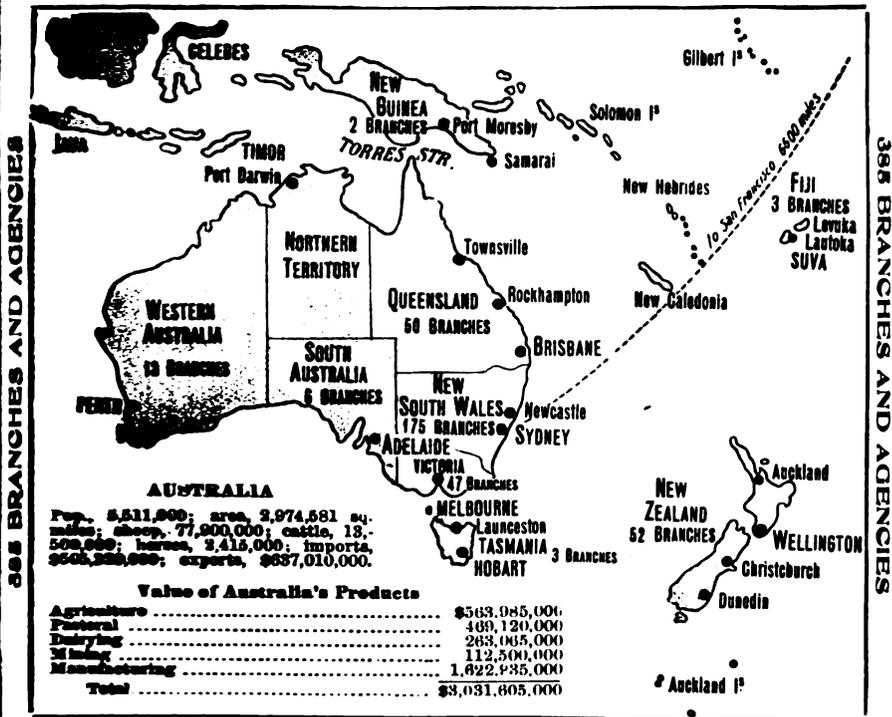
# BANK OF NEW SOUTH WALES

## AUSTRALIA

Paid-up Capital . . . . .		\$30,000,000
Reserve Fund . . . . .		19,000,000
Reserve Liability of Proprietors . . . . .		30,000,000
		\$79,000,000

**Aggregate Assets, 31st March, 1923, \$396,102,130**

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# Guaranty Trust Company of New York

# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SEVENTH YEAR

JULY 1923

VOLUME CVII, NO. 1

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## The Unsettled Reparations Problem

**A**NOTHER attempt to settle the reparations problem has failed. This time an offer was made by Germany, which was promptly rejected by France and Belgium and later by Great Britain and Italy. While the terms of the replies made by the two governments first mentioned were rather more vigorous than those of Great Britain and Italy, all the replies in substance meant the same thing, namely, that Germany's proposals were not merely unsatisfactory both as regards the amount offered but as to the certainty that even what was tendered would really be paid. In other words, that the German proposal was unworthy of serious consideration. Thus the reparations problem remains where it was with no immediate settlement in sight. And yet it is realized by all who have given the matter serious thought that a settlement of some kind must be made before long. The matter can not be allowed to drift along indefinitely menacing not only the economic restoration of Europe but possibly the peace of the world.

In searching for a solution of this vexing problem, its fundamental character must be ascertained and kept steadily in view. There is much confusion of opinion in regard to this in our own country and on the other side of the Atlantic as well. Quite recently, in commenting on Great Britain's reply to the German offer, the London "Times" said:

"The situation which we have to face is so continually misrepresented and is becoming so obscure that it cannot be restated too often or too clearly. In common with all our Allies in the war, and not with France alone, we are engaged in getting reparations out of Germany up to the limit of her power to fulfill the obligations into which she has been compelled to enter. Opinions still differ as to the amount which she can pay, the period within which she can pay it, the best method of securing its payment. But all these questions are primarily economic questions, and the basis of their settlement can be provided only by economic experts. It is quite idle, therefore, to talk as though a war of honor were in progress in which no self-respecting nation can be neutral and mere figures can be dis-

regarded till victory is won. Figures, on the contrary, are the very essence of the problem; and so far from the discussion of figures being scorned as irrelevant, the natural occupation of a 'nation of shopkeepers', it is perfectly certain that no progress whatever can be made in the purpose common to all of us until we are agreed upon Germany's capacity to pay. Once that is settled we return to the regions of politics and statesmanship. In other words, there is no doubt about the logical sequence of events if there is to be any payment of reparations at all. The first stage is another and a final examination (which can be conducted only by experts) of Germany's economic resources. The second is a decision, based upon the results of that examination, and taking account, moreover (as only governments can take account), of the other great outstanding question of the debts of the Allies to one another."

This seems like a clear case of putting the cart before the horse. Would the question were so simple as the London "Times" regards it. But it is not. There would be no great difficulty in finding economic experts who could figure out how much Germany should pay and how best she could be compelled to pay. But these economic experts could neither give assurance that Germany would pay in the prescribed manner or that France would accept the sums these experts might award. Nobody can doubt that at some date the men of figures will have to be called in to help in deciding these matters; but their services are not required at present. The real problem is to find out what France wants, not merely as reparations but as a guaranty against future German aggressions. Until this is ascertained and the necessary guaranties given, the figures which the greatest economic experts may present will have no practical value.

Opinion in America in official and financial circles coincides measurably with the views quoted, and very likely that is one reason why the settlement of the reparations problem hangs fire. We either fail to understand the essential nature of the controversy, or if we do understand it we refuse to be bound by the obligations imposed. In either case we become incapable of rendering any effective aid in clearing up the situation.

The conclusion to which events have been pointing for some time would seem to be this, that only by solidarity and coöperation among those engaged in the war on the Allied side can there be any satisfactory outcome of this long-pending controversy. Such coöperation should not tend to foster harshness but would assure justice. To bring about this coöperation is first of all the task of the statesman. The world at this moment greatly needs a political Moses.

## International Bankers and the President

**B**ANKERS in the United States who are more or less engaged in business of an international character are frequently held up by demagogic politicians as frightful examples of evil. They are held responsible for the wars and many other calamities that afflict the human race. Not long ago a feminine parlor socialist was vigorously denouncing Wall Street's international bankers for embroiling the United States in a war with Germany "in order to compel England to repay the money these bankers had loaned to the latter country". When reminded that the Wall Street bankers had good American collateral in their vaults to secure this loan, the lady did not modify her views one whit. Like all fanatics, she was utterly impervious to facts.

This view of the international banker as a reprehensible fellow represents a marked shifting of ground on the part of the cheap politician. For a long time it was his favorite cry that all bankers were of the same type. But this ridiculous assertion fell down, because the people who knew their home-town bankers as decent folks laughed at such preposterous efforts to stir up class hatred. Then the demagogue quit trying to blacken the reputation of the bankers of his own community and affixed the damning label on the bankers of "Wall Street". Now even this designation has become too general, and the execration is confined to the "international banker". He is not very numerous, has few votes, and may live in New York, London or any one of the great foreign money centers. The politician considers himself entirely safe in attacking this type of banker. But when the President of the United States is accused of being influenced by the international bankers, an opportunity is afforded of refuting the unfounded belief that bankers of this class have an undue or sinister power. When President Harding was said to have been influenced by international bankers in proposing that the United States adhere to the Permanent Court of International Justice, he responded to the charge in this vigorous fashion, addressing the American Society of Newspaper Editors at Washington:

"I care nothing about editorial criticism directed against the individual. But I read within forty-eight hours a very earnest editorial, wherein it was stated that the recent proposal of the Executive to the Senate that we adhere to the International Court of Justice was imposed upon the Executive by the influence and the cunning and design of the international bankers.

"Well, there isn't a word of truth in it and I want to tell this to

you because it will enlarge your vision and enable you to comment sometimes a little more satisfactorily.

"I have been President something more than two years. I have yet to be asked for an audience or be requested an interview by a single international banker in America or elsewhere. And the only exchange of opinions between international bankers and the President of the United States has been at the request of the President, and it is fair to say that in the instances when they had been summoned they have said with just the same patriotic interest and devotion that you would say: 'Mr. President, we are at your service in any way you wish to command us'.

"It is fair to tell you that when publishers and editors say with seeming sincerity and great emphasis that the Government is being led astray at the behest or design of the bankers, there isn't a grain of truth to justify the statement."

The truth of the President's statement is beyond question, but it will probably do little to alter the tactics of those who have been making statements of this character, since their object is not the dissemination of truth but to stir up hatred and dissension.

International bankers are merely engaged in banking and finance on a wider scale than other bankers, and are neither better nor worse than the latter, although it may be said in fairness that the very breadth of their operations rather tends to increase the liberality of their views. Perhaps if all of us had as intimate knowledge of foreign countries as is possessed by the leading international bankers of the world wars would be far less frequent than they now are.



## Ownership of Stock by Bank Employees

**A** **ANNOUNCEMENT** was made recently that 3068 shares of the Irving Bank-Columbia Trust Company of New York had been delivered to members of the staff of the institution, and that some 900 persons, ranging from office boys to vice-presidents, had participated in the distribution. This distribution was not in the nature of a bonus, but represented an outright sale of stock to the employees. The sale was made to them, however, on exceptionally favorable terms, stock quoted in the market at \$238 having been sold to the employees at \$100. To do this existing stockholders generously waived their subscription rights to an increased issue of the capital stock. As the employees paid for their shares on the installment plan, paying 6 per cent. on the money advanced

to buy the stock and receiving 12 per cent. in dividends, the stock paid for itself in part out of its own earnings.

The plan of interesting employees and junior officers in the ownership of the institutions they are serving has been tried by a number of banks and industrial concerns and the movement seems to be gaining in favor. Much may be hoped from it as offering a means of bringing employers and employees closer together. When a man realizes that he is working for a corporation in whose earnings he has a direct share above his salary or wages it would seem to be a reasonable inference that he will do his utmost to increase these earnings. In the case of banks and trust companies the employee is pretty sure of getting substantial dividends each year. But some plans of a like character applied in large industrial concerns have not turned out so well, for the stock has depreciated in value and dividends have been suspended. Yet this is no argument against the general desirability of the plan, for employees need to learn that there are losses as well as gains in business. As reasonable beings they can not accept the profits without also submitting to the losses. It is believed, however, that as employees become more widely interested in the country's enterprises these losses will greatly diminish as the result of greater efficiency and more peaceful relations between employers and employed.



## A Banker's Noble Gift

**T**HROUGH the munificence of the late Henry P. Davison six young Englishmen, three from Cambridge and three from Oxford, are enabled to attend at least one year at Harvard, Yale or Princeton. A trust fund has been established for this purpose on lines somewhat like the Cecil Rhodes trust by which American young men go to Oxford. In announcing the founding of the Henry P. Davison Scholarship Fund, Mrs. Davison stated that its object was "to aid in fostering good will between the United States and Great Britain, and recognizing that mutual understanding is of the essence of such good will".

The motive prompting this gift is of the deepest significance. It would first have the peoples of the two countries understand one another better, in the belief that this would lead to closer relations. That this belief is well founded in respect to the two countries named can not be doubted. Probably also the same would apply to most of the other countries of the world having different standards of civilization. Not infrequently these variations are due to

peculiarities of race, climate or other physical conditions. One living for a time in England comes to realize how much of that country's food is imported and therefore how vital is a powerful navy. Doubtless one going to Japan would be impressed by the intensive cultivation of the soil and the consequent need for finding new fields to till.

To bring about a better understanding between the many different peoples inhabiting the earth's surface is a task of no mean proportions, though not so difficult in the case of England and the United States where the basis for such better understanding already exists. Nevertheless, even these two countries will be benefited by knowing one another better, and to this Mr. Davison's noble gift will materially contribute. It would be an interesting experiment for individuals and perhaps for nations to create funds or trusts for the purpose of cultivating better understanding and creating good will. Battleships and fortifications, costing immense sums, are provided for national defense. Might not smaller outlays devoted to creating international friendships constitute a far more effectual barrier against hostile attacks from the outside world?



## Deposit Guaranty on Trial

**F**OR some years several of the states have been experimenting with laws guaranteeing deposits in the state banks. These experiments have been made chiefly in the states of the West and Southwest, the idea not having been favorably received in the Eastern section of the country. Whether this difference in legislating on this matter has been due to varying standards of banking in the respective sections or to a greater readiness in the West and South to try legislative experiments, may be a debatable question. It may be forgotten that the State of New York, many years ago, tried the scheme for a time but found that it did not work successfully. Owing to the same reason the State of Oklahoma has recently repealed its bank deposit guaranty law. As several other states still cling to laws of a similar character, it will be interesting to observe their history so as to find out whether the lack of success in Oklahoma was due to the nature of the law itself, its administration, or to the fundamental unsoundness of the principle involved. Many of the best bankers of the country strongly oppose the guaranty of deposits by government, or by a tax on all the banks, as unsound in principle, holding that it relieves the banker from a large share of individual responsibility which is passed over to

others. An impartial history of the experience of the different states with bank deposit guaranty laws should throw important light on the subject.

While the State of Oklahoma has repealed its guaranty law, and the State of Minnesota has just rejected a bill for guaranteeing deposits, laws of this kind are still in force in some of the states. The cantonal banks of Switzerland also have their deposits protected by a government guaranty—a fact which they emphasize in their advertising.

It is a trite saying that the best sort of bank guaranty is that afforded by sound and capable management. In a country having some 30,000 separate banking institutions, and where banking is substantially free to anyone desiring to engage in it, considerable difficulty is experienced in always assuring management of this character. But the vast majority of our banks are thoroughly good and they are getting better all the time.



## The Supreme Court and Prohibition

**R**ESPECT for the decisions of the Supreme Court is practically universal, and justly so. This for two reasons: in the first place the character and legal attainments of the Justices are such as to command the public confidence; secondly, these decisions represent the last word on any matter with which they deal, unless the court reverses itself, and until there is fresh legislation. Therefore, should anyone object to the court's judgment, the objection would not amount to anything.

The recent decision of the United States Supreme Court in regard to the importation of alcoholic liquors into the United States and their sale on the high seas must therefore be cheerfully acquiesced in by everybody concerned. In substance the court has decided that both American and foreign ships may sell such liquors on the high seas without violating the Eighteenth Amendment, but that these ships can not bring their stocks of liquor into the ports of the United States even under seal. That this is a sound legal view of the matter can hardly be disputed, though its practical effect is somewhat like "Portia's" conceding to "Shylock" his pound of flesh but forbidding him to shed any Christian blood in getting it. But the Supreme Court was concerned, and properly enough, with the law itself rather than with its results. The results of legislation are chiefly the concern of the legislative bodies enacting laws rather than of the courts. Congress can easily modify the law, if it chooses,

so as to permit both American and foreign vessels to bring liquors into American ports under seal.

This decision is not referred to for the purpose of discussing the Eighteenth Amendment or its application to American and foreign ships, but for the purpose of illustrating the tendency toward confusion which much of our recent legislation on various subjects seems to encourage. In this connection it is very significant that the Carnegie Corporation has lately set aside \$1,075,000 as a fund to be employed by the American Law Institute in restating and simplifying the common law.



## Saving to Buy a Car

**A**UTOMOBILES have been held up as a favorite form of American extravagance. The desire to own a car has, it is said, caused many a man to sell his Liberty bonds and to mortgage his house. No statistics are available showing the extent to which other forms of extravagance might have lured away the citizen's cash had not the automobile made its irresistible appeal to his desire for pleasure and adventure. Doubtless the eagerness to own a car has frequently caused people to make foolish financial sacrifices, but something is to be said—a great deal in fact—for the compensating benefits which the ownership of an automobile has conferred—the joy of going, the visits to friends, the long hours in the country, giving renewed health and a fresh zest to life, and more than all the increased business made possible through the practical lessening of distances and the immense saving of time.

But now the automobile no longer needs any defense as an inciter of extravagance. It is to become a promoter of thrift. A manufacturer of cars of the most popular type has announced that hereafter his vehicles may be bought through the savings banks. Clubs for buying cars are to be formed something on the plan of the Christmas clubs, the intending buyer of a car depositing an initial \$5.00 in his local savings bank and adding to these deposits a small sum weekly until enough is in the bank to pay for the car; or, in case his references are satisfactory, the car may be delivered in advance of the completion of the payments. The deposits draw interest, and should the total amount not be made up, they nevertheless go to the depositor.

It will be seen that this plan embodies the idea of saving for a purpose. In practice it has been found easier to get people to save with a special object in view than where this incentive is lacking.

The popularity of life insurance rests largely on this fact. So the savings banks have found it advisable to invite savings for Christmas, for the trip to Europe, for the summer vacation, to buy a home, etc. If people save to buy a car, they will not only get the coveted vehicle but very likely will get the saving habit as well.



## Future of Our Foreign Trade

**A**N examination of the statistics of the foreign trade of the United States shows that while valued in dollars we are exporting about 50 per cent. more than in the year immediately preceding the war and importing about 75 per cent. more, these figures do not show much if any actual gain when it is considered that there has been a rise of between 65 and 70 per cent. in prices. Measured in dollars the value of exports has declined rapidly since 1918, while the so-called "favorable" balance of trade declined from \$3,118,000,000 in that year to \$716,000,000 in 1922. Should the tendency shown in 1922 be much longer continued this balance will not only be wiped out but the "unfavorable" balance will run in the neighborhood of \$500,000,000.

There are several reasons for this turn in the tide of our foreign trade. Europe, having to a considerable extent recovered her productive capacity, no longer is under the necessity of buying from us to the extent necessary in the period immediately following the close of the war. Then the deficiency in the supply of certain kinds of goods the world over has been to a large extent made up. The break-down of foreign credit in the spring of 1920 and the trade revulsion following it likewise contributed to derange our foreign trade as it did that of practically all other countries. This era of depression has now been followed by another of rapid recovery and inflation marked by rising prices which again have tended to curtail exports. Higher tariff duties exercise a similar influence. The failure of Europe to compose long-existing economic and political difficulties has operated to cut down our market in that quarter of the world.

That all these conditions will long continue as they now are can hardly be expected. Already there are some signs of a check to inflationary tendencies here. It may be that in time Europe will quit quarreling and get down to work and business. Our tariff will probably remain unchanged for several years at least. But even when conditions become more favorable we are not likely soon to witness again such a balance of foreign trade our way as marked

the period from 1915 to 1920, which was quite abnormal. It is not desirable that any such figures be reached, but it is desirable that a healthful state of our foreign trade be maintained if we are not to experience a period of serious overproduction once the present domestic demands are fully supplied.

## Decline in American Buying of Foreign Securities

**A**DVOCATING the formation of investment trusts as a means of furthering American purchase of foreign securities, Grosvenor M. Jones, Chief of the Finance Division of the Bureau of Foreign and Domestic Commerce, calls attention to the fact that the buying of such securities is falling off. Speaking before the Bankers Forum in New York, he said:

“Since the middle of last year, despite greatly improved business conditions and far greater prosperity than in the preceding eighteen months, the volume of foreign securities underwritten in this country has been reduced to low levels. As proof of this, it should be noted that in 1919, 1920 and 1921 the total gross sales of foreign securities in the United States were respectively about \$720,000,000, \$575,000,000 and \$690,000,000, while in the first half of 1922 they were about \$675,000,000. Against this must be set a total of only \$180,000,000 for the second half of 1922, and less than \$100,000,000 for the first quarter of 1923.”

Before this time there had existed quite a marked tendency among American investors to make direct purchases of foreign securities. They were moved to this course partly by an understanding of the necessity for such investments as a means of stimulating our foreign trade, by the plentiful supply of domestic funds, and especially by the unusually attractive yield which most of these securities offered. The recent marked falling off in such purchases was attributed by Mr. Jones to the following factors:

- “(1) The unsettled political and economic conditions in Europe;
- “(2) The absorption of the resources of banks and other reservoirs of capital in the revival of domestic industry and trade, and in building construction;
- “(3) The extraordinary issuance of domestic bonds and shares, not only by large corporations long accustomed to this method of financing their requirements, but also by smaller industrial and merchandising concerns that never before issued bonds or offered their shares to the general public;

“(4) The fact that the funds of the smaller investors were largely absorbed by the extraordinary purchases of foreign securities in 1921 and the first half of 1922; and

“(5) The reduction in the yield on the foreign securities that have lately been issued.”

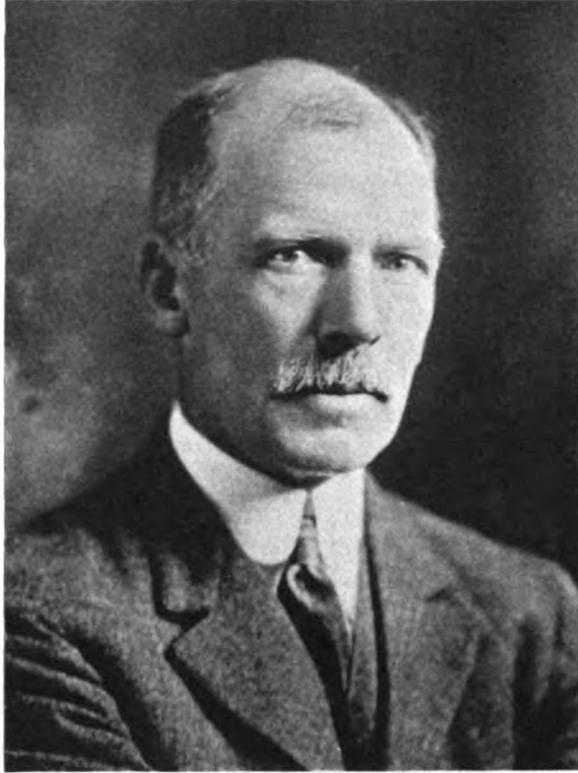
These adverse factors were regarded as generally of a temporary character. Mr. Jones, however, thought that to facilitate American investments in foreign securities there was urgent need of investment trusts, and that conditions were now specially favorable to their creation.

The principle underlying such trusts is well understood. It merely consists in putting behind the foreign security the strength of a corporation organized under American law and managed chiefly or wholly by our own citizens. This principle was embodied in the Foreign Trade Financing Corporation which it was proposed to organize some time ago under the Edge Law.

Since there is a buying end as well as selling end to financial organizations of this character, the question arises as to whether or not it would be advisable to have them owned and managed jointly by the citizens of the United States and of foreign countries. The experience gained by similar institutions in other countries should constitute a valuable element in their successful functioning in the United States.

## Taking Their Own Medicine

NEWS comes from Bulgaria that in districts where the communists are in the ascendancy their property is to be expropriated and the professors of this faith are to be forced to establish work settlements and to share equally in the labor of production and its fruits. The fellows who believe in paper money, socialism, communism and all the various panaceas for the ills of society will hardly be convinced by the result of this experiment. They always contend that the experiment must be tried on a grand scale. Had Russia succeeded in the levelling process instituted there, they might have pointed to this as proof of their contention. But with the disastrous history of so many ventures of this sort, it could hardly be expected that the entire world, or any considerable part of it, would at once adopt a system so marked with failure. Very likely the Prime Minister of Bulgaria, who is reported as favoring the administration of their own medicine to the communists of his country, does not expect in this manner to demonstrate the practicability of this system of ownership of property and the distribution of work and profits but rather hopes to show the communist that he is on the wrong track.



ALFRED L. RIPLEY

President the Merchants National Bank of Boston

**M**R. RIPLEY, because of his eminent banking experience and his recognized ability as an economist, is regarded as the dean of the Boston banking fraternity. He has been elected president of the Boston Clearing House Association, succeeding the late Thomas P. Beal, and has been proposed by Boston bankers for the position of director of the Federal Reserve Bank of Boston as a representative of the banks in Group 1 Class A. Mr. Ripley prepared at Phillips-Andover for Yale, graduating from the latter with Phi Beta Kappa rank. He spent one year at the Harvard Medical School and later a year at the Universities of Berlin and Bonn. He taught at Yale for five years, resigning to go into the banking business with his father in Boston. He was elected vice-president of the National Hide and Leather Bank in January, 1890. Upon the consolidation with the State National Bank in 1901 he became vice-president of the latter organization and seven years later was made president. In 1912 he became first vice-president of the Merchants National Bank and in 1917 was chosen president, which position he now holds.



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**THOMAS P. BEAL JR.**  
President Second National Bank, Boston

**M**R. BEAL is of the third generation of his family to occupy the important office of president of the Second National, his grandfather having been elected president during the panic of 1857, and his father in 1888. Mr. Beal is a graduate of Harvard, class of 1904. After three years with Kidder, Peabody & Co., he spent a year at the Northwestern National in Minneapolis and then entered the Second National as assistant cashier in 1908. In 1910 he was elected vice-president and director, and became president June 4, 1923, on the death of his father. Mr. Beal has also been elected a member of the Boston Clearing House Committee, a position his father and grandfather before him filled with conspicuous success.



ALVIN W. KRECH

Chairman of the board The Equitable Trust Company of New York

**M**R. KRECH at the age of sixteen entered the flour milling business in Minneapolis, remaining in this business for fourteen years. He was in the railway contracting business for four years, from 1888 to 1892. In 1893-94 he was identified with the Union Pacific Railroad. In 1894 he went with the Mercantile Trust Company, New York, remaining with that institution until 1903, when he left to become president of The Equitable Trust Company. At that time the entire staff of The Equitable did not exceed twenty-five persons. Today, after twenty years of Mr. Krech's leadership, the organization numbers in excess of 1600 officers and employees, and the capitalization has been increased from \$3,000,000 in 1903 to \$23,000,000. At the regular meeting of the board of trustees of The Equitable on June 19, last, Mr. Krech was elected chairman of the board, effective on June 29, last.



ARTHUR W. LOASBY

President The Equitable Trust Company of New York

**M**R. LOASBY, whose appointment to the presidency of The Equitable Trust Company became effective June 29, last, entered upon his banking career as a clerk in the First National Bank of Syracuse. He worked his way up through the ranks to a vice-presidency of that bank, in which office he soon demonstrated the executive ability and qualities of leadership which were responsible for his election later as president of the Trust and Deposit Company of Syracuse. Mr. Loasby served as president of this institution for six years. It was under his direction that a consolidation was effected between the First National and the Trust and Deposit Company, of which new institution he was chosen president, holding this office until 1920, when he was elected a vice-president of The Equitable Trust Company. Shortly after this appointment, Mr. Loasby was elected a trustee of The Equitable. He has been senior vice-president of the bank since February 8, 1922. As acting head of the institution in the absence of Mr. Krech, Mr. Loasby conducted the negotiations which resulted in the recent merger of the Importers and Traders National Bank of New York into The Equitable Trust Company of New York.



WIDE WORLD PHOTOS

**J. P. MORGAN**

Talking with a member of the faculty after receiving honorary L.L.D. degree from his alma mater, Harvard, at the 287th annual commencement



**R. C. LEFFINGWELL**

Prominent New York lawyer and former Assistant Secretary of the Treasury who has become a partner in the firm of J. P. Morgan & Co. He will represent the house of Morgan in Washington, taking charge of the British payments of the war debt which are being made through that house in the form of Liberty Bonds

# How Much Do Workmen Save?

By Don Knowlton

**T**HE amount of money that was saved, ought to have been saved, or was not saved, by workmen has been a subject of much discussion throughout the entire post-war inflation period and the depression which followed.

When times were good it was the favorite pastime of editorial writers to berate the tendency of the workman to indulge in silk shirts, second-hand Packards, 25 cent cigars, and so forth. Economists throughout the country threw up their hands in horror at the so-called thriftlessness of the American workman.

During the lean months that followed, in spite of unemployment and in spite of the fact that the decline in wages preceded the decline in prices, the American workman seemed to be able to take care of himself pretty well. In fact, the fall-off in bank deposits during this period may have been occasioned, to a considerable extent, by the fact that the so-called thriftless American workman was using up the money which he had saved in good times for the proverbial rainy day.

It seems a rather false accusation to call the American workman, on the average, thriftless. Glance over the names of the savings depositors in almost any savings institution and estimate, if you can, how many of this number belong to the ranks of what is termed "common labor". The total is surprising. In fact, in many banks it is the rank and file of the men in overalls who form the backbone of the banks' business. It is the sum total of these small, slowly accumulated balances that go to make up a large portion of the banks' funds available for loans. In short, the patronage of the men in the shop is extremely valuable to the savings bank.

In endeavoring to secure business from the men in the shop, banks, as a

rule, have used only a mass appeal. They have made little or no endeavor to approach the individual workman. They have also made little endeavor to find out what percentage of workmen are saving, how much they do save, and how much they ought to save.

And by the words "ought to save", I do not mean the purely academic estimate arrived at by consulting a savings budget got up in the office of some advertising manager. How much a workman ought to save is, of course, an open question, but it would seem that the approximate solution might be arrived at by tabulating the accomplishments of a large number of individual workmen who have been successful savers over a given period of time. What one man can do, another man in the same or similar circumstances ought to be able to accomplish. It is easy to say that every man ought to save 10 per cent. of his income. But when the endeavor is made to apply that rule to any individual case it always happens that there are certain special circumstances which tend to make an exception to the rule.

John Jones and John Brown both make \$35 a week. One is unmarried; the other has a wife and five children. Nothing could be more ridiculous than to attempt to apply the same arbitrary 10 per cent. savings rule to both of these men.

## THE "SAVE AT THE SHOP PLAN"

The Union Trust Company, Cleveland, has perfected and is now operating in a large number of Cleveland factories an industrial savings plan which gives the bank an individual contact with the workmen in these factories and enables the bank to study at will the savings habits and the savings abilities of the "boys in the shop".

The operation of this plan has proved conclusively that the American work-

man will save money, and a good deal of money, if you give him a chance.

This industrial savings system is known as the "Save at the Shop Plan".

Its operation is simple, consisting merely of payroll deduction. The employee specifies the amount which he wants deducted from his pay each week. The paymaster then makes out duplicate deposit slips for each employee who has so specified. The original goes to the bank and the duplicate is enclosed, with the money, in the employee's pay envelope, serving as his receipt for the money so deducted and deposited to his account at the bank. The paymaster sends to the bank the deposit slips for each pay period, together with the company's check covering the amount of their total, and the bank credits each workman's account with the amount indicated on each deposit slip.

The plan is installed in this manner:

About ten days before the plan is to be put in operation, all employees in the factory receive a letter, on factory stationery, signed by an officer of the plant, explaining to them the "Save at the Shop Plan", and urging upon them the desirability of saving money.

About a week later the employees receive a second letter, this time on the bank stationery, signed by an officer of the bank, urging them to adopt the "Save at the Shop Plan", and explaining to what surprising totals savings accounts will grow, if deposits are made regularly.

On the pay day when the plan is to be installed, signature cards and authorization cards are enclosed in each pay envelope, the authorization cards specifying the amount which the employee desires deducted from his pay each week. All that any workman has to do to adopt the plan is to fill out the signature card and authorization card and return them to the paymaster.

Then follows a personal solicitation of every workman in the plant by a Union Trust Company representative, and as many workmen as possible are signed up immediately.

Records covering a considerable period of time indicate that on an average 31.4 per cent. of all employees adopt the plan and open accounts at the Union Trust Company upon the first solicitation. This is followed by a continuous advertising campaign of posters inside the shop, payroll inserts and the like, and at intervals of about six months, further solicitation, if desired. However, a second solicitation is seldom necessary, as the men who adopt the plan soon became so enthusiastic about it that they continue to sell it to the rest of the men in the shop until in many factories, at the end of two years of operation as high as from 60 to 80 per cent. of all the employees are using the "Save at the Shop Plan".

It is in this personal solicitation of workmen that the bank gains the personal contact with the men in the shop which gives the bank some insight into their savings habits and their savings ability. The most surprising thing reported by the bank's representatives installing the "Save at the Shop Plan" is the fact that apparently workmen do not have to be sold on the thrift idea. They already have it. They understand very well that they ought to save money and they understand, to a large extent, that the consistent saving of money is the only way in which they can get the good things of life. There are, however, influences which tend to retard this savings impulse which is already present.

#### WHAT KEEPS WORKMEN FROM SAVING?

The main thing is, of course, the cost of living. It is actually impossible for some workmen to save anything—men who are carrying large families on low pay. Another thing which keeps workmen from saving is just downright inertia. They do not seem to have "gump" enough to get started. All that is necessary to make these men good, consistent savers is the push given them by the "Save at the Shop Plan".

Another thing that keeps the workman from saving money is lack of op-



stuck to their original savings plan nineteen times out of twenty-six—which indicates a pretty regular and consistent exercise of thrift.

Of course, it is possible for any man any time he desires to ask his paymaster not to deduct his savings deposit on any particular pay, and the seven times during the year upon which the average workman failed to make his savings deposit would probably indicate a special need or emergency. The encouraging and the significant thing, however, is the fact that even with this privilege of cancelling the deduction arrangement at any pay day, the workmen did not yield to this temptation, but continued to go back and carry through the original savings plan nineteen times out of twenty-six.

Another proof of the fact that the average workman has the thrift idea in mind and really wants to save is indicated by the length of time needed by the bank's representative to interview each individual prospect for the "Save at the Shop Plan". The salesman never spends more than two minutes on one prospect. Generally one minute suffices. Sometimes a man is signed up in thirty seconds. The men know pretty well before they are interviewed as to whether they can adopt the plan or whether they cannot. They have given it some consideration. They are all interested in savings and all very glad to talk about the matter with the bank salesman. In fact, it is an extremely rare thing for a salesman to come across a man who refuses to discuss the proposition at all. The men in the shop are in a receptive mood from the outset.

It is a common occurrence for many of the men in the shop, particularly foreigners, to sign up for the "Save at the Shop Plan" without the slightest bit of urging. "I would like to talk with you for a minute about our 'Save at the Shop Plan'", says the bank's representative. "Sure, I take \$5 a pay", says the workman, and that is all there is to the solicitation.

The younger, unmarried men, par-

ticularly, appreciate the fact that under this plan the money which they are to save is deducted from their pay in advance. "If we don't get it", they say "we won't spend it".

This plan is of particular service among the men who need it most—the men who go to make the great rank and file of "common labor". The better educated men and the skilled mechanics who have been getting high wages have, most of them, already adopted some form of savings. It is the ordinary laborer who works at so much an hour with the shovel, or at the machine, who is eager to adopt the "Save at the Shop Plan".

This factory saving, however, is by no means confined to the men receiving the lower rate of pay. Some of the men have saved surprising amounts over a period of the last two years. One workman, in particular, who had never been able to save a cent before in his life, purchased a few weeks ago \$1100 worth of furniture and paid cash for it. Several of the men have already passed the \$2000 mark.

If the men in the shop who are using this plan continue throughout the next ten years to follow it as enthusiastically as they have up to the present time, their savings are bound to run well into the hundreds of thousands. Of course, a great deal of this money will be spent as it is saved—but it will be spent in comparatively large amounts—spent for some particular object or thing which will make life more worth while—a washing machine, a victrola, an automobile, a home, or some such definite, tangible objective. And after all, this is one of the purposes of savings. The keynote of the entire advertising campaign used in the "Save at the Shop Plan" is "Save to get something", and if these savers do get the real, physical objects which they want—the things which will make for comfort and happiness—certainly the "Save at the Shop Plan" will have accomplished much.

At any rate, the statistics gathered

by the Union Trust Company, through its "Save at the Shop Plan", would seem to indicate that the American workman is far from being the thriftless spender which he is so often accused of being.

Considering his average income and the cost of living at the present time, the workman, where he is given the opportunity, is more than keeping up his quota of savings deposits.



## The Exchange Charge of the Collecting Bank

By Robert C. Teare

Illinois Merchants Trust Company, Chicago

**I**N all that vast deal of argument and discussion which has followed the establishment of "par collection" of bank checks under the Federal Reserve System, little attention has been given to the difference between the exchange charge made by the bank upon which an item is drawn and the charge made by the bank which merely acts as an intermediate, or collecting agent. Much has been said regarding the charge of the paying bank, but comparatively little concerning that of the bank which, as a collecting agent, receives an "out of town" item from a customer for immediate credit or cash. It is the purpose of this article to consider this neglected phase of the matter of exchange charges, and to venture the opinion that the charge of the collecting bank may well be eliminated, just as the charge of the paying bank has already practically disappeared.

The very lack of discussion alluded to above has probably permitted many bankers to be unaware of the fact that there is a wide difference of practice in our banking centers with regard to the collection of exchange upon "out of town", or transit, items deposited by customers. Some banks, for example, receive at par only such items as are drawn upon a few of the principal banking points. Others recognize a certain

"free area", all points within which are "par points". In other cities no charges are made unless the item be uncollectible at par through the Federal Reserve System. In still other cases, all domestic items are received without charge, with no qualification whatever. Without entering into a highly technical discussion in each case, several illustrations are given below.

The banks of Chicago, under their clearing-house rules, classify as "discretionary points", and in usual practice as "free points", New York, Boston and Philadelphia. In the case of all other items, a 3 cent handling charge must be made, plus interest at  $4\frac{1}{2}$  per cent. for the time during which the item is in process of collection, according to the Federal Reserve availability schedule. It is only fair to these banks to add that these charges are waived in the case of out-of-town customers. A somewhat similar system has prevailed in St. Louis.

The banks of New York City also make exchange charges for collection service, likewise based upon interest at  $4\frac{1}{2}$  per cent. An important modification, however, is that provision is made for a "free area", which has been gradually enlarged until it now comprises New England and a large portion of the middle Atlantic states. One banker has

estimated that this permits approximately 90 per cent. of all checks to be received at par.

In Boston, for a considerable period, the banks have extended to their customers the same benefits which they themselves have received from the Federal Reserve collection system. That is, all items collectible at par are received at par from customers. In the event that the bank must pay an exchange charge, it is passed on to the customer depositing the item.

The final step in the modification of the exchange charge is the elimination of it entirely, a practice for which the banks of Philadelphia are well known.

#### THE "ADVANCE OF CREDIT" THEORY

With these differences of practice in mind, we may consider a theory very commonly employed in defense of the exchange charge of the collecting bank, i. e., that the bank "advances credit" in receiving checks payable out of town, and that the exchange charge reimburses the bank for the loss of interest on funds so advanced. Frequently, to emphasize this matter of interest, an analogy is drawn between the discounting of a note and the charging of exchange upon a check.

Yet, as a matter of fact, banks do not want to carry to a conclusion the implications of this argument and this analogy. In other words, customers are not expected to draw against uncollected funds, even after paying their exchange, although, of course, they expect to use as soon as possible the proceeds of discounted notes. They might logically feel that the assessment of an exchange charge would entitle them to the use of the money upon which, according to the theory under consideration, they had paid "interest". Few banks, however, would be willing to consider themselves placed in this position, and, indeed, will usually decline to pay drafts against uncollected funds.

In the usual case, of course, there will be no draft against uncollected funds and, accordingly, no real advance

of credit to provide the theoretical justification for the exchange charge. This is almost invariably true in the case of savings deposits. The "advance of credit" theory, then, appears to have little real weight. Either the bank will refuse actually to make the advance, or the customer will not ask for it.

#### EXCHANGE AND INTEREST ON BALANCES

Another defense of the collecting bank's exchange charge arises in connection with interest paid upon customers' balances. It is contended that the exchange charge approximates the amount of the interest which the customer will receive upon the uncollected portion of his balance. Without going into details, it may be noted that the exchange is usually computed at a higher rate of interest than that employed in computing interest upon the customer's balance. Accordingly, the same amounts are not approximated.

It must be granted, of course, that a bank should not be expected to pay interest upon collected funds without some compensation or adjustment. Under the free collection system, whether used partially as in New York City or completely as in Philadelphia, the payment of interest upon uncollected funds is prevented by "holding out interest" or, as frequently expressed, by "delaying credit for interest purposes" until the funds are available. This is easily accomplished by two common methods. An analysis of the deposits, according to availability, may be made upon the back of the deposit tickets, or special "delay interest" slips may be prepared daily for the use of the interest clerks at the close of the interest period. Computing machines permit a large volume of this work to be handled easily and accurately.

#### EXCHANGE AND GENERAL OVERHEAD COSTS

A third line of defense, and one which probably discloses the real design of these fees, is that the exchange

is an important source of income to a bank, and that it may equitably be applied to the expense of stationery, postage, and the like. Although the real value of the exchange fees as a matter of income may be questioned, no one can deny that these are of some help in defraying general overhead costs. In like manner, it could equally well be maintained that an exchange charge upon local clearing-house checks would help to meet overhead costs. In short, petty fees could be devised for every service which the bank performs.

There are, however, certain services which banks have learned to use as means of attracting the public's business. The safekeeping of idle funds, the use of checks, household accounting systems, assistance in the preparation of the simpler forms of income tax returns, and many other services have been freely extended to hold and develop business. Many bankers, it is believed, are coming to feel that the free collection of transit checks is one of these services which banks may use to gain the good will of the public. Expenses may be provided for by the maintainance of adequate compensating balances, or even by the use of a flat service charge per month when minimum balances are not maintained.

#### FREE EXCHANGE AND GOOD WILL

When we begin to consider this matter of good will we have touched upon a point which is vital in any business, and particularly so in the banking field. It is in its relation to good will that we find the most serious defect in the system of exchange charges. A schedule of

petty fees only tends to intensify, in the minds of many, their impression that the bank is a cold-blooded, grasping, and penny-grabbing institution. It is needless to point out that this tends to counteract the effect of the expensive advertising of the publicity department. Carelessness of tellers and bank officers in applying the schedule creates friction between the banks, and differences of practice between adjacent cities does turn business, not merely to another local bank, but to another city.

In the event that the customer is acquainted with the free collection system of the Federal Reserve banks, and the use of wire transfers through the Gold Settlement Fund, he is likely to have his opinion confirmed that the exchange charge is another method whereby the banks wring a few more dollars from a helpless public. More of the publicity department's good will propaganda is thereby cancelled. This situation is particularly evident in the case of a savings customer, upon the proceeds of whose checks the bank may not begin to pay interest for several weeks.

With respect to the important matter of good will, then, the free exchange system would seem to have decided advantages. It casts aside faulty theories, more or less transparent to a critical public, relinquishes a minor source of income and places the banking business upon a more friendly and businesslike basis. In view of these considerations many bankers have come to favor free exchange. It would appear that the coming years will probably reveal a steady development of sentiment in this direction.



# Receiving and Paying Functions

## Article IV of a Reading Course in Banking

By Glenn G. Munn

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### OUTLINE OF ARTICLE IV.

#### I. Receiving functions:

1. Origin of deposits
  - a. Over the window—Receiving teller's department.
  - b. By mail—Mail teller's department.
  - c. By collections.
    - (a) City collection department.
    - (b) Note teller's department.
  - d. By borrowing—Loan and discount departments.
2. Kinds of deposits
  - a. General—repayable on demand in money, relation between bank and depositor being that of debtor and creditor.
  - b. Special—valuables, e. g., bonds, the identical property being returnable upon demand, with relation between bank and depositor being that of bailor and bailee.
3. Composition of general deposits—"cash" items only.
  - a. Currency.
  - b. Checks, sight drafts, money orders, etc.
  - c. Matured coupons.

#### 4. Receiving and mail teller's work

- a. Receiving and verifying deposits.
- b. Receipting for (or advising receipt of) deposits.
- c. Distributing items by—
  - (a) Home debits (self checks).
  - (b) Transits.
  - (c) Clearing-house.
  - (d) City (Non-clearing-house).
  - (e) Currency.
- d. Computing exchange charges and deferred interest.
- e. Checking and proving.

#### II. Paying functions:

1. The paying teller's work
  - a. Paying out cash against checks, etc.
  - b. Custodianship of "till" or counter money.
    - (a) Counting, verifying, and inspecting.
    - (b) Safekeeping.
    - (c) Furnishing adequate supply in appropriate denominations.
  - c. Certifying checks.
  - d. Payroll and petty cash.
  - e. Settling clearing-house balances.
  - f. Proving the day's work.

**I**T is at the receiving and paying tellers' wickets that depositors come into most frequent contact with their banks. Many persons, it is safe to say, scarcely realize that banks are organized for any other purpose than to receive and to pay out money. Bank managements, therefore, should regard these crucial contact points as media for advertising the other facilities available to their depositors. Receiving and paying tellers are outposts for "selling" the

bank interdepartmentally, and it is essential that these functions be effectively developed. But for success, tellers should have a broad understanding of banking functions and of interdepartmental relations.

The receiving teller begins each day's work with an empty drawer and a clean proof sheet—without any balance carried over from the preceding day. His department retains no part of the bank's assets nor does it keep any permanent

records. It has a complete daily turnover of transactions, disposing each day of all that it receives.

The most important work of the receiving teller is that of taking in deposits. What are the points to be observed in this work? They are as follows:

1. Is the deposit intended for the bank in question?

2. Does the name on the pass book agree with the deposit slip? (Oftentimes, depositors have several accounts in addition to the regular account, e. g., payroll account, dividend account, sinking fund account, etc., which it is important not to confuse).

3. Is the deposit slip correctly dated? If not, correct it.

4. Do the items as listed on the deposit slip agree with the items constituting the deposit?

In case the deposit consists of cash only, it is counted immediately, examined for counterfeits and raised bills, listed on the cash sheet, and verified with the deposit slip entry. If the deposit consists of only a few checks, they are verified as to amount and indorsement, and examined for exchange charges.

But, if the deposit consists of many checks, it is impractical to examine them at the time the deposit is taken in, otherwise customers would be compelled to wait in line. Instead, the first and last checks are usually examined as to endorsements, and amounts are verified with the deposit slip, but the final detailed proof is made at the convenience of the teller (and in large banks by the block department).

At all events, any cash accompanying a deposit is immediately counted, examined for counterfeits, etc., and verified with the deposit slip entry.

5. The amount of cash with each deposit is listed on the teller's cash sheet.

6. The footing of the deposit slip, if correct, is entered in the pass book. If the deposit has not been verified, the pass book entry is subject to revision, in case the deposit slip footing is later found to be in error.

The function of the mail teller's department is to assort, prove, and route items to other departments for final disposition, when such deposits have been received through the mail. Usually the mail teller's department controls all the incoming mail of the bank. Excluding mail of personal character, letters taken from envelopes are divided into two

main classifications: (1) letters containing deposits, and (2) all other letters. It is only with the former that this department is ultimately concerned, and these are subdivided into the following groups:

1. Direct "cash" letters, i. e., those containing cash items only, e. g., checks, money orders, and currency, and intended for the immediate credit of the remitter.

2. Indirect "cash" letters, i. e., those containing cash items intended not for the immediate credit of the remitter, but for that of another account indicated on the deposit ticket.

3. Transit and collection remittance letters, i. e., those containing checks or drafts in payment of "cash" or "collection" items previously forwarded to collection agents for collection and credit.

4. Collection letters, i. e., those containing items which are not to be credited to the account of the remitter until collection has been effected.

5. Coupon letters, i. e., those containing matured coupons only.

Among large banks, deposits received through the mail and over the receiving teller's windows are customarily proved by means of the "block" system. This is a system of preliminary accounting designed to save time in proving such deposits before the deposit slips are posted to the individual ledgers. A "block" consists of a number of checks, say from one to four hundred, together with their relative deposit slips. To prove a "block", checks are first assorted into the divisions required by the conditions within any given bank, e. g., self-checks, transits, clearing-house checks, etc. After this sortation has been completed, an adding machine total of the checks is secured by divisions. Another adding machine total of the corresponding deposit slip footings is secured, which, if the "block" proves, must equal the total of the checks.

Thus a "block" is an independent unit of work. If errors occur, they can be discovered comparatively easily, since they are confined to a part of the work, and it is unnecessary to check back all of it. That is to say, it be-

comes necessary to re-examine only such blocks as contain errors.

Before deposit slips are routed to the ledger clerks for posting, exchange charges are computed (if any), and notations are made to indicate amounts on which interest is to be deferred (in case of interest-bearing accounts). The purpose of exchange is to compensate the bank for the loss of interest on items in the process of being collected. Except in rare cases (where the Federal Reserve check collection system cannot be utilized), interest should not be deferred on items on which exchange is charged.

For many reasons, the paying teller's responsibility is far more heavy than that of the receiving teller. In the first place he is custodian of the bank's most important (although not the largest) asset—the money stock. He is also entrusted with certain disbursing functions, principally that of cashing checks. In this role, if he has not been properly trained, he runs risks of overpaying, overcertifying, paying to an unidentified person, paying a post-dated or stale check, paying a check for an account having insufficient or no funds, or paying a stopped, forged, or altered check.

Perhaps his most exacting duty is that of cashing checks. The points he must observe in this work are:

1. To establish the identity of the payee beyond doubt, or to secure the indorsement of a financially responsible depositor.
2. To assure himself that the check is not post-dated or stale.
3. That the amount in words and figures agree.
4. That there are no material alterations.
5. That the signature is not forged and that the person signing the check has authority.
6. That no stop-payment has been issued.
7. That payment is not made in excess of the limit fixed by a check-protecting device.
8. That the drawer has sufficient funds on deposit to cover the amount of the check.
9. That the indorsement, if required, has been properly affixed.
10. That the check has not become invalid because of the death of the depositor or legal attachment of his funds.

11. Whether the check is subject to exchange charges.

The paying teller and his assistants should be thoroughly conversant with the sources of supplies of new money, how to redeem worn and mutilated currencies, and how to detect counterfeits and raised bills.

#### READING ASSIGNMENT

W. H. Kniffin: *The Practical Work of a Bank*, Chap. 5, 6, 15. (The receiving, paying, and mail teller's work).

Langston & Whitney: *Banking Practice*, Chap. 4, 5, 6. (Paying and receiving functions).

G. G. Munn: *The Paying Teller's Department*. (A complete analysis of the work of the paying teller, including the handling of money, detection of counterfeits, etc.)

W. H. Kniffin: *The Business Man and His Bank*, Chap. 5, 9. (Customers' relations with the paying and receiving teller).

#### SUPPLEMENTARY READING

For those who wish to make a more thorough study of the subject.

J. T. Holdsworth: *Money and Banking*, Chap. 13. (Deposits and depositors).

W. H. Kniffin: *The Savings Bank and Its Practical Work*, Chap. 11-20, 27, 29.

L. H. Langston: *Practical Bank Operation*, Chap. 2, 3.

#### QUESTIONS

1. What is the difference between general and special deposits? Give an example of each.
2. What is the relation between a bank and a general depositor? Between a bank and a special depositor?
3. What is a demand deposit? Time deposit?
4. What is a certificate of deposit and why is it employed?
5. Of what are general deposits composed?
6. From what sources do general deposits originate?
7. What is the nature of a pass book in a commercial bank? In a savings bank?
8. What is the work of the receiving teller's department?
9. What points should a receiving teller observe in taking in a deposit?
10. What should a receiving teller do in case the amount of a deposit is greater than called for by the deposit slip?
11. Should a receiving teller accept a deposit slip containing erasures or alterations? Why or why not?
12. Should a receiving teller ever make out a deposit slip?

13. Name five different kinds of indorsements, and illustrate an indorsement in blank and a special indorsement.

14. What is the function of the mail teller's department?

15. What is meant by (a) direct cash letter, (b) indirect cash letter, (c) transit remittance letter, and (d) collection letter?

16. Explain the use and purpose of the "block" system.

17. On what items should interest be deferred from deposit balances?

18. Should interest be deferred on items upon which exchange has been charged?

19. What is the difference between "cash" and "collection" items?

20. Describe the "unit" system of paying and receiving, and enumerate its advantages.

21. What are the various functions of the paying teller?

22. What points must the paying teller observe in cashing a check?

23. Will a paying teller be legally protected if he pays a check that is (a) undated, (b) post-dated, (c) two years old, (d) written in lead pencil, (e) different in amount in words and figures, (f) forged, (g) altered in amount, (h) unnumbered, and (i) "stopped"?

24. What are the various risks of the paying teller?

25. What is the work of the money department?

26. What are the various sources of supply of used money? New money?

27. Under what conditions is paper money with the torn parts missing acceptable at full face value?

28. Where must worn and mutilated national bank notes be sent for cancellation and re-issue?

29. Name eleven kinds of United States money.

30. Which of these are legal tender?

31. How are counterfeit coins best detected?

32. How would you detect counterfeit bills?

33. How would you guard against taking in raised bills?

34. What is the difference between "thumbing" and "scaling"?

35. What is a certified check? What constitutes certification?

36. What bookkeeping is involved when a check is certified?

37. How is the paying teller's proof obtained?



## Figures from Reports to Comptroller

**R**EPORTS of condition received by the Comptroller of the Currency from national banks and by the Federal Reserve Board from state banks and trust company members of 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 10, 1922. Holdings of U. S. securities increased only \$95,000,000 during the period between the last two calls as compared with an increase of \$1,128,000,000 since March 10, 1922. 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 were very materially inflated because of the large amount of exchanges for the clearinghouse 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 \$614,826,000 on April 3, 1923.

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.

# Are Bank Clerks Underpaid?

By Joseph Cully

[In view of a recent report that New York banks are formulating plans for raising the salaries of 20,000 bank clerks of that city, the following article assumes a very timely nature. THE BANKERS MAGAZINE prints this article purely as a matter of general interest, and without editorial bias pro or con with regard to the opinions set forth by the author.—THE EDITOR]

**T**HERE seems to be little justification for the small salaries paid employees in the large city banks. It is certainly not because their work is exceptionally easy. Many laymen have an idea that work in a bank begins at 10 o'clock in the morning and ends about 3 o'clock in the afternoon. It is quite true that these are *banking* hours, but they certainly are not *working* hours for the bank clerk. One might probably find these hours for work in small country banks, but the work of such banks cannot be taken as representative of the general field of banking. As a matter of fact, employees of large city banks, and it is with these that the present article has to do, often work until late at night; and, whereas, many workers in other lines receive overtime and "time and a half" for their extra work, the bank employee in the majority of cases receives only supper money, so called because it is only enough to pay for a supper, and this he gets regardless of whether he works until 7 o'clock (before which time he gets nothing) or until midnight. There is nothing which will dishearten a man more than to be compelled to do a considerable amount of night-work, especially when it is largely gratuitous service on his part.

It is conceded that the bank employee has many advantages over the workers in other lines, such, for instance, as being paid for holidays, vacations, and illness. But even all this does not offset the amount over and above the average bank employee's salary which many other workers, such as the mechanical workers, receive; and as far as being paid for time off on account of illness, it must be remembered that even the mechanic receives his sick benefits from the unions.

It might be argued that the bank

employee cannot be compared with the skilled mechanic, but in answer to this it can be said that by bank employee is meant all that the word implies, and not merely one who can operate a Burroughs adding machine, for such a one is not a full-fledged bank clerk but only an adding machine operator. Everyone who is at all familiar with banking will agree that to work in a bank one must be able to do more than simply operate an adding machine. As a matter of fact, the man who adopts this profession as his life work must needs have considerable brains, more by far than the mechanic. The latter, by concentrating all his energy and ability along a single line, can achieve notable success, whereas the banker must not only be master of his own work, but must also have a knowledge and insight into the basic principles underlying all phases of business. All banks, with a few exceptions, are organized with the idea of diversifying their operations broadly so that they touch upon numerous and varied lines of business. To obtain the knowledge thus required of bank employees to carry on this varied business involves a considerable amount of study and hard work on their part.

The banks, themselves, may say here that by the large turnover of bank employees each year it is evident that comparatively few enter banking with the intention of making it their life work. But right here is the crux of the situation. If bank employees were given more incentive in the way of reasonably larger salaries, commensurate with their work and ability always, there would not be such a large turnover, and banking, as a vocation, would attract more brainy and intelligent men to it.

The standard of intelligence in the

rank and file of banking is gradually being lowered, in spite of the splendid work being done by the American Institute of Banking along educational lines. And the reason for this is obvious: if men can sell their ability for more in some business other than banking, common sense alone will prompt them to follow that other vocation where the returns are greater, even though the prestige be less. This is only human nature and one cannot get away from it.

Do bank employees receive small salaries because the earnings of banking are smaller than those of other kinds of businesses? The answer is best given by a counter-question: In what other kind of business are the earnings (and profits) greater and more stable than in banking? It is an undisputed claim, which can be verified by taking into consideration the rates of interest paid on bank stocks, that banks are among those institutions whose earnings are the highest. But how are these high earnings made possible; what are the contributing factors?

While it is true that the means by which a bank is enabled to derive large profits are furnished chiefly by the stockholders and depositors, yet it must not be forgotten that the employees are also largely instrumental in this connection, and if they are, therefore, instrumental in this work of creating profits for the bank and its stockholders, and to a lesser degree depositors, is it not only just that they receive what might be called an appreciative salary for their efforts?

In a small number of banks the employees are given an opportunity to share in the profits through stock-ownership on the partial payment plan. Whatever may be the merits or faults of this arrangement we will not discuss, but it may be said here that what the average man wants more than anything else is a salary which will at least permit him to live in a manner becoming his position first, and then be able to buy stock on the partial payment plan if he has a surplus.

Some point out that working in a bank is an honorable vocation on account of the requirements. Aside from the hard work and mean hours of such work, this may be true to a certain extent. However, the laws of human nature cannot be disregarded and men will go where the returns are greater, not where position itself is the most important. "Position in life is everything" when it is a satisfactory means of a livelihood, but not otherwise. The case of a former Postmaster General who gave up a coveted position with the Government of the United States for one that was not so exalted, but more remunerative, is a good illustration of the force of this principle. A bank employee may receive the respect and esteem of his fellow men, but if he is an honorable person he will receive this whether he is a bank employee or otherwise, and as far as he, himself, is concerned, what he wants to receive is something more tangible for his efforts in the way of dollars and cents.

To sum up it can be said that a bank, being an institution with a specific service to render in our economic structure, must, on account of its importance, have intelligent people in its employ. Intelligent people do not just grow that way, but become so only through painstaking effort on their part. They have not a commodity, but a service, to sell, and as a bank will strive to obtain the highest returns possible on its investments and service, so also the individual will reach out for the highest returns for that which he has to offer. It therefore follows, that unless banks are willing to compete with other lines of business in the matter of salaries there will be, in time, a lowering of the standard of service which a bank renders due to a personnel with a lesser degree of intelligence as a result of the infallible law of human nature which decrees that a man will sell for the highest possible price whatever he has to offer, whether in the banking or commercial fields; and banks by no means pay the highest prices for the services of men.

# Federal Reserve System Tendencies

By Craig B. Hazelwood

Vice-president Union Trust Company, Chicago, and chairman State Legislative Council,  
American Bankers Association

[The following article is taken from an address delivered by Mr. Hazelwood before the Reserve City Bankers Association, French Lick, Ind., May 29. At this meeting Mr. Hazelwood was elected president of the Reserve City Bankers Association.—THE EDITOR.]

**W**ITH a view to setting forth suggestive ideas for discussion, I should like to review with you known results of the operation of the Federal Reserve System thus far, to set forth certain ideas with respect to suggested changes and then to attempt to make clear some of the misconception regarding the administration of the Act which appears to exist even in the minds of not a few bankers themselves. I shall be pleased if anything I may say will bring about a free expression from the floor.

The primary purposes of the Federal Reserve System are generally accepted as five in number, four of which I will deal with very briefly. These are:

1. The establishment of a scientific currency system.
2. Mobilization of bank reserves.
3. Provisions for a satisfactory depository and fiscal agency for the Federal Government.
4. Improvement of facilities for financing foreign trade.
5. Mobilization and direction of bank credit.

The hope and expectation of those who framed the Federal Reserve Act that the machinery set up for the origination, distribution and automatic retirement of currency issues, 40 per cent. gold secured, should be entirely responsive to the needs of trade and the varying conditions of business, have been wonderfully well realized. The confidence displayed by the public in this currency, and the ease with which its use has met the conditions imposed upon it, can be most quickly realized when it is stated that never before in the history of the country did

we have a credit panic anywhere near the magnitude of that of 1919 and 1920 without, at the same time, suffering a currency panic.

In one particular we did not carry out the the original purposes of the Act. It is clearly the intention, as stated in the Act itself, that surplus profits of the Federal Reserve Banks should be used to supplement the gold reserve held against outstanding United States Treasury Notes and greenbacks. An increase in this reserve of slightly less than \$200,000,000 would cause all outstanding greenbacks to be transformed into gold secured notes. None of the \$117,000,000 of profits of the Federal Reserve System has been used so far for this purchase but all has been applied to our war debt. In the main, however, the Federal Reserve note issues inaugurated in 1914 gave us what we had not had in this country for exactly 100 years; that is to say, an automatic elastic currency system.

As to the second primary purpose in the establishment of the System, mobilization of bank reserves, a result quite generally satisfactory has been secured yet it is frankly true that matters have not worked out entirely as the framers of the Act conceived they would. A large part of the bank reserves of the country have been concentrated in the hands of the Federal Reserve Banks and this fund of deposits furnishes the basis, very largely, for the lending power to member banks.

Many, however, expected that following the enactment of the Federal Reserve Act the practice of banks keeping money in the large centers would be entirely discontinued. These expectations have not been realized and

the deposits of banks with city correspondents are larger now than ever before. Again, support for the enactment of the System was received from some members of Congress who thought they saw an end to what they pleased to call Wall Street domination of the money market. To these gentlemen the working out of the matter has been a disappointment. Fortunately the system for employment of funds on sharp call against securities listed in Wall Street has been preserved and is being employed more scientifically and generally than ever before.

#### THE PAR COLLECTION SYSTEM

A supplementary provision for the mobilization of bank funds was introduced into the Act at the last moment in the shape of the par collection system. There can be no question but that we, as ex-transit men, know it to be true that the par collection system has speeded turnover of bank checks, has cut down conversion time, and made available as loanable funds a very considerable additional amount. Right here, however, I desire to inject a comment on what I consider to be one of the small blunders committed by Federal Reserve Banks in the administration of the Act. I refer to the forcing methods that were used at one time, and now happily are very generally discontinued, to compel non-member banks to either enter into a contract to remit at par for items forwarded to them by the various Federal Reserve Banks or to suffer the inconvenience and embarrassment of taking care of their items through unusual and irregular channels. Unless by order of Government or court, every business association should have the privilege of voluntary election regarding any reciprocal business relationship. It is my belief that the resentment engendered by this bureaucratic method of handling this question has very seriously impaired the good will and support of the country bank element toward the Federal Reserve System.

The third purpose of the Act, to provide a satisfactory depository and fiscal agency for the Federal Government, has been well fulfilled. There can be no question but that the Federal Reserve Banks have given better service to Government and banks alike than the antiquated sub-treasury system ever did. It is, without doubt, true that the former Secretaries of the Treasury were able to save many a local situation through the quick transfer of funds to various local sub-treasuries, but it is also true that the power thus arbitrarily placed was potentially a source of danger and misuse. The function of the Federal Reserve System as a fiscal agency for the Government was splendidly used during the period of flotation of Government war loans. We hope the time will never come again when this function will be so liberally required as at that time.

Concerning the function of assisting in the financing of foreign trade much could be said. I may only say that I believe the Federal Reserve Board might very well codify and simplify, and at the same time make more scientific and exacting, the requirements in relation to the handling of collateral against member banks' acceptances for the financing of foreign trade.

The problems of how best to use the facilities of the Federal Reserve System so as to control the volume of credit through the manipulation of the rediscount rate and the regulation of bank borrowing as well as open market transactions are, undoubtedly, among the most discussed that have come up through the operation of the System. It has become apparent to most observers that in some respects the System has not functioned as scientifically as it should have in this respect. Many theories have been advanced by bankers and economists for changes the better to enable the System to effect a more complete control of the money market, so that the adjustment between rediscount rate and business activity might be made in anticipation of a business.

activity that needs restraint or of an inactivity that needs stimulation.

#### DETERMINATION OF REDISCOUNT RATES

There are very many who find fault with the manner in which the rediscount rates have been determined thus far. The establishment and maintenance of an arbitrary rate for carrying Government securities during the war financing period, which was far below the market rates at the time, has been freely criticised. As a matter of fact these special rates on notes secured by Governments were but consistent with the extraordinary low rates of interest which the Government exacted on patriotic grounds from the owners of war time securities. The question of policy, therefore, in relation to the rediscount rates resolved itself into the question of whether the Government was justified in putting out its securities at so low an interest basis. Many of you, I am sure, will agree both that it was not justified and that the policy of our neighbor republic, the Dominion of Canada, in paying the market rate was better taken with the result that their securities receded very little from par. No one can estimate the losses incurred by small investors who disposed of their holdings of Governments at prices of 82 to 90.

Further criticism directed at the Federal Reserve Board was that it was very dilatory in raising the rediscount rates in 1918 and 1919 in order to signalize and check the inflation which was evidently upon us. Even today there are many who hold that the rediscount rate should have been actually raised at the beginning of this year to sound the warning that business was moving too fast and that there was danger of another period of inflation. Whatever degree of justice there may be in these criticisms, it appears certain that the Federal Reserve policy with respect to its rediscount rates lacks definiteness.

The uncertainty with respect to what the Federal Reserve System may do with reference to interest rates is much

more harmful and unsettling to business than any clean-cut action might be. One difficulty seems to be clearly evident; namely, that thus far the Federal Reserve Board has not fixed upon any common denominator upon which its rediscount rate is based. The policy has appeared to be a hesitant and unsettled one and no possible clew has been given which would indicate to the bankers of the country what action might reasonably be expected under any given set of conditions. It seems to me highly important that the Federal Reserve Board determine on a policy which will enable the several Federal Reserve Banks to fix their rediscount rates in accordance with the sum of certain local factors, together with the position of the market rate on some one class of paper the country over.

It has been suggested and strongly urged, particularly by bankers of national repute in the East, that the general factor for fixing rediscount rates be the rate at which bankers' acceptances are bought and sold. This plan draws value from the fact that bank acceptances have an open market and are purchased with surplus funds. The practical difficulty is, however, that the volume of bankers' bills is not yet large enough to fix a rate which represents a true index of conditions the country over. Another suggestion has been that the rediscount rate should be governed by the ordinary over-the-counter rate of commercial banks. The difficulty with this idea is that over-the-counter rates vary considerably in different parts of the country, and even in different cities in the same Federal Reserve district, and it would probably be difficult to arrive at a common standard which would be mutually satisfactory.

The third suggestion, which seems to me to be the most logical, is that the Federal Reserve rediscount rate should be based upon, or perhaps equal to, the best prevailing rate on high grade commercial paper commanding a ready market.

The advantage of this plan, as I can see the matter, is that the commer-

cial paper rate most closely represents, generally speaking, the results of the action of the law of supply and demand.

Referring to the old economic law that in a free market prices are determined by the marginal buyer or seller, it would appear that the commercial paper rate represents more than anything else a universal rate at which the marginal borrower is willing to come on the market for his requirements and at which the marginal purchasing bank is willing to make use of a certain part of its surplus funds.

Under these circumstances is not the commercial paper rate as true an index of the condition of the money market of the country as anything we have? No such standard is used abroad, but, by the same token, no other country uses single name commercial paper as we do to obtain funds in the open market.

I do not mean to imply that the Federal Reserve Board or the several Federal Reserve Banks should change their rediscount rate at every change in the rate at which commercial paper is placed on the open market. Further, as stated, there are local factors in each district which must be taken into consideration. It is also entirely conceivable that the curve of the rate of commercial paper will go off the chart at either end. However, it seems to me that a general statement of policy by the Federal Reserve Board that the commercial paper rate is in their opinion as fair an approximation of the going rate as is available would tend to settle a great part of the uncertainties which have existed with respect to what the Federal Reserve Banks might possibly do.

As to whether the rediscount rate of the Federal Reserve Banks should be higher or lower than the current or going rate for money has been very freely discussed and the consensus of opinion seems to be that the Federal Reserve rate should not be substantially lower than the current market, as otherwise an inducement is present to rediscount for a profit.

There are many who advocate going

to the other extreme and making the rediscount rate higher than the market rate on the theory that rediscounting would involve a restraining cost or penalty.

The practical difficulty with this plan is that in the event that the Federal Reserve Banks were to attempt to charge member banks more for rediscounting than the market rate, these same member banks would expect, and would have a right, to receive as a matter of course the actual market rate from their correspondent banks, thus diverting borrowings from the Federal Reserve System to the commercial banks. This would be a rather awkward situation and would mean that city banks in turn would only rediscount when and if their own funds were exhausted. That would throw the whole scheme of things out of alignment.

I do not recall seeing very many arguments in favor of a rediscount rate that is neither substantially above nor substantially below the market. Really, from all angles, is not such a rate the logical rate to strive toward? Would it not tend to produce a most natural result and cause banks to seek the Federal Reserve only for the purpose of refunding without profit or without penalty loans they have made to their customers?

#### REGULATION OF VOLUME OF CREDIT

In considering the general problem of the control of the regulation of the volume of credit used, and the question of how much this control amounts to, is it possible that the Federal Reserve Banks are credited with power over the economic condition of the country which, in fact, they do not possess? I believe that over-emphasis has been placed on their possible role in this respect.

It is assuredly true that expansion of Federal Reserve currency is the result and not the cause of credit inflation. To prove this we have only to refer to our experience in 1920. United States retail prices based on the Federal

Reserve price index of June and July of 1920 reached a high of 215. The high point of Federal Reserve issues was reached the last week of October and the first week of November, or sixty days later than the peak retail prices. Since that time Federal Reserve issues have steadily declined. It is also obviously true that the expansion of bank loans was not of Federal Reserve making. I wonder if we may not honestly admit to ourselves that many of us were guilty of that same inclination to over-expansion which we found in the records of our commercial customers who felt that the very substantial growth of their businesses was due, without doubt, to some special ability which they possessed as against their competitors. I wonder if we did our full duty in curbing the evidences of inflation and too rapid increase of commitments before proper assimilation.

The banks in the agricultural districts had themselves to blame for the extended condition in which they found themselves after the year 1918 when crops brought enormous surplus funds to them. An increase in deposits is an increase in liabilities. Banks more often get into a strained condition through a sudden reduction in deposit liabilities than from an increase in loan demand.

The business public does business with the commercial banks direct and not with the Federal Reserve Banks. It is within the power of every commercial bank to regulate the character and volume of its own loans. With the exception that a strong urge was placed upon them to absorb loans to assist Government financing during the war period, there has been no outside direction of their course in this respect. If bankers extended loans to finance the purchase of additional land, for the carrying of speculative securities, to finance the purchase of additional buildings or equipment, or to enable manufacturing or jobbing customers to book forward commitments in unusual volume; and if this was done on their own initiative and if the results were unfortunate in some cases; no fault should

be laid at the door of the Federal Reserve System.

The control of the situation is fundamentally in the hands of our commercial banks and the influence of the Federal Reserve System is only effective when heed is given to the warning implied by a sharp rise in the rediscount rate. As a matter of fact, a rise of one-half of 1 per cent. in the rediscount rate does not prevent banks from borrowing if the need be great. Furthermore, an increase in the rate can obviously control, if at all, only such banks as pay them. Non-member banks and non-borrowing member banks are obviously not effected in a direct way. Furthermore, in the agricultural districts any ordinary rediscount rate would not represent a penalty in view of the considerably higher rates which prevail for customer loans. It is the commercial bank rate, and not the rediscount rate, that the public pays.

Over the war period and the years following, the Federal Reserve System has tried many experiments involving regulation of the rediscount requirements for paper. Most of these experiments have admittedly been failures. For example, it was undoubtedly unwise to attempt the exclusion of certain classes of paper, as for example that representing the purchase of automobiles, through the practice of imposing discriminatory discount rates.

It has been said that the return of 4,000,000 United States soldiers from the great war presented a political problem which had a strong influence on the decisions of the Federal Reserve Board. From the Administration's standpoint it was necessary that these soldiers find employment. It has been stated that the Government deliberately encouraged over-production and expansion to give that employment; and that the Federal Reserve Board, greatly moved by this consideration, at the instance of the Administration did not as soon as might have been apply the brakes by means of an increase in the Federal Reserve rate. Whatever degree of fact there may be in this statement; whatever criticism

there may be due the Federal Reserve Board for not having put on the brakes soon enough; and however true it may be that the establishment of the Federal Reserve System not only released considerable bank reserves for transformation into bank loans, but also partially removed the fear of the results of over-expansion as a result of a feeling that the reserve power of the Federal Reserve System was there to fall back on; it still must be said, in all fairness, that neither the System, nor the Board, nor the individual banks were actually responsible for the inflated condition in which the nation, and for that matter the entire world, found itself.

#### THE PROCESS OF DEFLATION

The process of deflation, however, was one in which the Federal Reserve System was more intimately concerned. When the business public woke up to the necessity of taking the water out of prices, the Federal Reserve Board and the Federal Reserve Banks took an active hand; and their efforts were conscientious, at least, and, for the most part, intelligent and sympathetic. Blunders were committed without doubt; some of them errors of judgment perhaps, as when one Federal Reserve Bank sent out a general notice to all borrowing banks in a certain state that their entire debt must be liquidated on or before a certain date. This was obviously impossible and obviously illogical. The final handling of that case was, however, much more scientific and the result was an orderly liquidation from a high peak of about two and one-half times the so-called basic line of borrowing of the banks in that state, to a present volume of rediscounts within 5 per cent. and 10 per cent. of the maximum. The unfortunate part of the affair was that a request on the part of the Federal Reserve Banks for liquidation, or any disinclination to loan any individual bank beyond a reasonable amount, presented an opportunity to lay blame for the whole situation on the Federal Reserve System.

This is particularly true in the agricultural sections, and while the actual statistics of the Federal Reserve Banks show that basic lines of credit and even eligibility requirements were forgotten in many cases to prevent banks going out of business, yet the feeling was prevalent that the country banks were not getting their full share of Federal Reserve coöperation. Demagogues in and out of Congress have been quick to take up the cry against what they have styled, "Federal Reserve tyranny and compulsion".

The facts of the matter were, and they can be easily demonstrated by a review of the figures, that the Federal Reserve System not only went to the limit of its lending capacity, but also that by far the larger amount, in proportion, of its lending power was used in agricultural districts.

Great stress was placed by the framers of the Federal Reserve Act on the importance of restricting the assets of the Federal Reserve Banks to self-liquidating commercial paper. As bankers we realize the importance of this provision, and as stockholders of the System we may well congratulate ourselves that but a very small part of the recent legislation for assisting the farmer in withholding his products from market for better prices was fastened on the Federal Reserve System. Perhaps the machinery of the so-called intermediate credit bank may work out well, but there will always exist, I think, a suspicion in the mind of the educated public that legislation fostered by special interests and designed to serve those same interests is likely to have inherent weaknesses and not to be 100 per cent. good for the nation as a whole. Although the framers of the Act stressed the principle of self-liquidating paper, they at the same time introduced the element of investment banking into the System by the inclusion of Government securities. Governments are, of course, the highest form of security, but they do not, in any sense, have a self-liquidating character. Government securities of twenty-

year maturity are not the ideal basis for Government currency which is expected to be absolutely responsive to seasonal trade demands. It is a question whether, with the war over, and the needs of the Treasury Department being more and more easily taken care of, we might not begin to consider the advisability of amending the Act to the end that Governments are free to circulate in the natural markets, but outside of the Federal Reserve System.

The bankers of the country should be proud of that great member of their fraternity, Secretary Andrew Mellon, who has performed miracles with his department and has always stood out against political domination in the Federal Reserve Board and against allowing politics to sway the administration in fastening upon the country huge commitments for which no appropriation had been made. Secretary Mellon is a living demonstration of how far a man of real ability, real courage and iron will can go even in Washington.

#### POLITICS AND THE FEDERAL RESERVE

I desire to speak on one more matter which must command our most thoughtful consideration. It is that of the danger of political interference in the organization and administration of the Federal Reserve System. There is grave danger that unless certain changes are made with referenc to the manner in which the personnel of the Federal Reserve Board is chosen, we will be deprived of the leadership of men most competent by experience, knowledge and conservatism to serve. Already we all know that in very many cases the men who really have ability in the banking and business world have refused appointments to the Board for reasons which are not hard to find. The small salary will not be an insurmountable obstacle to successful men who have attained a competence. The three year enforced vacation from the banking business following service on the Board is a serious obstacle. It should be possible, and it is possible, to secure men

for the Federal Reserve Board whose sense of the responsibility of a confidential relationship is keen enough to make that provision unnecessary. Furthermore, the uncertainties of office tenure, based on the ever present possibilities of a change in political administration is not attractive to men in private life. What might be called the turnover of the Federal Reserve Board has already been much too rapid for the good of the System. You might be interested to know that in the place left vacant on the Board by Mr. Mitchell there have been three predecessors, or four in all, with an average service of two years. There have been three representatives from the New York district with an average term under three years. There have been four occupants of the ex-officio chair of the Secretary of the Treasury, and two in the seat of the Comptroller of the Currency. Mr. Crissinger is the fourth Governor. There have been four Counsels of the Board and four secretaries. Only two members of the Board have served continuously from the first, though the term of office is supposed to be for ten years. The term of two members expired and the President in each case failed to make known his plans as to reappointment until the terms had actually expired.

There is practically a unanimous opinion among national banks that the functions of the Comptroller of the Currency should be consolidated with those of the Federal Reserve Board, thus giving them one examination and reporting agency instead of two. There have been men proposed for membership on the Federal Reserve Board of whose real qualifications there could be a reasonable doubt. Special interests have put forward special candidates. A recent candidate for Comptroller of the Currency had a political lobby which, for energy and use of every possible influence, has perhaps never been surpassed and but for the courageous stand taken by the junior Senator from Michigan in telling the truth regarding the candidate's record as a banker and as a

borrower, the narrow majority by which the confirmation of his appointment was defeated might easily have been wiped out. The Governor of the Federal Reserve Board should not be appointed by the President of the United States. The Board itself should elect him from its own membership. Service on the Board should be made of the same high standing, and perhaps have the same life term, that it has in the Supreme Court of the United States. Every possible effort must be exerted to preserve the Federal Reserve System from political alliance and to keep its powerful influence entirely devoted to the building up of the greatest banking system in the world.

The history of the First and Second United States Banks is dim to us after 100 years, but I ask you to note that the First Bank in the United States was established in 1791 and failed to obtain a renewal of its charter in 1811, the opponents charging that the bank was a "money trust" controlled by foreigners, a tool in the hands of the Federalists, and that the act chartering the bank was unconstitutional.

Note the use of the words, "money trust". We have the idea that this is a modern term. The suspicions which

animate the demagogue today have not changed in a century. Further, I call your attention to the fact that the Second Bank of the United States was chartered in 1816 and failed to obtain a renewal of its charter in 1831, the reasons as given by a noted authority being a wide-spread belief that the bank was unconstitutional, the hostility of the states, the opposition of the state banks, the rise of democracy, and the envy and hatred which the poor always feel toward the rich.

Both banks functioned well and accomplished much for the country during crucial times. The downfall of both was caused simply and solely by attempts to place the determination of banking policies in the hands of political authorities.

The delicate handling of currency and credit to the high end that best interests of all may be served with special privilege to none cannot be left to others than those who are competent through proven judgment and experience. The danger of politics in the Federal Reserve System is a real one; upon us, as bankers, is placed the grave responsibility of forever keeping the great System clean.



### American Bankers' League

**T**HE formation of the American Bankers' League, with national headquarters in Washington, was recently announced in the *New York Journal of Commerce* as having been completed. According to a statement reported to have been issued by J. A. Arnold, who is secretary of the Southern Tariff Association, 9000 banks, representing every state in the Union, have joined the league as charter members.

Charles B. Claiborne, president of the Whitney Central National Bank of New Orleans, was chosen as chairman of the organization committee, it was stated, and will head the movement to enlist a

larger number of banks in the league. National, state and private banks are all included in the new organization, it was stated.

The league was formed with the purpose, as announced by its declaration, of providing a medium for the bankers of the nation to express their views collectively on the economic problems of government, especially on the tariff, taxation and fiscal policies. At the outset the league, as one of its first activities, will oppose a general revision of the tariff laws by the United States Tariff Commission.

# The Banker and the Business Cycle

By Gordon Wilson

Comptroller The National Bank of the Republic, Chicago

**I**N the course of its consideration of the Report on Business Cycles and Unemployment, by a Committee of the President's Conference on Unemployment, the Society of Industrial Engineers has asked me to submit an answer to the questions specifically referred to bankers in the conclusion of the report. These questions are as follows:

To what extent can the business cycle be affected or its consequences averted by bankers? How far is the possibility of action by bankers dependent upon a change in laws, and how far it is dependent upon the individual action of bankers upon the basis of a sound interpretation of statistics?

The business cycle cannot be directly affected by bankers, any more than it can be influenced effectively by any single group in the business or labor world, because the big determining factors in the movement of business cycles are entirely psychological. The curve of the business cycle is essentially a graph of human hopes, spurred on by human selfishness and human greed, with a downward reaction reflecting a compound of human fears.

Bankers can do no more than cooperate in the flattening of the curve of the business cycle. They can influence and restrain the unhealthy expansion of business to a certain extent by counsel and exhortation, but they can no more prevent it than clothing dealers could prevent the practice of wearing clothes by the simple process of shutting up their shops. The banker is essentially a credit merchant and a dealer in capital. He gathers it, organizes it and places it at the disposal of those who require it, and who are able to pay the market price in terms of yield and security. He does not create capital and he has no monopoly of it. Being merchants, the bankers must meet the demands of their customers or go out of business.

In addition to being merchants, the bankers are trustees who are entrusted, not only with the capital of their stockholders, but with the capital of nearly every man, woman and child in the country. They have certain expenses and obligations that must be met, which means that they must make a profit from their operations if this capital is not to be impaired, dissipated or paralyzed. Therefore, the banker must continue to do business in times of inflation, just as he must in times of deflation, or in whatever we might call normal times, and to do business, he must satisfy his customers, that is to say, the borrowers, insofar as such satisfaction can be given on anything like reasonable terms.

If the bankers were to try to force business into channels of their own design, we would shortly have the spectacle of the bankers going out of business, and of capital going from those who have it to those who need it, through other channels—channels devoid of all the checks and safeguards that the bankers have been able to design. It does not take a long memory at this moment to recall what happened when the largest and most powerful banking organization in this country, the Federal Reserve System, was suspected of having tried, by the application of arbitrary pressure, to restrain speculation in cotton. Attacks were directed against it which would have wrecked a privately owned institution.

In order to understand the mechanism of a period of business inflation, let us examine a working model. The world is full of them. You can see one on every street corner, on every elevated platform and at every suburban station every afternoon in the week. An elevated train pulls into the station when people are going home from work, and immediately there is a mad rush to get aboard. The people don't rush for the purpose of getting a seat, because they

can see that the seats are already occupied, and one piece of standing room is no worse than another. They don't rush because that particular train is the last train that they can catch; in fact, there will be another train along in a minute or two that would serve them just as well, and would get them home just about as quickly. Nevertheless, men and women crowd and shove and push each other, and trample over each other, as though their lives depended on the catching of that particular train. Everybody wants to catch that train because everybody else does.

It is clearly a case of blind unreasoning, just the same as when each purchaser of pig iron proceeds to sign up purchase contracts for all the pig iron in the world. He does not do it because he needs the pig iron, for he couldn't use it if he got it. He is just afraid that if he doesn't get the pig iron someone else will. The normal production of pig iron and other commodities in this country is naturally in reasonable balance with normal consumption. Abnormal buying gives an unhealthy stimulus to production, which in turn stimulates more buying, and the evil effects react and radiate throughout the entire business structure until the breaking point is reached, and the crash occurs. The Wall Street axiom that the public only buys on a rising market is not an economic fact; it is a psychological fact.

Therefore, the bankers can influence the business cycle only as they can contribute to the general education of the human race. They are doing this now in a larger degree, probably, than any other class of business men. Still, it would undoubtedly be profitable if they were encouraged and stimulated to do it to an even greater extent, and if, incidentally, organized efforts were made for the education of the bankers themselves, because, in spite of a well defined impression to the contrary, even bankers are human. The more efficient collection and distribution of economic data is a great and fundamental need, but it is conceded that the bankers must accept the responsibility of leadership

and learn to assemble and interpret and expound the significant facts with reference to current business conditions, and to deduce from those facts the trends which they forecast. At the same time, the leaders in industrial and mercantile pursuits must learn the same lessons and assume the same responsibility as the bankers, and the public at large must be taught the language in which these truths must be preached.

Self-control and even unselfishness are primarily the result of education. In this generation we no longer run away from haunted houses, nor do we get frightened into a murderous panic because we suspect that some old woman is a witch. We have even progressed to the point where our intelligence tells us that we can prosper best by contributing to the prosperity of those around us. Most of this progress has been made within the last hundred years, and it is really a wonderful step in advance. As a race, however, we still have a tremendous lot to learn, and wise, far-seeing community action will be impossible until the individuals that make up the community have been taught that there are often good reasons for holding back instead of pressing forward, and that there are personal advantages to be gained thereby.

The question has been asked whether additional legislation is needed from the banker's point of view. I should say that it is not. Legislation in this country is too often a means of passing the buck and of soothing our consciences by unloading onto law enforcing agencies the duties and responsibilities that we ourselves should assume. The only legislation that I believe would be helpful would be laws compelling high schools, and possibly the upper grades in grammar schools, to offer courses in elementary economics even if we had to cut out botany and music in order to work them in.

Let us tell everybody in this country what it is that is symbolized by a dollar, and instruct them regarding the real power and limitations of a dollar.



WILLIAM B. JOYCE  
Chairman, National Surety Company, New York

**M**R. JOYCE was born at Utica, N. Y., December 28, 1866, and started out for himself in 1871 by selling newspapers at Grand Rapids, Mich. Subsequently he was employed by Gen. William P. Innis as office boy in Grand Rapids and later as messenger for the Western Union Telegraph Co. He afterwards engaged in the telephone business and in 1884 became manager of the telephone company at Marshall, Mich. In 1886 he undertook the management of the Northwestern Telephone Exchange Co. at Minneapolis and later was promoted to the management of the company at St. Paul, remaining there until 1891, when he became Northwestern manager of the predecessor of the National Surety Co.

In 1904, when the National Surety Co. was laboring under financial difficulties, Mr. Joyce was made president. The company has made rapid strides under his leadership. It is now the largest surety company in the world, with a capital of \$10,000,000, twice that of any other surety company.

Let us fix in the minds of the American people the distinction between wealth and money, and the relationship that must exist between consumption and production; then when the bankers or any other group of economic leaders go forth to preach economic

truths, they will have an audience which will be able to understand what they say. The foundation of all panics (and inflation and deflation are both panic symptoms) is ignorance, and only in an educated community will enlightened self-control be possible.



## New Fraud Insurance Offers Wide Coverage

### Worthless Check Nuisance Alleviated by New Bond

**T**HE irregular and worthless check nuisance promises to be greatly alleviated for banks by the new "Fraud Bond" which the National Surety Company, New York, began issuing last month.

The bond offers by far the widest fraud coverage ever afforded, and one of the clauses gives protection against 50 per cent. of any loss from fraudulent checks drawn on banks in or within fifty miles of the holder's city, if not paid on presentation. The National Surety Company will collect as much of the check's value as possible, return the balance to the bondholder and will have offender arrested.

The new "Fraud Bond" was devised and has been copyrighted by William B. Joyce, chairman of the National Surety Company, in person.

It also covers larceny, embezzlement, robbery, hold-up, safe-blowing, counterfeit money, and general frauds "of any other description", including misrepresentations of merchandise.

It was especially designed to meet the needs of retail merchants, of which there are 1,200,000 in the United States, all of whom are, of course, bank depositors.

Loss must be reported either during the bond's term or within thirty days of expiration. The surety company may cancel by giving five days' notice, but remains responsible even during those five days; and returns all unearned premiums.

Over \$10,000,000 was lost by merchants throughout the country last year through fraudulent checks; and under the new "Fraud Bond", the National Surety Company proposes to pay 50 per cent. of the loss on these worthless checks, to prosecute the offender, and also to return whatever of the balance it is able to collect from the issuer.

Loss under each clause in the bond is, however, limited to a specified amount.

The "Fraud Bond" is the first policy ever brought out protecting against checks drawn against insufficient funds or no accounts.

Worthless checks, of course, often embarrass banks because depositors draw against them. The new "Fraud Bond" will greatly protect banks against this situation.

Many bankers are already recommending the new "Fraud Bond" to their depositors as a mutual convenience and safeguard for both bank and depositor.

# Bank Salaries in Missouri

By Dale Graham

Mississippi Valley Trust Company, St. Louis; chairman Committee on Analysis,  
Missouri Bankers Association

**T**HE country bank cashier and the brick layer have much in common, except in one regard—the matter of compensation. Anyway, they both help build buildings.

The cashier acts as financial adviser to the prospective builder; he makes the loan on the lot and the building; he finances the contractor with temporary credits; he handles the bills of lading covering the material; sometimes he draws the contracts and other legal papers.

The bricklayer—well, he lays the bricks. For which, if he were a union bricklayer in good standing, he would receive \$15.00 per day in St. Louis, but in the same small town with the cashier probably receives only about \$6.00 or \$8.00. But on the other hand the cashier, in consideration of the brain work he does and the degree of his responsibility, is rewarded with about \$110.00 per month.

No doubt he envies the fireman who rides by on the great locomotive (perhaps also on his overtime) and the coal miner who dirties up the counter getting his check cashed, for the munificence of their salaries!

Such is the situation as revealed by the research of the Committee on Analysis of Accounts of the Missouri Bankers Association. Three hundred and eighty-six banks in the state, in towns under 2000 population, are paying their cashiers (and chief executives) an average of \$110.00 per month.

Several months ago questionnaires were sent out to members of the Association with the request that they fill in the answers. In order that the bankers might feel free to disclose this confidential information concerning salaries and operating expenses, a system resembling a secret ballot was employed. Each institution

was provided with the questionnaire, a small blank coin envelope, and a stamped envelope addressed to Secretary Keyser, who, because of his long service to the Association, enjoys the members' complete confidence.

Banks were specifically instructed not to place identifying marks on either the questionnaire or the coin envelope in which it was to be sealed. Their names were to appear only on the mailing envelopes. This method enabled the secretary's office to check off the names of banks reporting and ship the questionnaires, still sealed in the coin envelopes, to the chairman of the committee. The identity of reporting banks was in this way undisclosed.

The fact that 1530, or 98 per cent. of the 1648 banks in the Association responded either to the original letter or to the follow-ups, indicated that the bankers were quite anxious to see how their own salaries and operating expenses compared with those of other banks in their class. In order to gratify this desire, the figures were divided into thirty-six classifications, each representing banks of a certain size in cities of a given size.

Averages found show that only 278 of the 1162 reporting banks in towns under 5000 population pay their presidents a salary and, even allowing for the economy of living in small communities, the cashiers and managing officers of those 1162 banks, who receive an average of \$140.00 per month, either must have personal means to begin with, or must maintain the standards necessary to their positions as the leaders of their communities and the builders of the commonwealth by means of "sides lines", such as selling insurance, collecting commissions on farm loans, and trading in real estate.

Of course these officers often are

heavy owners of their bank's stock. But even this fact, coupled with the insufficiency of salary, might result in the taking of chances which offer large profits to the bank, and, indirectly, to the cashier through the sale of his stock or through large dividends.

Occasionally we read of a failure or

an embezzlement. The disaster is that of the public. A blow is dealt the entire banking profession. Could small salaries have any connection?

Missouri is not to be stigmatized by comparison, as no doubt the same situation exists in other states to an equal or greater degree.



## Moving \$202,000,000 in 100 Minutes

By Carl H. Getz

**MONEY** was moved from one bank building to another in New York recently at the rate of \$34,000 a second.

Exactly 100 minutes was required to move \$202,000,000 in negotiable securities from the old to the new home of the Bowery Savings Bank in New York. To accomplish this it was necessary to use 14 armored motor cars with portholes bristling with sub-machine guns. The cars followed in rapid succession through New York's crowded streets.

The transfer of the bank's treasure was undertaken at a time when Park and Madison avenues and other streets paralleling Fifth avenue were choked with traffic diverted from Fifth avenue on account of the parade that marked the end of the city's jubilee celebration. More than 100 policemen were required to clear the route for the armored cars as they sped along at five-minute intervals.

The fleet of cars was operated by the Adams Express Company and the responsibility of transporting the money safely was entirely in the hands of that company.

A motorcycle policeman served as a pilot for each armored car as it started on its way north from the Bowery and Grand street building. All along the route were stationed detectives, plain-clothes men and uniformed policemen.

They kept traffic moving at principal intersecting streets.

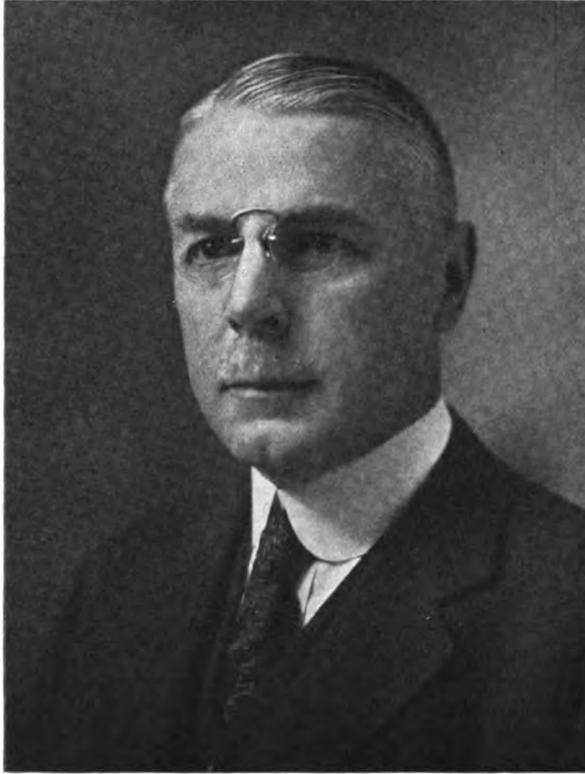
So closely did the police watch the route of the treasure-laden motor cars that no automobiles were permitted to stop near any of the corners of the intersecting streets.

The transfer of the funds began at 2 o'clock and was completed at 3.40.

Each armored car was manned by a crew of six men. Each guard, driver and conductor was under a special bond of \$510,000 for the occasion, the total bond being approximately \$43,000,000. The family history of each man who was assigned to the treasure cars is an open book to the company which employs him and vouches for his honesty and courage.

The cars themselves were armored with bullet-proof chrome steel. The driver, amply armed, was alone in his compartment, and he was protected by bullet-proof glass. The car's armor consisted of two thicknesses of chrome steel one-fourth of an inch thick. Between the two thicknesses of steel is a layer of laminated wool of one-fourth inch thickness.

William E. Knox, president of the Bowery Savings Bank, supervised personally the final count of the money and securities.



JAMES W. H. HAMILTON

General manager Union Bank of Canada, Winnipeg

**M**R. HAMILTON, who has recently been appointed general manager of the Union Bank of Canada, began his banking career at the age of 18 years as a junior clerk with the Merchants Bank of Canada. Six years later he entered the Bank of British North America. In 1902 he became manager of this bank at Quebec, remaining in this capacity for seven years, at the end of which period he joined the Union Bank of Canada, becoming manager at Quebec City, and a year later supervisor of Eastern branches. When the Union Bank of Canada in 1911 acquired the United Empire Bank, with its chain of branches in Ontario, Mr. Hamilton went to Toronto as supervisor of the Eastern branches. Two years later he became Eastern superintendent. In 1914 Mr. Hamilton went to London, England, in temporary charge of the bank's branch there, remaining five months. Mr. Hamilton became assistant general manager of the bank March 1, 1917, and removed from Toronto to the head office of the bank at Winnipeg. In February of this year he was appointed general manager by the directors.

# 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 is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.—EDITOR.

**QUESTION:** I have been interested in trying to analyze the degree of collectibility of receivables appearing on customers' statements through comparison of them with sales and selling terms. Can you tell me if there is any set ratio between selling terms and outstanding accounts? By that I mean, for example, if a company sells on terms of 2%/10/30, could we safely say that it normally should show only thirty-five or forty days of outstanding accounts on its books? Similarly with other selling terms, such as net ten days, 2%/10/60, etc.—S. W.

**ANSWER:** There is no set ratio between selling terms and outstanding accounts. The amount of receivables normally appearing on a customer's statement will vary greatly according to the type of business, the time of year and the conditions current in the industry in question. In the wholesale grocery business we might normally expect to find thirty-five to forty days of accounts outstanding on selling terms of 1%/10/30. In various other lines, however, such as manufacturers of farm implements, there might be considerably longer terms (sometimes by note) and often much slower pay. Several years ago Robert H. Treman of the Federal Reserve Board of New York made an investigation of the subject under discussion and in an interesting article published by the American Acceptance Council wrote in part as follows: "The writer made a recent canvass among manufacturers and jobbers of one line (hardware), with the following results: Among manufacturers the terms are usually sixty days, less 2 per cent. premium for cash in ten days. The reports show that when bills are discounted, instead of being paid in ten days, they have averaged fifteen days, and for those who take the option of the sixty day credit period, the average payment is in from seventy-five to

eighty days, and 10 per cent. or more of customers take ninety days or more. As to jobbers (wholesale distributors), the reports show that throughout the country generally from 40 to 50 per cent. of buyers discount their bills within fifteen days after purchase, while of those who take the sixty day option from 25 to 30 per cent. pay 'promptly', or within one month following the sixty day maturity. Of the remaining 20 per cent. only about one half pay in the period between three and four months after purchase, while the other half pay in from four to six months, or never, notwithstanding that the terms of sale agreed upon were for a credit of only sixty days." In the wholesale grocery business it is stated that a very comfortable condition is evidenced if at the end of the current month only 25 per cent. of the accounts receivable of the previous month is outstanding. In other lines this varies considerably. For instance, in an investigation of dealers in mill supplies and tools made by the Federal Reserve Bulletin in 1920, it was stated as follows: "Collections of dealers as indicated by the average number of days' business represented by accounts receivable, have always been considerably longer than the net period for which terms are nominally made. The average is generally estimated at about forty-five days. While certain houses aim to run as close to thirty days as possible, in some cases accounts are carried up to three months, the latter occurring, for example, in the case of the builders' business. Large corporations are stated to be no prompter than small firms, due to the fact that 'large bodies move slowly'. The percentage of dealers' customers who discount their purchases is relatively small. While the figure, of course, will vary with the character of the business of the house, information received from several houses indicates that slightly over one third discount, approximately one third pay when due, and the remainder run past due." In certain lines of industry accounts receivable are generally allowed to run overdue. Producers of bituminous coal, for instance, generally sell

their product on tenth, fifteenth, or twenty-fifth proximo terms, and while in certain districts payments appear to be prompt, they are decidedly not in others. Again quoting from another issue of the Federal Reserve Bulletin, "From certain sections it is stated that purchasers largely run beyond the due date, one producer stating that payments in general are effected from fifteen to forty-five days thereafter, and that although it is endeavored to collect interest for the extra time taken, it is next to impossible to do so. In one field it is reported that an account is rarely considered old until sixty days past due date. From certain fields it is stated that few purchasers make payments until the coal reaches its destination, and some only on the tenth proximo thereafter. Payment is thus made on the basis of coal received rather than coal shipped. The railroads are often stated to take up to ninety days, while in certain cases longer terms are given them than are given other purchasers."

The above examples are given merely to indicate the variance in bill-paying policies in different industries. Since the time that the above investigations were made considerable changes may have occurred. However, it is readily discernible that the collectibility of accounts within the periods specified by the terms of sale varies greatly and it is necessary for the credit man to be thoroughly familiar with the general custom followed in the industry under scrutiny.

**QUESTION:** We in this department greatly enjoy and derive considerable benefit from reading your "Bank Credit Problems", published in your magazine. The question has arisen here and opinion seems to be divided, as to whether a real estate mortgage, when appearing in the liabilities column of a statement, should be included in the total debt. In other words, should the mortgage, in the analysis of a statement, appear as a part of the total debt, when comparison to net worth is being determined?—F. S. H.

**ANSWER:** (The above question is from the manager of the credit department of a large bank.)

In analyzing a statement, real estate mortgages should always appear as part of the total debt. Occasionally a statement will be sent in to a bank in which the mortgage has been deducted from the property on which it is a lien and the net equity only is shown as an asset. This is not the proper way of setting up a balance sheet, which is supposed to show a full and true condition

of all assets and liabilities; it is obvious that this cannot be accomplished when offsetting liabilities are deducted from their corresponding assets and only the equity appears. It must be realized that in the event of liquidation the debt will always be the same whereas the asset may be considerably reduced in the event of sale. Also, the net worth of any company will of course include the real estate, and if a mortgage is being carried against the real estate in the liabilities, any comparison of net worth to debt would have to include the mortgage in the latter.

In considering the matter of deducting certain liabilities from their corresponding assets, the point in question is perhaps very well illustrated in the case of current assets and current liabilities. For instance, if a statement shows current assets of \$200,000 offset by current liabilities of \$100,000, the ratio would be two to one; on the other hand, if we deduct the latter from the former and show the equity, the resulting ratio will be 100,000 to 0. Obviously then it is not permissible to cancel certain assets by deducting offsetting debts, as this would tend to conceal the true financial condition.

In the third sentence of his question F. S. H. apparently has in mind one of the "Internal analysis" comparisons known as the "Debt to Worth" ratio. The debt referred to is total debt and includes all liabilities, both current and fixed. In its business any corporation employs only two kinds of funds: stockholders' and creditors'. The stockholders' investment is measured by the corporation's capital, surplus and undivided profits, i. e. the net worth. The money loaned by the creditors is measured by the concern's total debt. The fact that the latter may consist of notes payable to banks, or mortgages payable secured by real estate, or accounts payable to trade customers is immaterial; it is all creditors' money and as such is distinct from stockholders' funds and is all part of the total debt.

The purpose of the "Debt to Worth" ratio is to show the balance between the stockholders' investment in the business and the creditors' investment. As the concern's total debt increases, without proportionate increase in net worth, the company becomes more and more dependent for working capital on its current creditors and added emphasis must hence be placed by the creditors on the general ability and moral risk of the principals in question. Consequently the rapid rise of the "Debt to Worth" ratio cannot be viewed with favor as it indicates that the stockholders have not enough of their own money in the business. The solution of the problem usually lies in refinancing the company involved through the sale of additional stock which supplies the necessary working capital.

# Banking and Commercial Law

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



Established 1810

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The remarkable development of the Florida East Coast is reflected in the strength of its financial institutions and the very substantial character of its recent building improvements. The above building, now under construction for the Bank of Bay Biscayne of Miami, incorporates the best modern office building practices, with the same high standards maintained throughout the banking quarters.

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The "Work of Weary and Alford Company"*

## WEARY AND ALFORD COMPANY

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# Banking and Commercial Law

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

## Payment of Checks Where Aggregate Amount Exceeds Deposit

*Castaline v. National City Bank of Chelsea,  
Supreme Judicial Court of Massa-  
chusetts, 138 N. E. Rep. 398.*

**A** BANK is under an obligation to pay its depositor's check, when the same is properly presented and there is on deposit to the drawer's credit, an amount sufficient to pay the check. The refusal or failure of a bank to pay a check, without proper cause, will ordinarily subject the bank to liability for damages in an action brought by the drawer of the check.

A novel question arises where several checks are presented simultaneously, that is by the same mail or through the same clearing. In such case, it is the bank's duty to pay the checks so far as the amount on deposit will suffice. It lies within the bank's discretion to decide which checks shall be paid and which shall be rejected.

In the present case, the plaintiff, a depositor in the defendant bank drew two checks, one for \$100 and one for \$300. The two checks were presented to the bank for payment at the same time. At the time of presentment, the amount standing to the plaintiff's credit in the bank was \$379.57. The bank rejected both checks on the ground that the total amount of the checks exceeded the amount of the deposit. The plaintiff brought action against the bank to recover damages for injury to his credit.

Upon the trial, the court directed the jury to bring in a verdict in favor of the bank. On the appeal the court, after referring to the principles of law set forth above, reversed the judgment of the lower court and remanded the case for a new trial.

## OPINION

Action of contract and tort by Sam Castaline against National City Bank of Chelsea for nonpayment of checks drawn by plaintiff, a depositor, on the defendant bank. Directed verdict for defendant, and case reported. Remanded for new trial.

The bank refused to pay either of two checks because the total amount exceeded the available amount to plaintiff's credit. The case was reported on an agreement that, if the order was right, the verdict was to stand, and, if wrong, the case to be remanded for new trial on the question of damages.

CARROLL, J. The plaintiff, a depositor in the defendant bank, on July 12, 1920, drew two checks—one for \$100 and one for \$300. They were presented to the bank for payment simultaneously on July 13, 1920, arriving with others through the mail. The available funds to the credit of the plaintiff when the checks were presented, were \$379.57. The defendant refused to pay either of the checks on the ground that the total amount of both exceeded the deposit of the plaintiff. The action is in contract or tort to recover damages for injury to the plaintiff's credit. The case is here on a report from the superior court.

If the check of a depositor exceeds the amount of his deposit, the bank may decline to pay it, and is not required to apply the deposit in partial payment of the check. *Beauregard v. Knowlton*, 156 Mass. 395, 81 N. E. 389; *Dana v. Third National Bank* in Boston, 13 Allen, 445, 90 Am. Dec. 216. But a bank is bound to honor the checks of its depositors, if it has sufficient funds belonging to them when a check is presented, provided the funds are not subject to some lien or claim. If the bank refuses payment of its depositor's checks when in possession of

his funds, it is liable to an action by the depositor. *Wiley v. Bunker Hill National Bank*, 188 Mass. 495, 67 N. E. 655.

The two checks drawn by the plaintiff were presented for payment at the same time. There were sufficient funds on deposit to pay one of them, and in our opinion, it was the duty of the bank, in the absence of custom or a rule of bankers to the contrary, to honor one of the checks, the bank having the right to make payment in any order it may decide, until the deposit is exhausted. It was so decided in *Reinisch v. Consolidated National Bank*, 45 Pa. Super. Ct. 236. In that case the plaintiff's balance was \$328. Seventeen checks aggregating \$664, were presented at one time through the clearing house. Payment was refused and they were all returned. It was held that it was the duty of the bank to pay some of the checks until the balance was so reduced that it was not longer possible to pay any of the remaining checks. In the opinion of the court, there was no necessity for injuring the plaintiff's credit by dishonoring all his checks when some of them could be paid. See also *Caldwell v. Merchants' Bank of Canada*, 26 U. C. C. P. 294.

In 1 *Halsbury's Laws of England*, p. 605, it is said:

If two checks are presented simultaneously, e. g. by the same mail or through the same clearing, and there are only funds sufficient to pay one, it is doubtful whether both may be returned, and (c) unnecessary damage would be caused to the customer's credit.

*Dykers v. Leather Manufacturers' Bank*, 11 Paige, Ch. (N. Y.) 612, is not in conflict. In that case the depositor directed the bank to pay none of his checks, and later, the same day, checks were presented and dishonored. The depositor then withdrew all his funds, paying some of his creditors. The plaintiffs, who were payee of a check drawn by the depositor, brought a bill in equity to recover from the bank. It was held that the bank was right in obeying the order of the de-

positor to stop payment, and was not obliged to distribute the money among the depositor's check-holders.

The credit of a customer might be seriously harmed if all his checks, presented simultaneously, exceeded his deposit and payment on all of them was refused. And we know of no reason why this should be done. The banker is not injured. The payment of the checks according to his discretion imposes no hardship on him, all that he is required to do, is to pay the checks in whatever order he decides until the depositor's funds are no longer sufficient to pay any of the remaining checks. The depositor cannot complain that some of the checks have been selected for payment and some refused. He is himself responsible that his account is overdrawn, he has caused the condition, and if any damage is occasioned because some of the checks are dishonored, the loss must fall on himself.

According to the terms of the report the case is to be remanded to the superior court for a new trial upon the question of damages.

So ordered.

### Bank Held Free From Negligence in Forwarding Check for Collection

*Montsdoca v. Highlands Bank & Trust Company*, Supreme Court of Florida, 95 So. Rep. 666.

On Friday, June 11, the plaintiff deposited in the defendant bank at Sebring, Florida, a check, drawn on the Bank of Osceola County at Kissimmee, Florida. There was evidence indicating that the deposit was made after banking hours and that the check was included in the business of the following day, Saturday, June 12. The last train, on which the check could have been forwarded for collection on June 12, left at 11 a. m., before the conclusion of the day's business. The next train thereafter left at 8 a. m. on Monday,

the 14th. The check was forwarded on that train to a bank at Jacksonville. This bank forwarded it on the 15th to the State Bank at Kissimmee. The State Bank collected the check from the bank on which it was drawn on the 16th, but before it could remit the proceeds of the collection, it was closed by the order of the State Comptroller.

There is a statute in Florida which provides that, when a check is deposited for collection, it shall be considered diligence on the part of the bank to forward the check without delay in the usual commercial way according to the regular course of banking business. The statute also provides that the bank shall be liable for the proceeds of the collection only after payment is received by it, except in cases of want of diligence on the part of the bank.

It was held that, under the circumstances recited, the bank was not guilty of failing to exercise diligence, within the meaning of the statute referred to. It was held, therefore, that the bank was not liable to the plaintiff for the amount of the check.

#### OPINION

Action by William Montsdoca against the Highlands Bank & Trust Company. Judgment for defendant, and plaintiff brings error. Affirmed.

WHITFIELD, J. In an action to recover the amount of a check deposited in a bank for collection from a bank in another county of the state, trial was had before the judge, a jury having been waived.

It was stipulated that on Friday, June 11, 1920, the plaintiff deposited in the defendant bank in Sebring, De Soto county, Fla., a check drawn on the Bank of Osceola County, in Kissimmee, Fla.; that no special contract was made as to the transaction; that the deposit was entered in plaintiff's passbook as of June 11, 1920; that the check shows stamps of a Jacksonville bank dated June 15, 1920, and of the State Bank of Kissimmee, Kissimmee, Fla., dated June 16, 1920; that the State Bank of

Kissimmee collected the amount of the check from the Bank of Osceola County in Kissimmee on June 16, 1920, "the check having been forwarded originally from the Highlands Bank & Trust Company to its Jacksonville depository, the Atlantic National Bank of Jacksonville, Fla., and by it to the State Bank of Kissimmee, Fla., for collection from the Bank of Osceola County, Kissimmee, Fla."; that on June 16, 1920, before the State Bank of Kissimmee had remitted the proceeds of the check it had collected from the Bank of Osceola County, the State Bank of Kissimmee was closed by order of the comptroller of the State of Florida, and the proceeds of said collection are now in the hands of the receiver of the State Bank of Kissimmee. There is evidence that the check was entered on the remittance sheet of the bank, addressed to the Jacksonville bank on June 12, 1920, and that checks received on deposit after banking hours are placed in the vault of the bank and entered in the business of the next day. It appears that the mail train left Sebring about 11 a. m. Saturday, and that the next mail train going north left Sebring about 8 a. m. on Monday, June 14, 1920. Kissimmee is north of Sebring, and Jacksonville is north of Kissimmee, in the State of Florida. The court made specific findings and gave judgment for the defendant. Plaintiff took writ of error.

Section 4748, Revised General Statutes 1920, is as follows:

That when a check, draft, note or other negotiable instrument is deposited in a bank for credit, or for collection, it shall be considered due diligence on the part of the bank in the collection of any check, draft, note or other negotiable instrument so deposited, to forward en route the same without delay in the usual commercial way in use according to the regular course of business of banks, and that the maker, indorser, guarantor or surety of any check, draft, note or other negotiable instrument, so deposited, shall be liable to the bank until actual final payment is received, and that when a bank receives for collection any check, draft, note, or other negotiable instrument and forwards the same for collection, as herein provided, it shall only be

liable after actual final payment is received by it, except in cases of want of due diligence on its part as aforesaid.

This statute makes the bank in which a check is deposited for deposit or collection liable only "after actual final payment is received by it", unless it is negligent in its duty "according to the regular course of business of banks".

If the person receiving a check and the bank on which it is drawn are in different places, it must be forwarded, for presentment, by mail or other usual mode of transmission, on the next day after the receipt thereof at the place in which the payee resides or does business, if reasonably and conveniently practicable, and, if it is not so practicable then by the next mail, or other similar means of conveyance, leaving after said date. *Lewis, Hubbard & Co. v. Montgomery Supply Co.*, 59 W. Va. 75, 52 S. E. 1017, 4 L. R. A. (N. S.) 182.

The main question to be determined under the statute is whether there was negligence on the part of the defendant bank in not sending the check out for collection by the mail train which left Sebring about 11 a. m. on Saturday, June 12, 1920. There are circumstances from which the trial judge may have inferred that, though the check was credited on the plaintiff's passbook on June 11, it was in fact delivered to the bank after banking hours on the 11th and was put in the business of the 12th, and that the check was not sent out on the 11 a. m. train on Saturday, as the business of the day was not then through. There is also evidence from which the trial judge could have expressly and specifically found, as he did:

That the defendant has shown due diligence under the provisions of R. G. S. § 4748, with reference to the handling of the check.

The trial judge in effect found on supporting evidence that the defendant forwarded the check "en route" "without delay in the usual commercial way in use according to the regular course of business of banks", and that there was no "want of due diligence" on the part of the defendant, within the meaning of

the statute above quoted. This in effect is a finding that the attempted collection through a Jacksonville bank was "the usual commercial way in use according to the regular course of business of banks." This finding, being upon sufficient evidence, warranted the judgment for the defendant, and the finding is not here shown to be clearly wrong on the evidence and the law. See *Givan v. Bank of Alexandria* (Tenn. Ch.) 52 S. W. 923, 47 L. R. A. 270; *Lewis, Hubbard & Co. v. Montgomery Supply Co.*, 59 W. Va. 75, 52 S. E. 1017, 4 L. R. A. (N. S.) 182, and notes; 1 *Morse on Banks & Banking*, p. 476. See, also, *Pinkney v. Kanawha Valley Bank*, 68 W. Va. 254, 69 S. E. 1012, 32 L. R. A. (N. S.) 987, Ann. Cas. 1912B, 115. For an illuminating discussion of the general subject, see *Mallory v. Federal Reserve Bank of Richmond* (D. C.) 281 Fed. 997. See, also, 7 C. J. 619; 3 R. C. L. 610, 622; *Williston on Contracts*, § 1019, p. 1918; 52 L. R. A. (N. S.) 608, notes; *Exchange Nat. Bank of Pittsburgh v. Third Nat. Bank of New York*, 112 U. S. 276, 5 Sup. Ct. 141, 28 L. Ed. 722.

The above-quoted statute controls, and the decision in *Brown v. People's Bank for Savings of St. Augustine*, 59 Fla. 163, 52 South. 719, 52 L. R. A. (N. S.) 608, is not applicable.

The title of the original act, chapter 5951, now section 4748, Revised General Statutes 1920, is a sufficient compliance with section 16, art. 3, of the Constitution. See *Butler v. Perry*, 67 Fla. 405, 66 South. 150, and cases cited.

The quoted statute having been reenacted in the Revised General Statutes of 1920, the sufficiency of the title to the original act is not now material. *Carlton v. State*, 68 Fla. 1, 58 South. 486.

As to the duty of the receiver of the Kissimmee State Bank, which collected the amount of the check from the Osceola County Bank for remittance, see *Collins v. State*, 33 Fla. 429, 15 South. 214; *Walker v. McNeil*, 68 Fla. 181, 66 South. 994; 7 C. J. 626.

A special contract with reference to

the collection of the check may not prevent the operation of the statute. See *Whitfield v. Aetna Life Ins. Co. of Hartford*, 205 U. S. 489, 27 Sup. Ct. 578, 51 L. Ed. 895; *National Union Fire Ins. Co. v. Wanberg*, 43 Sup. Ct. 32, 67 L. Ed. —.

The doctrines of estoppel and waiver do not in general apply in transactions that are forbidden by statute or that are contrary to public policy.

Affirmed.

### Defense of Usury

*Arona Holding Corporation v. West Twenty-Fifth Street Realty Corporation*,  
City Court of New York,  
198 N. Y. Supp. 660.

Under the laws of New York, a corporation cannot plead the defense of usury in an action against it for money loaned.

In an action on a promissory note executed by a corporation and indorsed by individuals, the fact that the loan was usurious cannot be interposed by the corporation as a defense. But, if the loan was in fact made to the indorsers and not to the corporation, the note being executed in the name of the corporation in order to cover up the usurious transaction, the defense of usury is open to the indorsers.

#### OPINION

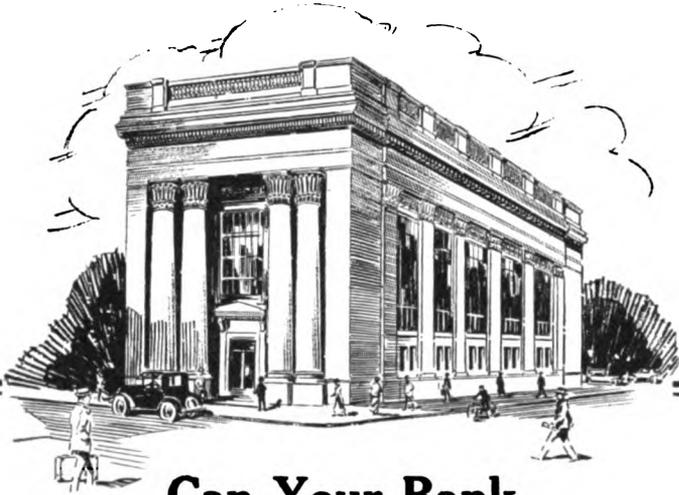
Action by the Arona Holding Corporation against the West Twenty-Fifth Street Realty Corporation and others. On motion by plaintiff for summary judgment on promissory notes. Denied, with \$10 costs.

MEYER, J. This is an application for summary judgment. The plaintiff sues to recover for moneys loaned, evidenced by promissory notes made and executed by the defendant corporation and indorsed by the individual defendants. The defendants deny that the loans were made to the corporation, but insist that the loans were made to the indorsers individually, and, for the purpose of attempting to evade the usury laws of the state, the plaintiff insisted that the notes should be made by the defendant corporation and indorsed by the individual defendants. In my opinion this raises an issuable question of fact. While it is true, if the loans were made to the corporation direct, usury would not be a defense even to the indorsers, nevertheless, if it should develop upon the trial that the loans were in fact made to the individual defendants, and not to the corporation, by reason of the insistence of the plaintiff, and in order to serve as a cloak to cover its usurious transactions, these facts would apply and inure to the benefit of the individual defendants. As was said by Mr. Justice Lewis, in the case of *First National Bank of Brooklyn et al. v. American Near East & Black Sea Line, Inc., et al.*, 119 Misc. Rep. 650, 197 N. Y. Supp. 856:

The law is that, if there is notice of an intent to take usury, the lender cannot evade the statute by disguising the borrower. *Grannis v. Stevens*, 216 N. Y. 583, 111 N. E. 263; *Schanz v. Sotscheck*, 167 App. Div. 202, 152 N. Y. Supp. 851; *Gilbert v. Real Estate Co. of Brooklyn*, 155 App. Div. 411, 140 N. Y. Supp. 354.

For this reason the motion for summary judgment is denied, with \$10 costs.





## Can Your Bank Go On Without You?

**D**URING 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

JULY 1923

## A Striking Program Greeted F. A. A. Delegates at Atlantic City

Proceedings Bring Home Amazing Growth and Development of Financial Advertising

A high pitch of interest and enthusiasm was sustained throughout the proceedings of the eighth annual convention of the Financial Advertisers' Association at Atlantic City, June 3 to 7. The meeting was marked by the timeliness and interest of the addresses and by the unusually able manner in which the speakers presented their subjects.

Great credit is due the chairman of the program committee, Frederick W. Gehle, vice-president The Mechanics and Metals National Bank, New York, for his rare good judgment in the selection of the speakers, and his discrimination in the choice of the subjects allotted there. The chairman of the exhibit committee, Carroll Ragan, United States Mortgage and Trust Company, New York, is also to be complimented on the capable way in which he again handled the advertising exhibit, which was one of the most effective that has yet been shown at a meeting of the association, which gave unmistakable evidence of the strides which financial advertising is making from year to year.

The convention was attended by more than 250 delegates, men and women in charge of the advertising and new business departments of banks throughout the country. In addition to the three main sessions at the Hotel Ambassador, there were luncheons at which informal discussions on various

phases of financial advertising took place, and which gave the delegates a splendid opportunity to become better acquainted. Special tables were assigned for the discussion of commercial bank advertising, savings advertising, and trust advertising.

In the president's address, opening the first session of the meeting, W. W. Douglas, vice-president of the Bank of Italy,

San Francisco, remarked upon the "amazing growth in the quantity of financial advertising carried by the press". Citing San Francisco as an example of the remarkable change in the attitude of banks toward advertising, Mr. Douglas said that in 1918 when the bankers of that city were reputed to be more obstinately opposed to advertising than the bankers of any other large city of the country, a prominent San Francisco daily carried 98,490 agate lines of bank and bond house advertising, whereas five years later, in 1922, this

(Continued on page 57)



GAYLORD S. MORSE

Assistant cashier State Bank of Chicago, and new president  
Financial Advertisers' Association

## Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JULY 1923

TAKE two business houses between which there is little to choose from a standpoint of efficient service rendered. What moves a man to transact business regularly with one of them in preference to the other? Force of habit? Perhaps. But how was that habit formed? Not, we venture to say, by mere chance, but more probably through some small courtesy extended to the customer, something which made him say to himself, "This is a good house to do business with".

When one attempts to draw an analogy between selling merchandise and selling bank service the objection is brought forward "But banking is *different*". Yes, of course it is. But courtesy in banking and courtesy in business are not different.

A business man said to us in all seriousness the other day, "The average business man is forced to put up with service from his banker that he would not tolerate from anyone else with whom he has business dealings". We take this statement with a grain of salt. Banking service has undeniably improved in the last few years, and improved very markedly. The banker of today no

longer holds to the idea that he is doing his customers a favor by accepting their business.

Frankly, however, we do not believe that the average bank, no matter how efficient service it renders, has reached the point where it gives its customers quite as courteous treatment as the average business house. In saying this it is far from our intention to cast any unkind reflections on banks or bankers.

Many a bank has seen a good account fall by the wayside without any apparent reason. Something happened! What it was the bank may never know. If they do manage to find out they will probably wonder how such a seemingly trivial thing could have influenced a large customer to withdraw his account. A small breach of courtesy, a tactless remark, a little thoughtless act—how many banks have lost valuable customers because of these very things which, in the cold and impersonal business of banking, are sometimes taken not to count.

All things considered, we believe that courteous treatment of customers by one bank will more than overbalance more efficient but less courteous service given by another, without discounting the value of good service. We believe that this will hold true as long as human nature is what it is.

A BANK advertiser writes:

Some fine day a genius will arise among bank advertisers—a man who can get the people in his bank squarely behind what the advertising says. Just how he will accomplish this thing I do not know. I wish I did.

As advertising managers go I do not count myself a failure, nor do the officers or directors of this bank count me as such. But there is one thing that I cannot, try as I will, accomplish. I *cannot* get the people in this bank to take any real or constructive interest in our advertisements. They will read them. They will even discuss them. They will tell me, heaven save the mark, that they are clever! And straightway they will forget permanently everything that the ads say.

I have tried, with officers and employees alike, all the approved methods of getting coöperation. All seem equally futile. They seem to take the attitude that they are doing *me* a personal favor, rather than helping the bank, in even reading our advertisements. . . .

We, personally, have never been up against this man's problem. We have, however, talked with several bank advertisers who have, and our guess is that methods have to be adapted to suit individual cases. We do not believe that any stock system will work. It would be interesting to hear from a few bank advertisers on this point. The problem is a real one. There can be little question, however, that some advertising managers have been successful in getting the bank's personnel to help them make the bank's advertising mean something.

## A Striking Program Greeted

### F. F. A. Delegates

(Continued from page 55)

same paper carried 739,102 agate lines—an increase of over 750 per cent.

"Many large banks in all sections", said Mr. Douglas, "have been materially increasing both the frequency and the size of their newspaper advertisements during the last two years. Most banking magazines now regularly set aside a special section for the subject of advertising as a vital part of financial discussion. This does not mean that American banks are growing noisy and blatant in their methods. But it does mean that there has been a complete revolution in the relationship of the bank to its public. It was once the most artful and remote of institutions with which the everyday citizen had to have dealings. But it is rapidly becoming the most intimate and approachable.

"This has not been accomplished by mere advertising bulk, but by the constantly increasing skill of financial advertisers in presenting the A B C of practical finance in an understandable and compelling way. I have been constantly struck, in looking over bank ads produced during the last year, by their vividness, punch and terseness of expression, and by their apt use of illustrations. The historical series now so popular with banks in many cities, is an instance of the clever ingenuity with which real business interest and powerful 'sales talks' are being combined with that dignity which banks as a whole are still slow to abandon."

Mr. Douglas, in reviewing the activities of the last year, paid high tribute to the work of the secretary of the association, Lloyd L. Coon, in charge of the central office in Chicago, who has, with an assistant, devoted



F. W. GEILLE

Vice-president Mechanics and Metals National Bank, New York, chairman of program committee at recent convention of financial advertisers and director Financial Advertisers' Association

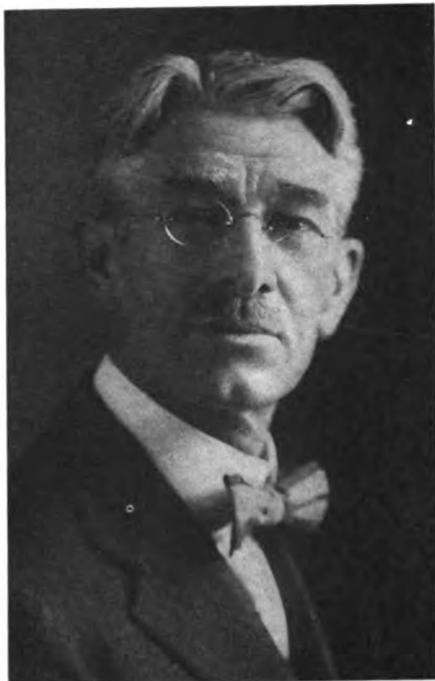
his entire time during the last year to the furthering of the best interests of the association. The publication of the F. A. A. bulletins and the compilation of the advertising portfolio have been in Mr. Coon's hands, supervised by Gaylord S. Morse, first vice-president of the association for the last year, and elected to succeed Mr. Douglas as president for the term 1923-24.

Fred W. Ellsworth, vice-president Hibernia Bank and Trust Company, New Orleans, speaking on "The New Orleans Plan of Coöperative Advertising", stressed the value in bank advertising of the educational element, which has predominated in the advertising carried on under this plan.

"One naturally would assume", said Mr. Ellsworth, "that the millions of customers

who daily transact business with our banking institutions ultimately would absorb a more or less concrete familiarity with the plan and purpose and general practice of the banks. But they don't! Most bank customers are superficially acquainted with the ordinary details, such as the drawing of a check, or the preparation of a deposit ticket, but the economics of banking, the value of personal thrift, and the invaluable fiduciary functions offered by our trust departments are to them a closed book. And if this be true as to our customers who have constant contact with the bank, what of the millions who have yet to enter a bank for the first time!

"The banks, if they are to serve the people competently and comprehensively as they should, must make up their



W. W. DOUGLAS

Vice-president Bank of Italy, San Francisco, and retiring president  
Financial Advertisers' Association

minds to do some school teaching, and to begin it *now*, and to continue doing it right straight along year in and year out until the general public is intelligently saturated.

"With this ideal before them, the banks of New Orleans some four years ago conceived the idea of establishing and maintaining a continuous joint program of informative advertising.

"To put this purpose into practical operation a committee known as the 'Associated Banks Advertising Committee' was organized in May 1919. This committee, which consists of one official from each of the participating banks, is charged with the job of preparing and publishing this continuous campaign of educational advertising.

"The arrangement that exists between the several banks is an

informal one, and can be discontinued at any time, except, of course insofar as the participating banks are jointly obligated on advertising contracts.

"There is nothing in the 'New Orleans Plan' that in any way interferes with the advertising policies of the various participating institutions; nor is the individuality of their advertising affected at all. Each of the banks conducts whatsoever individual advertising it may desire to, just as though no co-operative arrangement existed.

"The schedule of advertising contemplates advertisements in the New Orleans dailies every business day in the year, and this has been going on now for exactly forty-eight months. The two subjects that predominate in this advertising are 'trust service' and 'thrift'. Occasionally, whenever the fake invest-

ment coyotes become active, the copy carries warning against these get-rich-quick bonds and stocks; and during the months of December and January, the advertisements are devoted almost exclusively to the subject of Christmas savings clubs. Right now the advertising consists of that excellent series of educational talks on banking and elementary economics prepared by the committee on public education of the American Bankers Association. The series which describes in easily understood language the general idea of the bank and its plan of operation will appear in the New Orleans press during the next several months."

Speaking on "The Los Angeles Plan of School Savings", F. A. Stearns, advertising manager, Security Trust and Savings Bank of Los Angeles, said that since October last the plan has been introduced into 116 of the city's schools with a total enrollment of 75,000 pupils. "Seventy thousand four hundred safes have been distributed", said Mr. Stearns, "thus evidencing the fact that over 98 per cent. of the children approached have pledged themselves to save. Of these 70,400 safes distributed, \$2,420 are accounted for already in actual savings accounts opened, and this total is mounting at the rate of \$25 accounts per day. The aggregate school savings deposits in the banks of Los Angeles to date is \$298,000—an average of \$9.51 per account. Over 85 per cent. of the school children enlisted under the Los Angeles plan never had bank accounts before."

"The plan", continued Mr. Stearns, "is based on four general principles: That all banks in the city should be permitted to participate in the plan; that the teachers and principals should be relieved of all detail work in receiving deposits, keeping records, etc.; that the

school children individually should be given entire freedom of action in choosing a bank for depository; that to increase the educational value of the plan, the actual depositing of money by the children should be carried on directly with the banks in the regulation manner and using a regulation pass book, as opposed to the use of school savings stamps, cards and such devices for recording savings."

Taking as his subject "From the Editor's Observation Post", Keith F. Warren of THE BANKERS MAGAZINE mentioned the inadvisability of a bank advertising writer allowing his enthusiasm to get the upper hand over sound advertising judgment.

"I think that in some cases", said Mr. Warren, "the over-enthusiastic advertising writer in his eagerness to move the public's interest makes promises the bank for perfectly proper reasons is unable to fulfill. For example, there are many banks which, quite properly, do not find it profitable to accept small accounts, nor to handle trust business involving small estates. In other words, they are not seeking the business of the public at large, but only a certain section of the public.

"It seems to me that banks should be most careful in their advertising appeal not to attract the type of business that they do not care to handle. It is not the function of the advertising manager to decide whether or not his institution wishes to cater to small business, but it is his duty to be familiar with the policy of the management and to interpret that policy through the bank's advertising."

Turning to a discussion of the valuable public service which banks are in a position to render by using some of their advertising space to explain the things that banks cannot do, as



F. W. ELLSWORTH

Vice-president Hibernia Bank and Trust Company, New Orleans, and member national commission Financial Advertisers' Association

well as those they can do, Mr. Warren said:

"Why would it not be worth while for banks to explain in a clear, comprehensible way why it is not profitable to handle accounts with small balances? There are still many men and women who do not understand why a bank should not accept a small checking account, or why, if they do accept it, they should make a service charge. Why not explain in an impersonal way the advantages both to the bank and to the depositor of maintaining a satisfactory balance?"

"Why should not banks explain to the public why they may not make certain types of loans? The depositor who is refused a loan always carries away with him a feeling of resentment towards his bank. Will his attitude not be more reasonable if he is educated in advance to an understanding of the bank's point of view of what is and what is not a proper credit risk?"

C. H. Handerson of the Union Trust Company, Cleve-

land, speaking on the subject, "Are We Our Own Worst Competitors?" said, in part:

"If 10,000 men and women started marching down your Main Street tomorrow morning with \$5 each and with the intent to open a bank account, is there any definite reason you have ever pounded home as to why they should pass ten other banks to reach yours?"

"Why walk a mile for your Camel? That's the question you and I have got to answer about our banks before we become advertising managers of banks and cease being jumping jacks torn by the necessities of advertising 4011 different departments. We have, I fear, too much scattered our efforts. We have been using a shot-gun where a rifle was required. We have spread our butter so thinly that it is barely perceptible to the taste and with it all we have been like the chameleon on the plaid carpet—bursting trying to make good.

"Worse than that, we have been prolific spendthrifts of the most valuable thing in the



R. E. HOTZE

Assistant cashier and advertising manager Planters National Bank, Richmond, and third vice-president Financial Advertisers' Association

world—ideas. Many an idea now used in one advertisement is big enough, strong enough, vivid enough to be a whole campaign. We have been passing a series of delightful and varied perfumes in a quick and never-ending succession under the public's nose—and they naturally are bewildered and retain no distinct odor or scent. What we should be doing is to select our scent and then in a pleasing manner pass this scent to the dear public in a thousand garbs—but always the selfsame scent.

“By befuddling the public—by changing the scent so often—we ourselves have gotten off the scent. We have ceased to a degree to advertise ourselves.

“Today I fear that someone will level the finger of criticism at us and say: Mr. Bank Advertiser, you are your own worst competitor because you have so muddled the water of

the public mind by repeated advertisements of a multitude of subjects in a multitude of ways that you have actually diminished the effectiveness of your advertising—as much as though a new and competing bank opened in your own lobby.

“And yet, speaking in terms of criticism, one would think if much bank advertising is a true reflection of the bank, that the majority of banks sold caskets, shrouds or embalming fluid. Oh, we bankers have changed, I grant you! The atmosphere of our banks is different than it used to be, and yet on the whole, how much reflection of the sunlight of banking does bank advertising hold today? Be honest with me and be honest with yourself. Is there any lilt or bouyancy to our advertising? Does it reflect the fact that we bring happiness to

widows? Does it reflect the fact that we buy Christmas presents and happiness for the kiddies? Does it reflect the fact that we save a father years of anguish and a wayward son a life of dissipation and ultimate destruction? Does our advertising picture one small percentage of the great gift of happiness which is the final crystallization of every banking service?

“This address will not be a popular one. It is woefully heavy but the darned thing may, I hope, make you think. It may make you wonder. If Ivory Soap, Woodbury's, Paige Motor Car, Castoria, and a thousand others find it worth while to play just one note through the ages, I wonder if it would not be equally worth while for us bankers to settle down, pick our note and tune our little string accordingly, prepared to play that note through hell and high water.”

R. E. Hotze, Jr., of the Planters National Bank, Richmond, Va., said in the course of his remarks on the subject “Reaching the Masses with the Outdoor Appeal”:

“In Richmond, where I'm serving the Planters National Bank, we have eight or nine banks using outdoor publicity, but because we are inclined to concentrate on pictures we are nearly always mentioned as the bank that is advertising outdoors. I don't want to leave the impression here, however, that I don't use, or won't use just plain copy. I do use some copy a la Dodge Bros. but I usually prepare the copy to suit the locality. For instance: an amateur athletic organization, with several thousand members and supporters maintaining their own baseball park, sold me an unexcelled location for a bulletin, and, as the baseball season was on and games were being played daily, my copy read something like this: “The

Best Pinch Hitter in the World is a Savings Account at the Planters National Bank'.

"Quite often the masses will read and remember certain advertisers and not remember others. While this applies more or less to painted displays, at the same time this truth holds good in regard to all, and is a fact you might do well to bear in mind. Get your color scheme right. Don't let some painter who should be designing crêpe de Chene shirt waist colors in a Parisian store, do your work.

"Run over in your mind the names of the biggest advertisers you know. You will instantly, I am sure, think of Palmolive soap; Camel cigarettes; Coca Cola; Wrigley's; Chesterfield Cigarettes; and Dodge Bros. Everyone of these people use the magazines and newspapers, but they also use outdoor space. There are other advertisers who spend probably as much as those mentioned but they do not come into our minds, for their money is spent in media other than outdoor. That's the answer my friends. Outdoor advertised products are dominant in your minds, and in the minds of millions, and control the buying action of these people.

"The same thing applies to a bank. If you are really dominating your community with posters and paint, it won't be much of a task to demonstrate to your own satisfaction that the masses get your message and react favorably."

Edward H. Kittredge, publicity manager Old Colony Trust Company, Boston, sees in the well-prepared bank house organ a well-dressed, persuasive solicitor, who calls regularly.

Mr. Kittredge, taking for his subject "House Organs for Banks", said in part:

"If the prospect is in Chicago or San Francisco, Boston or New Orleans, New York or



C. H. HANDERSON

Publicity manager Union Trust Company, Cleveland, and member national commission Financial Advertisers' Association

Denver, this caller waits till he gets back. It serves as an advance agent to set the stage and prepare the way for a conference with some officer of the bank, which results in putting a new customer on your books.

"Just as the bank insists that its representatives must be well-groomed and pleasing in manner and appearance, so should the house organ fittingly represent the bank. It should be well printed on good paper, not gaudy or bizarre, of pleasing shape and adequate size, with easy reading, clear type and pleasing typographical arrangement. Typographical shortcomings can seriously handicap and reduce effectiveness. Give your publication a fair chance to secure a reading.

"Editorially, it should be written in clear, concise English. Avoid long sentences and unusual words. Stick to short

words. Make your sentences direct and grammatical. Marshal your thoughts carefully—one central idea to each paragraph. Explain simply.

"When you are aiming at your customers, don't be afraid to make your points simply and clearly. Remember your customer is not a banker. He is glad to be told what his bank account looks like to a banker—what privileges it entitles him to and what services the bank is ready and anxious to render, gratis or for a fee. He can be favorably impressed by a simple statement of the safeguards your bank provides for his money and valuables. He is glad to know what elements of safety a good investment should possess. Probably he doesn't know much about foreign drafts and how they can be used. Often he'd rather read a simple statement explaining their fea-

<p>Any investment worth making is worth discussing with your home banker</p> <p><b>THE FARMERS' LOAN AND TRUST COMPANY</b> 140 WILLIAM STREET FIFTH AVE. CORNER ON FIFTH AVE. NEW YORK</p> <p>CHAIRMEN OF THE BOARD THE FARMERS' LOAN AND TRUST COMPANY THE OFFICES OF THE CITY</p>	<p>Have you ever thought of your home banker in this way?</p> <p><b>THE FARMERS' LOAN AND TRUST COMPANY</b> 140 WILLIAM STREET FIFTH AVE. CORNER ON FIFTH AVE. NEW YORK</p> <p>CHAIRMEN OF THE BOARD THE FARMERS' LOAN AND TRUST COMPANY THE OFFICES OF THE CITY</p>	<p>The advice of your home banker helps other business men</p> <p><b>THE FARMERS' LOAN AND TRUST COMPANY</b> 140 WILLIAM STREET FIFTH AVE. CORNER ON FIFTH AVE. NEW YORK</p> <p>CHAIRMEN OF THE BOARD THE FARMERS' LOAN AND TRUST COMPANY THE OFFICES OF THE CITY</p>	<p>Wide-awake men consult their home banker</p> <p><b>THE FARMERS' LOAN AND TRUST COMPANY</b> 140 WILLIAM STREET FIFTH AVE. CORNER ON FIFTH AVE. NEW YORK</p> <p>CHAIRMEN OF THE BOARD THE FARMERS' LOAN AND TRUST COMPANY THE OFFICES OF THE CITY</p>	<p>Do you ever talk things over with your home banker?</p> <p><b>THE FARMERS' LOAN AND TRUST COMPANY</b> 140 WILLIAM STREET FIFTH AVE. CORNER ON FIFTH AVE. NEW YORK</p> <p>CHAIRMEN OF THE BOARD THE FARMERS' LOAN AND TRUST COMPANY THE OFFICES OF THE CITY</p>	<p>What's in the mind of your home town banker when he makes a loan?</p> <p><b>THE FARMERS' LOAN AND TRUST COMPANY</b> 140 WILLIAM STREET FIFTH AVE. CORNER ON FIFTH AVE. NEW YORK</p> <p>CHAIRMEN OF THE BOARD THE FARMERS' LOAN AND TRUST COMPANY THE OFFICES OF THE CITY</p>
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Indirect advertising of a high order. The advertisements in this group are taken from a series run in THE SATURDAY EVENING POST by the oldest trust company in the United States, an institution whose advertising was for years ultra-conservative. More bank advertising of the constructive type exemplified in the group reproduced above would be helpful to the cause of banking generally.

tures than show his ignorance by asking questions.

"What are the tangible evidences of results of external house organs? Sales of service! You get them or you don't. Remember that your external organ is a bridge between the advertisement and actual business. As it goes to your prospects each month it is one link after another which forms a chain to bind them, with cumulative force, to your bank. The house organ sells *behind the*

line. It may be a thistle. It can become a fig tree. It finds and prepares the market for the services you offer."

R. E. Wright of the First Wisconsin National Bank, Milwaukee, taking for his subject, "Building Deposits with the Movies and the Radio", said in part:

"Motion pictures are admittedly one of the great industries of the world. There are 16,000 motion picture theaters with a seating capacity of 5,-

400,000, which is filled on an average of several times daily. The industry has developed the highest salaried talent in almost any line of business. The question to be determined is, can this vehicle of expression and impression be effectively used to build business, and, specifically, bank business? We believe that it can.

"After a careful study of the question, it is our conclusion that motion picture advertising can be employed effectively and

 <p>1853</p> <p>River Traffic in 1853</p> <p>LIBERTY CENTRAL BANK</p> <p>1853</p>	 <p>1853</p> <p>Railroad Expansion Since 1853</p> <p>LIBERTY CENTRAL BANK</p> <p>1853</p>	 <p>1853</p> <p>The Old French Market—in 1853</p> <p>LIBERTY CENTRAL BANK</p> <p>1853</p>	 <p>1853</p> <p>Municipal Bonds, 1853-1923</p> <p>LIBERTY CENTRAL BANK</p> <p>1853</p>	 <p>1853</p> <p>Municipal Transportation—in 1853</p> <p>LIBERTY CENTRAL BANK</p> <p>1853</p>	 <p>1853</p> <p>The Postoffice in 1853</p> <p>LIBERTY CENTRAL BANK</p> <p>1853</p>
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This group is part of an historical series recently run by a St. Louis bank. The series treats of various important developments of general, but primarily of local interest from the year 1853 in which the bank was founded up to the present. This series has been extremely well handled.

profitably, both for advertiser and consumer, if the defects now existent in film advertising are corrected. To continue on the basis of the past means loss of prestige for the advertiser as well as money wasted, but it is our view that it is not necessary so to continue. I am inclined to think that it is possible to entertain motion picture theater patrons with a limited amount of clever, entertaining and instructive advertising, just as it is possible to make the ads in the *Saturday Evening Post* and other similar magazines inviting to the person who subscribes for the magazine for its stories and editorial matter.

"Film advertising is undoubtedly intensive advertising. It guarantees not mere circulation, but actual readers. Competition is limited because no two institutions in the same line of business are advertised in any given theater at the same time. Action, the most powerful magnet that can be brought to bear upon the screen of consciousness, is used to attract and hold the attention. As one salesman for a motion picture film advertising service put it, 'It is just the same as if the man with the red flags advertising Hood tires on the billboard would step down from the billboard and stand in front of you on the highway, waving his red flags at you.' It is almost impossible for the theater patron to fail to take notice of your ad on the screen.

"The use of the radio by banks for publicity purposes may be in two forms—broadcasting and receiving. On account of the very great cost of a good broadcasting station, broadcasting is likely, for the present at least, to be restricted to a small group of fairly large banks in fairly large cities. A cheap broadcasting station cannot command high grade talent for its programs and consequently the institution

## Who's Who in Bank Advertising



LLOYD L. COON

Secretary of the Financial Advertisers' Association

**M**R. COON attended Northwestern University, after which he entered a commercial school at Quincy, Illinois. In 1919 he was elected assistant cashier and director of the First National Bank of Lovington, Illinois. In September 1920, he severed his connection to accept the position as manager of the new business department of the City National Bank of Evanston, Illinois. Beginning August 1921, he served as assistant secretary of the Financial Advertisers' Association and at the convention in Milwaukee in June 1922, was made secretary. He was reelected secretary of the association at their recent convention in Atlantic City. Mr. Coon is a live wire and has a very broad acquaintance among the bankers of the country. Since he became secretary of the association membership has increased and more interest generally is being taken in the association's affairs by its more than 650 members.



**JOAN OF ARC**  
In the picture on the opposite page, Joan of Arc, the French heroine, is shown in the attitude of a saint, with her hands raised in prayer. She is the only woman to have been canonized by the Roman Catholic Church.

**FAITH**

The following is reproduced from a letter received by us in 1911—twelve years ago. The writer of this letter is still a customer of S.W. Straus & Co.

I have had all my life on a salary, and a small one, and I am about to have been that, for I am going blind, and in less than a year I will be completely blind. Now, I must depend on my savings for my living and to keep me from being a burden on the community. If I receive in the next 30 days will you find me enough income - if I can get no income of any kind, without leaving on the principal, then I am done, very poorly, but with that becoming a passer.

Dear Sir: I trust you will find something about investments - but I must depend on your honesty, and I must depend on the fact of the case. Will interest the fact of some of my investments - that would be the best way to do it, but I have been the wife of a doctor. Please keep your mind for all of these investments, that I am unable to see, and that I have nothing, but if you can help me, I am interested with you.

**S.W. STRAUS & CO.**

INCORPORATED 1882 OFFICES IN PORT CITY INCORPORATED

CONVULS STRAUS BUILDING  
1248 AND 1249 STREETS

NEW YORK - STRAUS BUILDING  
1078 AVE AT 67th STREET

**41 YEARS WITHOUT LOSS TO ANY INVESTOR**

An advertisement which it took a well-known investment house twelve years to write. The advertising manager of Straus & Co., says regarding the letter quoted within the above advertisement, and on which the advertisement is based: "A good many years ago on first receiving this letter we were wondering what to do with it, we were trying to make use of it, but beyond printing it in our house organ I could go no further. At last, after lying dormant in the files for many years, the idea was exhumed and after some study a happy thought occurred of coupling up with this tragic story a reverse emotional reaction. This finally crystallized into one word, 'Faith'. An effort was then made to find some well-known work of art typifying faith. Here is the final result." Note the enlarged reproduction of this letter at the top of the opposite page—it is well worth reading.

with such a station loses, rather than gains, prestige.

"There do not seem to be any cases among banks where revenue is derived from the radio station. From what can be learned it appears that a

broadcasting station is fortunate to secure high-grade talent without cost, but there seems to be no difficulty in doing that if the station is of sufficient power to reproduce satisfactorily.

"The principal kinds of material sent over the radio by banks consist of Government bond reports, stock reports, foreign exchange, grain, live-stock, butter, poultry and egg quotations, quotations of representative bonds, other agricultural product quotations, addresses on thrift and entertainment programs. It is understood that there is a bill pending in Congress now to provide for the erection of Government stations to broadcast market and other reports of a similar character. Direct advertising is prohibited by Government regulation so that whatever advertising is obtained must be the result of the prestige of the broadcasting or inferential publicity, or propaganda relating to an entire industry or character of service."

How advertising can be used in helping a bank to build prof-

**First Locomotive That Ran  
On An American Railroad**

**THE "STOURBRIDGE LION"**  
was introduced on the  
first locomotive ever operated on a railroad in North America was the "Stourbridge Lion," built in England.

The first locomotive was built in 1825 at Stourbridge, England, at the University of British Columbia. It was the first locomotive to be used on a railroad in the United States.

The "Stourbridge Lion" was first used on the Delaware and Hudson Canal in 1825. It was the first locomotive to be used on a railroad in the United States.

The first locomotive was built in 1825 at Stourbridge, England, at the University of British Columbia. It was the first locomotive to be used on a railroad in the United States.

The first locomotive was built in 1825 at Stourbridge, England, at the University of British Columbia. It was the first locomotive to be used on a railroad in the United States.

**The Wyoming National Bank**  
Established 1829

**WEST MARKET AT FRANKLIN STREET**  
New Building Opposite First Street

In 1829 this Pennsylvania bank, which ran this advertisement, was founded. In the same year, in an adjoining county and not many miles away, the "Stourbridge Lion", the first locomotive run on an American railroad was tried out. An enterprising advertising manager put two and two together ninety-three years later, and turned out the above advertisement.

I have had all my life only a salary, and a small one, and I am about to lose even that, for I am going blind, and in less than a year I will be absolutely helpless. Then I must depend on my savings for my living and to keep me from being a burden on the community. If I keep them in the bank at 3%, they will not yield me enough income. If I can get an income of 6%, without drawing on the principal, then I can live very poorly, but without becoming a pauper.

Gentlemen, I trust you fully. I know nothing about investments and I must depend on you entirely. Now knowing all the facts of the case, please invest all that I send you as safely as possible. Better a small interest than loss of both principal and interest. That would kill me as surely as if it had been by the knife or bullet. Please bear this in mind for all my future investments: that I am ~~surely~~ certainly going blind and that I have nothing but my accumulations, now invested with you.

Here is the remarkable letter used in the advertisement at the top of the opposite page. A finer example of sheer unquestioning faith would be hard to find. It may be mentioned that this man actually did go blind, and that he is still a customer of this investment house.

itable branch banks was outlined in the address of Samuel J. Keator, of the Mechanics and Metals National Bank, New York. Mr. Keator stated that the development of branch banks in large cities is growing

increasingly important every year and the selling service offered has opened a new field of endeavor in financial advertising.

"In a city the size of New York", said Mr. Keator, "certain kinds of business center in certain sections. There is, for example, the textile district, the shipping center, the district where the grain dealers have gathered around the Produce Exchange, the districts of the wholesale produce dealers, the garment workers, the silk merchants, etc. Branches located in such districts have had to build up a specialized service to appeal to the particular business to which they cater.

"The advertiser's problem is therefore clear. It is to appeal to the particular class of business or residential neighborhood in which the branch is situated. It is an interesting psychological study to do this correctly. Therefore an intimate knowledge of all the districts is requisite."

Francis H. Sisson, vice-president of the Guaranty Trust Company, New York, said in part on the subject of "Public Relations and the Advertising Man":

"That day has long passed, if indeed it ever existed, when advertising, under proper conditions, can be considered as an experiment or a speculation. It has long since become a demonstrated economic factor as a business builder and a clearly proved educational force. That it may not always, in all hands, operate with 100 per cent. efficiency is no more proof of its failure than an unsuccessful

**Wilkes-Barre Prices In The Fall of 1830**

THE WYOMING NATIONAL BANK

Established 1859

West Market at Franklin Street  
New Building Opposite First & 1/2 St.

Everybody is interested in prices, particularly in such prices as shown in the clipping reproduced in the above advertisement of a Pennsylvania bank—eggs 8 cents a dozen and butter 12½ cents a pound. These prices were current in the year following the founding of the Wyoming National Bank.

**An Aim in Life**

**M**OST of the interest in life comes from having a definite object in view—something to plan for, work for.

This bank is helping many people who have learned that saving money is a fascinating hobby.

Through our Interest Department, you can start a systematic saving plan according to your means. Small deposits of one, two, three or more dollars every week, increased with compound interest, show surprising results in a short space of time.

**MARINE**  
Bank & Trust Company

Good imagery in the above savings advertisement of a New Orleans bank.



An ingenious arrangement of white circles on a dark background in this advertisement of a Cleveland bank.

operation on the human body by a horse doctor would be a proof of the failure of surgery. Its call is for skilled men, broad men, who have thoroughly mastered the tools with which they must work, whose sense of public psychology is sure and true and whose vision of national opportunity is as broad as the world.

"A well-equipped advertising man in institutions whose public relation problems are important should be able not only to interpret the public's mind on matters pertaining to the business of his institution, but to its officers. In this two-fold capacity he should first of all be a sound, practical psychologist, and the importance of this capacity for accurate psychological analysis as a chief factor in advertising service is becoming increasingly understood. The complexity of human thought and feeling presents a real problem to such an analyst, but the measure of his success will be very largely the measure of his ability to interpret and direct these motive forces of human action. He must understand the value and place of emotional appeal, as well as the logical argument. Neither by itself carries a complete message. He must understand the varying appeals to the sexes, and to the classes with whom he must deal, in terms of display, color, argument and

feeling. He must always stand aloof from his problem and have a detached point of view, which will give him perspective and an angle of accurate appraisal which he could not otherwise have."

Louis Wiley, business manager of the *New York Times*, said, in the course of his address "The Daily Newspaper and Financial Advertising":

"The advertisements on the financial pages of reputable newspapers now form a directory of important financial institutions, reputable brokers, bond and investment houses and of every large or important offering of securities by corporations, states, counties, towns and foreign countries. Announcements of new securities, frequently over-subscribed before publicly announced, are inserted in newspapers as a matter of record.

"A remarkable element in modern financial advertising is the number and value of new bond offerings. A new method has developed through which capital is providing for industry. Securities are offered directly by the issuing corporation to the public. Notable examples are the recent issues of the New York Telephone Company and the Consolidated Gas Company of New York. This change is welcomed by the bankers, for no longer do they bear the whole burden of financing industry.

"The new bond offerings represent capital constantly flowing into commerce—as seen particularly in contracts for highways, municipal services and public improvements generally. New bond advertising, therefore, shows the service the newspaper is rendering the community.

"Financial advertisers should keep in mind the small investors. Fifty per cent. of the incomes of the nation are received by men and women who

earn \$2000 a year and under, and 52 per cent. of the national income is paid to wage earners. How many of these know what is a bond, a coupon, or the difference between investment and speculation?"

F. N. Shepherd, executive manager of the American Bankers Association, in his address "Public Education and the American Bankers' Association", gave an exceedingly interesting outline of the splendid work of the association in co-operation with the bankers and educators of the country in spreading the knowledge of the fundamentals of economics and banking among the men, women, and children of the country. A particular effort has been made to bring this knowledge before the school children of the country. The association has prepared a series of talks, elementary in nature, but made as readable and interesting as possible, which are read before children in schools all over the country by bankers and teachers. In this work the association has the whole-hearted sup-

**Boy, You Need Reserves—  
there's a Rough Old World Ahead**

YOU don't want **Paid in Days**. That will only make you sick. **Buy the Life!** You'll make your own money. Don't depend on the bank. **Bank on Life!**

© The only way you can be insured up to one hundred thousand dollars is by buying the **Life**. You can't get the **Life** from any other company. **Buy the Life!** You'll make your own money. Don't depend on the bank. **Bank on Life!**

**Mercantile Trust Company**  
General Insurance Agency  
100 N. W. CORNER OF  
BROADWAY AND LIBERTY ST. - TO ST. CHARLES  
BOSTON, MASS.

Inspirational copy with a good "punch". Written in colloquial and somewhat slangy language—but effective because well handled and not over-done. This sort of advertisement is not so easy to write as it looks. There is always the danger of going too far, and becoming merely ridiculous.



The distinctiveness of layout employed by this group of affiliated Nashville banks is attracting wide attention to the group's advertisements.

port of the bankers and the educators. In order that teachers may know how the plan of the association for the spread of economic knowledge operates, an outline of the lecture course has been prepared, together with an explanation of the plan and a list of reference books, so that any teacher may be readily informed as to the nature of the work being done by the association.

Other addresses of real interest and benefit to all those present at the meeting of the association were: "Advertising and the Investment Bankers Association", by Samuel O. Rice, Investment Bankers Association, Chicago; "The Women's Department", by Anne Seward, manager of the women's department, Hamilton National Bank, New York; "Investment Advertising", by H. B. Matthews, S. W. Straus & Co., New York; "The Personal Solicitation of Trust Business", by Tracy Herrick, assistant vice-president and manager, trust development department, Cleveland Trust Company; "Assisting Newspapers Develop their Financial Section", by E. Paul Young, advertising manager, Blyth, Witter & Co., Los Angeles; and, "Fi-

ancial Advertising in England", by Eric Field, director of Erwoods International Advertising Agency, London. This latter address will be found elsewhere in this issue of THE BANKERS MAGAZINE.

The following officers and directors of the association were elected for the year 1923-24: President, Gaylord S. Morse, State Bank of Chicago; first vice-president, Carroll Ragan, U. S. Mortgage and Trust Co., N. Y.; second vice-president, H. G. Hodapp, Wells-Dickey Co., Minneapolis; third vice-president, R. E. Hotze, Planter's National Bank, Richmond; treasurer, Carl A. Gode, Illinois Merchants Trust Co., Chicago; directors: A. C. Flather, John L. Edwards & Co., Wash.; W. W. Douglas, Bank of Italy, San Francisco; John Cowan, Toronto General Trust Corp., Toronto; F. W. Gehle, Mechanics and Metals National Bank, New York; Jessamine G. Hoagland, National City Bank, Chicago; Julius C. Peter, Detroit Trust Co., Detroit; Ethel B. Scully, Morris F. Fox & Co., Milwaukee; Fred M. Staker, Commerce Trust Co., Kansas City; W. B. Weissenberger, National Bank of Commerce, St. Louis; John H. Wells, Rhode Island Hospital Trust Co., Providence; C. H. Wettreau, American National Bank, Nashville; Chas. Cason, Chemical National Bank, New York; E. H. Kittridge, Old Colony Trust Co., Boston; K. W. Roberts, First National Bank, Columbus; W. J. Komers, Spokane, Wash.; Clinton W. Berry, Union Trust Co., Detroit; members national commission: Until 1925—F. W. Ellsworth, Hibernia Bank & Trust Co., New Orleans; Until 1926—C. H. Handerson, Union Trust Co., Cleveland; Until 1924—Guy W. Cooke, First National Bank, Chicago.

**A Helpful Idea**

AN adding machine installed in the lobby of the bank to aid customers in adding checks for deposit is an innovation of the Mid-City Trust and Savings Bank, Chicago, Ill.

**Help  
New York's  
Citywide  
Children**

**Park Avenue  
Street Fair**  
40th to 50th Sts.  
May 8 to 11  
Inclusive

**Park Avenue Office**  
10th, 11th and 40th Street

## Personal Banking

For uptown residents and business men, our uptown offices are especially convenient. Interest is paid on checking accounts, and depositors have available's many helpful services, such as:

- For Your Trip Abroad**  
Talk your travel funds in the form of a Guaranty Letter of Credit.
- Safe Deposit Vaults**  
The vaults at both offices embody the most modern ideas in protective construction.
- Silver Storage Vaults**  
Storage space is provided at our Fifth Avenue Office for silverware, paintings, etc.
- Your Investments**  
The facilities of the Guaranty Company of New York are available at both offices.

As a depositor, you have at your disposal the comprehensive facilities of our commercial banking, credit, trust, and foreign departments. We invite you to call upon us.

## Guaranty Trust Company of New York

*Uptown Offices:*

Fifth Avenue and 44th Street	Madison Avenue and 60th Street
---------------------------------	-----------------------------------

**Madison Avenue Office**  
Madison Avenue and 60th Street

Skillful layout and careful preparation of copy in the above advertisement have enabled this New York bank to say a great deal without saying too much. You will find few superfluous words in this advertisement

# UNITED STATES MORTGAGE & TRUST COMPANY

## NEW YORK





**UNITED STATES MORTGAGE & TRUST COMPANY.**  
NEW YORK.  
CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$7,000,000.

**OFFICE:**  
58 CEDAR STREET  
BROADWAY AT 12th St.  
PLAZA ON AVENUE 12th St.  
122nd St. at 8th Ave.

**DEPOSITARY FOR FEDERAL RESERVE NOTES:**  
58 CEDAR STREET  
BROADWAY AT 12th St.  
PLAZA ON AVENUE 12th St.  
122nd St. at 8th Ave.



**UNITED STATES MORTGAGE & TRUST COMPANY.**  
NEW YORK.  
CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$7,000,000.

This car will take you to the 125th Street Office of this Company where you will find complete banking, trust and safe deposit facilities. Interest paid on deposits. A visit of inspection is invited.

### UNITED STATES MORTGAGE & TRUST COMPANY

125th St. at Eighth Ave.

Capital, Surplus and Undivided Profits—\$7,200,000



**UNITED STATES MORTGAGE & TRUST COMPANY**





WHERE THIS CAR CROSSES 8th AVENUE are located the new and enlarged banking rooms and safe deposit vaults of our 125th St. Office—the headquarters of the Company in Harlem. Your inspection is cordially invited.

### UNITED STATES MORTGAGE & TRUST COMPANY

125th St. at Eighth Ave.

Capital, Surplus and Undivided Profits—\$7,000,000

A panel of the exhibit of a New York bank at the recent convention of the Financial Advertisers' Association at Atlantic City.

# 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 Svga 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 & Svga 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. Winslip, V. P.
- Boston, Mass., Old Colony Tr. Co., E. H. Kittredge, pub. mgr.
- Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to pres.
- Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
- Brooklyn, N. Y., Home Svga. Bank, V. M. Powell, secy.
- Brooklyn, N. Y., Williamsburgh Svga. Bank, A. E. Leighton, adv. mgr.
- Bruzelles, 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. Hillman, V. P.
- Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
- Cedar Rapids, Iowa, Cedar Rapids Svga. 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 Svga. 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., Bauer-Baker, 738 S. Michigan Ave., R. E. Bauer, pres.
- Chicago, Ill., Critchfield & Co., L. B. Delson, finan. adv. mgr.
- Chicago, Ill., Liberty Tr. & Svga. Bank, H. J. Bilansky, mgr. bus. ex. dept.
- Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, mgr. serv. dept.
- Chicago, Ill., Northwestern Tr. & Svga. Bank, F. G. Heudling, 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. Malloy, 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.
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- Flint, Mich., Industrial Svga. Bank, A. T. Smith, mgr. special serv. dept.
- Flint, Mich., Genesee Co. Svga. 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 Svga. & Tr. Co., L. A. Buenagel, 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. & Svga. Bank, A. M. Shoven, cash.
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- Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
- Lima, Peru, S. A., Banco Morcantil Americano del Peru.
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- Los Angeles, Cal., Pacific-Southwest Tr. & Svga. Bk., R. M. MacLennan, adv. mgr.
- Los Angeles, Cal., Union Bank & Tr. Co., A. L. Lathrop, tr. off.
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- Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, new bus. mgr.
- Northampton, Mass., Hampshire Co. Trust Co., G. S. Willis, pres.
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- Osaka, Japan, Japan Trust Bank, Ltd., H. Araki, for. div.
- Owego, N. Y., Owego Nat'l Bank, H. L. Underhill.
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- 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.
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- Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter, asst. cash.
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- Pittsburgh, Pa., Pa. Tr. Co., pub. mgr.
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- 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, 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.
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- 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.
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- 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.
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- 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.
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- Wausau, Wis., Marathan Co. Bank, H. C. Berger, cash.
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- West Chester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall, V. P.
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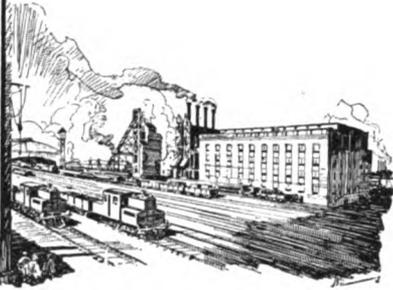
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# American Foreign Trade and Investment

By Stanislao Corvino

**S**INCE the advent of the peace American business men have been taking more interest than before in foreign countries, both as regards the exports of American goods and the investment of American capital in industrial, commercial, mining, shipping and similar undertakings abroad. Unfortunately, success has not always been up to expectation.

As to exports, business has been hampered to a large extent by the present high rate of exchange of the dollar, which induces foreign buyers to limit their purchases in the United States, and makes it difficult for Americans to compete with countries having a depreciated currency unless exceptionally favorable circumstances concur, such as a practical monopoly in a given product, absolute necessity to purchase on the part of the buyer, the possibility of cutting prices, etc.

On the other side, the high rate of exchange of the dollar ought to have favored the investment of American money abroad, especially in all countries with a depreciated currency, such as the ex-belligerent states of the European continent and those of new formation in Eastern Europe. Yet experience teaches that, generally speaking, such has not been the case. The reason for this partial failure of American enterprise abroad is to be sought chiefly in insufficient acquaintance with foreign countries, and lack of adaptability on the part of the American representatives.

In fact, up to now, with such a big market as the whole of North America at his disposal, the average American business man has hardly ever felt inclined to study the requirements of foreign countries. Besides, his settled belief in the superiority of American business methods—a feeling to a large extent quite justified, and at any rate easily to be understood—has often made



STANISLAO CORVINO  
Adviser to Bank of Italy on international  
questions

him impervious to any suggestion about the necessity of adapting himself to the taste and the customs of the foreigner. The result is that he finds himself seriously handicapped now that the great expansion of economic activity in the United States makes intensified trade relations with the rest of the world a matter of necessity, and investment of American capital abroad a very lucrative proposition.

As a matter of fact it often happens that, while following the same methods that have secured him success in business at home, an American utterly fails abroad. The reason is that, without being in the least conscious of the fact, and much against his own wish and interest, he has made enemies among the very men with whom he was expected

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to deal, either by disregarding or even freely criticising the customs of the country, or else by unwittingly committing some serious breach of local etiquette. At other times his natural inability to humor the (often unreasonable and exasperating) red-tape methods of local bureaucracy, and to find the right way of getting round the difficulties, prevents his obtaining valuable concessions which eventually fall to the share of more ductile competitors.

Now, local customs may often seem peculiar to the outsider, while the business methods adopted by many countries are really inefficient or obsolete, and the obstructive tactics of pettifogging government officials prove most aggravating to anyone whose time is valuable; yet the people of the country—even those who know better themselves—are only too often apt to resent foreign criticism. On the other side, the task of a business man is obviously not that of a social reformer; all that he wants is to be successful. And the best way to success will undoubtedly be for him to take the people as they are, and to avail himself even of their defects, if necessary, in order to reach his aim. To that purpose he is bound, first to know thoroughly the country he is dealing with, and second to be willing to adapt himself to its ways.

Now, generally speaking, while—for reasons easily to be accounted for by historical and geographical conditions—Americans often lack the necessary gift of adaptability to foreign customs, and the knowledge of foreign languages, Germans and to an even higher degree Italians, possess it, and this explains their well-known success abroad (e. g. in South America). This being so, American companies will often find it advisable, in order to compete successfully with their foreign rivals, to avail themselves at least for the time being, of the services of foreign experts. German collaboration being for obvious reasons less agreeable at present, the coöperation of competent Italians would seem to be most suitable.

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Reserves (31, 12, 1922).....	20,00,408
Deposits .....	4,92,44,072
Total Resources .....	5,64,88,525

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## Great Britain

"The Board of Trade returns for April", says the June monthly review of Barclays Bank, Limited, London, "are not strictly comparable with those for previous months, for the reason that the administration of customs in Southern Ireland has now been taken over by the Irish Free State. As a consequence, although the trade between Free State ports and Great Britain and Northern Ireland figures in the returns, exports from and imports into the Free State from foreign countries are no longer included. Total exports amounted to £75,299,602, or more than £5,000,000 in excess of the total for the previous month. Of this increase, rather more than £3,000,000 is represented by re-exports, while among exports of British produce and manufactures, the value of new ships increased by £2,000,000.

"Exports of iron and steel again show

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an increase in quantity, the total now being only slightly below the pre-war average. Production of pig iron in April continued to improve, and, though the output of steel ingots and castings suffered a setback compared with March, the figure was well above the monthly average of 1913.

Monthly average	Imports, iron and steel. th. tons	Exports, iron and steel. th. tons
1913 .....	185.9	414.1
1920 .....	92.4	270.9
1921 .....	137.1	141.7
1922 .....	73.5	283.5
1923—January .....	128.9	353.4
February .....	122.6	317.5
March .....	110.9	308.1
April .....	115.3	386.9

“Coal production also continues at a high level, the output for the first four months of the year being practically on a par with the pre-war standard. Of 287,000,000 tons of coal produced in 1913, 73,000,000 tons were exported, while 21,000,000 were used as bunkers for ships engaged in foreign trade, the balance of 193,000,000 tons being devoted to Admiralty and domestic requirements.

“The output for the first four months of the current year totals about 92,000,000 tons, while exports account for 25,500,000 millions and bunker shipments for 6,000,000, leaving a balance of 60,500,000 tons. The home consumption of coal is now greater than in 1912, and is very little short of the high level reached in 1913. This fact, in conjunction with the improvement in industrial activity, indicates distinct progress towards reinstating the pre-war level of production, but in certain industries, such as shipbuilding, cotton, and the building trades, much progress has still to be made.

COAL PRODUCTION IN GREAT BRITAIN

	Tons
1913 .....	287,000,000
1920 .....	229,000,000
1921 .....	163,000,000
1922 .....	251,000,000
1923—	
Week ended	
April 21 .....	5,824,900
April 28 .....	5,721,200
May 5 .....	5,327,000
May 12 .....	5,603,400
May 19 .....	5,796,600

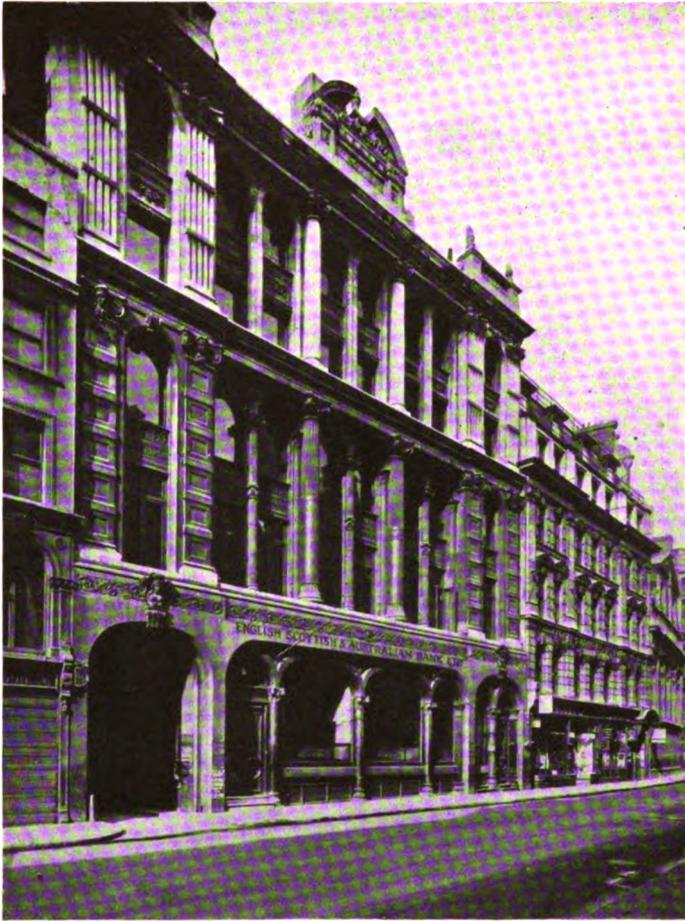
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“Exports of cotton yarns and manufactures decreased by over £1,000,000. Exports of cotton piece goods at 316,000,000 square yards in April, compare with 387,000,000 square yards in March, but the figure for the first four months of 1923 is 1,396,000,000 square yards, against 1,197,000,000 square yards in the corresponding period of 1922. In 1918, however, exports totalled 7,075,000,000 yards, equivalent approximately to 6,000,000 square yards, and it is, therefore, evident that the cotton industry is still feeling acutely the effects of the general disturbance in world trade and the high price level.

“Total imports amounted to £86,417,017, as compared with £90,000,000 in March, but they are nearly £6,000,000 higher than the total recorded for April, 1922. The whole of the decrease, as compared with the previous month,



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occurred in raw materials and articles mainly unmanufactured, the most noticeable feature being a decline of £4,280,000 in raw cotton, which reflects to some extent the prevailing uncertainties in the cotton trade, though seasonal influences may also have been at work.

"One effect of the upward movement in the price of American cotton is reflected in the import returns. During the first three months of this year half of the raw cotton supplies reaching this country emanated from the United States, but during April the percentage was only 27, while British East Indies, which in the first quarter of the year furnished less than 10 per cent., sup-

plied over 20 per cent. of the April arrivals.

IMPORTS OF RAW COTTON (EXCEPT LINTERS)

(In thousand Centals of 100 pounds)

From:	1922	1923
United States .....	2,507	2,166
Egypt .....	1,066	1,438
British East Indies .....	98	502

"The adverse balance of trade of £11,000,000 in April compares with £20,000,000 in March, and brings total for the first four months of the year to £70,000,000, which, when invisible items are taken into account, should leave an appreciable balance on the right side."

## France

The following summarization of France's financial position at the time when the French Parliament began its consideration of the budget for 1923 is regarded as being a semi-official presentation. The summary is from the *Paris Temps* and has been received from its French Information Service by the Bankers Trust Company, New York:

### I. PUBLIC DEBT OF FRANCE AT THE BEGINNING OF 1923

France's internal debt at the above period amounted to 282,418,000,000 francs and may be subdivided as follows:

	Billion francs
Floating and short term debt.....	114
Long term debt .....	145
Advances from the Banque de France to the government .....	23

France's external debt may also be subdivided into these two classifications:

- (a) Her government debt to the United States and Great Britain, which amounts to 29,969,000,000 francs, and
- (b) Her commercial debt which amounts to 5,493,000,000 francs, making a total of 35,463,000,000 francs *gold*.

### II. DEBTS OWED TO FRANCE BY OTHER COUNTRIES

In order to realize France's actual position, there should be deducted from her own debts the debts which other nations owe to her. While it is true that France, in order to insure the Allies' victory, borrowed 29,000,000,000 francs *gold*, she also lent to her allies or to the other nations born of the war or impoverished as the result of it a total sum of 15,282,000,000 francs *gold*; the details of which are as follows:

	Francs
Russia (old government) .....	5,560,000,000 (1)
Russia (various governments)....	480,000,000
Belgium .....	3,684,000,000
Yugoslavia .....	1,795,000,000 (2)
Rumania .....	1,181,000,000
Greece .....	861,000,000 (3)
Poland .....	1,056,000,000
Czecho-Slovakia .....	574,000,000
Italy .....	49,000,000 (4)
Montenegro .....	13,000,000
Estonia .....	10,500,000
Latonia .....	11,500,000
Lithuania .....	6,000,000
Hungary .....	1,000,000
Austria .....	500,000
<b>Total .....</b>	<b>15,282,000,000</b>

- (1) Including the 955 millions charged by the Bank of France for discounting Russian Government Bonds.
- (2) Including 220 millions in book credits.
- (3) Including 300 millions in book credits.
- (4) Not including 800 millions in supplies of material to be covered to an indefinite extent by the value of Italian supplies of materials.



New Orleans

### VIII

#### Bananas

New Orleans imports almost half of the 45,000,000 bunches of bananas brought into this country annually.

The port has adequate fruit landings, designed to expedite the handling of green fruit. Special railroad facilities and banana conveyors make possible the unloading of bananas from shipside at the rate of 10,000 bunches per hour.

New Orleans is the banana port of the world.

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

### III. FRANCE'S BUDGETARY SITUATION IN 1923

The preponderating factor in France's budgetary situation is her enormous public debt. The main item in her budget is her expenditure for interest and charges of this debt, which has been constantly increasing.

In the 1923 budget (as originally submitted to the French Parliament), the expenditures were estimated as follows:

	Francs
Public debt .....	12,344,000,000
Expenditures for all civil services....	5,799,000,000
Expenditures for purposes of national defence .....	5,035,000,000
<b>Total expenditure foreseen by general budget for 1923.....</b>	<b>23,178,000,000</b>
Estimated revenue from normal sources .....	19,285,000,000
<b>Estimated deficit of the general budget according to proposals originally submitted .....</b>	<b>3,893,000,000</b>

Note: Senate finance commission has revised these figures.

In addition to this expenditure for the ordinary budget, France, during 1923, will also have to make good the expenditure for reconstruction and reparations which Germany has failed to pay, and which, ac-

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According to the estimated special budget for 1923, will amount to 10,148,000,000 francs.

The special budget for 1922 estimated that the sum of 7,000,000,000 francs would be received from Germany as a result of the negotiation of obligations on May 5, 1921.

However, nothing was received during 1922, and therefore, there seems no hope of receiving anything during 1923, and the deficit on the special budget will in consequence amount to the whole figures of expenditure, i. e., 10,148,000,000 francs. France's total budgetary deficit for 1923 can therefore be estimated at:

	Francs
General budget .....	3,900,000,000
Special budget .....	10,148,000,000
	<hr/>
	14,048,000,000

#### IV. FINANCIAL BURDEN ACTUALLY BORNE BY FRENCH TAXPAYEES

(Comparison with 1913)

In 1913 the total amount of the French budget was 4,900,000,000 francs *gold*. The 1922 French ordinary budget, which comprised solely normal expenditure, amounted to 24,296,000,000 francs *paper*.

Taking into account the fact that the 1913 estimate was made in *gold* francs, whereas 1923 estimates are made in *paper* francs, it is still possible to say that the French tax-

paper's burden has been at least doubled. It has been more than doubled if one takes into account the increase in departmental and communal taxation.

In order to realize the increase, it is only necessary to study the following table:

#### GENERAL BUDGET

	1913	1922
	(million francs)	
Permanent revenue:		
Direct and assimilated taxes .....	634	3,289.7
Registration tax .....	834	2,900.4
Stamp taxes .....	241	615.5
Tax on stock exchange operations	10	26.1
Tax on income from personal securities .....	138	1,017.8
Luxury and turnover taxes .....		2,300.7
Customs revenue .....	756	2,423.0
Excise taxes .....	720	2,824.0
Revenue from post-office, telegraph, telephones and state monopolies .....	1,036	2,919.5
Revenue from state property and sundry receipts .....	348	651.6
Total permanent revenue .....	4,907	19,029.0
Exceptional revenue:		
War profits tax .....		3,508.0
Liquidation of war stocks .....		449.5
Total exceptional revenue .....		3,957.5
Total general budget .....	4,907	22,986.5

#### V. WHAT FRANCE HAS PAID FOR GERMANY ON ACCOUNT OF REPARATIONS

In accordance with the Treaty of Versailles. Germany was to have assured the re-

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construction of the devastated regions, but in reality, she has at the present time paid only 600,000,000 marks *gold*, which have just been sufficient to pay the expenses of occupation.

Germany has therefore completely failed to fulfill her obligations and France has, in consequence, been obliged to pay out the sums necessary for the reconstruction of her invaded districts. These sums are considerable, as will be seen from the following figures:

PAYMENTS MADE BY FRANCE ON BEHALF  
OF GERMANY UP TO JANUARY 1, 1923

	Francs
Damages to property .....	55,000,000,000
Injuries to persons: pensions.....	33,000,000,000
Interest on sums borrowed by France to make above payments	7,000,000,000
Total .....	95,000,000,000

It should be added that the reconstruction of France's regions devastated by Germany will still cost France the further sum of 50,000,000,000 francs, which will make a total sum of 145,000,000,000 francs. These estimates are made in *paper* francs.

## Italy

"Full steam ahead with Premier Mussolini's hand on the throttle" describes Italy's present state in readjustment from the war period, according to Sherman A. Boyce, manager of the American Express Company in Genoa, who returned to Italy recently on the S. S. "Mauretania" after a brief tour of the company's offices in New York. To the new Fascisti gov-

ernment under Premier Mussolini and hard work of the people, Mr. Boyce, who is a close observer of European economic conditions, lays the successful state of conditions in Italy today.

The Fascisti filled a need in Italy and there is no doubt that the majority of the people are with the new government, Mr. Boyce said. Mussolini is one of the great figures of the age and is the idol of his people.

He has made promises and is fulfilling them. The railway system is being cleared out, as are the government offices. Other changes are being made for the betterment of the nation, and through these Italy has reached a stability second to England in the countries emerging from war-time periods, he said.

Asked about the Italian attitude towards Americans, Mr. Boyce declared that the Latins held a great friendship. The great majority of the families have some relative in the United States, and dreams of some day living in this country are held by many. The 3 per cent. immigration law that gives Italy a quota of approximately 40,000 immigrants yearly to the States, comes far from taking care of those desirous of a home in the new land.

Italy's present speed toward stable and pre-war times will not be interrupt-

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ed, according to present indications, he said. Momentary breaks in the money markets may come, but the trend to normal times seems sure to continue. Mr. Boyce will visit some of the forty-two offices maintained by the American Express Company in Europe before returning to his post in Genoa.

## Germany

In an effort to find a relatively stable basis for investment, a number of public and private German institutions have experimentally floated issues based upon some primary commodity rather than on the paper mark, says a report to the Department of Commerce at Washington. Rye, wheat, coal, and coke have thus been used.

Although investment in a bond based upon a commodity is not absolute protection for the investor, the purchase of such bonds is a guaranty that the depreciation of the sum invested will be limited by the fluctuations in the price of the specific commodities invested in. Further, a relative rise in the price of the commodity between the time of investment and the date of the maturity of the bond gives to the investor an opportunity to make a clear profit above whatever interest may accrue on his investment.

The pioneer work in issues based on commodities was done by the Staatliche Kreditanstalt Oldenburg (State Credit Office of Oldenburg), which put on the market the Oldenburgische rogggenanweisungen in a total amount of 6,000,-

000 kilos of rye in blocks of 125 kilos each, for which nontransferable certificates of ownership were issued. Each certificate is to be redeemed by a sum equivalent to the price of 150 kilos of rye, and in arriving at this price the average price of rye upon the Berlin Produce Exchange during the three months immediately preceding the date of redemption will be taken.

While the certificates of ownership bear no interest, in the ordinary sense of the word, the gain to the purchaser arises from the fact that he receives for his investment a premium of 25 kilos of rye. The assets of the Oldenburg credit office have been placed as security for the issue, and the certificates are sold on the Bremen and Berlin Stock Exchanges. On the Berlin Stock Exchange they sell for about the current price of 125 kilos of rye plus freight from Berlin to Oldenburg.

The example of the State of Oldenburg has been followed by the Hanoverian State Credit Institute, by the Free State of Mecklenburg-Schwerin, by the Free State of Saxony, and by a number of private enterprises.

Under German law these issues are suitable for the investment of trust funds, and fundamentally all resemble the one above described, though there are slight variations in some cases.

## Scandinavia

"While labor disputes in some Swedish industries and the uncertain political situation in Central Europe



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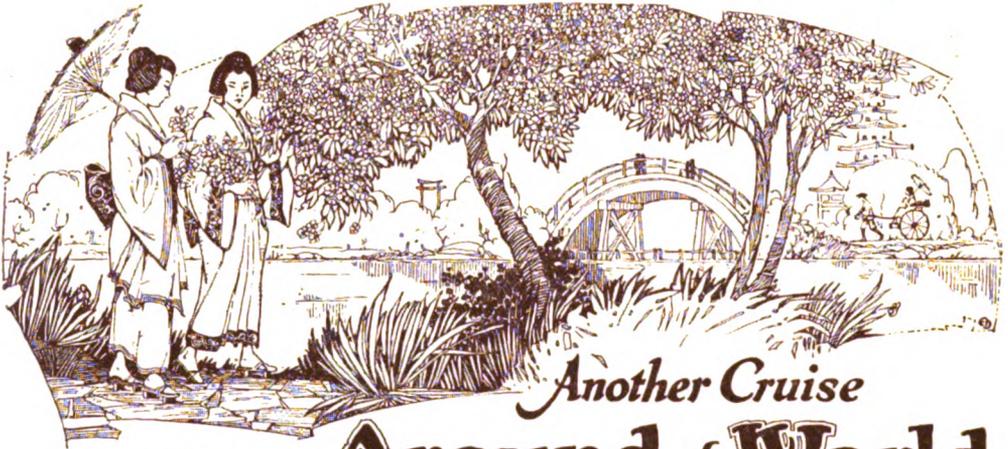
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Capital . . . . .	\$2,000,000
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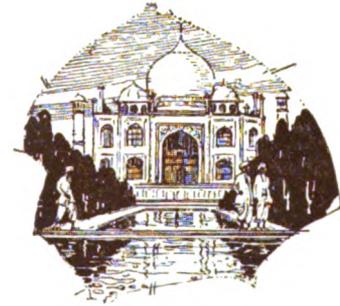
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make it difficult to forecast the immediate development of Swedish industry and trade", says the quarterly report of the *Skandinaviska Kreditaktiebolaget*, "there appears nevertheless to be room for moderate optimism." The report continues:

The stability of prices and wages and the maintenance of the gold parity between dollars and kronor have for months past restored the firm basis for economic activity which has been the goal of the depression process. Even if certain business undertakings have postponed until quite recently the necessity of facing the problem of how the losses sustained during the period of deflation should be covered, there can scarcely be any doubt that the liquidation is drawing nigh to its end. On the other hand it appears from the companies' reports for 1922, which have now come out, that the business activity during the said year has, upon the whole, not been unremunerative.

As far as quantity is concerned the export trade during last year came close to the pre-war figures and the foreign demand for a number of Swedish staple articles must be considered as satisfactory. It had been feared that the Ruhr occupation would cause a congestion in the export of ore. The direct exchange of other goods between Sweden and the Ruhr district has never been of great importance. The scarcity of coal and the increase in the price of that commodity which have been a consequence of the Ruhr occupation have, of course, also in Sweden affected industry and trade.

The increased industrial activity in America has given rise to a wave of higher prices for raw materials which wave has now reached Sweden and, with regard to coal and iron, has been further intensified through the Ruhr operations. As regards wood goods and wood pulp the labor conflicts had a hardening effect on prices. The foodstuffs, textile and leather industries, which chiefly operate for the home market, are well occupied at remunerative prices, at least in so far as the principal manufactures are concerned.

As in many other countries the conditions of agriculture in Sweden have been difficult, more especially because the prices of corn have been at a very low level. The recent increase in the price of wheat has not caused any larger sales, which in agricultural circles is ascribed to the fact that the last crop is sold out by the farmers.

## Turkey

Notwithstanding the existing uncertain political conditions in the Near East, there are every day increasing



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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

indications of the impatience of the Turkish peasant of Anatolia to get back to the land, and to exchange the sword for the plowshare, says George B. Bell, chief of the Agricultural Implementation Division of the Department of Commerce at Washington. Mustapha Kemal Pasha, in his recent speeches, has been urging the necessity for work and of the study of modern methods on the part of agriculturists, and in this connection it should be noted that already there is a considerable demand from Anatolia for agricultural machinery.

A special commission, it is reported, has recently been appointed for the purpose of inquiring into the needs of the population in the matter of machinery and farming implements. It is stated that, as a result of negotiations with the Commissariat of National Economy, an agreement has been arrived at and

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since ratified by the Council of Commissaries, authorizing a Turco-American company to import, within a period of three months of signing the contract, a definite quantity of agricultural implements. The company itself is to be locally registered, and 70 per cent. of the shares are to be reserved for Turks. Assembling and repair shops are to be installed at different points.

Press reports from Constantinople received by the Department of Commerce, note the organization of an Ottoman company in Paris which will work together with the Banque Nationale de Credit, the Banque Perrier. Several other financial establishments have been formed for the reconstruction of the destroyed and damaged districts of the city and the province of Smyrna. An initial amount of 500,000 francs has been subscribed for studies in this connection, and a technical mission has been appointed for Smyrna for the purpose of making the required study. The company contemplates reconstructing houses and other buildings in Turkish style.

This company must be differentiated from the Ottoman Development Company which was incorporated in the United States, and which has taken up the old Chester project for the building of railways and the furnishing of necessary supplies to Turkey; also from the so-called Ottoman Estates Company, incorporated recently in Virginia for the purpose of developing the estates of Sultan Hamid.

## Greece

The restoration of the merchant fleet of Greece almost to its pre-war proportions by the unaided efforts of Greek subjects is an illustration of the fact that national aptitudes which result from geographical conditions are likely to succeed even in the face of a continued ring of adverse circumstances, according to the Department of Commerce at Washington.

The Greeks are the oldest maritime race of Europe. The physical configuration of the country, composed of peninsulas, islands and a mainland indented by the sea, requires domestic communication by water, and an interior traversed by mountain ranges compels a considerable part of the prolific race to seek a livelihood on the sea or by migration across the sea. The Greek immigration to the United States is the expression of a racial impulse which began with the settlement of Greek colonies along the shores and islands of the Mediterranean centuries before the Christian era. Greek sailors and Greek merchants, even during four centuries of Turkish domination, had a large share in the navigation and trade of the Mediterranean, Black, Aegean and Adriatic Seas, but the decline of their political liberties stunted Greek maritime growth and when Greece again became independent in the nineteenth century steamers were beginning to supersede sailing vessels of which the

Greek merchant fleet was then composed.

The modern Greek merchant marine dates practically from 1910 when a law was passed enabling Greek ship owners to borrow money on favorable terms. In the four years following the passage of this law Greece increased her merchant marine to 401 vessels of 820,000 gross tons. Forty-eight per cent. (388,000 gross tons) of this tonnage was lost in the world war, a larger percentage of loss than that suffered by any other nation, and in addition, 114 steamers, aggregating 260,000 gross tons, were sold to foreigners. Since the armistice, Greece has twice radically changed its government and has undergone a great military and political disaster. Yet, by January 1922, official returns show the Greek merchant shipping possessing 440 steamers of 685,000 gross tons, and by January 1923, 419 steamers of 786,700 gross tons.

## India

India's foreign trade during 1922, amounting to 5,195,323,000 rupees (\$1,731,774,000), showed an increase of 5 per cent. compared with 1921, notwithstanding the general trade depression, according to an analysis by the Far Eastern Division of the Department of Commerce. With a decrease of imports from 2,782,909,000 rupees in 1921 to 1,985,997,000 rupees in 1922, and an increase of exports from 2,122,694,000 rupees to 2,522,691,000 rupees during the same period, India enjoyed a favorable trade balance for the year 1922. In this movement the United States suffered in common with other countries, supplying practically \$40,000,000 less of India's imports in 1922 than in the previous year and taking about \$20,000,000 more of India's exports. England and Japan also lost heavily in sales to India; Germany's share of India's imports increased by approximately \$19,000,000 in 1922, and smaller increases were reported in the imports from other European countries and from China. Czechoslovakia en-

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	SAN FRANCISCO		
SHANGHAI	HONGKONG	MANILA	
CANTON	HANKOW	PERING	
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tered the market in 1922 with heavy sales of glass.

European purchases of Indian products increased in 1922, with Great Britain leading and France, Italy, Belgium, and Norway proving good customers. The volume of export trade to Asiatic countries and to South America also showed improvement.

## Japan

Japanese raw silk exports in 1922 showed an increase of 82,174 piculs over 1921, says a report to the Department of Commerce at Washington.

Although trade in silk piece goods showed gains, these figures do not reflect a prosperous year. It was only because stocks were carried over from 1921 and the fact that the 1921 trade had been extremely discouraging that the shipments in 1922 appear favorable.

Production of silk fabrics for export

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Total Resources Over . . . . . Lire 3,700,000,000

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New York Representative Office

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during 1922 was seriously reduced, according to a report of the prefectural conditioning houses. This was due, perhaps, quite as much to the condition of the home market for raw materials as to lack of foreign demand. The high price for domestic raw silk made it difficult to compete in other markets, and makers turned their attention to the domestic piece goods market which assured a fair remuneration. Fukui and Ishikawa, two leading silk goods export manufacturing centers, produced only 970,661 pieces and 674,798 pieces, showing decreases of 802,552 and 11,382 pieces, respectively, when compared with 1921.

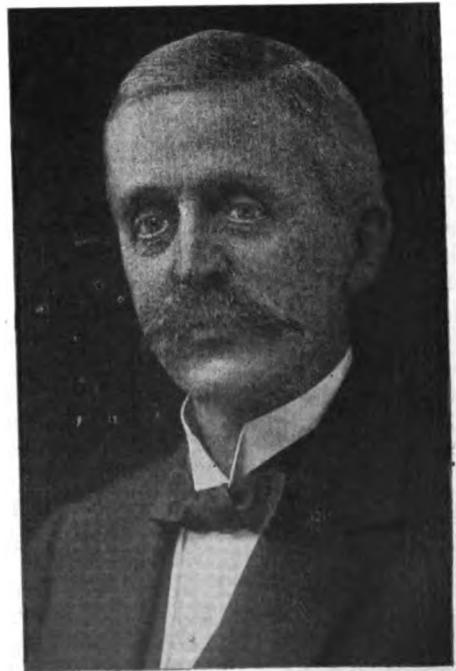
The total production in December, 1921, was 169,971 pieces, was the lowest of the year, and a decrease of 99,008 pieces from December, 1921 figures. The year's total of 2,247,169 pieces represents a decline of 426,728 pieces, compared with 1921.

This reduction in output has enabled the trade to maintain prices in nearly all weights of plain habutae. Although these goods are not in demand, stocks are light and brokers need not sacrifice to meet offers. Pongee, however, is a menace to the market. American purchases are scattered, and since producers are anxious to market their holdings, the export market has a rather heavy floating stock. This condition was aggravated during January by continued production, the output of silk textiles in Fukui being 76,954 pieces or 7454 more than in December. Although

this included habutae, crepe, pongee, etc., the increase was chiefly in pongee.

## Australia

With the passing of Sir Denison Samuel King Miller, K. C. M. G., first Governor of the Commonwealth Bank of Australia, an outstanding figure is lost to Australian banking. Sir Denison had many warm friends in the United States who greatly deplore his death.



THE LATE SIR DENISON S. K. MILLER  
First Governor of the Commonwealth Bank  
of Australia



# Banking Service in the Far East

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Colombo

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Hankow  
Hongkong  
Peking  
Shanghai  
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### FRENCH INDO-CHINA

Haiiphong  
Saigon

### INDIA

Amritsar  
Bombay  
Calcutta  
Cawnpore  
Delhi  
Karnachi  
Madras

### JAPAN

Kobe  
Yokohama

### JAVA

Batavia  
Semarang  
Sourabaya

### SIAM

Bangkok  
Puket

### SUMATRA

Medan

### PHILIPPINES

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Manila  
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### MALAY STATES

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Mr. Miller was born at Fairy Meadow, near Woollongong, New South Wales, and received his education chiefly at Deniliquin Public School, where his father, the late Samuel King Miller, was headmaster. In 1876 Mr. Miller began his career as a junior clerk in the local branch of the Bank of New South Wales, Deniliquin. Thereafter transferred to the head office in Sydney of the same institution, he rose successively to the positions of accountant, assistant to the general manager, and, in 1909, to that of chief metropolitan inspector. In 1911 he left Australia for a twelve months' tour of the world. Shortly after his return he was invited by the then Prime Minister and Treasurer of Great Britain, the Right Hon. Andrew Fisher, to accept the appointment of Governor of the Commonwealth Bank of Australia, and the remarkable success of this institution from the outset is largely due to his high ideals and practical wisdom. Mr.

Miller paid a further visit to England towards the close of the great war, when he was entertained by the Royal Colonial Institute at a luncheon in his honor, supported by a representative gathering of London bankers and financiers. His work was also keenly appreciated in the United States which he had visited personally, and tributes to his high purpose and fine achievement have come to hand from many lands. He was one of the founders of the Institute of Bankers of New South Wales and acted as its honorary treasurer for a long period.

## Philippines

Improvements in the general economic situation in the Philippine Islands during December and January were fairly well maintained in the month of February, according to a cable to the Department of Commerce, rendering the outlook at the close of the

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[Yokohama Shokin Ginko]

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Capital Subscribed . . . . .	■	.. Yen	100,000,000
Capital paid up . . . . .	■	.. Yen	100,000,000
Reserve Fund . . . . .	■	.. Yen	69,000,000

(\$0.50=1 Yen)

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

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first two months of this year considerably more encouraging than for the same period of 1922.

The foreign trade of the islands for February reversed the unfavorable balance of January to a favorable balance of approximately 7,000,000 pesos. Bankers, however, urge that a conservative view of the situation should still be taken as improvements will have to continue for some time before conditions reach normal. In general, stocks are fairly well closed out, and sales are being made at a profit on the laid down costs. The acceleration in the movement of local stocks should result in a considerable amount of business for replacement, though no large increases in purchases, except of necessities, can be expected until some of the indebtedness to the banks has been liquidated.

## China

With partial decisions already made as to the disposition of outstanding balances on the Boxer indemnity account,

there has been much discussion in the Far East regarding the future policy to be adopted by the powers with regard to this question, which has such an important bearing on Chinese Governmental finance. There have been announcements from both British and Japanese quarters that some modification of the procedure followed by the United States (remitting part of the indemnity funds, which was used subsequently by China for educational purposes) may be adopted by them. An agreement has been signed devoting a large part of the French portion of the outstanding indemnity to refinancing the Banque Industrielle de Chine.

The following table, compiled by the Far Eastern Division of the Department of Commerce, is a statement of the status of the Boxer indemnity account on December 1, 1922, gathered from official Chinese sources, the conversions to United States currency being made at current rates of exchange on that date:



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

# The CHINESE MERCHANTS BANK LTD

OF HONGKONG

The First Chinese Bank in New York



The value of banking service is determined, in the last analysis—by the informalities of care and courtesy that are extended over and above the routine attention which every customer has a right to expect matter-of-course.

Such service, available through the Chinese Merchants Bank, Ltd., cannot help but facilitate your introduction to trade in the Far East.

*Inquiries invited from Responsible American Business Houses*

**Head Office**  
Hongkong

**NEW YORK AGENCY**  
Woolworth Building  
Telephone Barclay 4712

**Branches**  
Canton, Saigon, Shanghai

Countries to which due	Amount due in original currency	Equivalent in United States currency
France, francs	391,581,529	\$27,489,023 (1)
Great Britain, pounds sterling	11,186,547	50,560,958 (2)
Japan, yen	72,121,578	34,986,177 (3)
United States, dollars	12,455,507	12,455,507 (4)
Italy, francs	147,051,159	10,322,991
Belgium, francs	46,873,522	3,290,521
Portugal, pounds sterling	20,386	92,141
Russia, rubles	254,343,251	(5)

(1) Funds to be used partly for Sino-French educational purposes and partly for refloating the Banque Industrielle de Chine.

(2) Remittance for purposes mutually beneficial to China and Great Britain now under discussion.

(3) Remittance for purposes mutually beneficial to China and Japan now under discussion.

(4) Remission proposed.

(5) No exchange available.

The Boxer indemnity payments were suspended on December 1, 1917, and resumed on December 1, 1922.

## South America

April business in Argentina continued dull with underlying uncertainty. Sharp drop in temperature after long summer, says a cable to the First National Bank of Boston from its Buenos Aires Branch. Failures \$11,400,000 against

\$6,300,000 in March, and \$16,300,000 in April 1922; increase normal this time of year, will probably continue few months; not necessarily indicative of changed credit situation which is considered satisfactory. Healthy buying is still cautious. April bank clearings total \$8,331,000,000; daily average \$188,000,000, against \$181,000,000 March, \$187,000,000 January, and \$126,000,000 April 1922.

Cool dry weather aids in conditioning maize; exportable surplus now estimated 2,500,000 tons, although official estimate recently published was 700,000 tons lower; we agree former figure. Better prospects reflected by return to April 1 prices after 9 per cent. rise last month. Wheat prices rose 8 per cent. in April, but have now returned to early April levels. Wheat and other cereal exports limited by lack of tonnage. Freight rates up 85 per cent. during April. United Kingdom principal buyer of wheat, with French and German demand greatly decreased.

# **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 252,000,000**

Every Kind of Banking and  
Exchange Business Transacted

Telegraphic Address:  
"Kansallispankki"

Linseed exports continue heavy, with sharp rise in prices in April of 5 per cent. net; increase lost in May but prices now 80 pesos a ton higher than January, indicating substantial increase in national wealth.

April exports of wheat 463,000 tons, linseed 159,000 tons, maize 59,000 tons, against 514,000, 198,000, 53,000 tons in March, and 466,000, 73,000, and 83,000 for April 1922 respectively. Approximate exportable surpluses on May 1 were wheat 2,550,000 tons, and 2,400,000 tons of linseed, of which two-thirds probably will go out before end of August if ships are available.

Business generally is dull in Brazil, according to a cable to the Department of Commerce at Washington. Fluctuations in the exchange value of the milreis are largely responsible for this condition. The sight rate for dollars during the past month ranged from 9.100 milreis to 9.766 milreis to the dollar. In the second week in April the relation of the milreis to sterling fell

to 59/16 pence to the milreis, the lowest rate in the history Brazil.

Iron and steel is dull. Germany continues out of the market. American and Belgian prices have advanced considerably, and the English are making every effort to get business. The demand for cement is slack, with the largest imports coming from Scandinavia.

The demand for hardware is not good in spite of the fact that stocks are very low. The market for electrical goods is small.

There is little change in the machinery market, except that Belgium is taking an increased share of the business. German competition continues important in this line. The demand for agricultural implements is normal.

The market for automobiles shows favorable prospects, although it will be somewhat restricted by the unfavorable exchange rates. During the period from March 25 to April 22, 175 American automobiles were imported at Rio

# The Corn Exchange National Bank

## OF CHICAGO

Capital ..... \$5,000,000  
 Surplus and Profits.....\$11,700,000

### OFFICERS

Ernest A. Hamill.....President  
 Charles L. Hutchinson.....Vice-President  
 Owen T. Reeves, Jr.....Vice-President  
 J. Edward Muuss.....Vice-President  
 Norman J. Ford.....Vice-President  
 James G. Wakefield.....Vice-President  
 Edward F. Schoeneck.....Cashier  
 Lewis R. Gury.....Assistant Cashier  
 James A. Walker.....Assistant Cashier  
 C. Ray Phillips.....Assistant Cashier  
 Frank F. Spiegler.....Assistant Cashier  
 William E. Walker.....Assistant Cashier

### DIRECTORS

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



Foreign Exchange

Letters of Credit

Cable Transfers

de Janeiro and Santos. Imports from other countries were very small. During March, 572 Fords were assembled at Sao Paulo.

Customs receipts of Chile in March were 15,000,000 gold pesos, the highest since February 1920.

Crops generally are good, and the production of wheat, oats and barley are estimated as larger than last year.

Imports during March, as compared with February, show an increase, particularly in flour, pig iron, and pine, although the total March figures are not yet available. March exports, too, are unusually heavy in peas, beans, oats, wheat, frozen meats, barley, copper bars, ore, sheep skins, and wool. Considerable interest continues to be manifested in the exportation of fresh fruit to the United States. Prices ruling this month in general, on both export and import commodities, are approximately the same as last month, though the advance in the world price of sugar is reflected in the Chilean market. There

is a tendency toward cautious buying on the part of Chilean merchants, due at least in part to weak exchange.

## Cuba

Cuban Treasury Department officials estimate United States gold coin in Cuba at \$2,000,000 to \$2,500,000 and United States paper money at more than \$100,000,000. The amount of American silver in the form of dollars in the island is considered negligible, while American fractional silver is reported to be in circulation to the extent of approximately \$100,000, says a report to the Department of Commerce at Washington.

Recently there has been some discussion as to whether nickel coins in circulation in Cuba are in excess of the requirements of business. These coins are in great part Cuban. In 1919, \$800,000 in 10-cent pieces and \$200,000 in 5-cent pieces were imported from the United States, and in the latter part

## BANKERS INVITED

FOREIGN BANKS ARE INVITED TO CORRESPOND WITH

### The Central Bank of India, Limited Bombay (India)

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

**Deposits (Dec. 31, 1922) . Rs. 13,22,00,000**

S. N. POCHKHANAWALA, Managing Director

of 1920 another importation of 5-cent pieces amounting to \$150,000 was made. At the present time it is considered by treasury officials that \$300,000 is a high estimate for the amount of United States nickel and bronze coins in Cuba.

The Cuban treasurer general has issued a statement suggesting that American fractional money be segregated with a view to arranging for its exchange for other money with the United States Treasury. He favors the prohibition of the importation of American silver, nickel, or bronze coins by persons entering Cuba in excess of \$5 for each person. In order to force the use of Cuban silver, he advocates prohibiting the importation of American \$1 bills.

### Mexico

Silver currency was the outstanding feature of the financial situation during

March, says a cable to the Department of Commerce at Washington. Mexican silver coin was quoted at 8 per cent. discount from gold and is still weak. Apparently this is due to the continued coinage of silver, and to large receipts of such coin from the interior, and to a recent agreement of the Mexico City Clearing House Association, effective May 1, 1923, by which banking houses in this Association will no longer pay interest on silver deposits and will charge one peso per thousand on all silver deposits and collections made in silver. The same agreement fixes a maximum of 2 per cent. interest annually on gold checking accounts of over 1000 pesos and abrogates payment of interest on accounts of less than that amount. Payment of interest on savings accounts and "dollar" deposits is left to the discretion of the individual banks.

## 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
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

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.

# Rotterdamsche Bankvereniging

Rotterdam                      Amsterdam  
The Hague

Capital . . . . . £ 75,000,000  
Reserve . . . . . £ 36,500,000

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

Wholesale merchants and manufacturers display a growing tendency to give their customers discounts on bills when payments are made in gold.



## International Banking Notes

The statement of condition of the International Acceptance Bank, 31 Pine street, New York, as of June 30, 1923, shows total resources of \$60,966,157; capital paid-in \$10,250,000; and undivided profits \$1,188,933. A condensed statement as of the above date follows:

### RESOURCES

Stockholders' uncalled liability .....	\$5,000,000
Cash on hand and due from banks....	\$ 4,991,151
Acceptances of other banks .....	2,343,021
U. S. Government securities.....	12,340,107
Collateral loans .....	3,369,580
Other loans and advances .....	2,687,256
Other bonds and securities .....	4,051,767
Customers' liability for acceptances (less anticipations) .....	25,630,645
Customers' liability under letters of credit .....	5,318,692
Other assets .....	233,933
Total .....	\$60,966,157

### LIABILITIES

Subscribed capital and surplus .....	\$15,250,000
Capital paid in .....	\$10,250,000
Undivided profits .....	1,188,933
Reserve for taxes, etc. ....	121,793
Due to banks and customers .....	16,758,889
Acceptances outstanding .....	27,327,847
Letters of credit .....	5,318,692
Total .....	\$60,966,157



The statement of condition of the London and Brazilian Bank, Limited, London, for the year ended January 31, 1923, shows total resources of £34,055,903. At the fifty-second annual ordinary meeting of the shareholders of the bank, held in London on May 1, 1923, a dividend of 10 per cent. was declared. An interim dividend of 10s. per share, amounting to £75,000, was paid in October last. The above payments absorb £150,000, leaving a balance of £889,975, which has been dealt with as follows: £200,000 to special contingency account, and £189,975 to the credit of profit and loss new account.



The statement of condition of the Banque National de Credit, Paris, for the year ended

# \$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

December 31, 1922, shows total assets of francs 3,182,747,453 as compared with francs 2,763,876,368 for the year ended December 31, 1921; deposits, francs 2,439,911,541 as compared with francs 2,062,954,204 for 1921; and net profit, francs 32,075,916 as compared with francs 30,644,869 in 1921. A comparative statement for the last two years follows:

ASSETS		
	Dec. 31, 1921 Francs	Dec. 31, 1922 Francs
Cash on hand and in Banque de France and Treasury .....	181,863,087	215,702,867
Due by banks and bankers .....	290,071,316	209,233,056
French Government Treasury bills and bills on hand .....	1,184,117,756	1,627,462,120
Coupons .....	30,212,455	30,917,025
Loans .....	255,486,204	264,335,930
Debtors in current account .....	396,784,273	387,441,502
Bonds and stocks .....	31,812,153	50,167,084
Financial participations .....	1	12,107,470
Customers' liability on acceptances .....	23,126,060	38,728,243
Accounts for orders .....	18,642,669	21,861,442
Real estate and fixtures .....	64,767,639	86,756,464
Capital uncalled .....	286,992,750	238,034,250
	2,763,876,368	3,182,747,453
LIABILITIES		
Capital .....	500,000,000	500,000,000
Reserves .....	90,460,723	91,871,836
Deposits .....	2,062,954,204	2,439,911,541
Bills payable .....	40,181,022	56,246,436
Acceptances and creditors by acceptance .....	23,126,060	38,728,242
Accounts for order .....	16,509,482	23,913,482
Net profit (inclusive balance of old account) .....	30,644,869	32,075,916
	2,763,876,368	3,182,747,453
Dividend for 1921: 16 per cent.		
Dividend for 1922: 16 per cent.		

The statement of condition of the Union Bank of Switzerland, Zurich, as of December 31, 1922, shows total resources of francs 500,233,698; capital fully paid, francs 70,000,000; and reserves, francs 16,000,000. A condensed statement as of above date follows:

ASSETS		Francs
Cash in hand .....	20,081,044	
Banks and bankers .....	94,001,442	
Bills of exchange .....	95,534,667	
Stocks and investments .....	27,131,911	
Debtors .....	245,989,931	
Bank and warehouse premises .....	17,494,700	
		500,233,698
LIABILITIES		
Capital, fully paid .....	70,000,000	
Reserves .....	16,000,000	
Pension fund for employes .....	6,858,842	
Deposits and current accounts .....	342,088,797	
Banks and bankers deposits .....	35,915,103	
Bills payable .....	23,162,806	
Dividend account .....	4,994,840	
Balance to carry .....	213,308	
		500,233,698
Dividends paid:		
1914-16 .....	6	per cent.
1917 .....	7	"
1918 .....	7½	"
1919-21 .....	8	"
1922 .....	7	"

The Union Bank of Switzerland was founded on January 1, 1912, through the amalgamation of the Bank of Winterthur—which dates back to 1862—and the Toggenburger Bank which was established in 1863. These two banks have since upheld in the new institution the same principles which before their fusion had led them to prosperity, viz. a sound financial policy of national char-

# 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 Rela-  
tions with the Argentine and Contiguous Countries

**CORRESPONDENCE IN ALL LANGUAGES INVITED**

acter with a careful fostering of interna-  
tional business relations.

Shortly after its formation the Union  
Bank of Switzerland became interested in  
the Crédit Argovien (Aargauische Cred-  
itanstalt) which was definitely absorbed in  
1918, after having itself taken over the Bank  
in Baden (1915). From that time on,  
namely since 1916, the Union Bank of  
Switzerland has taken over the Banque Ch.  
Masson & Cie. S. A. in Lausanne, fur-  
thermore the Banque William Cuénod & Cie.  
S. A. in Vevey and Montreux the Comptoir  
d'Escompte du Val de Travers Weibel &  
Co. in Fleurier with agency at Couvet, the  
firm of private bankers H. Rieckel & Co.  
in Chaux-de-Fonds and the Union Bank in  
Geneva. On January 1, 1920, a branch was  
opened in Basle and finally, some months  
later, the Union Bank of Switzerland took  
a footing in the Canton of Ticino through  
the absorption of the Banca Svizzera  
Americana with head office in Locarno and  
agencies in Lugano, Mendrisio and in sev-  
eral other localities of said Canton. In the  
course of 1921 an agency was established in  
Frauenfeld.

The Union Bank of Switzerland which has

now forty-one branches and agencies, located  
in the most important commercial and in-  
dustrial centers of the country, is one of the  
"big five" Swiss financial institutions and is  
perfectly equipped to render efficient service  
to its friends.

©

The twenty-third annual general meeting  
of the shareholders in the National Bank of  
Egypt was held on March 19, 1923, at the  
head office of the bank in Cairo.

B. Hornsby, C. B. E. (the governor), pre-  
sided.

The directors' report was as follows:

The directors present to the shareholders  
the balance sheet and profit and loss account  
for the year ending December 31, 1922.

The gross profit for the year, after pro-  
viding for depreciation on the bank's build-  
ings and furniture, for rebate of discount  
and for bad and doubtful debts, amounts to  
£906,869 15s. 7d. After deducting from this  
sum for directors' fees £11,936 14s. 4d., and  
for current expenses £392,839 5s. 1d., there  
remains £502,093 16s. 2d. In conformity  
with Article 49 of the Bank's Statutes a  
dividend of 4 per cent. is payable on the

# 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)

*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

share capital, £120,000. After this statutory distribution there remains £382,098 16s. 2d. Adding to this the balance brought forward from last year, £180,920 2s 5d., the amount available is £563,013 18s. 7d. The directors consider it prudent to allocate to special reserve for contingencies a sum of £50,000, which leaves £513,013 18s. 7d. From this amount the directors recommend the payment of an additional dividend of 11 per cent. on the share capital, which will absorb £330,000, and leave a balance to be carried forward of £183,013 18s. 7d.

The total dividend for the year will thus be at the rate of 15 per cent., equivalent to £1 10s. per share. An interim dividend of 8s. having been paid on September 4, 1922, the balance remaining to be distributed will be £1 2s. per share.

©

The balance sheet of the Industrial and Agricultural Bank of Bohemia, Prague, for the year ended December 31, 1922, shows, after deduction of expenses, taxes and sums

written off, a net profit of Kč 32,285,861, which sum represents a yield of 15.37 per cent. on the share capital.

The total turnover attained during the past year amounts to Kč 187,473,697,796, cash turnover Kč 31,965,743,534, discounts of bills of exchange and foreign acceptances Kč 1,729,351,363, and the turnover in bonds and securities Kč 3,724,344,236.

At the end of the year the bank possessed Kč 721,931,000 of immediately available funds. The deposits on savings books and treasurers certificates reached the amount of Kč 604,278,000, the commercial accounts Kč 1,778,535,000, so that the ratio of liquidity is 30 per cent.

It was resolved at the general meeting to allot from the net profit to diverse funds Kč 10,602,521, to pay a dividend of Kč 32, like in the past year, i. e. 8 per cent. and to forward the remaining balance, after deduction of the bonus to the board of directors, per Kč 2,830,918 to the new account.

The bank had at its disposal in the year

## 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. 7,309,784

*Branches:*  
BRUSSELS — OSTEND  
CORRESPONDENTS  
AT ALL BANKING POINTS

# BANK OF ROUMANIA, LIMITED

Founded 1866

(Registered in London on 17th April, 1903, under the Companies Act, 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.

1922, after the amalgamation with the Agricultural Credit Bank of Bohemia and the Commercial and Industrial Bank of Mor. Ostrava, more than Kč 2,500,000,000 of its own and entrusted capital. At the general meeting was also approved the resolution to amalgamate in the same way with the Commercial Bank of Hradec Králové.

The number of branches of the Industrial and Agricultural Bank of Bohemia, amounting now to sixty, will thereby be further increased.

⊙

J. Usang Ly, manager of the Canton, China, branch of the Chinese Merchants Bank, Ltd. of Hongkong, has recently been visiting the New York agency of that bank in the Woolworth Building. Three years ago following his graduation at the University of Pennsylvania, he returned to China and became a member of the Canton Municipal Council. Mr. Ly is very optimistic about the return to normal conditions in China soon and is enthusiastic regarding the growth of Chinese banking interests in the United States.

⊙

At the ordinary yearly meeting of the Hongkong and Shanghai Banking Corporation held at the City Hall, Hongkong, on February 24 last, A. O. Lang, the chairman, who presided, said in part:

"It is a great satisfaction to us that we are able to present to you such a favorable balance sheet after a year of continuous uncertainties and disorganization in all the exchange markets of the world, a year, too, in which profitable channels for investment of gold funds have been difficult to find. The cheapness of money in London has been

reflected by a further rise in the price of gilt-edged securities and by a substantial decline in the earnings of nearly all of the great London banks.

"Fortunately, we are not altogether dependent on the same sources of income as they are, though, of course, in view of our substantial gold assets, a higher rate of interest in London, which would be the result of more trade demand for money, would suit us better than the extremely modest rates that were obtainable during 1922.

"There has been a moderate revival of trade in the East, and our operations generally have been fortunate, so our total earnings for the year were satisfactory. They amounted to \$12,932,403.99, which is an increase of more than \$2,000,000 over the total of 1921. We are therefore able to propose the same dividend on the increased capital, viz., £6 per share for the whole year with £2 bonus, to add to silver reserve \$1,000,000 and to write off bank premises \$1,000,000. The carry forward, \$3,331,788.59, is slightly more than we brought in at the beginning of 1922."

⊙

At the ordinary general meeting of the National Bank of India, Ltd., held April 4, 1923, at London, Robert Williamson, deputy-chairman, presiding, said in part:

"We are pleased to be able to put before you such satisfactory results from our operations, for trade conditions throughout the year have not been favorable. In addition, we have had to contend with very keen competition in our business, and margins in exchange have thereby been very bare. Still, our resources one way and another have been well employed, and we are able to show a net profit of £535,160 5s. 5d., to which there falls to be added £164,095 12s. 8d.

# The Bank of the Philippine Islands

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

Capital fully paid-up . . .

Reserve Funds . . .

William T. Nolting.....*President*  
 F. Hortones.....*Vice-President*  
 P. J. Campos.....*Mgr. Iloilo Branch*  
 J. M. Browne.....*Mgr. Zamboanga*



(₱ 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.

brought forward from the previous year, the total at our disposal being thus £699,255 18s. 1d., which compares with the slightly larger sum of £704,095 12s. 8d. for the year 1921. A diminution in profits has been experienced by most banking concerns. We have provided for all bad and doubtful debts.

"Our proposals to you today are: To place £100,000 to the credit of our reserve account, raising the total to £2,700,000, or £700,000 in excess of our paid-up capital, £20,000 to the pension fund for the bank's officers, and to write down our house property account by £20,000. The remaining balance permits of our paying quite easily to the shareholders our usual dividend at the rate of 20 per cent. per annum, free of income tax, which, with the interim dividend, will cost £400,000, and carrying forward £159,255 18s. 1d. undivided profits."

⊙

At the seventieth ordinary general meeting of shareholders of the Royal Bank of Australia Limited, held at Melbourne on April 26, 1923, the report and balance sheet for the half-year ended March 29, 1923,

showed that the net profits were £60,913 8s. Dividend at the rate of 10 per cent. per annum absorbs £37,500; the sum of £20,000 is transferred to the reserve fund (making it £520,000), and £3413 3s. is added to the amount carried forward from the previous half-year (making it £32,162 4s. 11d.).

⊙

Hew Fan Un, New York agent for the Bank of Canton Ltd. of Hongkong, China, has received advices regarding the opening of a branch of that institution in Hankow, China. This new branch is situated in a strategic business city, 700 miles up the Yangtze River, and will handle a large volume of business from the hinterland. Hankow is an ocean port, navigable for fairly deep draught ocean-going boats notwithstanding its great distance up the river, being relatively as far up the Yangtze as St. Louis is up the Mississippi River. It was the center of an enormous brick tea trade with Russia before the war and is popularly known as the Chicago of China. Mr. Un reports a healthy condition of trade between China and the United States and

is of the opinion that the political and bandit disturbances have had no appreciable effect on business in China, which generally pursues a healthy course under conditions

which, to foreigners, are often over-emphasized in importance. The New York office of the Bank of Canton Ltd. is at 1 Wall street.



## Great Britain Promotes Imperial Unity

By George Wilson

Assistant general manager, Union Bank of Canada

[The following article by a prominent Canadian banker reprinted from THE GLOBE of Toronto is based upon Mr. Wilson's recent visit to London where he made a careful study of the problem of promoting Empire and colonial development.—THE EDITOR]

**B**Y heroic taxation borne with philosophical fortitude, by drastic national and individual economies, and by the grace of that instinct for finance, which is born in the flesh and bred in the bone of the Briton, London has undoubtedly regained its position as the financial center of the universe. The abundant supplies of loanable funds in London, the stability of interest rates, which average 2 per cent. below those prevailing in New York, the practical rehabilitation of sterling exchange, the slow but steady improvement in British trade, which approximately approaches pre-war levels, the surplus of over £100,000,000 in the 1923 Budget of £900,000,000, and the high standard of British credit everywhere attest Great Britain's supremacy in the world of finance.

The Britisher boasts not of his financial achievements and recuperative powers. Neither does he rest content with his accomplishments so far, for he fully realizes that the real prosperity of his country is dependent upon world-wide prosperity. With the Russian and German markets practically non-existent, continental Europe in a state of economic chaos, and the door practically barred to the United States by the Fordney tariff, the best thought in England today is directed toward the development of trade within the Empire. Im-



GEORGE WILSON

Assistant general manager, Union Bank of Canada

portant debates have recently taken place in the House of Lords and in Parliament upon imperial preference, empire settlement and inter-empire trade. The London Chamber of Commerce, the Empire Development Union—of which

that true friend and admirer of Canada, Lord Long of Wraxall, is the able and energetic president—many of the great British dailies, eminent bankers, brokers, manufacturers, merchants and publicists vigorously preach the doctrine of "The Empire's Products for the Empire's Needs." Concrete evidence of British sincerity in these beliefs is seen in the Empire Settlement Act passed by Parliament about a year ago, the Imperial Economic Conference, to be held in London next October, and the great British Empire Exhibition to be opened in London in 1924.

#### THE EMPIRE SETTLEMENT ACT

Under the provisions of the Empire Settlement Act, the cost of transporting selected British settlers overseas is borne in equal shares by Great Britain and the overseas Dominions. The act is not designed as a solvent of the unemployment problem in Great Britain, but as a vital contributing factor in the development of the primary resources of the Empire.

On February 20 last Mr. Ormsby Gore, under-secretary of state for the colonies, made the announcement in Parliament that the total number of persons who had been approved up to that time for the grant of assisted passages was as follows: Australia, 9662; New Zealand, 1546, and Canada (Ontario), 180, and subsequently the same official made a public statement to the effect that if Canada did not bestir herself Australia would exhaust the balance of the appropriation provided by the Imperial Treasury for the purpose. Since that date the Canadian Government has exhibited a "certain liveliness" in the matter, but if the reports are true that the 750 desirable immigrants from the Hebrides are disgruntled with the conditions under which they have been recently "dumped" in the west, it were far better that they had never been brought to this country. It is the first few months following the severance of the homeland ties which is the critical

and impressionable period for the new settler, and unless he is properly looked after on arrival, and comfortably located when he reaches his destination, he becomes a "knocker", who does incalculable, if not irreparable damage to the country. Australia recognizes that to get the settler "off to a good start" is an elementary principle of a sound immigration policy, and the government of New South Wales and Victoria two months ago promulgated comprehensive arrangements with the Imperial Government, under which it is expected many thousands of British migrants will proceed in a steady stream to Australia during the next five years. During the last half century no less than 33,000,000 Britons migrated to countries outside the Empire. Surely this irreparable loss of British stock should be an incentive now to take full advantage of the Empire Settlement Act.

#### IMPERIAL ECONOMIC CONFERENCE

The Imperial Economic Conference has been definitely fixed to take place in London in October next, and representatives from each of the overseas Dominions and dependencies will be present. Little has been announced so far with respect to the part which Canada will play at this important conference, and it is hoped that the Government will beforehand call into its counsels the leaders of commerce, industry and finance so that a well-defined, constructive policy may be evolved relating to Empire settlement. Empire trade, preferential tariffs and all other matters affecting inter-Empire relationship. In addition to the political and official delegation the industrial and commercial interests of Canada should be adequately represented at this important conference. Australia has already announced the appointment of several of its political and industrial leaders to represent the Commonwealth at the conference. There is a strong sentiment abroad in England today for Empire unity as well as a desire to give

something tangible in return for the preferential tariffs granted the motherland by Canada, Australia and South Africa. It is doubtful if much can be offered by Great Britain in the way of trade preference, but capital and labor is available in plenty, and, after all, these are the vital elements necessary

for the development of the Empire's resources.

The forthcoming economic conference marks an important milestone in the affairs of the British Empire, and it is to be devoutly hoped that Canada will lead the way there along the paths of Empire unity and development.



## Financial Advertising in England\*

By Eric Field

Director of Erwoods International Advertising Agency

**I**F my voice is not as honied as those of the speakers I have heard at this great convention you must blame your own dry country. Believe me when it comes to a race between American hospitality and the Eighteenth Amendment your hospitality is a very easy winner. Through this very hospitality I have not had any time to study your own financial advertising and it would be rank impudence on my part if I tried to make any observations upon it, but it may interest you if I briefly describe the conditions that prevail in our country.

Let us divide it into two divisions, the advertising of banks and such advertising as concerns the issues of stock.

Now British banks have been advertised for over 100 years. Most of our famous British banks change their copy just about as often, in fact, there is only one bank in England whose copy seems to an outsider to show any glimmerings of modern salesmanship and that is the Guaranty Trust Company of New York.

But our banks are different in many ways from yours. They do not seem to help individual traders half so much as yours, but perhaps they help industries as a whole all the more. They certainly have clever business men at their heads. They borrow our money at 1½

per cent. and lend it back to us at 4½ per cent. and when they do lend it, the security they like the best of all is about 120 per cent. in solid gold. I should explain that all the many little banks they once had are now merged into five great corporations, and branch managers have very little power. One result of this has been that the personal security of a man's character and ability cannot play the part that it once did in the granting or refusing of a loan, but the men at the heads of these great institutions are among the ablest in the country. It is their ability that made London the financial center of the world, a position it lost to some extent during the war but which it is slowly but surely, in my opinion, regaining. It is their ability and foresight that made British credit what it was and is today and which is bringing British credit back to par with the only other country that really matters in this world.

Now each of these five great banks spend probably about \$100,000 a year in advertising. A third of this will be spent in two days on the publication of the chairman's speech at their general

\*An address delivered before The Financial Advertisers Association Convention, June 6, Atlantic City.

meeting. These speeches are wonderfully skillful dissertations on international economics and though they are very interesting to listen to they don't have much bearing on the actual bank itself. The remainder of the money is spent on advertisements of three or four inches double column in a large list of papers, containing the name of the bank, its nominal and subscribed capital, its assets, deposits, and possibly some tremendously striking phrase such as "Foreign Exchange Transacted". I once went to see Sir Herbert Hambling who is now one of the leaders of our great banking corporation of Barclay's. I told him the story and explained to him why he should change his advertising and what modern advertising might perhaps do for him. He said, "Mr. Field, I have been very interested, but frankly we regard our advertising as a polite form of blackmail". I told him that even so he might as well make the money that was blackmailed out of him do some work, but he explained that he feared that the better he made his advertising the more attention it would attract and therefore the greater these sums that would be levied on him.

However, bank advertising is slowly improving. One of our big banks that had been laboring under the handy little title of "London County Westminster and Parr's Bank" changed its name the beginning of this year to "The Westminster Bank" and actually went so far as to advertise this fact in quite a worthy manner, and I do not think I am divulging a confidence when I state that one of our great banks is at the moment considering an advertising campaign on really modern lines.

We now come to the question of issues of stock of all kinds, and the first thing you must understand is that our public is an old investing public. Here I believe that the masses of people have only acquired the investing habit since the days of your war issue. In our country they represent the third and fourth generation of investors in what we call joint stock companies. This fact means that some of our methods are

not as hopelessly inefficient as you might think them. The next point is that we have practically no blue sky stock advertising in the public press and very little indeed by direct mail. Of course plenty of our investors make a regular habit of losing their money. I think I may claim the honor of being one of them, but that is not through fraudulent promotion. The reason for this is very difficult to say. I think it is due to the inhibitions that surround the flotation of an ordinary issue. When an issue is to be made in our country it is the universal practice to prepare and distribute what we term a prospectus. This is a large and unwieldy sheet containing all sorts of information about the company, the agreements that have been made by it within a certain time, the amount being paid for underwriting, and the profits, if any, which the directors are getting out of the promotion. All this is given in language which is quite unintelligible to the ordinary investor. It also contains the names of the brokers, solicitors, auditors and of course the directors of the company. Now usually this prospectus is the only advertising of the issue that is made. It is distributed by mail by the brokers of the issue to their customers and to lists of likely investors. The bank will take a large number of copies and put them on the counter at each branch. In addition to this anything from \$25,000 to \$150,000 will be spent in advertising in the public press and this advertising consists purely of the insertion of this prospectus in whole or abridged form. Incidentally the rate that the newspapers charge for this type of advertising is anything up to double for ordinary trade advertisements. Now the amazing thing about this advertising is the fact that in nearly every case where the issue is a good and sound one, the public subscribes the money when conditions are at all favorable. Sometimes when the issue is a particular one, a preliminary announcement will be made a day or two before by the insertion of displayed advertisements announcing the impending issue. Usually

these occupy a quarter double column and it is a curious thing that in the only cases where anything elaborate has been done in the way of preparatory advertising it has caused suspicion to arise in the city and elsewhere. We use the word "the city" more or less as you use "Wall Street".

Now the most striking fact about our financial advertising is that members of any recognized stock exchange are definitely forbidden to advertise, whether in the press or by direct mail, with the exception that they may send circulars to their own clients. Consequently when you see a financial advertisement over the heading of some one posing as a broker, you know that he is not a member of any recognized exchange and accordingly you keep your eyes skinned. I do not mean by this that emphasizing of financial issues is unknown in England in any other way than I have described. We have one or two firms of highly reputable

outside brokers, and at times they advertise not new issues but offers of sale of large holdings in some company. I have done this myself, but have found that the direct mail is a more profitable method.

Now, gentlemen, the only advertising of financial issues that has been done in England on an enterprising scale is that of the government during the war, and I played a large part in this myself and knowing its success hoped that it might set a standard that might be followed when the war was over by commercial undertakings. I am sorry to say that the innate British conservatism has proved much too strong for this, but after all British methods in this respect have their advantages and do undoubtedly prove a serious handicap to the fraudulent promoter. So that perhaps I ought not to be sorry but glad that our government's example was not followed.



## Protecting the Bank Reserve

[The following item is taken from an address, "Inflation in Relation to the Bank Reserve", delivered by Dr. W. F. Gephart, vice-president First National Bank in St. Louis, before the Reserve City Bankers at their recent meeting at French Lick Springs.—THE EDITOR.]

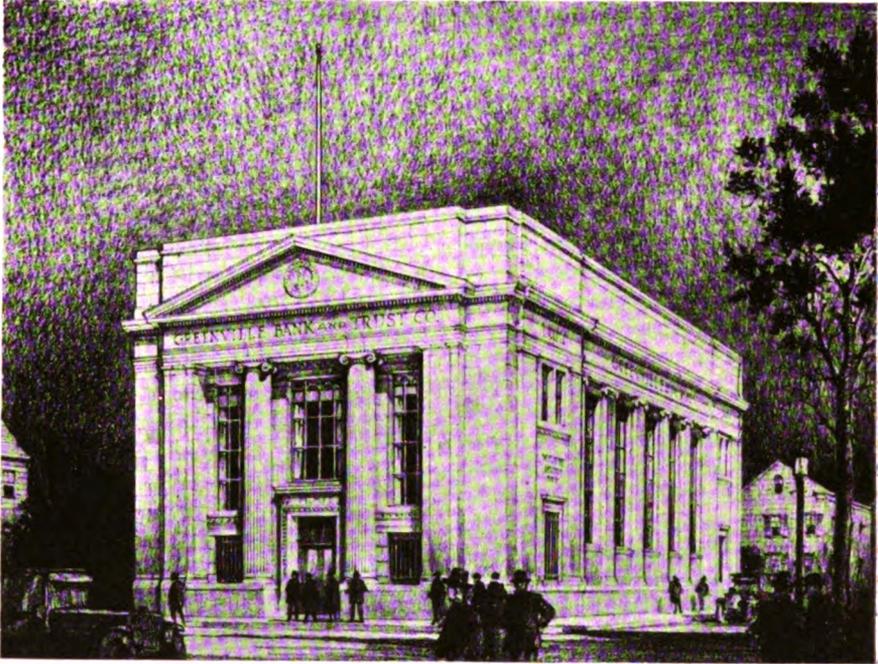
THE Bank of England for years has used the discount rate for the purpose of protecting reserves against undue credit expansion and in recent years students of this problem have been advocating that the discount rate be used not only to control credit but prices as well. If British experience has demonstrated that credit and prices can be controlled in this manner it is particularly valuable to us as a guide for the development of a Federal Reserve policy.

The present problem that confronts our Reserve System is probably as important and critical as that which existed during the early years of the

war. It is confronted with the necessity of formulating a policy capable of meeting customary banking problems rather than those that developed as a result of war time conditions.

Unfortunately, the fundamental problem involved in a central banking system is one that is little understood in the United States.

The fact that provision is made in the Federal Reserve System for making reserves available in times of emergency does not eliminate the necessity of protecting them in such a manner that they will not be in constant use. Since the reserves of the central bank are primarily the reserves of all the member banks they can only be protected by means of centralized control. Such control can be satisfactorily exercised only through the medium of a sound central banking policy.



Greenville Bank and Trust Company, Jersey City, N. J.

**T**HE new building of the Greenville Bank and Trust Company, Jersey City, N. J., is being constructed in the Neo-Greek style of architecture so popular in Europe of late. A feature of this new building will be the completeness of its modern safe deposit facilities. It is designed by

**Alfred C. Bossom**

*Bank Architect and Equipment Engineer*

First National Bank Bldg., Jersey City, N. J.  
680 Fifth Avenue, New York

*Correspondence Invited*



Head office of the Banca d'Italia, Via Nazionale, Rome

## The Banca d'Italia

**T**HE union of the "Banca di Sconti, Depositi e Conti Correnti" of Genoa and the "Banca di Torino" gave origin, in 1849, to the "Banca Nazionale nel Regno d'Italia", with a capital of lire 8,000,000, which was gradually increased until it reached lire 200,000,000 in 1872.

At the latter date the Banca Nazionale was by far the most important of the six Italian banks of issue, the remaining five being the following: Banca Nazionale Toscana, Banca Toscana di Credito, Banca Romana, Banco di Napoli and Banco di Sicilia.

In 1893 the Banca Romana was liquidated, and the Banca Nazionale nel Regno d'Italia, having been fused with the Banca Nazionale Toscana and with the Banca Toscana di Credito, formed the Banca d'Italia.

From that time the Italian banks of issue have been three in number, viz: Banca d'Italia (capital lire 240,000,000, paid up lire 180,000,000); Banco

di Napoli\* (Patrimony lire 50,000,000); Banco di Sicilia\* (Patrimony lire 12,000,000).

Their activity as banks of issue is regulated by the same law.

As has been formerly the case with the Banca Nazionale nel Regno, the Banca d'Italia has proved the chief instrument by means of which the Government was able to perform the varying financial tasks with which it had to cope in the course of the recent history of the country, both in prosperous and in difficult times. The bank took, for instance, a prominent part in the conversion of the old Italian Consols from 5 per cent. gross into  $3\frac{3}{4}$  per cent. and then into  $3\frac{1}{2}$  per cent. net ones (1906); its organization has always been at the disposal of the treasury for the placing of loans floated by the Italian Government, including those very important ones contracted during the world war.

\*The Banco di Napoli and the Banco di Sicilia have no shareholders.

The Banca d'Italia has acted, ever since 1894, as the Treasurer of the Government, in the Kingdom and the Colonies. It has 125 branches in Italy (twelve "sedi", seventy-two "succursali" and forty-one agencies); seven in the Colonies, viz., four in Erythrea, two in Libia (Tripoli and Benghazi), one in Italian Somaliland, and one in the City of Fiume.

The Banca d'Italia is a joint stock company. Its activity is placed under strict supervision of the government, and is limited to the operations explicitly authorized by law, viz.: discount to customers (and rediscount to other banks) of commercial bills; advances upon government securities, upon securities guaranteed by the state and upon bonds issued by the Italian Credit Foncier banks. It receives deposits in current account; it issues banknotes within limits, and according to conditions, as to the metal reserve, fixed by



BONALDO STRINGHER  
Director general



ARRIGO ROSSI  
Deputy director general

law, and also money-orders (transferable) payable by any one of its branches (*vaglia-cambiali*).

It cashes, buys and sells securities, and undertakes similar operations for the account of its customers.

It manages the clearing-houses of Rome, Florence, Genoa, Milan, Venice and Trieste.\*\*

Besides the special tax upon banknotes issued—a tax which starts with .10 per cent. (plus the additional rate) per annum, and can reach the limit of the official rate of discount—the bank has to pay all other taxes imposed upon joint stock companies.

The share of the state in the annual profits of the bank is fixed as follows: if the dividend to be distributed among the shareholders is superior to 5 per cent. of the paid up capital, but inferior to 6 per cent. of same, two thirds of the surplus goes to the shareholders and

\*\*The clearing-houses of Naples and Turin are managed by the Banco di Napoli.

one third to the state; if it is superior to 6 per cent., half of the surplus goes to the shareholders, and the other half to the state.

The growth of the activity and of the assets of the Banca d'Italia as well as that of its contribution to the treasury are shown in the following tables:

TABLE I

METAL RESERVE  
(in millions of lire gold)

December 31	Gold in cash	Silver in cash	Gold deposited abroad	Foreign bills and credits abroad	Total
1894	292.7	67.9	—	22.4	383.0
1899	295.1	38.5	—	88.7	422.3
1904	476.3	79.8	—	85.4	641.5
1909	950.8	104.0	—	86.5	1,141.3
1914	1,118.2	107.9	—	117.6	1,343.7
1919	804.8	75.1	394.8	382.2	1,656.9
1922	883.9	75.8	380.4	330.7	1,670.8

TABLE II

MAIN LIABILITIES  
(in millions of lire paper)

December 31	Notes in circulation			Current accounts	Deposits at sight
	On account of commerce	On account of the State	Total		
1894	767.0	59.5	826.5	134.5	75.9
1899	841.0	40.0	881.8	93.6	103.3
1904	914.3	—	914.3	72.6	112.8
1909	1,141.7	—	1,141.7	58.1	126.7
1914	2,201.1	734.9	2,936.0	288.2	220.4
1919	4,919.8	7,772.0	12,691.8	562.7	1,443.7
1922	7,809.7	6,111.9	13,921.6	840.1	848.9

TABLE III

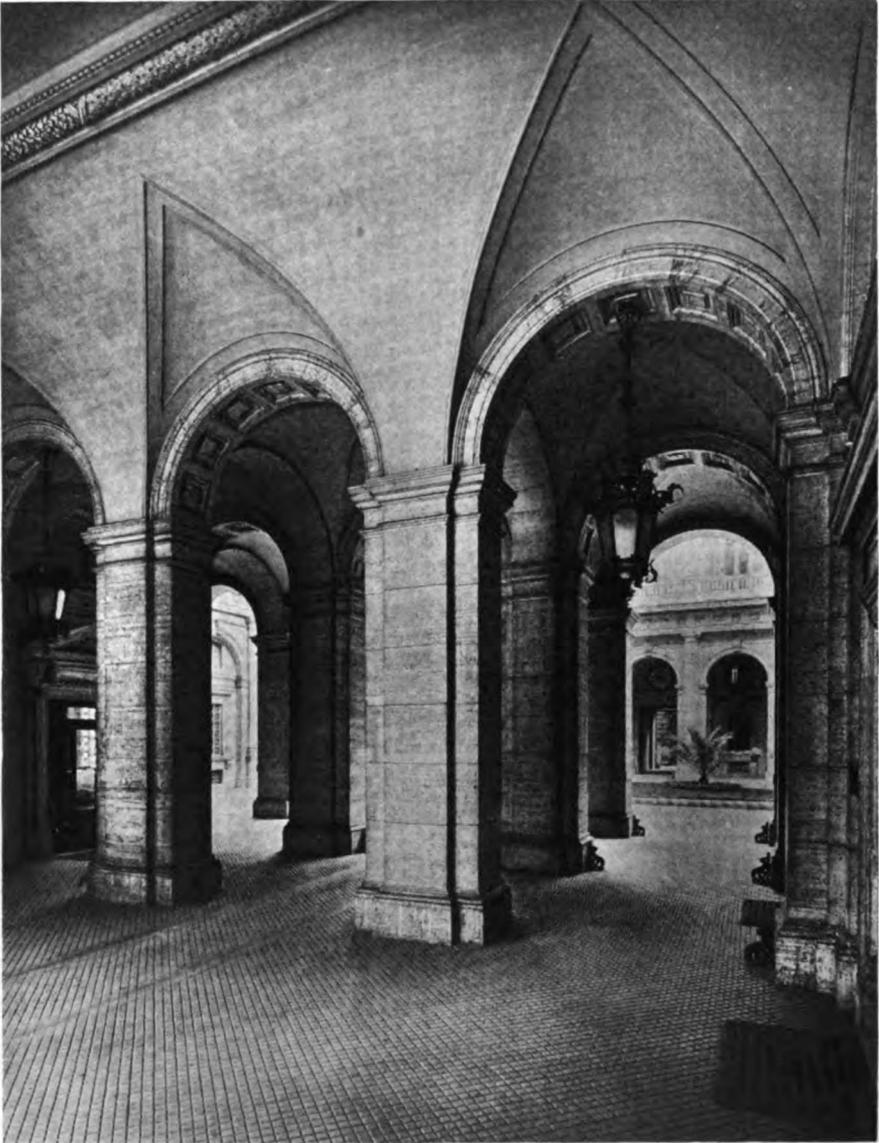
DISCOUNTS, ADVANCES AND INVESTMENTS  
(in millions of lire paper)

December 31	Discounts (inland)	Advances on public securities etc.	Government bonds in hand	Advances to the State	Total
1894	165.5	24.0	62.8	59.5	511.8
1899	249.0	41.8	171.1	40.0	507.9
1904	251.0	38.8	229.0	—	518.8
1909	427.2	124.2	171.7	—	723.1
1914	705.8	151.2	204.6	518.8	1,580.4
1919	1,355.9	1,365.3	212.7	7,772.0	10,705.3
1922	4,635.3	2,533.0	407.1	6,111.9	13,686.3

TABLE IV

CAPITAL, SURPLUS AND PROFITS  
(in millions of lire paper)

December 31	Capital (paid up)	Surplus (total)	Net profits			Tax paid on notes issued
			Total	To the shareholders	To the State	
1894	210.0	42.7	4.8	4.5	2.1	5.5
1899	180.0	44.2	5.7	5.4	3.0	2.4
1904	"	45.6	5.7	5.4	3.0	1.4
1909	"	58.0	15.8	12.3	6.8	0.3
1914	"	70.0	20.0	14.1	7.8	3.0
1919	"	126.6	49.0	16.5	9.1	91.4
1922	"	169.6	40.1	18.0	10.0	269.3

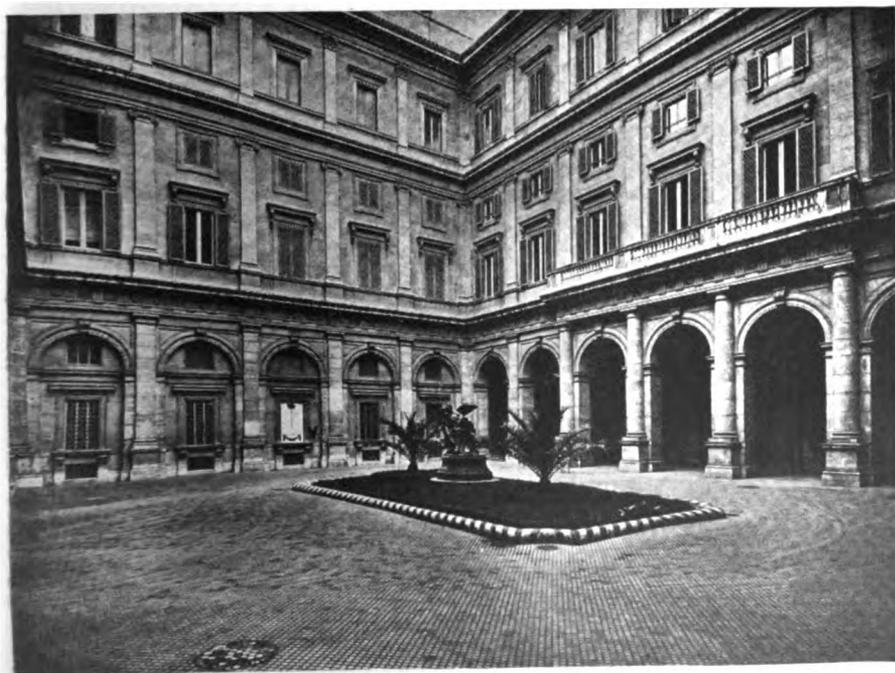


**ENTRANCE HALL TO THE BANK**

**This view is looking from the street through the entrance hall into the courtyard, in the center of which is the Memorial shown on a following page**



**Main hall of the bank offices**



**Main courtyard which is in the center of the building**

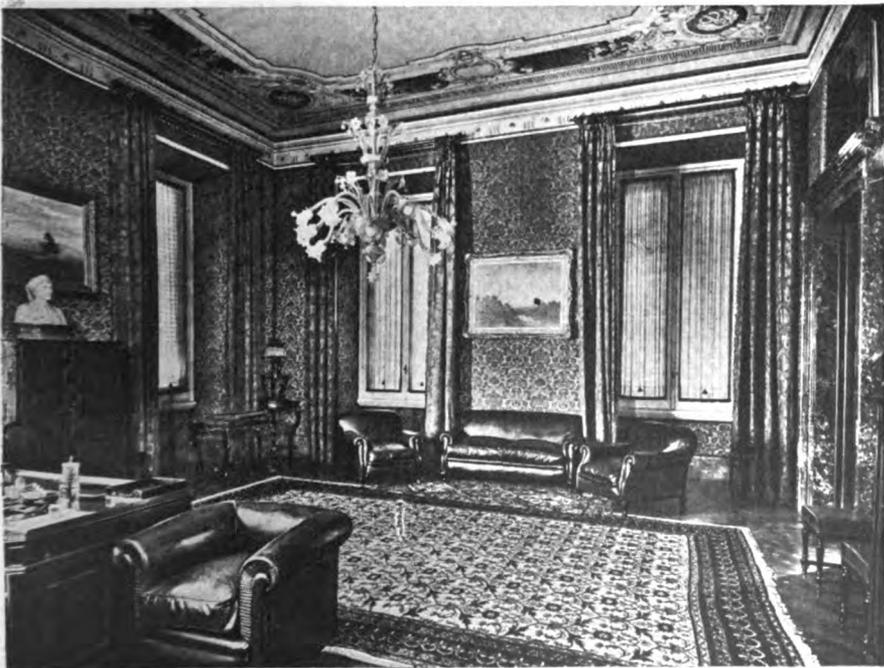


**MAIN STAIRCASE**

As can be seen this beautiful staircase ascends to all the floors of the bank



One view of the room of the director general, Bonaldo Stringler

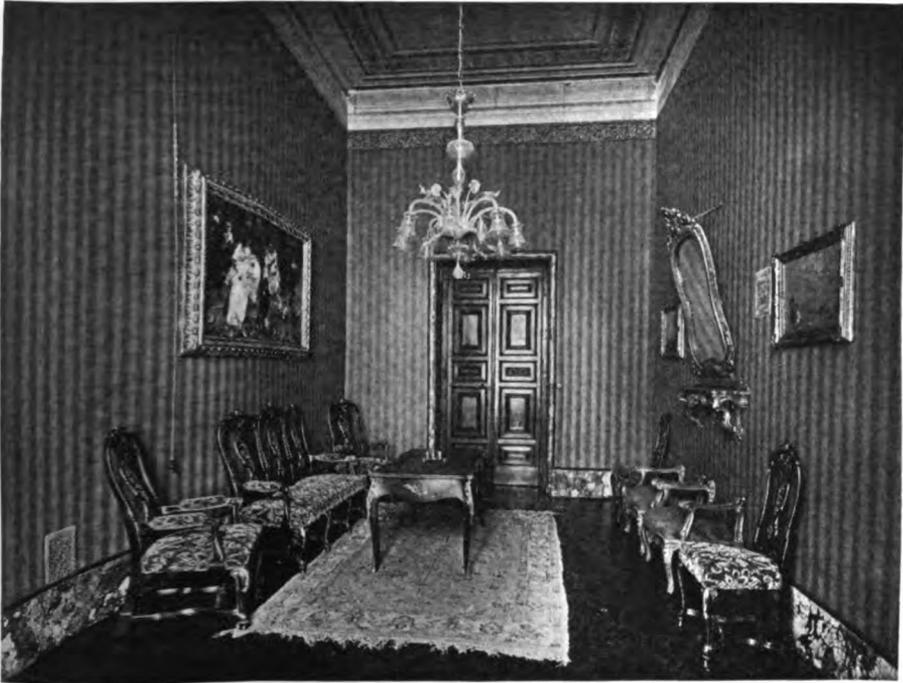


This view is taken from the opposite side of the director general's room



**MEMORIAL IN HONOR OF THE EMPLOYEES FALLEN IN THE GREAT WAR**

**This memorial, by Eugenio Maccagnani (1922) was erected in the center of the courtyard of the bank in honor of the employees who gave their lives for their country, and in the background is a tablet bearing their names**



Waiting room of the director general's office



Sitting room of the director general's office



Room of the president of the board



Board room



Committee meeting room



Shareholders' meeting room



Reception room



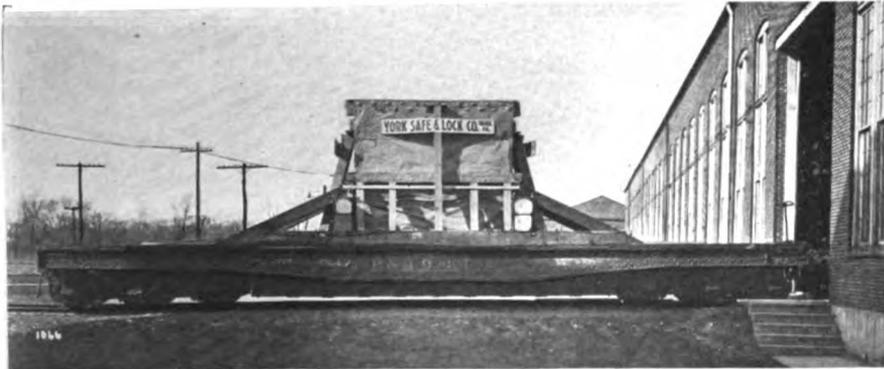
Main room of the library of the bank

# The Last Word in Bank Vaults

**T**HE new New York Federal Reserve Bank building at Maiden Lane and Nassau street is conceded a monument to architectural ingenuity—its great size and simplicity make it one of the most impressive banking structures in America.

It will house the largest bank in the world from the standpoint of resources and volume of business—the daily transactions frequently exceeding \$1,-

ly for the Federal Reserve Bank. The doors consist of a tapered cylinder nine feet in thickness inside of the vestibule—the front and rear section of each door being thirty inches thick with four-foot space between. This section closes the front and rear opening and they are revolved at a distance of ninety degrees to permit of passage into and out of the vault, which makes a four-foot space between the doors for entrance. The



COURTESY YORK SAFE & LOCK CO.

An enormous Federal Reserve bank vault door leaving the factory. Capacity of special car is 220,000 pounds.

000,000,000, and the number of employees is in the neighborhood of 5000.

One of the most important features of this new banking giant is the facilities for storing the cash and securities in three enormous vaults, said to be the acme of present day perfection in vault building and absolutely impregnable to attack. These three cash and security vaults were designed and are under construction at York, Penn., by the York Safe and Lock Co., which has recently installed or is now building for the seven largest banks in the Federal Reserve Districts, York vaults for New York, Chicago, Philadelphia, Boston, Cleveland, Pittsburgh, and Minneapolis.

These three vaults are a new type with revolvable doors, designed especial-

total weight of each vault entrance is 265 tons.

The base section which has just arrived in New York and is to be installed in the building is the heaviest single piece and weighs fifty-two tons. To transport this section from the pier will take five automobiles and four 100-ton jacks with a corps of forty men.

It is difficult to conceive of the delicate technique required in making the solid steel sections of vaults, and the many and varied types of steel, each designed to resist a specific weapon of attack, which are united layer upon layer, making the solid mass of steel which assures adequate protection to the funds.



Texas Bank and Trust Company, Galveston, Texas

# Texas Bank and Trust Company of Galveston, Texas

**N**OVEL features of construction distinguish the new building of the Texas Bank and Trust Company now being erected at Galveston, Texas.

It is to be the tallest structure of the city by the Mexican Gulf, being twelve stories in height, and will be a conspicuous addition to the skyline of the southern city where a six story structure has hitherto been considered tall. Owing to the occasional hurricanes and cyclones of that region, it has been so designed as to withstand an unusual amount of wind strain. Heavy piles of pine were driven on which to impose the foundation, and the steel frame of the building is unusually heavy. The upper part of the structure is of reinforced concrete.

Polished Rockport granite is used for the exterior up to the first floor, and varigated limestone with copper cornice for the balance of the facade. In architecture the structure is a modified form of the Italian Renaissance. Exceptionally spacious is the vault of the bank, which is eighteen by thirty feet. It has a central door six and one-half feet in diameter and a foot in thickness. At the rear of the vault is a small emergency door twenty-two inches in diameter and just large enough to permit a man to crawl through. The walls of the banking room are in real stone with ornamentation in marble. The building is fire proof throughout and every convenience for the comfort and safety of

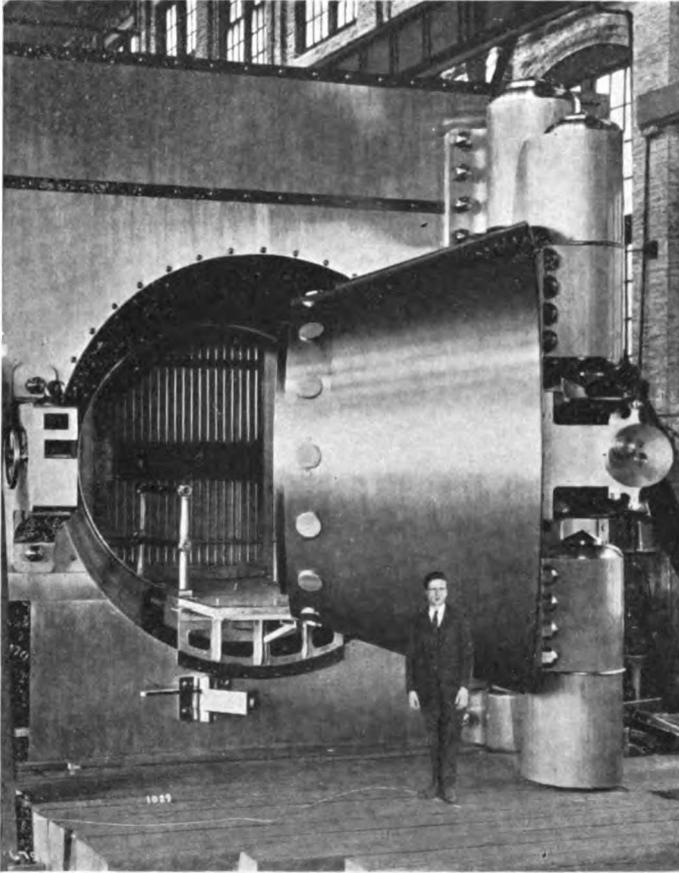
the tenants has been provided. The offices on the upper floors of the building are reached by three multi-voltage Otis elevators which run at a speed of 600 feet per minute.

Activity in the cotton industry of the South, which has resulted in the erection of many mills near the fields where the white staple is produced, is largely responsible for this new building. Both banking and commercial interests have had to provide extra facilities for the increase of business.

The eleventh floor of the building is to be occupied by the Kempner Company, extensive manufacturers of cotton. They also have the twelfth floor, which is used for a cotton classification room arranged in accordance with the rules and regulations for proper lighting promulgated by the United States Department of Agriculture. As the room is on the top floor it is possible to have a sawtooth skylight over each of the long tables. The light enters at an angle best adapted for judging the length and quality of the cotton samples which are displayed. This room has also storage space and facilities for bathing at the sides.

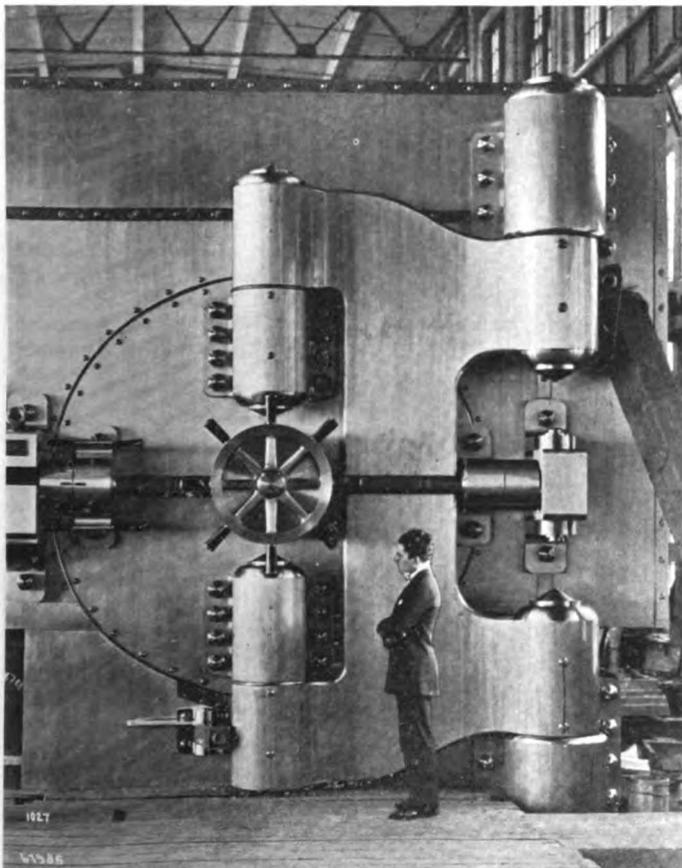
The steel work of the structure is now up and the operations are well under way under the supervision of Alfred C. Bossom, Architect, 680 Fifth avenue, New York City, and Sanguinet, Staats and Hedrick, Associate Architects, Forth Worth, Texas.





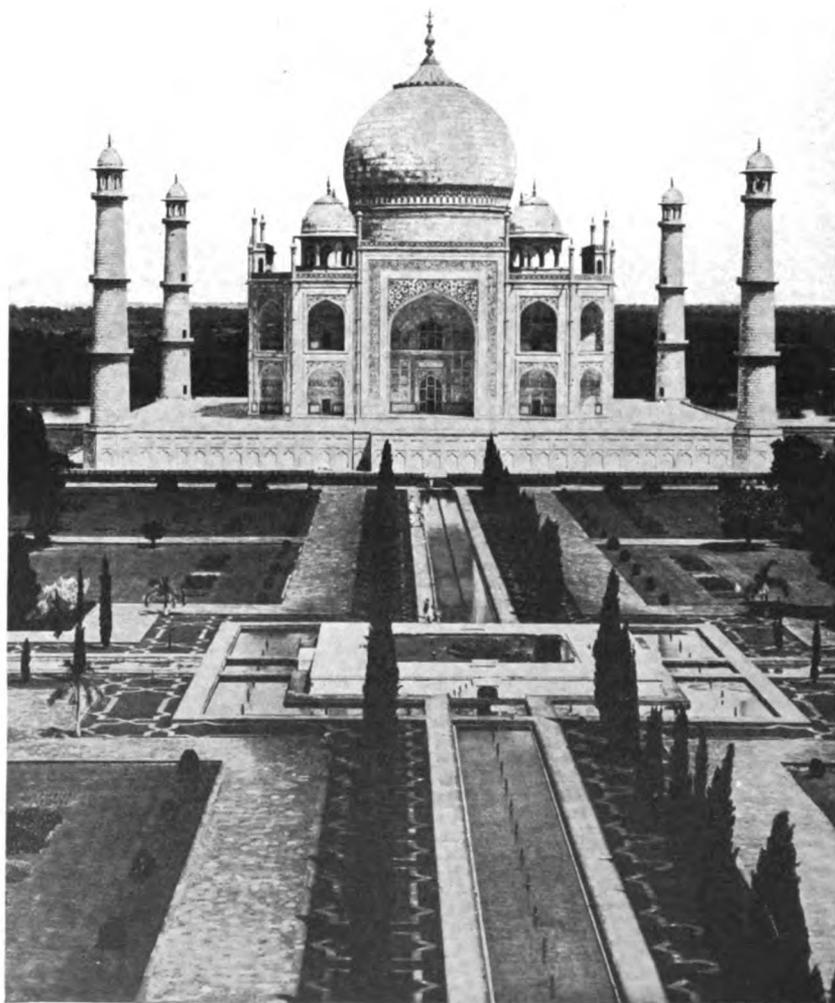
COURTESY YORK SAFE & LOCK CO.

**Main entrance, door and vestibule of vault for Federal Reserve Bank, Cleveland. The delicate mechanism of the door is adjusted so perfectly on hinges that it can be moved with the pressure of one hand.**



COURTESY YORK SAFE & LOCK CO.

**View of closed door of vault for Federal Reserve Bank, Cleveland.  
The largest and heaviest vault door in existence,  
at least one third larger than any  
yet constructed.**



*"Go to India, the Taj alone is well worth the journey"—Lord Roberts*

# The World Cruise of Today\*

By Louise Weber

[With no less than five around the world cruises scheduled to sail from New York during the winter season of 1924, there can be no doubt that the desire of one half the world, as exemplified by America, to see how the other half lives, is steadily increasing. Whereas a few years ago the number of prospective passengers willing to undertake the Great Circuit would scarcely have warranted the chartering of the smallest liner for the voyage, today the shipping devoted to around the world pleasure travel exceeds 100,000 tons. The size of the ships used for these cruises is limited only by the capacity of the two great canals, Suez and Panama, and to some extent by the docking and harbor facilities of the Mediterranean and Far Eastern ports. Were it practical to send such liners as the "Majestic" and "Leviathan" around the world, it is reasonable to suppose that an adequate quota of cruise passengers would be obtained, for the distribution of wealth throughout the country and the consequent growth of the leisure class has created a nation-wide demand for the best in pleasure travel.—THE EDITOR.]

*"If you've 'eard the East a-callin', why, you won't 'eed nothin' else."*

**T**HAT the world cruise of today embodies the best in travel could scarcely be denied; the chartering of a modern liner for the entire voyage assures the passenger the same degree of comfort on all the Seven Seas; the itinerary may be planned along lines most conducive to the traveler's enjoyment and interest, and finally the whole cruise may be arranged and carried out with the coöperation of the "weather man", which is perhaps the most important factor of all.

Last winter's cruise on board the new Cunard liner "Samaria" was the first cruise to follow the eastward route entirely around the world, and was, to some extent, an experiment in climatic conditions. The "Samaria" sailed from New York on January 25 for Madeira, the plan being to arrive at Funchal at the beginning of spring, to continue through the Mediterranean, reaching Cairo at the height of the season, when the weather was at its best, to arrive in India and the equatorial countries before the "hot season" had set in, to reach China in the early days of spring-time, and to travel through Japan in April, the month of cherry blossoms. The Pacific was then to be crossed in May, the passage of the Panama Canal made and anchor dropped at New York before the beginning of summer.

The success of this plan of travel was complete. The passengers actually enjoyed a spring of over four months' duration, and the much vaunted discomforts of traveling in India and the

tropics were conspicuous by their absence. A photograph taken on board the "Samaria" during the passage of the Red Sea—supposedly the hottest place this side of the Inferno—shows several members of the cruise wearing topcoats, and none seeking the shelter of the covered decks. Another incident worthy of mention is that the stay at Ceylon, only a short distance above the equator, was popularly voted the most delightful experience of the cruise.

Secure in the knowledge that the best which every climate offers awaits her, the "Samaria" will sail from New York on next January 26 for a second circumnavigation of the globe, under the auspices of Thos. Cook and Son.

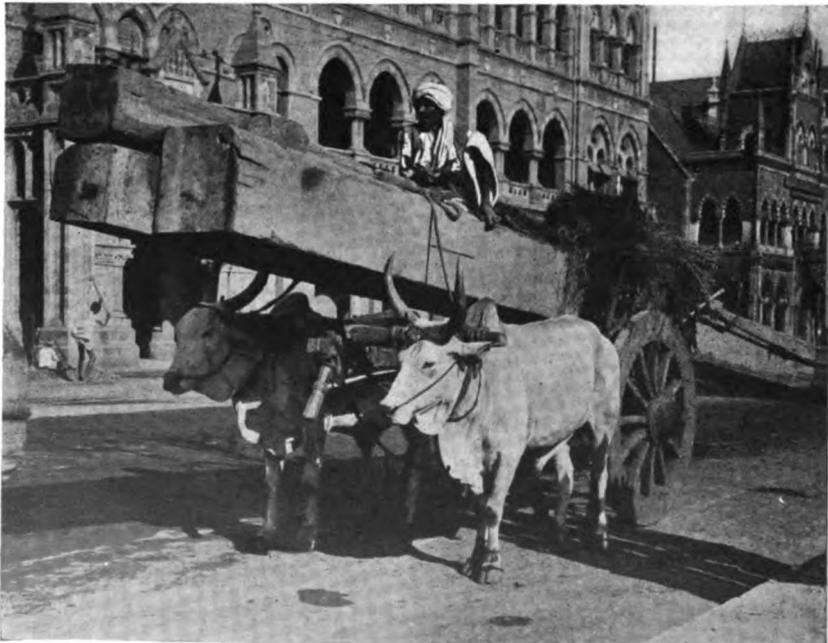
## WHAT THE WORLD TRAVELER WANTS TO SEE

Although there have been some instances of a world cruise being the first extensive journey made by an individual, the average American who undertakes the Great Circuit has already seen a great deal of his own country and Europe. The desire to go all the way around is usually a development of the love of travel gained through actual experience; the things one has seen at home and in Europe supplying the *hors d'oeuvre* for the great feast that lies east of Suez. So in planning an itinerary to satisfy the average demand, to bring the journey within a period of four and a half months, and to take advantage of the best climatic conditions, Europe must be passed by with short visits to her Mediterranean coun-

\*Illustrations for this article by courtesy Thos. Cook and Son.



**"Egypt from whose dateless tombs arose  
Forgotten Pharaoh's from their long repose"**



**A part of the fantastic procession that winds its way through India's busy streets**



Satan's votaries in full war-paint—devil dancers at Kandy

tries. Egypt, on the other hand, though west of Suez, is the highlight of the cruise, and merits a prolonged stay. Indeed, Cairo, the Sphinx and the Pyramids may be coupled with the Taj Mahal and Fujiyama as "headliners" of any world cruise, while of perhaps more importance at the present time, is the opportunity provided by a long stay in Egypt for a trip up the Nile to Luxor, the site of Thebes, and the Valley of the Kings. Considering the itinerary of the cruise of 1924, it will be found that each port of call fills its particular place in the general scheme of seeing the world from various angles and in contrasting colors.

Madeira, the first port of call, supplies not only a pleasant break in the first stretch of ocean voyage, but also offers a charmingly quaint picture of island life as it is lived on the outskirts of Europe—a community as foreign from our own in manners and customs as the Hawaiian Islands in mid-Pacific. Gibraltar is, of course, a landmark of universal interest both as a rock and

fortress. In Algiers the travelers see their first African port, their first French colonial possession and a city where Occident and Orient are fantastically mingled—a *pot pourri* of modern France and ancient Arabian Nights. Crossing the Mediterranean to Naples, the travelers visit the largest and most colorful of Italian cities, climb Vesuvius and view the ruins of Pompeii and Herculaneum, then after a five days' stay in Egypt, passage is made through the Suez Canal, down the Red Sea and across the legendary Arabian Sea, the ship laying its course for Bombay, the principal port of western India. In Bombay are received the first impressions of India, the famous caves of Elephanta are visited, and a journey overland to Agra, the city of the Taj Mahal is made, followed by a sail down the southern coast, to Ceylon. Ceylon, though a part of the Indian Empire, is as different from Bombay as Florida is different from New York. This happy island is said to be only forty miles from heaven, which may or may not be



Laborers in the Rangoon Teak Yards waiting for the whistle to blow

true, but it is certainly one of the most celestial spots on earth.

Calcutta is the next port, and also the starting point for the excursion to Benares, the holy city of India, and perhaps the most amazing community of human beings in the world. While

the "Samaria" sails around the peninsula an overland tour of Northern India proceeds from Bombay to Calcutta, via Jeypore, Amber, Agra, Delhi, Cawnpore, Lucknow, Benares and Darjeeling, the celebrated Hills Station in the Himalayan Mountains. Three



Drying rice in Java

"The harvest treasures all  
Now gathered in, beyond the rage of storms—"



**"Let observation with extensive view  
Survey mankind from China to Peru,  
Remark each anxious toil, each eager strife  
And watch the busy scenes of crowded life."**



**The Pali road near Honolulu  
"Whose sun-bright summit mingles with the sky."**



Fujiyama, the sacred mountain of Japan  
 "Fuji of Winter snows, Fuji of many shrines—  
 And it is Fuji which has called you to Japan  
 It is Fuji which keeps you there—"

weeks in all are allotted to India, including the visit to Rangoon, the capital of Burma, famous for its golden pagodas and "tinklin' temple bells". The island of Sumatra provides the next shore visit, and an absorbingly interesting one it is. At Padang-Panjang, the principal town of the west coast, the Malay is to be seen in his native haunts, practically untouched by modern influ-

ence. The passage from Rangoon to Emmahaven also takes the traveler across the equator and into the southern hemisphere.

Two days are spent in Java, including visits to Batavia the capital and to Buitenzorg with its marvelous botanical gardens. This Dutch colony is the most densely populated spot on earth, but the most fertile and one of the most pros-

perous. In scenic beauty and picturesque native life it is second to none. Leaving Java, the "Samaria" sails to Singapore, the gateway to the Far East, then crosses the China Sea to Manila, in the Philippine Islands, the first American colony of the cruise, and consequently of particular interest to all on board. The program in China includes Hongkong, the great British port and naval base; Macao, the oriental Monte Carlo and oldest European settlement in China; Canton, the largest city of South China; Shanghai, the metropolis of the Far East, and inland tours to Soochow, Hangchow, Peking and Seoul, the capital of Korea. This itinerary comprises the most interesting sections of the yellow man's land, heightened by contrast as between Canton and Shanghai, Hongkong and

Peking. To enumerate the sights to be seen would require volumes.

Two weeks are spent in Japan in April, the month of flower festivals and the height of cherry blossom time. The classic city of Kyoto; the modern metropolis of Tokyo; Miyanoshita, high in the Hakone Mountains; Nikko, the place of pilgrimage, and the indescribably lovely town of Nara are but a few of the wonder places visited.

Two days are spent in the "Island Paradise" of Hawaii, Honolulu and Hilo being the ports of call, and then San Francisco and down the west coast of California and Mexico to Balboa and the Panama Canal. Havana is the last port of call and provides a pleasant day ashore before sailing on the last lap of the voyage back to New York.



## Bank Branch on the Leviathan

The Farmers Loan and Trust Company of New York Has Completely Equipped Office Aboard America's Largest Ship

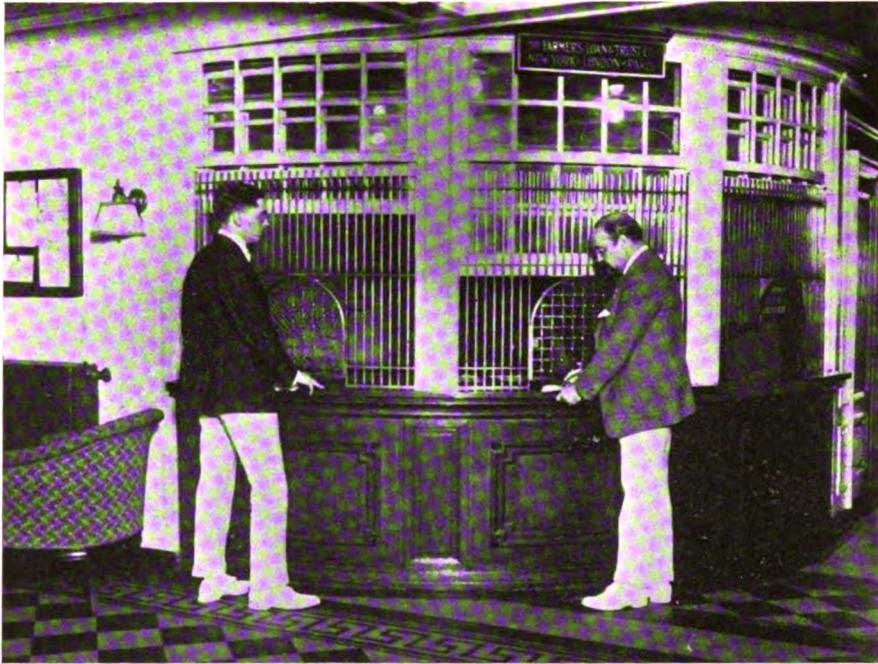
**A**MERICAN banking will take its place on the high seas, with the aid of radio, through the establishment of a completely equipped office of The Farmers' Loan and Trust Company of New York, on the Leviathan. Ocean banking is not without precedent, but the creation of this office, for which authorization has been obtained from the New York Superintendent of Banks, marks an innovation in American merchant marine and banking endeavor. The news of this development was made by The Farmers' Loan and Trust Company in the following statement:

"This innovation in American banking service for travelers will give them while traveling at sea full banking facilities in the matter of cashing letters of credit, travelers' checks, exchanging money, etc.

"A further service will be offered through a code arrangement with the

home office of The Farmers' Loan and Trust Company, whereby payments can be made at any banking center throughout the world by wireless order from the office on shipboard. Payments will also be made on board ship on orders received by wireless from shore. The head office will have a special department to care for this new service, and has also arranged to offer its facilities to clients of its banking correspondents throughout this country and abroad."

The Farmers' Loan and Trust Company, which operates the "ocean bank" aboard the Leviathan, is the oldest trust company in the world. It received the first charter granted to such an institution in 1822, and therefore celebrated its 100th anniversary last year. The company also has the distinction of being the first downtown bank to open an uptown office, and many who have never visited the company's main office



Branch bank of The Farmers Loan and Trust Company, New York, on board the S. S. Leviathan

at 22 William street are familiar with the brownstone banking office of the company at Forty-first street and Fifth avenue.

Abroad, the company has for years maintained an office at 15 Cockspur

street, London, while its Paris office has been the gathering place of Americans for a generation. The present Paris office is at 4 Rue d'Antin, midway between the Avenue de l'Opera and the Rue de la Paix.



## The Cooperation in Government Medal

By Alfred C. Bossom

**T**HAT America's younger generation is capable of grasping the relationships of the people to the duly constituted authority of the state, is shown by the deep interest manifested in the awards of the Coöperation in Government Medal.

The winners of the medal and the diplomas in the high schools of New York City numbered 117 in all. They included both boys and girls, all voters of tomorrow who, following their grad-

uation, are likely to have an important part in the work of this busy world. So much comment was given to the awards, in the daily press, and the project attracted so much notice from educational editors and publicists, that an analysis of the antecedents and training of the winners has been undertaken. The indications are, although the returns from questionnaires are not complete, that the majority of the successful contestants are children of foreign-born parents.

The greater part of the names of the winners indicates that the Anglo-American strain is in the minority.

The keen witted young people who competed for what the New York Board of Education has designated the Alfred C. Bossom medal for coöperation in Government, are especially responsive to efforts to enlist their attention in political economy. The teachers of civics in the high schools report that the incentive furnished by medals of this kind has proved very helpful, and, indeed, the principle on which the medal was founded may be employed to advantage in the Americanization of the many children of the immigrants who are arriving by every European steamship. There is no better time than the present to spread the knowledge of government.

The essays on which the awards were made this year all had to do with the administration of the City of New York, there being nineteen subjects in all, covering all the departments of the



Reverse of Bossom medal



Obverse of Bossom medal for cooperation in Government

municipality. It is planned to make the theme of the competition for next year more national in scope. As the exact subject has not yet been decided upon, the donor would greatly appreciate any suggestions along this line from the bankers of the country.

Now a word as to the medal itself. It is in reality a miniature silver plaque, one and a half inches in height, and so designed that it can be conveniently worn on a chain. On the obverse is an effigy of Columbia surrounded by youthful figures typifying Courage, Happiness and Caution, attributes which are notably characteristic of the national temperament. It was Lawrence Abbott, I believe, who said that these qualities are revealed in the American face. On the reverse appears an open book, and beneath this is a panel on which is engraved the name of the individual winner.

It is the hope of the donor that the medal will be helpful in that important educational movement which the American banking fraternity is so successfully conducting.

# IN THE PUBLIC EYE

In all its history, St. Louis has never been so much in the public eye, speaking nationally, as it is now. All over the country, newspapers and magazines are pointing to St. Louis as a shining example of material enterprise and esthetic progress.

It is the first and immediate effect of the 87 Million Dollar Municipal Bond Issue which the citizens of St. Louis authorized recently, by an overwhelming majority, and which will enable St. Louis to play a great part in the nation's commercial and industrial development.

St. Louis's largest bank has built its service to meet this growth. The same type of constructive leadership which will play such an important part in this new era of development for St. Louis, is well represented in the excellent organization of the First National Bank.



BROADWAY—LOCUST—OLIVE

*Largest National Bank West of the Mississippi*

# 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

**T**HAT the present period of prosperity in this country will be a comparatively short one, was the prediction of Colonel Seward P. Ayres of the Cleveland Trust Company at the annual meeting of the National Monetary Association in New York on June 8, when leading bankers and economists discussed the question of how this country can conserve its prosperity.

Colonel Ayres said that if the history of prosperity and depression periods repeated itself, the top of prosperity might be reached during the present summer and the bottom of the next depression at about election time in 1924.

The end of the present prosperity would be caused by a labor shortage rather than by a credit stringency, Colonel Ayres prophesied. The symptoms of such a condition are already present, he asserted.

#### COST OF GOVERNMENT A SERIOUS DRAG

Congressman Ogden L. Mills of New York, who with Colonel Ayres was a speaker at the meeting of the association, declared that the cost of government in the United States, taking into account all cost of states, counties and municipalities, was "out of all proportion to our national income and is a serious drag on our national prosperity". The conduct of the Federal

Government, however, he said, "offers a refreshing contrast" to the situation which he pictured. He said further:

If present prospects are realized, there is no reason why the next Congress should not make a further revision of taxes downward, why some more of the special war taxes should not be discarded, and it is even conceivable that it may be possible to reduce the normal income tax. Irrespective of the financial status of the treasury, the higher surtaxes should be further reduced in the interest of greater productivity and for sound economic reasons well known to you all.

The formulation of any specific plan is extremely difficult, Carl Snyder of the Federal Reserve Bank of New York said in a report as chairman of the research committee. Of the various proposals that have been made, Mr. Snyder said, the committee had been able to agree only upon the preliminary step of a return of the nations formerly on a gold standard to that standard. At the same time the committee decried the expansion of bank credit "beyond the clear needs of business and industry".

#### STABILIZATION HAS BEGUN

Stabilization to some extent has already begun in a mild degree, said Professor Irving Fisher. He continued:

While we students have been discussing how to do it, Mr. Hoover, Franklin Roosevelt and the bankers have been doing it.

By raising interest, by refusing loans on speculative building and by warning the business world against inflation the rise of the price level was arrested in May. It is a great step forward for business to discover that it can prevent inflation and deflation.

Rapid inflation of prices overstimulates trade. Rapid deflation depresses trade, the effect lagging behind the cause about half a year. The two fluctuate together, being correlated to the extent of 80 per cent. This is a closer correlation, I think, than any previously discovered to exist between business fluctuations and other alleged causes.

Among the bankers who discussed the problems of fluctuations in the purchasing power of money were H. A. E. Chandler, economist, and John E. Rovensky, vice-president of the National Bank of Commerce, New York. Mr. Chandler said:

Business opinion exerts an important influence on Federal Reserve policy. I do not believe it possible to adjust Federal Reserve rates satisfactorily unless backed up by sound business opinion. We pay too much attention to the Federal Reserve rates, although this rate is a more important factor in commercial banking than we are ready to admit. If the public could appreciate the fact that our huge surplus gold supply could not be utilized for credit extension without causing inflation and consequent deflation, an important lesson would be taught.

The public should be educated against the inefficient use of this surplus gold to guard against the condition that will arise from its subsequent deportation. I would suggest that this gold either be earmarked or segregated. This operation might be either physical or mental, but the gold should be earmarked so as not to appear in the Federal Reserve ratio.

#### BELIEVES VARYING REQUIRED RESERVES WOULD HELP

Mr. Rovensky suggested that the Federal Reserve Board be granted "discretionary power to vary, under some restrictions, the required reserves of the Federal Reserve and member banks, such changes to be made with due regard to changes in the general price level as officially recorded in the commodity price index of the Department of Labor". He added.

Such a measure would have the advantage of being flexible—we could feel our

way along as we progressed—the method of figuring the price index could be amended if conditions made it advisable; errors of judgment made by the Federal Reserve Board could be corrected, etc.

The main virtue of such a measure would be in its preventive action. Instead of the always indirect, often ineffective and sometimes impractical method of raising the rediscount rates the Federal Reserve Bank would have a more direct, effective and practical instrument at hand with which to curb inflation.

The use of compensated gold coins "the relative changes in the weight of coins being the same for all countries", is, Professor Hudson B. Hastings of Pollok Foundation, Newton, Mass., declared, the only effective method of control by international coöperation of "tendencies toward world secular price movements which would provide for all possible changes in the volume of trade, the amount of gold and other forms of money, and yet leave the production of gold to unrestricted private enterprise".

M. C. Rorty, president of the National Bureau of Economic Research, said:

The Federal Reserve System has provided one great addition to our banking facilities through its ability to prevent the old style of money crisis. But it may be that we are expecting too much of the safety valve of rediscounting when we ask it also to act as a throttle valve to control the whole industrial machine.

#### CHEAP MONEY MEANS INFLATED PRICE LEVEL

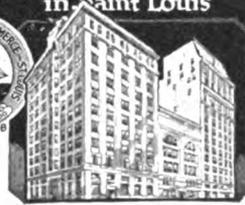
The idea that "cheap money" is always good for business is a wrong one, said Professor John R. Commons of the University of Wisconsin, who added:

Farmers want cheap money, business men want cheap money, stock speculators want cheap money, the United States Treasury wants to float Government loans on cheap money, Socialists, anarchists and old-line greenbackers want very, very cheap money, and everybody feels that when the money rate is shoved up it is an arbitrary damper on prosperity. But we cannot have a low rate on money and a stable level of prices. A low rate on money means an inflated price level.

George Soule of the Labor Bureau, Inc., said that the strikes of the wage-

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DOLLARS  
and  
SENSE



A wise combination of the two makes an ideal banking relationship.

In 65 years of experience, we have developed facilities for intelligent banking service—the kind that leaves no aftermath but satisfaction.

Let us know your requirements.

---

*Willing Cooperation is a Part of Our Working Capital*

---

earnings were "the least extensive and destructive of the entire round of stoppages". He said further:

The greatest damage is probably done by the periodic strikes of the investors in new capital goods, though the immediate damage caused by the strikes of the owners of productive capital already invested is more evident. We also have occasional strikes of buyers, of traders and even of farmers. The net result of all these changes in relative prices, with the consequent bargaining conflict, is an injury to the community which far outweighs any temporary advantage gained by any one party.

Discussing the question of inflation and deflation from the international standpoint, Prof. Jeremiah W. Jenks said that the remedy was "devaluation—the fixing of the price of the currency in terms of gold at a lower rate at practically the purchasing power of the currency itself." "This" he said, "will probably bring about less injustice on the whole than would an attempt to restore the currency by deflation."

#### BUILDING BOOM CHECKED

"So rapid has been the increase in labor costs and the difficulty of procuring certain building materials", says the current letter of the Irving Bank-Columbia Trust Company, New York, "that several large enterprises in New York have recently been suspended. Some of the projects thus postponed are: the \$11,000,000 New York Telephone building, a \$10,000,000 program at Columbia University, \$4,000,000 at the Hebrew Orphan Asylum, and a \$2,000,000 structure for the Y. M. C. A., with a number of smaller jobs in the city, amounting in all to about \$60,000,000". The bank continues:

It is reported in several cities that contractors have placed orders for three times their requirements with expectations of disposing of their surplus at a profit. Cement mills in particular are scrutinizing orders and shipping only requirements for actual construction in progress. The total building permits throughout the country filed at 151 cities, according to *Bradstreet's*, totaled \$319,134,433 in April as against \$369,267,939

**Combined Statement of Condition**  
**HEAD OFFICE AND BRANCHES**  
**BANK OF ITALY**

SAVINGS                      COMMERCIAL                      TRUST  
**HEAD OFFICE, SAN FRANCISCO**  
**MEMBER FEDERAL RESERVE SYSTEM**

**June 29, 1923**

**RESOURCES**

First Mortgage Loans on Real Estate.....	\$100,350,768.74	
Other Loans and Discounts .....	78,708,688.28	\$179,059,457.02
United States Bonds and Certificates of Indebtedness .....	\$ 34,379,695.31	
State, County and Municipal Bonds .....	11,625,600.62	
Other Bonds and Securities .....	8,455,717.07	
Stock in Federal Reserve Bank .....	600,000.00	
<b>TOTAL U. S. AND OTHER SECURITIES .....</b>		<b>55,061,018.00</b>
Due from Federal Reserve Bank .....	\$ 10,613,127.04	
Cash and Due from Other Banks .....	14,035,554.77	
<b>TOTAL CASH AND DUE FROM BANKS .....</b>		<b>24,648,681.81</b>
Banking Premises, Furniture, Fixtures and Safe Deposit Vaults .....		9,655,730.21
Other Real Estate Owned .....		548,229.12
Customers' Liability under Letters of Credit and Acceptances .....		1,218,517.26
Uncollected Interest .....		2,266,460.96
Employees' Pension Fund (Carried on Books at) .....		1.00
Other Resources .....		269,710.59
<b>TOTAL RESOURCES .....</b>		<b>\$272,727,800.97</b>

**LIABILITIES**

<b>DEPOSITS .....</b>	<b>\$247,389,224.96</b>
Irrigation District Funds .....	90,417.88
Dividends Unpaid .....	998,106.00
Discount Collected but Not Earned .....	72,773.71
Letters of Credit, Acceptances and Time Drafts .....	1,218,517.26
	\$249,764,039.31
<b>CAPITAL PAID IN .....</b>	<b>15,000,000.00</b>
<b>SURPLUS .....</b>	<b>5,000,000.00</b>
Undivided Profits .....	697,300.70
Interest Earned but Not Collected .....	2,266,460.96
<b>TOTAL LIABILITIES .....</b>	<b>\$272,727,800.97</b>

All charge-offs, expenses and interest payable to end of half-year have been deducted  
in above statement.

**The Story of Our Growth**

As Shown by a Comparative Statement of Our Resources

<b>December, 1904 .....</b>	<b>\$285,436.97</b>
<b>December, 1908 .....</b>	<b>\$2,574,004.90</b>
<b>December, 1912 .....</b>	<b>\$11,228,814.56</b>
<b>December, 1916 .....</b>	<b>\$39,805,995.24</b>
<b>December, 1920 .....</b>	<b>\$157,464,685.08</b>
<b>December, 1922 .....</b>	<b>\$254,282,289.52</b>
<b>June 29, 1923 .....</b>	<b>\$272,727,800.97</b>

NUMBER OF DEPOSITORS, 438,453

at the same cities in March, a decrease of 13.6 per cent. It should be remembered, though, that the March total was by far the greatest ever recorded. The recent New York situation, however, developed principally in May and its effect was not shown in the April totals. New York City registered a decline of nearly \$92,000,000 in building permits during April as compared with the preceding month.

The shortage in small dwellings and the cheaper grades of apartment houses is still pronounced and therefore the demand for this sort of construction must continue keen for a long time. During April, according to the F. W. Dodge Corporation, the total contracts awarded in thirty-six states aggregated \$399,243,000, and of this amount \$175,129,000 went for residential buildings. Other items were \$67,228,000 for public works and utilities; \$53,826,000 for business buildings; \$39,803,000 for educational buildings, and \$33,335,000 for industrial buildings.

#### CONDITIONS BETTER IN SOUTH

The South is participating in the general prosperity, according to Withers Woolford of the service department of the Bank of America, who has returned from an investigation there, but there are some doubtful factors in the condition of every one of the principal crops. Mr. Woolford says further:

The South presents a very mixed picture of emerging prosperity handicapped by adverse natural conditions. The population as a whole has more money than last year, and credit is better. The farmers in most cases have their debts down to a point where they can carry them.

Cotton growers are very well off at present, compared with their status a year ago, but the general situation is not as good as was expected. Earlier optimistic views as to acreage are subsiding. In many places seed already in the ground has been rotted by the unfavorable weather, and the bad weather has delayed planting in many of the northern sections. The carryover of cotton will be very low at the end of the season. It will probably be much less than a half of last year's, and only about a sixth of that in 1921.

The peanut growers who belong to the cooperative association lost money on last year's crop. The cooperative growers only received \$2,500,000, whereas the marketing costs alone amounted to \$1,097,000. Production costs were about 3½ cents a pound and these growers received only 2 1/8 cents a pound—and that in three instalments. The non-cooperative producers received from 5 to 7¼ cents a pound. The cooperative organization, which has been fighting the



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.

Send us your Buffalo business for direct service. We make personal presentation of drafts and insist upon definite disposition.

Our Elk Street Market Branch, recently opened, provides a complete banking service for the great wholesale food district 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

Member Federal Reserve System



*Chartered 1836*

## PHILADELPHIA

—the “*Workshop of the World*”

Philadelphia, the third largest city of the United States, and the nation's second greatest port, is America's and the world's greatest manufacturing center.

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>	. . .	<b>\$10,000,000</b>
<i>Resources</i>	. . .	<b>60,000,000</b>
<i>Individual Trust Funds</i>	. . .	<b>310,000,000</b>
<i>Corporate Trust Funds</i>	. . .	<b>1,450,000,000</b>

# GIRARD TRUST COMPANY

BROAD & CHESTNUT STS.  
PHILADELPHIA



Capital and Surplus  
\$10,000,000

EFFINGHAM B. MORRIS  
*President*

Member Federal Reserve  
System

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,000,000 Undivided Profits \$518,000

JULIAN D. FAIRCHILD, *President*  
JULIAN P. FAIRCHILD, *Vice-President*  
WILLIAM J. WASON, JR., *Vice-President*  
THOMAS BLAKE, *Secretary*

## OFFICERS

HOWARD D. JOOST, *Assistant Secretary*  
ALBERT I. TABOR, *Assistant Secretary*  
J. NORMAN CARPENTER, *Trust Officer*  
ALBERT E. KERKERSON, *Auditor*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

cleaners in the market and the courts and threatening to operate its own cleaning plant, may reorganize. In this case it will probably function only as a straight marketing and warehousing organization, selling to the cleaners. Coöperative members are said to be evading their agreements with the organization by means of fictitious sales of nuts for seed purposes.

Construction work is very active throughout the South, but famine conditions in housing still exist in many sections. One paper manufacturer in Richmond, for instance, complained of his inability to keep skilled labor imported from the North for more than a few weeks because of poor dwelling facilities.

Migration of the negroes is agitating the South, but in only few instances can actual figures be proved. There is no doubt that numbers of negroes are being attracted by high factory wages in the North and that many negro farmers are disconted with conditions, but in many sections the extent of the migration appears to be exaggerated. Georgia has probably been affected more than the other states and it is doubtful whether more than 10 per cent. of the negro farm laborers have actually left that state in the last six months.

## PUBLIC OPINION AND RAILROADS

"Better and more increasingly general public comprehension of the close interrelationships of transportation with all the industries, business and manifold affairs of the American people, is becoming a highly important and actually constructive factor in our economic situation", says the current letter of the Girard National Bank, Philadelphia. "This is far more of an influence than ever before", continues the bank, "and carries now potential force for good, impossible to measure once it

is released in action. It makes at this time an influence which well deserves careful consideration in forming judgments on the future, especially as one of the chief anxieties now is as to whether political action will be such as to work serious hurt to essential activities." The bank goes on to say:

What is greatly needed is not only less Government in business, but more business sense in politics. Between now and when congress assembles next December, it is quite conceivable that the swing of American public opinion will give direction to things in Washington, so that ultra-radicals will have little sympathy and less support for impracticable and destructive measures. In many directions and from various sources, there are manifestations of a new awakening determination on the part of the thinking and acting people of the country, to protect and promote their interests by upholding all those enterprises which, in their functions and developments, are vital to the common weal.

Application of this idea, which clearly is taking form throughout the United States, to the working out of the big railroad problem, will mean more than dollars for the railroads to enable their expansion and improvement of transportation facilities for service of the entire people. Whatever makes it possible to sufficiently develop the railroads, and to fit them fully into the life of the country, constitutes one of the very biggest and most far reaching factors in support of general national prosperity.

## HOW AUTOMOBILES DEVELOP COUNTRY

How motor cars and motor trucks are developing the resources of the country is brought out in the new edition of "Facts and Figures of the Automobile Industry", published by the Na-

# A Thrifty Cross-Section



"The People's  
Messenger"

REVIEW the occupations of the holders of the American Telephone & Telegraph Co. securities and you see a striking cross-section of America's thrifty workers.

You will find almost every industry represented. Bankers, of course—for these securities are favorite holdings of the men who so often are sought for investment counsel. Also architects and merchants, blacksmiths and butchers, clerks and farmers, salesmen and lawyers, doctors and housewives—these and thrifty folk in a hundred other classifications hold A. T. and T. securities. It is a true test of their appeal as the great American investment for prudent Americans.

This very wide-spread holding of the securities (there are over 250,000 stockholders, with an average of twenty-six shares each) is an assurance of the stability of the investment as well as an indication of its quality.

A. T. and T. pays 9% dividends on the stock outstanding. Today the stock can be bought in the open market to yield approximately 7%. Full information sent on request.



## BELL TELEPHONE SECURITIES CO. Inc.

D.F. Houston, President  
195 Broadway NEW YORK

tional Automobile Chamber of Commerce. A statement sent out by this organization says:

Registration has reached the new peak of 12,239,114. Even allowing for duplication in licensing methods in some states, this means that close to 12,000,000 cars and trucks are actually in use. Production of motor vehicles, 22 per cent. ahead of any previous year, reached 2,659,000, of which about 2,500,000 went into the domestic market.

This rapid growth is accounted for by the need in all parts of the country for short line transportation to develop the territories not served by rail lines, and to supplement the work begun by the railroads.

Suburban use of motor cars and motor trucks is an example. Around our big cities are areas of land used by home seekers. Without motor vehicles only land within walking distance of a railroad station has been readily available. With the motor vehicle, each station becomes a center for home development for a radius of several miles.

Long Island, N. Y., a part of the area in the Metropolitan District, illustrates this point. In 1917 there were 11,800 motor cars in suburban counties of this island, and there were 50,796,000 passenger fares on the railroads serving the territory. In 1922 there were 41,000 cars, and the railroad passenger total had grown to 79,656,000. In the same period motor trucks increased from 2482 to 10,000, and the freight carried by the railroads advanced from 5,271,000 to 6,028,000 tons. There have been many thousand new dwellings per year constructed in this region; 1922 set a new mark with 23,336.

#### CREDIT CONDITIONS, 1923 AND 1920

"The current volume of wholesale and retail trade indicates that the goods now being produced are moving satisfactorily into the channels of distribution", says the Federal Reserve bulletin. "About 700 firms", continues the bulletin, "engaged in various lines of wholesale trade and representing practically all sections of the country are now reporting their monthly sales to the Federal Reserve Banks". The bulletin goes on to say:

Since the opening of the year the total volume of sales by these concerns has been about 18 per cent. larger than during the corresponding period a year ago. In retail trade the sales of 306 department stores located in 100 cities throughout the country

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have also exceeded the sales of last year by 15 per cent. In March 1923, sales of these stores were above the level of March 1920, in spite of the lower retail prices now prevailing. Department store sales are at present relatively higher in the industrial districts of the East than in the agricultural sections of the South and West. The volume of merchandise buying in rural districts is further indicated by the sales of mail-order houses, which during recent months have been approximately 37 per cent. above the sales of a year ago, though the present dollar volume of their buying is still much below the level of 1920.

The extent to which various sections of the country have shared in the current growth of business and credit may be shown in a general way by the changes in the volume of check payments and of member bank credit. For this purpose a comparison is made of the total volume of bank debits during the first quarter of 1923 with the corresponding period in 1920, and a comparison of the total loans and investments of member banks at the end of the year 1922 with similar figures for November 1920. This comparison in the form of percentages,

with 1920 figures taken as 100, is shown below by Federal Reserve Districts.

Federal Reserve District	Check payments Per cent.	Member bank credit Per cent.
Boston .....	105.5	105.0
New York .....	99.6	99.2
Philadelphia .....	100.6	101.4
Cleveland .....	97.3	105.4
Richmond .....	85.6	96.4
Atlanta .....	80.9	90.7
Chicago .....	94.6	95.9
St. Louis .....	96.9	105.0
Minneapolis .....	88.2	90.5
Kansas City .....	81.6	87.5
Dallas .....	87.8	84.6
San Francisco .....	101.9	104.0
System .....	97.5	98.6

Both in volume of business and in bank credit the more recent figures, taking the country as a whole, show but a slight reduction compared with 1920. When considered by reserve districts there is a close correspondence in the changes since 1920 in credit and in business volume. With but few exceptions, business activity in the industrial East and on the Pacific coast either approximates or exceeds that of 1920 and has been accompanied by corresponding increases in credit. In marked contrast are conditions in the South and Middle West, where both business volume and bank credit are considerably below the 1920 level.

# 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.

## CHEMICAL NATIONAL BANK OF NEW YORK

The statement of condition of the Chemical National Bank of New York at the close of business on June 30 showed total resources of \$151,412,308.01; surplus, \$18,500,000; undivided profits, \$2,967,182.48; deposits, \$121,416,859.29.

## NEW DIRECTOR OF BIGELOW STATE BANK

Lafayette B. Gleason of the firm of Gleason & Carlton, New York, has been elected a director of the Bigelow State Bank, New York.

Mr. Gleason until recently was attorney for the New York State Tax Commission. He was for a number of years clerk of the New York State Senate and has served as chairman and secretary of State and National Republican Conventions.

## THE EQUITABLE TRUST COMPANY OF NEW YORK

The statement of condition of The Equitable Trust Company of New York at the close of business on June 30 showed total resources of \$376,906,361.64; surplus and undivided profits, \$9,501,228.69; deposits, \$301,194,606.71.

## DR. J. T. HOLDSWORTH

Dr. J. T. Holdsworth, vice-president of the Bank of Pittsburgh, has been elected president of the Pennsylvania Joint Stock Land Bank of Philadelphia. He resigned his position with the Pittsburgh institution, where he was in charge of the foreign department, to take over the new office on July 1.

## GEORGE A. HANNIGAN

George A. Hannigan, formerly assistant treasurer of the Guaranty Trust Company of New York, was elected an assistant vice-president of the Italian Discount and Trust Company of New York on June 13, 1923.

## JOSEPH S. HOUSE RETIRES

Joseph S. House, cashier of the Mechanics & Metals National Bank of New York, retired from active business life on June 20, when his resignation was tendered to the board of directors of that institution. In announcing his retirement Mr. House declared that he hoped now to fulfill an ambition which he has entertained for a long time, namely, to travel extensively. The pressure of official duties had heretofore made the fulfillment of this ambition impossible.

In accepting Mr. House's resignation the board of directors of the bank expressed regret at his decision to retire to private life. Mr. House is widely known in banking and business circles throughout the country, his duties having for many years brought him intimately in touch with financial and industrial leaders from every section of the United States.

## COAL AND IRON EMPLOYEES HAVE OUTING

The Kainbank Club, comprising employees of the Coal & Iron National Bank, Liberty and West streets, New York, held their annual outing at Battershall Inn, Seacliff, Long Island, recently. The club traveled to and from Seacliff by auto buses.

## NEW SEABOARD BANKING SERVICE

The Seaboard National Bank recently announced the inauguration of a new banking service for the benefit of depositors and customers traveling in the United States and abroad. The innovation provides that the customer can use his own check book when traveling.

The Seaboard Checkbook-Letter of Credit is a combination of an ordinary check book,

passbook, and letter of identification and takes up no more room than an ordinary check book.

"Arrangements can be made", the announcement stated, "to have customers' checks honored by a number of the leading banks in the important cities and summer resorts both in the United States and in the principal foreign countries. The use of one's own check book when traveling obviates any possible delay, especially in foreign countries, while forms of drafts—often unfamiliar—are prepared and submitted for signature, and does away with the necessity of carrying large amounts of money in excess of current requirements."

#### ASSETS INCREASE \$65,000,000 IN FIVE YEARS

The State Bank of New York reported assets in excess of \$100,000,000 in its recent statement. This is the first time in the



**HAROLD C. RICHARD**  
President The State Bank of New York

history of the institution that assets have passed that mark. Within the last five years assets have increased about \$65,000,000, according to officials. Deposits now total \$89,-

000,000, and a total of 120,000 depositors are now carried on the books of the bank. In 1918 deposits approximated \$30,000,000. The bank was founded in 1890 and continued as a neighborhood bank for many years. Its recent expansion, however, has placed it among the ranks of the ten largest state banks in the United States.

#### BANKERS TRUST COMPANY

The statement of condition of the Bankers Trust Company of New York at June 30, 1923, showed total resources of \$397,219,923.89; surplus, \$15,000,000; undivided profits, \$8,155,621.05; deposits, \$288,587,700.80.

#### AMERICAN EXCHANGE SECURITIES CORPORATION

At a meeting of the American Exchange Securities Corporation Lewis L. Clarke, president of the American Exchange National Bank, was elected chairman of the board and Theodore H. Banks, vice-president of the American Exchange National Bank, was elected president.

#### UPTOWN BOWERY BANK

The Bowery Savings Bank, New York, opened its branch office in the uptown financial district recently in its new sixteen story building at 110 East Forty-second street.

The new building will house the executive offices of the bank, which will still continue to have its original bank on the Bowery.

#### CENTRAL UNION TRUST COMPANY OF NEW YORK

The statement of condition of the Central Union Trust Company of New York at June 30 showed total resources of \$280,848,889.94; surplus, \$17,500,000; undivided profits, \$4,087,996.39; deposits, \$236,317,330.87.

#### DONALD DURANT HEADS BOND CLUB

The following officers were elected by the Bond Club of New York recently: Donald Durant of Lee Higginson & Co., president; E. P. Currier of Marshall Field, Glore, Ward & Co., vice-president; Robert E. Christie, Jr., of Dillon, Read & Co., secretary; Earl Holsapple of Harris, Forbes & Co., treasurer; Sam A. Spalding of Kissel, Kinnicutt & Co., Gilbert G. Browne of White, Weld & Co., and Rollin C. Bortle,

were elected to the board of governors, to serve three years.

**SAVINGS BANKS ELECT F. C. MILLS**

The New York group of the Savings Banks Association of the State of New York elected new officers recently. They are: Chairman, Frederick C. Mills, president Union Square Savings Bank; secretary, George B. Dunning, vice-president Irving Savings Bank; executive committee, William C. Adams, president United States Savings Bank; Adolph Koppel, vice-president Central Savings Bank, and Arthur S. Van Winkle, president Empire Savings Bank.

**FARMERS' LOAN INSURES EMPLOYEES**

The Farmers' Loan & Trust Company, New York has insured all of its employees under a group insurance plan of the Metropolitan Life Insurance Company. The trust company assumes the entire cost of the insurance, which guarantees to dependents of employees an amount equal to a year's salary. There is also a provision for annuities for incapacitated employees.

**GIRARD TRUST HOLDS BOK PEACE AWARD**

Edward W. Bok deposited on July 8 with the Girard Trust Company of Philadelphia, as his financial representative, securities to cover the \$100,000 American Peace Award and its subsidiary awards. Mr. Bok expressed confidence that the award would bring forth a plan. He said:

The American people have been doing far more thinking along the lines of our foreign relations than some people imagine. A research which I conducted from New York to San Francisco before I made the award showed that where three years ago there were three in every ten in favor of some sort of a League of Nations, the percentage is now seven in every ten. Public opinion is swinging completely around in this matter. There is, therefore, a widespread public opinion on the question of what the United States Government should do, and this is the psychological time to crystallize it and offer it an avenue for expression.

**ELECTED VICE-PRESIDENT**

F. S. Bale, formerly assistant to the president of the Bankers' Trust Company, New York, has been elected a vice-president of that institution. E. S. Chappellear has been appointed controller.

**EQUITABLE OFFICERS GIVE DINNER**

Officers of The Equitable Trust Company of New York tendered a dinner recently to

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**ROBERT B. RAYMOND**  
 Manager foreign department United States Mortgage and Trust Company, New York

Arthur W. Loasby in honor of his election to the presidency of the institution. Alvin W. Krech, chairman of the board, was toastmaster. Other speakers included Lyman Rhoades, George Le Blanc, Henry Cooper, Herman Dowd and Morris K. Parker.

#### COMMUNITY TRUST INSTALLS DIRECTORS

With the installation of Ralph Hayes as director, the New York Community Trust has established headquarters at 120 Broadway. Mr. Hayes formerly was secretary to Secretary of War Baker. His appointment to the position as director of the Community Trust was announced in April.

Mr. Hayes formally assumed office at a luncheon given at the Bankers' Club and attended by the officials of the several trustee banks. Frank J. Parsons, vice-president of the United States Mortgage and Trust Company, who has been acting director of the New York Foundation pending the selection of a permanent director, agreed as

alternate for John W. Platten to remain a member of the trustees' sub-committee which effected the present organization. Alvin W. Krech, chairman of the board of The Equitable Trust Company, is chairman of the trustees' committee.

Other officials of the Community Trust who attended the luncheon were Joseph N. Babcock, vice-president The Equitable Trust Company; H. E. Miller, vice-president United States Mortgage and Trust Company; Walter McMeekan, vice-president Manufacturers' Trust Company; J. D. Fairchild, vice-president Kings County Trust Company, and Cyril J. Burdette, vice-president American Trust Company.

#### A CORRECTION

In the June issue of THE BANKERS MAGAZINE on page 1122 there was an item stating that a quarterly dividend of 12½ per cent. on the capital stock, payable July 2, 1923, had been declared by the United States Mortgage and Trust Company, New York. The regular quarterly dividend declared by this company was at the rate of 4 per cent. and not 12½ per cent.

#### CLEVELAND E. DODGE

The trustees of the Bank of New York & Trust Company have elected Cleveland E. Dodge a trustee, to succeed his father, Cleveland H. Dodge, who had resigned. Mr. Dodge is the third representative of his family to be chosen to this board.

#### WAYNESBURG BANK MERGER

The Peoples' National Bank of Waynesburg, Pa., has been merged with the Citizens National. The consolidated institution will bear the latter name and will have \$500,000 capital, \$1,257,696 in surplus and undivided profits, and \$5,000,000 in deposits.

#### NEW YORK BANK DIVIDENDS

At the regular meeting of the board of trustees of The Equitable Trust Company of New York held June 19, a quarterly dividend of 3 per cent. was declared payable June 30 to stockholders of record June 22.

The board of directors of the United States Mortgage & Trust Company declared a quarterly dividend of 4 per cent. on the stock of the company payable July 2, to stockholders of record June 27.

An extra dividend of \$5 a share besides the regular semi-annual dividend of \$5 was declared by the Harriman National Bank.

Both dividends were payable July 6, to stockholders of record at the close of business July 5.

The board of directors of the Mechanics & Metals National Bank, New York, on June 20 declared the regular 5 per cent. quarterly dividend and an extra dividend of 2 per cent. Both dividends were payable to stockholders on July 2. The capital stock of the bank is \$10,000,000.

The declaration of an extra payment of 1 per cent. was announced by the Bank of the Manhattan Company, in addition to the regular quarterly payment of 3 per cent. Both dividends were payable July 2, to stockholders of record June 26. Three months ago the bank declared an extra payment of the same amount.

At a meeting of the board of trustees of the Bank of New York & Trust Company, a dividend of \$5 per share was declared, payable July 2, 1923, to stockholders of record at the close of business June 15, 1923.

Directors of the Seaboard National Bank declared an extra dividend of 2 per cent. in addition to the regular quarterly payment of 3 per cent. These dividends were payable July 2, to stockholders of record June 25.

The regular quarterly dividend of \$4 a share was declared on the capital stock of the Chatham & Phenix National Bank, payable July 2, to stockholders of record June 16.

The Bank of America declared the regular quarterly dividend of 3 per cent., payable July 1, to stockholders of record June 21.

The United States Trust Company declared the regular quarterly dividend of 12½ per cent., payable July 2 to stockholders of record June 21.

#### H. H. POND HEADS PLAINFIELD TRUST COMPANY

At the monthly meeting of the board of directors of the Plainfield Trust Company of Plainfield, N. J., Harry H. Pond was elected president to succeed Orville T. Waring, deceased.

Mr. Pond began his career as office boy in the Vineland National Bank. After working his way up through the bank he became secretary and treasurer of the Plainfield Trust Company in 1910. In 1911 he was elected to the presidency of the New Jersey State Bankers Association. In 1913, although continuing as a member of the board of directors of the bank, Mr. Pond resigned as secretary-treasurer to become

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vice-president of the Mechanics & Metals National Bank of New York, which position he still holds.

At the same meeting Charles W. McCutchen, one of the organizers of the company, and a member of the board of directors since its inception, was elected chairman of the board. This is the first time such a position has been filled and it went to Mr. McCutchen in recognition of his services.

#### UNITED NATIONAL BANK OPEN FOR BUSINESS

The United National Bank opened for business on July 5 in modern quarters at the corner of Fifth avenue and Thirty-third street, New York. It opened with a capital of \$1,000,000. This bank was organized by Sydney H. Herman, who was for many years president of the Union Exchange National Bank of New York which was absorbed by the Chatham and Phenix National Bank in 1922. The officers are:

Sydney H. Herman, president; Frank C.

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Campbell, vice-president; Irving L. Levy, cashier; Peter E. Kassler, Mitchell H. Conway and A. M. Conlan, assistant cashiers.

The directors are: Leon Bodenheimer, A. B. Kirschbaum Co.; Frank C. Campbell, vice-president; Otto E. Dryfoos, Otto E. Dryfoos & Son; Edwin Goodman, Bergdorf & Goodman Co.; Sydney H. Herman, president; Everett B. Heymann, attorney; Peter E. Kassler, assistant cashier; Samuel Kridel, J. Kridel Sons & Co.; Irving L. Levy, cashier; Leslie R. Reis, Robt. Reis & Co.; Isaac Rittenberg, Rittenberg Bros.; Ralph Samuel, Ralph Samuel Stores, Inc.

### NEW PHILADELPHIA BANK OPENS

The Community Trust Company of Philadelphia opened for business recently at 252 South Broad street. Norman S. Sherwood is president of the new institution, the other officers being H. R. Disston, vice-president; Raymond S. Stevenson, secretary and treasurer; William W. McKim, solicitor.

### NEW YORK BANK MERGER COMPLETED

The merger of the Importers and Traders National Bank into The Equitable Trust Company of New York became effective on June 29. As a result of this consolidation the Equitable now has a capital of \$23,000,000, and surplus and undivided profits of more than \$9,500,000. Deposits are in excess of \$300,000,000 and total resources are over \$375,000,000.

The offices of the Importers and Traders Bank at 247 Broadway will be known as the Importers and Traders Office of the Equitable. Its customers will continue to transact their commercial banking business with the same officers and employees, but they will have the further advantages of the banking, foreign exchange, trust, investment and safe deposit services of the Equitable.

### NEW YORK AS A FOOD MARKET

The Bank of America, New York, is publishing a series of monographs on New York as a food market. The first of the series is entitled "The Egg Market of Metropolitan New York" and is written by Charles F. Junod, vice-president of the bank. This pamphlet contains a complete analysis of the New York situation with regard to the marketing of eggs and a number of tables giving interesting statistics, such as the receipt



CHARLES F. JUNOD  
Vice-president Bank of America, New York

of eggs in New York City by months, the production of eggs in the United States, the shipment of eggs to New York by states, etc.

### NEW INK ON THE MARKET

"Dello Ink", a new writing fluid that dries instantaneously, and in addition is erasure-proof, has just appeared on the market.

It is the invention of Edward M. Davidson, the well-known chemist, who invented the "Pyrene Fire Extinguisher". It is said that Mr. Davidson has spent the last twelve years in perfecting formulae, and it is claimed that numberless practical tests, along with analyses made by experts, have proved that Dello Ink "overcomes all the defects found, even in the best inks on the market today".

Besides the features of instant drying and erasure-proof, Dello Ink, according to the announcement, is also water-proof, clog-proof, fade-proof and freeze-proof.

In its introduction to the trade, emphasis is put on the latter feature for the reason that Dello Ink is not affected in temperature down to twenty degrees below zero, the makers believing that this quality



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appeals to dealers because of the possibilities of all-year-round shipping in smaller quantities.

The erasure-proof feature is explained in that when a little pressure is put on the pen Dello Ink *soaks into* the paper, actually penetrating the fibres and becoming a part of the paper itself. "Other indelible inks can be erased with a soft rubber", says the announcement of the manufacturers, "because they do not penetrate below the surface of the paper. If directions are followed carefully, anything written with Dello Ink cannot be changed, without destroying the paper. This feature is of vital importance in the writing or signing of every type of important document, especially of checks".

In the advertising of Dello Ink, the use of this ink is advocated as a preventive against the raising of checks, it being asserted that no mechanical check protector protects the names on the check, while Dello safeguards names and amounts as well.

The Dello Ink Corporation, which is marketing this new product, is composed of influential New York business men, with executive offices at 511 Fifth avenue. The officers of the company are the following: President, Dr. John A. Harriss; first vice-president, Edward M. Davidson; treasurer, Edward Ansen; second vice-president, R. A. Belmont; chairman board of directors, Leon Schinasi.

### NEW YORK TRUST COMPANY

The statement of condition of the New York Trust Company at June 30 showed

total resources of \$215,843,403.11; surplus, \$10,000,000; undivided profits, \$7,764,386.33; and deposits of \$164,120,425.23.

### THE FIFTH AVENUE BANK OF NEW YORK

According to the last statement of condition of the Fifth Avenue Bank of New York at June 30 total resources of the bank stood at \$28,187,409.81; surplus at \$2,000,000; undivided profits at \$439,135.56; and deposits were \$21,498,810.19.

### ROGER P. KAVANAGH

Roger P. Kavanagh, until recently vice-president of the French American Banking Corporation and formerly vice-president of the Metropolitan Trust Co., has become a



R. P. KAVANAGH

New partner in the firm of McArdle, Djörup and McArdle

partner in the firm of McArdle, Djörup & McArdle, accountants and auditors, who number among their clients many of the banking institutions in this city.

Mr. Kavanagh started his banking career as a messenger in the Fifth Avenue Bank of New York and worked his way up through the various departments, thus lay-

ing a substantial foundation for his later success.

He has always taken a deep interest in the educational side of banking, having early enlisted as an active worker in the affairs of the American Institute of Banking. He served in various executive capacities in the New York Chapter, having been its president for one term, and he is still greatly interested in the progress of the institute.

Mr. Kavanagh was an examiner in the New York State Banking Department for a number of years, and his technical knowledge of general banking practice, foreign exchange and foreign trade, permits this firm to amplify considerably their service as consultants on banking and foreign exchange problems, bank organization and system work and on special investigations and audits of borrowers' accounts for credit purposes.

**WILLIAM R. EDRINGTON**

William R. Edrington, formerly vice-president of the Farmers & Mechanics National Bank, Fort Worth, Texas, has been elected a vice-president of the Hamilton



**WILLIAM R. EDRINGTON**  
Vice-president the Hamilton National Bank,  
New York

National Bank, New York, effective as of July 1.

**S. H. LOGAN SUCCEEDS F. B. FRANCIS**

S. H. Logan has succeeded the late F. B. Francis as one of the New York agents of the Canadian Bank of Commerce at 16



**S. H. LOGAN**  
New York agent Canadian Bank of Commerce

Exchange Place. Before coming to New York Mr. Logan for a number of years was supervisor of the bank's foreign business, with headquarters at the head office of the bank in Toronto, and he did considerable active work in encouraging the foreign trade of Canada. While in the capacity of a head office official his duties necessitated a great deal of travelling and he visited New Zealand, Australia, China, Japan, the principal South American republics and many parts of continental Europe. Mr. Logan has many banking friends in this country.

**BANK OF CANTON OPENS NEW BRANCH IN CHINA**

Hew Fan Un, New York agent for the Bank of Canton, Ltd., of Hongkong, China,

# Citizens Savings Bank of New York



This building, vaults and equipment designed by  
**CLARENCE WILSON BRAZER, Architect**

1133 BROADWAY, NEW YORK CITY

Architect for a number of other distinctive Bank Buildings

This Building is one of the most remarkable structures now nearing completion in New York City, on a lot fronting 75 feet on the Bowery and 85 feet on Canal Street, facing the Manhattan Bridge Plaza. The old bank building still occupies a 50 foot frontage on the Bowery while the new building is being erected on a 25 foot lot adjoining. The foundations have been installed under the existing building, supporting the new building over present quarters without disturbing the old banking room, which has been occupied every day during the construction of the new building. Upon completion of the adjoining 25 foot section the Bank will move into this portion and into the top story containing the Directors' Room, Dining Rooms, etc., while the lower 20 feet on the Canal Street side is being completed. Thus at a slight additional cost, the Architect has provided a design in which the Bank might continue business on the old site, saving moving expenses, rent, etc., of temporary quarters.

The Building is constructed of Barre granite in the substantial and distinctive Florentine Renaissance style, so appropriate to strong financial institutions.

# ADRIAN H. MULLER & SON

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## AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

### STOCKS AND BONDS AT AUCTION

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### Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

has been advised of the opening of a branch in Hankow, China. This new branch is situated in a strategic business city 700 miles up the Yangtse River, and will handle a large volume of business from the hinterland.

#### UNITED STATES MORTGAGE AND TRUST COMPANY

The statement of condition of the United States Mortgage and Trust Company of New York at the last call of the Comptroller at June 30, showed total resources of \$67,942,064.62, the deposits stand at \$58,583,024.08, and surplus and undivided profits at \$4,251,428.22. The balance sheet is given below:

ASSETS	
Cash on hand, in Federal Reserve and other banks .....	\$10,128,121.74
Clearing-house exchanges .....	2,737,760.88
U. S. Government securities .....	11,675,995.60
Other bonds and stocks .....	2,558,718.26
Demand loans .....	9,059,450.00
Time loans .....	22,660,229.10
Bills and notes purchased .....	4,781,442.94
Foreign exchange .....	73,994.41
Mortgages .....	3,411,076.34
Real estate (branch banking house) .....	478,526.00
Accrued interest receivable .....	376,749.35
	\$67,942,064.62
LIABILITIES	
Capital .....	\$ 3,000,000.00
Surplus .....	3,000,000.00
Undivided profits .....	1,251,428.22
Reserve for taxes, etc. ....	660,814.93
Dividend payable July 2, 1923 .....	120,000.00
Deposits .....	58,583,024.08
Treasurer's checks .....	169,232.52
Mortgage trust bonds .....	1,058,800.00
Accrued interest payable .....	98,764.87
	\$67,942,064.62

#### BANKERS ON EUROPEAN TOUR

Many prominent bankers sailed from New York on the S. S. "Majestic" on June 23 for a European tour which will include visits to England, France, Italy, Switzerland, Holland and Belgium. The tour is under the

auspices of the Lifsey Tours, Inc., 1472 Broadway, New York. The following bankers are members of the tour:

C. S. Andrews, Jr., vice-president U. S. Mortgage & Trust Co., New York; A. G. Bishop, president Genesee County Savings Bank, Flint, Michigan; J. D. Brown, president Bank of Athens, Athens, Ohio; J. B. Davis, president First National Bank, Cincinnati, Ohio; Hon. Homer S. Cummings, director First Stamford National Bank, Stamford, Conn., ex-chairman Democratic National Committee; Judge Charles D. Lockwood, president Citizens Savings Bank, Stamford, Conn.; Clarence W. Bell, president First Stamford National Bank, Stamford, Conn.; Robert J. Gross, president Merchants National Bank, Dunkirk, N. Y.; F. A. Griffin, director Union Trust Company, Jamestown, N. Y.; Hon. Marcus H. Holcomb, president Bank of Southington, Southington, Conn., ex-governor of Connecticut; Hon. Frank B. Weeks, president Middletown Savings Bank, Middletown, Conn., ex-governor of Connecticut; Frederick P. Hall, vice-president Union Trust Company, Jamestown, N. Y.; Frank Merz, president Union Trust Company, Jamestown, N. Y.; John Leh, director Merchants National Bank, Allentown, Pa.; W. E. Purdy, assistant vice-president Chase National Bank, New York; Howard J. Potts, president Reading Trust Company, Reading, Pa.; Dr. C. B. Story, retired physician and director of Bank of Bayside, L. I.; J. F. Smietanka, bankers' attorney, Chicago, Ill.; B. E. Smythe, former president New York Bankers Association, New York; F. B. Gannon, president First National Bank, Aberdeen, South Dakota; C. E. Gannon, bank director of Enid, Okla.; Herbert M. Lyon, Bridgeport Land & Title Company, Bridgeport, Conn.; H. A. Hickok, vice-



## A friend in every country

**I**N every important foreign city a traveler may visit, there is always a correspondent bank of The National Shawmut Bank. Commercial as well as Traveler's Letters of Credit issued to our clients will be recognized instantly by these bankers, who are of the highest local standing. They are ready to assist with finances, introductions, investigations and many personal services that will be found most welcome when the tourist seems to be hemmed in by quaint, interesting, but sometimes inconvenient customs.

Assistance to clients—which includes clients of our American correspondent banks—begins with securing American passports, visés, travelers' checks, and steamer bookings. If special introductions are desired abroad, or reports to be ready upon arrival, arrangements will be made in advance by mail or cable. In fact, any service within the scope of banking, and many additional details requiring trusted representatives abroad, can be handled effectively by this international bank.



**THE NATIONAL SHAWMUT BANK**  
*of BOSTON*

*Representatives in every corner of civilization*



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**BANKERS ATHLETIC LEAGUE GOLF TOURNEY AT LONG BEACH CLUB**

Charles H. Sabin, F. H. Clarkson, Robert Forgan and E. B. Byron, who were among those playing in the tourney.

C. E. Reid receiving the low gross score prize; Tom Sherman, Peter J. Tobin and Walter Richard also in the picture.



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**SOME OF THE BANKERS WHO TOOK PART IN THE TOURNEY**

**H. C. RICHARD**  
President The State Bank of New York

**A. P. LEE**  
American Exchange National Bank, New York

**H. G. STEMFSEN**  
Coal and Iron National Bank, New York



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**Mount & Robertson, Inc.**

41 Beaver St., New York

Phone Broad 1957

president Northern New York Trust Co., Watertown, N. Y.; Capt. James Dinkins, chairman of board Jefferson Trust & Savings Bank, Gretna, Louisiana; Chester W. Snyder, president Topeka State Bank, Topeka, Kansas; Alexander A. McIlvain, director National Central Bank, Baltimore, Md.; E. B. Stephenson, president City National Bank, Lincoln, Neb.; H. C. Wallace, vice-president Union National Bank, Scranton, Pa.; Charles E. Waite, president Stock Yards National Bank, Kansas City, Mo.

### BANKERS ATHLETIC LEAGUE TOURNEY

The second annual golf tournament of the Bankers Athletic League, New York, was held at the Lido Country Club, Long Beach, N. Y. on June 20, with nineteen teams competing, comprising about eighty players, all of them bank officers and directors. The tournament was played principally for the Krech Cup, donated by Alvin W. Krech, president of The Equitable Trust Company of New York. The last holder of the cup was the Guaranty Trust Company team. The team winner this year was The

State Bank of New York, with the Guaranty Trust Company runner up. The individual winners were Walter L. Richard and B. M. Sherman, both of the State Bank.

Among the players were C. A. Austin, H. C. Richard, S. Armstrong, E. S. Moore, A. J. Armstrong, E. C. Haaren, T. F. Barrett, J. H. Philbin, S. S. Colt, T. S. Buckingham, J. P. G. Moran, M. Field, C. W. Hodson, H. L. Nichols, E. C. Wilson, Hunter Marston, J. D. Gibson, George C. Holton, P. S. Duryee, F. H. Ecker, W. L. Ball, Eugene Miller, F. M. Weld, H. S. McClure, H. W. Tift, Jr., A. W. Hutchins, R. P. Nye, J. Sperry Kane, J. R. Swan, H. G. Stenerson, W. H. Riemann, Charles G. Meyer, R. Newman, H. S. Patterson, C. E. Du Fresne, J. A. Will.

Peter J. Tobin of the American Exchange National Bank, now president of the league, with a number of others, including Christopher E. Reid, who was chairman of the golf committee, conceived the idea that the athletic activities of the New York banks could be combined for greater pleasure and efficiency, and the result is the present league, which has been in existence about five years.

# **New England States**

**Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut  
and Rhode Island**

# **The First National Bank of Boston**

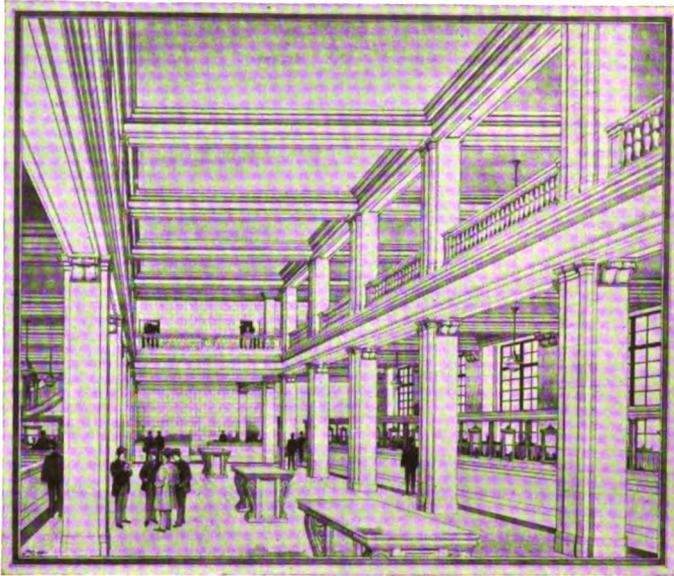
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**The leading financial institution in  
New England**

**Branch at Buenos Aires, Argentina  
Special Representative in London**

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**Correspondence solicited**



**T**HIS is a view of the banking room of the new home of the Second National Bank of Houston, Texas. The interior is in marble and bronze and the walls have been treated in Craftex. A spacious mezzanine gives ample room for additional working quarters.

## Thomas M. James Company

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342 Madison Ave., New York

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We would be glad to help you solve your  
bank building problem

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FIRST NATIONAL BANK OF BOSTON  
REVIEWS CONDITIONS

COMBINED figures, representing all sections of the country show that production continues at the highest level in history, according to the monthly letter of the First National Bank of Boston. Output, with present effective plant capacity and existing labor supply, is at or very near the maximum. Distribution, as evidenced by extremely high car loading figures, is very satisfactory. Retail trade, New England excepted, is holding up well. The rapid—10 per cent. in a little over a year—rise in wholesale prices has not fully reached the retail figures and consequently has not yet materially affected the purchasing power of the consumer. On the contrary, the latter's wages have risen during this period. The fly in the ointment is the wave of conservatism which has swept over the country in the past two months but which already shows signs of subsiding. This recession in business, which is being felt most acutely in New England, has shown itself in a falling off in orders and has brought about market curtailment in manufacturing, especially in cotton textiles, and to a lesser extent in shoes. Wool buying has been dull, although the mills continue consuming the raw material in huge quantities.

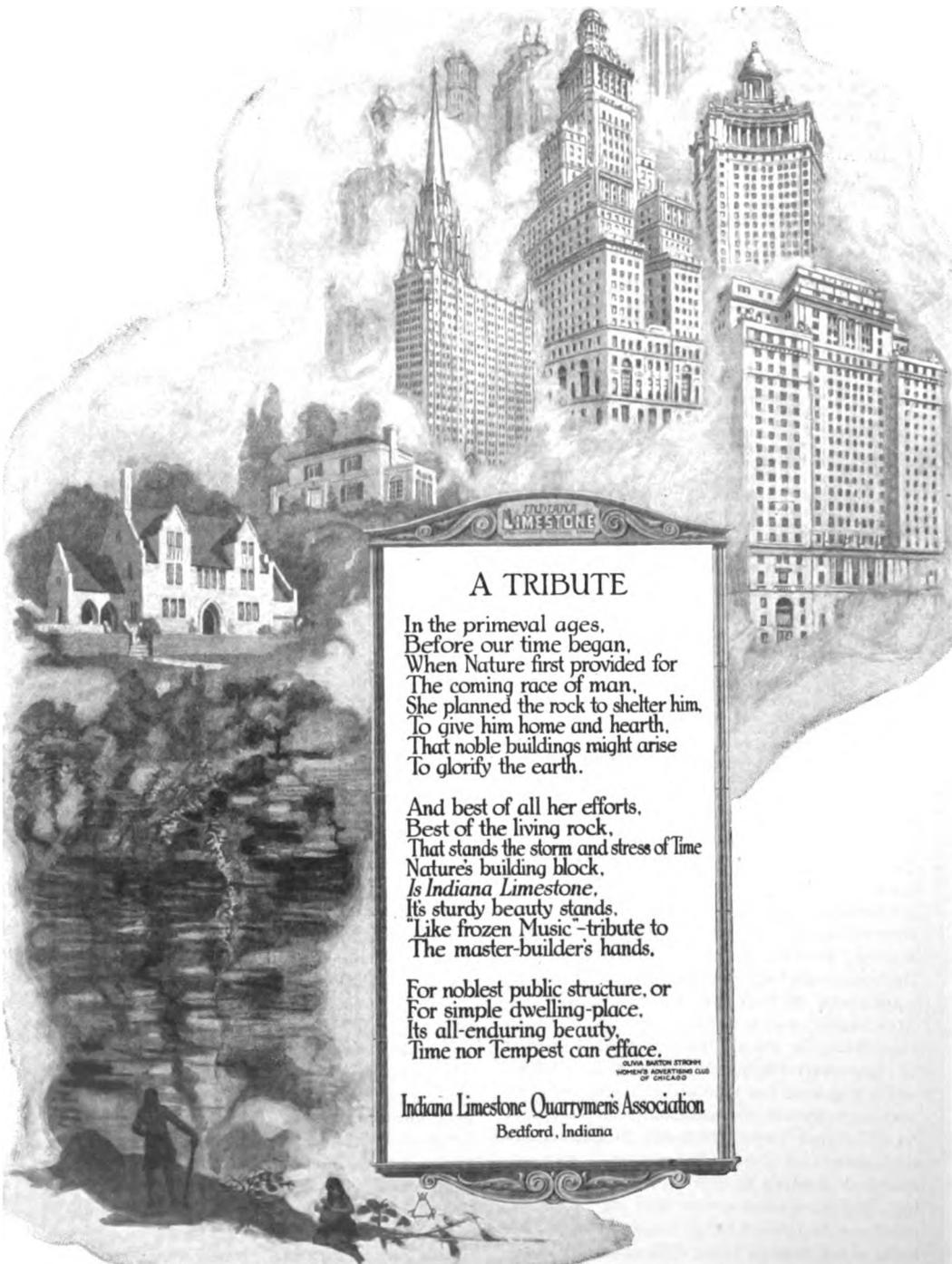
May production of iron and steel broke all records, with pig iron output at an annual rate of 45,000,000 tons and steel ingot production estimated at an annual rate of 50,461,237 tons. This latter compares with the total actual production of 43,619,200 tons in 1917, the previous record year. Finishing departments have also been operating on a record breaking scale, but warmer weather has been cutting down production, especially in sheet and tin plate departments, so that indications are that the May record will stand for some time. Added confidence in conditions has been reflected in improved buying of steel since June 1, while pig iron has also showed renewed life, although buyers are cautious. Steel prices have settled down generally to the levels maintained by the leading interest, with occasional shading in one or two lines. New building programs under way or projected continue to involve large tonnages of structural steel, though labor difficulties are a retarding factor.

The first Government cotton crop condition report for the new cotton year was issued on May 25, and showed an average condition of 71 per cent., which some experts

interpret as forecasting a yield of only 11,250,000 bales or below the average of pre-war years. World visible supply is estimated at 2,787,621 bales, of which 1,327,621 bales is American. These compare with last year's figures of 4,967,679 and 2,910,676 bales, respectively. Total exports of American cotton have reached 4,305,866 bales, compared with 5,364,288 last year.

The hide, leather and shoe trades have shown themselves particularly susceptible to the wave of conservatism experienced in general business throughout the country in the past month. Buying continues on a hand-to-mouth scale throughout the whole industry, and during the past thirty days the demand for stock has declined to such an extent that prices of country hides have dropped 1½ cents for Ohio extremes, while packer hides declined 2 cents a pound on such selections as heavy native and Texas steers and butt brands. With prices as they were a month ago, raw materials were still below pre-war prices, though above the low mark reached during the post-war depression. The most cheerful phase of the new price basis appears to be the opportunity to secure raw stock at prices more nearly commensurate with the present value of finished leather. On the other hand, tanners, in view of the unusual demand for novelty and bright colored leathers, have come to view staple lines with the same uncertainty with which they previously considered specialties. The present restriction is reflected in employment statistics, which show 1½ per cent. fewer leather workers for the nation during April than during March, although April figures are still over 14 per cent. greater than a year ago.

The wool markets of the world during the past month have offered a distinct study in contrast. London wools have been relatively dearer than Boston, while prices paid for wool in the West have been frequently above the parity of either of the two largest secondary markets of the world. The demand in this country has continued to be most pronounced for the finer qualities, while the medium and lower grades have been slow of sale. Worsted wools have been active, while carding descriptions have been almost entirely neglected. Of late the general demand for wool has been sluggish, although the dealers in the eastern seaboard markets have made considerable sales in the country for shipment direct to mills. Altogether, the market seems fundamentally sound in spite of the perplexing outlook. The American market has recently presented an anomaly



INDIANA LIMESTONE

### A TRIBUTE

In the primeval ages,  
Before our time began,  
When Nature first provided for  
The coming race of man,  
She planned the rock to shelter him,  
To give him home and hearth,  
That noble buildings might arise  
To glorify the earth.

And best of all her efforts,  
Best of the living rock,  
That stands the storm and stress of Time  
Nature's building block,  
*Is Indiana Limestone.*  
Its sturdy beauty stands,  
"Like frozen Music" -tribute to  
The master-builder's hands.

For noblest public structure, or  
For simple dwelling-place,  
Its all-enduring beauty,  
Time nor Tempest can efface.

OLIVIA BARTON STROPP  
WOMEN'S ROBERTSON CLUB  
OF CHICAGO

Indiana Limestone Quarrymen's Association  
Bedford, Indiana

through exports of wool to Europe. These shipments have not been large, but have assumed considerable significance because of their rarity, and would indicate the relative dullness of this market and the strength of the market across the Atlantic. These exports have consisted largely of medium to low grades of South American wools, of which large weights have been received here, shipments of Argentine wool to the United States this season being larger than to any other country.



#### JOHN N. EATON HONORED

At its recent annual meeting in Atlanta John N. Eaton of the Merchants National Bank of Boston was elected president of the Robert Morris Associates. This association is a national organization for credit and economic research, composed of loaning officers and credit executives of the leading banks throughout the United States, and has done good work in improving and standardizing bank credit methods. Mr. Eaton was connected for a number of years with E. Naumburg & Co., the well-known commercial paper house, and later was manager of the most important branch of the Industrial Trust Co., of Providence, which position he resigned to become connected with the Merchants National Bank of Boston, in charge of credits. Mr. Eaton is known as one of the best bank credit men in the country.

#### EDMUND S. WOLFE TO HEAD CONNECTICUT BANKERS

Edmund S. Wolfe, president First National Bank of Bridgeport, Conn., was elected president of the Connecticut Bankers Association in June 1923, and vice-president of the American Bankers Association for Connecticut.

In 1904 Mr. Wolfe went to the Traders National Bank, Washington, D. C. For five years he was assistant cashier of the American National Bank, Washington, and for five years cashier District National Bank, Washington. He was for one year assistant cashier National City Bank, New York. For the past five years he has been president of the First National Bank, Bridgeport, Conn.

He was past president Chamber of Commerce, past president Rotary Club, and is now trustee Bridgeport Public Library, Bridgeport, Conn.

Mr. Wolfe was one of the organizers and

an early president of the Washington, D. C. chapter of the American Institute of Banking. He also served as secretary of the Bankers' Association of the District of Columbia. He is present chairman of the



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#### EDMUND S. WOLFE

President First National Bank, Bridgeport, Conn.

American Bankers Association Educational Committee for Connecticut, and a member of the Banking and Currency Committee of the National Credit Men's Association. He attended George Washington University and George Washington University Law School, Washington, D. C.

#### LABOR BANK TO BE OPENED IN BOSTON

The establishment of a national bank for organized labor in Boston within a year was decided upon by local members of the order of railroad telegraphers at a meeting on July 8. One of the announced objects was the prevention of the use of the savings of workers in anti-labor activities in the event of strikes.

Leonard Jackson Ross, of St. Louis, grand

secretary of the order, and vice-president and cashier of the Telegraphers National Bank of St. Louis, discussed that institution and told of its success, whereupon the delegates, drawn from every part of New England voted to ask Mr. Ross to help in establishing here either a branch of the St. Louis bank or a separate concern of a similar character. Leaders of the local telegraphers' unions of the Boston & Maine, New York, New Haven & Hartford, Boston & Albany, Boston, Revere Beach & Lynn and the Boston Elevated Railway took part in the conference.

#### BANK MERGER EFFECTIVE

Stockholders of the Commonwealth National Bank (formerly the Commonwealth Trust Company) and the Fourth Atlantic National Bank of Boston, at a meeting on June 25, voted to ratify the action of the directors in the consolidation of the two institutions, effective at the commencement of business July 2.

#### TWO NATIONAL BANKS TO MERGE

Another national bank merger is in process in Boston. Arrangements were completed on June 12, for the merger of the Boylston National Bank with the Commonwealth-Atlantic National Bank, which latter bank is the result of the recent merger of the Commonwealth Trust Company with the Fourth Atlantic National Bank.

The stock of the Boylston National is to be purchased at \$200 per share. The bank has deposits in excess of \$13,000,000. The Boylston will be continued at its present location as a branch of the amalgamated banks and President Charles W. Bailey will continue as its manager. President Mumford of the Commonwealth-Atlantic announced that the merger would become effective when the Comptroller of the Currency approves the details and the Boylston

stockholders signify acceptance of the offer for their stock.

#### GEORGE E. BROCK

The trustees of the Home Savings Bank of Boston, Mass., announce the death of George E. Brock, president of the bank, which occurred at his home, Brighton, Mass., on Sunday, June 10.

#### WESTPORT BANK AND TRUST COMPANY

The Westport Bank and Trust Company of Westport, Conn., has selected Alfred C. Bossom of 680 Fifth avenue, New York, as the equipment engineer in connection with the new building they are undertaking at this time, which is located on a triangular plot at the intersection of Church and State streets.

The bank will be fitted with a safe deposit vault department of the latest type. There will be a mezzanine, in the rear of which will be the offices. In the rear of the building several stores have been provided for.

The triangular plot upon which the building will be erected offers a very unique treatment as the building will be seen from the two main thoroughfares of the city. The exterior is to be of brick and limestone.

#### EXTRA DIVIDENDS DECLARED

The Central Trust Company of Cambridge, Mass., declared a regular quarterly dividend of 3 per cent. and an extra dividend of 3 per cent. payable July 2.

The Waltham Trust Company, Waltham, Mass., announced an extra dividend of 1 per cent. in addition to the regular dividend of 2 per cent. both payable July 2.

#### NEW DIRECTORS ELECTED

Directors of the Boston Safe Deposit and Trust Company have added to the board Ernest B. Dane and Elmer E. Silver.



# 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

**B**UILDING is one of the big developments of the South this year. Of the principal sections of Dixie, there are only half a dozen or so where construction activity in April shows a smaller volume than during the same month last year. Comparative figures are not available for May, but unofficial information is to the effect that the activity is continuing at the same or a larger rate.

Vicksburg, Miss., and Orlando, Fla., lead in the percentage of increase for the month mentioned, the former with an increase of 859 per cent., and the latter 822 per cent. Then comes John City, Tenn., 471 per cent.; and Pensacola, Fla., 424. Atlanta, Ga., shows a 281 per cent. increase; Birmingham, Ala., 274 per cent.; and Miami, Fla., 270 per cent. Decreases are shown in Anniston, Ala., 35 per cent.; Montgomery, Ala., 11 per cent.; Tampa, Fla., 28 per cent.; Augusta, Ga., 30 per cent.; Columbus, Ga., 23 per cent.; Meridian, Miss., 49 per cent.; Chattanooga, Tenn., 11 per cent.

New Orleans and Alexandria, La., show increases of 41 and 51 per cent., respectively. The New Orleans increase does not show up so largely in percentage figures, because of the greater volume of the work that is being done in this city than in the smaller sections. Building activity in New Orleans is now remarkable, more than \$10,000,000 of major construction actually being under way, not counting the hundreds of small homes that are going up, and more than \$10,000,000 projected.

The employment problem of the South is acute. Because of the great demand for labor in the industrial sections of the North, thousands of negroes are leaving the farming sections of the South. Agriculture, at least in this part of the United States, can not compete with the wages of the cities, a fact that is responsible for the growth of a tariff sentiment in even the most unreconstructed regions of democracy. Economic

leaders are preaching the doctrine that farmers can not hope to get returns sufficient to pay labor wages that will compete with the city scale, unless there is protection on Southern raw material, so called. When all is said and done, the hide is the finished product of the farmer, just as the shoe is the finished product of the factory, yet the former is considered raw material and the latter is not. There are times when the theory of relativity is pushed too far.

There are sections in the Southern states from which the hegira of labor has been on a wholesale scale. Entire plantations have been denuded of their hands overnight, by the swarm of labor recruiting agents.



*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**

There are cotton mills that have had to cut production, despite the fact that they have tremendous orders ahead, because there is not enough labor to work three shifts a day. Louisiana recently invoked, for the first time since the war period, the law against recruiting labor. One agent has already been arrested. The authorities are watching for other infringements of the law.

The industries of the South are going full tilt, wherever there is sufficient labor. In Atlanta, there is reported a large increase in employment by iron and steel, and stone, clay and glass products. Alabama's iron and steel and miscellaneous industries have likewise increased force. In Hattiesburg, Miss., there is a slight decrease in employment by industrial plants; lumber mills, however, are working overtime. Throughout Tennessee, there is a gradual increase in employment, except in coal mining, which shows a decline. In Louisiana, the industries are increasing their payroll, and the same is true generally throughout the section.

The lumber industry of the South has shown a steady increase in orders, as indicated by the review of the building situation. Shipments by mills have been in greater volume than actual production, stocks being drawn upon heavily. The rate of production has picked up. There is still much dissatisfaction about the transportation situation.

The financial situation of the South is reported good. Demands for funds for agricultural purposes have been easily met by the banks. Reports made by thirty-nine member banks of the Federal Reserve System in the sixth district show a small decline in the total of all loans, discounts and

investments during April. Loans secured by Government obligations registered a small increase during the period, while demand deposits declined about \$3,000,000.

Loans and discounts reported by these thirty-nine banks on May 2 were \$405,842,000, compared with \$406,486,000 on April 4, and with \$350,883,000 on May 3 of last year.

Loans secured by Government obligations on May 2 amounted to \$7,713,000, compared with \$7,346,000 the month before. It was \$2,000,000 less, however, than on May 3 last year.

Total of all loans, discounts and investments held by these banks on May 2 was \$487,537,000, compared with \$488,891,000 on April 4, and with \$415,151,000 on May 3, last year.

Demand deposits on May 2 totalled \$275,666,000 compared with \$278,797,000 on April 4, and \$239,086,000 on May 3, last year.

Volume of bills on hand with the Federal Reserve Bank on May 9 totalled \$58,575,030, compared with \$46,982,887 on April 11, and \$36,656,398 on May 10, last year. This total includes \$3,808,634 of paper secured by Government obligations, \$22,558,928 of other bills discounted, and \$32,307,466 of bills bought in the open market, all of which are larger than similar items a month ago.

Likewise the volume of Federal Reserve notes in actual circulation increased from \$126,035,835 on April 11 to \$134,593,535 on May 9—nearly \$17,000,000 more than the total on May 3, last year.

Savings deposits throughout the district show an average gain of 14 per cent., Atlanta leading with 22 per cent., and New Orleans trailing the procession with 4 per cent.

Retail trade has been disappointing. While the March reports to the Federal Reserve Bank showed a 23.7 per cent. increase in volume over the same month a year ago, April's business showed an increase of only 3 per cent. The difference may be attributed to the fact that the peak of spring business was done in March of this year, while last year it was in April, Easter being responsible. Still, the business was disappointing, for the general average of the United States in March was a 5 per cent. gain.

Savannah, Ga., made the poorest showing, with a decrease of 13 per cent. New Orleans was off nearly 4 per cent. Birmingham showed the greatest increase, 19 per cent., followed by Atlanta, 10 per cent., Chatta-

# 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 thruout this  
territory :

invites your business

**JOHN M. MILLER, JR.**  
President

**Resources over \$30,000,000**

nooga, 7 per cent., and Nashville, 1½ per cent.



## CONVENTION DATES

Kentucky—at Louisville, Sept. 5-6.

West Virginia—at Fairmont, August  
21-22.

## OPENS NEW BRANCH

The uptown branch of the Farmers & Merchants National Bank of Baltimore was opened during the latter part of June. This branch is at North and Linden avenues. Prior to the inspection of the new office the directors of the bank were entertained at luncheon at the Merchants' Club by President Carter G. Osburn.

## BECOMES VICE-PRESIDENT OF NEW ORLEANS BANK

Claude G. Rives, Jr., became vice-president of the Whitney-Central Trust & Savings Bank, New Orleans, on June 15. Mr. Rives is one of the best known bankers in the South, and his new connection, although

it came as a surprise, is typical of the many honors that have been predicted for him by his friends and acquaintances. Mr. Rives was formerly with the Interstate Trust and Banking Company of New Orleans, with whom he has been connected since 1915.

Mr. Rives was born in Shreveport in 1889, and attended the public schools of that city. He has always been in the banking business. His first connection was with the Commercial National Bank in Shreveport in 1905, from which he went to the First National in Shreveport, the following year. In 1911 Mr. Rives was appointed assistant bank examiner for Louisiana under W. L. Young.

In 1915 Mr. Rives became auditor of the Interstate Trust & Banking Company in New Orleans, of which institution he was made vice-president in 1920. He was elected a director in 1921. Another honor came to him at the last convention of the Louisiana Bankers Association, when he was elected president of that body in 1923, having previously served as vice-president.

Before his departure from the Interstate Bank, Mr. Rives was a guest at a dinner given in his honor, when a handsome gold watch was given him as a token of the high

esteem in which he is held by his friends and co-workers.

#### R. S. HECHT HIGHLY HONORED

Rudolf S. Hecht, president of the Hibernia Bank & Trust Company of New Orleans, has been honored as New Orleans' most constructive citizen by being awarded the Times-Picayune loving cup for having accomplished the greatest good for the city of New Orleans during 1922.

Mr. Hecht received this honor principally because of his services as president of the



**RUDOLF S. HECHT**  
President Hibernia Bank and Trust Co.,  
New Orleans

Board of Port Commissioners, which is an honorary office and carries no remuneration. In this capacity he has depoliticized the Dock Board; and by his policies has helped to establish New Orleans as one of the most progressive ports in the world. He also rendered the city invaluable service in conceiving the plan for financing the construction of the New Orleans Industrial Canal which connects the Mississippi River with Lake Pontchartrain, and provides almost unlimited wharf facilities for manufacturing and other enterprises.

In addition to his work on the Dock Board, Mr. Hecht also was the outstanding figure in the reorganization of the New Orleans Railway and Light Company, and is now chairman of the board of that body. He also was instrumental in organizing the Mississippi Shipping Company, which gives New Orleans its first direct service to the east coast of South America.

Other activities with which Mr. Hecht has been intimately identified and which have characterized his service to the community have been the organization of the Federal International Banking Company of which he is a director, and the re-financing of the New Orleans city debt to which as a member of the Board of Equalization he gave several years of close study.

Practically all of Mr. Hecht's work for his adopted city has been unselfish and altruistic in its nature, without any hope of reward or compensation, and it is this fact more than any other which influenced the committee in designating him as New Orleans' leading citizen.

#### HIBERNIA SECURITIES COMPANY INCREASES CAPITAL STOCK

The Hibernia Securities Company, Inc., of New Orleans in order adequately to handle its constantly increasing volume of business has decided to issue \$300,000 additional preferred stock. This will increase the capital stock of the company to \$800,000, \$200,000 of which is common stock. The new issue has already been underwritten.

The board of directors of the Company have elected George H. Nusloch, treasurer, to succeed J. J. Farrell, who recently resigned. J. A. Baudean has been elected secretary and A. P. Smith, Jr., has been made assistant treasurer.

At a meeting of the board held June 6, the usual quarterly dividend of 1¾ per cent. per share on the seven per cent. cumulative preferred stock for the quarter ending June 30, was declared payable July 2 to shareholders of record June 26.

At the same meeting a dividend of 5 per cent. per share on the common stock of this company was declared payable June 15, to shareholders of record June 11.

#### BALTIMORE BANK IN NEW HOME

The Bank of Hampden, Baltimore, Md., is now occupying its new home at Thirty-sixth street and Roland avenue, that city. The bank was organized in 1910 and has made splendid progress and development since

that time which is shown by a comparison of deposits from its organization. On July 1, 1910 deposits were \$4,201.83; a year later they had increased to \$66,108.27; on July 1, 1913 they were \$208,359.09, and ten years later, that is, on May 15 of this year the deposits stand at \$1,548,711.78.

The officers of the bank are: Robert P. Simpson, president; E. Clay Timanus, Charles H. Benson, vice-presidents; John W. Backer, cashier; Albert H. Carrill, Edward H. Appleby, assistant cashiers.

LOUISIANA SAFE DEPOSIT ASSOCIATION

The Louisiana Safe Deposit Association, which was organized last fall and which includes practically all of the safe deposit companies in the state of Louisiana, is publishing "The Bulletin" as the house organ of the association.

The purpose of the Bulletin is to maintain a complete record of the proceedings of the meetings of the Association, and from time to time to present articles by experts on the various phases of safe deposit activities which will tend to improve the service to safe deposit customers.

FORT WORTH NATIONAL BANK

The statement of condition of the Fort Worth National Bank of Fort Worth, Texas, at the close of business on June 30 showed total resources of \$15,574,906.88; surplus and undivided profits, \$1,631,151.90; deposits, \$12,419,585.69.

D. ALLEN JOHNSON

The board of directors of the Hibernia Bank & Trust Company have elected D. Allen Johnson, assistant trust officer to succeed A. P. Smith, Jr., who recently resigned to become assistant treasurer of the Hibernia Securities Company.

T. COLEMAN DU PONT TO HEAD BALTIMORE BANK

General T. Coleman du Pont will head Baltimore's newest financial institution—the American Bank & Trust Company. The new company will be capitalized at \$7,500,000. Deposit accounts of about \$35,000,000 have been obtained it is said and this figure may reach \$100,000,000 within a year.

**\$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.

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**Hotel**  
**Martinique**  
*Affiliated with Hotel McAlpin*  
**Broadway-32<sup>nd</sup> to 33<sup>rd</sup> Sts.**  
**NEW YORK**  
**A. E. Singleton, Manager,**

C. F. Delmar, of C. F. Delmar & Co., who has taken a leading part in the negotiations for the venture, expects the institution will open September 1.

# Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,  
Iowa and Missouri

## ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

THE money market in the first half of June had an easier tendency, but the relaxation was noticeable principally in call rates. Commercial paper held at 5 to 5¼ per cent., with a very little bearing choicest names going at 4¾, while bank loans were 5 to 6 per cent. and not much business being done under 5½. The city banks are out of the paper market and what is moving is going to the country institutions. Borrowing demand is moderate and brokers are seeking paper rather than being sought, as they expect the market to be somewhat broader after the income tax payments are out of the way. They are also looking for a continuation of slack demand from borrowers for a while, the indications being that business will go ahead through the summer months on a steady basis without much forward buying. Borrowers of January are paying up and the retiring paper exceeds the new output.

Business is good and signs of a setback are encountered in this section much less frequently than in some others, judging from current reports. Spring retail trade was late in starting because of unseasonably cool weather, but developed considerable vigor with the coming of midsummer temperatures early this month. Light apparel, white goods, wash fabrics, novelty sweaters, silk hosiery and oxfords are in good demand while the departments handling outgoing supplies, sport goods, motoring equipment and vacation lines of all kinds are busy. Wholesale business is running ahead of the corresponding time last year and the buying for fall is in liberal volume. Markets are steady and there are no indications of oversupplies. Price advances are less frequent and this has had an encouraging effect on buying by merchants. Now that warmer weather has come fill-in orders are more frequent and there is also more inquiry for goods suitable for summer special sales, indicating a satisfactory outlet for

spring stocks and confidence in the future. The recent declines in prices of farm products have had some restraining influence on distribution of merchandise in the agricultural districts, but sales of the large mail order houses continue to show a substantial gain over the figures for the corresponding time last year. In one noteworthy case the gain for May was nearly 70 per cent. as compared with the fifth month in 1922, which indicates that buying power is undiminished.

The outlook for abundant soil yields this season is good. Clear, warm weather in the latter part of May was favorable to the completion of seeding operations and since then there have been general rains, providing ideal conditions for growth.

Curtailed building operations because of high costs, which has been the cause of some concern in other sections, is hardly noticeable in the central west. Permits were issued in Chicago in May for 1491 buildings, to cost \$32,198,000 as against 1273 involving an expenditure of \$27,029,650 for May, 1922, an increase of 19.12 per cent. Compared with the month of April when permits were issued for 1477 buildings to cost \$61,814,965, the figures show an increase of 14 per cent. in the number of buildings but a decrease of 47.9 per cent. in outlay. This indicates that the construction of small apartments and dwellings is going ahead as rapidly as ever, but that fewer large projects are being started, which is not unnatural as most of these are gotten under way at the beginning of the season. In the first five months of this year permits have been issued for 5696 buildings to cost \$165,590,612, compared with 5006 permits involving an expenditure of \$84,925,460 for the corresponding part of 1922, an increase of 94.9 per cent. In spite of this large increase in operations the markets for materials have held comparatively steady without much of a rise in prices. One reason for this is the excellent condition of railroad traffic, the carriers being able to keep materials moving in large volume, preventing any shortage in the supplies. Wages have been advanced, and it

would not be surprising if from now on there should be a checking of building activity, but it has not yet made its appearance and the housing needs are still great.

Conditions in the steel industry are strong. Operations of the plants in this district for some weeks have been on a larger scale than even at the peak of war activity, running at 95 or 96 per cent. in the case of the principal producer and 80 to 85 per cent. for the leading independents. The mills are well sold up for the remainder of the year and for this reason there has been less buying than in the preceding month, but this is more a matter of obtaining deliveries than anything else. Railroads are placing much fewer orders for cars, but that is not strange in view of the fact that no more cars could be produced in the rest of the year than already have been engaged. Rails, however, are still active and there is a sustained demand for track accessories. Automobile manufacturers continue to take steel in large quantities and the demand from implement makers also is good. Structural orders have fallen off and those appearing are for smaller tonnages.

Railroad traffic is of record proportions. Earnings of the transportation lines are good and they are making energetic efforts to increase their equipment facilities so as to take care of the heavy business expected in the fall. New cars are coming into service all the time and repairs have been pushed so rapidly that the setback due to the shopmen's strike has almost been overcome. The enormous tonnage now being offered is handled with much greater ease than was a smaller business a few months ago.

Investment demand is holding up well, and the market has been benefited by the fact that security offerings of merit have been fewer than earlier in the year. Savings deposits continue to increase, reflecting full employment at high wages, and also a disposition toward thrift which is not always an accompaniment of such prosperity as now prevails.



#### CONVENTION DATES

Farm Mortgage Bankers—at West Baden, September 18-19.

Indiana—at Indianapolis, September 12.

#### NEW OFFICERS OF DETROIT BANK

After a meeting of the board of directors of the First National Bank in Detroit, Emory W. Clark, president, announced that



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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**



E. G. COFFMAN

Mr. Coffman was recently elected a vice-president of the First National Bank in St. Louis. He held the office of assistant vice-president before his election, having served the First National and its predecessors for fourteen years.



OLIVER G. LUCAS

Mr. Lucas was also elected a vice-president of the First National Bank in St. Louis recently. He previously served as assistant cashier, going to the bank in 1919, having been connected with the National City Bank of New York.

the following had been elected as officers of the bank: Frederic J. Parker, cashier, becomes vice-president; George S. Hoppin, comptroller, succeeds Mr. Parker as cashier; Arthur E. Patterson, assistant cashier, becomes an assistant vice-president; Garnet W. O'Neil elected to the position of comptroller.

#### CONTINENTAL AND COMMERCIAL BANKS OF CHICAGO

The statement of condition of the Continental and Commercial National Bank of Chicago at June 30 showed total resources of \$421,246,925.89, surplus \$15,000,000, undivided profits \$5,041,630.82, deposits \$359,660,914.94.

The statement of the Continental and Commercial Trust and Savings Bank issued at the same time shows total resources of \$120,417,591.50, surplus \$5,000,000, undivided profits \$4,251,329.29, deposits \$104,400,055.37.

#### SEVERS CONNECTION WITH ST. LOUIS BANK

Frank O. Hicks, vice-president of the First National Bank in St. Louis has severed his connection with the bank to accept the vice-presidency of the Missouri State Life Insurance Company. Mr. Hicks will have charge of the investments of the company.

#### NEW BRANCH BANK OPENED

Providing the necessary banking facilities for a growing suburban community, the Cleveland Trust Company opened its fifty-third neighborhood bank, June 30, at the corner of Lee and Tullamore Roads, Cleveland Heights.

The new bank, to be known as the Cedar-Lee Bank of the company, will provide, conveniently near, the services of a metropolitan bank.

W. C. Lamp, for several years at the Euclid-East 105th Bank of the Cleveland

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.

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*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 Company has been named manager of the Cedar-Lee bank.

## COMMERCE COMPANY TO BE ORGANIZED IN ST. LOUIS

The organization of a new financial institution to be known as the Commerce Company with a capitalization of \$1,000,000 to handle investment loans such as first mortgage real estate loans, industrial bonds and other securities was announced recently by John G. Lonsdale, president of the National Bank of Commerce in St. Louis.

The new organization, which in reality will be a new department of the National Bank of Commerce, will be financed through the present stockholders of the bank, who number 2300. The plan already has been approved by the directors and other large stockholders and a letter has been sent out to the remaining stockholders requesting their approval.

The plan contemplates the declaration of an extra 10 per cent. cash dividend, amounting to \$1,000,000, which the stockholders will immediately invest in the stock of the new company, each shareholder holding his

proportionate share of stock in the new organization.

Mr. Lonsdale announced that the new company will be housed in the Pine street side of the Federal Reserve building formerly occupied by the Mortgage Trust Company. It is anticipated that as soon as the Federal Reserve Bank moves to its new building the space will be devoted to the expansion of the Commerce Company.

## EDGAR L. MATTSON HONORED

Edgar L. Mattson, vice-president of the Midland National Bank, Minneapolis, Minn., chairman of the executive committee of the National Bank Division of the American Bankers Association and formerly president of the Minnesota Bankers Association, was recently appointed by Governor Preus as chairman of the delegation from Minnesota to represent the state at the Tercentennial Exposition at Gothenburg, Sweden, which is being held from May 8 to September 30, of this year. This is pursuant to an invitation from the Government of Sweden to the President and Government of the United States, and a resolution requesting the governor to make appointments, passed



EDGAR L. MATTSON

Vice-president Midland National Bank, Minneapolis

by the Legislature of Minnesota, during April of this year. Copies of the resolution will be presented by the delegation to the officials of the Swedish Government and the officials of the Gothenburg Exposition. The first week of July was set aside as American Week during which special festivities and celebrations were featured.

#### C. D. HAJEK MADE MANAGER OF BRANCH OFFICE

C. D. Hajek, assistant secretary of the Union Trust Company, Cleveland, has been named as the manager of the new office of the Union Trust Company opened at Kinsman and East 140th street, Cleveland, on July 14.

The establishment of this new office is an interesting example of the manner in which the bank follows its clientele. Three offices of the Union Trust Company—the Broadway, Buckeye and Woodland offices—were established years ago in foreign districts. These so-called foreign districts were crowded and closely built. As the second generation of these immigrants became Americanized they began to move away from their old districts, and established for themselves a typically American residential community, centering around Kinsman and East 140th street. Consequently, in establishing this new office the Union Trust has

followed the second generation of its customers to their new place of residence.

Mr. Hajek, manager of the new office, came to the Union Trust Company in 1907 as a bookkeeper and has worked his way up to the position of assistant secretary. His long experience with banking in a "foreign" district has given him an intimate understanding of the financial habits of the people in the community in which the new office



C. D. HAJEK

Assistant secretary Union Trust Company, Cleveland

is to be established. Mr. Hajek speaks several languages and will be able to attend to the banking needs of either generation of the people in his territory.

#### WISCONSIN BANKERS ASSOCIATION ELECTS OFFICERS

The Wisconsin Bankers Association elected the following officers for the year at the annual convention: E. A. Redeman, cashier National Bank of Commerce, Milwaukee, president; W. H. Doyle, vice-president; E. T. O'Brien, treasurer; George D. Bartlett, secretary, and W. G. Coapman, assistant secretary. The three members elected to the executive council were: T. O. Monk, N. F. Gill, and H. C. Berger.

# 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

WHAT the Western states have been hoping against is developing—production is overtaking demand in some of their more important agricultural markets. Wheat stands out as the most disappointing commodity. Hogs are disappointing. There is also weakness in oil. An easier tone has developed in lumber. Activity among farmers is not lacking, for there is a strong desire among them to effect economic recovery. The problem of marketing, however, is beyond them. It is a world problem which they alone cannot solve, a problem that is very complex.

The National Wheat Conference at Chicago, which the writer attended, epitomized the varied problems of the Western states. Two days were spent there in considering the problems of the wheat farmer. There was loud clamoring for the revamping of the machinery of the Government used in war times for the purpose of establishing a minimum of \$1.50 a bushel for wheat. There was clamoring for lower freight rates. Increased domestic consumption of wheat was urged. The president of Armour & Co. recommended that the lower grade wheat be fed to live stock. Lessened production of wheat was recommended. Conservatives prevailed, and the net result was a set of resolutions that expressed approval of the inquiry of the Interstate Commerce Commission into existing freight rates on grain and recommended price stabilization for wheat. Some of the radical farm leaders termed the latter recommendation as "bunk" in the face of the refusal to vote for a specific guarantee plan that included an extra session of Congress to pass the necessary legislation assuring farmers a minimum of \$1.50 for wheat. If the National Wheat Conference accomplished any good, it was in bringing the farmers who were a part of the assembly of about 600 delegates and visitors from all parts of the United States to a realization that there are

no short cuts to the prosperity of old for which they rightfully and naturally yearn.

Wheat is too low for the Western growers but not too low to meet world competition. The export demand is disappointing. More than 40,000,000 bushels of wheat were contracted for export when the new crop year opened a year ago; the 1923-24 crop year opens with less than a fourth of this amount contracted. Russia is beginning to cast a shadow over wheat markets. She is returning as a producer on an uncertain scale. But Russia is a producer that needs European manufactures. America does not want these manufactures so eagerly, as the new tariff law attests. The European importers therefore look more favorably upon Russian offerings. A warning that European importers cannot use both Russian supplies of the future and the American wheat surplus was sounded by Dr. Alonzo E. Taylor of the Food Research Institute. Current wheat prices mean hardly 80 to 85 cents a bushel to farmers. There is some bearish forecasting of an even lower market. Crop developments in the American Northwest and Canada, if adverse, may alter this prospect, but the present outlook for spring wheat production in North America is bearish upon prices. Some unforeseen crop adversities in Europe may also alter the present prospect for United States wheat prices.

With the unsatisfactory European demand, the reasons for which are well understood among grain men though somewhat mysterious to many farmers, the domestic markets are witnessing sharper competition. Profits of distributors are down along with those of producers. Memberships on important grain exchanges have shrunk 50 per cent. in value as compared with the prices quoted during the period of enormous European export trade in cereals. There is greater competition in the milling business.

When F. Edson White, the new president of Armour & Co., told the National Wheat Conference he favors feeding some low grade wheat to live stock even though the



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days before an Oklahoma market reported the case of a farmer who sold old wheat at 95 cents a bushel and spent a portion of the proceeds to pay for corn at \$1 a bushel. The fact is that cattle and lambs are not so directly affected by European unwillingness or inability to buy as are hogs and wheat. Corn at this writing is relatively much higher than wheat, but the disparity cannot continue for long. As in the case of hogs, cattle are likely to overtake demand with no great foreign market. If labor is not kept busy at high wages, it will reduce meat buying. So, while cattle and lambs are now helping to sustain Western business, the outlook is not brilliant. The hog market is an interesting sign.

Crop progress thus far this season has been very mixed. The extreme of drouth last fall and winter has been followed by the extreme of excessive wetness. However, the rains stopped soon enough in Oklahoma and Kansas to make possible good wheat harvests, although sharply less than expected. In the spring wheat states the plant is late. Corn is promising, though there has been some damage from floods as in the case of wheat. There is a great abundance of pasturage. A big feed crop seems probable. This is going to help the Western states, for, with disappointment over wheat prices, preparations will be made for feeding cattle more generally. Even with reduced demand for beef, there is promise of buying of cattle for feeding that will help the entire West that sells grass stock. Will there be over-feeding of cattle? The outturn of corn and the employment situation will answer next year.

Signs are not lacking that make the West feel prices are going to recede to its level in time. But this prospect is not what the West has been hoping for. It hoped that its own prices would rise to the level of industrial centers. With Europe so disappointing a buyer of its surplus, the West now sees this is impossible. As its own prices recede, its liquidating power is affected—affected to a degree that will tell in trade when industrial products are readjusted.

Of course farmers are economizing. Current wheat prices are forcing economy. Where wheat is the mainstay the low market is more depressing than where there is diversification, for the products entering almost exclusively into domestic channels are on a better basis. When there are scattered floods, much attention is evoked

recommendation may sound sacrilegious, he did much toward making it possible to say that that gathering epitomized the economic situation of the Western states. Mr. White noted that cattle and lambs are selling relatively better than hogs. He bemoaned the fact that hogs were not being marketed in good condition and pointed to a supply situation that was overtaking demand. But he said hogs should be finished better. A few

1866



1923

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from the daily press. When the crop season moves along without abnormalities, less attention is given the West in the daily press. The season has been mixed, but with its abnormalities, good total harvests are promised. One of the old rules of business in the West is that good crops mean good business, but disrupted Europe is a new factor.

Demand for money is tending to increase, as usual at this season. Low wheat makes farmers more desirous of borrowing, for the stronger farmers want to hold for better prices. Bankers will make many loans, but the action of the wheat market tends to make financial interests more cautious about supplying credit. It is one thing to attempt to counteract a local situation and another to run counter to world influences. The feed situation promises to increase demand for money to go into live stock undertakings. There will be less money flowing to banks from wheat. The outlook is therefore for firmer money than was indicated a month ago.

Industrially, the Western states are in a less cheerful frame of mind than at any other time this season. Some diminution in building operations is apparent. This territory

is thinking more of the changes in rents and building outlays and wage payments that lower farm prices are likely to force. Offsetting the low prices, to a degree, is the low cost in labor expenditures in the production of the new crops, farmers having done more of their own work. The weakness in the oil market affects an important source of revenue. Dullness rules at coal mines. Smelters are less active. The supply of office workers seeking jobs is increasing. Manual labor is still well employed, but there was no trouble about meeting the early harvest hand demands.

A territory so gifted as the West in the production of essential products is not by nature a pessimistic territory. The bounties of nature make for hopefulness. There is hope of better markets and better retail and wholesale trade for merchants. But the hope rests upon world events. Something must develop to alter the demand situation. The West does not want to face markets with demand running behind the supply when it is in a position to enlarge production further. What response will the world make to such a territory? The answer is



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in Leadville, Colorado, and after graduating from Yale University, became general manager of the Isabella Mines Company at Cripple Creek. During the war Mr. Mitchell served in the air service of the army, and upon his return became a partner in the firm of Wright, Swan & Company, investment bankers. When this firm was merged into the Bankers Trust Company, Mr. Mitchell became vice-president. Mr. Mitchell is a regent of the University of Colorado, and a director of the Denver National Bank, the Compressed Gas Corporation, and the Sterling Lumber & Investment Company. He is a member of numerous clubs and business organizations. During the past year, he has been active in urging

the key to the future of business in the Western states.



#### CONVENTION DATES

Montana—at Great Falls, August 9-11.

Nebraska—at Omaha, September 26-27.

New Mexico—at Cloudcroft, September 7-8.

Wyoming—September.

#### CLARK G. MITCHELL HEAD OF COLORADO BANKERS

Clark G. Mitchell, vice-president of the Bankers Trust Company of Denver was elected president of the Colorado Bankers Association at the closing session. Vice-presidents elected were Roy Cox of Trinidad and A. H. Hunt of Colorado Springs.

Paul Hardy of Denver was reelected secretary and the following were elected vice-presidents of the various divisions of the American Bankers Association: H. B. Mendenhall, Rocky Ford, vice-president Colorado section; Harry L. Morgan, Denver, vice-president trust section; W. F. Boyd, Saguache, vice-president state bank section; C. G. Graham, vice-president national bank section; C. N. Jackson, Greeley, vice-president savings bank section; James Ringold, Denver, nominating committee, American Bankers Association; Harry M. Ruby, Golden, alternate.

Mr. Mitchell, the new president, was born



CLARK G. MITCHELL

Elected president Colorado Bankers Association

the repeal of the tax exempt feature in municipal bonds.

Resolutions adopted at the closing session of the convention included one urging a constitutional amendment to eliminate the tax exemption of incomes from Federal, state and municipal bonds to be issued in the future; another opposed branch banks in the state and a third urged that the Federal Reserve banks or branches be prohibited from handling collection items.

# Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,  
Arizona and Alaska

## ECONOMIC CONDITIONS IN THE PACIFIC STATES

By C. E. TAYLOR, Economist

Department of Research and Service,  
Security Trust and Savings Bank,  
Los Angeles

**T**HE slowing down of business and industrial expansion, which has been a noticeable feature of economic development in the United States during the second quarter of the current year, has also been a characteristic feature of conditions in the Pacific States during the past two months. During April bank clearings in this region were about 1½ per cent. lower than during March, building permits issued were about 12 per cent. less in valuation and 5 per cent. less in number, retail trade decreased nearly 8 per cent., and wholesale trade probably somewhere between 5 and 10 per cent., while the demand for certain basic raw materials produced in this territory, such as lumber, metals, etc., slackened somewhat. Exact data is not yet available for May, but judging from general statements made by informed persons in various parts of the district, the tendency toward curtailment of business and industrial expansion was continued from April into May.

To a certain extent the pause in the upward movement of business and industry in the Pacific States has been purely seasonal, but all of the recent slowing-down cannot be attributed to this cause. There is apparently a very well defined determination on the part of business men in this section of the country that the mistakes of 1919 and 1920 shall not be soon repeated. The steady expansion of business and industry during the opening three months of 1923 was regarded by them with satisfaction, but at the same time they have resolved not to be carried away by enthusiasm, but to be cautious in their commitments. While it is hard to determine what the great body of business men and industrialists are really thinking, because they are largely inarticulate, such sporadic expressions of opinion as have been made by business leaders here

and there would incline one strongly to believe that business and industry in the Pacific States is suffering—if it can be said to be suffering from anything—not from any excess of optimism but rather from an excess of caution. The determination of business men of the region to prevent any repetition of the untoward happenings of three years ago is probably the best assurance that for some time to come business and industry will be on a sound and active basis in this territory. At the same time, this determination is no doubt responsible for some of the present hesitation in the rate of economic expansion in the Pacific States.

It is also obvious, of course, that business and industry cannot go on indefinitely at the rate of advancement which they have displayed since the recovery from the slump began in February, 1922. Sooner or later the slack must be taken up and the business community content itself with the slow and steady progress incident to the normal growth of population and wealth. It is not at all unlikely that in the Pacific States, generally speaking, recovery from depression has been practically completed, and the best that can now be anticipated is a continuation of activity at or near present levels, with perhaps a gradual tendency toward expansion being manifested.

Fundamentally there is apparently nothing unsound in the situation on the Pacific slope. In practically every major field of economic endeavor conditions are better than a year ago. Building is still at nearly record levels, involuntary unemployment has practically disappeared, the output of lumber mills is the greatest of any time during the past four years, activity in mineral producing regions is maintained at high levels in spite of recent declines in the prices of copper, lead and zinc and the approaching termination of Pittman Act silver purchases, wholesale and retail trade is active, business failures are few, the spring has been favorable for crops, while livestock enters the summer in good condition, and the supply of credit continues abundant with rates apparently steady at the levels of a month ago.

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Prompt handling of collections through close connections on each of the islands in the Territory.

A recent survey involving the entire Pacific coast has demonstrated that there is only a normal amount of goods going into storage, in spite of active trade demands, and no evidence can be secured of commodity speculation or of duplication of orders for goods in order to make certain of delivery. To reiterate, there is apparently nothing wrong fundamentally with conditions in the Pacific States and economic activity is at a high level, with no reason for apprehension—indeed, rather the reverse—because of the recent tendency toward a slowing-down of expansion.

Of much interest in California and in the country at large is the petroleum situation in the former, since California is now the greatest oil producing state in the Union and will, it is agreed, be in a position largely to dominate the petroleum market of the country for several years to come. The heavy production in California, to which attention was called last month, continues to cause much concern. The attempts at curtailment of production have proved only partially successful, because of the new wells which are being completed almost daily. How to bring about a decrease in the number of wells being brought in is a difficult problem, because, on account of provisions in their leases, lessees find it necessary to continue drilling operations, despite the fact that all of the physical facilities for the handling of production are now taxed to capacity. Indications now are that the erection of additional storage facilities for excess production will only offer temporary relief and shipments to the Atlantic seaboard have already assumed such proportions as seriously to affect eastern markets. As a consequence, old fields in California are

closing in production wherever possible and the large companies and many of the smaller ones are making strenuous efforts to curtail production in new fields.

Mention has already been made that involuntary unemployment has virtually disappeared in the Pacific states. It would be natural, therefore, to expect that with labor more or less at a premium signs of industrial unrest would begin to develop and strike reports to come from here and there in the region. However, to date there has been only one labor difficulty of consequence on the Pacific slope. This has been the recent walk-out of I. W. W. and I. W. W. sympathizers in some of the logging camps of the Northwest, and of I. W. W. marine and transport workers at the various Pacific ports. This walk-out was called for April 25 and in probably every port and logging camp of the district was ended within two weeks of its inception, except in Los Angeles, where the I. W. W. were joined by members of the Federation of Marine Transport Workers of the Pacific coast, who took advantage of the opportunity to attempt to rid themselves of an objectionable employment agency conducted by the employers. The walk-out at Los Angeles harbor is now, however, completely at an end after having threatened a serious freight congestion at the port and having been the subject of some rather exaggerated reports in newspapers elsewhere.

Perhaps as serious an economic difficulty as exists in the Pacific states is the maladjustment between the prices of agricultural products and the prices of other commodities. It is not apparent that the past year has effected any thorough-going change in this respect. Sheep, lambs, hogs, wheat, rice and fresh and dried deciduous fruits are bringing prices below those of a year ago, while cattle, wool, barley, cotton, sugar and lemons are selling at prices well above those of twelve months ago. Since the general level of prices has advanced materially during the year it would seem that as a whole the condition of agricultural producers in this section has not been very greatly improved since the spring of 1922.

Total loans and discounts of banks in this district continue to increase while deposits have declined somewhat. However, the ratio between total loans, discounts and investments and total deposits is still high and the supply of credit seems abundant. Savings deposits in the banks of the region continue to increase, though the rate of gain

has slowed down a bit and small losses have occurred in San Francisco, Oakland, Salt Lake City and Spokane.

#### CONVENTION DATES

Arizona—at Tucson, October 26-27.

#### VERNON C. LEFTWICH

Vernon C. Leftwich, recently manager of the new business department of the United Bank and Trust Company of San Francisco, has severed his connection with that institution and is considering a proposition which may take him to Los Angeles.

Mr. Leftwich joined the organization in Sacramento in 1921 when it was known as the Sacramento-San Joaquin Bank. This bank recently merged with the Merchants National Bank of San Francisco and the head office was transferred to that city.

Mr. Leftwich is also considering the possibility of going east. "I believe", he said, "that some of the Western methods of bank business building could be adopted with advantage by Eastern and Middle Western financial institutions."

#### CONDITION OF BANK OF ITALY

More than 435,000 depositors are doing business with the Bank of Italy, a number greater than that of any other bank in the United States, as shown in the semi-annual statement of condition.

The increase in depositors during the last six months is in excess of 85,000. Total resources have grown nearly \$20,000,000 during this same period and deposits have jumped from \$229,000,000 to more than \$247,000,000.

Dividends for the first half year, amounting to \$990,000 have been declared and checks are being mailed to all stockholders.

Appointment of new officers, shown in the statement include: A. Gamboni and Paul Dietrick, assistant vice-presidents; Geo. W. Schmitz, assistant manager credit department, and Alfred Fenton, acting personnel officer.



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# Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

## ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

**A**N improved tone to the whole business and financial outlook has been supplied by timely rains on the Western prairies and assurances of good crops throughout Canada. In Alberta, where there have been a series of dry years over a large area, the rain has arrived at a critical period and reliable reports now indicate that only hail can prevent this province from showing a yield to equal the bumper crop of 1915. A crop of 100,000,000 bushels is being predicted for this province, compared with 65,000,000 bushels last year, a year in which Western Canada had its biggest harvest. In Saskatchewan, the big wheat province, conditions for a large crop are very satisfactory and the same applies to Manitoba. In Eastern Canada a long dry period in Ontario and some other sections has been relieved by very general and heavy rains and, although the season has been late, rapid and healthy growth is taking place and the outlook for field crops, fruit, etc., is regarded as very good.

This improvement in the outlook has been reflected in greater confidence in placing future orders and in some betterment in current business. Industries are, therefore, looking for an extended period of activity and the good wages prevailing should maintain buying power in the urban communities. In Western Canada, where the buying power of the farmer has a direct bearing on Eastern industrial activities, it is not to be expected that there will be any marked increase in consumption until after crop money is in actual circulation, but the improved prospects are having their effect not only in regard to orders for future delivery but in the current buying of those who have surplus funds. There has been a marked change in the West since spring activities opened on the land and there would seem to be good grounds for the estimate of the Department of Agriculture in Saskatchewan that the crop of 1915 provided a profit of \$100,000,000 for prairie farmers. The

liquidation of debts which this has permitted has undoubtedly been effecting a general improvement in the whole situation, attention from which has to a large extent been deflected by the propaganda of those politicians who have been capitalizing the discontent of the farmers with market prices for agricultural products and have been encouraging all sorts of radical demands for marketing pools, cheap farm credits and special favors in regard to transportation charges, customs duties etc.

With some further reduction in the cost of crop production and sustained prices for fruit and other farm products there should be a fair margin of profit for the Canadian farmer. However, his buying power will depend to a very large extent upon the prices for goods and products which he consumes. It is in this direction that the danger of undermining general conditions lies. The rise in wages has been recently reflected in higher prices in many directions and these advances threaten to check consumption. In this connection the recent putting on of the brakes in the industrial situation in the United States should have a salutary effect in this country as it evidently has had on the other side of the international line. It would seem that the lesson of the last inflation and collapse has had some effect in checking the parade of price advances which threatened to bring about a crisis. The postponement of construction and other activities and the hesitancy of speculators in running up prices with forward buying should have the effect of extending the demand for materials and goods over an additional period rather than to increase the pressure on production with increasing wages and higher prices.

The Fielding budget, outlining the King government's fiscal program for the year, does not make any radical proposals and has been fairly well received. However, in financial circles the significance of the fact that this budget, like others since the end of the war, fails to strike a balance and continues to pile up capital debt for current expenditures is seriously regarded.

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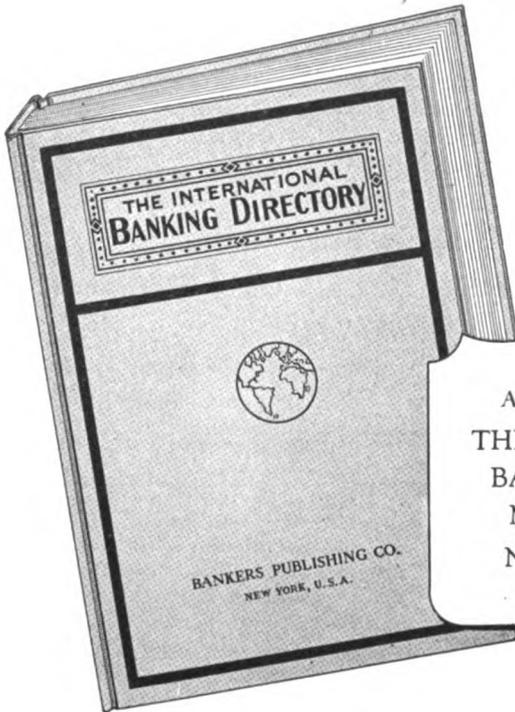
Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	5,000,000.00

The deficit is on a declining scale—but there is still a deficit. The big financial problem of the country is the National railways which are responsible for many millions in deficits each year, and the hope for improvement in the whole situation is the hope for better things in the operation of these roads under the management of Sir Henry Thornton. Whether this can be effected with the Western political groups using their influence to get lower rates for their transportation of grain and the movement of coal to Eastern Canada remains to be seen, but it will evidently require a strong hand at the helm of the overloaded transportation craft to steer a sound economic course with the handicap of political interference. Hope for a better showing than that made by the budget is expressed in some quarters, based on the belief that the railways will make greater improvement and that the income from sales and other taxes has been underestimated, the Minister of Finance working on the assumption that there will be more care exercised in departmental spending with prospects of a deficit than if there was plenty of money available.

The proposal for a fixed sales tax of 6 per cent. to apply at the stage of complete factor rather than the smaller tax which has had a tendency to pyramid, is expected to facilitate collections. The idea is worked out by supplying manufacturers and jobbers selling materials to manufacturers, with licenses. The tax applies when the goods pass out of the hands of any person holding a license. The manufacturer thus

becomes the collector of the tax, which it is expected will be absorbed in his costs. So far as the tariff is concerned the government did little to put its low duty promises into effect—the principle of protection is recognized as a national rather than a party policy. The increase in the British protection was about the only concrete action in this direction, the reciprocity gesture towards the United States being regarded as only of political character in view of the anti-reciprocity influence exercised at Washington by the farm bloc. However, the reference to an embargo on wood pulp exports is regarded as a possible hint of Mr. Fielding to barter for tariff concessions on Canada's farm products, while it is pointed out that the demand of the Western farmers in the United States for a water route by the St. Lawrence River might also be capitalized as a concession to be bargained in this connection in the interest of lower duties on the products of the Canadian West.

An increase of nearly \$30,000,000 in current loans in Canada during April may be taken as a reflection of the increased requirements of trade and industry during the period. This indicates expanding trade activity and industrial operations, but the total should not be considered alone without considering also that the rise in commodity prices is a factor in increasing commercial credits. At the same time there was an increase of about \$9,000,000 in savings deposits as the result of general employment at high wages. An increase of over \$47,-



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New York

## Bankers, Exporters and Importers

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000,000 in demand deposits is an important feature.

There has been a material increase in call loans of the banks. January and February saw considerable trading, yet the loans declined. March showed a slight betterment, while in April the increase was \$4,554,033. It is quite interesting to note that call loans were quite low in 1922 despite the fact that there was a material market advance. The first of the present year saw the call loan continue down, yet the market continued up. The conclusion reached is that there were other sources of obtaining money outside of the source under consideration. It has been claimed that an unusual amount of the buying of stocks has been for investment and that savings accounts have been largely drawn upon in this connection.

Call loan figures are as follows:

	1922	1921
March .....	\$103,628,801	\$113,818,306
April .....	102,005,932	110,289,586
May .....	101,239,896	111,251,182
June .....	99,894,892	110,775,140
July .....	96,770,236	107,552,690
August .....	99,839,844	106,115,117
September .....	106,982,838	106,729,270
October .....	105,083,013	105,362,186
November .....	98,984,090	104,392,115
December .....	98,383,590	113,071,089
	1923	1922
January .....	90,025,233	102,630,461
February .....	88,513,509	100,379,637
March .....	89,467,353	103,638,801
April .....	94,021,385	102,005,932

The market value of real and unmovable bank property in Canada is now \$77,441,482. The growth of this total has been rapid as shown by the following table:

	Bank premises	Real estate other than bank premises	Total
1890 .....	\$4,187,572	\$1,027,107	\$5,214,679
1900 .....	6,496,104	1,145,701	7,641,805
1910 .....	25,191,619	1,360,966	26,552,585
1920 .....	60,376,915	4,323,027	64,699,942
1921 .....	69,480,648	4,582,328	74,062,976
1922 .....	71,826,756	5,614,726	77,441,482

LA BANQUE NATIONALE

Many further changes appear in the annual report of La Banque Nationale for the year ended April 30, 1923. Following the complete reorganization of the management and the shake-up of the balance sheet a year ago, there has been considerable progress toward a rock-bottom basis of operation, and this shows in the figures that are now going forward to shareholders.

Most important of all the changes in the balance sheet is the fact that bank premises have entirely disappeared. There is a small

item for furniture but the amount of about \$1,900,000 formerly representing the offices of the bank is not now in the balance sheet.

PROFIT AND LOSS ACCOUNT

	1923	1922	1921
Bal. fwd. ....	\$ 57,379	\$ 35,456	\$ 74,219
Prof. for yr. ....	327,238	401,922	544,945
Total .....	\$384,617	\$437,379	\$619,165
Dividends .....	167,146	210,000	240,000
Depreciation .....	125,000	100,000	100,000
War tax .....	27,863	20,000	26,708
Reserves .....			100,000
Dep. of prem. ....			40,000
Dep. of fix. ....			25,000
Rebates .....			20,000
Pensions .....			20,000
Subscrip. ....			12,000
P. & L. bal. ....	\$ 64,608	\$ 57,379	\$ 35,456

STERLING BANK OF CANADA

The fact that the annual statement of the Sterling Bank of Canada for the year ending April 30 showed an increase rather than a contraction in current loans may be taken as an indication of the renewed demand for money for current business in recent months. The total of such loans at the end of the year was \$7,157,437, an increase of \$104,051. This and the fact that total assets of \$28,740,050 showed an increase of \$295,824 were among the most encouraging features of the report. There was some decline in earnings as a result of conditions prevailing, but the bank was able to maintain its very high ratio of liquid assets both to total assets and to liabilities to the public. The net profits of \$243,350 compared with \$260,694 for the previous year, and \$255,976 for the period ending in 1921. After providing for dividends and taxes the sum of \$115,000 was appropriated for the contingent fund. Details follow:

	1923	1922	1921
Bal. for. ....	\$ 38,034	\$ 37,565	\$ 42,943
Net prof. ....	243,350	260,694	255,976
	\$281,384	\$298,259	\$298,919
Dividends .....	98,658	98,618	98,418
Reserve .....			50,000
Taxes .....	31,550	31,606	29,935
Contingent .....	115,000	130,000	83,000
Balance .....	36,178	38,035	37,564
	\$281,386	\$298,259	\$298,919

UNION BANK ANNOUNCES POLICY OF ECONOMY

The Union Bank of Canada recently announced that its management had decided to provide for losses developed in connection with certain loans made during the recent period of inflation by writing down its reserves to \$1,750,000 and adding \$4,250,000 to its contingent account. The announcement

made by the bank stated that in furtherance of a policy of economy inaugurated after its recent change of management it had also been decided to put its dividend on an 8 per cent. basis.

The bank's capital, surplus and undivided profits now total \$9,900,000 and its total assets are over \$127,000,000.

It is understood that the above changes in the bank's capitalization were made after a thorough examination and revaluation of the bank's assets had been made. It is further understood in Canada that this in-

vestigation was made so thorough and the allowance made for bad and doubtful debts so liberal that eventually considerable salvage will be obtained.

#### CANADIAN BOND MEN ELECT OFFICERS

The Bond Dealers' Association of Canada at its seventh annual meeting in Winnipeg elected officers as follows: President John W. Mitchell; vice-presidents, J. A. Eccles, T. J. Coombs and Edmond Taylor; honorary treasurer, A. H. B. Mackenzie.



## The Flow of Capital

**A** NEW study "The Flow of Capital in Canada", completed by the research department of the Bankers Trust Company, of New York, says:

"In Canada there has been a close interlacing of public finance and of private finance—more so than in either the United Kingdom or in the United States. In this respect Canada seems to have been influenced by her French ancestry rather than by her Anglo-Saxon ancestry.

"By direct investments in public enterprises, by loans and by guarantees, the Canadian Government and to some extent the provinces and the municipalities have made possible a more rapid development of the country than otherwise would have been practicable.

"This has been especially true in the field of transportation. In 1902 the Dominion Government was advancing \$167,300,000 to assist transportation by rail and nearly \$100,000,000 to promote water transportation. These amounts increased yearly until, on March 31, 1914, they stood at \$411,900,000 and \$177,000,000 respectively.

"During the same period investments in other public works had doubled, increasing from just under \$8,000,000 to just under \$16,000,000.

"Such investments in public works

and services were not put an end to by the war. On the contrary they markedly increased during that period, so that on March 31, 1921 (the latest date for which statistics have been published) the Dominion had nearly \$1,250,000,000 invested in transportation—just under \$1,000,000,000 in rail and a little over \$250,000,000 in water transportation—while some \$81,000,000 had gone into other public works.

"During this period the Dominion also advanced just under \$500,000,000 to the British and foreign governments. Unpaid advances of this latter character, on March 31, 1921, amounted to \$187,400,000."

The war cost the Dominion almost \$2,000,000,000, 9 per cent. of which was met from taxation.

"In the pre-war period", according to the Bankers Trust study, "the Dominion had borrowed almost exclusively from the United Kingdom, such loans on March 31, 1914, amounting to \$311,100,000 while domestic debt, including Dominion notes outstanding, aggregated at that time \$233,300,000.

"The great increase of debt after 1914 was made at home, so that on March 31, 1921, the Dominion owed her own people \$2,441,200,000 while she owed abroad only \$461,200,000."

# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SEVENTH YEAR

AUGUST 1923

VOLUME CVII, NO. 2

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## The Slowing Down of Business

**B**USINESS in this country continues active, to the great rejoicing of bankers and everybody else, for when business is active there is a strong demand for funds from the banks and at good rates. Besides, the banker naturally delights to see things moving and to feel that the people are adding to their material comforts and their store of wealth. But the bankers understand, from long observation and experience, that a feverish pace in business can not be indefinitely maintained, much less kept going at a constantly accelerating gait. They might like to see the deposits of their banks keep on swelling, always increasing and never diminishing; but they know this can not be. It is, therefore, a source of relief to them, rather than of satisfaction, that there has been a marked slowing down of the rather headlong pace at which enterprise has been moving for some time. Very likely this restraint came soon enough to prevent, or at least to postpone, a blow-up something like that we had in 1920. We may at least indulge this hope.

The breathing-spell thus obtained may be profitably employed in studying the cause of our recent approach toward a serious crisis and to consider what if any remedies may be invoked to prevent an actual disaster or the recurrence of a period of inflation like that in which we now find ourselves. Where lies the blame for this condition? We blamed the war for that era of almost mad inflation and speculation which rapidly followed the armistice and lasted until the spring of 1920. But we can hardly attribute our present plight to the same cause. Anyway, with the lessons of 1920 so fresh in mind, it seems hardly conceivable that we should so soon have repeated our folly. We may place the responsibility upon the character of the people, and temperamental peculiarities are now chargeable with almost every peccadillo of the human race. This would imply that here in America the people have some national characteristics which cause them to forget very speedily the lessons of financial and commercial disaster, and with experiences of this sort fresh in mind blindly to risk a repetition of them. But we

should not be too ready to practice flagellation. Commercial and financial crises are not peculiar to the United States. They occur wherever the economic life of the people is highly developed. Intense commercial activity, in all lands, occasionally tends towards conditions where financial crises either threaten or actually happen. Probably these crises are experienced more often in this country than in others, but this again may be explained by the greater intensity of our commercial and industrial life.

Prior to 1913 our banking and currency systems had to bear the chief responsibility for panics and the subsequent depressions. The Federal Reserve Act was looked to as the sure remedy. It would seem that, so far as bank panics are concerned, this hope has been justified. We have not, since 1913, even in the face of a great world war, had anything like what happened in 1893 and in 1907. No longer, at the approach of a financial storm, do banks topple over one after another as they did in the years named. They have behind them a bulwark in the shape of the Federal Reserve System, and this is an immense gain, for it saves the enormous losses and widespread hardship which numerous bank failures always bring in their train.

But with all its advantages, the Federal Reserve System has failed in keeping business enterprise down to a steady and healthful rate of progress, as it also has failed in holding speculation in check. Indeed, it almost seems as if the weakening of bank reserves and the inducements to rediscount which the Federal Reserve Act introduced into our banking system have been potent factors in fostering a more rapid pace of enterprise than is consistent with safety, have encouraged speculation, and may be justly charged with bringing about some of the very evils the system was designed to prevent. A direct charge of this character ought not, however, to be made without a mass of reliable evidence to sustain it. We do know that since 1913—that is, since the date of the Federal Reserve Act—the required legal reserve of the national banks has been greatly reduced, and that whereas prior to the enactment of the law in question these banks kept a large reserve in actual gold or legal tender, now they are prohibited from keeping any of their legal reserve in this form, but must lend it all out to the Federal Reserve Banks, to be in turn partly lent again. That this contributes toward inflation can hardly be doubted. The substitution of Federal Reserve notes for gold as reserves for state banks has been a factor of no small importance operating in the same way. We have these diminished actual reserves, the compulsory lending of all legal reserves of the national banks, and the displacement of gold by Federal Reserve notes as reserves of state banks at the same time that we have accumulated a stock of gold unprecedented in the

history of this or any other nation, and when a safe policy would have indicated the strengthening of the character of bank reserves and an increase in their amount. The adoption of a contrary policy—that of diminishing the amount and weakening the character of the bank reserves—has been followed, and this has helped to bring about the rapid and almost sensational rise in prices, has pushed enterprise forward at a more and more furious pace, encouraged speculation, and finally has brought us near the brink of a precipice, where we checked ourselves just in time to save ourselves from falling over into the abyss.

But in drawing attention to these apparent imperfections in the Federal Reserve Act, we must not lose sight of the fact that before it was in existence our financial troubles were quite as frequent and far more disastrous, and that other lands, with various sorts of banking and currency systems, are by no means strangers to commercial and financial crises. Nor must we forget that it was the so-called “deflation policy” of the Federal Reserve System which in 1920 probably saved us from a financial catastrophe greater than we have ever known. Still, if there are features of the Federal Reserve Act which tend to encourage inflation and speculation, these should be ascertained and corrected.

Our banking system as a whole must bear its due share of responsibility for the present situation. Loans have not been scrutinized carefully enough, and there has been altogether too much speculation. The very rapid expansion of loans and the recent slump in securities witness the accuracy of these statements. It is believed that the bankers of this country have realized the impending danger in time, and that they have warded it off. There have been some serious banking failures recently, but they were due to special causes of limited extent, and are not to be taken as indicating any general weakening of our banking situation. The banks of America are in a strong position, fully entitled to the confidence of their respective communities and of the world.



## Professor Fisher's Stabilized Dollar

**O**UR most recent experiences with inflation and deflation will no doubt tend to revive interest in the proposal of Professor Irving Fisher of Yale University for stabilizing the dollar. In brief this plan is to vary the theoretical contents of the gold dollar with the rise and fall of the index number showing the general level of prices. If these prices rise the coinable contents of a certain

weight of gold bars can be increased, up to a ton if necessary, Professor Fisher declares, and when prices decline the theoretical gold dollar can be correspondingly lowered in weight. We would thus have, Professor Fisher says, a dollar representing value instead of one representing price as now. His entire argument, as he plainly admits, rests upon the quantitative theory of money (see page 11, Hearings before the Banking and Currency Committee of the House of Representatives, Sixty-seventh Congress, fourth session, on H. R. 11,788 to stabilize the purchasing power of money). We are thus back to the controversies which raged in 1896 and 1900, for that was the root of William J. Bryan's theory. The Nebraska statesman contended that there was not money enough. Professor Fisher seems to think that at one time there may be either too much or too little, and he would vary his theoretic dollar up or down accordingly. The variation in the contents of the theoretical dollar means only a variation in the official price for gold.

The purpose of the plan is to correct the hardships which follow sudden and violent fluctuations in prices. While these hardships are many and real, they do not always affect the same classes in the community in the same way. If they benefit one class this year they are just as likely to work to the contrary next year, all depending on whether the fluctuations are up or down. A good deal was made in Professor Fisher's argument before the Banking and Currency Committee of the fall in the purchasing power of a savings bank deposit. Here is the story in Professor Fisher's own words:

"Suppose you take a servant girl who put \$100 in the savings bank in 1896. Today she takes it out and the accumulation at 3 per cent. interest makes it, say, \$200. She thinks at first—because she thinks in terms of money—that she has got twice as much as she put in, but as a matter of fact when she attempts to spend her \$200 she finds she can not buy as much with it as she could have bought with the original \$100 in 1896. She really hasn't received any interest at all. Her whole \$200 is worth less than the \$100 that she started with, and it would have been better for her if she had not put this money in the savings bank but had spent it for goods in 1896. She could have bought her rings or whatever she wanted at that time and had them all this quarter of a century and had them intact today, instead of waiting a quarter of a century and buying less. She has been swindled out of all her interest, not by the savings bank but by the dollar, in terms of which the savings bank was forced to keep her account. In other words, interest has been abolished."

But his servant girl need not have been quite so badly off as Professor Fisher makes out. If she attempted to buy from all the

index number commodities she would have found the purchasing power of her money greatly reduced, it is true; but she would probably not extend her purchases over so wide a range. Some of the things she wished to buy were probably cheaper. But even if they were not, she need not suffer much, because an opportunity existed to reinvest her \$200 so that it would yield at the later period quite 100 per cent. more than when she put her original \$100 in the bank.

Professor Fisher is not specially fortunate in referring to the purchase of rings by his hypothetical servant girl. With her \$200 she could have obtained exactly double the quantity of gold that she would have got for \$100. True enough, when she came to have the gold manufactured into rings this may have cost more, but this increased cost would have been chiefly due to the higher wages of the workmen who made the rings. And if their wages had risen while the servant girl's money in the bank was growing from \$100 to \$200 what had happened to her wages? They had not stood still. As a matter of fact, Professor Fisher does not give sufficient consideration to wages as a factor in the general price situation. The success which labor unions have had in forcing up wages has been a factor of no small importance in creating inflation, for inflation can be brought about by other things than the supply of money and credit.

Before acceding to Professor Fisher's proposal one would require more convincing proof of the validity of the quantitative theory of money than has yet been produced.

There are some factors operating to produce alternating periods of inflation and deflation. These have been mentioned in a preceding article. One of these factors is the stoppage of the free flow of gold in the markets of the world. It is believed, also, that if our Federal Reserve System could be divested entirely of political control, or the fear of it, and placed altogether in the hands of bankers, we should have a much steadier credit situation than is now possible. Professor Fisher's proposals have served a good purpose in calling attention to some real defects in the operation of our monetary and banking system. His remedy is open to serious criticism.



## The Fortunate Layers of Brick

**R**EPORTS that bricklayers are to be assured of a daily wage of twelve dollars a day for the next two years fill less fortunate persons, such as editors, farm hands and bank clerks, with a spirit of envy. It may be replied that the editor and bank clerk are

more or less superfluous personages any way, but the farm hand is not so easily put to one side. He constitutes quite as indispensable an element in the social economy as the layer of bricks. That his work is no less physically wearing and that it requires, on the whole, quite as large a degree of skill, are facts hardly open to dispute, but he gets much less for his work, notwithstanding his hours of labor are much longer than those of the bricklayer or of mechanics generally. The reason the farm hand is thus discriminated against is because he is not organized in a way to insist upon his "rights," regardless of the rights of others. Just why the worker on the farm has not combined to force his wages up is not entirely clear. It may be due to the fact that he has a larger spirit of justice, a wider outlook, than those engaged in the mechanical industries, or it may be that the large floating supply of workers willing to engage temporarily in farm work render such organizations difficult if not impossible.

That bricklayers have been able to demand and to receive what many look on as princely wages may be explained in several ways. It is chiefly due to two causes: the shortage of the labor supply and the great demand for houses and business structures. Those who lay bricks for a living have taken advantage of this situation to force their wages up to the top notch. This they have been able to do through the almost despotic power of closely organized labor. No doubt they regard this as a great victory in the "fight" between "labor" and "capital". But is it really so? What if workers in substantially all branches of industry were able successfully to employ like tactics? Who would pay the cost which such a general advance in wages must inevitably entail? The labor cost of production—in most cases by far the principal element of cost—is paid by those who consume the articles produced; and the bulk of such consumers are not capitalists, of whom there are comparatively few, but workers, of whom there are many. The worker who by strong-arm expedients forces up wages in his particular industry to the highest point can hardly imagine that such increase in wages can be taken altogether out of capital. Builders who pay twelve dollars a day for laying brick figure that high cost in the rental charges of their buildings, and this is distributed through a thousand channels, even the bricklayer himself paying a part of it. Furthermore, this high cost of laying bricks tends to hinder construction, and this keeps up rents and operates, indirectly at least, toward enhancing prices of commodities. Whatever artificially restricts the free activity of constructive enterprise constitutes one of the greatest obstacles to the maintenance of reasonably permanent and steady prosperity. Even if this increased wage cost could be wholly taken out of capital, the result would be none the less unfortunate

even for the worker himself. There is no more powerful instrumentality contributing to the prosperity of labor than capital itself, and it should be the constant aim of labor to increase and multiply this instrumentality rather than to diminish it.

But there is no doubt that where groups of labor are able through combination to exact exorbitant wages they do gain considerable temporary advantage and at the expense of other workers not so organized. It may be said that the remedy is for these "other workers" similarly to organize and to play the same game. For many workers this is impracticable; but even were it not so, the result in the end would be of no benefit. Doubled wages mean nothing if all prices are increased to a like extent. The real injustice consists in the fact that but a small percentage of those who gain a livelihood by manual work will ever be organized, and that the great body of consumers must suffer from the tribute exacted by the closely organized industries. In addition to this, there is a more serious objection to the artificial forcing up of wages, namely, that it tends to put enterprise upon an uneconomic basis. Labor costs and building materials are so high that in order to put up a residence or office building more capital must be invested than will yield a fair return from the rentals that can be obtained, and in the face of such conditions a steady flow of capital into constructive enterprise can not be expected. Already, on account of the factors indicated, a decided check has taken place in this direction; and the chief losers are not the purveyors of capital but the farmers and workers in every branch of industry, not excluding the bricklayers who vainly imagine they can make themselves rich at the general expense.



## The Success of the Austrian Loan

**T**HE great success of the recent Austrian loan, part of which was offered in this country, contains an encouraging lesson in regard to the international situation. Austria found herself in a very bad situation at the close of the war, her territory cut up and a large part of her population lost. Loans had been made, but without really helping matters much, and the paper "money" became worthless. Internal political troubles were serious. Finally matters became so desperate that Austria had to ask for outside help in running affairs, and this was supplied by a financial commission constituted by the League of Nations. When a new loan was sought, part of which must come from other countries, there was found adequate security for it and the guaranty of a proper employment of the funds was given. In addition—and this is perhaps the point of greatest importance—several of the leading countries of

Europe united in assuring Austria's political and economic independence and safety. When these elements are provided, security for the loan and assured political and economic independence and safety, there is no difficulty in floating a foreign loan, as is shown by the example of Austria. There are several European countries whose economic situation is far better than that of Austria, but they do not offer any attraction to the investor because the assurance just mentioned is lacking. It is a trite saying that confidence is an indispensable element in the making of loans. And how can that confidence exist where political security is lacking? Loans to foreign countries have as their basis the revenues, territory, resources, commerce and industry of the debtor countries. This basis may be greatly reduced or entirely destroyed in the case of impaired political sovereignty. The political security of a country therefore lies at the very foundation of its international credit. In the disturbed position of the world today this security is lacking in many instances. With war still threatening, the smaller countries having great and powerful neighbors find themselves severely strained in providing for the maintenance of their territorial integrity and economic independence. Only in desperate cases would they invoke outside aid as Austria has done. If nations could lay aside their hatreds and rivalries, cease hungering for each other's territory and trade, and resolutely set about putting their respective houses in order, the economic health of the world would be in a fair way toward being restored. Austria has shown that outside help can be had, once it is deserved.



## A Banker's Remedy for the World's Unrest

**S**OME years before the great war, but when there was already discernible serious social unrest, a leading New York banker was asked what he thought was the best remedy for this state of affairs. His rather startling reply was, "Jesus Christ". Asked if he meant the theological conception of this Great Teacher, he said that he did not, but that the principles set forth in the life and teachings of Jesus should pervade our international relations and reach down to the most minute business dealings of our daily lives. Perhaps, if this banker were asked the same question now, in the light of what has happened since 1914, he would repeat his earlier prescription. Certainly it is not without great significance that many leading bankers in various quarters of the world, have not only expressed a like view but have gone farther by declaring that there is no other way out of the present tangle.

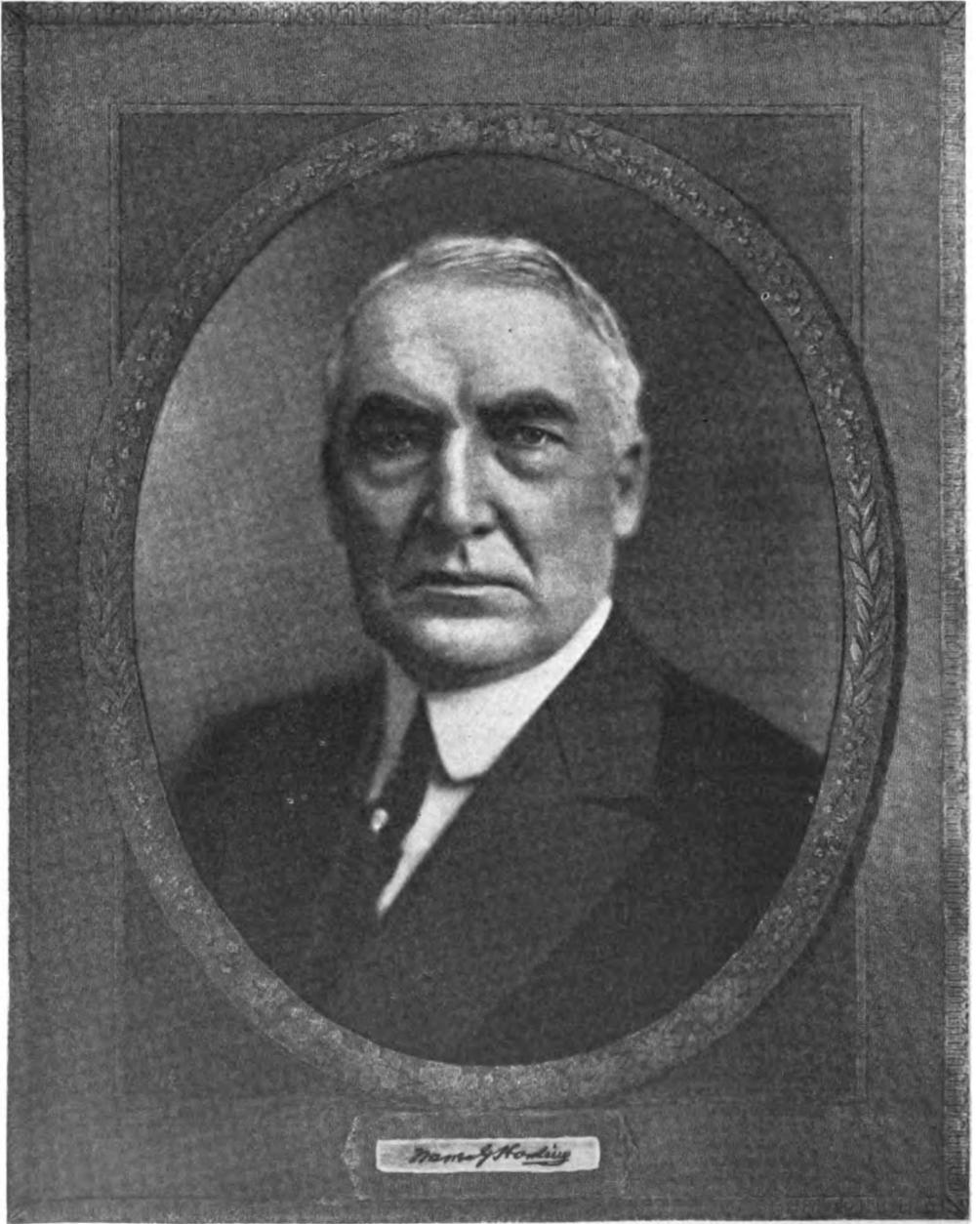
What these bankers probably mean is that in the conduct of world affairs and of the daily routine of life hate should give place

to love, or at least that the square deal should be applied. Perhaps there will be difficulty in convincing people generally as to the desirability of this change until they are made to see that it promises greater profits than the existing system, which is more or less of every fellow for himself and the devil take the hindmost.

In figuring up the cost of wars and strikes, this policy of hatred and strife is found to have been of frightful cost. Persons entirely without sentiment of any kind are beginning to ask themselves if such a policy pays. Business concerns, some of them of vast magnitude, are effecting a reorganization of their affairs, not exactly on an altruistic basis, but with a manifest desire to be just both to their workers and the consumers of their products. It is too early yet to give the definite outcome of these attempts, though they seem thus far to promise good results. In endeavoring to inaugurate a policy of fairness one concern always confronts the question as to whether it can afford to do so unless the practice becomes more or less general. The best answer to this doubt will be the success of the square-deal policy, for as it succeeds its imitation becomes certain. That it is succeeding the history of a number of our great mercantile and industrial concerns amply witnesses. Indeed, with the comparatively close relations which still exist between employers and employees, and between producers and consumers, no great difficulty may be experienced in instituting a policy that partakes somewhat of coöperation, or at least that recognizes more or less of a mutuality of interest. But when we get into the broader field of international relations the problem becomes much more difficult. We are apt to look upon the foreigner as a pretty bad sort, and to suspect him even if we do not openly hate him. This is one reason why nations rush into war over questions which ordinary business men would settle peacefully. From the extremely meager results obtained from the great war, in proportion to the terrible cost, we may well question whether this is the most profitable way to settle international difficulties. To avoid these colossal expenditures of life and treasure we might even consent to sacrifice a little of our contempt for the foreigner.

It may be too much to hope that nations, groups and individuals will soon make a practical application of the simple principles of love and service as exemplified in the life and teachings of Jesus of Nazareth. But it is of the profoundest significance that many of the leading bankers of the world are coming to recognize that in this way, and in no other, is there hope for the future of the race. As this feeling spreads it may be said:

*There's a fount about to stream,  
There's a light about to beam,  
There's a midnight blackness changing into gray;  
Men of thought and men of action, clear the way!*



REINTHAL & NEWMAN, N. Y.  
REPRODUCED BY SPECIAL PERMISSION

## Warren G. Harding

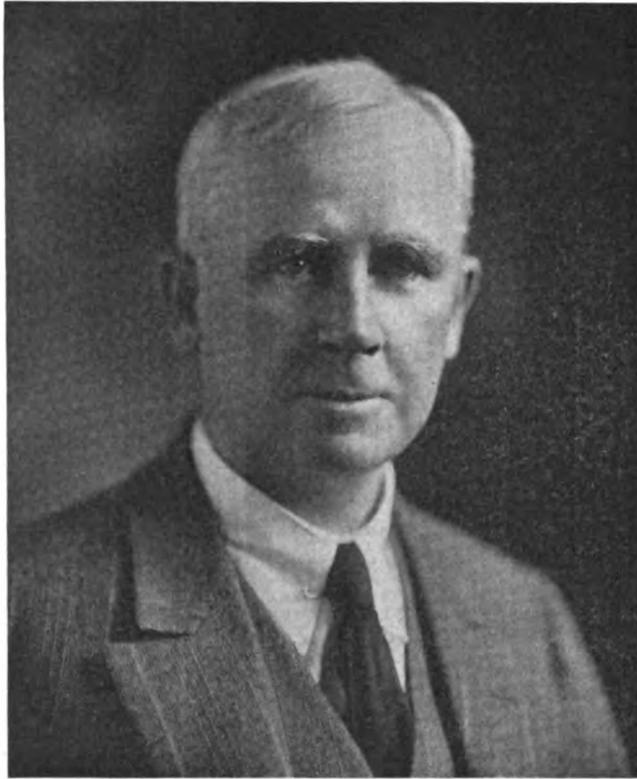
WHEN the late President came to the high station to which the people had so overwhelmingly called him, he found the country in an angry mood, with discord and hatred menacing not only the life of the Republic but the very existence of organized society. Before his eyes were forever closed in death he could look out upon a united people working together for the common good. This was the supreme achievement of Warren G. Harding. His kindness, tolerance, patience and wisdom powerfully contributed to the healing of the wounds which the war had left. His nomination for the Presidency came as a surprise, and was none too favorably received. In the light of events, we can now see that exactly the type of man was chosen to meet the peculiar conditions of the times. The country was less in need of a strong and dominating personality than of a peacemaker. Not that the late President was lacking in the art of leadership; but he would persuade others to accept his views by gentle and kindly arguments, which gained force from their transparent sincerity and tolerant spirit.

While Mr. Harding was able to restore peace in his own country, he did not find the means of affording like service to the distracted lands beyond the sea. This was a task too great for him, as it has thus far been for any living man. He saw no way in which this country might wisely participate in European affairs until the nations most directly concerned showed a more reasonable disposition. But he did what he could for the cause of peace, and the success of the Washington Disarmament Conference was an achievement in that direction surpassing anything done elsewhere in the world since the Great War ended. To a movement for settling international difficulties by judicial processes instead of war Mr. Harding gave all his strength of mind and being, and virtually sacrificed his life in its behalf. A grateful nation could build no worthier monument to his memory than to give its approval to this cause for which he so bravely fought even unto death.

There is one phase of Mr. Harding's career that must not be forgotten: it was typically American. He rose steadily and surely from the humblest ranks to the highest post his countrymen could bestow. His life constitutes a splendid vindication of American institutions.

The late President was an impressive and forceful public speaker. Not infrequently his utterances had a tone of religious solemnity like those of Abraham Lincoln. His personal character was fine, and he was loved as perhaps few Presidents have ever been. Of him it is peculiarly appropriate to declare:

*His life was gentle,  
And the elements so mixed in him,  
That Nature might stand up and say  
To all the world—this was a man.*



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THE HONORABLE DONALD MacKINNON  
Commissioner for Australia in the United States

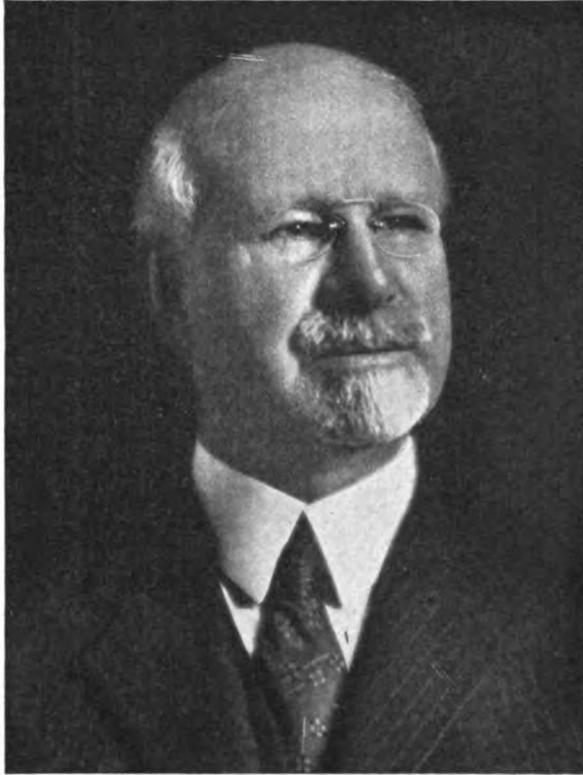
**M**R. MacKINNON was born in Victoria, Australia, and belongs to a pioneer Scotch family in that state. He was educated at Geelong Grammar School, Melbourne University and New College, Oxford, England. He is a member of the English and Australian bars. He gave up his profession for a political career and served over twenty years in the Victorian Parliament where he was a recognized authority on drafting parliamentary bills. He has held office as attorney general, solicitor general, minister of railways, director general for recruiting for Australia during the great war and minister in charge of soldiers' land settlement in Victoria after the war. He is also the trustee for many large estates and chairman of the Equity Trustees Company. He is interested in athletic sports and was for sixteen years president of the Victorian Cricket Association. He is interested in well known pastoral properties in Victoria, New South Wales and Queensland.



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**S. PARKER GILBERT**  
Under Secretary of the Treasury

**M**R. GILBERT, Under Secretary of the Treasury, has been acting as Secretary of the Treasury during the absence of Secretary Mellon. Mr. Gilbert, who is still a young man, has had a remarkable career in the Treasury department. He was called to Washington in 1918 to join the war loan staff, where his unusual abilities soon won for him the confidence and admiration of his superiors. In July 1920 when Mr. Leffingwell, after serving as Assistant Secretary under three Democratic secretaries retired to resume the practice of law, Mr. Gilbert found himself elevated at the age of 27 to the vacant post. When the Republican Administration came into power Secretary Mellon requested Mr. Gilbert to retain his post and Congress created for him a new office, that of Under Secretary of the Treasury. Mr. Gilbert was graduated at Rutgers in 1912 and the Harvard Law School in 1915.



**JOHN A. McLEOD**  
New general manager Bank of Nova Scotia

**M**R. McLEOD, the new general manager of the Bank of Nova Scotia, entered its service as a junior clerk at Summerside, P. E. I., thirty-seven years ago and, after acting in various capacities at other branches, was appointed to his first managership in February 1895 when he opened the branch at Harbor Grace upon the bank entering the Newfoundland field. Since then he has served the bank as manager at St. John's, Boston, Havana, Chicago and at other points, becoming attached to the head office staff in 1912. He was appointed chief superintendent of branches in 1915 and in February 1917 became assistant general manager. He has thus had a large and varied experience, eminently fitting him to discharge the duties of chief executive officer to which he has now succeeded.



**ELIOT WADSWORTH**  
Assistant secretary of the Treasury

**M**R. WADSWORTH from 1916 to the spring of 1919 served as vice-chairman and chairman of the American Red Cross. In 1915-1916 he traveled through Europe as a member of the Rockefeller War Relief Commission. For his war services he received the decoration of Commander de l'Ordre de la Couronne from King Albert of Belgium, and from the United States Government the Distinguished Service Medal with a citation. In 1919 Mr. Wadsworth became joint and alternate chairman with Thomas W. Lamont of J. P. Morgan & Co., in the Harvard endowment fund campaign, and took active charge of raising \$15,000,000 for Harvard University. In 1916 he was elected an overseer of Harvard College, and in October, 1920, president of the Harvard Alumni Association. In March, 1921, he was appointed Assistant Secretary of the Treasury. In November, 1922, Mr. Wadsworth was designated to represent the United States in the conference at Paris with the Allied Governments on the allocation of German reparation payments, to cover the costs of the maintenance of the Allied and American troops upon the Rhine.

# Does Bank Advertising Pay?

By B. W. Griffin

Manager Business Extension Department, Gotham National Bank, New York

**W**E are going to write about a very elementary thing; namely, will it pay my bank to spend money in any amount, to get its name before the people of the city in which it is located? The columns of banking magazines are full of promotion ideas, whereas many readers are not half sold on the elementary principle of advertising as applied to our national, or state, or whatever kind of a bank it is.

A great many articles have been written on how to advertise and, no doubt, everyone would agree that there is money in advertising for the advertiser or for the advertising agency, but the majority of banks are not yet aware of the fact that they should advertise and that they are absolutely sure of returns in doing so if it is done rightly, and that there is more money in it for themselves than there is for the advertising agency.

We will first discuss advertising for savings accounts, for the simple reason that more banks are interested in such accounts than in commercial, because nowadays not only are savings banks becoming interested in securing accounts, but the national and state banks and trust companies have quite generally added such a department.

Table "A" is a report from a savings bank.

Table "B" gives the statistics compiled by the auditor of a national bank on savings accounts.

It is fair to consider a rate as high as 5½ per cent. as the earning rate because the cost of investing savings deposits is very low. No obligation to loan money is incurred by the acceptance of savings deposits, hence the expenses of making and administering loans should not be deducted from the earning rate.

The most profitable savings accounts are those in which deposits are made periodically. This is because the periodic deposits made between the quarterly interest dates do not draw interest until the beginning of the next quarter. The bank, in the meantime, has the use of the money without having to pay interest on it.

The particular point to bear in mind is that this bank with its present total of \$2,300,000 in savings accounts realized a net profit of \$1.13 on each \$100. Another point of interest is that the total earnings in a year are \$25,840. Walter J. Reeves, general secretary of the New York State Savings Bank Association, states that the average New York savings account is \$500. Now if there is a profit of over \$1 on each \$100, as soon as one of these accounts reaches the general average of \$500, the account is worth \$5 a year. The 12,000 accounts making the aggregate of \$2,300,000 were secured by this bank in a year at a cost of \$1 an account. These figures will show the large profit there is in going after this class of accounts. The overhead from carrying these ac-

TABLE "A"

(Comparative figures for the three months from January 1 to April 1)

	Year 1921	Year 1922	Year 1923
Total deposits on April 1 .....	\$12,480,855.61	\$12,483,464.01	\$18,280,866.29
Increase and decrease in total deposits for first quarter .....	*\$375,553.00	*\$271,544.00	†\$74,528.00
Number of new accounts opened in first quarter .....	769	941	1,796
*Loss. †Gain.			

TABLE "B"  
(Special interest department statistics)

Earnings, expenses and net profits per \$100 of deposits:	On \$2,300,000	On \$3,000,000	On \$4,000,000	On \$5,000,000
<b>Earnings:</b>				
Interest at 5½ per cent. _____	\$5.84	\$5.84	\$5.84	\$5.84
<b>Expenses:</b>				
Interest at 3 per cent. _____	\$3.00	\$3.00	\$3.00	\$3.00
All other expenses _____	1.21	.98	.88	.75
<b>Total expenses _____</b>	<b>\$4.21</b>	<b>\$3.98</b>	<b>\$3.88</b>	<b>\$3.75</b>
<b>Net profits _____</b>	<b>\$1.18</b>	<b>\$1.36</b>	<b>\$1.46</b>	<b>\$1.59</b>
If the earning rate is 5 per cent. the net profit will be _____	\$ .64	\$ .87	\$ .97	\$1.10

(Derivation of above figures)

Average balance _____	\$2,300,000	\$3,000,000	\$4,000,000	\$5,000,000
Less 3 per cent. reserve _____	69,000	90,000	120,000	150,000
	\$2,231,000	\$2,910,000	\$3,880,000	\$4,850,000
Earnings at 5½ per cent. _____	\$ 122,700	\$ 160,050	\$ 218,400	\$ 266,750
Earnings at 5 per cent. _____	\$ 111,450	\$ 145,550	\$ 194,000	\$ 242,500
Expenses _____	\$ 96,860	\$ 119,460	\$ 155,200	\$ 187,700
Net earnings at 5½ per cent. _____	\$ 25,840	\$ 40,590	\$ 58,200	\$ 79,050
Net Earnings at 5 per cent. _____	\$ 14,590	\$ 26,090	\$ 38,800	\$ 54,800

counts, you will notice from the figures, is about 1/10 of 1 per cent., practically nothing. From the figures given above you will see that the cost is covered twice over in one year's profit, even if the accounts do not grow.

One method we employed was a pay roll envelope. These envelopes cost \$1.50 per thousand. On November 14 we had 45,000 appropriate pay roll envelopes printed and distributed during that week to be used for the Thanksgiving pay roll.

During the next three weeks the deposits of new accounts averaged \$165,000 as against \$25,000 before and after.

Another national bank, during the last year, secured 11,000 accounts at an average cost of \$7 per account. Even this high cost would soon be covered by the profits, to say nothing of all the advertising.

The reader must be convinced from these figures that going after savings accounts does pay.

COMMERCIAL ACCOUNTS

The principal test for deciding where putting money into advertising and

soliciting for commercial accounts pays, must be largely based on a bank's own experience modified by the good judgment of the directors.

In the experience of this bank we increased commercial accounts one year by over \$4,000,000 and the results of some of the means used are described below.

A great many letters actually typed and personal in their nature were sent out. No form letter was written as such, for if a person sits down to write a form letter he will write a letter which in most cases he would never think of sending out to anyone individually. Of all the various letters which were sent out there was one which gave the impression of bringing in more accounts than any other, and this impression was verified by the results. We then sent out 500 of these letters and compared them with the results of two or three others which seemed good, but this letter, although simple as a child's brought back the bacon. One or two of the officers objected to the simplicity of the letter, saying that it was undignified and that it was not up to the standard of bank letters. However, results

showed this letter, in tests given in comparison with the letters which they submitted, to be better. An officer's opinion is not necessarily right, any more than the opinion of anyone else, and the only real test is results. The letter follows:

Since you are in our neighborhood, why not let us make your acquaintance; we are ready to come to see you and offer our facilities any time you wish.

If you open an account with the . . . . ., you will not find us "a fair weather friend". We have stood right by our depositors and have furnished them with accommodation. We are in a position to be of service to those who have banked with us and have a right to bank on us.

We should be glad to talk our services over with you at your convenience.

Very truly yours,

On May 1, 1921 the average new accounts per week for the three preceding months, which were the best up to date, were \$85,000. On May 1, we started to send out from two to three hundred of this particular form to a mailing list of several thousand, and as many months as this letter continued the average of new business brought in was \$120,000 per week or an increase of \$35,000 a week.

Direct-by-mail advertising also paid very highly. We used no expensive booklet because an expensive booklet is very likely to give the impression that the bank has a lot of money to waste, which is a decidedly wrong impression for most people feel that a bank is a public institution. Furthermore, the more expensive booklets are usually

longer and too technical. Following is a part of a sample folder which brought in the most business of any sent out:

### MIGHTY OAKS FROM LITTLE ACORNS GROW

	COMPARISONS		
	Capital	Surplus and undivided profits	Total deposits
1910	\$200,000.00	\$104,042.47	\$1,042,858.60
1911	200,000.00	123,318.78	1,522,159.55
1912	200,000.00	135,482.37	1,787,408.49
1913	200,000.00	163,339.54	2,243,847.39
1914	200,000.00	152,262.46	2,543,158.78
1915	200,000.00	165,700.15	4,596,190.92
1916	200,000.00	223,502.76	4,860,008.26
1917	200,000.00	208,064.27	5,788,736.95
1918	200,000.00	208,151.75	6,490,875.17
1919	500,000.00	527,420.68	10,820,775.13
1920	500,000.00	612,447.95	11,690,636.14
1921	1,500,000.00	1,592,786.11	12,699,308.95

Few banks can show such a sturdy oak growth, one without a single break in its continuity.

Every facility offered, domestic and foreign: Collections, Remittances, Letters of Credit, Travelers' Checks, Investment Advice, Income Tax Service, Trust Department, Safe Deposit Boxes, New Vaults insuring you the maximum of security and convenience.

The latter part of June 25,000 of these were mailed, and the three weeks following the average of new business was \$195,000 per week, away in excess of anything up to that time. Seventeen thousand more of these folders were mailed the following October and the average was \$145,000.

The history of this bank has shown conclusively that if money is spent with your eyes open, in your community in a helpful way it will not be "Bread cast upon the waters" but "Seed planted on good ground which will bring forth some ten and some an hundred fold".



# Collections, Transits and Transfers

## Article V of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; and instructor in banking, New York, Hudson County (New Jersey) and Elizabeth Chapters, American Institute of Banking

### OUTLINE OF ARTICLE V.

#### I. Definitions:

1. Cash items—checks, drafts, acceptances, notes and matured coupons to be credited to the account of the depositor when received.
2. Collection items—checks, etc., not to be credited to the account of the depositor until paid.
3. Transit items—cash items drawn on out-of-town banks.
4. Collection remittances—drafts forwarded by a collecting agent to a sending bank in payment of checks previously forwarded for collection.
5. Float—the aggregate of out-of-town cash items outstanding, i. e., in process of collection and not available as reserve or balances.

#### II. Methods of check collection:

1. Cash items.
  - a. In city.
    - (a) Clearing-house (through mail or clearing-house department).
    - (b) Direct by messenger (through note teller's department).
  - b. Out of town—(through transit department).
    - (a) Federal Reserve collection system.
    - (b) Correspondent banks as collection agents.
    - (c) Direct to drawee banks.
    - (d) Clearing-house foreign departments.

#### 2. Collection items.

- a. In city—by messenger (through city collection department).
- b. Out of town—correspondent banks (through country collection department).

#### III. Work of the transit department:

1. Sortation of items by collection agencies or Federal Reserve banks.
2. Preparation of transit letters.
3. Mailing of transit items with relative transit letters.
4. Posting of transit letter duplicates to float or collection ledgers.
5. Checking returns of collection remittances.
6. Reconciling debits and credits with Federal Reserve bank.
7. Transactions with general book-keeping department.

#### IV. Means of transferring funds:

1. Individual checks and drafts.
2. Bank drafts.
3. Money orders.
  - a. Postal (domestic and international).
  - b. Express company (domestic and international).
  - c. Bank (domestic and international).
4. Registered mail.
5. Expressage of coin and currency.
6. Telegraphic money order.
7. Bank wire transfer (letter of advice).
8. Travelers' checks.
9. Travelers' letters of credit.

**T**HE facilitation of exchange is a primary function of commercial banking. Collecting and clearing checks is a process that interludes the receiving and paying of deposits. *Checks are not funds in hand but the*

*right to claim funds from someone somewhere.* The work of converting checks and other items ordering or promising the payment of money into actual available funds constitutes a very important and exacting task, and in-

volves the creation of specialized machinery both within and without the bank.

While there are many means of transferring funds from debtors to creditors locally, out-of-town, or internationally, individuals and businesses generally prefer to maintain checking accounts for this purpose, because they provide the safest, most convenient, and most economical instrumentality for the *regular* transfer of money. Through their collecting and clearing facilities, billions of dollars in commercial and financial transactions are settled weekly for their customers by banks in the United States.

The foremost institutions for providing exchange machinery are the local clearing-houses and the Federal Reserve banks. The former are purely local in character and collect items drawn on the various banks located within a single city. The latter collect items for any member or clearing member bank drawn on any other member or clearing member in the United States.

Viewed in its broader aspects, the collection of checks and other instruments calling for the payment of money, may be classified according to zones of widening circles, as follows:

1. A single bank is a clearing house for checks passing among its own depositors. In this case settlements are effected by transfers of credit from the account of the drawer or maker to the account of the payee or indorser.

2. A clearing-house is the exchange mechanism for inter-bank transactions within a given locality. Here daily settlements by banks with debit balances to banks with credit balances are achieved by (a) payment in cash, (b) bookkeeping adjustments in accounts with the Federal Reserve bank, (c) bank drafts on New York or other financial centers, etc.

3. Regional Federal Reserve banks are clearing houses for inter-bank collections within a single Federal Reserve district. Settlements are arranged by means of daily adjustments on the books of the Federal Reserve bank,

each sending bank being credited for the items it forwards for collection, and each drawee bank being charged for the items with which it is presented.

4. The Federal Reserve Board is the clearing house for inter-Federal Reserve district transactions. Inter-district settlements are made daily by wire by means of bookkeeping adjustments against the gold settlement fund at Washington. It is through the operation of this fund that currency shipments by banks in this country are reduced to the minimum.

5. Foreign exchange banks and brokers furnish the means of transferring funds to and from individuals and businesses in the United States and those in other countries. This gives rise to the complicated business known as foreign exchange.

Clearing-house operations will be the subject of another article so that this discussion will deal mainly with out-of-town collections. The Federal Reserve Act authorized each Federal Reserve bank to "exercise the functions of a clearing-house for its member banks", but the Federal Reserve check collection system did not get under way until July, 1916. The purpose of this system was to correct the defects of the methods formerly employed, and particularly the following abuses: (a) circuitous routing of checks growing out of the efforts of banks to avoid exchange charges, and which resulted in unreasonable delay in the presentation of items; (b) excessive exchange charges; and (c) inequitable distribution of exchange charges as between Eastern metropolitan banks and banks in the interior.

At present the Federal Reserve check collection system is efficiently organized and through its instrumentality over 90 per cent. of out-of-town items are passed directly, economically, and at par among member banks, and clearing member banks (i. e., banks on the par list). Member and clearing member banks are required to receive checks drawn on and presented to them at par,

since the ideal of the system is par collections. In order that banks using the system may know which non-member banks are members of the clearing system, the Federal Reserve Board publishes a semi-annual list with monthly supplements containing the names of all banks which are members and clearing members.

Member banks are not required to use the system. Irrespective of their membership in the system, they may forward out-of-town items through correspondents, but it is stipulated by the rules of the New York and other clearing-houses that if the correspondents are in the system, checks drawn on them cannot be collected under any other terms than those prescribed by the rules governing Federal Reserve collections as regards exchange charges and time outstanding.

#### HOW RESERVE COLLECTION SYSTEM WORKS

When a bank deposits checks with a Federal Reserve bank to be collected from another member or clearing member bank, the sending bank is immediately credited in the collection or float account at such Federal Reserve bank. That is to say, the amount of the checks so sent does not become available as reserve until it has been collected. The time required for collection, however, may be ascertained in advance by consulting the "Schedule showing when the proceeds of items will become available", in which the United States is divided in time zones, all points within any single zone requiring a certain number of days for collection. For example, a check which is deposited by a bank in New York City with the New York Federal Reserve bank and drawn upon a bank in Chicago, does not become available in the reserve account of the depositing bank until two business days have elapsed. Two days represent the approximate mail time between New York and Chicago, but it is unnecessary to allow any time for return of the remittance, since balances between the New York and Chicago Federal Re-

serve banks (as well as the other ten) are settled daily at Washington by telegraph.

The volume of out-of-town collections in a large bank is so heavy that a separate department, known as the transit department, must be organized to handle it. Transit items filter into this department from other departments, particularly the mail and receiving teller's department, continuously throughout the day. The first step in the transit department work is to sort the items as between those collectible through Federal Reserve banks and those to be collected through correspondents. The Federal Reserve items are then subdivided as between the Federal Reserve banks to which items are to be forwarded directly. Country correspondent items must also be subdivided as between the separate correspondents through which they are to be collected.

The items for each bank are then listed on transit letters which are simply a special form of deposit slip. The information entered on the transit letter is as follows: (a) the transit number of the drawee bank for each item, otherwise the name and location of the drawee bank; (b) the transit number of the owner (depositor) of the item (for tracing purposes); (c) amount; and (d) any special instructions, e. g., no protest, wire non-payment, etc.

As a means of time saving in the listing, identification and tracing of out-of-town checks, the universal numerical system, devised by the clearing-house section of the American Bankers Association, has been adopted by all banks handling transit items. Transit letters are prepared on special machines and in duplicate, the carbon being preserved as a record and posting medium. Before the letters are mailed, the checks are indorsed and verified with the relative letter.

The Federal Reserve check collection system contemplates universal par collections. All member banks and banks which have voluntarily placed them-

selves on the par list, must accept and remit for all checks at par. Suppose, for illustration, that depositor A deposits checks drawn on bank B in Macon, Georgia, in his bank C in New York City. When bank C presents these checks through the Federal Reserve System, they must be remitted for at par. This is very different, of course, from making a charge for receiving for deposit and credit, a check drawn upon a bank located at a distant point. When depositor A in New York deposits a check drawn upon bank B in Macon, Georgia, for credit, he receives immediate use of the funds, and if his account is an interest-bearing account, it begins to earn interest immediately. It takes the New York bank, however, five days to collect the check. The charge which A's bank makes is for interest on the advance. In other words, bank C charges depositor A for the five days' use of the funds, the interval elapsing before the check can be converted into available funds. In reality this is not an exchange charge at all. It is rather an interest or discount charge. The check which A's bank receives is exactly similar to a note due in five days. Just as one would not expect to have a note not due for five days accepted at par, so one cannot expect that a check not collectible for five days be accepted at par. Such a charge is therefore justifiable. It is not only permitted by the Federal Reserve Act, but such a charge is made compulsory by the New York Clearing House schedule of rates designed to prevent loss to New York banks in competition for deposits from interior banks by standardizing rates.

A charge for honoring and remitting for its own checks at par, however, is nowise justified by a user of the Federal Reserve collection system. There are two reasons for this: (1) Federal Reserve banks are prepared and ready to transfer funds by wire from one part of the country to another without cost to its member banks, and (2) if the drawee bank wishes to pay checks drawn on and presented to it in cur-

rency, it may do so and the Federal Reserve bank will pay the transportation and insurance charges.

#### READING ASSIGNMENT

Langston & Whitney: Banking Practice, Chap. 7, 8, 9. (Clearings, transits, and collections).

W. H. Kniffin: The Practical Work of a Bank, Chap. 8, 11. (In- and out-of-town collections).

W. H. Kniffin: The Business Man and his Bank, Chap. 7. (Bank checks and their collection).

H. G. Moulton: Financial Organization of Society, Chap. 26. (Federal Reserve collections).

L. H. Langston: Practical Bank Operation, Chap. 5, 6, 7. (Transits and city and country collections in a large bank).

#### QUESTIONS

1. What optional methods are there for transferring funds from one place to another?

2. When transfers of funds must be made in large amounts and are of frequent occurrence, which is the best all-round method?

3. What differences are there between postal and express company money orders?

4. What is the maximum amount for which a postal money order may be issued?

5. What is meant by cash items? Give four examples.

6. What is meant by collection items? Give four examples.

7. Mention what machinery is provided for the collection of local, Federal Reserve district, national, and international clearings.

8. Through what mediums are local checks collected?

9. What items are collected by messenger and which through the clearing-house?

10. What rules must a messenger observe in presenting items?

11. What are the messenger's duties in case payment of an item is refused?

12. What are the agencies for collecting out-of-town checks?

13. What are transit items? Collection remittances?

14. What departments of a bank handle the collection of local items? Out-of-town items?

15. How were out-of-town checks collected before the adoption of the Federal Reserve check collection system?

16. What defects in the previous system does the Federal Reserve check collection system correct?

17. Briefly describe the organization and method of clearings through the Federal Reserve check collection system.

18. What proportion of all out-of-town items are passed through the Federal Reserve System?

19. Give a synopsis of the work of the transit department.

20. What is the function of the country collection department?

21. What two main differences are there in the handling of out-of-town cash and collection items?

22. What information is entered on a transit letter?

23. What is the purpose and practical application of the universal numerical system?

24. What organization devised this system?

25. Explain the make-up of a transit number, i. e., the prefix and the second number.

26. How is it possible to determine in advance the time required to collect an item through the Federal Reserve System?

27. Trace the course of an item deposited for credit by a New York bank and drawn upon a Chicago bank until collection is effected and the New York bank credited.

28. What is meant by "par list", "time group", and "availability date"?

29. What is meant by "float"?

30. Are all banks entitled to use the Federal Reserve check collection system?

31. What is meant by a clearing member bank?

32. What advantages accrue to banks through the use of the Federal Reserve check collection system?

33. What obligations does this use impose?

34. Are member banks permitted to collect their out-of-town checks through correspondent banks?

35. Under what three arrangements may a bank receive payment from a correspondent bank for checks previously forwarded for collection?



## A Dire Prediction of 1786

*(From an advertisement of the Bank of New York and Trust Co.)*

**A**TTACKS on Banking Systems—whatever the system—began before the U. S. Government began.

In 1786, the Bank of New York was charged with having encouraged imports of foreign goods and brought about great scarcity of specie. The only remedy suggested was the emission of paper money by the State—which sounds familiar.

The Bank, it was contended, had destroyed private credit, as well as the compassion formerly shown by creditors to debtors, by enforcing payment at maturity of notes lodged in the Bank. And the following dire prediction was made:

"If their number is not restricted, should banks be permitted in America, after the profits they yield are known, we may not alone have one in every State, but also in every county of the different States."



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**ALFRED C. BOSSOM**  
Bank and office architect and building specialist

**M**R. BOSSOM was born in London in 1881 and obtained his early education at St. Thomas Charterhouse School in that city. From the age of eleven on he earned his entire education and living expenses by scholarships and prizes. At the age of seventeen he won admission to the Architectural School of the Royal Academy of Arts, Piccadilly, the youngest person who had done so in the 150 years of existence of that institution. He spent several years working on buildings as a carpenter and bricklayer, plasterer and plumber in England, came to America in 1903 and since that time has concentrated on the design of bank and office buildings and large operations generally, having been responsible for some of the biggest buildings in the country. He holds a very distinguished position in his profession and has taken an active part in matters of public interest. He recently founded the scholarship that will affect every architectural school in England and will send over students to America to study instructional economics here. He is also founder of the system of prizes throughout the high schools of New York for cooperation in government.



Operating room, Penzance, England, cable station

## How the New York Banker Gets in Instant Touch With London

By H. J. Forbes

**B**ANKERS, brokers and merchants who file anywhere from one to three hundred cablegrams daily with the Western Union Telegraph Company for transmission abroad, as well as hundreds of others who send all sorts and conditions of messages, some cheerful, some sad, and some silly, to their friends on the other side of the Atlantic, will perhaps be interested in knowing how cablegrams are transmitted from the point of origin to the point of destination.

It is human nature, of course, for everyone who files a cablegram to feel that his particular message is of the utmost importance, that it should receive immediate attention, be despatched without any delay, and the reply, if any, be received with promptitude. There are several points, however, for consideration with which he may or may not be acquainted. The destination, for instance—are the facilities for reaching

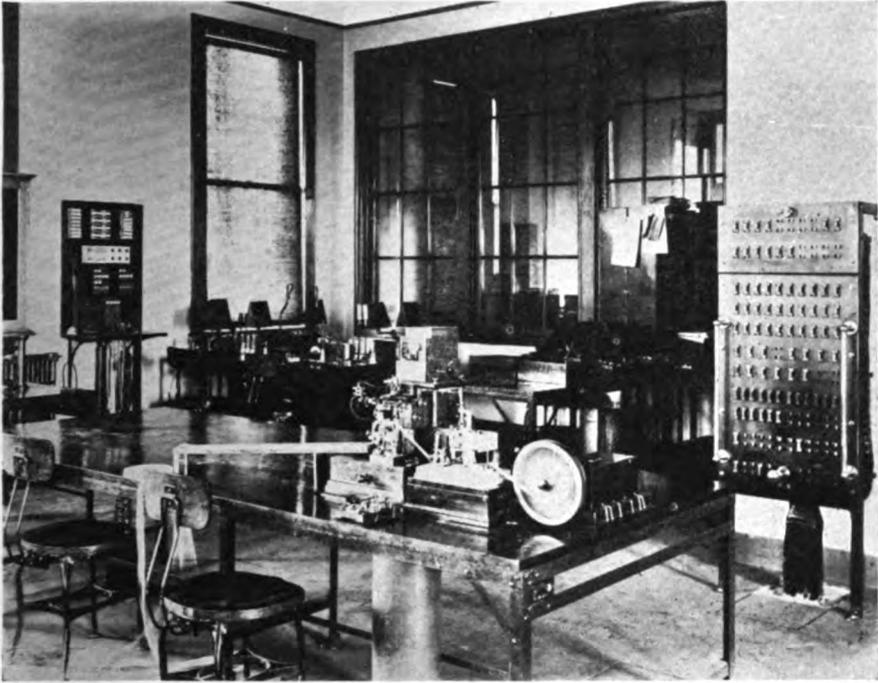
that particular place as good as they might be? Perhaps the message is addressed to someone somewhere in Turkey. Will the Greek censor pass it along if it is written in code and if the sender has omitted to specify what the code is? It may be for someone in Moscow—there is no knowing, from day to day, how Lenin and Trotzky feel about admitting cablegrams from a capitalistic outside world. Is it a message of a social nature from some lovelorn youth to his lady who is touring the battlefields, or is it an order on the London stock exchange for the purchase of 1000 shares of Rand Mines? If it is really important, whomever it may be from and wherever it may be going, it is sure to receive the best service possible. It must also be borne in mind that there are hundreds of other messages piling in all day and partly through the night at the central cable office of the Western Union, the assembling point of all east-



Here a message is being sent on a direct New York-London cable. The special typewriter perforates the tape, and transmission is effected by this tape passing through an automatic transmitter



Here a message is being received on a direct New York-London cable. The operator types cablegrams directly from a paper tape running continuously before him



Corner of operating room, Bay Roberts, Newfoundland

ward cablegrams, from all parts of the United States, Canada, Mexico, South America, the West Indies, and even as far away as Australia, China and Japan.

On the other hand, the facilities are so extensive and the methods of handling so simple and efficient that there is no reason in the world why there should be abnormal delay to any message, whatever its nature.

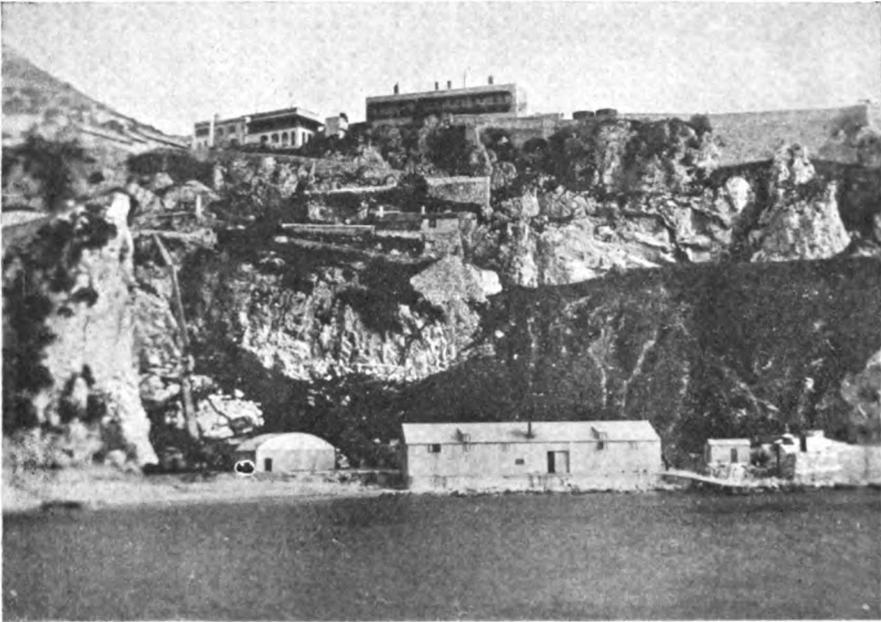
#### CLASSIFYING CABLEGRAMS

"Traffic", as messages are termed in cable office parlance, must, however, be classified, or sooner or later there would be no traffic to classify. The reason is obvious. Precedence must be given to a banker's or broker's order to purchase foreign exchange or some stock on a rising London market, over a social inquiry as to "how the trip is going", but any message reporting a death, or addressed to a passenger on a steamer about to sail, or at sea, or to a hotel abroad, is invariably forwarded with the least possible delay.

Cablegrams consequently are classified with regard to their relative importance, as follows: Stocks and foreign exchange transactions, cotton and grain quotations resulting in orders to buy and sell; banking, shipping, insurance and all other commercial business; private and social messages, and "deferred service" (cheaper rate) cablegrams, cable letters subject to delivery before noon the day after filing, and week-end letters, mailed for delivery on the following Monday.

The recent reduction in trans-Atlantic cable rates, which became effective on April 20 last, provides a rate for each of these classes of service.

Foreign exchange, stocks, cotton and grain orders and quotations circulating between the United States of America and London, Liverpool, Manchester, Paris, Antwerp, Amsterdam, Berlin, etc., are re-classified with regard to station of origin and point of destination, take special prefixes and numbers, and are transmitted on the direct New York-London cables, with the exception of



Eastern Telegraph Company's cable station at Gibraltar

Liverpool and Manchester which will be dealt with later on.

There are at present four direct-to-London cables, and one direct to Liverpool, and I feel quite safe in stating

that they "work" at a higher rate of speed than any other cables in the world. This high speed in no way jeopardizes accuracy in transmission, since it is obtained by the elimination



Connecting Miami-Barbados cable at Miami Beach, in August, 1922



Splicing Miami shore end of Miami-Barbados cable

of re-transmission at points along the line, through the installation of "rotary regenerators". These instruments, which are exclusively controlled by Western Union patents, have made possible this greatly increased speed without, as stated before, jeopardizing accuracy. As a matter of fact, by eliminating re-transmission, the possibility of error is greatly reduced.

#### SENDING BOTH WAYS AT ONCE ON SAME WIRE

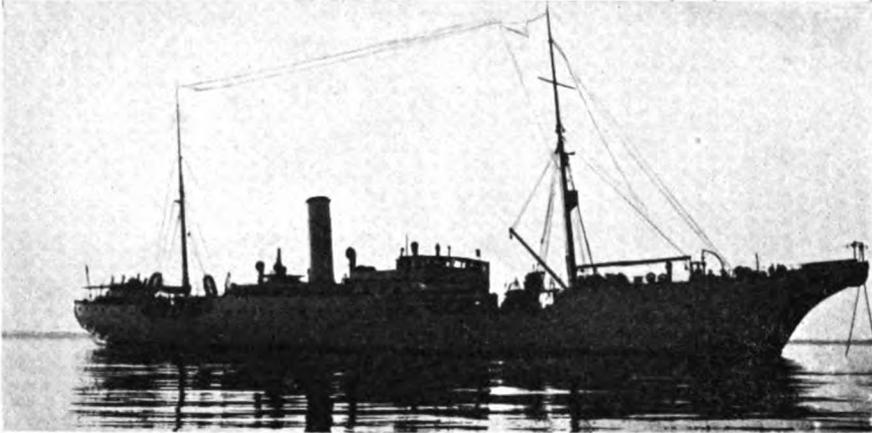
Just imagine, four direct wires from New York to London without a single break, spanning in their entirety the 2700 odd miles separating the two greatest cities in the world. These wires are worked "duplex", which means that by synchronizing the electrical currents used for transmission, messages are sent and received on each cable at the same time. In a very short while there will be six of these direct-to-London cables and one direct to Liverpool to handle that city and the surrounding centers of industry.

To insure the prompt placing of stock and foreign exchange messages on the

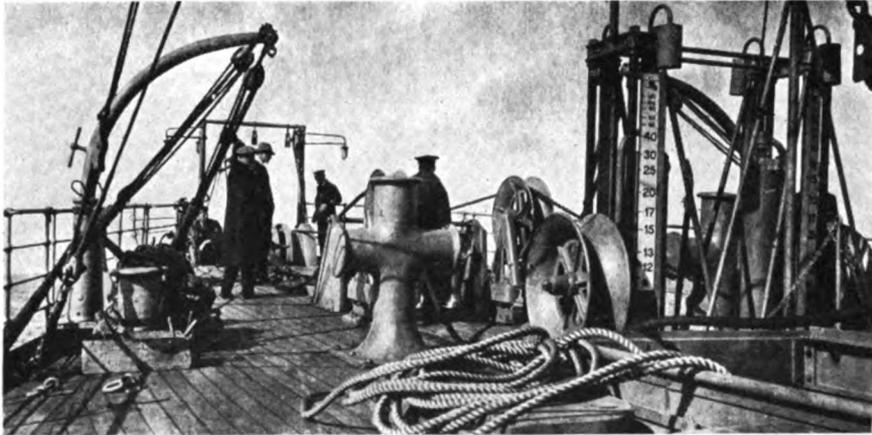
cables, there is a special telephone system and special telegraphic wires installed within a few feet of the transmitting and receiving instruments, at the disposal of any banking or brokerage house that files this class of traffic. These arrangements minimize the possibility of more than a few seconds delay between the time of filing by the sender and the time the message is actually sent. Incoming messages are handed to the telephone or telegraph operators stationed nearby and are forwarded to the addresses immediately, the only delay being the time taken in telephoning or telegraphing each message, letter by letter or figure by figure. It can therefore be readily understood how New York-London or London-New York cablegrams can be transmitted, received and delivered with the utmost despatch. It cannot be too strongly emphasized that no favoritism is shown, "first come, first served".

#### HOW COTTON CABLEGRAMS ARE SENT

Cotton "traffic", destined for Liverpool and Manchester, the two great centers of that industry in England, ema-



Cable ship "Lord Kelvin"



Mechanism on cable ship for picking up broken cable



Splicing a broken cable before "paying" overboard



Original cable landing at southwest point of Valentia, Ireland

nating from the Southern cotton belt or other centers in the United States, is rushed to New York on special "cotton wires" and receives "stock" service, except that it is forwarded on a direct cable to Liverpool. Cotton "traffic" for cities other than Liverpool or Manchester, say London, Paris, Havre, Antwerp or Amsterdam, as well as grain and all other messages classed as "quotations", receive a special prefix and are handled on the direct London wires. If for Paris, Havre, Amsterdam or Antwerp, the delay in transmission beyond London is practically nil as the Western Union has its own wires to these four continental cities. As a matter of fact, it is now possible to give a fifteen minute service, "New York to Amsterdam and return".

Beyond these points messages are subject to the condition of telegraphic communication. This is natural, as the Western Union has no control in the administration of its connecting companies.

Banking traffic other than foreign exchange transactions, shipping and insurance, represents a very large and

valuable percentage of a daily file, and receives service next to that accorded stock and cotton, but this discrimination does not mean that the difference in time of delivery is considerable. These messages are also forwarded on the direct wires, if possible, but if those cables are "full", they are distributed on the others according to their importance and their destination. The average delay does not amount to more than half an hour to London and other great British financial cities, and perhaps slightly more to the continent, varying according to destination and the facilities thereto. In addition to this, quite a large percentage of the ordinary business "file" receives special attention, determined by the class it represents.

"Social" traffic is forwarded in the order of its time of filing, but even for messages of this class, should immediate answers be required, prompt service is always forthcoming.

#### "DEFERRED SERVICE" CABLEGRAMS

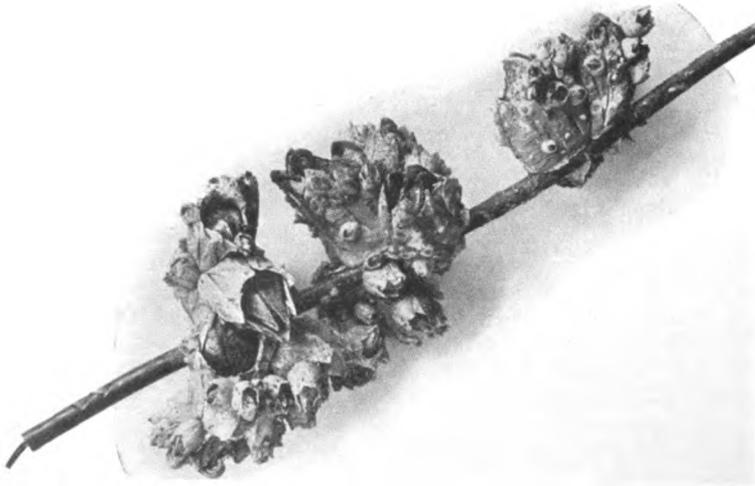
Last, but not least, is the "deferred service" cablegram. Such a message

must be written in plain English, French, or in the language of the country to which it is going, and is, as its prefix would suggest, "deferred". Unless there happens to be a wire clear of all "full" rate business, it is held until the opportunity offers and is then forwarded, but this condition occurs very rarely as there is almost always some way of "getting it off" without much delay. In fact, it generally receives far better service than the stipulations governing its transmission require.

The cable and week-end letter service which was suspended during the war period, is again available to Great Britain and the continent and offers to the public a splendid opportunity to send and receive cable information not dependent upon fast service at a ridiculously low charge. Such messages for Great Britain and Ireland

may be forwarded to a registered code name, but to the continent a full mailing address is necessary as these messages are mailed from London, and the indication, "Post London", must also be added. The class of service required, whether cable letter or week-end letter, is determined by the prefix "CLT" or "WLT".

All other factors being equal, and with such a service as has been outlined, can wireless communication be considered a serious rival of the submarine cable? Not at present—not until a similar service can be offered by wireless and maintained consistently. This cannot be accomplished, primarily, until interference from atmospheric disturbances has been eliminated for all time. Even if this is brought about eventually, there will still be the lack of secrecy, which is so essential in these days of keen competition.



Barnacles attached to cable

# 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 is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.—EDITOR.

**QUESTION:** I would like to receive your opinion and advice regarding the method that should be used in analyzing the financial statement of a banking institution. Which are the strong and weak points to look for in the statement of condition of a financial institution, and should any ratios be considered and if so, as between which of the items appearing on the statement? I will greatly appreciate as extensive information as you are able to give me.—A. E. A.

**ANSWER:** Part I—Before analyzing any statement it is necessary to understand clearly the items that compose it. Consequently we shall divide our answer into two parts—first, an explanation of the various assets and liabilities that appear on the financial exhibit of a banking institution; second, an analysis of the statement itself from the credit man's point of view.

In taking up the first part of our answer it is necessary to present a typical bank statement for inspection. The statement printed below is the most recently published of a large national bank and illustrates the main points in question. We shall review this, item by item, explaining in detail what is meant by each.

## RESOURCES

Loans and discounts .....	\$303,535,763.35
Overdrafts, secured and unsecured .....	31,625.25
United States securities.....	29,177,089.76
Other bonds and securities .....	6,461,887.09
Stock of Federal Reserve bank.....	1,500,000.00
Banking house .....	4,000,000.00
Cash in vault and due from Federal Reserve bank .....	41,761,716.05
Due from banks and bankers .....	6,227,331.01
Exchanges for clearing house .....	55,181,413.59
Checks and other cash items .....	2,431,907.70
Interest accrued .....	1,395,371.12
Customers' liability under acceptances .....	20,447,114.45

\$472,151,219.37

## LIABILITIES

Capital paid up .....	\$ 25,000,000.00
Surplus .....	25,000,000.00
Undivided profits .....	13,374,286.91
Dividend payable July 2, 1923.....	750,000.00
Dividends unpaid .....	8,688.50
Deposits .....	\$345,853,767.06
Bills payable and rediscounts with Federal Reserve bank .....	29,000,000.00
Reserve for interest, taxes and other purposes .....	6,366,338.17
Unearned discount .....	1,513,235.56
Acceptances executed for customers .....	21,866,713.84
Acceptances sold with our endorsement .....	3,418,191.33
	<hr/>
	\$472,151,219.37

## LOANS AND DISCOUNTS

This is usually the largest item among the assets of any bank statement and consists of promissory notes from individuals, firms and corporations for money borrowed. These promissory notes may be in the form of straight loans which are on a time or demand basis and may be collateralized or unsecured; or they may be in the form of discounts of the paper of customers and others. These notes may be "single name", i. e. representing only the obligation of the maker of the note, or they may be endorsed which gives the added value represented by the endorser's responsibility. As a general rule loans and discounts run for a period of three or four months' time, although they may be for six months or even longer. However, if a person wants to borrow for a period of eight months, he usually gives a four months' note which he renews at maturity for four additional months. The security in back of collateralized loans as a general rule consists of all types of bonds and stocks, preferably sound, marketable and listed securities, although it may consist of warehouse receipts, merchandise, real estate mortgages, etc., etc. The term "discounts" includes commercial paper purchased, notes and bills receivable of customers discounted, trade acceptances and bankers' acceptances discounted and the paper of various borrowers (usually cus-

tomers) discounted. In order to be eligible for rediscount at the Federal Reserve bank, paper held by a member bank must measure up to certain rigid requirements imposed under the Federal Reserve Act, aiming to weed out poor and long time paper. No bank is allowed to loan to any individual, firm or corporation an amount exceeding one-tenth of its paid-in capital and unimpaired surplus. This rule, however, does not apply to the discount of bills of exchange drawn in good faith against existing values, and the discount of commercial or business paper actually owned by the person negotiating the discount.

#### OVERDRAFTS

An overdraft is really a loan without security on which the bank secures no interest, and consists of amounts by which depositors have overdrawn their accounts. Overdrafts are frowned upon by the established rules of banking in this country and are a source of great annoyance to bankers. If this item appears in an unusually large amount on a statement it indicates that the bank in question is not enforcing conservative practices regarding balance requirements of depositors. Occasionally overdrafts are carried as part of loans and discounts.

#### UNITED STATES SECURITIES

The great bulk of United States securities held by banks is for purposes of capital investment. In times of easy money when the demand for funds from the bank's customers is not sufficient to keep the major portion of the bank's loanable resources busy in "Loans and Discounts", this item together with that of "Other Bonds and Securities" will be heavy. Aside from purposes of investment and desire to keep their resources in liquid shape, however, national banks are required by law to keep United States bonds on deposit with the Treasurer of the United States in Washington up to 25 per cent. of their capital, to secure their circulation. National banks are also required to deposit United States bonds as security for any United States funds that may be deposited with them. Again, banks may borrow from the Federal Reserve bank or correspondent institutions with United States bonds as collateral, or they may put up such bonds as collateral for state deposits. At the present time many banks are carrying United States Government securities as an investment because their sale at market price would entail a considerable loss. United States bonds are usually carried on the statement at par value, not market.

#### OTHER BONDS AND SECURITIES

It is customary for banks to carry some of their funds in other securities in order to diversify their investments and obtain a wider range of earnings under varying conditions. National banks are not allowed to own stocks of corporations unless they are forced to take them in liquidation of a debt. The main items included under the above headings for a national bank would be state, county and other municipal bonds, railroad and other public service corporation bonds, collateral trust and other corporation notes issued for not more than one year nor less than three months, foreign government bonds and securities, claims, warrants, judgments, etc.

#### STOCK OF FEDERAL RESERVE BANK

Banks which are members of the Federal Reserve System are required to subscribe to the capital stock of the Federal Reserve bank in an amount equal to 6 per cent. of their paid up capital and surplus, certain payments to be made at stipulated intervals and others at the call of the Federal Reserve Board. Up to date, member banks have only been required to pay one half of the total amount, i. e. 3 per cent. of their capital and surplus. The stock pays 6 per cent. cumulative dividends, exempt from all taxes.

#### BANKING HOUSE

This represents the real estate and building owned by the bank for the purpose of conducting its business. Banks are not allowed to buy real estate for investment, although occasionally real estate is acquired in the settlement of a debt, but this must be disposed of in five years (see section 5137 of the National Bank Act). Under Section 24 of the Federal Reserve Act banks may now loan on real estate under certain conditions for periods not longer than five years, provided they are not situated in central reserve cities. Banking houses are usually carried at a very conservative valuation and sometimes are charged down to almost nominal figures.

#### CASH IN VAULT AND DUE FROM FEDERAL RESERVE BANK

All banks are required by law to carry a certain portion of their deposits in cash, either in their own vaults or in other banks called reserve agents. In accordance with the provisions of the Federal Reserve Act, national banks in central reserve cities, reserve cities and country banks are required to maintain balances with the Federal Reserve banks in their districts of 13, 10 and 7 per cent. respectively of demand deposits,

and 3 per cent. regardless of the situation of the bank, of time deposits. In the case of national banks, cash in the bank's own vaults does not count as a lawful reserve, nor does that carried with institutions other than Federal Reserve banks. This cash in vault is commonly called "till money" and is kept on hand to take care of the daily counter needs of the depositors.

#### DUE FROM BANKS AND BANKERS

This represents balances due from other banks for deposit accounts which have been created largely by items sent to them for collection. Every bank in the country is daily handling a great quantity of such items which, upon collection, are credited to the account of the sending bank, thus building up a cash balance. "Due from Banks and Bankers" may also represent balances carried for "exchange" with out-of-town banks (i. e. to meet the needs of customers who do business in other cities and require drafts on these cities). It may also include balances with foreign banks.

#### EXCHANGES FOR CLEARING HOUSE

These represent checks which have been received in the subject bank during the course of the day and which will be settled through the clearing-house the following morning. Upon presentation at the clearing-house these drafts will be offset by a quantity of other checks drawn on the subject bank and presented by other banks for collection. The net amount will then be paid or collected.

#### CHECKS AND OTHER CASH ITEMS

This represents cash items drawn on banks located in the same city as the subject institution, which are not members of the local clearing-house and do not clear through member banks. They are collected direct from the banks on which they are drawn.

#### INTEREST ACCRUED

This item represents all the interest which is owing the subject bank up to date on its loans and discounts, United States securities and other bonds, securities and investments, but which has not been collected because it is not yet due. It is this interest which has accumulated since the last regular interest-paying period but which will not come due until the maturity of the loan or the regular stipulated interest-paying period.

#### CUSTOMERS' LIABILITY UNDER ACCEPTANCES

When a bank accepts a draft drawn upon it, it assumes a liability to meet the draft

when it comes due; at the same time the customer creates an obligation to provide the funds to meet the draft at maturity. This obligation, represented by notes or other forms of security, the bank holds, and it is carried on the statement as an asset under the heading "Customer's Liability under Acceptances". In accordance with the provisions of the Federal Reserve Act, banks may accept domestic or foreign drafts under certain restrictions, and may lend up to 50 per cent. of their capital and surplus on domestic acceptances and up to 100 per cent. of capital and surplus on combined foreign and domestic acceptances, provided the approval of the Federal Reserve Board is obtained; in no case, however, must domestic paper exceed 50 per cent.

#### CAPITAL PAID-UP

This represents the paid up capital stock of the bank, i. e. the bank's liability to its stockholders. When a bank is first organized the necessary working capital is supplied by the sale of stock. Although the par value of these shares is always \$100, the stock is sold for a larger amount in order to create a surplus. For instance, stock with a par value of \$100 is subscribed to on a basis of, say, \$115 per share, and assuming that the bank is capitalized at \$100,000, this will provide a surplus of \$15,000 on which to commence business. No national bank is allowed to commence business until 50 per cent. of its capital stock is paid in; the remainder must be paid up at least six months thereafter. Under Federal law as well as the banking laws of most states, stockholders of banks, in case of insolvency, are liable to an assessment equal to the face amount of their shareholdings. This is commonly spoken of as the "double liability" of stockholders and provides an additional protection to depositors. The stockholders of the bank are the owners of its business and are entitled to its profits and liable for its losses.

#### SURPLUS

The surplus of a bank is created, as explained above, by an original contribution by shareholders at the time of subscription to capital stock. It is increased by the addition of accumulated earnings. The surplus of a bank is always fixed; it can only be added to by action of the board of directors in transferring earnings from undivided profits to surplus. The surplus of a bank acts as an additional protection to depositors and serves to increase the book value of the stock. If the losses of a bank should wipe out its undivided profits, the capital of the bank could not be impaired until the surplus had first been consumed. No national bank is allowed to declare divi-

dends until the surplus amounts to 20 per cent. of the capital stock. All banks attempt to build up a good surplus as it is looked upon as an assurance of solvency and an evidence of conservatism.

#### UNDIVIDED PROFITS

This is similar to surplus except that it is not fixed and subject to increase by action of the board of directors. It really serves as a reserve out of which dividends may be paid in the event earnings do not provide for them. The undivided profit account is increased at various intervals during the year by transferring earnings to it, after a certain amount has been set aside to take care of interest and expenses. This account thus reflects the current earnings of the bank, all expenses, dividends, interest, taxes, etc. being charged to it and earnings credited to it. The undivided profits account will usually increase steadily in good times, but remains more or less stationary or sometimes decreases in periods of depression. After the undivided profits account has grown to a considerable size and is more than sufficiently large to cover current expenses some of it is transferred to surplus and becomes part of the fixed working capital of the bank.

#### DIVIDENDS PAYABLE JULY 2, 1923 DIVIDENDS UNPAID

These two items are self explanatory.

#### DEPOSITS

Deposits constitute the principal portion of the liabilities of any bank and represent the obligations of the bank to its customers for funds left on deposit. In this case the deposits have been lumped together and are not classified according to type. In general they may be separated as follows: *Individual deposits*—This is a general term applied to all deposits other than those of banks, bankers and the United States Treasury. *Time deposits*—This is also a general term applied to deposits which are on a time basis, that is, subject to notice of a stipulated number of days before withdrawal, and usually bear a high rate of interest. *Demand deposits*—This refers in general to all deposits subject to check and withdrawal without notice. *State deposits*—These constitute deposits by the state treasurer or comptroller which usually must be secured by state bonds or by surety bonds. *Postal savings deposits*—Refers to deposits made by the local post office authorities which consist of postal savings deposits. They are secured by Government, state and municipal bonds deposited with the Postal Savings Commissioner in Washington. *Certificates of deposit*—These may be demand or time and constitute certificates issued for money

deposited. Are negotiable and usually bear a high rate of interest. *Savings accounts*—These are savings deposits exactly similar to those of a savings bank, are not subject to check, can be withdrawn only on presentation of passbook and are on a time basis. Usually draw high rate of interest. *United States Deposits*—Represent funds deposited by the United States Treasury. They may also represent postal savings deposits, deposits from Government agents resulting from tax revenue collections, and from the sale of Government bonds. *Certified checks outstanding*—These are often consolidated under the heading of deposits. They represent certified checks which have not been returned to the bank for payment. When a check is certified the amount of the check is immediately charged to the account of the maker and a certified check account receives an offsetting credit. *Cashier's checks outstanding*—These are also often consolidated under the heading of deposits. A cashier's check is the bank's draft on itself signed by one of its own officers and is used in payment of the bank's expenses. It constitutes an obligation until paid.

#### BILLS PAYABLE AND REDISCOUNTS WITH FEDERAL RESERVE BANK

Before the advent of the Federal Reserve System banking credit in this country, particularly in times of tight money, was restricted and no satisfactory means was provided for the distribution of the country's loanable funds. Consequently it was necessary for banks to keep much larger cash reserves than at the present time in order to provide for unexpected demand. The Federal Reserve Act has remedied this difficulty and provided us an elastic money system. Banks which are members of the Federal Reserve System (compulsory with national banks) may now rediscount eligible paper with the Federal Reserve bank or borrow with United States Government bonds as collateral. The paper rediscounted must of course bear the bank's endorsement. It is such borrowings and rediscounts that constitute "Bills Payable and Rediscounts with Federal Reserve Banks".

#### RESERVE FOR INTEREST, TAXES AND OTHER PURPOSES

These are reserves which are set up to cover the fixed charges of the bank which have accrued but are not yet due. They include real estate taxes, excess profits and income taxes, interest payable on deposits, etc., etc., which have accrued up to statement date. If these reserves were not shown on the statement the profit account of the bank would be inflated by an equal amount and consequently would not present a true condition of affairs.

## UNEARNED DISCOUNT

When a bank discounts a customer's note it deducts in advance the amount of the interest charge for the period of the loan and credits the customer's account with the balance. It is thus anticipating earnings. Consequently it is necessary for the bank to show on its statement as an offsetting liability the unearned discount, i. e. the discount charges representing the unmatured portion of the loan. For instance, if the discount charges on a customer's 120 day note are \$100, and ninety days (or three-quarters) of the period for which the discount runs have already expired, the unearned discount will be \$25.

## ACCEPTANCES EXECUTED FOR CUSTOMERS

This is an offsetting item to the "Customers' liability under Acceptances". It represents the liability of the bank assumed through letters of credit issued or acceptances executed. The difference of about \$1,400,000 in favor of the "Acceptances executed for Customers" is accounted for by acceptances on which cash has been paid the bank in advance.

## ACCEPTANCES SOLD WITH OUR ENDORSEMENT

These are acceptances of other banks which have been purchased by the subject institution and later endorsed and resold.

A banker's acceptance has been defined by the Federal Reserve Board as "A bill of exchange in which the acceptor is a bank or

a trust company, or a firm, company, person or corporation engaged in the business of granting bankers' acceptance credits". We take the liberty of quoting from a pamphlet issued by the Chemical National Bank of New York, which explains clearly some of the restrictions in connection with these acceptances. "National banks are authorized to make such acceptances when they are based on: (1) The export or import of goods from and to the United States, or between foreign countries; (2) the shipment of goods within the United States provided that the bill at the time of its acceptance is accompanied by shipping documents; (3) the storage within the United States of readily marketable goods, provided the acceptor of the bill is secured by warehouse, terminal or other similar receipt; (4) the storage of goods which have actually been sold provided the acceptor of the bill is secured by pledge of such goods.

"Other limitations on the power of national banks to accept bills of exchange are: (1) That a bank cannot have a total amount of its acceptances outstanding at any one time exceeding 100 per cent. of its capital and surplus; (2) that maturity on such bills is limited to six months' sight; (3) that the total amount accepted for the account of any customer of the bank is limited to 10 per cent. of the bank's capital and surplus, unless the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance."

*(To be Continued in Next Issue)*



## New York Banks Plan 20,000 Salary Increases

**P**LANS to increase the salaries of bank employees and to bring their pay more into line with that received by workers in other professions are being considered in the financial district. Upward of 20,000 men and women will be benefited directly or indirectly, it is expected, and if the contemplated changes here prove as successful as it is hoped institutions in other parts of the country will likely follow suit. As yet the movement has not passed much beyond the preliminary stage, but it is expected that at least one of the city's largest banks will announce a complete revision of wage policy this autumn or early winter.

Probably more than any other employe, the man in the bank has been left behind in the post-war shuffle to bring wages up to living costs, according to bank officers who have studied the situation. Other types of "white collar" workers are receiving 10 to 100 per cent. more salary than their equivalents in the banking field, and a comparison of an average rank and file bank clerk's salary with the pay received by skilled manual workers, as, for example, bricklayers, plasterers, plumbers or painters, reveals a great contrast.

With living costs practically double the pre-war scale and with their pay practically unchanged, bank employees have been undergoing a forlorn struggle for survival. This struggle, however, has been made easier by the knowledge that promotions come comparatively quickly and that with promotions come increases in pay at a rate which few other professions offer. The rank and file worker has been averaging as base pay in most institutions around \$75 a month for women and \$100 a month for men. These salaries, it is explained, are paid only for the lowest form of clerical labor such as counting coupons on bonds or some other work requiring no great mental effort. But

even work requiring a greater amount of mentality is still underpaid in many instances and it is with a view to bringing these salaries more into line with living costs that the present fundamental change is slowly taking place in the banking world.

### MAY ELIMINATE BONUSES

One of the first things which it is expected to eliminate will be the present bonus system which grew up as a compensation for lower rates of pay. An argument in its favor was that it gave the employe a chance to share pro rata in the profits of the institution. In prosperous years this system proved highly satisfactory, but in the lean years such as 1921 it proved more of a burden than an aid.

In place of the bonus system, according to the plans of several institutions, the amount regularly devoted to this purpose will be divided among the workers in the form of salary increases. This will not mean a blanket increase, it was stated, but those men and women whose efficiency records warrant it will receive comparatively large increases. The inefficient will be shifted into other lines of work or shunted out of the banking field entirely.

Another important point which is receiving the consideration of executives is in the matter of pension systems.

"Our men give the institution ten, twenty or thirty of the best years of their lives", said one officer. "After a man reaches an advanced age he is no longer of use possibly to the institution, but is it right that we, as the bank's officers, should let such a man leave us without some kind of a reward? We feel that it is not, and as a corrective of this possibility we are studying various kinds of pension systems which will fill the bill. This plan will not be unlike those in vogue with some of the more progressive industrial concerns." —*New York Times*.

# Banking and Commercial Law

SPECIAL

THE BANKERS  
MAGAZINE

SECTION



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# Banking and Commercial Law

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

## Deposit for Purpose of Paying Certain Check

First National Bank of Ashland v. Prickett,  
Court of Appeals of Alabama, 95  
So. Rep. 920.

ONE Randall gave to the plaintiff a check for \$104 drawn on the defendant bank, which check the defendant bank refused to pay on the ground of insufficient funds. The president of the bank, however, told the plaintiff that if he would leave the check, he (the president) would try to collect it. The president subsequently left the bank and was superseded in office by another.

Some time later, a deposit of \$225 was made to the credit of Randall and it was agreed with the bank that this money would be held to pay a specified check in favor of one Slaughter. The ex-president, hearing of this deposit in Randall's account, deposited the plaintiff's check and it was charged to Randall's account and credited to the plaintiff's. The new president, upon learning of these facts, canceled the credit in favor of the plaintiff, and Slaughter's check was paid upon presentment.

The plaintiff then brought this action against the defendant bank. It was held that the plaintiff could not recover. The \$225 deposit was made for the purpose of paying a particular check and could not be diverted to the plaintiff's check or to any other purpose.

### OPINION

Action by J. B. Prickett against the First National Bank of Ashland. Judgment for plaintiff, and defendant appeals. Reversed and remanded.

P. O. Randall gave his check for \$104 to J. B. Prickett, drawn on the First National Bank of Ashland. There-

after Prickett presented the check for payment and was told by Pruet, then president of the bank, that Randall had no funds on deposit with which to pay the check, but that, if Prickett would leave the check with him (Pruet), he would try to collect it for him. The check was not then deposited, but was left with Pruet for the purpose stated.

Subsequently one J. Q. Adams and Randall executed a note to the bank and secured a loan of \$225. It was agreed between Randall, Adams, and one White, Pruet's successor as president of the bank, that the money so borrowed was to be used for the special purpose of purchasing a house-moving outfit from one Slaughter, and that the money should be placed to the credit of Randall and payable on his check to Slaughter. Pruet, who still held Prickett's check from Randall, being informed by an employee of the bank that a deposit had been made to Randall's favor, made a deposit slip for Prickett, which was deposited, Prickett's account was credited, Randall's account debited, and there was mailed to Prickett a receipt. White, then president of the bank, was absent when this attempted payment was made.

A check was drawn by Randall in favor of Slaughter for \$225. In due course it was received by the bank, and payment thereof declined because of lack of funds. White, being informed of the fact, directed that the attempted payment to Prickett be canceled, and the check in favor of Slaughter paid in accordance with his agreement with Adams and Randall. Thereupon Prickett was notified of the withdrawal of the credit, his account was debited to the amount of \$104, Randall's account was credited by a like amount, and the check in favor of Slaughter, for \$225 was paid.

Thereafter Prickett brought this suit against the bank. The trial court, sit-

ting without a jury, rendered judgment for the plaintiff, and from that judgment the defendant prosecutes this appeal.

BRICKEN, P. J. The complaint fails to aver, and the evidence to show, that there was due demand made on the bank for payment after the deposit of \$104 was transferred to the account of Mr. Randall, in correction of error in the first deposit to the account of Prickett, paid out of the Randall-Adams special fund. The requisite conditions precedent to a collection against a bank for funds on general deposit in such bank and subject to withdrawal, were discussed in *First National Bank of Montgomery v. Williams*, 206 Ala. 394, 90 South. 340; *McCreless v. Tenn. Valley Bank* (Ala. Sup.) 94 South. 722; *Tobias v. Josiah Morris & Co.*, 126 Ala. 535, 28 South. 517.

A special deposit in a bank, or moneys for a specific purpose, remains the property of the depositor or the beneficiary of the special deposit, as the case may be, until the terms of such deposit or escrow have been complied with, or until such terms have been modified by the parties at interest. *Jones v. First National Bank*, 206 Ala. 203, 89 South. 437; *First National Bank v. Hall*, 119 Ala. 64, 24 South. 526; *First National Bank v. Henry*, 159 Ala. 367, 49 South. 97; *Hutchinson v. National Bank of Commerce*, 145 Ala. 196, 41 South. 143.

The preponderance of the evidence was such as plainly and palpably to show that the judgment is wrong. *Cobb v. Malone*, 92 Ala. 630, 9 South. 738. The evidence shows without dispute that the \$225 was in fact borrowed from the bank by Mr. Adams on note given by him and Mr. Randall for \$225. The proceeds were deposited in said bank to the credit of the makers of the note for a specific purpose—to pay a certain and designated draft to “Dr. Slaughter for a house-moving outfit”. No part of such funds, under the law of such deposit, could be diverted or applied by the bank, without consent of Adams and Randall, to a different use or purpose.

An erroneous or temporary diversion of the same by one of the officials or agents of the bank was not binding on it in such sense as that it could not recharge the same to the “mistaken depositor’s account”, and credit that amount to the true or special deposit account. *McCreless v. Tenn. Valley Bank*, supra. There was no question of the right of a bona fide third person in the moneys thus surcharged by the bank.

The original draft or check left with the bank for collection by J. B. Prickett was drawn in his favor by P. O. Randall, and by error paid, or reported paid, by the misappropriation of a part of the proceeds of the special deposit in question. In the act of the attempt at collection of Prickett’s check by the bank, the bank was the agent of the payee, the plaintiff, and any error made by such agent in such attempt at collection must be visited upon Prickett as the principal in such action. The correction as to plaintiff’s account was made in due course and according to the justice of the circumstances.

If the court erred in overruling demurrer to the complaint, it is immaterial, since there was error in rendering judgment against the defendant.

The judgment of the circuit court is reversed, and the case is remanded.

### Wrongful Indorsement of Cashier’s Checks

*Morris & Bailey Steel Company v. Bank of Pittsburgh, Nat. Ass’n, Supreme Court of Pennsylvania*, 120 Atl. Rep. 698.

One Schwartz, being indebted to the plaintiff, drew two checks for the amount of the indebtedness on the defendant bank. The checks were taken to the defendant bank by Leder, who was Schwartz’s agent. Leder delivered the checks to the bank and the bank thereupon issued two cashier’s checks payable to the plaintiff’s order. Instead of delivering these checks to the

plaintiff, Leder indorsed them in the name of the plaintiff, by his name as attorney, deposited them in his own bank and collected the proceeds. He had no authority to so indorse the cashier's checks.

The plaintiff brought suit on the cashier's checks against the defendant bank, by which they had been issued. Upon the trial, judgment was given in favor of the defendant bank. The plaintiff appealed and on the appeal it was held that the plaintiff was entitled to recover the amount of the cashier's checks from the bank. It was held to be immaterial that the plaintiff had no knowledge of the issuance of the cashier's checks and had received neither the cashier's checks nor the original checks.

#### OPINION

Action by the Morris & Bailey Steel Company against the Bank of Pittsburgh, National Association. Judgment for defendant, and plaintiff appeals. Reversed, and a procedendo awarded.

SIMPSON, J. Plaintiff appeals from a judgment of the court below in favor of defendant, on points of law raised in the affidavit of defense. In considering the right to have such a judgment, no weight can be given to an objection that the statement of claim is too "vague, indefinite and insufficient to support the action"; this and all similar averments, even if justified, being wholly immaterial in such an inquiry. It must appear from the statement itself, "as a 'question of law', that plaintiff is not entitled to recover", and if there are real doubts regarding this they must be resolved against entering the judgment. *Rhodes v. Terheyden*, 272 Pa. 397, 116 Atl. 364; *Franklin Sugar Refining Co. v. Lykens Mercantile Co.*, 274 Pa. 206, 117 Atl. 780.

The statement avers that one Adolph M. Schwartz, who was a depositor in the defendant bank, was and still is indebted to plaintiff in two sums of money, in payment for which he, or his agent, Benjamin Leder, drew two checks; they were taken by the latter to the defend-

ant bank, upon which they were drawn, and in lieu thereof it issued two cashier's checks, "payable to the order of the plaintiff, and delivered the same to one Benjamin Leder on behalf of the plaintiff", and "charged the amounts thereof to the account of the said Adolph M. Schwartz, and then and there appropriated the money of the said Adolph M. Schwartz, in the amounts of said checks, to the payment thereof". Instead of sending the cashier's checks to plaintiff, Leder indorsed them in the name of plaintiff, by himself as attorney, deposited them in his own bank, it in turn presented them to defendant, by which they were "paid and retained \* \* \* as if actually and legally paid". "Leder had no authority from the plaintiff to indorse said cashier's checks \* \* \* or to appropriate the proceeds thereof", and defendant had no right to pay them upon the faith of his indorsements. Plaintiff, as soon as it learned of the facts, requested defendant to deliver the checks to it, plaintiff; this being refused, the present suit was brought.

Eliminating tautology, and also all allegations which offend against the rule forbidding speaking demurrers, the affidavit of defense asserts that the averments of plaintiff's claim are "generally [too] vague, indefinite and insufficient to support the action", in that (1) it "does not set forth sufficiently any contract made by defendant with the plaintiff"; (2) it "does not show that any consideration, valuable or otherwise, passed from the plaintiff to the defendant"; (3) it appears therefrom "that neither of said checks had been delivered \* \* \* to the plaintiff, and by reason thereof the only action of plaintiff is against the said Adolph M. Schwartz on his original indebtedness"; (4) it "does not allege sufficiently a legal demand upon the defendant for the amount claimed to be due on said cashier's checks"; (5) it "does not allege plaintiff had any knowledge of or authorized the procurement of the said cashier's checks, and does not allege the said plaintiff agreed

with the defendant or with Schwartz to accept said cashier's checks, or any other checks in liquidation of the indebtedness"; and (6) it "shows on its face that plaintiff is guilty of such delay in notifying the defendant of the illegal and fraudulent indorsement on the said cashier's checks by said Leder, as to prevent any recovery from the defendant in this action".

Overlooking, for present purposes that some of these suggested defenses, if valid at all, may be available only to Schwartz, and limiting ourselves entirely to the record as now made up, there is, when the above-stated rules of law are applied, a plain answer to each of these contentions. By the checks in suit defendant contracts to pay the amount thereof to plaintiff, or on its order, upon their being presented for that purpose; the consideration for so doing being defendant's implied agreement with Schwartz, as its depositor, and the credit of those sums against his account. That plaintiff did not know of the issuance of, and had not received, either the original or the cashier's checks, are matters of no moment. The latter belonged either to plaintiff or Schwartz, who, so far as this record shows, makes no claim to them, even if he had a legal right so to do. We must assume Leder had authority to draw and deliver the original checks in favor of plaintiff, and as the cashier's checks, issued in lieu of them, were intended for plaintiff, it had a right to ratify the action of Leder up to the time he received them. This did not operate as a ratification of his subsequent wrong in indorsing the checks, his conduct in this respect being repudiated both before and by this suit. That plaintiff did not agree to accept the checks in liquidation of Schwartz's indebtedness to it is a matter of indifference; unless the parties agree otherwise, checks are presumed to have been delivered and accepted merely as collateral security (*Phila. v. Neill*, 211 Pa. 353, 60 Atl. 1033), and this status continues until they are actually paid. The letters attached to the statement constitute an explicit demand for

the checks, which defendant had wrongfully paid, received, and retained though thereby acquiring no title to them or their proceeds. Finally, even if we could, at this time, consider defendant's contention as to delay in giving notice—the burden of proof of the exculpatory fact, if any there was, being upon defendant—the record, as now made up, discloses no reason why suit within the statutory period, without other notice, would not be sufficient.

Any further statement, at the present time, regarding the law of the case, might possibly embarrass the court below at the trial, and this court on appeal, if from the evidence produced a jury might find any material variation from the averments of the statement, which we must now accept as true; for this reason we abstain from further discussion thereof.

As provided in section 20 of the Practice Act of May 14, 1915, P. L. 483 (Pa. St. 1920, § 17200), defendant will be entitled to file a supplemental affidavit of defense within fifteen days after the return of the record. *Pottash v. Hartenfeld Bag Co.*, 267 Pa. 96, 110 Atl. 147.

The judgment of the court below is reversed, and a procedendo awarded.



### Notice of Dishonor Held Unnecessary

*Mercer v. Nevins*, New York Supreme Court, Appellate Division, 199 N. Y. Supp. 75.

The defendant executed a promissory note as president of a corporation and indorsed it individually. On the day before the note matured, the defendant executed and indorsed individually a proposed renewal note and forwarded the same together with a check to cover the interest due. The defendant knew that the maker corporation did not intend to pay the note at maturity and could not pay it.

It was held that, under the circum-

stances, it was not necessary to give the defendant notice of dishonor in order to charge him with liability as indorser. The facts recited constituted an implied waiver of notice.

### OPINION

Appeal from Supreme Court, New York County.

Action by Frederick W. Mercer against Thomas A. Nevins and another. From a judgment entered on a directed verdict for the named defendant, and from an order denying plaintiff's motion for a new trial, and to set aside the verdict, plaintiff appeals. Judgment and order reversed, and judgment directed for plaintiff against the named defendant.

FINCH, J. The action was brought by the plaintiff, as the assignee of a note made by the defendant Hydrocarbon Converter Company, and indorsed by the defendant Thomas A. Nevins. The complaint alleged a waiver of presentation and of a notice of protest. The answer admitted all the material allegations of the complaint, except that it denied the alleged waiver, and as a defense set up a failure of presentation and notice of protest. Whether or not there was this waiver was the only issue litigated.

It appears that the defendant Nevins is the president of the defendant corporation; that he executed the note as president of the said corporation, and indorsed it individually; that the office of the corporation was kept in the office of Nevins, and its books maintained there; that on the day before the maturity of the note the defendant Nevins, as president as aforesaid, executed and individually indorsed a pro-

posed renewal note, and forwarded the same, together with a check to cover the interest due, to the plaintiff's assignor; that the defendant, Nevins, knew that the maker, the defendant corporation, did not intend to pay the note at maturity, and could not pay it, because the defendant Nevins advanced to the corporation all the money used by the latter, which had no bank account, and never issued checks in payment of any bills, all of such being paid by the defendant Nevins.

It is conceded that the sending of the renewal note constituted a waiver of presentation. This, taken in connection with all the other circumstances mentioned above, shows also a waiver of notice of protest. *O'Bannon Co. v. Curran*, 129 App. Div. 90, 113 N. Y. Supp. 359; *Sheldon v. Horton*, 43 N. Y. 93, 3 Am. Rep. 669. Had the note been presented, either it would not have been paid, or would have been paid by the defendant Nevins, and in either event said defendant must necessarily have had notice of such presentation, and, if it had not been paid, of the nonpayment. The defendant Nevins occupied such a position towards the Hydrocarbon Converter Company that he possessed more notice than any notice of protest in and by itself could have possibly given. Acts in which said defendant participated brought about this situation, and hence the waiver required by the statute is present. *Negotiable Instruments Law*, § 180; *O'Bannon Co. v. Curran*, supra; *Sheldon v. Horton*, supra.

It follows that the judgment should be reversed, with costs and disbursements, and judgment directed for the plaintiff against the defendant Nevins, as demanded in the complaint, with costs. All concur.



# Record Gathering at A. I. B. Convention in Cleveland

Institute Celebrates With Its "Pioneers", and Plans  
Advanced Educational Program

By D. Richard Young

Special Correspondent for THE BANKERS MAGAZINE



CLARENCE R. CHANEY

President A. I. B., assistant cashier Northwestern  
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**T**HE twenty-first annual convention of the American Institute of Banking, which was held in Cleveland July 16 to 20 was not only the largest and most successful yet held, but was marked by a number of unusual features.

Cleveland is the city where the first convention was held, in 1903, and the present "reunion" was attended by a large number of the "pioneers" who had originally founded the institute and had attended the first convention twenty years ago.

"The present convention is different from all others", said John H. Puelicher, president of the American Bankers Association afterwards, "because of the 'pioneer' idea—coming back to Cleveland after twenty years. A great many of the older A. I. B. men came here, and all had a wonderful time at the pioneers' dinner, the golf tournament and the discussions. I believe it will be a real factor in renewing the interest of the older men in the institute.

"Another feature is the appointment of Mr. Miller as educational director—a man of such splendid qualifications and experience, who understands the genius of the institute.

"A third feature is that the convention just held was the largest of any, and had the largest attendance of women. They showed a great interest and had many very interesting papers and discussions regarding the problems of the bank woman of today and tomorrow."

"The significant thing about this convention, in my opinion", stated Carter E. Talman, retiring president of the A. I. B., "is that it represents the getting together of employer and employee to discuss their problems and work them out in a manner beneficial to employer, employee and the public. In this respect it is in contrast with the 'labor troubles' of certain industries, having strikes, violence, lock-outs, loss of time and general disorganization with its harmful effect on all society. This is evidenced by the attendance of hundreds of bank officers holding the highest positions in their communities, to discuss these things and raise the standards of banking.

"I consider as important the resolu-

tion declaring that promotion should be based on merit, rather than on seniority, favoritism, etc. Of course this convention is larger than ever before."

When Clarence R. Chaney, newly elected president of the A. I. B. was asked his opinion regarding the convention just completed, he stated, "The most significant feature is the enlarged educational program that has been planned. The heart of the American Institute of Banking is its work in training the bank officers and employees throughout the country to be better bankers. Heretofore, its study courses have been limited to the two-year 'standard course', plus some special or advanced courses. Now, however, we have come to realize the necessity for a continuation of study after these standard courses have been completed. We need to provide educational work for the older men, to help them, and to hold their interest in the institute. Such is the program of advanced courses which has now been planned, under the supervision of such an able educator and banker as Stephen I. Miller."

The above statement calls to mind a remark made to the Institute by Frank A. Vanderlip some years ago: "The banker who considers his education complete upon his graduation from high school or college is doomed to failure". The alternative is for him to keep on studying for the rest of his life, and this is evidently what the A. I. B. now feels he should do.

#### AN INTERESTING PROGRAM

The program in general was planned along much the same lines as the A. B. A. convention in New York last fall, and worked out with equal smoothness and success. If the institute is the "child" of the latter, it has surely shown a most phenomenal growth and at this time, on its twenty-first birthday, rivals its proud parent in size.

The entire convention occupied five full days, and was divided into two general sessions, a large number of departmental conferences, and many



STEPHEN I. MILLER, JR.

Educational director A. I. B., formerly dean of College of Business Administration, University of Washington

features for the entertainment of the delegates and guests.

Most of the bankers arrived in Cleveland Monday morning, July 16. This year there were special trains bringing them from the East, the West and the South. The official registration was nearly 2500, which compared with about 900 at Portland last year, and 1200 at Milwaukee in 1921. When the first convention was held in Cleveland twenty years ago, there were a mere handful in comparison. Between these two dates the A. I. B. membership has increased from 800 to nearly 52,000, and the number of its chapters from twenty-four to one hundred and forty-two.

The largest delegation was from Chicago chapter, 181 having come from the "Windy City". New York chapter sent seventy-one, and there were large delegations from Boston, Cincinnati, Detroit, Hartford, Kansas City, Phil-

adelphia, Rochester and St. Louis. Every state in the Union was represented, as well as Canada.

The convention headquarters were at the Hotel Cleveland. The Cleveland convention committee, which had been working for many months in making the arrangements, was headed by P. S. Kingsbury of the Cleveland Trust Company, while the advisory committee included D. C. Wills, Federal Reserve Bank; Edwin C. Baxter, Cleveland Trust Company; J. A. House, Guardian Savings and Trust Company; Allard Smith, Union Trust Company; and C. E. Sullivan, Central National Bank Savings and Trust Company.

#### THE DEPARTMENTAL CONFERENCES

Many delegates stated that the real work of the convention was done in the departmental conferences. These were grouped into several sections, including "Audits and Examinations", "Bank Administration", "Bonds and Investments", "Business Development and Advertising", "Checks and Collections", "Credits", "Foreign Trade and Foreign Exchange", "Savings Banks" and "Trust Functions". Most of these held three half-day sessions.

The "Audits and Examinations" conference was led by W. J. Evans, manager department of bank examinations, Federal Reserve Bank of Dallas. The following addresses were given:

"Scope of the Auditor's Duties" by J. Raymond Roos, assistant auditor National Commercial Bank and Trust Company, Albany, and E. C. Lindman, Highland Park State Bank, Detroit.

"Branch Banking and Its Problems for the Examiner and Auditor" by Godfrey F. Berger, state bank examiner State Banking Department, New York City.

"Where No Depositors Lost Their Money" by Donald A. Mullen, secretary Clearing House Section, A. B. A.

"The Auditor's Opportunity as Adviser to the Executive" by Frank L. Moss, auditor Anglo and London Paris National Bank, San Francisco.

"Accounting Systems and Their Relation to Effective Auditing" by B. B. Aley, assistant cashier United States National Bank, Denver.

"Vault Control and Audit of Securities" by W. F. Lynch, auditor Union Trust Company, Cleveland.

"Fundamentals of an External Examination" by Francis I. Coates, manager Cleveland Clearing House Examination Department, Cleveland.

"Audit of Tellers' Cash" by E. J. Novy, auditor Federal Reserve Bank, St. Louis.

"Audit Control of Bank's Earnings and Expenses" by H. H. Smock cashier Security Trust and Savings Bank, Los Angeles.

The "Bank Administration" conference was led by Charles W. Dupuis, president Citizens National Bank and Trust Company, Cincinnati.

Alex Dunbar, vice-president and cashier, Bank of Pittsburgh, N. A., Pittsburgh, spoke on "The Personnel of a Bank" and methods of improving it. He said, in part:

"Observation has convinced many bankers that the way to further develop experienced employees is to give them plenty of authority and expect plenty of results. Do not expect big results without some mistakes. Mistakes are of two kinds—those of the head and those of the heart. Mistakes of the head must be judged by the circumstances which were involved in their making. They are forgivable. Mistakes of the heart, such as indifference, disloyalty, etc., are capital crimes, beyond pardon.

"We often hear it said nowadays that the big opportunities in the banking field are few and far between, but if we carefully analyze the situation, we can readily see that greater and more numerous opportunities exist now than ever before in the history of banking. In order to succeed, however, we must thoroughly believe in our chosen profession and see that we take advantage of every opportunity to make ourselves a *profitable* investment to the bank employing us. We should keep in mind that not only is ability essential to suc-

cess, but hard work, earnestness, enthusiasm, cordiality, patience and good fellowship rank among the most important factors in advancement."

Other addresses at this conference included:

"The Bank's Relations with the Public" by N. H. Dosker, vice-president National Bank of Kentucky, Louisville.

"The Credit Department in Bank Administration" by William Tonks, vice-president Union Trust Company, Cleveland.

"Investments in Bank Administration" by John DeM. Werts, assistant cashier First National Bank, Pittsburgh.

The conference on "Bonds and Investments" was led by Edward C. Bendere, sales manager Cassatt & Co., Philadelphia. Mr. Bendere discussed the enormous increase in the general distribution of investment securities during recent years, and the important position of the banker in advising on and selecting such investments.

"A few years ago", he said, "we talked of new issues in figures of hundreds of thousands; now they are in millions. Where total periodical issues were in millions, we now talk of billions. New business develops overnight. In June of this year over 1000 new companies were organized, with a capitalization of over \$1,400,000,000. In the same month new investment issues offered totaled over \$800,000,000.

"With conditions changing quickly and the highly sensitive, over-developed exchange conditions with which our every-day lives are super-charged, let us not become superficial to the point of interfering with sound judgment. I refer to this, particularly, in selecting our investments.

"The term 'Hysteries vs. Economics' has been flung across the editorial pages so often during the past month that it has become tiresome, yet after all, doesn't it apply to present conditions? How many bankers, when buying securities, take the time to analyze a circular? How many study the real

security behind an issue, check the quick and tangible assets and earnings over a period of years?"

Chauncey P. Colwell, also of Cassatt & Co., spoke on "Railroad Equipment Trusts", and discussed the development of this form of security, the "Philadelphia Plan", and the legal phases under both United States and Canadian laws. He spoke of its desirability as a banking investment because of the security, diversification, marketability and convenience of maturity dates.

"Industrial Bonds" was the subject of an address by Norman B. Ward, manager bond department Peoples Savings and Trust Company, Pittsburgh, who said in part:

"The great problem of the investor in industrial bonds is to differentiate between the new issues of bonds which under ordinary market conditions are offered at more attractive prices than those already on the market.

"To the *average banker*, fixed property accounts, depreciation, maintenance, good will and working capital are very familiar terms. However, bond circulars sometimes show three kinds of appraisal figures, (1) book cost, (2) sound depreciated value, and (3) replacement value. There are very few industrial concerns whose fixed assets are of much value except to them as going concerns. Therefore, unless the individual issue is sponsored by one of the old and well known industrial bond houses or by a responsible bank, one should always see the balance sheet before financing as well as after financing, as the appraisal of the fixed property may be wrong. Sound value should be at least twice the amount of money borrowed on the first mortgage bond, and current assets should be from two to six times current liabilities, depending on the character of the industry.

"A good ratio of net earnings for a small corporation should be from four to ten times interest charges for a period of ten years, and for a large corporation three to five times such charges."

"Public Utilities" was discussed by James C. Dulin, Jr., assistant treasurer American Security and Trust Company, Washington, who traced the development of public utilities over the last thirty years, especially electric light and power stations.

He said, "While costs of practically all other commodities have increased in the past twenty years, the cost of electricity has decreased per kilowatt hour from two and one-half cents in 1902 to but little over a cent in 1920. If people who normally average sixty cents an hour in wages were to compare their energy with that of electricity and be paid accordingly they would receive less than one-third of a cent an hour.

"Lower costs and lower selling prices are the direct results of increased efficiency in generating and distributing electricity. Today four times as much power is developed for each employee than was produced twenty years ago.

"In the past 20 years gross revenue from the electric light and power industry has increased from \$100,000,000 to \$1,000,000,000; net operating revenue from \$30,000,000 to \$250,000,000 and bonded debt from \$25,000,000 to \$150,000,000. Yet despite the remarkable growth of the industry, electric light and power company bonds generally have not been as widely distributed among investors as have other securities."

Cuthbert C. Adams, of Hill, Joiner & Co., Chicago, discussed "Municipal Bonds" generally—and such phases as tax free quality, legislative provisions, tax limits and debt limits, assessed valuation, marketability, safety and yield, and value, from the banker's standpoint.

The "Business Development and Advertising" conference was of special interest to the new-business men and to bankers generally. The group was in charge of F. W. Ellsworth, vice-president Hibernia Bank and Trust Company, New Orleans.

The opening address was by Alex Dunbar, on "Developing the Business of a City Bank in an Industrial Center". He said in part:

"The bank which hopes to function to its maximum capacity in gathering deposits in an industrial center must take full advantage of its two chief opportunities, namely, by addressing its efforts both to the accounts of corporations which distribute money in large sums, then "follow through" to the workers who receive it in smaller units.

"The former presents the opportunity for *commercial business*, and the latter for *savings accounts*."

Under the second heading he discussed the merits of various plans of savings banking, including employees' contests for securing new accounts, the proper use of window displays, the Christmas savings club plan, school savings plan, and advertising through newspapers, street cars and direct by mail.

Other addresses at this conference were:

"A Nation-Wide Campaign for Trust Business" by L. A. Merchon, deputy manager, Trust Company Division, A. B. A.

"Developing the Business of the Trust Department" by Tracy E. Herrick, assistant vice-president Cleveland Trust Company, Cleveland.

"Securing the Coöperation of the Stockholders and Directors" by Alfred T. Hunt, vice-president First National Bank, Scranton, Penn.

"Building Out-of-town Bank Deposits in a City Bank" by O. Howard Wolfe, cashier Philadelphia National Bank, Philadelphia.

"Budget Control of Bank Advertising" by C. B. Hazlewood, vice-president Union Trust Company, Chicago.

"Developing the Business of Branch Banks in a Big City" by Fred W. Gehle, vice-president, Mechanics and Metals National Bank, New York.

The conference on "Checks and Collections" was in charge of O. Howard Wolfe, cashier Philadelphia National Bank, Philadelphia. The program included:

"The Gold Settlement Fund and Its Effect Upon the Transit Problem" by

D. C. Wills, chairman of board, Federal Reserve Bank, Cleveland.

"Opposition to Par Collections" by George H. Keesee, cashier Federal Reserve Bank, Richmond.

"Making the Best Use of the Federal Par Collection Facilities" by Edward Buder, vice-president Mercantile Trust Company, St. Louis.

"Present Federal Reserve Collection Methods and Possible Developments" by H. F. Strater, assistant cashier Federal Reserve Bank, Cleveland.

"Closer Coöperation Between City Banks and Country Correspondents" by O. Howard Wolfe, conference leader.

#### CREDITS AND THE "BUSINESS CYCLE"

This year one of the outstanding features of the conference on "Credits" was the discussion of the relation of general economic conditions to the work of the credit man. The subject was outlined by Clay Herrick, manager credit and statistical department, Guardian Savings and Trust Company, Cleveland, who was the leader of this group.

A paper was read by Allan H. Newton, assistant treasurer Hartford-Connecticut Trust Company, Hartford, entitled, "How Much Attention Should the Credit Man Give to Our Position in the Business Cycle—(a) In Analyzing Statements? (b) In Passing Upon the Whole Question of the Credit Risk?"

There followed a long discussion regarding the importance of this subject, and various methods used by bankers in keeping track of the fundamental figures on production, trade and finance—both as regards the country as a whole and the banker's own community. The need was explained for some practical plan of recording these figures, by graphic charts or otherwise, that would be simple and trustworthy, yet not demand too much work to keep up-to-date.

"The Analytical Treatment of Debenture Bonds as They Appear in the Liabilities of a Financial Statement", was the topic of a paper by E. R. Barlow, Phoenix National Bank, Hartford. He said in part:

"A debenture, unless otherwise indicated on its face, is similar to the ordinary note except that payment is extended over a much longer period of time. In case of bankruptcy, payment of the entire amount becomes due, and the holders share in the assets with the other unsecured creditors. In other words, it is a quick debt. This being true, is it not necessary to consider it a current liability in your primary, or what you may call rough analysis?"

"To my mind, while an unsecured bond issue is good financing from a corporation's standpoint, it should be a warning to the banker that there may be some weakness to be ferreted out."

Other addresses at the "Credits" conference were as follows:

"What is Credit?" by William Feick, assistant vice-president Irving Bank-Columbia Trust Company, New York.

"What are the Prime Factors Which the Banker Looks For in Analyzing Statements?" by William S. Davis, Morris Plan Bank Cincinnati, and Edward Kirk, Fifth-Third National Bank, Cincinnati.

"The Advanced Work in the Analysis of Statements Conducted by the Robert Morris Associates" by Alexander Wall, secretary Robert Morris Associates.

"What Investigation Should be Made of Accounts Receivable?" by H. W. Burnside, Farmers and Mechanics Bank, Washington.

"In Large Banks Personal Contact With the Borrower and the Opportunity to Form an Estimate of the Moral Risk by Personal Contact Are Sometimes Confined to the Loaning Officers, and Are Not Available to the Credit Man. (a) Is this the best arrangement, or should the credit man himself meet every borrower? (b) Under this set-up, how far can the credit man check the loaning officer's opinion of the moral risk by study of statements, agency reports, trade checkings and other data from the files?" by C. N. Smits, Continental and Commercial National Bank, Chicago.

"The Ethics of the Interchange of Credit Information" by V. C. Boggs,

assistant cashier Columbia National Bank, Pittsburgh.

"What is the Proper Relation Between the Credit Department and the New Business Department?" by Chas. D. Hayward, assistant cashier First National Bank, Kansas City, and R. I. McGinnis, Hellman Commercial Trust and Savings Bank, Los Angeles.

The "Foreign Trade and Foreign Exchange" conference was led by Frank M. Horton, vice-president, Central National Bank Savings and Trust Company, Cleveland. The speeches included:

"Letters of Credit" by William B. Thurston, Jr., assistant treasurer Atlantic Trust Company, Baltimore.

"Bankers Acceptances" by Emil A. Stake, assistant cashier First Trust and Savings Bank, Chicago.

"The European Exchanges" by Fred W. Gehle, vice-president Mechanics and Metals National Bank, New York.

"Banking Instruments of Foreign Trade" by Knight Woolley, assistant cashier American Exchange National Bank, New York.

"Foreign Branch Credits" by Caleb W. Long, First National Bank, Boston.

"The Importance of Foreign Trade to the Interior Bank" by H. I. Shepherd, vice-president Guardian Savings and Trust Company, Cleveland.

"Some Phases of South American Investment Possibilities" by Eldon H. Earle, W. A. Harriman & Co., New York.

Much interest was shown this year in the conferences on "Savings Banks", which is accounted for, no doubt, by the large number of so-called commercial banks recently planning campaigns to teach thrift to their communities and by so doing increase their own deposits. The group was led by W. H. Potts, assistant cashier Commerce Trust Company, Kansas City.

Leo Day Woodworth, deputy manager Savings Bank Division, A. B. A., presented figures showing that \$17,300,000,000, or 47 per cent. of all bank deposits in continental United States as reported June 30, were savings or time

deposits. This is an increase of 4 per cent. over last year. He said this proved America was not so wasteful economically as some thrift advocates assumed.

L. J. Kaufman, vice-president Guardian Savings and Trust Company, Cleveland, advised using savings accounts as "feeders" for the bank's investment department. He maintained it was the duty of the bank to protect its depositors from investing in "wildcat" securities which have impoverished so many people and, of course, have reduced bank deposits. Mr. Kaufman advocated the mailing to depositors of reliable investment information.

E. V. Krick, assistant vice-president Mercantile Trust Company, San Francisco, while discussing, "Competition for the Savings of the People", said, in part:

"A statistician has said that only 30 per cent. of the people save anything. The chief competitors for the funds of these savers are municipal, county, state and Federal Government bonds, investment banking houses and various savings institutions, among which the building and loan organizations are the most direct competitors the savings banks have.

"Last year, postal savings accounts dropped from \$146,590,000 to \$132,282,000, while savings deposits in the United States increased from \$6,018,000,000 to \$7,118,000,000 and there was an increase in savings depositors of 1,800,000. These facts bear out the claim that the public is not losing confidence in savings banks."

"Savings systems, while numberless as the sands of the sea", said C. H. Handerson, publicity manager Union Trust Company, Cleveland, in dealing with the subject, "Special Systems—Do They Pay?", "correlate themselves into two classes, and systems which do not fit into one of these two classes are either a new basic metal or are worthless.

"The first is a system which capitalizes an especially basic appeal of more or less universal application. The second is the savings system which mer-

chaudises savings by making them either more attractive, more convenient or more useful."

F. L. Frey, assistant treasurer Union Trust Company, Cleveland, extolled the "Unit System" as a means of establishing intimate personal contact between bank and depositors. In this system there are no separate paying and receiving tellers, but each teller pays out, receives, attends to drafts, and acts as a bank unit for a group of customers.

Mr. Frey said his bank was enabled, by this system, to render efficient and speedy service because the unit teller knew the business, and sometimes the family history, of the customer. In this way, check cashing loses its element of risk for the bank and its element of discomfort for the depositor.

Other speakers discussed:

"Should a Mutual Savings Bank Offer a Number of Services Other Than That of Affording a Safe Place to Keep Money With a Fair Return Upon It, and if so, What Services May This Type of Bank Properly Render?" by George S. F. Bartlett, Boston Five Cents Savings Bank, Boston.

"Creating and Keeping Accounts" by Milton W. Harrison, executive vice-president National Association of Mutual Savings Banks, New York.

"A Better Relationship Between Depositor and Bank" by Walter J. Reeves, general secretary Savings Banks Association of the State of New York, New York.

"A Method of Audit for Larger Mortgage Departments" by George D. Sears, secretary Buffalo Savings Bank, Buffalo.

"Americans in the Making—The Foreigner's Confidence, Then His Deposits" by A. T. Huizinga, Peoples Stock Yards State Bank, Chicago.

"Dormant Accounts: The Reviving and Building Up of Them" by C. E. Robinson, assistant cashier Bank of Italy, Los Angeles.

"Analysis of Savings Accounts as a Basis for Profitable Mail Solicitation"



E. V. KRICK

Vice-president A. I. B., assistant vice-president  
Mercantile Trust Company, San Francisco

by Neal W. Upham, Capital National Bank, St. Paul.

"Analysis of Savings Accounts" by Albert H. Brittenbring, Hibernia Bank and Trust Company, New Orleans.

"School Savings" by Henry F. Peeck, Rochester Savings Bank, Rochester.

"Industrial Savings (Save at the Shop Plan)" by Claire L. Munson, Union Trust Company, Cleveland.

"The Development of Christmas Savings Clubs and Their Relation to Regular Savings Deposits" by L. D. Barrett, Canal-Commercial Trust and Savings Bank, New Orleans.

"Window Display Advertising for Savings Banks" by Robert J. Campbell, assistant treasurer Fidelity Savings Trust Company, Kansas City.

"Teaching Thrift to the Public" by J. Howard LaChapelle, Albany Savings Bank, Albany.

"Coöperative Savings Advertising" by G. H. Bernard, assistant cashier In-

terstate Trust and Banking Company, New Orleans.

"Experience in Various Forms of Advertising—Profitable as well as Unprofitable Methods" by Arthur D. Hagg, manager new business department Farmers and Mechanics Savings Bank, Minneapolis.

"Personal Solicitation and Re-socialization" by Fred G. Huechling, vice-president Northwestern Trust and Savings Bank, Chicago.

"Home or Personal Service Department" by Sarah J. Macleod, director home economics bureau—Society for Savings in the City of Cleveland.

"Fertile Fields for Work in New Business" by H. J. Mergler, assistant treasurer, Union Savings Bank and Trust Company, Cincinnati.

"Savings Accounts for Business People" by F. G. Mitchell, manager savings department First National Bank, Richmond.

The "Trust Functions" conference held three interesting meetings, being in charge of G. A. Herrington, trust officer Rhode Island Hospital Trust Company, Providence.

The subject of "Trust Salesmanship" was discussed by William A. Reckman, Western Bank and Trust Company, Cincinnati. He outlined six principal methods of selling trust services, viz.: (a) Direct-by-mail—usually personal letters signed by the president of the bank. (b) Booklets or folders—serial or otherwise. (c) Newspapers. (d) Personal solicitation. (e) Placards posted in attractive and appropriate space in office. (f) Satisfied customers.

He said: "Our last method—the satisfied customer—is the bedrock upon which our institution is built. Tie your customers to you by making them feel satisfied with any and all business they may have with your institution. The satisfied customer may read the ads of another trust company, he may be visited by a personal solicitor of another bank and as a result he may be educated to use the trust services. But at your bank! Why your bank? Because he is satisfied. Do not overlook

your present clientele in a scramble for increased business. Your institution will grow as a result of what business you have today and how you develop that business."

Other speakers included:

"Trust Department Records and Accounting (Including Trust History)" by Frank M. Totton, trust officer Chase National Bank, New York.

"Purchase, Sale and Exchange of Trust Securities" by C. T. Ledgerton, assistant trust officer Anglo-California Trust Company, San Francisco.

"Agency Trusts" by Ralph M. Eastman, assistant vice-president State Street Trust Company, Boston.

"Living Trusts" by W. H. A. Johnson, assistant secretary Continental and Commercial Trust and Savings Bank, Chicago.

"Estate Tax Problems" by Henry Verdellin, assistant secretary Minneapolis Trust Company, Minneapolis.

"Managing Businesses for Trusts" by James Flemming, assistant treasurer Potter Title and Trust Company, Pittsburgh.

"Amortization of Premiums and Accumulation of Discounts" by E. Harry Johnston, Mississippi Valley Trust Company, St. Louis.

"Liabilities of Trustees Under Corporate Mortgages" by George E. Sentenne, First Wisconsin Trust Company, Milwaukee.

"Relation of the Trust Department to the Legal Fraternity" by I. F. Frieberger, vice-president, Cleveland Trust Company, Cleveland.

"Real Estate" by Elmer J. Schall, Philadelphia Trust Company, Philadelphia.

"Duties of Transfer Agents and Registrars" by Fred W. Harrington, American Trust Company, Boston.

#### THE GENERAL SESSIONS

The two business sessions of the convention were held in the Brotherhood of Locomotive Engineers Auditorium.

The first, on Tuesday July 17, was opened by an organ program by Vin-

cent H. Percy, called to order by Carter E. Talman, president, and an invocation was given by the Very Reverend Francis S. White, D. D., dean of Trinity Cathedral.

The delegates were welcomed by Mayor Fred Kohler of Cleveland.

The president's annual address was read by Carter E. Talman. He told delegates that plans were afoot to affiliate the organization with Canadian and British bankers. Opportunity would soon be given the rural bankers of this country, he added, to affiliate with the institute and to get the benefit of textbook instruction.

The report of the secretary and executive council was made by Richard W. Hill, secretary, and reports of committees were made at this time. The forum committee reported that last year thirty-three chapters held forum meetings, this being an increase of twelve over the previous year, and to at least six of these chapters the forum was an entirely new venture. The membership committee reported that the institute had grown from 300 members in 1908 to 51,824 members and 142 chapters in 1923, the increase for the past year including 1132 members and thirty-two chapters. The public affairs committee reported that during the past year considerable progress had been made in lining up men to speak in public, co-operating with the A. B. A. in carrying on its work in the public schools, in watching for and guarding against legislation adverse to sound banking, and in planning visits to local industrial plants. The publicity committee, in addition to its regular report, called special attention to (1) the survey of present membership which it had just completed, and (2) the necessity to continually "sell" the institute to bank officers and directors. The public speaking and debate committee reported that during the past year eighteen interchapter debates have taken place, with eighteen chapters participating; of this number five of the chapters had not heretofore been active in interchapter debate work. The women's committee reported that there are now 6497

women members, of which 2684 are enrolled in educational classes, both figures showing gains over those of a year ago. The headliners in women's membership are Cleveland chapter with 669, Boston 450, Pittsburgh 435, San Francisco 417 and New York 349.

The second business session, held on Friday July 20, was marked by an address by Hon. E. T. Meredith of Des Moines, on "Agriculture and Its Relation to All Other Interests", the passing of resolutions, and the election of officers.

The following significant resolution was presented by the committee on resolutions, and adopted by the convention:

"Two decades ago the first convention of the American Institute of Banking was held in this city and it is fitting that at this, the largest convention of the American Institute of Banking, we should celebrate this anniversary and congratulate ourselves upon its history, which reveals a record of distinct accomplishments.

"An outstanding feature in the institute development has been the power of each successive administration to hold, through increasing achievement, the interest of its older members and it is, therefore, also fitting to note the attendance at this convention of a large number of those who pioneered and persisted in the early years of the institute, indicating that type of continuing interest long recognized as a sustaining force of no small degree.

"We appreciate the testimonial to the value of institute training given by the American Bankers Association in choosing as its president this year John H. Puelicher, an institute graduate, and an active member of the American Institute of Banking.

"On August 31, 1922, George E. Allen, after twenty years of useful service, retired with the affection and good wishes of all our members.

"In the selection of Dean Miller as educational director, the institute has secured the active service of a leading educator and we are indeed indebted to

the special committee for the splendid work in this connection.

"We are encouraged by our experience with the institute idea, wherein promotion and progress are based on individual effort and ability, because it is being proved practical and workable as well as being fundamentally sound and just.

"We cheerfully record our sincere thanks and appreciation to the people of Cleveland for their wholehearted welcome; the bankers of Cleveland for their generous hospitality; the various speakers for their inspiring and instructive addresses; the general convention committee for the completeness of the very thorough arrangements of all the convention details; the press for its helpful consideration; and to all others who in any way contributed to the success of our convention, we record our sense of obligation."

#### ADVANCED EDUCATIONAL PROGRAM

The Cleveland convention was marked by plans for a larger educational program, and by the announcement that Stephen I. Miller, Jr., had been secured as new educational director. Many delegates pointed out that the educational work had always been the backbone of the institute, and that the election of this new leader would be a very important step forward.

Dean Miller comes from a position as head of the College of Business Administration at the University of Washington. He was born on a farm in Michigan, July 4, 1874. After graduation from the University of Michigan law school, later from Leland Stanford University, department of economics and government, he taught in rural and high schools in California until 1900, when he continued his studies for two years in France, England and Germany.

Returning to the United States in 1902, he began a career of university teaching and business which extended over a period of two years. Throughout this period Dean Miller taught at Stanford University, the University of Southern California, the State Univer-

sity of California and the University of Michigan, and for one year was Austin scholar at Harvard. For two years he was in the United States forest service.

Mr. Miller went to the College of Business Administration at the University of Washington in 1917 as professor of transportation. He was made dean of this college within a few months after his arrival, and for five years has been in constant touch with all phases of business and industrial activities throughout the Northwest, making surveys and counselling in public affairs.

During the war Dean Miller was special investigator for the United States Trade Commission, determining costs of Northwestern food products and securing evidence of intercorporate relations. He was also professor of European institutions and military transportation for the Student Army Training Corps. After the war he was made United States counsellor for the board of vocational education in the Northwestern district.

The institute debate on the question—"Resolved: That branch banking in the United States should be encouraged" was the center of interest one evening.

Arguing that branch banking assembles deposits more evenly and levels rates, the Philadelphia chapter team, upholding the affirmative, won the debate from Boston chapter.

The Boston debaters contended that branch banking leads to a concentration of credit and money power that is not wanted in the United States. As state banks can operate branches where national banks cannot, it has brought about the elimination or amalgamation of national banks, they asserted.

The Philadelphia team claimed that branch banking was better banking because it is stronger, attracts more skilled men than the small, independent bank can afford and is able to furnish better service.

The winning Philadelphia team was composed of George B. Herzog, Robert Mayer and Harold W. Scott. The Boston debaters were Joseph Morris.

Charles Stratton and Robert P. Holdsworth.

The editors of chapter publications held a special meeting at which they discussed the problems of A. I. B. journalism. The conference was led by Charles A. Schact, manager bond department, Federal Reserve Bank, St. Louis. The addresses included:

"Editor's Organization Including Duties of Staff" by Thomas H. Work, editor *Monthly Dividend*, Bank of Buffalo, Buffalo.

"News Gathering" by Miss Seline L. Winter, editor *Chapter Topics*, Hartford-Connecticut Trust Company, Hartford.

"Financing" by Herbert S. White, editor *Philadelphia Chaptergrams*, Third National Bank, Philadelphia.

"Advertising in Chapter Publications" by D. H. McGill, editor *Pittsburgh Banker*, Pittsburgh.

"Disadvantages of Carrying Ads in Chapter Publications" by J. M. Telleen, editor *Chapter Notes*, New York.

"Paid Subscriptions and Special Features" by Joseph J. Schroeder, editor *The Bank Man*, Chicago.

"Are Personals Essential?" by Joseph J. Schroeder.

"Exchange Items and Their Importance" by F. B. Putnam, editor *Cage and Desk*, Farmers and Merchants National Bank, Los Angeles.

"Prospect of National News" by D. H. McGill.

"Mechanical Method of Distribution and Mailing List" by William Phillips, editor *The Combination*, Stock Yards National Bank, Omaha.

#### ENTERTAINMENT NOT FORGOTTEN

The mistake of "all work and no play" was not made by the Cleveland convention committee, and the official program was thickly sprinkled with events for pleasure and sightseeing.

On the day the delegates arrived they were officially registered at convention headquarters and located at their hotels, after which the men attended a double-header baseball game between Cleveland and New York, at which

the institute granted honorary certificates to the managers of the two teams. There was also an exhibition tennis match between William H. Tilden, Jr., and Manuel Alonzo, champion of Spain. In the evening a men's smoker at the Masonic Temple provided vaudeville and speeches. The women were guests at the art museum in the afternoon, and in the evening attended a theater party at the Ohio theater.

One entire day was spent in a boat trip to Cedar Point, located on Lake Erie about sixty-five miles from Cleveland. The trip was made on the steamer "City of Buffalo" and delegates were given the opportunity for swimming and to participate in several aquatic events.

One of the entertainment features most appreciated was a sightseeing automobile ride around Cleveland and vicinity. The guests were taken in about 250 private automobiles for a two-hour drive through the business, industrial and residential sections of the city, at the completion of which they had a buffet supper in the new building of the Union Trust Company. When completed, this will be the largest banking structure in the world, and the visitors were greatly impressed as the automobiles drove into the building and through the lobby, which is an entire block long.

The convention witnessed an exciting baseball game between the teams of the Illinois Merchants Trust Company of Chicago and the Chase National Bank of New York. The Chicago players by a score of 12 to 9 became the undisputed baseball champions of the institute.

Other entertainments included an afternoon tea and musicale for the ladies, a shopping tour, and arrangements for visiting the banks of Cleveland.

#### THE "PIONEERS" DINNER

Mirth mingled with serious thought at a dinner at the Hotel Hollenden, tendered the pioneers of the institute by the Bankers Club of Cleveland. The occasion was the twentieth anniversary of the first convention of the institute.

which was held in Cleveland. This dinner was attended by about 350 bankers and their guests, many of whom were old graduates who attended the initial convention.

Ralph C. Wilson, of LaGrange, Ill., entertained with reminiscences of former conventions and old banking days. He described how banking ways have changed, and how a few years ago a senior officer of a bank was nearly always a veteran financier who seldom came in contact with the public, while today younger officers are steadily being elected and the presidents and other high officials have their offices easily accessible to all patrons.

Joseph Chapman, Jr., of Minneapolis pointed to the recent Minnesota election as a warning that such organizations as the A. I. B. represent should bestir themselves in order to offset the various blocs now established.

D. C. Wills represented the Bankers Club of Cleveland and also the pioneers. Other speakers were John H. Puelicher, president of the A. B. A., George E. ("Uncle") Allen, formerly for twenty years educational director, Peter J. Slack of the Union Trust Company, Cleveland, Alfred M. Barrett of New York and Carter E. Talman, president of the institute.

The pioneers' golf tournament held that morning was won by Frank Hazlewood of Chicago. It was a blind handicap and the score drawn was 80. Hazlewood turned in a 91 and his handicap of 12 made his score 79. Second prize was won by W. B. Kramer of Scranton, and third by John C. Knox of Philadelphia. Twenty-seven teed off.

#### WOMEN IN BANKING

Mention has already been made of the large membership of women in the institute; their active participation in the Cleveland convention was just as marked. There were about 600 women registered, and the major part of this number came as delegates, not as guests.

One entire morning was devoted to a conference of women delegates. Miss

Isabel R. Trowbridge, chairman of the women's committee, presided, and Miss Mary Murphy, Federal Reserve Bank of Cleveland, welcomed the delegates. An address was given by Carter E. Talman, president of the institute, and Miss Mabel Robson, Fourth National Bank, Atlanta, spoke on the "Women's Department, From a Southern Banker's Viewpoint".

"Really, the only way in which a bank may excel is in the sort of service it gives", said Miss Robson. "All banks have to be safe and have to give about the same amount of interest, but the bank that knows how to make friends is the one that gets ahead.

"My duties range anywhere from planning a family budget, to telling where to get a good doctor, or helping find a maid.

"A business man wrote to me, 'What are you doing now?'

"I wrote back, 'At present I'm looking for a husband', but I went on to explain that it was not for myself, but for one of my customers who was a newcomer to America.

"An organization like this for women is one of the best things for the industry and for the women themselves. They learn what women in other cities are doing, they get more confidence in each other, and more pride in their profession."

The election resulted in Miss Margaret Coons, of St. Louis, being chosen to head the women's committee for the coming year. She is the first woman outside of the state of New York to head this committee, and will work as her predecessors did to encourage women to improve their opportunities for advancement by studying in the institute.

Miss Coons is a graduate of the institute, and is a member of the new business department of the First National Bank in St. Louis, with which she has been connected for the last five years. She has been in the banking world for the last twelve years, and is a member of the Women's Advertising Club and the Town Club of St. Louis.

She declared that equal rights with men in the banking field will be the chief objective of the 6497 women members of the institute.

"The women resent the idea of being excluded from executive positions, which they could fill to advantage, merely because they are women", said Miss Coons.

"They are taking advantage of the opportunities for training in the American Institute of Banking wherever it is open to them, and have made wonderful progress even before a women's committee was formed."

#### THE NEW OFFICERS

The election of the four new members of the executive council was the subject of considerable interest, although in the case of officers there was but one ticket with no opposition.

All nominating speeches were made in the first business session, and after a lively evening of caucus, the votes were cast at the second business session.

The new president of the institute is Clarence R. Chaney, assistant cashier Northwestern National Bank, Minneapolis, who moves up from the position of vice-president which he occupied last year.

E. V. Krick, assistant vice-president of the Mercantile Trust Company, San Francisco, was elected vice-president.

The four new members of the executive council are George S. F. Bartlett, W. Joe Evans, William Feick, and Ralph D. Spaulding. Earl I. Vaughn, of Kansas City, made a strong race but did not gain a place on the national body.

Mr. Bartlett, of the Boston Five Cents Savings Bank, was president of Boston chapter last year.

Mr. Evans, manager department of examinations Federal Reserve Bank of Dallas, is well known for his chapter work in the South.

Mr. Feick, assistant vice-president Irving Bank-Columbia Trust Company, New York, was strongly backed by New



MISS MARGARET COONS

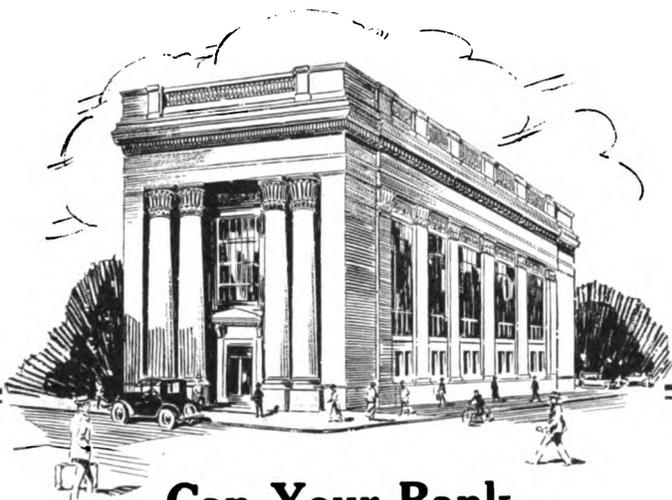
Chairman women's committee A. I. B., with New Business Department, First National Bank in St. Louis

York chapter, of which he was president last year.

Mr. Spaulding, of the Illinois Merchants Trust Company, Chicago, is a chapter member of Chicago chapter.

One of the last meetings on the program was the chapter presidents' conference, led by W. Murray Waters. Other speakers included Frank M. Totton, trust officer Chase National Bank, New York, who outlined ways for "Holding Older Members and Graduates, and Interesting Bank Officers", R. R. Rever, assistant cashier National Bank of Baltimore, Baltimore, spoke on "Methods of Promoting Attendance at Chapter Meetings", while "Retaining Interest of Young Students" was the subject handled by Charles A. Schact, manager bond department Federal Reserve Bank of St. Louis.

The delegation from Baltimore invited the institute to hold its convention there next year, which plan was unopposed and was accepted.



## Can Your Bank Go On Without You?

**D**URING 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

AUGUST 1923

## Visualizing the Idea in Window Advertising Showing How One Picture is Worth a Thousand Words

By John T. Bartlett

A RECENT window display used by the Bankers Trust Company, Denver, is a good illustration of a marked trend in bank window advertising which the writer has observed. This window was designed to sell the idea of the ease of banking by mail. Seventeenth street, on which the Bankers Trust Company is located, is the direct business street to the Union Depot, only a few blocks away. Many hotels are within a few blocks. The windows, patently, offer an opportunity to get banking-by-mail service before many out-of-town people.

The writer is always interested in Bankers Trust Company windows, handled by Allan Herrick, advertising manager, but on this occasion he was in a hurry to meet an appointment and the institution's windows would not have got so much as a glance, but for an object in the window which forced itself on his attention as he hurried past.

The object was a green mail box, standard size, such as grace frequent corners all over Denver. At a street corner, it would not have been noticed. In a bank window, it fairly reached out and pulled passers-by up to the display. While the writer was looking the window over, literally dozens of passers-by stopped to study it.

It is not, however, on the cleverness of a real mail box as an attention-getter that the

writer wishes here alone to dwell. What he wishes to call attention to are the possibilities which this institution for one, and other wide-awake institutions, are realizing in the concrete visualizing of ideas.

Most readers of this will recall the primer of their childhood, picturing objects in text. Instead of, "I saw an apple", there would be, "I saw an", and the picture of an apple. It made reading tremendously more interesting, and tremendously easier.

It was realized by educators then, and it is realized even more now, that it is vastly easier for children—and for grown-ups, too—to think in terms of actual, concrete things,

than in abstract things. As a youngster, you may remember, it was easier to subtract two apples from five apples, than to subtract two from five. And if the apples were actually exhibited, a group of five, and the teacher asked, "How many will there be if I take away two?" even the dullest one in the class was able to answer.

In window display, the banking institution at first glance appears to be at a disadvantage, compared with most window advertisers. The merchant has his wares—concrete objects of a thousand and one kinds, readily before the passer in the street. The banking institution mainly sells service which is intangible.

But, selling service through windows, the institution can use concrete things, adding to the attention-getting power the human interest of a display, and at the same time expressing a

(Continued on page 217)

THE  
CHATHAM  
AND  
PHENIX  
NATIONAL  
BANK  
OF THE  
CITY OF NEW YORK  
Capital and Surplus  
Twenty Million Dollars  
Reserves  
Two Hundred Million Dollars

*That Personal touch*  
It is a great satisfaction to feel that with your New York Correspondent bank there is some one to whom you can bring your problems and your friends or ask for that kind of personal service which would discuss only with a friend.  
In this bank I am that someone and nothing gives me more pleasure than a visit from or a service to my Virginia friends.  
W. P. Gatliff  
New York

The "personal touch" in this advertisement was secured by reproducing the handwriting of one of the bank's officers.

## Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

AUGUST 1923

IT is axiomatic to state that banks make greater profits from accounts with large balances than from active accounts with small balances. In fact there are many banks that would rather have a comparatively few large accounts than a great many small ones. Bearing this in mind it is interesting to note that a study of current bank advertising reveals that most banks devote the greater part of their effort to campaigns for new and necessarily small accounts. It is proper, we believe, to raise the question whether advertising appropriations might not be more profitably employed in building *present* balances and cultivating *present* business. Would it not be more profitable, assuming that it were possible, to double the balance of every depositor in the bank rather than make the same deposit gain in new accounts?



IT MUST be admitted that there are difficulties to be encountered in any campaign to induce depositors to increase their balances. It is a subject that must be handled with tact and delicacy

in order not to injure sensibilities. Depositors are likely to resent any insinuation that their account is not what it should be. The difficulty of the task, however, should not discourage the resourceful advertising man from making the attempt once he is convinced that the attempt is worth while. Some way can be found to show the depositor that it is decidedly to his own advantage to carry a larger balance and thus provide himself with a larger reserve against contingencies of the future. He also can be appealed to by showing him how his credit standing in the business world will be strengthened by the fact that he carries a comfortable balance at his bank.



OF COURSE it is obvious that no banking institution can neglect the promotion of new business. There must be a healthful inflow of new business in order to prevent stagnation but it is often the case that in his excessive enthusiasm for new accounts the publicity manager puts on a lot of accounts at considerable expense that are gratifying in padding the deposit total but actually are a burden rather than a profit. The same amount of energy and expense devoted to a cultivation of present business might have resulted

in considerable more profit to the bank.



THERE are two methods available of increasing the deposit balances of present customers, one direct and one indirect. The direct method would be to take up the subject with the depositor either by letter or by personal conversation and in a tactful way suggest the advantage of increasing the amount of his or her deposit. The indirect method would be to use advertising space to point out in a general way the wisdom of maintaining larger deposit balances. This could be done either in newspaper advertising or by the distribution of booklets and folders. This latter method has the advantage of being less personal and relieving the depositor of the feeling that he alone is being singled out for attention.



WE BELIEVE without question that a great many depositors might be induced to increase their balances if they were convinced of any advantage to themselves in so doing, or even if their sense of justice and fair play were appealed to by stating the bank's side of the case and showing how much more expensive it is to the bank to handle a small account than a large one.

### Visualizing the Idea in Window Advertising

(Continued from page 245)

message in such terms that anyone can get it. Consider this Denver window which the writer alluded to earlier.

The Bankers Trust windows are small windows. They are perhaps, at a guess, not more than six feet wide, not more than three feet deep. On either side, raised on a small support, was a bright green metal mail box. In the center of the window, back, was a poster with a mail carrier and his bag pictured, and the message, "Banking By Mail. Simple; Easy; Convenient".

To the front of the window, on one side, was a card headed "Deposits By Mail".

"Deposits by mail are simple

and safe. Just enclose your deposit in a letter stating your wishes. Endorse the check, Pay to the order of Bankers Trust Company. We will promptly acknowledge your letter."

The mail boxes, the pictured mail carrier, visualized the idea of using the mails. Visualizing the simplicity of making mail deposits, the bank displayed an actual letter making a deposit, the envelope, and an actual \$100 check.

On the opposite side, front, of the window was a card headed "Withdrawals".

"Withdrawals from your account are quite possible by mail. If you have a checking account, withdrawals are entered to your account when your check arrives at the bank. To withdraw from your savings account, simply mail us your bank book with a letter stating your requirements."

Visualizing withdrawals as an actual letter making a withdrawal, and a genuine bank book.

Mr. Herrick when planning this window on banking by mail wanted to convey three ideas—the ease, simplicity and convenience of the method. He could have used words only to sell the idea, and the window would have graded about 10 per cent. the effectiveness of the window he did use which visualized. The mail boxes, the mail carrier, suggested the convenience. Actual letters, of only four or five lines at most—by the way, Mr. Herrick used stationery permitting long lines—looked like very simple and extremely easy things to write, a matter of a moment or two.

And the whole conveyed, rapidly, the same idea to people of many degrees of intellect and intelligence. Business man or street worker, the display

**I**NTEREST yourself in a compound interest account.  
**N**EXT month get interest on interest.  
**T**WELVE interest payments each year.  
**E**ACH month your account increases.  
**R**EGULAR deposits are a sure road to prosperity.  
**E**VERY pay-day bank your surplus earnings.  
**S**UCCESS is built upon  
**T**HRIFT

Thrift Department



**\$1<sup>00</sup>**  
**OPENS AN ACCOUNT**

Teaching the lesson of thrift by a clever arrangement of letters.

got over to all because it visualized, pictured.

In striving to arouse thrift instincts in people, much bank advertising literature talks of the rewards of thrift, such as security in old age and the good things of life that the thrifty person, accumulating money, eventually comes to have. These, properly, should constitute incentives to save.

We have had much thrift literature which is well done and thoroughly inspirational. However, one of the most interesting attempts to sell thrift the writer has found was a window display recently used by a Denver investment house in behalf of its partial payment plan on bonds. The same idea would be equally applicable to a display, selling thrift, on behalf of a bank savings department.

The advertising manager got together a collection of photographs pertaining to that con-



*"Carries is the Goal of Success"*

## Science and Business

The man of science—commonly termed a professional man—gives but little attention or thought to the every-day things of life. He is not, generally speaking, conversant with business and financial matters. His entire thought, time and energy being continually devoted to his profession.

The creation of a LIVING TRUST solves the financial problems of the professional man, permitting him to free his mind of distracting business details. Such procedure is simple, practical and efficient. Talk with our Trust Officer about it.

## Birmingham Trust & Savings Co.

*2001 Between 1st and 2nd Aves.*

Officers	
Wm. O. Smith	Wm. O. Smith
R. B. Smith	R. B. Smith
H. C. Keller	H. C. Keller
D. J. Walker	D. J. Walker
M. H. F. Smith	E. W. Elliott

A well arranged trust advertisement written directly for the professional man. The argument points out why the latter should leave his affairs in charge of a trust company so as to keep his energies free to devote to his profession.

dition of life which the thrifty person often attains to, and which certainly would be the hope and wish of anyone. There was the actual photograph of an attractive, comfortable residence. There was a photograph of an ocean liner ploughing the sea. There was a picture of a European resort. There was the photograph of a fireside, with a happy family group around it.

The advertising manager got up a story around these, beginning, "If you want a .....". In place of "attractive, comfortable home" he dropped the words and substituted the actual photograph. When he came to the subject of a European tour, he did not use "ocean voyage" but put in the photograph of the liner. Other photographs were used in the

The Reward of Service is Success

It has been truly said: "If a man can write a better book, preach a better sermon, or make a better mouse trap than his neighbor, though he build his house in the woods, the world will make a beaten path to his door."

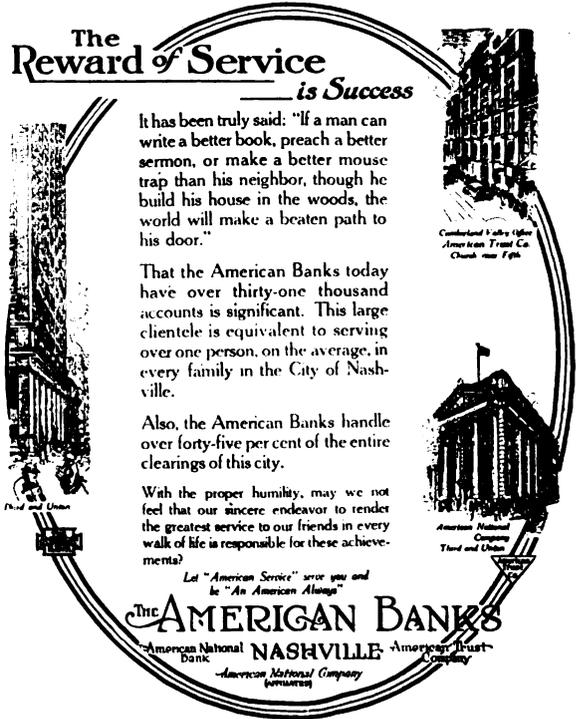
That the American Banks today have over thirty-one thousand accounts is significant. This large clientele is equivalent to serving over one person, on the average, in every family in the City of Nashville.

Also, the American Banks handle over forty-five per cent of the entire clearings of this city.

With the proper humility, may we not feel that our sincere endeavor to render the greatest service to our friends in every walk of life is responsible for these achievements?

Let "American Service" serve you and be "An American Always"

THE AMERICAN BANKS  
 American National Bank NASHVILLE American Trust Company  
 American National Company  
 Corporation



The use of the circle in this lay out compels attention and is pleasing to the eye.

**Announcing**  
 THE SEABOARD  
 Checkbook-Letter of Credit  
 A new convenience for foreign travel

THE use of your own checkbook when traveling is an innovation, which is now provided by the Seaboard Checkbook-Letter of Credit. This new provision for the comfort of travelers will eliminate considerable unpleasant bother which otherwise may be connected with the carrying of cash by travelers abroad. It is no longer necessary to use usual foreign forms of draft, which individuals have been prepared and subjected to pay for their signatures. You now make out your own check in the manner in which you are accustomed.

Your Seaboard Checkbook Letter of Credit holds forms ready to draw at each foreign check. They will be instantly honored by the agents of Seaboard correspondents in all parts of the world. To make this convenience complete the checkbook has a pocket which holds the Seaboard Letter of Credit. You can make secure funds more quickly for use, keep track of your account in the usual manner.

Seaboard Checkbook Letters of Credit may be secured at any of our office offices.

FOREIGN DEPARTMENT  
 The Seaboard National Bank  
 115 Broadway  
 MAIN OFFICE  
 Broad and Duane Streets  
 GREEN BAY  
 115 East and  
 115 East and

Announcement by a New York bank of a new service to foreign travelers in a pleasing combination of text and illustration.

same manner. The message occupied a card perhaps eighteen by twenty-four inches, framed. Bank advertising displays which visualize ideas often have great attention-getting power. This display card did. It stopped people, caused them to gather at the window. The "puzzle" character of it interested many to study it out. While they studied it out, the idea of the good things of life which reward the thrifty was put before them, not in words but in live, appealing photographs. Between the power to arouse desire of the phrase, "fine home", and the picture of a fine home, there is no comparison.

And while desire was strong in the reader's breast, the advertiser pointed out the par-

ticular thrift plan which it offered as a means to the end of actual possession.

A window dealing with the idea of family saving on behalf of a child, for an education, pictured a smiling, chubby baby face on the center display card. On an adjacent card, a certain small sum of money for daily saving was shown, not by figures alone, but by figures plus the sum in bright pennies, attached to the card in rows. This amount saved daily, the reader was told, would amount to a stated amount when the baby, grown to youth was ready for college.

"Visualize the idea", is a fundamental principle of effective bank display windows.

# Advertising Should Be Judged Not By Looks But By Results

By Clarence T. Hubbard

"You CANNOT tell a good advertisement by looking at it", says Frank Black, vice-president of the New England Associated Advertising Clubs. "An advertisement can only be judged by what it accomplishes. It is not so much in the Way you advertise as *How*".

Many companies and merchants in the same kind of business advertise in absolute contrast as to style or type and still all secure good response. Many of our larger advertisers and stores use entirely different types of appeal, yet the results in each case are successful. The point is to get folks to recognize *your type* of advertising no matter what the style, and in its very appearance it will always suggest your name and business. As Mr. Black has said, "A man need not be tall or short or stout or slim to be successful. He becomes recognized according to his appearance and is accepted as the same person each time". The same way with advertising. It is not so much the type but the

persistence and planning which will get folks to *recognize* your style.

Persistence in salesmanship is recommended as a needed and successful virtue. It also applies to advertising. Spasmodic insertions or "accommodation advertising" as represented in space given to dance programs and other charity get-ups has no real value, excepting perhaps under the head of reciprocal relations. This type of publicity is all right as a supplement to some regular and systematic plan, but ahead of this you should first determine the *purposes* of your advertising.

Bank advertising is considerably exploited in the form of "asset and liability citations" and "poverty" reminders. Yet our leading bank men and specialists say that the majority of people carry bank accounts as a good *business proposition*. Why not more advertising along this theme? Savings banks have already somewhat abandoned the "poverty" idea and now build their appeals more upon the common sense value of thrift.

Consider the following as an example of banking advertising along the lines mentioned:

YOU MAY NOT NEED IT—  
Just the same you should have it.

A Bank Account.  
Our big corporations seldom ever need the large surpluses they carry. But just the same they should have them.

IT'S GOOD BUSINESS  
Many reasons make it so. You can never tell when the need will arise—frequently most unexpectedly. In the bank your surplus supports itself and creates a distribution of money the country needs. It adds to your personal credit and strengthens your activities. You are a better person for having a savings account.

Several banks are recently issued circulars of a "humanized" tone that have had good

appeal. Through the introduction of some human recollection or story the impressive fact of banking service can many times be put over. We all like sugar-coated pills.

The "folder copy" of this type, which breaks the conventional with a friendly yet practical appeal and which is offered for the use of all readers, follows:

### AS ONE OF THE PUBLIC

As one of the public you have often observed the way all pencils are chained in the public libraries and railroad stations. And how telephone books and other directories are likewise fastened.

Just a protection against a weakness of human nature to forget. Having so much to do and so little time in which to do it must leave a certain amount of forgetfulness in us which causes our public institutions to protect themselves against this innocent trait.

If it is important enough for libraries to chain pencils, is it not quite essential that you in some way attach a protecting cord to your dollars? We mean your every day dollars—those that you use to pay the butcher, the grocer and the candy stick maker.

There is a most elastic chain for this purpose and it is invincible in its service. A personally controlled checking account with the Center Trust Company. Not a weak link exists.

美國友邦銀行

## Asia Banking Corporation

*An American Bank rendering complete service for trade with the Orient and all other parts of the world*

CHARLES H. SABIN, Chairman of the Board

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CHARLES A. HOLDER, President

T. FRED ASPDEN <i>Vice President</i>	IRVING V. SCOTT <i>Vice President</i>
E. B. MACKENNIS <i>Secretary</i>	A. N. GIBBES <i>Treasurer</i>

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HEAD OFFICE, 35 BROADWAY, NEW YORK  
SAN FRANCISCO  
HONGKONG HONGKONG MANILA CANTON  
HANKOW PEKING TIENTSIN YOKOHAMA

Good typography in an old-fashioned "card" type of advertising by a New York bank.

COMMERCIAL BANKING



*Where your business is appreciated*

Whether you use us for the convenience of a checking account, or employ us in the broader field of commercial banking, your business is appreciated.

The officer or clerk who may handle your transaction, the officer with whom you discuss some problem, the page who directs you—they all, you will find, take an interest in your business with us which conserves your time and gives you the sort of attention suggestive of our appreciation of your patronage.



## THE NORTHERN TRUST COMPANY

Capital and Surplus \$5,000,000

NORTHWEST CORNER LEXAVILLE AND MONROE STREETS

Cordiality is the key-note of this Chicago advertisement. Most bank customers like to feel that their business is appreciated by their bank.

Your money is available at all times, but only to you. You cannot hang up your coat and have some one "take it"—your chain of connection as a depositor prevents this. You cannot drop it out when you reach for your handkerchief—because we are watching it. You are less apt to lose it in thoughtless spending as our chain of protection again proves useful.

As one of The Public it would pay you (actually, not just as an expression) to carry a checking account with the Center Trust Company, also one for your wife, or a joint account to be operated by you both. In fact it is a pretty good idea when every one in the family carries a checking account. We are equipped to render just such a service.

You see—it is only because hundreds of folks have realized this that we are able to offer this service. In addition to being bankers and protectors we lay claim as Public Guardians of Human Nature.

Advertising is a science of

persuasion. Its power to the banking profession is not a cure-all. It is a business advantage. Advertising should not be expected to accomplish everything, but rightfully applied it can accomplish what you definitely set it to do in a plain way. Decide first whether you want your advertising to produce prospects, inquiries, business, or whether you want it merely to popularize your name or pave the way for later transactions. Possibly you have some special or individual service that you desire recognized. Your success with advertising depends very much on what you desire it to accomplish and then how you go about to accomplish it.

*The Man Who Writes These Ads.*



—He lives in the flat which he practices.

—He has a little boy of 20 months. On the day of his birth, the great father opened a 4 per cent Term Account in the Southern Trust and Commerce Bank, depositing \$1 to his son's credit.

—He must pay this every two weeks, he puts in another dollar. Each mother and he saves all three pennies for "money," depending upon their first year's \$1.

—At 4% interest, compound interest every six months, \$1000 in 10 years has \$1400. But the first part is that mother and her sweet little boy never see the money and say "No little truth about."

—Enough said, except that these deposits are in the Southern Trust and Commerce Bank, located in the U. S. Court House Building, San Diego, California.

A San Diego ad writer takes his own medicine.

## How Banks Are Advertising

THE FARMERS' Loan and Trust Company of New York now has available in pamphlet form the series of advertisements which have recently been appearing in *The Saturday Evening Post*, *The Literary Digest*, and other national advertising mediums. This is a very interesting series and worth study by all who are concerned in banking publicity.

The key note of the series is the importance of the "home town banker". The various services which the "home town banker" can render the people of his community are pointed out. "Home town" people are urged to consult him when they want advice and guidance on business and financial matters. At the end of each advertisement this

paragraph appears in italics: "Not the least of his services is his ability to execute your banking business in New York". Aside from this paragraph and the signature of the bank, no reference is made to the Farmers' Loan and Trust Company.

THE BIGELOW State Bank of New York has issued an attractive folder entitled "When You Know Us and We Know You". The opening paragraph



Serving Buffalo faithfully for 72 years

In August, 1850, when the Marine Bank opened, the population of the entire city of Buffalo—42,261—was less than the number of its present day depositors—64,871.

On your request we create your account

You will be welcome at any of the thirteen offices of the

**MARINE TRUST COMPANY**  
OF BUFFALO



Is there team-work between you and your bank?

Do you take advantage of all that it offers to you? Do you come to us trained and experienced officers for advice and for help?

The Marine Trust Company is a clearing house of information to almost every line of business. Through us hands pass the details of many of the important transactions in the business world.

Its officers are men of experience and judgment and their services of information are both correct and accurate.

This information and experience are at your service for the simple asking.

Are you ready using your bank?

You will be welcome at any of the thirteen offices of the

**MARINE TRUST COMPANY**  
OF BUFFALO



Will They be Safe while You are Vacationing—

Your automobile and other household valuables, those cars and gifts that never can be replaced?

The vacation home you leave is an invitation to the burglar. A fire in your absence will destroy without you to save and safeguard.

You—there will be safe and you will have avoided needless care and worry if your valuables are stored in the vaults of the Marine Safe Deposit Company which are equipped for the storage of trusts and packages of all sizes.

Telephone on other days you high in night and our general office will call you.

**MARINE SAFE DEPOSIT COMPANY**



REAL SERVICE

How far is it to your bank? How much valuable time is wasted in getting there?

The great convenience and time saved represent some of the Marine Trust Company are brought to your door by one of its numerous offices, added to the friendly, unobtrusive spirit of its service which is bound to please you.

Each office is managed by capable, experienced men, who have been in service you and who will do as if you will take your problems to them.

You will be welcome at any of the numerous offices of the

**MARINE TRUST COMPANY**  
OF BUFFALO

This Buffalo trust company is a consistent advertiser using a uniform style of typography and layout.

reads: "When you come into this bank, whether you are a depositor or a depositor-to-be, we want you to know that you are on 'friendly ground'". Friendly overtures of this kind are effective when they are backed by the policy of the entire staff of the bank. That this policy prevails at the Bigelow State Bank is apparent to anyone who has visited this extremely courteous and friendly institution.

THE WHITNEY Central Bank of New Orleans used the following appeal to wage earners in a recent advertisement:

#### THE WAGE EARNER

Who makes this bank HIS BANK, receives the same courteous attention, and careful advice on his problems as they come up, as we accord any other depositor, large or small.

It is the little things that count, and we welcome the small account of the Wage Earner.

Our Savings Department pays 3½ per cent. interest, and you can rest assured that your money is safe.

A dollar will start a savings account. Why wait until you have more? Many Wage Earners deposit with us weekly. Why not you?

THE BANK of the Manhattan Company, New York, has started the publication of a series of little volumes to be known as the Manhattan Library. These books will deal with separate subjects of popular interest and are planned to meet the public desire for greater knowledge of fundamental economic factors. The first volume is entitled "The Greatest Family in the World" and describes the institution of life insurance. Small as it is, this little book is the condensed result of a long period of research and compilation, including consultation with some of the world's foremost authorities in this field. Subsequent volumes will deal in succession with other great American business groups.

THE HIBERNIA Securities Company, Inc., of New Orleans has

## Who's Who in Bank Advertising



COLLINS MASON

Publicity director International Acceptance Bank, Inc., New York

AS secretary to Paul M. Warburg, Mr. Mason was identified with the publicity work of the capital issues committee of the Federal Reserve Board when that committee was organized during the war emergency. Inasmuch as only through public support could the work of that committee receive the proper cooperation throughout the country, the publicity had to be carefully directed.

Mr. Mason has directed the publicity of the International Acceptance Bank, Inc., since its organization slightly more than two years ago.

As its name implies, the field of the International Acceptance Bank, Inc., is international in scope and the institution has rapidly gained prominence in all countries of the world since its inception in 1921. Their advertising, therefore, must be carried on throughout the world. Furthermore, acceptance banking is a comparatively young practice in the United States, and the problem of properly presenting it to those concerned in foreign trade is a large one.

## Invest \$762 Yearly for Income of \$1,140

**AN** average annual cash investment of \$762 continued for 15 years will create a wealth in 6% Straus Bonds which will return you thereafter an annual income of \$1,140.

- First step:** Invest \$1,000 in a 6% Straus Bond;  
**Second step:** Add to interest semi-annually \$300 plus the odd amount necessary to bring the total up to seven hundreds.  
**Third step:** Invest interest and cash addition in 6% Straus Bonds.

Initial Investment	Semi-Annual Investment			Progressive Total Wealth \$1,000
	Interest	Cash	Total	
6 months	\$30	\$370	\$400	1,400
1 year	63	336	400	1,800
1 1/2 years	96	304	400	2,200
2 years	129	272	400	2,600
2 1/2 years	162	240	400	3,000
3 years	195	208	400	3,400
3 1/2 years	228	176	400	3,800
4 years	261	144	400	4,200
4 1/2 years	294	112	400	4,600
5 years	327	80	400	5,000
5 1/2 years	360	48	400	5,400
6 years	393	16	400	5,800
6 1/2 years	426		400	6,200
7 years	459		400	6,600
7 1/2 years	492		400	7,000
8 years	525		400	7,400
8 1/2 years	558		400	7,800
9 years	591		400	8,200
9 1/2 years	624		400	8,600
10 years	657		400	9,000
10 1/2 years	690		400	9,400
11 years	723		400	9,800
11 1/2 years	756		400	10,200
12 years	789		400	10,600
12 1/2 years	822		400	11,000
13 years	855		400	11,400
13 1/2 years	888		400	11,800
14 years	921		400	12,200
14 1/2 years	954		400	12,600
15 years	987		400	13,000

Our booklet, "Chart of Hidden Treasure," presents a series of tables to suit various financial circumstances. Each one offers a liberal reward to him who will seek fortune by patient, persistent investment in safe, six per cent bonds. When such quick and big results are certain, what virtue is left in taking chances? Ask for

BOOKLET A-949

## S. W. STRAUS & CO.

ESTABLISHED 1883 OFFICES IN FORTY CITIES INCORPORATED  
 STRAUS BUILDING—565 Fifth Avenue—at 46th Street  
 Telephone—Vanderbilt 8500

41 YEARS WITHOUT LOSS TO ANY INVESTOR

© 1921—S. W. S. & Co., Inc.

A good example of concrete advertising showing in exact figures what can be accomplished by systematic saving.

issued a booklet entitled "The New South" which records in a very graphic manner the progress made by the Southern states during the past half century. The various industries of the South are described and reasons given why local capital should take advantage of the opportunities for sound investment in the South.

THE FARMERS' Loan and Trust Company of New York has reprinted for distribution an article entitled "Your Estate" by James H. Collins which appeared in *The Saturday Even-*

*ing Post*. Like most articles in the *Post* "Your Estate" is written in a human and popular style and makes much easier and more interesting reading than most of the trust literature that is being distributed by the banks.

THE BANK of the Manhattan Company, New York, in a series of advertisements, is featuring the various states of the Union. A recent one on Missouri reads:

From those early days when Missouri was the outfitting station for the westward moving caravans, the state was destined to

great commercial importance. Her industries had an annual output of \$1,500,000,000 at the last census—slaughtering, meat packing, flour and grist mill products leading. Missouri-mined lead and zinc are used the world over and she also produces much coal. Her annual crop is valued at well over a half-billion dollars.

The services of the Bank of the Manhattan Company to Missouri's industry and commerce is made doubly valuable through being administered by officers with first hand knowledge of her conditions and needs.

THE MINNESOTA Loan and Trust Company of Minneapolis has issued a Home Planning Book containing plans and specifications of modern homes and an outline of the various ways in which this institution can help in the financing of homes. This book should be of considerable value and interest to home builders and is excellent publicity for a bank specializing in this type of business.

A VERY attractive folder has been issued by the United States Mortgage and Trust Company of New York entitled "Capitalizing Your Life Insurance". This booklet describes how to create an insurance trust and shows its advantages.

"TRADE TRENDS", the monthly trade letter of the Franklin National Bank of Philadelphia, is particularly helpful to the busy reader because it summarizes at a glance the essential facts about important factors entering into the business situation.

### F. W. WOODY ADVANCES

F. W. Woody, who has been in charge of promotion and new accounts of the Citizens' Trust Company, Buffalo, has been appointed advertising manager of that company, succeeding Harold E. Choate. Mr. Choate resigned to join the Harrison Real Estate Corporation of that city.

# 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. Kittredge, pub. mgr.
- Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to pres.
- Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
- Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
- Brooklyn, N. Y., Williamsburgh Svgs. Bank, 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, C. R. F. Wichenden, mgr. new bus. dept.
- 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., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.
- 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.
- 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. ext. mgr.
- Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
- Denver, Colo., Denver Nat'l Bank, G. T. Wells, asst. cash.
- Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.
- Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
- Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
- 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. Quincey, 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.
- Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr., pub. and new bus. mgr.
- 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 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., Léon Lorrain, dir. pub.
- Newark, Ohio, Home Bldg. Ass'n Co., E. M. Raugher, pres.
- New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, secy. to pres.

- New Orleans, La., Whitney-Central Nat'l Bank, M. L. Bouden, pub. 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., Battery Park Nat'l Bank, E. E. Gafford, asst. V. P.
- N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.
- N. Y. C., Coal & Iron Nat'l Bank, H. G. Stenerson, asst. to pres.
- 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. Ehrlich, secy.
- N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
- N. Y. C., Union Bank of Canada, A. G. Slater, adv. 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. 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., Tradesman'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., Pa. Tr. Co., pub. mgr.
- Pittsburgh, Pa., W. H. Siviter, 122 Dithridge St.
- Prague, Czechoslovakia, Bohemian Industrial Bank, head office.
- Quincy, Mass., Granite Trust Co., D. King, V. P.
- 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 Antonio, Tex., City Nat'l Bank, H. M. Hart, 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. Lawman, 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, F. G. Norberg, pub. mgr.
- Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
- Sydney, Australia, Gov't Svgs. Bank of N. S. W. and Rural Bank, A. W. Turner, secy.
- Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Bize, pres.
- Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Strelcher, asst. secy-treas.
- Toronto, Canada, Canadian Bank of Commerce, A. St. L. Triggs, secy.
- Toronto, Canada, E. J. Coon, 66 Farnham Ave.
- Toronto, Canada, Home Bank Monthly, Home Bank of Canada, 3 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. Claiborn, 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 Suissees, H. de Muralt, sub-mgr.

(c)

## New Names

- N. Y. C., Gotham Nat'l Bank, B. W. Griffin, pub. mgr.
- Schenectady, N. Y., Schenectady Svgs. Bk., Miss A. R. Waldron, director serv. dept.
- N. Y. C., Mfg. Tr. Co., D. Lipsky.
- N. Y. C., Western Union Tele. Co., H. L. Hamilton, adv. mgr.

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THE IMPORTERS AND TRADERS NATIONAL BANK OF NEW YORK has been merged into The Equitable Trust Company of New York. The consolidation was completed June 29.

As a result of the merger, The Equitable now has a capital of \$23,000,000, and surplus and undivided profits of more than \$9,500,000. Deposits are in excess of \$300,000,000. Total resources are over \$375,000,000.

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CHICAGO: 29 South La Salle St.  
SAN FRANCISCO: 485 California St.

# Banking Evolution in Chile

By G. Butler Sherwell

THE prosperity of Chile depends to the greatest extent on its nitrate and copper industries. The ease with which the government of that country has been able to collect revenues from nitrate and copper exports has led to the policy of making them pay for the national expenses of Chile and relieve its people of the burden of heavy taxation. It has also led to undertaking the financing of large projects for public works, which in other countries would have to be met largely from domestic taxes. Revenue thus collected and the proceeds of the majority of loans placed abroad have been used by the Chilean Government in the development of the railroads of the country which are, to a large extent, government owned. Most of the nitrate deposits are also owned by the country, and the leasing of nitrate fields to developing enterprises as well as the payment of royalties to the Government through export duties constitutes a substantial source of revenue for the country. Export duties on nitrate and import duties on other products constituted in 1918 about 80 per cent. of the total Government revenue, which amounted to about 245,000,000 pesos. Of this sum, about three-fourths were paid by foreign nitrate consumers.

Since not only the prosperity of Chile, but also the financial machinery of the Government depend to a considerable extent upon the condition of the nitrate and copper industries of the country, it is only natural that economic crises, characterized by widespread privation and misery, have occurred from time to time since the establishment of Chile as an independent country. In certain periods, disturbances of economic order have occurred due to other causes, such as wars and earthquakes, but the most severe crises have found their origin in the economic structure of the country. The first

crisis of this sort occurred in Chile after a period of great prosperity between the years 1848 and 1856. Silver deposits of importance were discovered in the Atacama region, which brought about an era of widespread activity not only in that section of the country, but also in the interior. This period coincided with the gold discoveries of California, and Chilean agriculture found a magnificent market for its products in that relatively new section of the United States. This situation was temporary, however. The markets of California and Australia were soon lost, with the result that the agricultural industry reached a state of stagnation, and the silver mines proved to be of short productive duration.

The same disturbing characteristics have been manifested at other times. On one occasion the farmers of Chile were imposed upon by the merchants of Lima, when Chile's commerce was subordinated to that city, which naturally created a difficult position for that branch of national prosperity. At other times it was the ill effects resulting from paralyzation of business. Over-trading with Spain was to account for the difficult times prevailing in 1878. In general, the economic crises of Chile are preceded by periods of great prosperity and unrestrained speculation. These crises are characterized by a restriction of credit, increased rates of interest, and fall in exchange, carrying with it business failures, stagnation in industrial and commercial activities and deadening of the spirit of enterprise.

## HISTORY OF THE LAST CRISIS

The history of the last crisis which has affected the economic system of Chile is much like the others. During 1919, the previously established Association of Nitrate Producers changed its activities from a mere advertising and propaganda agency to a producing



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and selling trust. There is no law at present in force in Chile which would provide for measures against what is known in the United States as a combination in restraint of trade. Ninety-five per cent. of the nitrate produced in Chile is controlled by an officially recognized trust. This trust produces and sells the product, fixes the production quota of each plant, establishes the prices and makes arrangements for all sales. Not only nitrate of soda, but other products such as iodine, explosives and lumber are also controlled by similar trusts. Iodine is controlled by the corporation called the "Combinación de Yodo", which acts much like the nitrate trust in assigning production quotas and effecting sales only through its agents in London and New York. Dealers of pine lumber are organized in a similar way, and owners of vessels in Chile operate under uniform tariffs approved by the government. Importers of explosives have an organization which fixes prices at every port, and consumers are obliged to conform with the dispositions of such an organization.

During 1920, the nitrate association, taking advantage of the excessive war demand for this commodity, raised prices to a figure never reached before, and made large contract sales to a syndicate of nitrate speculators in London, known as the London Nitrate Pool, under the agreement that no sales would be made at a lower price for a certain determined period. It was soon apparent that consumers would not or could not buy the product at the prices demanded by the Pool. This coincided with the decreased demand for nitrate after the close of the war, but neither the Association nor the Pool were willing to submit to the loss which a cutting of prices would involve. To make matters worse, the plants had continued to produce nitrate at full capacity and a surplus of some 2,000,000 tons of nitrate had piled up in the *ofcinas* in Chile, while an additional 1,000,000 tons were held in Europe, for which no buyers could be found. With a view to alleviating the

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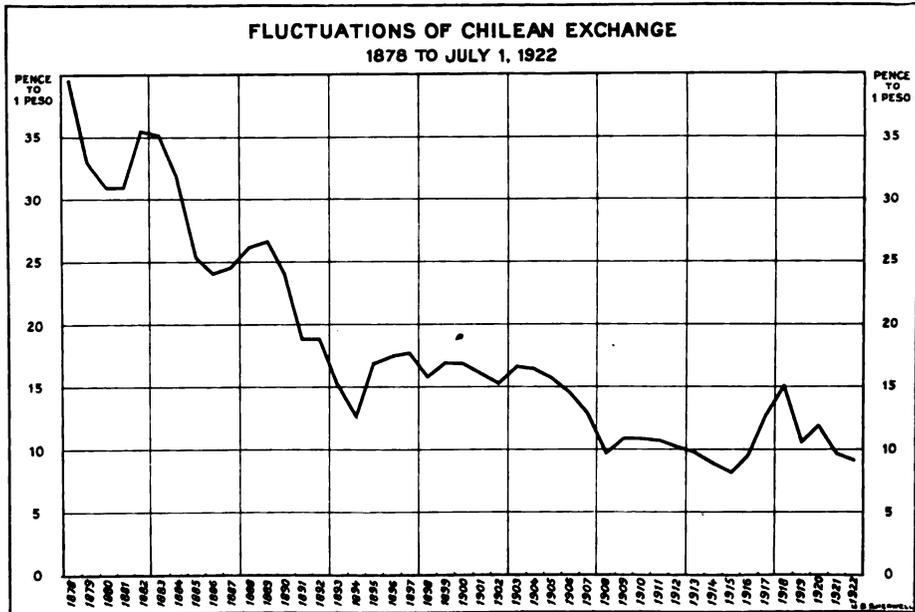
GOVIND DASS BHAGAT, M.A., LL.B.,  
Secretary

situation, the Nitrate Association entered into an arrangement with the Pool on October 11, 1921 reducing the selling prices. As a result of this situation, four-fifths of the nitrate plants closed down and a very considerable number of Chilean workers were thrown out of employment. Thousands of laborers were sent to the interior of Chile, while many thousands remained in the fields and were fed and housed by the government in public houses known as *alberques*. The effects of such a situation were clearly reflected in the commercial position of the country, more strikingly so in the mining regions. Exchange fell from an average of 33 cents to the peso at the middle of 1918 to an average of 10 cents at the end of 1921. Only a slight betterment has been registered since. At the present time the average quotation is 12 cents to the peso. The merchants of Chile, when

called upon to pay their foreign creditors, were obliged to secure postponement or else go into bankruptcy.

Observation of the policies followed by the trusts operating in Chile reveals that the tendency of these combinations is to keep prices at a level as high as possible, even when conditions in gen-

capitalist to invest his money in a country with a feeble and uncertain monetary system, no matter how high a profit he may expect to obtain, when he is always confronted with the risk of having his profits sharply reduced by a fall in exchange. The uncertainty prevailing is the most powerful reason



Fluctuation of Chilean peso since 1878

eral would indicate an opposite course of procedure. They are instrumental, therefore, in postponing commercial crises, but when these can no longer be avoided, the consequences are felt much more severely.

#### THE MONETARY PROBLEM

Besides the already mentioned elements of government economic policies which affect the Republic of Chile, the monetary problem is of paramount importance. Banking in that country is intimately connected with it, since the monetary régime of Chile is one of fluctuating paper currency, which does not offer the necessary and proper guarantees for the investment of capital, principally foreign. Undoubtedly, there cannot be any attraction for a foreign

which accounts for the lack of foreign loan money in Chile. The chart on fluctuations of Chilean exchange will give a clear idea of the fluctuation of the Chilean peso since 1878.

Until the system of paper currency subject to violent and constant fluctuations is thoroughly reformed and placed on a solid basis, there will be poor prospects for foreign capital to enter Chile in the way of domestic loans or investment securities. It can hardly be affirmed that the foreign banks now established in Chile have introduced foreign capital for investment there. Their capital is rather small and the loaning and discount operations in which they engage are originated by using the deposits secured by them in domestic currency. Their profits are derived from

the difference in interest rates paid for deposits and collected from loans. The coming of foreign institutions to Chile has benefited the banking system of the country as a whole since, due to efficient management, they have extended the benefit of good banking service, and exercised some influence on the native institutions. Foreign institutions have also been instrumental in developing international commerce. But, on the other hand, it cannot be denied that prior to the establishment of foreign banks, the profits made by the national institutions in their loaning operations stayed in the country and were distributed among residents of the country, whereas, in the case of foreign banks, the profits so obtained go abroad in the form of dividends. It may be declared that the safest way to protect capital invested in Chile from the dangers of exchange fluctuations is through the establishment of permanent industrial concerns, such as mining, cattle raising and agricultural.

Foreign capital so invested in Chile will mean a tangible benefit to the country, which has not produced capital of its own sufficient to meet the demands imposed upon it by a continual development. Sight must not be lost of the fact, however, that the actual operations of foreign concerns in Chile have been at times disturbing elements in the natural course of Chilean exchanges. Their profits diminish as exchange rises, since their product is sold in terms of foreign currencies, while about one-half of the cost of production is paid in Chile with paper currency. In point of fact, under the present circumstances, it is calculated that the nitrate industry is fairly profitable with exchange running from seven to nine pesos to the dollar, whereas a rate of five to six pesos to the dollar would give serious concern to a large number of producers.

Inconvertible paper has been Chile's currency since 1878. The monetary unit is the peso of 0.5991 gram of gold, 0.916 2/3 fine, or 0.54918 gram of pure gold. Its par value is 86.5 cents, or 18 pence in English currency. The Chilean

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peso is generally quoted in the latter currency.

The conditions existing in Chile by reason of inconvertible currency can hardly be harmonized with the ideas prevailing among the statesmen of that country during the first periods after its establishment as an independent nation.

It is undoubtedly due to the feelings of opposition to paper currency prevailing at that time that the first bank of issue in Chile, called the Banco de Chile de Arcos y Cia, established in 1848, did not last over one year, since the privilege of note issue was revoked soon after its establishment. During the following ten years, however, a change in sentiment was noticed.

The Banco de Chile was incorporated in Santiago on September 5, 1859. Besides other privileges, this bank enjoyed that of note issue, payable to bearer at

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### Resources—

Cash in Vault and with Federal Reserve Bank	\$41,466,419.40	
Exchanges for Clearing House and due from other Banks	60,413,308.66	
Call Loans, Commercial Paper and Loans eligible for re-discount with Federal Reserve Bank	111,488,936.69	
United States Obligations	<u>20,735,007.59</u>	\$234,103,672.34
<i>Other Loans and Discounts</i>		
Demand Loans	20,575,021.81	
Due within 30 days	24,069,386.74	
Due 30 to 90 days	38,056,166.00	
Due 90 to 180 days	25,454,189.18	
Due after 180 days	<u>2,022,169.40</u>	110,176,933.13
Short Term Securities		13,768,219.22
Other Investments		2,534,585.70
New York City Mortgages		4,638,705.39
Bank Buildings		4,983,810.66
Customers' Liability for Acceptances by this Company and its Correspondents outstanding [anticipated \$1,978,318.49]		<u>18,636,092.11</u>
		<u>\$388,842,018.55</u>

### Liabilities—

Capital Stock	\$17,500,000.00	
Surplus and Undivided Profits	<u>10,675,027.40</u>	\$28,175,027.40
Dividend Payable July 2, 1923		525,000.00
Discount Collected but not Earned		1,286,362.35
Reserved for Taxes, Interest and Expenses		810,616.74
Foreign Bills of Exchange sold with Endorsement of this Company		1,135,118.54
Acceptances by this Company and by its Correspondents for its Account outstanding [including Acceptances to Create Dollar Exchange]		20,614,410.60
Official Checks		16,406,521.64
Deposits		<u>319,888,961.28</u>
		<u>\$388,842,018.55</u>

sight. This proves the assertion that at that time public opinion had shown signs favorable to giving the banks the right of issue. In the same year, the government submitted to congress a bill providing for the creation of banks of issue. The law was promulgated on July 23, 1860.

#### HISTORY OF THE CURRENCY

The history of the currency of Chile may be summarized as follows. The Banco de Chile, an institution of private character, was incorporated into the Banco Nacional de Chile, which was established in 1865, with a capital of 7,000,000 pesos, composed of 7000 shares of 1000 pesos. The capital of both institutions combined amounted to 9,000,000 pesos. The war with Spain broke out in the same year that the Banco Nacional was established, and the law of September 24, 1865, accorded the bank the right to issue notes up to 50 per cent. of its subscribed capital, provided that the necessary steps for the proper security of the notes so issued were taken by the bank.

At the close of the same year, a new law was passed, providing for inconvertibility of bank notes until six months after the ending of the Spanish war, or June 30, 1867 at the latest. The government, at the same time, demanded from the banks a loan, without interest, of one-third of the amount of its note issues, making the notes acceptable for the payment of government taxes and duties. The inconvertibility of bank notes, however, was only maintained until August 31, 1866. A short period of prosperity and expansion of credit was inaugurated in the following year, due to the discovery of mineral deposits in the Province of Antofagasta, then under the rule of Bolivia. Chilean promoters and capitalists took charge of the exploitation of the mines. The period comprised between the years 1867 and 1873 was marked by a mining fever, carrying with it speculation in a high degree and a general abuse of credit.



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VIII

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The result was that in 1878 a general crisis was unavoidable. The government, therefore, authorized the banks to issue notes receivable by the government in an amount not to exceed 12,000,000 pesos. The concessions granted in virtue of such an agreement were to expire on August 7, 1888. The general situation became a great deal worse and on July 22, 1878, the senate enacted a decree rendering all issues inconvertible for one year. This period, however, was later extended for nine months and May 31, 1880 was fixed as the limit for the period of inconvertibility of paper currency. According to a statement of conditions of banks as of 1878, the amount of 8,349,068 pesos was given as the bank notes convertible on demand against which the banks held only 3,449,121 pesos in bullion.

The general situation offered no hopes of improvement. At the close of 1878

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it was almost certain that a war with Bolivia was inevitable. The landing of Chilean troops at Antofagasta on February 14, 1879 was equivalent to a declaration of war. The Chilean Congress two months later passed a law providing for the issue, either directly or through the banks, of 6,000,000 pesos in legal tender notes with which to meet the war expenditures. The banks did not approve of taking care of such an issue and the government undertook the transaction. The notes were, therefore, called fiscal notes. The exchange rate fell to 38d. immediately after the declaration of war, and the first issue of fiscal notes was instrumental in bringing the rate down to 32d. A new law providing for an additional issue of 6,000,000 pesos was authorized on August 26, 1879. This was reflected in the exchange rate, which fell to 24d. the following month.

Two additional government paper issues followed. The first, for 4,000,000

pesos, was authorized on January 4, 1880, and the second, for 12,000,000 pesos, on August 19. At the close of 1882, exchange was quoted at 36d., although the note circulation had reached the amount of 31,009,200 pesos. This was due to the fact that the rich nitrate territory was under Chile's control. The parity of exchange with the price of silver in London did not last long. In 1884 the rate of exchange started a rapid descent, and at the beginning of 1887 the peso was quoted at 23d.

The government enacted a law on November 26, 1892, directed to the solution of the problem of paper money régime. This law was followed by that of March 31, 1893, and another one promulgated on February 11, 1895. According to the stipulations of this law, the conversion of paper currency was to begin on June 1, 1895 and the conversion rate was lowered to 18d.

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## THE SINGLE GOLD STANDARD

The régime of the single gold standard was inaugurated on July 1, 1895, the monetary unit being the peso with gold contents of 0.599103 gram and 11/12 fine. The establishment of the gold régime did not bring about a considerable improvement in the economic situation of the country. A feeling of certainty that the gold period would not be of long duration prevailed in all circles. In effect, on July 11, 1898, a moratorium was declared. Its provisions were to bear effect for thirty days, but prior to the closing of this period, on July 31, a law was passed authorizing the issue of 50,000,000 pesos in fiscal legal tender notes. The issue and circulation of bank notes was suppressed with a view to having the 50,000,000 government notes as the sole circulating medium, together with silver currency. The enactment of the law of July 31, 1898 marked the collapse of the short-lived gold régime and the return to inconvertible paper currency. It is evident that the reason which prompted the government to adopt such a measure was to save the gold reserve held in the banks against possible exhaustion on account of the heavy demands made upon them by the holders of notes. Measures were taken, however, for the building of a conversion fund out of the proceeds

of certain taxes. This fund has not been used, but has been instrumental in giving the Chilean currency a certain degree of stability.

At the beginning of the twentieth century new signs appeared pointing towards a new era of prosperity. New important nitrate deposits were discovered in the northern region, and in the south, a section which had not previously been developed, a great impulse was given to the cattle raising industry. Speculation and abuse of credit also characterized this period. Bank deposits advanced from 95,657,415 pesos in 1901 to 171,085,323 in 1904, while loans increased during the same period from 106,700,359 pesos to 201,691,651 pesos. At that time it was apparent that the agricultural and mining interests were opposed to any measure directed towards the conversion of the paper currency. Inconvertible currency was responsible for low exchange rate and low exchange rate in turn made it practicable to sell the products from the mining and agricultural industries at a considerable profit, since these products were sold abroad in terms of gold, which was converted into the depreciated national currency; with the latter, the domestic expenses are met. A law was enacted on December 29, 1904, again postponing the conversion of the paper currency. According to the terms

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of this law, however, a further issue of 80,000,000 pesos in government notes was authorized. During the next three years the circulation was increased to 150,000,000 pesos.

At the middle of 1907, however, the effects of over-trading, speculation and abuse of credit started to be felt, and public opinion organized itself to put an end to the inflation policies of congress. The result was that a law enacted on August 27, 1907 provided that the issues of paper currency could be increased only on condition that corresponding deposits in gold at the rate of 18d. to the peso were made in the national vaults or in the Chilean treasury in London. Notes would be issued in the above mentioned proportion by a newly created bureau, the *Oficina de Emisión*. The general situation was considerably improved during the following three years, but in 1911 it became evident that the rulings of the law of August 27, 1907 did not provide for a currency sufficiently elastic to meet the growing demands. As a result of the complaints made by the banks, a law was enacted on May 11, 1912, modifying the provisions of the law of August 27, 1907, creating the *Caja de Emisión*.

Prior to the outbreak of the European war, public opinion in Chile continued to assert itself against incon-

vertible paper currency. People at that time had fully realized the disadvantages of supporting a currency subject to violent fluctuations in exchange. The notion upheld by influential statesmen that conditions in the country were not adequate to maintain a gold basis was gradually losing ground in the minds of the people, as a theory devoid of logical or justifiable foundation. A move was started, therefore, towards the creation of an office of issue and conversion, but this coincided with the declaration of war in Europe and it was then thought advisable not to disturb the monetary organization. Thus, Chile again fell into the régime of inconvertible currency, which has affected the economic life of that country since 1878, with the exception of the short-lived gold period from 1895 to 1898.

#### PROSPERITY BROUGHT BY WAR

Due to the fact that the nitrate producers were not able to secure assistance from European banks, the government enacted a law on August 12, 1914, whereby the government agreed to make loans to the nitrate producers against nitrate as collateral. The temporary stagnation and demoralization in business immediately after the outbreak of the war was soon followed by a period of prosperity such as Chile had never

before witnessed. The manufacture of explosives in Europe and the United States required a considerable amount of nitrate, which Chile was called upon to supply. Other mineral and agricultural products were in equal demand.

The rate of exchange started on an upward trend, reaching a point higher than 18d., the par value of the paper pesos at the beginning of 1918. In view of this, the government enacted a law on May 22, 1918, raising the ratio again to 18d. According to this law, the Emission Office would exchange legal tender notes for gold deposited in the National Treasury of Santiago at the rate of 18d., in accordance with the law of May 11, 1912. The national banks were accorded the privilege of obtaining legal tender notes against gold deposits made at the same ratio to the order of the Chilean Legations in England, the United States, Spain or Argentina, in banks approved by the executive. The practical effect of this law was the granting to the banks of the right of issue.

Summing up, at the close of the European war the monetary system of Chile was based on convertible legal tender notes. Since banks do not enjoy the privilege of note issue, all notes in circulation are issued by the Government. There are two kinds of treasury notes: those of fixed issue, which amount to 150,000,000 pesos, and those of variable issue, which may be subdivided in two classes: First, those issued by the central office of issue, established by virtue of laws of May 11, 1912 and May 28, 1918. These issues are guaranteed by gold at 18d. per peso, or 12d. if the rate of exchange reaches a lower figure than that. The second group comprises the treasury certificates issued against nitrate deposits by virtue of the law of August 12, 1914.

Due to the severe reduction in nitrate exports in 1919, the producers of nitrate availed themselves to a great extent of the loaning facilities afforded by the law



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above referred to, as may be seen from the figures given below. (1) Gold currency does not circulate in regular business transactions, but it serves as basis for value in certain operations, such as taxes, which are collected in currency with the respective premium for gold. On October 31, 1919, there were 112,-610,000 gold pesos of 18d. in the conversion fund. This amount would have been sufficient to redeem the fixed issue of 150,000,000 pesos at 12d. and about 19,000,000 pesos would have remained as surplus. No measures along these lines, however, have been taken in the last few years since the inauguration of the post-war crisis of Chile.

(1) The amount of paper currency in circulation on June 30, 1922, was as follows:

	Pesos
Fixed issue .....	150,853,119
Notes issued by the Office of Issue with gold guarantee .....	40,788,125
Treasury Certificates .....	104,706,000
<b>Total .....</b>	<b>296,347,244</b>

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Exchange is still in a condition of decided weakness, and at times shows signs of reaction due only to speculative influences. The improvement, therefore, is only temporary. The impotence on the part of the government to remedy the situation can be attributed, in a very large measure, to the parliamentary form of government in Chile, which has been responsible for the lack of stability in the cabinets. One ministerial body follows another with a rapidity that leaves no time for the study and adoption of important economic reforms. It is hard to foresee the date when such a state of affairs will cease to exist. But it is certainly clear that the public opinion is generally in favor of reform and that the policies of the most important industries towards keeping exchanges at a low ebb have been so pathetically disclosed, that they have met with general condemnation.

There is no central, public, or semi-public banking organization in Chile. The most important bank is the Banco de Chile, which is a private institution.

The influence of foreign banking institutions in the economic system of Chile is of considerable importance, although not to the extent that it is in Argentina and Brazil. On December 31, 1921, the combined paid-in capital of the twenty-seven commercial banks in Chile amounted to over 324,989,000 pesos, of which over 171,228,000 pesos represented the capital of the national institutions, against 153,761,000 pesos as total capital of the foreign banks.

The creation of a state bank in Chile has been under discussion in that country since 1847, but not until 1918 were new measures towards the creation of a state bank taken. The minister of finance submitted to congress a bill in that year, providing for the establishment of a bank to be known as the Central Bank of Issue. This bank was to enjoy the privilege of issuing and redeeming paper currency, taking charge of the conversion fund. The capital was to be subscribed by the existing national banks and the public. The amount of capital was fixed at 100,000,000 pesos of 18d., but the bank would be authorized to start operations with a capital of 50,000,000 pesos of 18d. The bill provided for the conversion of paper currency at par, that is at 18d.

#### THE PROJECTED CENTRAL BANK

A recent project for the establishment of a bank to be known as the Central Bank of Chile provides that the bank's capital is to be derived from the surplus in the conversion fund above the amount necessary to reduce the outstanding currency, to be increased by the profits realized by the institution. The bank would act as fiscal agent and would take charge of the redemption of inconvertible currency. The bank would issue legal tender notes at the rate of one peso for 0.3611 gram of fine gold, which would bring the par of Chilean peso to 24 cents. This institution would be empowered to discount notes secured by obligations approved by the

government for native banks with a capital of not less than 1,000,000 pesos. They would be obliged to keep 10 per cent. of their deposits invested in government securities. According to the provisions of this project, native banks are those with at least 75 per cent. of their capital owned by Chilians or foreigners residing in the country. The rate of discount would be not less than 1½ per cent. under the commercial rate. A gold reserve of forty per cent. would be kept against all note issues and against commercial discounts. The bank would also be authorized to engage in foreign exchange transactions, receive deposits from banks, and act as clearing house for such banks. It has been stated in Chile that this project was framed after consideration was given to the adoption of the American Federal Reserve System in that country.

The adoption of a Federal Reserve System in Chile would have to deal first with the currency problem of that country. The establishment of a definite value for the monetary unit would be a function which could be properly undertaken by a Federal Reserve Bank. It would be the first step towards the elimination of the feeling of uncertainty which has prevailed in that country since 1878. Only a person who is willing to stake the products of his labors on a game of chance will enter into a contract in terms of pesos, which today may be worth ten cents, and fifteen cents tomorrow. The purchase of land for agricultural or industrial purposes in instalments becomes out of the question, since the purchaser would never know whether the next year he would have to pay as much as the total amount of the purchase in terms of gold.

It is also evident that when the seller of a property affixes his signature to a contract he is running the risk of the fluctuations of exchange if the terms of sale are on the instalment basis. In the case of a manufacturer who produces articles for export, such as nitrate, the risk involved in his operations is not considerable, since his terms of sale are on a gold basis, but the farmers of

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Chile do not find themselves in the same position, since the bulk of their products is sold at home in domestic currency. Furthermore, in the case of importers a safe margin has to be provided on their prices as a protection against exchange fluctuations, with the result that imported merchandise is sold at considerably higher prices. As a consequence of the instability of the value of the paper currency, it is a general practice in Chile to make bank deposits subject to check in pounds sterling and dollars. This means that there is an additional circulating medium expressed in the form of bank credits in foreign currencies.

Banking and monetary functions could undoubtedly be performed under excellent conditions by a central bank in Chile, built on the pattern of our Federal Reserve Banks. There is no doubt that the nitrate loans effected by

the Government, as explained above, could have been handled by such an institution in an effective and scientific manner, with provisions for self liquidation, without bringing about a considerable expansion in the currency media. The conversion fund of Chile could be used as a basis for the currency reorganization. In addition to the much needed monetary reform, a Federal Reserve Bank would perform banking operations of difficult or impossible trans-action at present in Chile, such as redis-counting bills of exchange for member banks, discounting foreign bills of exchange, providing for an elastic cur-rency and providing the government with funds through the sale of securi-ties. A thorough study of the economic and banking conditions of the country would first have to be made before taking any steps toward the creation of a Federal Reserve Bank in Chile, and if it should be decided upon, then such an institution would have to be placed

in scientific, practical and efficient hands, with government interference only insofar as supervision of its pol-icies and management is concerned.

As a theoretical conclusion, it must be stated that judging from the present economic monetary and banking status of Chile, a system built on the principles of the Federal Reserve System of the United States, charged with the func-tions of currency reform on a sound basis, of maintaining a stable rate of ex-change, of creating an elastic currency, of regulating banking credit, of render-ing indirect financial services to the gov-ernment and of other banking opera-tions, such as collection, clearing, and the like, would result in a great social economic achievement for Chile. Such a reform and also a domestic taxation reform would open for Chile a new era of prosperity, not based on new discov-eries of natural riches, but along sound modern and scientific principles of finance.



## Board Starts Inquiry on U. S. Money Abroad

Federal Reserve Board Inquires Into Reported Accumulation in Foreign Countries of American Currency—Unfavorable Effect on System is Foreseen

**A**N inquiry has been instituted by the Federal Reserve Board, says the *New York Journal of Commerce*, into the extent to which Reserve currency is being held in foreign countries whose own currencies have so depreciated as to be practically worth- less as compared with the American dollar. The *Journal* says:

The board is studying the movement of American currency to foreign countries with some uneasiness lest it assume too large proportions, and it is understood that consid-eration is already being given to corrective measures should they become necessary.

Owing to the general disorganization of circulating mediums in Europe, and espe- cially the pitiful position of the paper mark and ruble, American money is highly prized abroad. In Germany, Russia and other countries it is readily exchangeable in bar-

ter, and the Reserve notes received from the United States are frequently subject to hoarding.

### OPPOSE EXCESSIVE CIRCULATION

The presence of a reasonable amount of Federal Reserve notes abroad is desirable from the standpoint of the system, but too great a volume of currency outstanding in foreign countries is regarded almost with apprehension. Most of the Reserve notes which pass from hand to hand abroad are never returned to this country for redemp- tion, but are used until they fall to pieces, so that the Reserve banks are the gainer by their disappearance. But the gold back of these outstanding notes must be held in re- serve, so that an expansion of the American paper currency in Europe to undesirable proportions could in a sense inflate the gold reserves of the banks of issue. Too great an amount of gold held for the currency in Europe would lessen the liquidity of the



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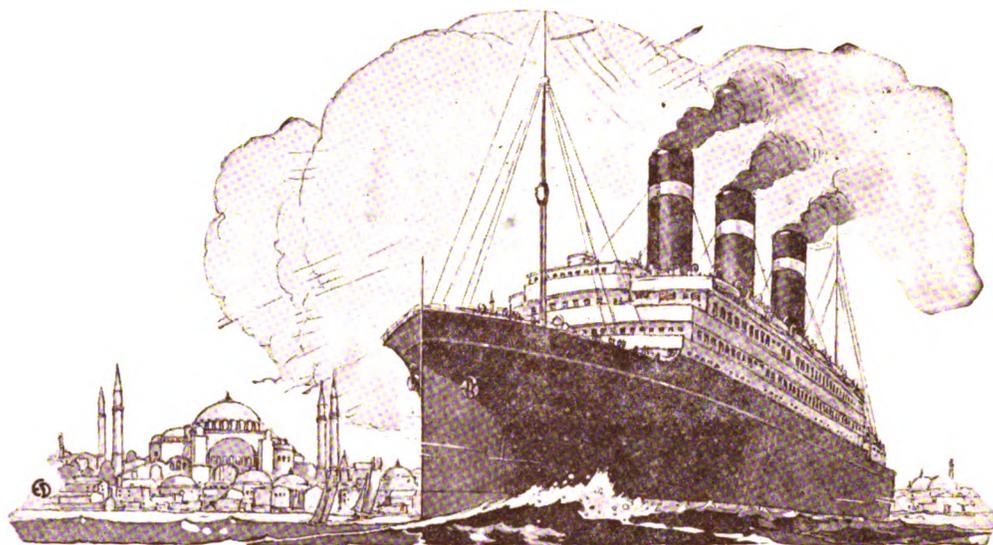
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Federal Reserve System in the same proportion.

Accumulation of Federal Reserve notes by foreign financial institutions to the disadvantage of this country has also been conceived. It is considered altogether possible that the Reichsbank, for instance, might pile up an enormous store of American currency in exchange for the easily issued German paper. With Reserve notes in hand it is contended Germany could make a sudden demand upon the United States for a considerable sum in gold by presenting the currency for redemption.

#### FAVOR GRADUAL RESTORATION

Although the excess stocks of gold held in this country are looked upon as a burden rather than a blessing, it is the view of Government experts that a gradual restoration of the metal to its foreign storehouses is to be desired—not a sudden movement of any appreciable quantities. The country, it is argued, has become adjusted to some extent to the gold reserves now held, and any unlooked for derangement of the gold holdings, it is feared, might create considerable uncertainty before a definite movement could be developed.

It is believed in some quarters that the

circulation of American currency would be stopped in any foreign country where the passing of Reserve notes from hand to hand should amount virtually to the displacement of the national currency of that country. Diplomatic exchanges, it is believed, could end such a practice. But the possibility of the American dollar displacing the national currency of some nations, where exchange is at the vanishing point, is regarded as a possibility, if the movement of notes to Europe remains unchecked, in which event the United States would be providing a circulating medium for a foreign government free of charge.

## Great Britain

The Bank of England's advance in the official rate from 3 to 4 per cent. on July 5, is viewed in New York as a natural result of the widening disparity between the London and New York money markets, which has resulted in considerable New York borrowing from London.

It was pointed out that when the

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Bank of England established its 3 per cent. rate on July 13 of last year, three months' London discounts were ruling below 2 per cent. They had risen 1/2 of 1 per cent. since that time, but in the same interval New York discount rates had advanced even more considerably, and at one time this season the disparity between London and New York rates was widened to fully 3 per cent., with resultant borrowing by New York in London of money which could readily be used here during the present active season. This had expressed itself in the falling market for sterling exchange.

Discussing the increase of the bank rate, the financial correspondent of *The Times* (London) says:

"To those whose business keeps them in close touch with international monetary developments the movement has caused no surprise. The need for a higher bank rate is of course to be found in the present condition of trade, which unfortunately remains in a state

of depression without offering indications of any early revival.

"The higher discount rate has been necessitated by the very liberal extent to which our position as the world's cheapest monetary center has been utilized by overseas borrowers. In particular, the appreciably higher monetary rates ruling in New York have led for some time past to American borrowers resorting to the London market.

"Further, whereas some time ago the United States was a large purchaser of securities on this side and played a part in the rise that occurred in our gilt-edged securities, the position has lately been reversed, and British funds have been transferred to North America for investment, attracted by the superior rates offered. The effect of these operations has already been seen in the fall that has taken place in sterling dollar exchange."

The action of the Bank of England



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in raising its discount rate had been expected by Federal Reserve Board officials here for some time, according to reports, but it was denied by Governor Crissinger and Vice-Governor Platt that the board had had any advance knowledge of the step.

The increase makes the discount rate in London only  $\frac{1}{2}$  of 1 per cent. below the rate charged by the Federal Reserve banks.

Renewed discussion of a change in the Federal Reserve bank re-discount rates is expected to result from the action of the Bank of England. If a change should be sought, a test of strength in the Reserve Board would probably be precipitated, as the board is represented as being divided on the question. One group has contended that the rates generally should be lowered for the benefit of the farmer, while another element has favored an upward revision. The latter group is said to feel that an ad-

vance in the rates would steady business conditions.

While the action of the Bank of England in raising its rate had been under contemplation for a month or more, the fact that the quotation was marked up at this time came as a surprise to several important London bankers who had been advising the Governor of the bank to delay such action until industry had obtained a better foothold.

The chief influence behind the increase was the disparity of  $1\frac{1}{2}$  per cent. between the London and the New York rates. This wide difference resulted in the diversion of investment funds from the London market to the New York market, where a better interest rate could be obtained. This process resulted consequently in the sending of sterling bills to the United States for conversion into dollars, and as a result of this inflow of sterling there was a steady decline in the quota-

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tion for the European bill. To check this decline and to hold sterling bills at home, it was deemed advisable to mark up the rate, which had been unchanged at 3 per cent. since June 15, 1922.

Representatives of the Bank of England, according to a report to the *New York Times*, conferred with officials of the Federal Reserve System before making the change, according to reports from London to New York bankers, although officials of the Federal Reserve System were unable to affirm or deny the reports for reasons of Government policy. This coöperation was explained as being due to the close intertwining of British and American interests in money matters which since the war has been more marked owing to the large debt to the United States which Great Britain is now trying to pay off.

Bankers say that the change will have no appreciable effect on the New York money market. The American money rate was advanced for rediscounts several months ago, and probably for the first time in financial history this country took the lead in posting rates for loans, etc., and England followed. Heretofore the American rate has been influenced primarily by the course taken in London.

The importance of a higher rate in London was emphasized in view of the big debt-funding program. With private investment funds flowing from London to New York and with a consequent decline in sterling quotations, the

difficulty of British Government buying of dollar balances or of an equivalent in the form of Liberty bonds was greatly increased. With the London market now only  $\frac{1}{2}$  of 1 per cent. behind the American money rate, this source of wealth will, it is expected, be kept at home, and in addition considerable money will be drawn back to England from New York. This will help to steady sterling and will thus make the purchase of United States Government Liberties or of dollars possible without seriously affecting sterling quotations, according to the belief expressed by bankers.

Another consideration which is said in London cables to have resulted in the increase had to do with the situation in the Ruhr. Cables received from London indicate that considerable disquiet in financial circles has been felt over developments there, particularly in the inability of Great Britain and France to reach an agreement as to a Ruhr policy.

## France

The economic position of France is characterized as strong at the present time, according to a report prepared by the British Board of Trade and received by the Bankers Trust Company of New York from its English information service. The report says:

"Not only in material resources and in industrial equipment, but also in the organization and direction of the forces at her disposal, France has acquired

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new powers. Her ports, waterways, railways and roads have been and are being improved; her water power is being systematically turned to account; she has brought within her own area large new resources in ores, coal, potash and oils, as well as highly developed metallurgical, engineering and textile industries; and not only in the devastated areas but in many other parts of France new and modern factories for the principal branches of industry have sprung up. This material progress in equipment and production has been attended by advance in industrial organization."

Figures are presented in the British Board of Trade report which indicate the extent of French progress toward pre-war productive capacity. These follow:

Production of	—Thousand Metric Tons—		
	1913	1921	1922
Iron .....	5,207	3,417	5,128
Steel .....	4,637	3,102	4,371
Iron ore .....	21,300	14,100	*17,000
Coal .....	40,000	28,960	31,910
†Potash .....	355	896	.....
Status of French: 1914.			
Merchant marine .....	2,488	.....	‡3,560
Imports .....	44,227	40,061	51,366
Exports .....	22,073	16,034	22,615

\*Ten months. †Alsace output German controlled in 1913. ‡March 31.

Regarding the national finances of the country the reports say: "The state of her (France's) public finances require urgent and thorough treatment. There are grounds for anticipating that, as the outcome of a speedy and drastic reorganization of these finances, this weakness will be no longer apt to

prejudice unduly the judgment of the world respecting the fundamental complex of her economic strength."

Covering the various industries, the British trade report says:

"The French coal industry, which now employs about 235,000 workers, as compared with 176,000 at the end of 1919, gave signs at the end of January 1923, of quickened vigor. For last November and December the totals (production) were 2,790,000 tons and 2,820,000 tons respectively. With the anticipated progression in the productivity of the war-damaged mines this rate of 33,600,000 tons a year should reach before the end of 1923 one of 36,000,000 tons or within 4,000,000 tons of the pre-war national output.

"The resumption of activity in the iron and steel trade in 1922 was evidenced by the continuous increase in the number of furnaces in blast, which gradually rose from seventy-three (out of a total of two hundred and twenty-one) on January 1 to one hundred and sixteen on December 31. It may be noted that the restoration of Alsace-Lorraine has almost doubled the productive capacity of France in iron and steel.

"The transformation of France's manufacturing equipment, which was already under way before 1914, has been accelerated and made more comprehensive and widespread by the events of the war. The calls of national defense for the regular supply of certain commodities on a vast scale caused

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furthermore the erection of many large and efficient factories equipped with the latest machinery and accessories. There are visible substantial new factories of this era, and in many cases workshops on a scale and with an equipment unknown before the war in similar French undertakings.

"The reconstruction or rehabilitation of the 22,000 factories in the devastated areas will result in a notable increase of the productive capacity of the north of France in comparison with its pre-war capacity.

"The French cotton industry, which suffered heavily in the war, has been rapidly recovering its position. France will within a short period—that is, on the execution of the reconstruction schemes—possess 9,600,000 spindles for spinning and 1,225,100 spindles for doubling; 180,000 looms and 268 printing machines.

"The French woolen industry has enjoyed remarkable prosperity since the closing months of 1921, and the opening months of 1923 have witnessed no abatement of that prosperity. In fact, the amount of material which has been registered as conditioned by the conditioning establishments in Roubaix and Tourcoing during the first six weeks of 1923 is stated to have approached the record figure of nearly 2,000,000 kilogrammes a week.

"The French silk industry showed especial activity from last August. In weight exports of silks amounted in

1913 to 67,000 quintals (a quintal is roughly 1-10 of a ton), in 1921 (estimated) to 57,000 quintals, and for 1922 (estimated) to 62,000 quintals."

The report details many plans sanctioned or under way for the improvement of French waterways and seaports and refers to an expenditure of 200,000,000 francs, which has been authorized and in part undertaken for the development of the French fishing industry. The French mercantile marine is stated to have risen from fifth place to third place among the commercial fleets of the world.

Mention is also made of the electrification program now under way on the great French railroad systems, which when completed, will cover about 5300 miles, or one-third of their length. Part of the electric power is to be derived from water-power installations.

"Demands for new water-power concessions and projects under examination cover a total of 1,500,000 horse power", the report states. "The realization of the program will be carried out partly by the coöperation of public authorities, of railways and of private capitalists, partly by the railways and partly by private enterprise only."

## Italy

Both exports and imports of Italy continue higher in value this year than last, says a cable to the Department of Commerce at Washington, but the fact

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**Foreign Exchange**

**Letters of Credit**

**Cable Transfers**

that the latter are rising more rapidly than the former causes an increase in the unfavorable balance of trade. Imports in April, 1923, amounted to 1,404,000,000 lire, compared with 1,157,000,000 lire in April 1922, while exports amounted to 722,000,000 lire and 689,000,000 lire, respectively. Total imports through April are 5,486,000,000 lire this year, compared with 4,839,000,000 lire last year, and total exports 3,135,000,000 lire, compared with 2,745,000,000 lire.

The revenues of the Italian Government are again showing an increase, and by the end of May had surpassed budget estimates for the whole fiscal year. The revenues for May 1923, totaled 793,000,000 lire, an increase of 86,000,000 lire over May 1922. The total for the eleven months ending May 31 amounted to 11,426,000,000 lire, compared with 11,315,000,000 lire in the corresponding period of 1922 and with advance estimates for the whole fiscal year 1922-1923 of 10,896,000,000 lire.

Statistics of movement of capital in Italy in May 1923, show an unusually large amount of capital withdrawn, so that in spite of a normal amount of new capitalization a great decrease in net investment occurred. No explanation of this phenomenon has been received as yet.

According to the Turin periodical, *Le Procedure Commerciali*, the number of failures in May was 484, compared with 462 in April. This is the first instance when a decline has been recorded since September 1922, when failures numbered 274, compared with 297 in the preceding month.

Bachi's index number of wholesale prices (based on average 1920 prices) for May 1923 is 92.9, showing a decline from the two months preceding. The April index was 94.2, the March index 94.0, and the February index 92.8. In May 1922, the index number was 83.84.

Unemployment is showing an encouraging decrease compared with previous

# 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)

*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

months and also in comparison with last year. On April 1 the number of unemployed was 280,000, against 328,000 on March 1, and 392,000 on February 1. On April 1 a year ago there were 497,000 unemployed. The present decline is to some extent seasonal, but the number of unemployed on April 1, 1923, is the lowest since June 1, 1921.

## Germany

Industry in unoccupied Germany experienced the usual revival of export orders and domestic business as a result of the recent collapse of the mark following the long period of relative stability, says a cable to the Department of Commerce at Washington. The stimulus is being felt especially by the metallurgical, machine and textile industries, while the glass, cement and wood industries continue dull. Industries in occupied Germany are further slowing down and manufacturing for stock is becoming increasingly impracticable. Most of the coal mines are producing only enough to supply their own needs, the miners still being engaged on emergency jobs. Imports of Swedish ores are still forbidden by the French, but the Franco-Swedish agreement looks to an early removal of this embargo. Exports from occupied areas to foreign countries have been facilitated by German and French concessions which release goods ordered before February 20, upon payment of the export duty to both German and French customs, but com-

merce is still greatly hindered, and smuggling is frequent. Exports to unoccupied Germany continue to be impeded by embargoes on many goods, and the requirement of 10 per cent. export tax on others.

Industrial unrest is increasing and there are sporadic strikes, but there has been generally no concerted action by labor, both because of lack of funds and also ostensibly for patriotic reasons.

Reichsbank private discounts amounted to 4,000,000,000 marks on May 31, showing an increase of 26 per cent. from 2,900,000,000 marks on April 30. The note circulation increased 80 per cent. from 6,500,000,000 marks to 8,500,000,000 marks during this period.

The effects of the industrial deadlock in occupied Germany are being increasingly reflected in the foreign trade of the country as a whole. Foreign trade figures are necessarily inaccurate on account of the substitution of the Franco-Belgian customs control in the occupied area. Total imports in April, according to preliminary figures, amounted to 6,090,000 metric tons, as against 5,200,000 metric tons in March, while exports in April were 1,020,000 metric tons, as compared with 940,000 metric tons in the previous month. The marked increase in the imports of raw materials is reported by the German Federal Statistical Office to consist chiefly of coal, of which 4,500,000 metric tons were imported in April, as compared with 3,400,000 in March, 1,-

# Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital . . . . . *fl* 75,000,000  
Reserve . . . . . *fl* 36,500,000

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

400,000 metric tons in February, and 1,000,000 metric tons as the monthly average imported during 1922.

## Belgium

The recovery of business in Belgium from the stagnation caused by the May transportation strike has, according to a report to the Department of Commerce at Washington, been hastened by lower exchange rates which render Belgian prices, especially metallurgical, more attractive for foreign buyers. During the first two weeks of June, a distinct recovery has occurred in the metal market, particularly in finished steels, although pig iron and semi-finished products are still lagging somewhat. The majority of blast furnaces, previously shut down on account of lack of coal, are again operating, but not at full capacity. Prices are now advancing. There is no appreciable coal shortage, but shortage of freight cars is reported

because of poor distribution resulting from the transportation strike. Plate and window-glass works are now operating normally.

A considerable increase in the volume of business in flax yarns has been recorded since the beginning of June. Native and foreign demand for linen and cotton fabrics is considerable, but transactions in the finer counts of cotton yarns are slow because of the rising price of American staple. For this reason, Indian cotton is being substituted wherever possible. The generally prosperous operation of linen and cotton mills for the balance of the year appears assured.

Consul Messersmith at Antwerp reports that economic life there was practically suspended during May because of the transportation strike. Exports were greatly reduced, and imports had to be stored until warehouse space was at a premium. Business was confined to spot goods, and there was a steady de-

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

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### AMERICAN COLONIAL BANK OF PORTO RICO SAN JUAN

Branches: Arecibo, Mayaguez, Caguas

mand for spot wheat and corn, while transactions in pork products were reduced 75 per cent. from April. The lumber business was disorganized because of inability to ship inland, but a slight increase was noted in imports of American oak. There were some small transactions for summer delivery of California dried fruits, and imports of tobacco from the United States remained normal despite dullness in the local market. Notwithstanding difficulties in delivery and higher prices on gas, oil and kerosene, trade in the petroleum products was brisk.

The condition of Belgian crops has been seriously hurt by the recent excessive rains and continued cold weather. The expected yield of all grains has been reduced, and potato production will be subnormal. The lower yield of sugar beets per acre will be compensated by the increased acreage sown. Flax developed poorly, and much of the area has been plowed under and the ground resown. Cattle raising continues to be profitable because of good forage conditions.

The financial situation is satisfactory. The third lottery loan of 1,000,000,000 francs was so heavily oversubscribed that apportionment was necessary. Money was somewhat easier in early June, with bank acceptances ranging

between  $4\frac{1}{4}$  and  $4\frac{3}{8}$  per cent. compared with  $4\frac{3}{4}$  per cent. in April, and best commercial acceptances at  $4\frac{1}{2}$  to  $4\frac{3}{4}$  per cent. Call money was available at  $3\frac{1}{2}$  to 4 per cent.

### The Netherlands

Although the unfavorable influence which is being exerted by the Ruhr occupation on shipping and trade in the Netherlands is still keenly felt, the general situation is somewhat improved over that of a month ago, according to cable advices to the Department of Commerce at Washington. Greater activity is noticed in the agricultural and other industries—notably the electric machinery industry, which is receiving great impetus as a result of a decrease in German competition. On March 31 coal shipments from Germany were resumed, with the result that the existing industrial tension was somewhat relieved.

The consolidation of a number of important industrial concerns in the Netherlands is expected to take place soon. Arrangements are now under consideration providing the absorption of the Holland South Africa Lines by the United Netherlands Company. The completion of this deal depends upon the approval of the government, which

# 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 Rela-  
tions with the Argentine and Contiguous Countries

**CORRESPONDENCE IN ALL LANGUAGES INVITED**

has heretofore granted subsidies to the latter company. The Amsterdam Rubber Company and the Netherlands Rubber Company are considering an amalgamation which would form the largest rubber company in the Netherlands.

## Rumania

Rumanian petroleum production for the month of April 1923, as cabled to the Department of Commerce, was 128,000 metric tons. Production from January 1 to April 30, 1923, was 509,420 metric tons, as against 430,936 metric tons for the corresponding period of 1922. Petroleum exports for April 1923, were 42,000 metric tons, as against 35,000 metric tons during March.

Exports of lumber during April were 47,000 metric tons, compared with 48,000 metric tons during March. Exports of cereals were 139,000 metric tons during April, as against 111,000

metric tons during March, and 102,000 metric tons during February. However, Rumanian grain exporters are now restricted to a small margin of profit owing to the keen competition of South America. Galatz has practically ceased grain exports. It is reported that the area sown to grain this year is about 20 per cent. less than last year.

Business in general has been very dull. Because of exchange fluctuations, the Minister of Finance has decided that, hereafter, export taxes to countries having a high currency must be paid in the currency of the importing country, or in French francs. For countries of a low currency, taxes must be paid in sterling, dollars or francs.

The financial stringency continues to affect business. Exchange shows some improvement. There is some agitation for currency expansion to relieve the shortage of money but the National Bank is strongly opposed to further inflation. The Council of Ministers has

## \$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.

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## 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. 7,309,784

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BRUSSELS \_\_\_\_\_ OSTEND  
CORRESPONDENTS  
AT ALL BANKING POINTS

ratified the agreement made by Rumanian commercial debtors with their British creditors and it is stated that in case of lack of success in concluding an agreement with other high currency countries, the Minister of Justice is authorized to formulate a law prolonging the time within which such debts may be paid.

Negotiations are under way for floating a loan of £6,000,000 in England, £4,000,000 to be supplied in materials needed for reconstruction of railroads, river, harbor and navigation purposes, state tobacco monopoly, the postal telegraph service and other public services. The balance of £2,000,000 is to be used by the Rumanian Government for the liquidation of that part of the internal floating debt due to Rumanian industrial corporations. There has been no definite statement regarding the security for the proposed loan.

A commercial arrangement with Spain has been concluded by which Spain will apply only the minimum custom duties on imports from Rumania and will receive from Rumania most-favored-nation privileges. An arrangement has been made by which barley, rye, oats, peas, beans, fresh and dried fruits, and wine may be exported into Russia, and payment made in dollars, skins, wool or sugar.

### China

The imports into the five principal ports of China—Shanghai, Hankow,

Tientsin, Canton, and Dairen—which together represented 75 per cent. of China's trade in 1921, show an increase for the first three quarters of 1922 of 13 per cent. over 1921, according to figures compiled in the Far Eastern Division, Department of Commerce at Washington. The total import trade of these five premier ports of China was 417,816,859 Haekwan Taels for the first nine months of 1922, as against 371,872,769 Haekwan Taels for the same period in 1921.

The export trade showed a decline for the same ports and the same period of from 654,021,090 Haekwan Taels in 1921 to 591,839,516 Haekwan Taels in 1922. Lower prices for export commodities ruled in 1922 and account for much of this decline in the value of China's export trade. The stocking up of denuded shelves, even on a depreciating silver market, was evident in the increased value of imports.

While the increase in value of imports was general in all lines, the decline in exports was principally in "sundries", which classification comprises 90 per cent. of the export trade.

Shanghai showed the largest gain in import trade, from 223,184,815 Haekwan Taels in 1921 to 297,435,673 Haekwan Taels in 1922. Hankow's import trade was stationary, while that of Tientsin, Dairen, and Canton declined slightly.

In export trade Shanghai shows an actual increase of from 215,806,488 Haekwan Taels in 1921 to 226,318,617

# The Bank of the Philippine Islands

Capital fully paid-up .  
Reserve Funds . . .

(Pesos) 6,750,000.00  
" 2,250,000.00

Codes Used:  
Bentley's  
Peterson's  
Lieber's  
Western Union

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



Cable Address:  
"BANCO"

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

Head Office  
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BRANCHES: ILOILO AND ZAMBOANGA

*Agents and Correspondents in all Parts of the World*

Every description of Banking and Foreign Exchange  
Business transacted under favorable terms

Collections given special attention and returns promptly remitted

Haekwan Taels in 1922—a remarkable showing in the face of the general decline. Hankow's export trade dropped off heavily, while Tientsin exports of skins, fur, bristles, etc., fell from 282,295,531 Haekwan Taels in 1921 to 202,036,274 Haekwan Taels in 1922. The export trade of both Canton and Dairen showed slight increases.



## International Banking Notes

The annual meeting of the shareholders of the National Bank of South Africa was held at Pretoria on June 29, 1923. At this meeting the report of the directors for the year ending March 31, 1923, was submitted, in which it is stated:

"Unfortunately the promise of better conditions with which the year opened were not fulfilled. On the contrary the period under review proved to be in many respects one of the worst that the country has experienced. The effect on the bank has been that many debts created prior to the year 1922,

which last year looked fair, have now become doubtful, and many which then looked merely doubtful have now become bad. Prudent finance demands, therefore, a heavy addition to the fund which should be held against contingencies of this character. For this purpose the directors have decided to appropriate the whole of the reserve fund and to recommend to the shareholders in extraordinary general meeting that a reduction be effected of the paid-up capital of the bank from £2,965,000 to £2,075,500 by an alteration of the nominal value of the shares from £10 each fully paid to £7 each fully paid. Under the circumstances, of course, no dividend can be paid for the past financial year.

"As the directors deemed it essential to the interests of shareholders and clients alike to obtain the opinion of a qualified and impartial authority regarding the measures to be adopted in order to meet the situation, they, with the knowledge and approval of the union government, submitted the bank's accounts to the governor of the South African Reserve Bank, who authorises the statement that after investigation by himself and some of his colleagues they are of

opinion that the adjustments as specified above fully provide for all the contingent risks with which the bank is faced, and further, that in consequence of these conditions and in proof of their confidence that the business of the National Bank of South Africa, Limited, is now being conducted on sound and prudent lines, the South African Reserve Bank has agreed to extend to the National Bank of South Africa, Limited, all the facilities that it may require to meet its obligations and to carry on its business, and that the union government, who have been made fully acquainted with the facts of the case, are prepared, should the occasion require, to support the South African Reserve Bank in any steps they may deem necessary for the carrying out of this decision."

The balance sheet shows a balance of £75,136 8d. which was apportioned as follows: To pension fund, £50,000; to be carried forward, £25,136 8d. The governor in his annual address expressed confidence in the prospect for more favorable conditions in the future and stated that the bank is now in a stronger position financially than at any time since 1909. Total assets are now £55,776,087 10s. 3d.



The Imperial Ottoman Bank with its head office in Constantinople and branches throughout the Near East publishes a monthly circular giving important trade information about conditions in the Near East. The June issue gives a table showing exports from Turkey during the first nine months of 1922. In total exports France leads the list, with Great Britain second and the United States third. The bank states that owing to the lack of adequate communication with the interior it is extremely difficult to obtain any reliable information on the present situation in regard to Turkish agriculture and production. It is stated, however, that the large areas of land wasted during the Greek retreat and the exodus of the Greek and Armenian fruit, vine and silk growers must have a very unfavorable effect on the immediate future.



The Bank of Adelaide, Adelaide, South Australia, ended its fiscal year on March 26, 1923, at which time the balance of profit and loss including the amount brought forward from the previous year was £117,200

19s. 7d. From this an interim dividend was appropriated at the rate of 10 per cent. per annum amounting to £31,250, leaving a balance of £85,950 19s. 7d. Out of this amount a dividend on the old shares at the rate of 10 per cent. per annum was paid, amounting to £31,250, and £5000 was appropriated to be paid on the new issue shares at the rate of 10 per cent. per annum calculated to March 26, 1923, on the instalments paid from the respective dates on which such amounts were payable. Twenty thousand pounds were transferred to the reserve fund, making it £720,000. This left a balance of £29,700 19s. 7d. to be carried forward. Total assets of the bank on March 28, 1923, were £178,450 19s. 7d. and deposits were £5,853,068 13s. 9d.



The Industrial Bank of Japan Ltd., Tokyo, reports total earnings for the half-year ending December 31, 1922, amounting to 17,702,652 yen. Of this amount 900,000 yen was appropriated to the reserve fund and a dividend amounting to 10 per cent. on the paid up capital was declared. Total assets as of December 31 amounted to 476,016,015.835 yen.



The annual report of the Bank of Japan for the year 1922 shows that the total amount of notes issued during the year amounted to 4,590,120,960.000. The highest amount outstanding at any one time was 1,590,692,348.500 on December 30 and the lowest was 1,042,816,973.500 on May 18. The average amount outstanding was 1,175,322,363.000.



The one hundred and sixty-third half-yearly meeting of shareholders of the Western Australian Bank was held May 2, 1923, at the banking house, Perth, W. A., Sir E. H. Wittenoom, chairman of directors, presiding. The directors' report stated that for the half-year ended March 26 the balance from the previous half-year was £21,099 13s. 4d. and that the net profit, after providing for bad and doubtful debts, for rebate on discounted bills current, for interest on deposits, and for all expenses of management, was £31,848 8s. 5d., making a total of £52,948 1s. 9d. to deal with. From this the directors had resolved to pay a dividend of 2s. per share on shares num-

# BANK OF ROUMANIA, LIMITED

Founded 1866

(Registered in London on 17th April, 1902, under the Companies Act, 1862-1900)

Head Office: 64, CORNHILL, LONDON, E. C. 3.

Branch: 11, CALEA, VICTORIEI, BUCAREST.

Directors:

R. W. H. BARRY, Esq.      C. DE CERJAT, Esq.      THE VISCOUNT GOSCHEN  
GENERAL THE HON. SIR H. A. LAWRENCE, K. C. B.  
LIEUT.-COL. SIR ALBERT STERN, K. B. E. C. M. G.

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

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

bered 1 to 250,000 (free of dividend duty), absorbing £25,000, and to carry forward £27,948 1s 9d. The reserve fund now stands at £710,288 10s 11d. and reserved profits amount to £27,948 1s 9d.

During the half-year a branch had been opened at Bencubbin, sub-branches of Bruce Rock had been opened at Ardath and South Kuminin and a sub-branch of Mount Magnet at Yalgoo. Norseman branch had been converted into a sub-branch of Kalgoorlie, and Kanowna and Mullewa sub-branches had been closed.

⊙

The Hungarian Commercial Bank of Pest, Budapest, for the year 1922 showed profits amounting to K143,545,060.83. At the close of the year this bank had total assets of K8,017,058,868.49. This bank has an American department specially organized to facilitate the transfer of remittances to and from the United States. The bank states that it "issues and forwards pass books for deposits on interest-bearing savings accounts to American depositors immediately on receipt of their remittance".

⊙

In submitting the fifty-first report of the London Merchants Bank, Ltd., for the year ending December 31, 1923, the directors stated:

"The net profit for the year amounts to £36,876 1s. 2d. to which is to be added £18,783 5s. brought forward from last year, making a total of £55,659 6s. 2d.

"Of this amount an interim dividend of 5s. per share or 2½ per cent. paid in July and income tax thereon absorbed £18,750, leaving the sum of £36,909 6s. 2d. which the directors have deemed it advisable to transfer to contingency and pre-war adjustment account.

"After careful consideration the directors have decided that adjustments of a comprehensive nature should be made by utilizing the reserve fund and rearranging the capital account. They have, therefore, transferred the reserve fund of £350,000 to contingency and pre-war adjustment account, and they propose that an amount of £225,000, viz., £3 per share, should be written off the paid up capital, and also that the uncalled capital should be reduced by £225,000, viz., £3 per share.

"If these proposals for reducing the company's capital are sanctioned by the shareholders and confirmed by the court, the result will be that each of the existing £20 shares will become a £14 share with £7 paid up. These shares will then be subdivided into shares of £7 each with £3 10s. paid up, and be known as 'B' shares."

⊙

The official report of the proceedings, discussion, and speeches at the eight group sessions, and the addresses of the general sessions, together with a list of the delegates present, the organizations and companies represented, and the personnel of the tenth National Foreign Trade convention has just been issued in book form.





**T**HIS new building for the Texas Bank and Trust Company of Galveston will be the tallest in the city, and will be a conspicuous addition to the skyline. It will provide the trust company with every modern facility. This is another addition to the Southern bank buildings designed and erected by

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
660 FIFTH AVENUE, NEW YORK



Bush House from the Strand. The church is Saint Clement Danes

## London's Most Modern Office Building

**T**HIS designation may be fittingly applied to Bush House, just recently completed and thrown open to occupancy. But Bush House, which owes its existence to the enterprise of Irving T. Bush, is something more than a complete and beautiful modern office building. It has been quite appropriately "dedicated to the friendship of the English-speaking peoples", and it is confidently believed that the future fame of this really noble structure will rest quite as much on this phase of its public service as on its utility for practical business ends. In this spirit the structure was planned and built. For Mr. Bush, with the farsightedness that has always characterized his great undertakings, has realized that in the future the English-speaking peoples are to be drawn closer and closer together in their business relations. He has provided in Bush House, in the heart of London—the world's great commercial and financial center—a worthy home

for those engaged in bringing about this most important development.

### THE LOCATION

Bush House is located about midway between the "City" and the "West End", and is thus convenient of access to the great banking and financial houses, and the hotels, theaters, social and political centers which comprise the very life of the metropolis. In its own immediate vicinity are the courts, the leading newspaper offices, Colonial Government houses and the homes of numerous large corporations engaged in the world's leading commercial, financial and industrial activities.

The Strand—one of London's busiest and best-known thoroughfares—parallels the building on one side, while Kingsway—one of the newest and handsomest business streets—faces the main entrance. As the ground is clear of adjoining buildings, the natural lighting of Bush House is unexcelled.



Side view of Bush House showing the dignity and simplicity of the architecture and the admirable facilities for admitting air and light

#### DESIGN AND CONSTRUCTION

It has been the aim of the architects of Bush House, Messrs. Helmle and Corbett, A. I. A., of New York, to create a modern office and showroom building which would combine the best elements of structural knowledge on both sides of the Atlantic—an aim in which they have completely succeeded. Their design was based on the traditional classical forms, with special reference to the neighboring beautiful church of St. Mary-le-Strand and the imposing Somerset House. The total

effect is that of simple dignity. Modern construction and the employment of steel and stone as the materials chiefly used combine to make Bush House an example of the very latest type of commercial architecture.

#### SOME OF THE BUILDING'S ADVANTAGES

In addition to the exceptionally favorable location, already mentioned, Bush House affords other exceptional advantages. Every office is a front office, and all windows look out on a wide street. Express elevators of the



© CHAMPLAIN STUDIOS

**IRVING T. BUSH**

President and founder of the Bush Terminal Co. of New York and proprietor of Bush House, London

**M**R. BUSH was born at Ridgeway, Michigan, and educated at Hill School, Pottstown, Pennsylvania. At the age of 19 he entered the Bush & Denslow Manufacturing Company of which his father was president. Early in his business career he became interested in relieving congestion of business and traffic, and began establishing warehouses in 1895 under the title of the Bush Company, Limited. He founded the Bush Terminal Company in 1902 and has created the Bush Terminal in New York with 123 warehouses, eight piers, sixteen industrial buildings and facilities for receiving, shipping, storing, selling, and manufacturing goods covering about thirty city blocks. Bush House, London, described in the accompanying article, also owes its existence to Mr. Bush.



Facade of Bush House as seen from Kingsway, one of London's notably fine business thoroughfares

latest type provide rapid access to all floors. Walls and floors are heated without the use of unsightly radiators, yet the heat is under individual control in every room. Water is supplied from the artesian well located on the premises. There are hardwood floors throughout, and all windows are of plate glass, in casements which exclude dust and draughts. The artificial lighting system is ample, and admits of distribution to suit the tenant's needs. The building is equipped with a complete hydrant and sprinkler system. In the basement ample space has been provided for storage purposes and a safe deposit vault of the most modern type will shortly be installed.

The total floor space available in the building is about 110,000 square feet, of which 10,000 is on the ground floor. Each upper floor has about 12,000 feet; these floors being divided by the main landing and lift areas into half floors of about 6000 feet, with a further subdivision, if desired, into smaller areas down to about 600 square feet.

#### AS A LOCATION FOR AMERICAN BANKS AND OFFICES

While Bush House is open to all tenants who may find it a suitable home, it is expected to be particularly popular with American banks and financial institutions and as offices and showrooms for many large corporations, manufacturing and trading concerns maintaining branches or agencies in London. Already two leading American banks have secured locations there—the Guaranty Trust Company and The Equitable Trust Company, both of New York—and among its first tenants are the U. S. Commercial Attache, the U. S. Shipping Board and several American business firms. The Mexican Consulate will also have its headquarters in Bush House.

From its location, the modern character of its construction, and the general attractiveness of the structure, it is safe to predict that Bush House will speedily take rank as the most prominent and desirable business address in London.

# A New Device for Saving Persons Locked in Bank Vaults

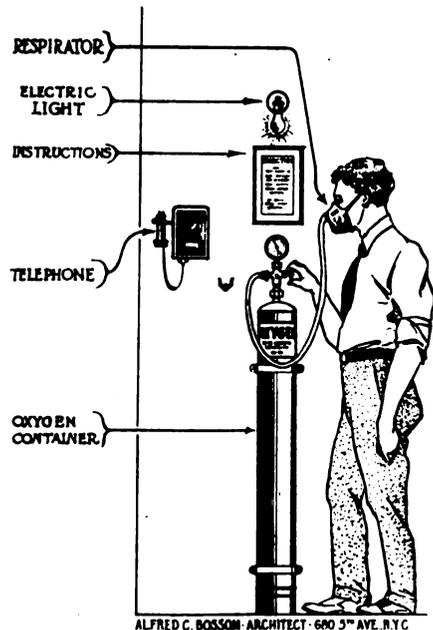
**P**ERSONS accidentally locked in bank vaults can be saved from suffocation by a new device, a description of which has been made public recently. It consists of a tank filled with oxygen under pressure, from which gradually life-giving air can be released.

Ever since a clerk was imprisoned in the vault of a trust company at Paterson, N. J., several months ago through the prank of a fellow employee, a means of keeping such captives alive until the time lock could set them free has been sought by inventors. Owing to the tremendous benefit which such a device will bring, Alfred C. Bossom, the New York City architect, its inventor, will not patent it, and has furnished specifications and descriptions of it to the Safety Institute of America and all other similar organizations.

The first installation of this device is being made for the new building of the Texas Bank and Trust Company of Galveston, Texas, by an Ohio safe company, the Mosler Safe Company of Hamilton, Ohio.

The operation of this safety device is that either a small electric light automatically switches on upon the closing of the door illuminating a card of instruction immediately beneath it, or in vaults where this is not desired, a suitable electric torch is placed against this card of instructions so that any employee who might accidentally be enclosed can read these instructions after groping around and finding the torch. Acting upon these instructions the involuntary prisoner twists the stop-cock on the tank which causes the oxygen to escape under a pressure not exceeding that of ten pounds. In very small vaults where there are many papers confined and other dust-bearing material a mask is connected to the oxygen tank, but in larger vaults the oxygen is allowed to escape naturally through the valve.

A small tank of oxygen would last satisfactorily for twelve hours and one of the larger ones, about four feet high, would be sufficient to keep the air in a satisfactory condition for a period of probably twenty-four hours, which would be ample to instill confidence into



This device supplies oxygen to involuntary prisoners in bank vaults

the involuntary prisoner until he could be released.

In order to keep the device always effective the air in the tank should be changed at least every six months, for compressed oxygen escapes through the tightest valves and even through the walls of the steel container.

Although it is not generally known, a great many instances of such imprisonments have occurred recently and have escaped public notice because there was no fatal termination. The victims of these accidents, however, spent nights of distress and were removed on the fol-

lowing morning in a state of total collapse. Sometimes they were found lying unconscious on the floor with their noses pressed against the seam of the door, imagining that they could get air at this point and not realizing that the majority of vaults are almost air-tight. In large vaults if those imprisoned could keep their nerve there is often enough air to sustain life until the time lock works, but fear often seizes the prisoners and they give way to frenzy.

The youth who was locked in the trust company's vault in Paterson, N. J., was unconscious when rescued and it was found that he had torn out his finger nails and bruised his body in frantic beatings of the walls of his chilled steel prison. In old days wires were not connected into the walls of the vaults, but today telephone wires are arranged snake fashion up through the bottom and then across one plate and back across another to make it impossible for bank burglars to introduce high explosives into the slots built for these wires. In the same way the wires for the electric lighting are carried in so as to leave the vault thoroughly protected. When such connections are made the person who is locked in the vault can read the instructions and can call

up and talk to officials outside and at the same time know that there is life-giving oxygen within. He will then have the sense of confidence that will prevent the nervous dilemmas of the past repeating themselves.

If he is familiar with bank locks, he can "trip" the combination from within thus aiding in his own rescue and making it possible for a person to work on the combination from the outside, irrespective of the time lock. Such a procedure of course would be impossible for anybody without instructions or in an excited condition. It is believed, however, that anybody would be able to use the reservoir oxygen supply provided by Mr. Bossom's device and thus be able to hold out physically and mentally until help arrives.

Full information regarding this device is being distributed to all of the large bank vault manufacturers throughout the country such as the York Safe and Lock Company, York, Pa., the Remington-Sherman Company of Philadelphia, Pa., the Mosler Safe Company of Hamilton, Ohio, the Diebold Safe and Lock Company of Canton, Ohio, and the Herring-Hall-Marvin Safe Company of New York City.



## A. B. A. Convention Plans

**T**HE general plan for the sessions of the American Bankers Association Convention, to be held at Atlantic City, N. J., September 24 to 27, inclusive, is announced as follows:

Monday, September 24, morning: General meeting of the Clearing-house Section. Afternoon: General meeting of the Trust Company Division. Throughout the day there will be conferences of the committees and commis-

sions of the association, including the Executive Council, Administrative Committee, Finance Committee, Agricultural Commission, Commerce and Marine Commission, Economic Policy Commission, Bank and Currency Committee of the Economic Policy Commission, Public Relations Commission, Committee of Five, Committee on Membership, Committee on Public Education, Committee on State Taxation, Special Committee on Taxation, Fiftieth Anniversary Com-

mittee, Insurance Committee, Protective Committee, Committee on Federal Legislation, Federal Legislative Council, Committee on State Legislation, and State Legislative Council. There will also be meetings of committees of the various divisions and sections.

Tuesday, September 25, morning: General Convention session of the whole Association. Afternoon: General meeting of the Savings Bank Division.

Wednesday, September 26, morning: General Convention session. Afternoon: General meeting of the State Bank Division.

Thursday, September 27, morning: General Convention session. Afternoon: General meeting of the National Bank Division.

The headquarters of the Association during the convention will be the Hotel Traymore, and the general convention sessions will be held on Young's million dollar pier. The meetings of the committees, divisions and sections will be scheduled in various hotels at Atlantic City.

The entertainment program is being arranged by a local committee of Atlantic City.



## British and French Views

“IN an article on a recent tour in Europe”, says *The Times*, London, “Elmer H. Youngman, editor of *THE BANKERS MAGAZINE*, New York, puts the divergent views of England and France on reparations very fairly. He says that England takes a calm business view of the reparations problem, and that though she has great sympathy with French criticism of the German Government's actions and with the desire that Germany shall pay for the restoration of devastated areas, England does not believe that the means employed by the French will ensure reparation payments.

“He points out that France appears more prosperous than England. The latter has 1,250,000 of unemployed to support on doles, but he adds that this impression fails to receive confirmation from an examination of the respective budgets. Some French commentators

on England's unemployment problem, with more logic than understanding, have suggested that the remedy for unemployment appears to be to devastate with aeroplanes some of our great industrial centers.

“The point of the comparison of the English and French post-armistice positions is that England's unemployment involves a heavy expenditure out of taxation, and brings no return, while French expenditure out of borrowed moneys on restoration involves the recreation of old assets, with the advantage that the new asset, being more modern than the old, is better. Both unemployment in England and devastation in France are bad things. To create a devastated area in this country would, of course, be no remedy for the difficulties of either country, though it would temporarily stimulate employment in this country.”

That the First National Bank in St. Louis, the largest National bank West of the Mississippi, is exceptionally well qualified to handle the accounts of out-of-town banks, is attested by the fact that it serves correspondents in every state in the Union with complete satisfaction.

# 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

**A** SLOWING down of business activity is noted by economic observers and there is considerable speculation as to whether or not the country is going into another period of depression. The recent weakness of the stock market has given rise to many misgivings as to the future of trade, but other factors such as crop reports, car loadings, credit conditions, employment, etc., are of a more favorable nature. It is pointed out that the stock market reflects conditions that are influential on general business, but does not always clearly indicate what the immediate trend is to be. The monthly bulletin of the National City Bank of New York summarizes the business outlook as follows:

The general conclusion would seem to be that actual construction work will go on at least through the present year at about the capacity of the industry, and that employment in the principal industries will be maintained about as at present. If so, it will mean a resumption of buying and good fall trade. If the latter is realized, the present slump will have disappeared and the scene of our apprehensions will have been moved ahead to next year.

In valuing the apprehensions which are manifested in some quarters about the present situation it should be considered that neither the price level nor the credit situation is anything like what it was in 1920. No such price recessions as occurred then could occur again, even if we should go into industrial depression, and it follows that there

could be no such losses. There is no state of credit extension or stringency to cause pressure for the contraction of business or the sacrifice of assets. There are no such drastic readjustments to be made as were made then, and no possibility of such a shock to confidence as in 1920. There is no occasion as in other periods of prosperity to stop for the purpose of catching up with premature development; there are no stocks of goods to be worked off before more are needed. Here is a nation of 110,000,000 people with daily wants to be supplied, and with industries now fairly well adjusted to world conditions. In no respect are the conditions parallel to those of 1920 and 1921. The entire situation was new and strange then. Nobody knew what might happen to Europe or what the effects might be here. It was all a guess as to how low prices might go and who would be solvent. The whole world has gone a long way toward finding itself since then.

The business sky is seldom entirely clear of clouds, and the rise of industrial costs which started last spring and is still in progress is unfavorable to permanent prosperity. The apprehensions which have been aroused have served a good purpose in checking the pace that was developing. The wage advances that are being demanded, and in many instances granted, are menacing, not in the main because of their effect upon the profits of the employers immediately involved, but because they threaten the general prosperity. This is particularly true of those which are pressed by the arbitrary power of organizations which have the power to disturb the general business of the country, for such advances interfere with the free play of economic forces, whereas a spontaneous rise of either wages or prices under competitive conditions sets in motion

corrective influences. As to the outcome of such tendencies, reliance must be placed upon the common sense of the people. The labor organizations no doubt have the power to wreck the present prosperity, but we are not expecting them to press their claims to that extent.

It is always necessary to take account not only of the logical results of the economic factors in a situation, but of what other people think of them and are likely to do about them. The present situation is largely psychological, i. e., dependent upon what people think and are moved to do in efforts to promote their interests. There is no reason why the country should not go on in moderation with full employment and prosperity spreading until every department of industry is included. Judging by the obvious possibilities and probable trend, we expect good business.

#### THE AUTOMOBILE INDUSTRY

There seems to be no falling off in the demand for automobiles, most manufacturers being behind in their orders. Automobile production for the first four months of 1923 is said to be 42 per cent. over the same period last year. It is questioned whether this same rate of increase can be maintained for the balance of the year, but anticipations of a decline in orders or output have little basis in fact. A correspondent of *The Bache Review*, writing from Detroit, reports the situation as follows:

There is not the least indication of conservatism on the part of people in buying automobiles. The manufacturers themselves are, to a certain extent, holding back on forward orders for equipment and materials, as they are quite conservative and evidently remember the lessons which they learned three years ago this summer. At that time materials were hard to get, and as there was every evidence of scarcity, they placed large orders for months ahead in order to assure themselves of a satisfactory source of supply, anticipating a continuation of the large demand. But when the demand for raw materials from other sources let up, deliveries to the automobile makers began to get easy, and their plants were soon flooded with enormous inventories almost before they knew it.

Some indication of the automobile demand is shown by the situation of the Ford Motor Co. This concern is behind in orders 300,000 cars, and these orders are from the users of cars—the actual buyers who have made deposits with the dealers, and not the deal-

ers themselves. Such a situation is unprecedented even in the automobile business. These 300,000 cars represent production (even at the present maximum peak of manufacture) for two months ahead. This would not seem to indicate that there was to be any cut in prices by the Ford Company, as it has never been the Ford policy to cut prices when the demand was so great. Such action has only been taken when it was wished to stimulate demand.

I know of an instance where a friend of mine wanted to get a Ford car and went to eight dealers here in Detroit in an endeavor to get the car at once, but the best delivery he could get after he had made the deposit and placed the order, was six weeks ahead. If demand in automobiles is to be greatly curtailed, it will show itself in Fords as quickly as in any other make.

Regarding margins of profit, the automobile makers are the most intensive manufacturers in any line of industry. They systematize their work so that they get full value from labor, and while wages are high they get value received in good service. Their margin of profit is accordingly large.

#### SEES NO CAUSE FOR PESSIMISM

The Garfield National Bank of New York sees no cause for pessimism in the present business situation and attributes most of the feeling of unrest to the speculative element which is not content with the "ordinary hum-drum turning over of a comfortable business at a fair profit". The bank's letter says:

When a man is driving a high-powered touring car along a strange road that he knows to have dangerous curves at irregular intervals, common prudence demands that he keep it throttled down to a speed that he can control. Sudden jamming on of the brakes as danger looms ahead may cause a smashup as readily as failure to use the brakes at all. Such cautious driving may lack in excitement for the passengers but it is the most likely to bring the car to its destination under its own power instead of dangling behind a repair wagon. There is no question but that prices were going up too rapidly for safety and that some branches of industry were running at a dangerous speed early in the year. But because the brakes have been applied in time to take the next obstacle with no serious damage is no reason for the wave of pessimism that seems to have spread through some sections of business during the past few weeks. The speculative element wants action all of the time and most of it measures prosperity by the opportunity to buy

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cheap and sell dear. Ordinary hum-drum turning over of a comfortable business at a fair profit and with a feeling of security means little to this group. Unfortunately, the speculative markets supply most of the news, and a feeling that all is not well in the world among a relatively small group may readily spread to others.

#### THE OIL SITUATION

The monthly letter of the American Exchange National Bank of New York points out that while a few years ago concern was being expressed over the possibility of a world shortage of oil, at the present time there is equal misgiving over the somewhat abnormal increase in the stocks of gasoline, which it is feared will bring about a condition of over-production. The bank does not see any grounds for fearing an over-production at this time, as European production is falling off. The situation is summed up as follows:

Owing to a somewhat abnormal increase in the stocks of gasoline in the last few

months our pessimists are greatly concerned over the possibility of permanent excess production. A few years ago equal concern was being expressed lest the demand outstrip the supply, the potential resources of oil in this country being estimated at an amount equal to about twenty years' supply. Even more recently—only a few months ago—a Congressional committee made a report in which it predicted that gasoline would soon sell at \$1.00 a gallon. At the moment, Europe, which is increasing its consumption very rapidly at the same time that European production is falling off, is endeavoring to limit consumption on one hand and is scouring the earth for increased supplies on the other. It is clear that we cannot have over-production in one quarter of the world and under-production in another—the markets of the world are still functioning. As a matter of fact, analysis of the situation in the oil industry fails to reveal any cause for alarm at all, either on the score of a shortage or on the score of over-production. Mexico, which has been one of the principal sources of supply, has shown some signs of falling production; but California, the end of whose production was once predicted, has suddenly developed wholly unexpected new resources and is now producing at a rate equal to that for the entire country a few years ago. This unexpected increase in California's pro-



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*Correspondence and inquiries invited*

**Capital - \$3,000,000**

**Surplus and**

**Profits - 8,700,000**

**E. F. SHANBACKER**  
*President*

The  
**FOURTH STREET**  
**NATIONAL BANK**  
Philadelphia

duction mainly accounts for the increase in stocks of petroleum which has excited the pessimists to new alarms. Other causes have contributed, among them perhaps being the Congressional investigation referred to, the false hopes raised up by political attempts to solve economic problems having doubtless had some influence in inducing producers and manufacturers to operate on a more extensive scale than they otherwise would have done. As indicated by the rates of production in the week ended June 2, about one-third of the increase in the output of crude oil in this country is being offset by a decrease in Mexican production. However, as a solution of its problem, the oil industry is looking to increased demand to absorb the increased supply, rather than to decreased production, although in California, where the production is running to about one-third of the total of the country, some curtailment of production has been resorted to. Since stored oil by evaporation loses gasoline content first, and since gasoline stocks are already high, curtailment of production solves the problem of conservation by keeping the oil in its natural storehouse until needed, and also the problem of tank storage and financing supplies. But the demand for gasoline, the production of which has shown a greater relative increase than the production of crude oil, this year will in all probability run considerably ahead of production, and as a result the stocks on hand at the end of the year will show a decrease from their present abnormal totals. The relative increase from the first of the year in the stocks of gasoline on hand at the end of May was less than the increase in the same period the year before, the increase having been from, roundly, 586,000,000 gallons at the end of 1921 to 856,000,000 at the end of May 1922, and from 883,000,000 at the end of 1922 to 1,336,000,000 gallons at the end of May 1923. The supplies on hand at the end of May were about equal to three months' consumption at the rate reported during the first quarter of this year, the consumption in this country in that period having run to about 1,447,000,000. As consumption during the first quarter of the year runs somewhere around 18 per cent. of the total for the year, the total consumption for 1923 has been estimated at 7,900,000,000 to 8,500,000,000 gallons. This estimate, however, calls for a truly remarkable increase in consumption, the total for 1922 having run, including exports, to slightly less than 6,000,000,000 gallons. The most important recorded increase occurred in 1922, the consumption in that year running about 850,000,000 gallons ahead of the year before. In the same year production increased about 1,000,000,000 gallons, the excess for the year over requirements being only 150,000,000 gallons or so. High

# 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

as it is, the estimate placed on this year's consumption may be realized, for the production of automobiles continues to break all records and a great increase in the use of gasoline for business and other purposes during the year is indicated. Exports are also increasing. In any event, the petroleum industry is in no danger of over-production—the chances are the other way, although

there is not much reason to be pessimistic on that score either.

## LABOR BANKS

*The Index*, the monthly publication of the New York Trust Company, gives in a recent issue the following table

BANKS IN EXISTENCE	Year established
Mount Vernon Savings Bank, Washington, D. C.	1920
Brotherhood of Locomotive Engineers' Co-operative National Bank, Cleveland, Ohio	1920
Peoples' Co-operative State Bank, Hammond, Ind.	1921
†Empire Trust Co., N. Y. City	.....
Amalgamated Trust & Savings Bank, Chicago, Ill.	1922
Producers' & Consumers' Bank, Philadelphia, Pa.	1922
Brotherhood Trust & Savings Bank, San Bernardino, Calif.	1922
Co-operative Bank & Trust Co., Tucson, Ariz.	1922
Federated Bank & Trust Co., Birmingham, Ala.	1922
First National Bank, Three Forks, Montana	1922
Brotherhood Co-operative National Bank of Spokane, Wash.	.....

## BANKS PROJECTED

St. Louis, Mo.	.....
Fraternity Trust Co., Harrisburg, Pa.	.....
Buffalo, N. Y.	.....
Cincinnati, Ohio	.....
Transportation Brotherhood's National Bank, Minneapolis, Minn.	.....
Brotherhood Savings & Trust Co., Pittsburgh, Pa.	.....
Los Angeles, Calif.	.....
Port Huron, Mich.	.....
Locomotive Engineers' Co-operative Trust Co., New York City	.....
Federation Trust Co., New York City	.....
New York City	.....
†Amalgamated Bank, New York City	.....

Organizing or controlling body	Capital stock	Reserves
International Association of Machinists	\$ 160,000	\$2,689,182
Brotherhood of Locomotive Engineers	1,000,000	15,547,402
Brotherhood of Locomotive Engineers	50,000	250,000
†Same	.....	.....
Amalgamated Clothing Workers of America	200,000	1,291,411
Members of Central Labor Union	155,831	.....
Railroad workers	200,000	770,000
Various labor groups	70,000	262,000
State Federation of Labor and locals of Brotherhood of Locomotive Engineers	125,000	.....
Various labor groups	.....	.....
Railroad unions	200,000	40,000
Order of Railway Telegraphers	500,000	.....
Railroad Brotherhoods & other unions	200,000	.....
Central Labor Union	.....	.....
Brotherhood of Railroad and Steamship Clerks	1,000,000	.....
Railroad workers	.....	.....
"Labor leaders"	500,000	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
Central Trades & Labor Council, N. Y. State Federation of Labor	1,000,000	.....
International Ladies' Garment Workers' Union	500,000	.....
Amalgamated Clothing Workers of America	.....	.....

\*No information available.

†Not organized by labor, but Brotherhood has purchased an interest in bank.

‡Opened April 14 with deposits of \$250,000.



## Complete Descriptions on Remittance Letters

Every bank knows their importance. The Federal Reserve Banks have requested greater explicitness in reports from membership banks. And more banks every day recognize this necessity.

This is one reason why the use of the Remington Bank Machine is extending so rapidly. This combined writing and adding machine writes complete descriptions on remittance letters—and more. It insures the placing of every description opposite the correct amount—for both are written at the same writing. It also registers the correct total of every letter and the grand total for the day—thus furnishing a perfect accuracy check.

The Remington Bank Machine is more than a combined writing and adding machine—it is EITHER, according to your needs. It will do all the writing and all the adding the average bank requires—either combined or separately.

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# Remington Bank Machine

showing the number of labor banks now in existence or in process of organization.

#### FACTORS FOR SUCCESS AS FOREIGN BANKERS

George S. Mumford, president of the Commonwealth Trust Company of Boston, writing in the monthly trade letter of his institution, outlines as follows the essentials for success in foreign banking:

There are two things essential to our success as foreign bankers and for the development of foreign markets for our products—an accurate knowledge of the conditions in other countries through the permanent residence there of intelligent agents thoroughly familiar with local conditions, and the cordial support and protection of our Government. The one is of little use without the other. In Mexico, for instance, our money and enterprise had developed the immense resources of the country only to find itself betrayed by our Government under the Wilson administration and officially ordered to withdraw from the country and told we had no business to be there. How can we feel assured that if we should in like manner develop China or Turkey or Poland, the same thing would not happen again?

#### THE GUARANTY OF DEPOSITS

A recent letter of the National City Bank of New York contains the following interesting comment on the experiences of the several states which have enacted legislation providing for the guaranty of bank deposits:

When the state legislature of Oklahoma in 1907 passed its famous statute providing that the banks holding Oklahoma charters must mutually guarantee each other's deposits, without restriction or limit, the act was hailed in many quarters as a new idea of great importance—a reform of the first magnitude. It was going to do away with panics and losses to depositors and greatly increase the total of bank deposits, thereby proving a boon to both depositors and bankers. For a time it was predicted that the national banks in the state would be forced into the system or lose their business, and that the guaranty system would sweep the country.

On March 31, 1923, the governor affixed his approving signature to an act passed by



Established 1889

**T**HERE exists among the Officers of this Bank a pride in the service given in meeting the particular needs of each customer efficiently and with courtesy.

Our steady growth is attributed to the satisfaction experienced by our friends, both depositor and correspondent.

It being our earnest desire that this circle be ever on the increase, we welcome your Buffalo inquiries, and will gladly render any special service you may desire.

### THE PEOPLES BANK OF BUFFALO

*Offices—*

Main and Seneca Streets (Head)  
Main and Tupper Streets (Uptown)  
Niagara and Virginia Streets  
Michigan Avenue and Perry Street  
(Elk Street Market)

Resources over \$24,000,000.00

# OFFICIAL STATEMENT

## CONDITION AT THE CLOSE OF BUSINESS

June 30, 1923

RESOURCES	
Loans and Discounts .....	\$ 57,787,835.81
U. S. Bonds .....	16,381,811.28
Bonds and Securities .....	39,963,745.75
Banking Houses and Real Estate .....	2,283,766.27
Customers' Liability a/c Acceptances and Letters of Credit .....	380,978.71
Accrued Interest .....	430,000.00
Cash and with Banks .....	17,608,520.00
	\$134,836,657.82
LIABILITIES	
Capital .....	\$ 10,000,000.00
Surplus and Reserve .....	10,000,000.00
Additional Reserves and Undivided Profits .....	1,083,042.75
(Dividend \$400,000.00 paid June 30, 1923)	
Acceptances and Letters of Credit .....	380,978.71
Due to Federal Reserve Bank .....	12,200,000.00
Deposits .....	101,172,636.36
	\$134,836,657.82

## MARINE TRUST COMPANY OF BUFFALO

both houses of the Oklahoma legislature then in session, repealing the guaranty act. It had been previously modified by amendment, to make it less sweeping in its provisions and therefore less of a menace to the banks that were members of the system, but the burden of liabilities swamped the guaranty fund. The act of repeal does not relieve the member banks of any liabilities already existing to the fund, but the fund is hopelessly bankrupt, and no measure for its relief is proposed. The law is simply dropped as a failure. It did not accomplish what was promised for it; on the contrary, the results were just as predicted by its opponents. It encouraged bad banking by making the prudent bankers stand as sponsors for the reckless ones, increased the losses of the banking business, proved so burdensome to the solvent bankers that many of them left the system, and finally the law was repealed and the experiment abandoned.

The State of Washington in 1917 established a guaranty system which was voluntary, upon the theory that the banks would enter it from choice for the security offered to depositors. By 1920 116 banks, with deposits of \$65,000,000, had entered it. The

failure of the Scandinavian-American Bank of Seattle with \$15,800,000 of deposits broke the fund, and the system collapsed.

The legislative committee of the Minnesota Bankers Association is authority for the statement that since November 15, 1920, the losses chargeable against the bank guaranty fund of North Dakota are estimated at between \$4,000,000 and \$5,000,000. Under the law the maximum amount that can be raised by assessments is \$275,000 annually. Allowing interest on the deposits at 5 per cent., this maximum assessment will just about pay the interest on the liability, without reducing it.

The State of Nebraska has a bank guaranty law, and the experience of the solvent banks under it has been a bitter one. The maximum assessment under the law, 1 1/10 per cent. upon all deposits, was levied in each of the years 1920, 1921 and 1922, and 1/2 of 1 per cent. has been levied already for 1923. The last legislature, however, reduced the maximum assessment in one year to 1/2 of 1 per cent., which makes it easier on the member banks hereafter, but at the expense of the security. It amounts to a partial retraction of the principle upon which the law is founded.



*First National Bank, Lake Geneva, Wisconsin, recently designed and constructed by Hoggson Brothers.*

*This booklet  
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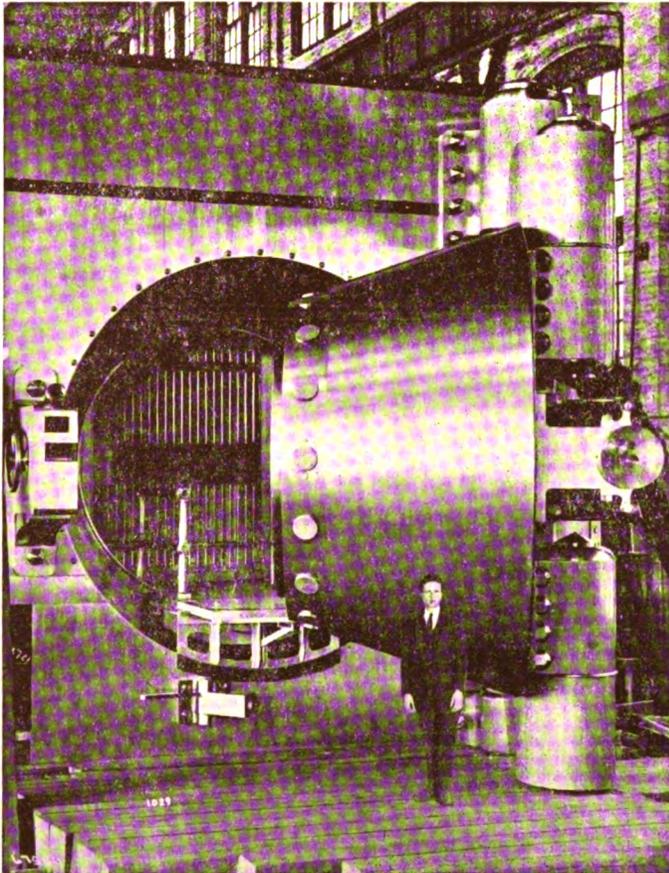
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# Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland  
and the District of Columbia

## CONVENTION DATES

Delaware—at Rehoboth, September 6.  
American Bankers Association—at Atlantic City, September 24-27.  
Investment Bankers Association — at Washington, D. C., October 28-31.  
Morris Plan Banks—at Atlantic City, October 15-17.

## NEW OFFICERS OF GUARANTY TRUST

The Guaranty Trust Company of New York announces the appointment of John J. Sample as a vice-president of the company. Mr. Sample will continue to be associated with the domestic banking department of the company, where he will supervise all loans on staple commodities.

Z. B. Curtis, vice-president and cashier of the Union Trust Company of Little Rock, Arkansas, has been appointed a vice-president of the Guaranty Trust Company of New York, and will assume his duties with the Guaranty on September 1.

Mr. Curtis is well known throughout the Southwest. For many years he was associated as an officer of the Union Trust Company when that institution was in charge of Samuel W. Reyburn, who is now president of the Associated Dry Goods Corporation of New York, a director of the Guaranty Trust Company and other large corporations.

William H. Hamilton has been appointed an assistant vice-president of the company, to serve at the Fifth avenue office. Mr. Hamilton was formerly an assistant secretary of the company at the Brussels office and in the foreign department of the main office.

## PLAN SAFE DEPOSIT COMPANY

The Chase National Bank, New York, is planning a safe deposit company at 320 Broadway, to be known as the Chase Safe Deposit Company. The incorporators are

A. H. Wiggin, Carl J. Schmidlapp, Reeve Schley, Sherrill Smith and William P. Holley.

## NINTH NATIONAL BANK OF PHILADELPHIA IN MERGER

Announcement was formally made on July 12, of the merger of the Ninth National Bank and the Ninth Title & Trust Company, Philadelphia, under the name of the Ninth Bank & Trust Company, with total resources of more than \$16,000,000. It is proposed that the new organization will operate under a state charter, the present bank surrendering its national charter. The capital is to be \$750,000, surplus \$1,500,000 and undivided profits of \$150,000. Total deposits will be \$13,000,000.

Shareholders of the Ninth National Bank will meet in special session on September 18 to vote on the proposed plan of consolidation, while the trust company stockholders will meet a day later. All of the stock of the trust company is owned by shareholders in the national bank.

The Ninth National Bank was organized in 1885 and the Ninth Title & Trust Company in October 1920. Ira W. Barnes, who is president of both institutions, will be president of the new organization. All officers and directors of the consolidating units will serve with the new bank. Directors of both institutions have approved the plan.

## BOOKLET ON INDUSTRIAL PREFERRED STOCKS

A hand book on "Industrial Preferred Stocks" containing a concise analysis of the preferred issues of thirty-five leading industrial corporations, has just been issued by Dominick and Dominick, members of the New York Stock Exchange. This is the fifth annual edition of the booklet, which is considered a standard source of information on these securities.



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comfortable chairs and other facilities for the transaction of business. At the rear of the banking lobby are the safe deposit department and vault.

The officers of the bank are: Robert H. Guibord, president; William C. Pike, vice-president; John W. Guibord, cashier; Frederick S. Warren, Phillip A. Guibord, assistant cashiers.

### OPENS NEW OFFICE

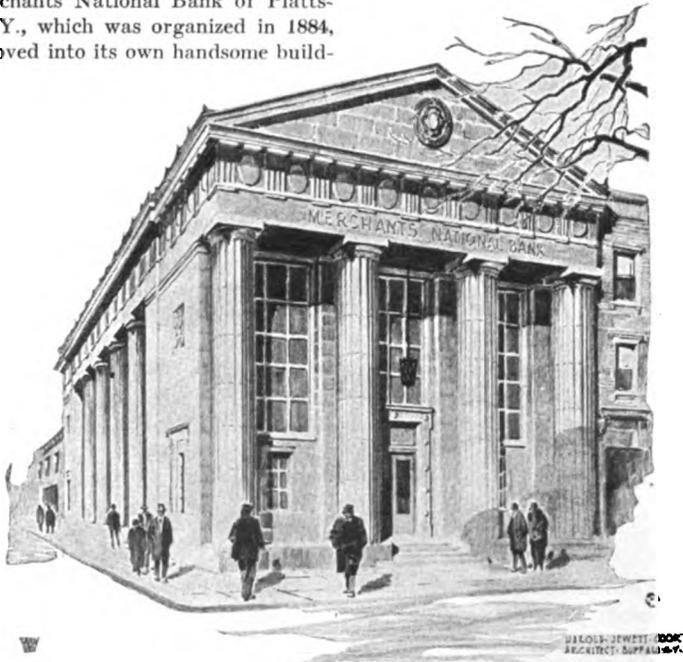
The Central Trust and Savings Company of Philadelphia on July 23 opened its Broad street office at the southeast corner of Broad and Spring Garden streets.

### PLINY FISK AGAIN CHAIRMAN OF FIRM

Pliny Fisk, retired senior partner of Harvey Fisk & Sons, has resumed association with that firm as chairman of the board

### PLATTSBURGH BANK IN NEW BUILDING

The Merchants National Bank of Plattsburgh, N. Y., which was organized in 1884, recently moved into its own handsome build-



New building of the Merchants National Bank of Plattsburgh

ing. This building has been designed with consideration for future requirements, all conveniences for modern banking being provided. One feature of service, beside the usual women's department, is a customers' room in which are private telephones, desks,

of directors. The firm is being reorganized, but the changes and other additions in its personnel have not been announced. The concern hereafter will specialize in municipal, farm loan and other high grade tax exempt securities.

## HAMILTON NATIONAL BANK

The statement of condition of the Hamilton National Bank, New York, which opened for business on January 15, 1923, at the last comptroller's call showed total resources of \$4,126,422.57. The bank is capitalized at \$1,000,000, surplus is \$363,992.52 (surplus authorized and in process of payment, \$500,000) and deposits are \$2,701,617.32.

## PEOPLE'S BANK MERGER IN PHILADELPHIA

A merger was announced on July 11 of the People's Bank and the People's Trust Company, both of Philadelphia, to be known in the future under the name of the People's Bank and Trust Company, with \$1,250,000 capital and total resources of \$12,500,000. At a meeting of the board of directors of both the People's Bank and the People's Trust Company recently, the consolidation was announced. The State Banking Department has ratified the consolidation, which will become effective October 20.

The board of directors of both institutions will largely constitute the board of the new company, while the same managing officers will be in charge of operations. Henry R. Robins, for many years vice-president of the Land Title and Trust Company will be president of the new company, while Charles I. Lipshutz will be chairman. Maurice L. Wurzel and Anthony G. Felix are vice-presidents, and William B. Vrooman is secretary-treasurer. Walter L. Rodman is title and trust officer.

## HENRY L. DOHERTY BOOKLET

"Serving a Nation" is the title of an attractive booklet just issued by Henry L. Doherty & Company of 60 Wall street, New York, describing the diversified interests and activities of Cities Service Company and its subsidiaries, and showing the advantage of a unified management of operations which extends from the Atlantic to the Pacific coasts and from southern Canada to Mexico.

## TO JOIN NATIONAL SYSTEM

The Overbrook Bank of Philadelphia proposes to enter the national system under the name of the Overbrook National Bank. This bank has a capital of \$200,000. The change in name will be made about September 1. It is planned to increase the par value of the stock from \$50 to \$100 per share.

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## PHILADELPHIA BANK CELEBRATES SIXTIETH ANNIVERSARY

The First National Bank of Philadelphia on June 20 celebrated the sixtieth anniversary of its founding. The institution has the honor of being the first bank in the United States chartered under the National Bank Act. It was organized by Jay Cooke. The bank's building at 315 Chestnut street—its headquarters—was erected in 1867 on the site of the old Franklin House, the institution's original home. The resources of the First National Bank of Philadelphia are more than \$49,000,000. Livingston E. Jones is president.

## INCREASES CAPITAL

The First National Bank of Hagerstown, Md., has increased its capital by 5000 shares, par \$10, offered to stockholders at \$40 a share. As a result the capital stock is now \$150,000, having been increased from \$100,000, and the surplus is enlarged from \$180,000 to \$330,000. The increased capital and surplus became effective July 1.



## From the beginning of the automobile

**W**HILE the majority of cars are produced in other manufacturing centers, New England fine tools and machinery made possible the very beginning of this great industry. Precision instruments and high speed automatic devices from this district are the foundation of quantity production. And New England has always been one of the best markets for automobiles of all classes.

New England textiles, rubber, leather, tools, machinery, metals, instruments, paints and hardwoods are shipped to practically every automobile factory. Bodies made in New England are widely used on fine

cars. New England paper preserves the records and bills the sale. And The National Shawmut Bank is privileged to serve as an important connecting link between buyers and sellers of materials, as well as finished cars.

Manufacturers in New England and in every automobile manufacturing district are among our valued clients. One of the most appreciated services of this bank is our unusual quick-

ness in collecting and remitting. This directly results from close relationship to thousands of banks and business houses, giving us unusual facilities for handling banking transactions along the shortest dependable routes.



## 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

## ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

**B**USINESS has slowed down a bit during the past month but is still running in good, healthy volume. The slowing down may be attributed in part to seasonal causes, otherwise known as summer dullness, and in part to the price situation. Based on the firm—and even stubborn—attitude of consumers, prices of commodities in general use have shown a tendency to drop, and producers are now busy figuring just where this drop is going to end. The textile industry is curtailing production rather sharply, and during July and August many of the larger mills and most of the smaller ones will declare “vacations” for a period varying from a few days to three weeks. These mills claim to have on hand a good volume of orders for future delivery, but the price situation is so unsettled that for the present production will be curtailed to enable the sellers to gauge the market more closely than they can at present. Retailers are buying in smaller lots than they did earlier in the season, and are not inclined to make forward commitments.

The leather trade is rather quiet. The price situation is a factor in this field also, for the movement of last year among shoe buyers, demanding lower-priced shoes, and which movement was so conspicuously successful, is just as firmly set now against any increase in price from present levels. Shoe retailers report a good trade in medium priced shoes.

Retail stores have had a good spring and early summer trade and while business has fallen off somewhat during the past two weeks the decrease has not been anything more than may be explained by the term “summer dullness”. Retail collections have been rather better than usual, and the general credit situation is satisfactory.

The telephone strike has been a hindrance and a great annoyance, but the public has been entirely out of sympathy with the strike and has taken the inconvenience philosophically. At the moment of writing

matters seem to be at a deadlock, but the telephone company is rapidly filling the places of the strikers and, except in a few places, service is about back to normal.

The tremendous volume of real estate transfers which has marked this year as a record-breaker now shows signs of decreasing. This is due in large measure to conditions existing in the building trades, for early in the season there were thousands of transfers of unimproved property on which the new owners expected to build this summer. Building costs took a sudden and very unreasonable leap soon after the season opened and for the past two months the volume of new contracts let has been steadily decreasing. Lumber has fallen off in price, bricks and cement are down, and steel prices are softening as a result of the decreased number of new contracts, but building labor is still so high as to make the aggregate cost of building almost prohibitive, and even the banks are loath to accept present-day valuations of new buildings as a basis for making either construction loans or mortgages. Within the past two weeks predictions have been freely made by those in close touch with the situation, that building costs would be materially lower by fall, and still lower in the spring.

Business mortality is low. The number of failures is back to normal, and there is nothing in the reports to indicate any strain in any locality or industry.



## PROVIDENCE BANK CELEBRATES CENTENNIAL

The Mechanics' National Bank of Providence, R. I., celebrated its 100th anniversary on June 30. The bank began business in the Franklin House at the corner of South Main and College streets with a capital of \$100,000. In February 1825, this was increased to \$250,000 and in July 1827, to \$500,000, the figure at which it stands today. During the period the bank has had but eight presidents, one of whom, Amos



**T**HE building of the Citizens Savings Bank of Fall River, Mass., has been recently altered and enlarged to provide the increased space and added facilities so necessary to a growing institution. The desired results were obtained with marked economy.

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D. Lockwood, died eight days after his election. The present holder of the office is Charles C. Harrington, who has been connected with the bank since 1868 and was its president since January 1912. The present cashier of the bank, H. Edward Thurston, entered the institution as a clerk in October 1879, and was elected cashier in 1898. Since 1901 the bank has occupied its present quarters at the corner of Dorrance street and Exchange place.

### FIRST NATIONAL MERGER APPROVED

At special meetings held on July 17, the stockholders of the First National Bank of Boston and the International National Bank, formerly the International Trust Company, approved the proposed merger of the institutions which became effective on July 19.

The resources of the consolidated banks—the First National Bank of Boston—are \$300,000,000. The following officers of the former International Trust Company have been elected officers of the enlarged First National Bank of Boston: Thomas W. Mur-

ray, Henry E. Bothfeld, B. Farnham Smith, A. Francis Hayden, vice-presidents; A. Edward Garland, Howard Norton, Kenneth E. Downs, Thomas F. Megan, Endicott Mearns, assistant cashiers; Summer Street branch, Clifford B. Whitney, manager; Uphams Corner branch, Lawrence S. Bearse, manager; Fields Corner branch, Joseph J. Carson, manager; Hyde Park branch, Arthur E. Smith, manager; Roslindale branch, Richard E. Chapman, manager; Brighton branch, Walter J. O'Donnell, manager; Allston branch, Donald Kirkpatrick, manager. At a previous meeting of the directors Charles G. Bancroft was elected vice-president, director and chairman of the executive committee.

### NEW PRESIDENT OF HOME SAVINGS BANK

Carl M. Spencer, connected with the Home Savings Bank of Boston since 1904, and treasurer since 1919, has been elected president of the bank by the board of trustees, to succeed the late George E. Brock.

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#### DEATH OF DEAN OF BOSTON BANKERS

Charles A. Vialle, a director of the National Shawmut Bank of Boston, died July 31, following an attack of illness suffered in the bank the previous day. Mr. Vialle's sixty-nine years of active participation in the banking life of Boston, including forty-five years as a bank cashier and bank president, should entitle him to rank dean of Boston bankers.

Mr. Vialle saw the banking business of Boston grow until Boston's yearly bank clearings are three times as great as the clearings for the entire nation when he began his banking career. He had opportunity to observe, as one in touch with every step, the enormous industrial and commercial development of the United States since 1855. When he entered the banking field the total wealth of the United States was only about \$8,000,000,000.

Mr. Vialle was born in the North End district of Boston, May 8, 1839. He attended the old Eliot school, famous for the boys who have risen to prominence, and was graduated a Franklin medal scholar in 1858. He began his career as a banker with the old Suffolk bank a year after leaving school. He lived to see some of the progressive methods and sound banking practice of the Suffolk developed into the strongest banking system in the world.

In 1860, he went to the Bank of the Republic, as teller. Three years later, when he was but twenty-four years old he was appointed cashier. In 1882 he was elected president of the bank and directed its destinies until 1908.

Following the merger of the National Bank of the Republic, with the National Shawmut Bank, Mr. Vialle became a member of the board of directors of the Na-

tional Shawmut, and continued to serve the banking community in that capacity.

#### OPENS HAVANA BRANCH BANK

The First National Bank of Boston has announced the opening of a branch bank at Havana, under the management of John G. Carriker.

Interest in the announcement was heightened because of the recent hearings before the Federal Reserve Board with respect to the advisability of having member banks open branches in Cuba. Considerable opposition to the plan developed, but following the hearing the board resolved that such a procedure would be mutually beneficial to Cuba and the United States and authorized the Boston institution to create its new Cuban branch.

The principal aid to Cuba which is expected to result from placing at that island's disposal the facilities of Federal Reserve institutions is a more elastic and better supply of currency. With growing industry in Cuba and with a greatly increased traffic to and from the United States, the plan of expansion has been further encouraged and several important American banks now have branches in Cuba.

#### AMERICAN TRUST COMPANY APPOINTED RECEIVER

Judge Newell Jennings, in the Superior Court in Hartford, Conn., confirmed the appointment of the American Trust Company of Bristol, Conn., as temporary receiver of the Bristol Manufacturing Company of that city, one of the oldest firms in the country, manufacturing knit underwear. The receivership was applied for by E. R. Burwell, president, and Charles T. Treadway, treasurer of the company, for the stockholders, and the receiver was authorized to continue the business until August 13.

# Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

## ECONOMIC CONDITIONS IN THE SOUTHERN STATES

BY THOMAS EWING DABNEY

**A**GRICULTURAL conditions throughout the South are very backward. This is due to the inclement weather that came during the planting season and persisted later than usual. The backwardness extends from the cane fields of Louisiana to the cornfields of Tennessee and Kentucky. In sections of the upper South, the corn is only a few inches high. Cotton is likewise very backward.

Also, in many sections heavy rains have made it necessary to replant several times. This financial loss, however, will not be as great as the future difficulty of working the crops when all the work is concentrated within a few weeks, and with the scarcity of labor in the South, due to the activities of the recruiting agents of Northern manufacturing establishments, this is a condition that is to be dreaded.

General business throughout the South is holding up nicely for the summer months. Department stores in the principal cities report considerable improvement over the same period last year, the cities of the upper South leading those of the lower. This does not indicate a sounder economic situation in the upper section. The readjustment fluctuations were greater in the upper part, and if the percentage of improvement is now larger, the former loss was also larger.

The essential soundness of the situation is shown by the building and real estate transactions. The slump or "buyers' strike" that is reported in the North has not struck the South, and from all indications, it will not. The reasons are two-fold. First, the cost of materials and wages have not been kited so much in the South. Second, the South has finally broken away from the economic chains that held it bound until the demand for production during the world war opened up its resources.

Southern realtors who attended the national realtors' convention in Cleveland,

Ohio, during the closing days of June, comment with amazement upon the fact that it was a Southern state—Florida—that led the field in advertising and exploitation at the exposition that was a feature of the meeting. Even California, which until now has held the crown for publicity, took second place—not a close second either. The Floridians literally swamped Cleveland with printed matter, and dazzled it with the originality of their displays. The reproduction of orange groves, complete in every detail from the patent front gate to the golden fruit on the trees, everything done to exact scale, so that a five-acre farm was shown upon the space equivalent to a dining room table, was the least noteworthy of the displays. The point is, that such advertising



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One of the largest, strongest and  
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National Banking Association	
<b>Charleston,</b>	<b>S. C.</b>
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

would not be possible for any save a pushing people, who are doing good business, and know the easiest method to do more business. Advertising is the real measure of progress.

The Government-operated barge line on the Mississippi river, which drains the commerce of the Mississippi Valley from St. Louis and adjoining and intermediary territory to New Orleans, whence it is distributed to the world, shows steady progress. It is getting monotonous to refer to the new records it establishes, because the next month the record will again be broken. Each month so far this year has shown the traffic move up a peg; and the recent race between two barge-tows up the river focused the attention of the country upon the waterway and its commerce-carrying potentialities. Even so, the old Mississippi of the side-wheel steamboats is remembered principally because of the race between the Natchez and the Robert E. Lee.

An experiment of intense interest to the Mississippi Valley has been begun at New Orleans. This is the construction of a concrete levee. The Illinois Central railroad, which operates the Stuyvesant docks, is doing the work. This will be the first concrete levee upon the river. It will be nearly one mile long. Because of the lightness of the concrete wall as compared with the old-style dirt levee, which is nothing but an embankment which has to be continually protected and repaired, it will, engineers believe offer a solution to the problem of containing the flood waters of the Mississippi in the yielding-soil regions, such as are found in Louisiana. The increasing height to which it has been necessary to build levees because

of the rising crest of the spring floods has brought many problems of cost and stability. There are sections where the ground has already begun to yield under the weight of the levees; and engineers say that unless the limit of height is reached soon in levee construction, the ground won't be able to support the huge embankments. The comparatively light concrete walls, supported upon piling held by friction, therefore offers a practicable and economical way out.

Export of cotton through New Orleans is expected to be greatly increased as a result of the new schedule of rates adopted by the dock board, which controls the port facilities of the city. Certain charges have been eliminated entirely, and others have been more equitably distributed. An important change instituted is the free delivery of cotton compressed in the public cotton warehouse to any wharf on the river front. Formerly, vessels had to receive this cargo at the cotton warehouse wharf, or pay to have the cotton trucked to the berths at which they were taking on other freight. The dock board believes that the new rates, upon the remarkable handling facilities that were already here, will make New Orleans the most modern cotton port in the country.

Another important development of the month has been the progress made in creating a new industrial center upon the west bank of the Mississippi, opposite New Orleans. The United Fruit Company, the port's largest customer, has already purchased a site, and will develop it later on. Other industries and shipping companies are laying their plans to embrace the new facilities. The company developing this new area has control of about 8000 acres of land, with a river frontage of 10 miles.



#### CONVENTION DATES

Kentucky—at Louisville, September 5-6.

#### UNION AND PLANTERS HAVE NEW BRANCH

The Union and Planters Bank and Trust Company of Memphis, Tenn., purchased the stock of the North Memphis Savings Bank and the union became effective on July 16, when the acquired institution became the North Memphis Savings Bank branch of the Union and Planters Bank and Trust Company. The institution is being operated under the same management as heretofore,

# THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



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**EXPERIENCE**—Over fifty-seven  
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**STRENGTH**—Capital and Surplus  
\$4,000,000.00

**OFFICERS**—Experienced, capable and  
well versed on conditions  
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*invites your business*

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**Resources over \$30,000,000**

headed by John T. Walsh, the former president, who, it is understood, has been made a vice-president of the enlarged bank. The directors of the acquired bank have also continued as the North Memphis Advisory Board. The enlarged Union and Planters Bank and Trust Company has a combined capital, surplus and undivided profits of approximately \$3,000,000 and deposits in the neighborhood of \$32,000,000. Besides its newly acquired branch, the bank maintains three other branches—the Franklin Savings Bank, the South Side Bank and the Main Street branch. Frank F. Hill is president.

## FIVE TENNESSEE BANKS ARE CONSOLIDATED

A consolidation has been effected of five Tennessee banks under the title of the Commerce Union Bank, with headquarters at Nashville. The institutions which united were the Farmers and Merchants Bank of Nashville, the American National Bank of Sparta, the Union Bank and Trust Company of Lebanon, the Spring Hill Bank of Spring Hill, the Lawrence Bank and Trust Company of Lawrenceburg and the Farmers Bank and Trust Company of Springfield.

The new Commerce Union Bank has a capital of \$400,000 and surplus and undivided profits of \$160,000.

## NEW PRESIDENT OF DALLAS BANK

S. A. Temple, for many years vice-president of the Dallas Trust and Savings Bank, Dallas, Texas, was elected president, succeeding Judge Edward Gray, resigned, effective June 15, on account of ill health. The position of chairman of the board has been created by the directors and Christian C. Weichsel has become chairman.

## HIBERNIA BANK DIVIDEND

At a meeting of the board of directors of the Hibernia Bank & Trust Company of New Orleans, held June 21, a dividend of \$6 (6 per cent.) per share was declared for the quarter ending June 30, 1923, payable July 2, to stockholders of record, June 21.

An additional dividend was voted the employees. This dividend is based upon a sliding scale dependent upon the length of time the employee has been with the bank, and is 3 per cent. of a varying amount of the yearly salary.



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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

**M**ONEY conditions in the central west have eased slightly since the turn of the month but rates are not quotably changed and no reduction in the immediate future is likely, as the demand for funds for crop-moving purposes has started and in all probability will increase as the season of heavy grain movement approaches. Commercial paper finds a moderate outlet at 5 to 5¼ per cent., principally to the country and the outlying banks of the metropolitan district, the large city institutions being well loaned-up. Bank loans are 5 to 6 per cent., with less tendency toward the lower level than a month ago.

There is every indication that the banks of the district will be able to finance the agricultural activities of the next few months without inconvenience. Commercial borrowing has slackened somewhat and there is less disposition toward forward buying in nearly all manufacturing lines. The position of the Federal Reserve bank is strong, with a reserve ratio in the neighborhood of 80 per cent. Rediscounts passed the \$100,000,000 mark a few weeks ago, but are again below that figure. There is a comfortable margin of credit to be absorbed before most of the banks of the region will find it necessary to have recourse to the Reserve system to any material extent. While crops this year promise to be bountiful, prices are not high and it will require less money proportionately to handle them than last year.

One of the most striking features of the last response by the banks to calls for statements of condition from the Comptroller of the Currency and the state auditor was another large increase in savings deposits as of June 30, compared with the returns at the time of the last previous call, April 3 last. The increase for Chicago alone was about \$20,000,000, bringing the aggregate of these accumulations in the city banks to the new high record figure of

\$584,725,857. Other parts of the district showed gains comparing favorably with this, especially Michigan, where the rate of industrial activity was high almost to the end of the half-year period.

The increase in savings deposits in Chicago was one of the largest ever recorded for a similar interval between calls. It is all the more remarkable in view of the fact that in the three months there were calls for two tax payments—one Federal and one local. These usually make a heavy drain on accounts of this character, and the withdrawals for vacation purposes which are common at this time of year make further inroads. The growth of savings deposits in the second quarter of the year in spite of these adverse factors emphasize anew the strong position of wage-earners under present conditions of full employment at high pay. It gives evidence also of the deep-seated spirit of thrift that has resulted from the warning of a year or so of slack times and from the lessons learned during the war. The gain of \$20,000,000 in savings does not by any means represent the total increase in the accumulations of persons of moderate means in the city as nearly all the banks report a good volume of withdrawals in the three months for the purpose of investment in securities, especially real estate bonds, generally in sums of a few hundreds.

While there has been some curtailment in steel buying the operations of the mills of the district are maintained at close to the highest rate of the year. Plants of the leading manufacturers have been running at 95 to 97 per cent. of capacity and those of the principal independents at 65 to 75 per cent. This production has been kept up in spite of the handicap of hot weather, and bookings seem to warrant the expectation that the rate will not be modified much during the remainder of the year. The railroads are still in the market for materials that can be delivered within a reasonable time, and good sized tonnages of rails and fastenings are being taken. Automobile and implement manufacturers have reduced their

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2. Each depositor insured for \$1,000, in the HARTFORD ACCIDENT & INDEMNITY COMPANY, against loss by check alterations.
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Chicago Denver New York  
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requirements in some cases, the demand for structural steel shows some shrinkage and the oil companies are not buying so much pipe or steel for storage tanks as they were a few weeks ago. Car purchases also are on a smaller scale, but this is principally due to the fact that no more cars than already have been engaged could be constructed during the rest of the year. Labor shortage is probably more pronounced in this industry than anywhere else except in agriculture. Factory and building operations have drawn heavily on the available supply and there has also been a considerable shifting to the country for road building and other public works, as well as harvesting.

The outlook for soil crops this season is promising. Two weeks of extremely hot weather late in June curtailed the yield of strawberries and vegetables for canning or forced the ripening of these products so that they could not be marketed profitably in many cases, but the pack probably will be ample for all needs and the easy tone of canned goods markets does not indicate any expectation of shortage. Grains did not suffer, as there was a good supply of moisture in the ground, and with the coming of plentiful rains early this month favorable growing conditions prevailed. Wheat harvest is well under way and in some of the principal producing regions, notably Illinois, the yield is exceeding expectations, estimates of the crop in this state running as high as 70,000,000 bushels. Corn has had good growing weather, and while the Government estimate of the crop is slightly under that of last year a large harvest seems as certain as can be expected at this time of year. Oats also promise well. While \$1 a bushel for September wheat has been a feature of the markets of the month, corn and oats have held steadier, as stocks are not excessive and it is realized that feeding requirements are enormous. Receipts of hogs far in excess of normal have carried prices down to around \$7 for the best, or the lowest in many years, but cattle have held steadier, with marketings more nearly corresponding to current trade requirements.

Retail business, which was much retarded by the late coming of warm weather, has made up much of the lost ground, and the turnover for the season promises to be satisfactory. Demand for all kinds of ready-to-wear lines, for outing supplies, sport goods, automobile travel accessories and

similar articles has been exceptionally strong. Reports from this source and also from the railroads indicate that the movement toward the resorts and the highways this summer will be unusually heavy. Money is plentiful among the classes most given to these forms of recreation and their outfitting has been on a liberal scale. In staples also there is a fair distribution, with considerable evidence of discrimination on the part of buyers and a tendency to patronize special sales where price concessions are most attractive. In contrast there is also a leaning in some quarters toward goods of higher quality and a revival of luxury buying that recalls in moderate degree the days of lavish expenditure of three or four years ago. Wholesale business compares favorably with that of last year, and in the matter of advance buying for fall is running substantially ahead. The markets are steady, supplies are moderate and merchants are cautious, showing a disposition to keep their stocks in the wholesome condition that has prevailed for some months. This conservatism is emphasized by the large number of fill-in orders which has been a feature of the summer trade, indicating not only a good retail outlet, but good control of stocks.

There is a large amount of building under way, but there has been a material reduction in the number of new projects started. This applies more particularly to large undertakings than to the construction of dwellings and small apartments, which continues active. Movement of materials is on a large scale, but the markets have been held steady with only a few advances worth noting, a condition to which a satisfactory transportation situation has contributed a good deal. Costs are high, labor conditions are still unsettled, and banks are showing some reluctance to finance operations on a large scale at the present level of prices. These circumstances discourage new commitments, but housing needs are still pressing and rents are very high, so it is reasonable to expect that a large amount of work will go ahead, even if there is some modification of the boom that blossomed so promisingly earlier in the year.



#### CONVENTION DATES

Indiana—at Indianapolis, September 11-12.

Farm Mortgage Bankers—at West Baden, September 18-19.



Upon the foundation of sixty years experience and growth is based the present organization of

## ***The First National Bank of Chicago and the First Trust and Savings Bank***

This experience has developed a highly specialized service in both banks, applicable to the needs of banks and bankers.

Calls and correspondence are invited relative to the facilities afforded for the transaction of domestic and international financial business of every conservative character.

***Combined Resources exceed  
\$350,000,000.00***

JAMES B. FORGAN, Chairman  
Board of Directors of both banks

FRANK O. WETMORE  
President  
First National Bank of Chicago

MELVIN A. TRAYLOR  
President  
First Trust and Savings Bank

## ELECTED VICE-PRESIDENT

At a meeting of the directors on July 12, L. G. Bournique was elected a vice-president of the First Wisconsin National Bank of Milwaukee. Previous to the consolidation of the First National and Wisconsin National Banks on July 1, 1919, Mr. Bournique was a vice-president of the Wisconsin National Bank.

## MELVIN TRAYLOR PRESIDENT OF ILLINOIS ASSOCIATION

Melvin A. Traylor, president of the First Trust and Savings Bank, Chicago, who was elected president of the Illinois Bankers



M. A. TRAYLOR

President First Trust and Savings Bank, Chicago,  
elected president of the Illinois Bankers  
Association

Association at Rockford on June 27, was also endorsed for second vice-president of the American Bankers Association for 1924-25.

Mr. Traylor's rise in the financial world has been quite remarkable. He was born in Kentucky not quite forty-five years ago and received his early education in that state. He later went to Texas where he

was admitted to the bar in 1901. He left the practice of the law for banking, becoming cashier of the Bank of Malone in 1905. In 1907 he was elected cashier of the Citizens Bank of Ballinger, Texas, and when that bank merged with the First National Bank of the same city he became president of the consolidated institution. Mr. Traylor removed to Illinois in 1911 and became vice-president of the National Stock Yards National Bank of East St. Louis. His first Chicago connection was with the Live Stock Exchange National Bank where he served successfully as vice-president and president. He achieved a remarkable record as director in the Seventh Federal Reserve District for United States certificates of indebtedness during the war and in the period immediately following. He became president of the First Trust and Savings Bank and vice-president of the First National Bank of Chicago in January 1919. He is also a director of both banks as well as a number of other financial and commercial institutions. He is chairman of the economic policy commission of the American Bankers Association and a member of a considerable number of clubs and associations, both in Chicago and New York. Mr. Traylor is a golf enthusiast, and is vice-president of the Western Golf Association.

## JOSEPH E. OTIS

Joseph E. Otis, president of the Central Trust Company of Chicago, was elected a director of the Drovers National Bank of Chicago on July 18, succeeding Henry M. Dawes, who resigned owing to his recent appointment as Comptroller of the Currency.

## MACTAVISH MADE COMPTROLLER OF BANK

Robert Forgan Mactavish, auditor of the Northwestern National Bank of Minneapolis, was appointed to the newly created office of comptroller of that bank at a recent meeting of its board of directors.

Mr. Mactavish, who was born in Scotland, came to the Northwestern in 1905. For several years prior to that time he was associated with the Bank of Scotland at Edinburgh. Mr. Mactavish is a nephew of James B. and David R. Forgan, bankers of Chicago. Both of the Forgans were officers of the Northwestern more than a quarter of a century ago, each having held office as cashier.

## ***Investment Service by Your Bank—***

is the subject of a series of advertisements now being published by our bank in farming communities.

We aim through these advertisements to direct the farmer to the banker for the investment of his funds. This is only one feature of the service rendered by our Bond Department to out-of-town bankers.

We solicit inquiries regarding investment of funds.

DAVID R. FORGAN, *President*

Country Bank Department  
F. A. CRANDALL, *Vice-President*

Bond Department  
J. B. CHRISTERSON, *Manager*

# ***The* NATIONAL CITY BANK *of* CHICAGO**

As comptroller Mr. Mactavish is given the responsibility for the auditing and book-keeping systems of the Northwestern's six offices in Minneapolis.

### THE MIDLAND BANK OF CLEVELAND

Directors of the Midland Bank, Cleveland, have declared the institution's second regular quarterly dividend of 1½ per cent. payable August 1 to stockholders of record July 25. At the same time they transferred the sum of \$20,000 from undivided profits to surplus account, bringing the surplus to \$450,000. The bank, which has capital of \$2,000,000, has been in operation just twenty-eight months.

According to announcement by D. D. Kimmel, president of the Midland, the bank expects to occupy its new quarters in the Williamson Building on Cleveland's public square about October 15. The Federal Reserve Bank, which now occupies the building, expects to move to its newly erected home about August 15, and the Midland's remodelling operations will probably be completed within two months thereafter.

### NEW CLEVELAND BANK OPENED

On July 2 the formal opening of the Lake Erie Trust Company—Cleveland's newest bank—took place. A great deal of interest has been shown throughout northern Ohio in this new trust company because of its personnel, the beauty of its new building and the fact that only one other bank was ever started in the state with a larger paid up capital and surplus.

The bank is capitalized at \$1,000,000 and has a surplus of \$250,000. The officers are: J. Horace Jones, president; Charles H. Hill, George A. Kirkendale, vice-presidents; Arthur W. Pleister, secretary and treasurer; Seymour C. Payne, trust officer; Alf P. Fischley, assistant to the president; D. A. Berardi, assistant secretary and treasurer; Leo Schwalb, manager foreign exchange department; Mrs. A. Slaght, manager women's department.

### NORTH-WESTERN TRUST AND SAVINGS BANK

The North-Western Trust and Savings Bank, Chicago, which has been an affiliated member of the Chicago Clearing-house Asso-

ciation for the past seventeen years, was last week elected to regular membership in this association.

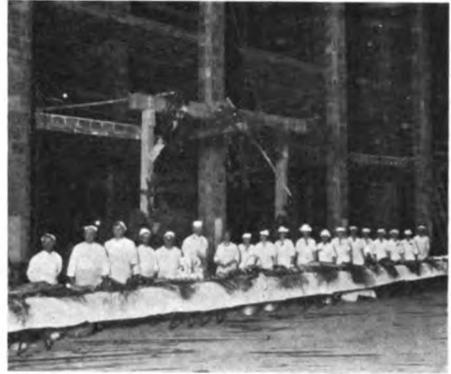
This bank will not only be subject to the same rigid rules and periodic examinations by the association as heretofore, but will also have a voice in the affairs of the association and will clear the checks of its depositors directly through the clearing-house instead of through the medium of a regular member bank.

The recently published financial statement of the North-Western Trust and Savings Bank showed total resources of more than \$20,100,000, invested capital and contingent reserves of over \$1,780,000, and deposits of over \$18,000,000.

#### AUTOS PARADE THROUGH BANK LOBBY

Five hundred autos, bearing delegates to the American Institute of Banking Convention, drove through the partially com-

pleted banking lobby of the new Union Trust building before making their exit on the East Ninth street side. It was possible for forty machines, in single file, to be



All set for 1800 hungry delegates in the new Union Trust building

inside this tremendous banking room at one time. In fact, the entire 500 machines could have been parked on the main banking floor.

This novel method of visiting a bank building came as the conclusion of an automobile trip around Cleveland and environs, arranged as part of the regular convention program of the American Institute of Banking.

At the conclusion of the drive through the Union Trust building, the convention delegates alighted and attended a buffet supper in the building, given by the Union Trust Company.

#### GUARDIAN SAVINGS AND TRUST COMPANY

Harvey H. Brown, leader in the steel and iron industry in Cleveland, and for many years a director of the Guardian Savings and Trust Co., Cleveland, died on August 2. He was 75 years old. He was a partner of Harvey H. Brown & Co., dealers in iron ore; president of the Stewart Furnace Co., of Sharon, Pa.; and chairman of the board of directors of the Brown Hoisting Machinery Co.

J. A. House, president of the Guardian Savings and Trust Co., has been elected to the directorate of the Cleveland Life Insurance Co., to fill the vacancy caused by



Lobby of new Union Trust building, Cleveland, snapped as the hundreth machine rolled through

pleted banking lobby of the new Union Trust building, Cleveland, July 19.

The machines entered the building by way of the east end of the building and traversed almost 400 feet of the immense

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Founded 1883

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the death of the Hon. James A. Hemenway, former United States Senator from Indiana.

P. G. Berg, vice-president of the company, attended the convention of the National Association of State Bank Supervisors in Denver the last week of July. Being an ex-superintendent of banks in Ohio, Mr. Berg is an honorary member of the organization. He addressed one session of the convention.

### CENTRAL TRUST COMPANY OF ILLINOIS PROMOTIONS

At a meeting of the board of directors of the Central Trust Company of Illinois, Chicago, held July 24, the following elections were made:

George B. Cortelyou, Jr., formerly assistant vice-president, who has been with the bank four and a half years, and who is the son of former Secretary of the Treasury Cortelyou, was elected secretary and assistant trust officer. Geary V. Stibgen was elected trust officer and assistant secretary, and William M. Otis, assistant trust officer and assistant secretary. William J. Kellogg, who for a number of years has filled the position of chief clerk, was elected assistant cashier. Richard W. Gratton, who has been manager of the bookkeeping department for a number of years, was also

elected assistant cashier. George D. Bushnell was appointed assistant vice-president.

The above promotions have enabled the Central Trust Company to advance a number of men all along the line, including E. E. Graham and Charles G. Clark, who have been advanced to important positions in the credit department.

### CELEBRATES FIFTIETH ANNIVERSARY

The Bank of Sheboygan, Wis., celebrated its fiftieth anniversary on June 27. The bank was organized in 1873.



### Hotel St. James

Times Square  
New York City  
Just off Broadway at 109-113 W. 45th st.

Send postal for rates and booklet

W. Johnson Quinn, President

An Hotel of quiet dignity, having the atmosphere and appointments of a well conditioned home.

40 Theatres, all principal shops and churches, 3 to 5 minutes' walk.

2 minutes of all subways, "L" roads, surface cars, bus lines.

Within 3 minutes Grand Central, 5 minutes Pennsylvania Terminals.

Much favored by women traveling without escort  
"Sunshine in every room"

# 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

MAN is not measuring up to the bounties of nature in the Western states. Nature has been generous in giving the Western states a wheat crop of liberal proportions and high quality; nature, too, is giving the Western states a very liberal crop of fat grass cattle; the hog output is large; more hay is being produced; the states that are adapted to cotton are promised more of this staple, and there is also a good fruit crop. But the man-made economic machinery is out of joint. Distribution is not healthy. There is loud complaining over the cheapness of wheat; there is dissatisfaction over the unprofitableness of hogs; grass cattle are disappointing the graziers in prices, and hay is cheap.

"What is the outlook for business in your territory?" This question came to a Western banker some days ago when wheat on the Kansas City market was breaking to the lowest level since 1914, or to a basis of 70 to 75 cents a bushel on farms. In brief, his answer was that the outlook favored prosperous conditions. With wails from farmers over wheat and with a number of other agricultural products at a disappointing level, how could this banker be so hopeful? I asked him. He answered that the Western states have the material things that go to make prosperity. "What is prosperity?" he also countered. His idea is that in the generous total of crops there is assurance of prosperity in view of the great capacity of the manufacturing districts of the country and the demonstration by railroads of their ability to move goods to facilitate the exchange of commodities, which, he said, makes trade.

It is true that in the aggregate the harvests now in prospect and already garnered in the Western states will give this territory a great trading power. If the goods it buys were on the same price basis as the products it sells, what activity would

prevail! If such activity could only be achieved! Admitting the larger debts of the Western states, debts with the new Federal land banks and with other sources of farm borrowing, there would be great activity. But this activity is not yet here. The period immediately following the winter wheat harvest is marked by a smaller volume of business than usual. The movement of new wheat to date is lighter than usual, especially when compared with the size of the harvest. There is less trading in the aggregate simply because many farmers are averse to exchanging so much more wheat than in recent years for a dollar, especially because the dollar buys less transportation service, less cotton, less clothing, less hardware, less of implements, less of lumber, less of coal, and less of other things. It even takes more wheat to pay taxes.

Contemplating this situation, this territory has reason for feeling that man is not measuring up to nature. Farmers are becoming more and more determined to force man to attempt to measure more highly in his service. The feelings of the farmers are apparent not only in the reduced movement of wheat and the verbal protests but in the recent election of a Farmer-Labor candidate over Governor Preus of Minnesota in a special senatorial contest. Minnesota is not one of the Western states covered in the review, but in business its conditions correspond to those of other large wheat raisers such as the Dakotas, Kansas, Oklahoma and Nebraska.

What the Western states need today, or what they lack, is an old story, a story that has been repeatedly told. However, it appears to be a story that is going to give a greater demonstration of its realities in coming months unless there is a radical change in the present market situation. In the event there is a great loss in wheat production in the spring wheat states and in Canada and the bread grain scores a material advance, the position of the Western states will of course be altered. However, if Canada and the American spring wheat states, including Montana and the

1866



1923

## *Complete Financial Service*

**The Omaha National Bank  
The Omaha Trust Company  
OMAHA, NEBRASKA**

**Resources over - - \$35,000,000**

Dakotas, raise as large a crop of wheat as indicated at this writing, it is probable that wheat will recede to lower levels. The buying power of the wheat districts will be more adversely affected. Demand for manufactures will be light. There will be less employment in cities. One point to be considered is that the void in building has been filled in a large measure, removing a source of business activity of the past year. The farmers' position will therefore be more dominant. From this it should not be inferred that drastic contraction in business will be witnessed. The Western states have been frugal in the past year. Mercantile stocks in the hands of wholesalers and retailers have been light in the agricultural regions for more than a year. The stocks are light today. There will be continued hand-to-mouth buying on a somewhat smaller, or considerably smaller scale, depending on the communities, but the decline will not come as a blow because a large part of the Western states are reconciled to a light volume of business.

In the event of a drastic cut in railroad freight rates—and railroads are going to face agitation for such a cut—along with

reductions of sharp proportions in the prices on manufactures, the farmer will be a better buyer than now indicated with cheap wheat.

Among considerations in respect to low wheat is the fact that, even where farmers complain that the market is below the cost of production, a good share of that cost goes into their own pockets. The labor expense is largely their own, for less outside labor than in several years was employed to produce and to harvest the crop.

From a banking standpoint, the outlook is more encouraging than commonly believed. Farmers have not anticipated the 1923 wheat crop. With no heavy commitments, there is not the tightening in money witnessed several years ago when farmers were disappointed because they couldn't get \$3 a bushel for wheat. Farmers had then contracted to buy many things—from oil stocks of unscrupulous promoters to expensive automobiles and \$100 and \$80 land at \$250 and \$170 an acre. Veteran bankers say this means a better year than indicated on the surface. When the farmers' incomes are low and when they are not obligated to buy many things through premature com-

mitments, they are so frugal that their limited revenues are applied to the liquidation of debts and to saving. Money did not firm up in the Western states during July, but closed fully as comfortable as at the outset of this new crop month. In the past crop year there was extensive liquidation. At country banks many loans were transferred to farm mortgage loan companies or to the Federal farm loan system, thus putting the rural institutions in a better position. There is no prospect of any important increases in country bank deposits with the present price situation; in fact, country banks on the whole will do well to maintain their present position. They may show some improvement the first half of the crop year just begun, but the latter half now gives indication of being different unless market conditions change materially.

That wheat is low is due to a combination of circumstances. The greatly increased North American production finds Europe returning to harvests nearer the pre-war totals. Russia is coming back as a great wheat grower. Europe's buying power is reduced. Russia is eager to sell in exchange for goods. The United States is not so willing to trade on this basis for the present. If farmers hold back their wheat on an increased scale, they will simply find the same adverse competitive conditions later unless the American acreage for 1924 is reduced by many million acres, and then there will be doubt as to great improvement in prices.

Industrial developments are being followed closely in the markets for corn, oats, hay, millfeeds and live stock. Rising wages and great employment the past year have already created a situation where the production of hogs is slightly in excess of the needs of the country with a large purchasing power for labor. The hog output is still on the increase. What is happening? In some points corn is actually higher than wheat. The feeding of wheat to hogs is advised by scientific agricultural authorities. Hogs are too cheap compared with corn. A year ago corn was too cheap compared with hogs. There is a wide difference between current cash prices on corn and the quotations on future deliveries of this grain, a forecast of a natural readjustment. In the cattle market a few choice corn-fed steers are selling at high prices, but grass cattle, which compose the great bulk of supplies, have been weak. Sheep and lambs are lower, with wool dragging after a few

months of great activity. Horses and mules are unchanged, the latter being supported by cotton, which is still high. If labor does not fare as well in employment in the next year as in the past twelvemonth and if Europe does not increase purchases of pork products, there will be congestion in live stock markets. Here again the lack of balance in the economic machinery of the country is an adverse factor.

Two of the biggest Western industrial interests—oil and lumber—are in need of wider markets. Prorating of oil runs by refiners increased, and there are a few signs that this is curtailing production sufficiently to steady the market. Gasoline demand is large, as is usual at this season, but the productive capacity is greater, or would be if a damper was not being put on crude oil production. There is even talk of a suspension of operations by some Western refiners. In the lumber industry mills are maintaining production in order not to lose their labor and in the hope of better buying in the fall. Lumber prices have declined the past two months.

The crops are not yet generally made. Something may yet develop to alter prospects. The principal need is an economic upheaval that will promote the domestic and international exchange of goods coupled with the maturity of the crops not yet garnered. Will the former develop? If not, the Western states, with some political unrest, will still work on, they will be frugal and finally restore better times in the future. To tell exactly when requires a prophet, but a year of lean times will find the Western states undaunted and prepared to make the most of an era of healthier price relationships.



#### CONVENTION DATES

Nebraska—at Omaha, September 26-27.

New Mexico—at Cloudcroft, Sept. 7-8.

Wyoming—September.

#### NEW DIRECTORS OF OMAHA NATIONAL BANK

Charles C. George and George Brandeis of Omaha, Nebraska, and George J. Woods of Lincoln have been elected directors of the Omaha National Bank, filling a vacancy caused by the death of the late Arthur C. Smith and other vacancies of longer stand-

ing. The new directors will also become directors of the Omaha Trust Company and the Omaha Safe Deposit Company.

Charles C. George is president of George and Company, realtors, and of several other real estate and holding corporations. He is a vice-president and for twenty-five years has been a director of the Conservative Savings and Loan Association. For four years, until recently, he was a director of the Chamber of Commerce of the United States; he is also a member of the International Chamber of Commerce.

George Brandeis is president of J. L. Brandeis and Sons and of the Brandeis Investment Company. These interests operate a large department store and have heavy real estate investments.

George J. Woods is vice-president of the Woods Brothers Corporation of Lincoln, is a director of the Lincoln Telephone and Telegraph Company, a director of the Standard Timber Company of Wyoming and vice-president of the O'Gara Coal Company of Chicago.

#### DENVER MERGER CONSUMMATED

A merger of two important Denver financial institutions—the Bankers Trust Company with the United States National Bank—was consummated on July 16. According to the *Rocky Mountain News* of July 18 the union of the two banks was made possible by the United States National Bank increasing its capital by the issuance of 1500 shares of new stock (par value \$100) which were purchased by the stockholders of the Bankers Trust Company. The consolidated bank, it is understood, has a capital of \$550,000 and total resources of \$22,000,000. The two institutions were closely allied in the past. A. C. Foster, former president of the Bankers Trust Company, was a vice-president and director of the United States National Bank, and a number of the former board of directors of the United States National Bank were members of the board of directors of the Bankers Trust Company. Pending the next annual meeting and election of directors of the United States National Bank, the former board of the Bankers Trust Company will act in an advisory capacity to the board of directors of the United States National Bank.

Pending the making of alterations in the banking rooms of the United States National Bank, the new company it is said, will

carry on its operations in the former quarters of the Bankers Trust Company. At the organization meeting of the company held on July 12 the following officers and directors were elected: A. C. Foster, presi-



JAMES RINGOLD

Treasurer United States National Bank, Denver

dent; Will H. Wade, Canton O'Donnell, vice-presidents; C. F. Bell, secretary; James Ringold, treasurer; W. A. Hover, Albert A. Reed and Henry Swan, directors.

The United States National Bank was founded in 1904. Prior to the merger it had a capital of \$400,000 with surplus and undivided profits of \$935,605 and deposits of approximately \$15,500,000. Two years ago it moved into the building bearing its name. The Bankers Trust Company was established in June 1920, taking over the investment business of Sweet, Causey & Co. and Wright, Swan & Co. It had a capital of \$1,000,000 with surplus and undivided profits of \$250,000, and deposits of more than \$4,000,000.

#### TULSA BANK INCREASES CAPITAL

The Exchange National Bank of Tulsa, Okla., will increase its capital from \$1,500,000 to \$2,000,000. The new issue of stock



**“Hand them a letter  
to this Bank”**

**Y**our 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*

**\$195,000,000**

*Over 260,000*

*Accounts*

**SECURITY TRUST**  
**S SAVINGS BANK**  
SAVINGS COMMERCIAL TRUST

Capital and Surplus \$10,525,000

*Twenty-nine Banking Offices in*

Los Angeles

Hollywood · Long Beach · Pasadena · Glendale  
South Pasadena · Highland Park · Eagle Rock  
San Pedro · Huntington Beach · Burbank  
Lankershim · Santa Monica · Montebello

was authorized by the shareholders on June 26. The enlarged capital became effective June 26.

WALTER W. HEAD

Walter W. Head, president of the Omaha National Bank, left Omaha July 27 with his wife and daughter for an automobile tour through Wyoming, Yellowstone Park and Montana. Mr. Head addressed the Montana Bankers Association at Great Falls, August 10 on “Government, Taxation, Citizenship”.

Bert A. Wilcox, vice-president of the Omaha National Bank, has returned to his desk after an absence of several months due to illness. He spent several weeks in Honolulu, putting himself in fine physical trim.

FARMERS NATIONAL BANK OF  
SALINA

The Farmers National Bank of Salina, Kansas, has just completed the doubling of the space it formerly occupied.

The bank made a new departure in their interior treatment and adopted a walnut screen such as became famous over in Europe in the greatest banks that the old world produced. It has the unique character of being home-like and yet having all the dignity that a banking house can possibly present.

The security vault with its great rectangular door weighing twenty tons is capable of providing protection against all forms of attack—the burglar, the mob or the earthquake.

Another most unusual feature is the provision of a special room for the use of farmers when they come to town, where they may conduct their meetings, look up farm records, Washington agricultural reports, etc. Here they find a bureau of information in the most comfortable surroundings, near the banker, with whom such matters ought to be discussed.

No single effort has been spared by J. R. Geis, president, and J. P. Burns, vice-president, and their fellow officers and directors, in making this new banking house not only a great credit to Salina, but also a step forward in general banking construction in their part of Kansas.

The plans were drawn and the work was constructed under the supervision of Alfred C. Bossom, bank architect and engineer, of 680 Fifth avenue, New York.

# Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,  
Arizona and Alaska

## ECONOMIC CONDITIONS IN THE PACIFIC STATES

BY C. E. TAYLOR, Economist

Department of Research and Service,  
Security Trust and Savings Bank,  
Los Angeles

**T**HE general hesitancy in business in the Pacific states, which was commented on last month, is still in evidence. However, after making allowance for seasonal slackness, it does not appear that there is likely to be a pronounced slowing down in this district in the immediate future. On the contrary business is remarkably good and such hesitation as has been noticeable has been the product of good business judgment and is a guaranty that present satisfactory conditions are to be maintained. Reports from various portions of the district have been somewhat at variance, but the general note is one of optimism. It is doubtful whether the hesitation which has been experienced by business more or less generally has been as noticeable in the Pacific states as elsewhere, and it is probable that business is now moving along more rapidly in this region than in most other sections of the country. Under normal conditions, with the business and industry of the country on a sound basis, greater economic activity should be expected of the Pacific states than of the country at large. The Far West is still in considerable measure undeveloped and its population is growing rapidly. With this increasing population and with the investment of Eastern capital in the development of its great natural resources, more should logically be expected of it than of other sections of America. During the period of business revival it is doubtful whether improvement went on here at a greater rate than in many other sections of the Union. It is also probable, however, taking the district as a whole, that the business depression was never as keenly felt here as in most other places, and that the region did not have the same depths of depression from which to climb. Now, however, that busi-

ness seems to have fully recovered and to have settled down for a more or less steady period of good times, it will be disappointing if greater activity is not reported from the Pacific states than from the country at large.

In spite of lower prices for some commodities and an abatement of buying in different quarters, particularly in certain lines of the wholesale trade, bank clearings in the Pacific states were nearly 23 per cent. greater in May than in the corresponding month a year ago, and 4 per cent. greater than in April 1923. These increases compare with respective gains of slightly over 19 per cent. and of approximately 3¼ per cent. for the country as a whole (outside of New York City). During May building activity in the district failed to show as large a gain over the activity of a year earlier as was recorded in previous months of this year. While the total of building permits issued in the United States during May was 5 per cent. greater than in May 1922, the increase shown in this district was less than 3½ per cent. However, the gain in permits issued in this district during May over those issued in April was nearly 11 per cent., contrasted with a decline for the country as a whole of over 20 per cent. Retail trade was exceptionally active during May, and even after making allowance for price increases was probably of record volume for this season of the year. Sales increases were general throughout the district, and as compared with April averaged about 18 per cent. greater in volume. A portion of this increase must be attributed to the large number of special sales usually held in May. Wholesale trade activity in May was somewhat less in volume than in April, though a number of lines showed increases. As compared with May of last year, however, the volume of trade in practically all lines was much greater this year.

Employment conditions throughout the Pacific states continue practically unchanged. Unemployment is confined principally to casuals and the greatest demand is apparently for unskilled labor and for

farm hands. In some of the more desirable residence cities of the district there is a surplus of clerks and general office help, which has no doubt been largely created by an influx of summer workers from the East. In the mining district production is said to be somewhat retarded by a scarcity of experienced workers and, generally speaking, skilled laborers of any sort have no great difficulty in securing employment in this region. Workers, however, should be careful to investigate local conditions before moving to any western city with the expectation of finding employment. In Seattle, it is reported, there is a surplus of carpenters who have been drawn there from Canada and the East by reports of great building activity. The case of Seattle is a typical one. In view of the general demand for labor the absence of industrial disturbances throughout the Pacific states is highly encouraging. With the exception of some unrest in the lumber camps there are no labor controversies of consequence on record in this district.

Throughout the Southwest economic conditions are bright. In Arizona the four big C's—copper, cattle, cotton and climate—which were among the sources of her greatest difficulties a few years ago, are again coming into their own as foundations of prosperity. Lower copper quotations are causing no great concern, as prices are high enough to permit of profitable operation and because a better and more stable price level is in prospect, it being certain that large consumers who have been well stocked up will return to the market before long. Mining operations in the state are going ahead full swing and production probably would be increased were plenty of skilled men available. Spring cattle sales were less than had been expected and the lack of buyers has been more or less seriously felt. Range conditions are not satisfactory, water being needed to start summer feed. However, cattle prices are materially better than a year ago and when the Arizona cattle men learn the lesson of breeding better, heavier stock, which will fatten quickly, cattle raising will be among the state's most profitable sources of revenue. Wool shipments have been finished in the state, the sheepmen netting as high as 51 cents per pound for the best grades of wool. General crop conditions are excellent and a noticeably larger production is looked for this year. A substantial increase in alfalfa hay acreage would indi-

cate that Arizona is steadily "coming back" in the production of hay. Probably the most interesting feature of the Arizona crop situation is found in the cotton acreage statistics. A total increase of 27 per cent. is evident in the 1923 acreage of cotton, when comparison is made with the total acreage harvested in 1922. Freedom from the boll weevil, and the world cotton situation, make it seem almost inevitable that cotton will be a source of a very large net profit for Arizona growers this year. As in the case of Southern California, the lure of azure skies and bright clear days is a potent factor in bringing Easterners to take up residence in Arizona, and the population of the state is steadily increasing with a beneficial effect on the trade and construction activity of its cities. Bank clearings, wholesale and retail trade, and building activity are all in excess of a year ago.

In Nevada, where silver mining plays such an important part, the termination of Government purchases of silver at \$1 an ounce has not materially affected the operations of the big silver producers. Opinion current among the larger operators is that the price of silver will remain sufficiently high to permit of profitable operation. However, it is probable, if they have not already done so, that a good many companies working very low grade ore will have to suspend operations. Range conditions for Nevada cattle are now improved, due to showers early in June, but the demand for cattle is dull. However, June is always a dull month for the cattle growers and demand is expected to pick up soon. The wool clip was good this year and very satisfactory prices were realized. General crop conditions are encouraging in spite of a snow storm and cold weather at the end of May. In Reno building is active.

Utah appears to have come back with a rush from its post-war depression. In Salt Lake City bank clearings this year have been approximately 20 per cent. above those for the corresponding period in 1922 and building permits issued in 1923 are about 100 per cent. greater in valuation than those of a year earlier. May building permits were greater than for the entire first five months of 1922 and were in excess of the total for the previous four months of this year. In practically all the principal cities of the state the building activity of Salt Lake City is being duplicated. Retail trade activity in Salt Lake in May was over 25 per cent. greater than in April and practically 19

per cent. greater than in May 1922. Extensive industrial developments are going on in various parts of the state and a number of branch railroads have been built to open up important agricultural and mineral areas. In southwestern Utah near Cedar City work is progressing rapidly on blast furnaces and by-product coke ovens and the plants are expected to be ready for operation before next spring. When completed the blast furnaces will turn out the first pig iron produced on the Pacific slope. Their full significance for the industrial future of this section of America is probably hardly realized in other parts of the United States. The Utah cattle ranges are in good condition and frequent rains have reduced the need for irrigation to a minimum. The sugar beet crop is in the best condition it has been for years. The sheepmen received prices ranging up to 50 cents and better for their wool. The fruit crop, though it will be smaller, will probably be better in size and quality than a year ago and prospects for other crops are reported encouraging.

Reports indicate that there has been no change in money rates in this district and money is plentiful, though caution is being displayed in the making of new loans. Savings deposits continue to increase.



#### CONVENTION DATES

Arizona—at Tucson, October 26-27.

#### PACIFIC NATIONAL BANK OF LOS ANGELES

The Pacific National Bank of Los Angeles, now in process of organization will have a capital of \$1,000,000 and a surplus of \$200,000.

The bank will be officered by experienced bankers who are well known locally and in the West. E. M. Smith, a prominent and wealthy manufacturer, will be president. Mr. Smith is president and principal owner of the following manufacturing concerns: E. M. Smith Company, Los Angeles, California; West Coast Asbestos Company, Downey, California; Emsco Steel Products Company, Los Angeles, California, as well as being actively interested in various other enterprises in California. B. P. Glenn, one of the

First Bank to Incorporate in Hawaii

### THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,653,894.91

Total Resources ..... 24,774,697.72

C. H. Cooke, *President*

E. D. Tenney, *Vice Pres.* E. F. Bishop, *Vice-Pres.*

Boxor Damon, *Vice-Pres.* G. G. Fuller, *Vice-Pres.*

Frank Crawford, *Vice-P.* E. McCorriston, *Cash'r*

Branch Banks:—Lihue and Kapaa, *Island of Kauai*; Waipahu, Waialea, and Pearl Harbor, *Island of Oahu*.

Prompt handling of collections through close connections on each of the islands in the Territory.

principals of the Brewster-Glenn Company, Los Angeles, California, will be a vice-president. Fred Swensen and J. E. O'Rourke, both of whom were previously associated in official capacities with the California Bank of Los Angeles, will also be vice-presidents.

Among other prominent local business men who will serve on the directorate, in addition to the above mentioned parties, will be: Edgar F. Hughes, of the legal firm of Goudge, Robinson and Hughes; Adolph Ott, realtor; Walter G. L. Smith, manager of the E. M. Smith Company; M. B. Rapp, realtor, and Charles Murray, capitalist.

Temporary headquarters have been acquired in the Los Angeles Athletic Club Building at the corner of Seventh and Olive streets, where the bank will remain for a period of approximately one year, during which time the permanent home of the bank will be erected in the downtown district.

#### BRANCH BANKING PLEA REJECTED BY BOARD

The Federal Reserve Board has refused the application of the Bank of Italy, San Francisco, to establish a branch at Yuba City, California, and also refused the same institution's request for permission to take over two banks in Long Beach.

The Board also refused the application of the Pacific Southwest Trust & Savings Bank, of Los Angeles, for authority to establish a branch within that city and to absorb the Pioneer Bank of Portersville, California, with its two branches.

# 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 advance of a season which promises to end in the greatest harvest which Western Canada has ever known, and satisfactory crop prospects for the Eastern provinces, there is a better outlook for business and a more optimistic sentiment. This improvement is evidenced to some extent in better sales by retailers and greater confidence in placing forward orders, but it is noted that there is no general disposition to discount the harvest, and the conclusion is that, for the most part, actual buying will not take place until after the crop money is in circulation. The extended credit position of the farmers, particularly in the West, and past disappointments both as to yield and prices, are responsible for this attitude.

With the prospect for a remarkably heavy wheat yield with long straw the labor problem is beginning to give the West considerable anxiety. It is also believed that on account of the heavy growth there is likely to be a shortage of binder twine. Then there is the very important question of price to be taken into consideration. Two years ago many of the farmers figured their losses in proportion to their acreage when they estimated that the expense of putting in the crop, harvesting, threshing and transportation were greater than the market quotations for the product. From the standpoint of the banks it is felt that they are in a good position to handle a big crop and facilitate the financing between grower and consumer. Current loans, after showing a tendency to expand during the spring, have again been contracted and are about \$60,000,000 less than a year ago. Call loans abroad are nearly \$30,000,000 greater than a year ago and this surplus will be available if required for crop moving purposes.

This improvement in general sentiment based on the crop returns, which are such an important factor in Canadian prosperity, comes at a time when a cloud has been cast on the industrial outlook in this country,

as in the United States, by the check in forward buying which has followed rapid price advances based largely on increased wages and which, from various expressions of public sentiment, have not been well received by the consumer. Under the circumstances, of course, the effect is to curtail industrial profits and discourage industrial expansion. However, it is felt here as it is evidently felt in many quarters in the United States, that there has been no general inflation and that the reaction which has taken place is in the nature of a corrective to be followed by an adjustment and a resumption of buying on a more healthy basis. There has been no evidence in this country of any great degree of speculative buying or stocking up and it is felt that the improvement in buying by the consumer which should follow the harvest will be quickly reflected in industrial orders. The big factor in this situation will be the margin of profit available to the farmer and its bearing on the volume of purchases. Not only will the actual volume be affected in relation to prices charged, but there will undoubtedly be the psychological factor and a tendency on the part of the farmer to refrain from purchasing if he feels that the prices are based on excessive industrial wages. Duncan Cameron, president of the Manitoba division of the Canadian Credit Men's Association, says: "The outlook is distinctly more favorable than a year ago. While a general policy of caution in extending credit has been necessary, better feeling exists between all classes of business in the West. There is still a large volume of frozen credit, but current accounts are being handled in a very satisfactory manner and some progress is being made in reducing the aggregate of old outstandings".

The Canadian Bank of Commerce's index number of wholesale prices in Canada registers little change. The number for exports stands at 153.78 as against 153.83 a month ago, and that for imports at 167.53 as against 167.92 a month ago. The break in the hog market which brought about a fall in price to the 1915 level, taken together

# Are You Interested in Canadian Trade?

If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.



For further particulars write

Foreign Department  
**Standard Bank of Canada**  
**TORONTO**

Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	5,000,000.00

with record declines in prices of flour, hides, copper and silver, balances slight increases among exports in the case of wheat, beef, bacon, butter, cheese and potatoes. Likewise among imports decreases in the prices of iron, tin and coke balance increases in the case of corn, cotton, rubber and linseed oil.

The announcement that the Union Bank of Canada will work out its own future without an amalgamation has been well received by the public, particularly in Western Canada, on account of the feeling that the tendency toward mergers is having the effect of creating a money trust. If more banks are desirable, it is argued from this standpoint, surely it is better to maintain an old established and efficient organization rather than try to establish a new bank. The readjustment of the bank's finances as announced by President W. R. Allan, provides for the transfer of \$4,250,000 from the rest account to contingent reserve account and a reduction of the dividend from 10 to 8 per cent. per annum. The situation is reviewed as follows:

"Shortly before the last annual general meeting your then general manager reported to the president and directors the discovery of certain unauthorized transactions in foreign exchange, from which a considerable loss to the bank resulted, which loss had then been fully provided for. Having regard, however, to all the surrounding circumstances, and in view of the change in the general management of the bank, a thorough examination and revaluation of the bank's assets was later decided upon. This has

been conducted by the present general manager, the chief executive officers and the auditors of the bank, and in addition, an independent examination has been made by a high executive officer of the Bank of Montreal, loaned for the purpose.

"This valuation has now been completed, and after the most earnest and careful consideration, your president and directors, your executive officers and auditors, and the officer of the Bank of Montreal above referred to unanimously concur in the following:

"(1) Losses have developed in connection with certain loans made during the period of inflation, and in addition to taking care of these, it is prudent to make provision in respect of loans, the full liquidation of which has been delayed by the well-known abnormal conditions which followed that period.

"(2) The ordinary losses inseparable from commercial banking, no matter how conservatively and carefully conducted, would have been readily taken care of by the usual provisions, had it not been for the unexpected and abnormal items above referred to. Prudence and sound practice call for adequate provision for such risks in the current business of the bank.

"(3) To provide amply for the foregoing losses and risks, it has been deemed advisable to transfer from the rest account to contingent reserve account the sum of \$4,250,000. This leaves the present position of the bank as follows:

Capital	.....	\$8,000,000
Rest account	.....	1,750,000
Profit and loss account	.....	159,860

"Your president and directors believe that investigation and appraisal of bad and doubtful accounts have been so searching and thorough, and the relative appropriations so liberal as to warrant the confident expectation that considerable recoveries will be ultimately realized. A policy of economy, as rigid as is consistent with unimpaired efficiency, has been inaugurated, which has already reduced, and will further materially reduce the operating and overhead charges of the bank, and in order to further implement this policy it has been decided to reduce the dividend for the time being to 8 per cent. per annum.

"While your president and directors deeply regret the necessity for this announcement, they are confident that you will appreciate that it is a complete and candid statement of the facts and will, in the circumstances, approve their decision. They cannot too strongly assure you of their belief in the fundamental soundness of the bank's position. They point out that, with all bad and doubtful accounts provided for, not only is the bank's capital unimpaired, but its rest account is still substantial.

"As a going concern, with a long established and widespread business, a splendid earning power, a good-will founded on more than half a century of banking service, a loyal and experienced staff and a reorganized executive staff, actuated by a policy of strict economy and prudent conservation, it only requires the continued confidence and support of its shareholders and customers to insure for it a future of progress and prosperity. R. T. Riley, who was a director and vice-president for many years and rendered most valuable service to the bank, has, we are pleased to advise, again accepted a seat on the board of directors. Mr. Riley has consented to act as chairman of the newly constituted executive committee of the board, where his wide ex-

perience and sound judgment will be of invaluable assistance.'

That the government take an inventory of idle industrial plants throughout Canada with the idea of bringing about a revival of operations in a way from which the banks are debarred because they can only make loans to going concerns, is the interesting suggestion of H. J. Daly, president of the Home Bank of Canada. At the annual meeting of the bank Mr. Daly stated that although conditions had been better than expected during the year they had not been altogether satisfactory; the benefits of a very satisfactory crop had to be considerably discounted because of the insufficient spread between market prices and the cost of production.

In connection with the annual statement it was explained by General Manager J. Cooper Mason, that not only had the bank been able to maintain its position but "carried out measures of retrenchment that should inspire confidence as to the future". Profits were \$232,539 compared with \$275,112 in the previous year. Following are comparative figures:

	1922-23	1921-22	1920-21
Bal. forward .....	\$125,084	\$134,867	\$146,874
Profits .....	232,539	275,112	278,556
Pr. on stock .....	179	147	140
	\$357,802	\$410,126	\$425,570
Dividends .....	137,216	137,184	137,154
Tax on circ. ....	18,175	18,346	19,494
Res. deprec. ....			50,000
Prov. taxes .....	25,610	22,821	23,423
Reserves .....			50,000
Income tax .....	29,040	6,690	10,632
Contingent .....	75,000	100,000	
Balance .....	72,761	125,085	134,867
	\$357,802	\$410,126	\$425,570

The increased item for taxation was especially referred to by the general manager, as was a new demand upon the general profits which had been provided for by closely limiting the program of extension and carrying economic supervision to items of miscellaneous and routine expense.



# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SEVENTH YEAR

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## American Financial Assistance to Europe

**R**EPLYING to the charge of American isolation in regard to European affairs, the *New York Herald* points out that since the signing of the armistice we have advanced some eleven billions of dollars to that part of the world. These contributions are thus classified: Credits advanced, \$2,500,000,000; interest remitted, \$4,000,000,000; relief work, \$2,125,000,000; private loans, \$1,000,000,000; expenditures of American tourists, \$1,125,000,000. It is further pointed out that every year since the armistice the per capita contribution to Europe has been three times that required to run the American Government in 1916 or in any previous year with the exception of 1865. Nor do these contributions take into account the costs we incurred in prosecuting the war and the maintenance of overseas forces. The loans made during the war are also excluded.

There may be a dispute as to the propriety of taking some of these items into account at all, but making all deductions of disputed items, it will be seen that we have been far less indifferent to Europe financially than many suppose. While our contributions in money have been large, their effectiveness has hardly been in proportion to their bulk. It has been a good deal like pouring water into a sieve. Part of this was due to the bad situation itself, part to the failure to exercise a wise discrimination in making some of the advances.

Large as our contributions in money have been, they would have been multiplied several fold if economic and political conditions in Europe had been on a sounder basis. Perhaps it is our failure to co-operate in restoring political tranquility to Europe that has been the cause of most of the criticism aimed at this country. Few financial authorities in Europe blame us for withholding further financial support in the face of present disturbed conditions. They do feel, however, that we might, through co-operation, have done more to lessen political friction between some of the countries on the other side. It is the inaction of our Government that is censured more than the unwillingness of our bankers and people to contribute financial support.

## Capitalism Under Fire

**T**HAT a serious attack should be made on the system which we commonly denominate as "capitalism", and in its leading stronghold, constitutes one of the striking developments of the time. And yet this is exactly what took place only a few weeks ago in the English House of Commons when the following proposal was gravely debated:

"That, in view of the failure of the capitalist system adequately to utilize and organize natural resources and productive power, or to provide the necessary standard of life for vast numbers of the population, and believing that the cause of this failure lies in the private ownership and control of the means of production and distribution, this House declares that legislative effort should be directed to the gradual suppression of the capitalist system by an industrial and social order based on the public ownership and democratic control of the instruments of production and distribution."

It must be considered rather startling that a motion of this character could receive an affirmative vote of 121 compared with a negative vote of 368. For this, be it remembered, was in the most conservative legislative body of the world—the British Parliament.

In the course of this discussion of the proposal to abolish capitalism and substitute socialism for it several notable speeches were made. The former Prime Minister, Lloyd George, while strongly opposing the motion, pointed out that the defeat of the proposal would not remedy conditions. "The facts would remain", he said. He called attention to the significant fact that those who challenged the existing order of things had received 4,250,000 votes in the country. "The real danger", he continued, "is not the honorable members above the gangway (members of the Labor Party) but the social evils that still exist". He declared that reports from the charitable institutions showed "that while the older people were resigned, being broken-spirited, the young people were sullen, discontented and rebellious against existing conditions, and resolved not to submit tamely. That was the real danger".

The former Prime Minister said that while gigantic efforts had been made by the state to relieve existing social evils, the question remained, had enough been done? "Those", he said, "who were most anxious to preserve the present system ought to be most anxious also to remedy the evils that arose from it. Otherwise the bulk of the workers would come to the conclusion that those evils were inherent in the system, and that the only cure was to destroy the system".

Some of the greatest directors of enterprise are fully alive to this view of the situation and are doing all they can to "humanize" industry. It remains to be shown that any other system would be an improvement on that we now have. Indeed, such experience as we have had with Government direction of enterprise in this country has been costly almost to the point of disaster. The railway and shipping experiments are the best examples. England has had like experiences, though not along exactly the same lines. So has Queensland, and Russia offers no encouragement for trying socialism on a large scale.

Anxious as all right-minded persons must be to develop that industrial and economic system which would best contribute to the general prosperity and welfare, we have no information whatever that points to socialism as such a remedy. The lessons of experience point in an opposite direction.

If, therefore, we are to make the greatest possible progress in bettering the conditions of human existence, we shall probably have to proceed along present lines, making such improvements and alterations in the existing system as will tend to correct its imperfections. This process is going on, but it is still a question whether it will be rapid enough to pacify the dissatisfied. Probably no possible improvement in the social and industrial mechanism could satisfy those whose heads have been turned by the empty speculations of theoretical dreamers. But real wrongs should be redressed, and the conditions of life improved when they are susceptible of improvement. The best antidote to socialism is to be found in social betterment, produced chiefly through individual effort, but aided to the extent practicable by the community.



## Advance in the Bank of England Rate

**T**HE advance in the discount rate of the Bank of England from 3 to 4 per cent. was due to a number of factors, chief of which was perhaps the desire to check American use of the cheaper credit facilities which the London market has offered. That credit should be easier in London than in New York would naturally follow from the business depression in England compared with a period of great activity in the United States. It is a case of the highest price being offered where the demand is briskest. A steady decline in the dollar value of the pound sterling from above \$4.72 in February to \$4.56 in the early part of July no doubt was a contributing influence in the determination to advance the rate of

discount. This decline in sterling has mystified some of the bankers on both sides of the Atlantic. Its origin was not uncommonly ascribed to political uncertainties, though probably the real explanation is to be found in other directions. Contributing factors are the decline in the purchase of foreign securities by American investors and perhaps a considerable resale in London of those previously bought, while the large payments to be made by England to America to meet interest due on the debt owing to us have also had their effect. On the contrary side are to be mentioned a reduction in the balance of British imports over exports to something like the pre-war level and the turning of our own large export balance into an excess of imports.

In view of the lower rate prevailing in London it had become rather easier for New York to borrow there than was desirable under the circumstances—a condition of which New York was not slow in taking full advantage.

With the diverse economic situation prevailing in the respective countries it is not easy to make a comparison of the money market position of New York and London. We have not been specially fortunate in our foreign investing, and some disposition may be seen of a desire to pass this function of international lending over to London. Business depression in England tends to make that market more favorable than our own for procuring foreign loans. When business conditions in England and America become more on a level than they now are the case may be different.



## Foreign Branches of the Reserve Banks

**B**Y permitting the Federal Reserve Banks of Atlanta and Boston to establish agencies in Cuba, a new and important departure is taken in American finance. It would be still more important were there a possibility that branches of the Federal Reserve banks would be established throughout the world generally. But this is hardly to be expected. Since our political and commercial relations with Cuba are much nearer than with any other nation in the world, it is comparatively easy to extend the Federal Reserve System to our island neighbor in the manner indicated above. American currency is already legal tender in Cuba, so that the use of Federal Reserve notes there will be in the nature of a natural development. The agencies of the Federal Reserve banks in Cuba will not only be able to help in supplying the country with a safe and convenient currency, but will also afford a means of

rediscount of commercial paper, thus obviating the necessity on the part of the Cuban banks of keeping large reserves. The operations of these new agencies, carefully supervised, should prove a strong element in the restoration of more stable economic conditions in Cuba, and it is earnestly hoped this may prove to be the case.

As has been said, the extension of these agencies to other lands where the political and commercial ties are looser presents grave difficulties. Particularly is this so with reference to the employment of such agencies in the issue of currency, a function usually held as an inalienable attribute of sovereignty. Probably it might be a good thing for some of the countries of the world if they could look at the matter in another light. Certainly many of them would be better off if their worthless currencies could be replaced by notes as good as those of the Bank of England or the Federal Reserve banks. How this could be done is quite another matter. Cuba was fortunate in having close political and commercial relations with the United States, and more fortunate still in not having been weakened by war and debased currency. She was merely suffering from the results of rather too much prosperity—a condition from which speedy recovery may be expected.



## Par Check System Rules

**A**S a result of the recent decision of the Supreme Court of the United States, some changes in the rules relating to the collection of checks have been made by the Federal Reserve Board. These changes provide that in the future Federal Reserve banks will be prohibited from receiving on deposit or for collection any check drawn on any non-member bank which refuses to remit at par. At the same time Federal Reserve banks will be required to make a charge for their services in collecting checks which bear the endorsements of or are drawn by any non-member bank which refuses to remit at par. In effect the Federal Reserve Board has put into operation a policy of retaliation, "If you kill my dog, I'll kill your cat". This may not be a very dignified plan to follow, although it may prove effective.

In promulgating the new rule it is pointed out by the Federal Reserve Board that the Federal Reserve collection system is now in operation between banks which in number are about 92 per cent. of all banking institutions and which have approximately 98 per cent. of the total banking resources of the country. It is also stated that this system of collections has become a necessary instrumen-

tality in effecting the country's domestic exchanges, that it has eliminated a large part of the time formerly consumed in the collection of checks and has cut down the cost of making the country's exchanges to the minimum. Long ago it was pointed out in these pages that such broad considerations of public policy would finally outweigh the individual advantage accruing to any bank from its check collection charges. It is not easy for a bank a large part of whose revenues consists of exchange charges to take this view of the matter.

The recent decision of the Supreme Court did not uphold the theory that it was incumbent upon the Federal Reserve Board to establish universal par clearance of checks. On the contrary, it was stated in the decision that under the Hardwick amendment to the Federal Reserve Act a member bank or an affiliated member bank may make a limited charge (except to Federal Reserve banks) for payment of checks and remission therefor by exchange or otherwise. The decision makes it clear that the Federal Reserve banks themselves are not permitted to pay exchange.



## Senator Underwood on Our Relations to Europe

**N**UMBERS of senators have been in Europe during the past summer and have brought back with them a varied assortment of plans for dealing with that distressed and distracted quarter of the world. Some of the observers, while deploring what they call our lack of policy in regard to Europe, are yet unable themselves to propose anything specific. They think something ought to be done, but omit to say just what. In this class must be placed the observations of Senator Oscar W. Underwood of Alabama, who on returning from Europe is thus reported in *The New York Times*:

“There are more causes of war existing in Europe today than there were in January 1914. They may not produce war. Let us hope with all our hearts that this may prove to be true, but if it does it will not be because the cause of war is not standing at the outer door. It will not be because the angel of peace stands between the contending powers, but it will be solely because Europe is financially and economically exhausted.

“We are not a party to the causes of strife as they exist today in Europe, and theoretically it certainly is not necessary for our

country to become involved. God grant that that cup may never come to our lips again, but we must remember that in 1914 when war broke in Europe we stood for peace, and yet without our fault, in 1917 we were in the war and the sons of America were dying on the battlefields of Europe. I cannot believe that the people of America have forgotten their pledges to aid in securing the peace of the world; that they have forgotten that our men and women said we were fighting that we might make the world a better place in which to live.

“Our nation can do more than any other great country today because of its isolated position, its unselfish position when the war closed and its great potential powers to establish permanent peace, but we have done nothing and are doing nothing to aid the peace of Europe.

“There is nothing in an international court that can either solve or direct the difficult and dangerous economic and financial problems that are paralyzing the onward progress of business development in Europe. It is a wise and progressive policy that is needed and not the laggard motion of a court of law.”

It is to be regretted that Senator Underwood did not reveal to a waiting world the details of his “wise and progressive policy”, and particularly how he would make it fit into the European problems. Perhaps the reason he did not give us more precise information upon this point may be inferred from the concluding paragraph of his interview:

“The truth as I see it is there is no magic wand that can be waved to cure the ills that confront us in Europe. In the first place, they are the problems of the states abroad. We cannot dictate, we can only advise; but we can have a policy, a wise, helpful policy on each and every one of the problems in which our home people are interested, and we can pursue that policy in an open, courageous and helpful way for the ultimate peace of the world and the prosperity of our people at home.”

Here the distinguished Alabama Senator in almost identical language, states the attitude of the present administration toward the European situation.

“Our governmental arm seems paralyzed so far as help in that direction is concerned. We seem to be standing in respect to the affairs of Europe without a policy, without courage of conviction, without anything that goes to make a man a man, or a government a government. We seem to be just observing and drifting, at least so far as the public is allowed to know.

“If we have a policy or a conviction in regard to the peace and development of European affairs it must be an undisclosed one.

Never in all our history as a nation have we occupied a more negative position in the affairs of Europe than we do today. We continue to drift downstream and the roar of the cataract can be heard ahead.

“We must remember that we are almost as much interested in good market conditions in Europe as are the people who live there. The producers of America, whether in the mines, the fields or the factories, cannot prosper and never are really prosperous unless our surplus agricultural production finds a ready sale in the markets of Europe—for the sale of our meat, wheat and cotton not alone cares for the farmer but also creates a home market for the output of the mines and factories.

“There are always two essential factors to the building of a market for the sale of goods. There must be a buyer who wants the goods and that buyer must have the wherewithal to pay for the goods he purchases. There can be no doubt that Europe wants our surplus agricultural products and often wants them badly. There is hardly less doubt that under existing conditions each year finds it harder for the European buyer to find the purchase price. It must then be apparent to all that distressed economic conditions in the European states will sooner or later, unless they are remedied, bring distress and disaster to our people at home.

“Most of this might have been avoided if we had played our part when the great war closed, but we did not. We rejected the Treaty of Versailles and have put nothing in its place. Our Government is drifting in an open sea without a policy of any kind to guide us as far as the difficulties that confront us in Europe are concerned. We might have been far on the highway to permanent peace and restored business and industrial conditions if we had thrown the predominating force of our great potential powers in favor of a permanent, stabilizing and upbuilding program for the rehabilitation of Europe. This we have failed to do, and the question that now confronts us is whether or not we shall continue to pursue a do-nothing policy.”





**CALVIN COOLIDGE**  
Thirtieth President of the United States

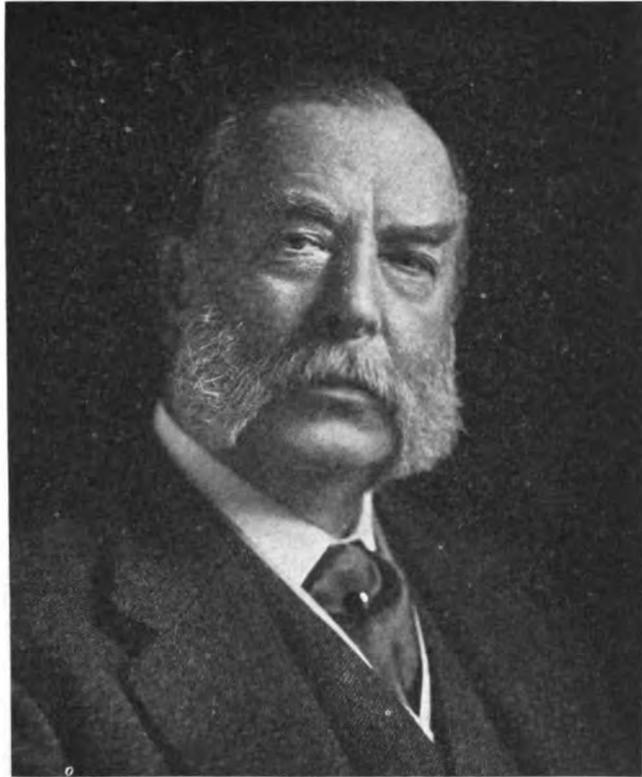
## Hamilton's Statue in Washington

**R**ATHER tardy recognition has been given to the financial genius of Alexander Hamilton by the unveiling of a monument to that statesman, facing the Treasury Building at Washington. Hamilton was the organizer of the Treasury Department, and since he was also the first Secretary, the location of the monument is particularly appropriate. He also made it possible for the capital to be located at Washington by supporting this move in exchange for help from Southern members of Congress in carrying out his policy regarding the assumption of state debts by the Federal Government. In this matter of capital location his services to his country were not commensurate with those he rendered in restoring the public credit after the close of the Revolution. Perhaps, with his absorption in financial affairs, he could not see that it was of much importance whether the capital should be on the banks of the Hudson, or the Delaware, or the Potomac. In reality, the fixing of the capital at Washington has been one of the factors strongly influencing the shaping of our Governmental policy. Probably, in point of geography, the placing of the seat of government in the East was unjust to the country as a whole, though this was something Hamilton could not foresee.

Hamilton's work at the Treasury, his services in the field, and his masterly support of the adoption of the Constitution, all entitle him to the lasting gratitude of his countrymen.

The grave of Hamilton in Trinity Churchyard, New York, is marked by an unimpressive monument, which should be replaced by one more worthy of his great name.

**M**ARKED changes that have come over business affairs since the last annual convention of the American Bankers Association will strongly impress themselves on the coming meeting at Atlantic City. . . . Consideration will be given to the rising tide of radicalism against the present capitalistic system; agitation against the gold standard and for unsound money; the unsatisfactory economic position of agriculture, threatening to hamper the nation's food productivity; and unwarranted assaults being made on the Federal Reserve System, threatening in time to to deprive the nation of this chief bulwark of strength in its financial system. Bankers must consider and take action on these problems. . . . I earnestly urge them to attend the convention at Atlantic City to counsel together on them.—*John H. Puelicher.*



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GEORGE F. BAKER  
Chairman First National Bank, New York

**M**R. BAKER recently celebrated the sixtieth anniversary of his association with the First National. He entered the bank's employ on July 25, 1863, at the age of 23, as a paying teller, and by successive stages assumed the roles of cashier, president and chairman of the board. He has been chairman for fifteen years. During the Civil War, the First National Bank assumed an important role along with Harvey Fisk and Sons in financing the Union, and won for itself the name, "Fort Sherman". Together with the growth in fortune of Mr. Baker, the bank has prospered. It started with a capitalization of \$100,000. Its capital today is \$10,000,000 and it has a surplus and undivided profits of more than \$50,000,000. While Mr. Baker is known in the financial district as one of the pillars in the world of finance, he is better known publicly for his philanthropies. Most of his gifts have been for educational purposes and among them are his donation of \$2,000,000 to Cornell University for a chemical laboratory and other purposes, \$1,000,000 to the Metropolitan Museum, and the gift of Baker Field, valued at approximately \$700,000, to Columbia University. Mr. Baker is reputed to be one of the five richest men in the United States.

# Labor Banks and Capitalism

By John Walker Harrington

ANY one who can make the subtle distinction between labor and capital can tell just exactly what will be the future of the banks established by the unions of American workingmen. Economists tell us that capital is crystallized labor. Capital is that portion of the produce of industry which may be directly employed either to support human beings or assist in production, according to McCulloch. This being the case, "When is a labor bank?" Is it possible to have a banking institution in which there will be nothing on the hat tree in the directors' room, but paper caps?

Financial circles these days are frankly wondering what labor and capital are going to do to each other in the banking world. Some grave economists think that the lion and the lamb will lie down together, with a smile on the face of Leo, as was the case with Frank Stockton's "The Lady and the Tiger". Radical leaders of the proletariat are sure that the lamb will twist the tail of the lion. The leaders of paper cap finance, and of the silk hat brand, are hopeful of educating each other. The banker believes that labor through its present venture into the counting room will sense the problems of conservative banking; the unions are equally positive that capitalists will find in the labor banks many lessons which will cause them to have a more tolerant view when the laborer declares that he is worthy of his hire—and more of it.

"The professed motive back of the formation of these banks, (labor banks) is 'to give labor control of its own funds'", says *The Index* of the New York Trust Company. "Among bankers the disposition is to approve these experiments on the ground that the greater the responsibilities labor assumes, and the more experience it gains, the greater will be its understanding of business and banking problems. As to

the success of labor banks, that obviously will be determined by the kind of management applied to them; they will succeed or fail for the same reasons that produce success or failure among all financial institutions".

## LAUNCHING LABOR'S LATEST BANK

This was apropos of the launching of labor's most recent financial enterprise, the Federation Bank of New York. That institution had flung open its doors to the clicking of cameras, the blare of a brass band, and a fanfare of oratory. Governor Alfred E. Smith was there to bid the new bank God's speed and good luck; and Samuel E. Gompers, head of the American Federation of Labor, told how the toiler was coming into his own and would soon have the privilege of exercising his own money.

One of the most significant features of the impressive beginning was an open liaison with Mammon. The time was when Wall Street would have been anathema on such an occasion, and yet Wall Street was there. The old Seaboard National Bank, concerning whose capitalistic affiliations there can be no possible doubt, had lent to the new repository of "labor's capital" a full crew of clerks to assist at the official debut. At the elbow of every teller in the cages, who stood ready to serve the customers of the Federation Bank of New York, stood a trained expert whose services had been donated through the courtesy of the Seaboard. The Guaranty Trust Company had also sent representatives to give friendly aid and counsel. Were these such amenities as pugilists exchange before the battle, or did they indicate some real rapprochement between labor and capital?

The Governor himself, Mr. Gompers, Miss Ethel Barrymore, even lovelier than usual; the State Bank Superintendent, and Mrs. Sara A. Conboy,

secretary of the United Textile Workers of America, were among those who made deposits in the first line, and came away with their brand new bank books. They were laboring men and laboring women surely, but following them came row on row of capitalists of various kinds. The merchants and employers and factory owners and department store proprietors in the neighborhood of Eighth avenue and Thirty-fourth street, where the bank had been established, came to avail themselves of its facilities. They were not depositing wages, but funds which bore the superscription of capital. R. H. Macy & Co. and B. Altman & Co. opened accounts, quite as a matter of course, after having been apprised by the organization committee that a most convenient repository had been established in their vicinity. Of the 400 depositors on the first day more than half never had a union card in their hands. Most of that class showed very little interest as to the origin of the bank. They had had their eyes on it for some time, and felt that here they could get such facilities as they desired.

#### CAPITAL'S FINGER IN THE PIE

As soon as the Federation Bank of New York got its fiscal feet well on the ground, and got down to business, it proceeded to solicit more accounts from merchants, manufacturers and others of the cohorts of capitalism. There was not even any pretense made that there would be enough money available from the wages of the union workers to provide an adequate clientele, and to furnish enough deposits for profitable operation. It is true that the paper caps opened accounts and made deposits, yet the silk hats were as much in evidence.

At the very outset the new bank had provided for its own stability by discounting strikes.

"Our load is so widely distributed", said Peter J. Brady, president of the bank, to the writer, "that there is no danger of the bank being cramped for

money on account of labor troubles. If this bank represented one industry only, a depression in that industry would have an unfavorable affect on our deposits. As we have at least 125 unions back of us, it is unlikely that the members of all of them would be out of work at once. The institution has the added stability due to its attracting deposits from those not connected with labor unions."

Although the principal officers of the Federation Bank are known as labor leaders, none the less the institution is operated by men of mature experience in the so-called capitalistic banks. Mr. Brady is at the head of the New York State Allied Printing Trade and is also chairman of the Banking Committee of the New York State Federation of Labor. By trade he is a photo-engraver. The secretary and second vice-president is John Nunholland, business representative of the Pattern Makers Union. The vice-president is Dr. Walter Flavius McCaleb, economist and author, who had much to do with the organization of the banks of the Brotherhood of Locomotive Engineers. There is in the personnel of this institution, therefore, a faculty thoroughly equipped for impressing upon capital the lessons which it may learn by sitting at the feet of the unions.

#### A LINK BETWEEN LABOR AND CAPITAL

"It is the earnest belief of the officers of this bank" to again quote Mr. Brady "that our bank will form a link between labor and capital. As the large financial interests come to know us better, I feel they will sense our problems. They will recognize that the laboring man should be well paid, and should have a good standard of living, so that his condition will make for the general prosperity. As far as our relations with New York banks and trust companies are concerned it is too early even to guess at the outcome. We have, on every hand, been treated by the older institutions with the greatest consideration and courtesy, and have received

offers of co-operation from many sources". Mrs. Conboy, who has been a labor leader ever since she worked as a girl at the looms of a New England factory, is the only woman director of the Federation Bank. In her address at the opening she told the several thousand hearers massed on the sidewalk: "The money you had in other banks has helped to defeat you when you were on strike". This may seem more feminine than logical. Labor has felt, however, for many years that the large banking interests of the country were against it. Its prominent leaders have intimated frequently that the banks and the capitalistic classes entered into conspiracies to prevent the rise of wages. Hence the belief in labor circles that it is necessary for the working man to have a control of credit. Bricklayers and carpenters and others in the building trades who have constantly made larger demands for wages, especially feel that the institutions which control large building loans are against them. The labor banks will now have the opportunity to deal with such situations as this, and to demonstrate to their own satisfaction, at least, whether or not the building trade unions have been wronged by conservative banking. If a builder proposes to give his workmen not only high wages, but large bonuses as well, a trust company or a building loan corporation or a bank or some such other capitalistic organization would at least hesitate in advancing money for such an enterprise.

What would the labor bank do in such an emergency? Its inclinations are to give the money because there are prospective tenants willing and able to pay the high rents which are to be demanded. The conservative banker or investor would maintain that tenants willing to pay the high rents would not always be available, and that when cheaper buildings were possible the structure might be operated at a loss.

Whatever may be the sociological views of the heads of banks, whether they are controlled by labor or capital-

ists, there is always in the background an agency with which they must reckon. All such institutions cannot escape the supervision of the banking authorities of the nation and the state. It is stated that 95 per cent. of the stockholders of the Federation Bank are union members, but this does not make the officers of such an institution any less accountable for their stewardship to the powers that be. The same hard and fast rules apply equally to the banking operations of Labor and Mammon.

#### LIMITED DIVIDENDS THE MAIN DISTINCTION

The main distinction between the so-called labor bank and the capitalistic bank is that the shareholders of the labor banks solemnly and highly resolve to chasten their own souls by limiting their dividends. The recently formed Federation Bank, for instance, in common with most banks of its class, limits the dividends on its stock to 10 per cent. Whatever else may be earned must be distributed among the depositors in proportion to their average balances. The original stock issue by many of the venerable banking institutions of this country was comparatively small, and hence the earnings upon it seem to labor leaders as disproportionately large.

The labor banks are simply co-operative institutions, and in this phase of their activities they are not on experimental ground. Co-operative banking has existed in Europe with more or less success, and it is doing fairly well in this country. Those who participate in its benefits need not, however, all be wearers of the paper cap, and bearers of the full dinner pail.

According to Warren S. Stone, president of the Brotherhood of Locomotive Engineers Co-operative National Bank, of Cleveland, Ohio, less than 14 per cent. of the deposits of the Brotherhood of Locomotive Engineers Bank are from members of labor organizations.

"The meaning of co-operative banking" Mr. Stone writes in response to a letter "is simply this: that the desire

for profit shall be supplanted by the motive of service in handling the peoples' money. The last report of the United States Comptroller of the Currency shows that nearly \$18 out of every \$14 constituting the \$54,918,000,000 banking resources of the country were contributed by the depositors. They are the people who make the prosperity of the bank and they have a right to share in that prosperity. The Brotherhood of Locomotive Engineers Co-operative National Bank is sharing its prosperity and profits with the depositors who have made such prosperity and profits possible.

"This is the main reason why the Co-operative National Bank strictly limits the dividend that can be paid to shareholders, and after setting aside the necessary reserve, distributes the surplus earnings proportionately among the depositors.

"The Brotherhood of Locomotive Engineers Co-operative National Bank pays to its depositors 4 per cent. compounded quarterly, and in addition to this we have paid an additional 1 per cent. to all depositors. At the end of the first year of its business life it paid to its stockholders a 6 per cent dividend. At the end of the second year, an 8 per cent. dividend, and this year (1928) we are paying a 10 per cent. dividend, which is all that the stock of the bank can pay, regardless of what the earnings of the bank might happen to be.

"As a great majority of the bank depositors are farmers and wage earners, it is the policy of the Co-operative Bank to use such deposits to promote their prosperity in common with that of the whole business community. Farmers, marketing associations, and workers' co-operative organizations can always depend upon getting a square deal from co-operative banks, and they have the same standing with co-operative banks as have business men who need credit for productive purposes.

"In the co-operative bank there are no insiders, no favorites to play, and no

utilization of the peoples' money to underwrite speculative enterprises.

#### LABOR BANKS' METHOD MAY DISPLACE OTHERS

"Co-operative banking has come to stay, and in my opinion is gradually going to displace other methods of banking. The chain of labor banks now stretching across the continent will mean a new day for agriculture, for industry and for the small business men. Honest credit for these classes is the necessary foundation for the progress and prosperity of the whole country."

According to the recent survey of the United States Department of Labor there are eleven labor banks actually in operation in this country, and an equal number in process of formation. As yet, therefore, these institutions are far from being a dominant factor in finance. Meanwhile, the old line banks are doing a great deal in the way of furnishing funds to move the crops, to develop agriculture, to finance all manner of industries and to help in the development of the projects of business men, both large and small.

It seems hard, indeed, to keep the bank as we commonly understand it, from entering into relations with labor unions, and with labor banks.

A thrill of surprise passed through the nation last fall when it was found that leaders of the United Mine Workers of America had gone to New York and had there succeeded in borrowing \$100,000 from the Harriman National Bank. As a matter of fact, that powerful craft organization, more resembling a mediaeval guild than a modern union, had proceeded so well with its banking that it is said to have raised nearly \$1,000,000 from various sources. From its headquarters in Indianapolis, the organization of the coal miners could reach out for the sinews of war in every direction. No labor organization can collect its dues more closely than the union of mine workers under the leadership of John L. Lewis. At the time

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discount. This decline in sterling has mystified some of the bankers on both sides of the Atlantic. Its origin was not uncommonly ascribed to political uncertainties, though probably the real explanation is to be found in other directions. Contributing factors are the decline in the purchase of foreign securities by American investors and perhaps a considerable resale in London of those previously bought, while the large payments to be made by England to America to meet interest due on the debt owing to us have also had their effect. On the contrary side are to be mentioned a reduction in the balance of British imports over exports to something like the pre-war level and the turning of our own large export balance into an excess of imports.

In view of the lower rate prevailing in London it had become rather easier for New York to borrow there than was desirable under the circumstances—a condition of which New York was not slow in taking full advantage.

With the diverse economic situation prevailing in the respective countries it is not easy to make a comparison of the money market position of New York and London. We have not been specially fortunate in our foreign investing, and some disposition may be seen of a desire to pass this function of international lending over to London. Business depression in England tends to make that market more favorable than our own for procuring foreign loans. When business conditions in England and America become more on a level than they now are the case may be different.



## Foreign Branches of the Reserve Banks

**B**Y permitting the Federal Reserve Banks of Atlanta and Boston to establish agencies in Cuba, a new and important departure is taken in American finance. It would be still more important were there a possibility that branches of the Federal Reserve banks would be established throughout the world generally. But this is hardly to be expected. Since our political and commercial relations with Cuba are much nearer than with any other nation in the world, it is comparatively easy to extend the Federal Reserve System to our island neighbor in the manner indicated above. American currency is already legal tender in Cuba, so that the use of Federal Reserve notes there will be in the nature of a natural development. The agencies of the Federal Reserve banks in Cuba will not only be able to help in supplying the country with a safe and convenient currency, but will also afford a means of

rediscount of commercial paper, thus obviating the necessity on the part of the Cuban banks of keeping large reserves. The operations of these new agencies, carefully supervised, should prove a strong element in the restoration of more stable economic conditions in Cuba, and it is earnestly hoped this may prove to be the case.

As has been said, the extension of these agencies to other lands where the political and commercial ties are looser presents grave difficulties. Particularly is this so with reference to the employment of such agencies in the issue of currency, a function usually held as an inalienable attribute of sovereignty. Probably it might be a good thing for some of the countries of the world if they could look at the matter in another light. Certainly many of them would be better off if their worthless currencies could be replaced by notes as good as those of the Bank of England or the Federal Reserve banks. How this could be done is quite another matter. Cuba was fortunate in having close political and commercial relations with the United States, and more fortunate still in not having been weakened by war and debased currency. She was merely suffering from the results of rather too much prosperity—a condition from which speedy recovery may be expected.



## Par Check System Rules

**A**S a result of the recent decision of the Supreme Court of the United States, some changes in the rules relating to the collection of checks have been made by the Federal Reserve Board. These changes provide that in the future Federal Reserve banks will be prohibited from receiving on deposit or for collection any check drawn on any non-member bank which refuses to remit at par. At the same time Federal Reserve banks will be required to make a charge for their services in collecting checks which bear the endorsements of or are drawn by any non-member bank which refuses to remit at par. In effect the Federal Reserve Board has put into operation a policy of retaliation, "If you kill my dog, I'll kill your cat". This may not be a very dignified plan to follow, although it may prove effective.

In promulgating the new rule it is pointed out by the Federal Reserve Board that the Federal Reserve collection system is now in operation between banks which in number are about 92 per cent. of all banking institutions and which have approximately 98 per cent. of the total banking resources of the country. It is also stated that this system of collections has become a necessary instrumen-

tality in effecting the country's domestic exchanges, that it has eliminated a large part of the time formerly consumed in the collection of checks and has cut down the cost of making the country's exchanges to the minimum. Long ago it was pointed out in these pages that such broad considerations of public policy would finally outweigh the individual advantage accruing to any bank from its check collection charges. It is not easy for a bank a large part of whose revenues consists of exchange charges to take this view of the matter.

The recent decision of the Supreme Court did not uphold the theory that it was incumbent upon the Federal Reserve Board to establish universal par clearance of checks. On the contrary, it was stated in the decision that under the Hardwick amendment to the Federal Reserve Act a member bank or an affiliated member bank may make a limited charge (except to Federal Reserve banks) for payment of checks and remission therefor by exchange or otherwise. The decision makes it clear that the Federal Reserve banks themselves are not permitted to pay exchange.



## Senator Underwood on Our Relations to Europe

**N**UMBERS of senators have been in Europe during the past summer and have brought back with them a varied assortment of plans for dealing with that distressed and distracted quarter of the world. Some of the observers, while deploring what they call our lack of policy in regard to Europe, are yet unable themselves to propose anything specific. They think something ought to be done, but omit to say just what. In this class must be placed the observations of Senator Oscar W. Underwood of Alabama, who on returning from Europe is thus reported in *The New York Times*:

“There are more causes of war existing in Europe today than there were in January 1914. They may not produce war. Let us hope with all our hearts that this may prove to be true, but if it does it will not be because the cause of war is not standing at the outer door. It will not be because the angel of peace stands between the contending powers, but it will be solely because Europe is financially and economically exhausted.

“We are not a party to the causes of strife as they exist today in Europe, and theoretically it certainly is not necessary for our

country to become involved. God grant that that cup may never come to our lips again, but we must remember that in 1914 when war broke in Europe we stood for peace, and yet without our fault, in 1917 we were in the war and the sons of America were dying on the battlefields of Europe. I cannot believe that the people of America have forgotten their pledges to aid in securing the peace of the world; that they have forgotten that our men and women said we were fighting that we might make the world a better place in which to live.

“Our nation can do more than any other great country today because of its isolated position, its unselfish position when the war closed and its great potential powers to establish permanent peace, but we have done nothing and are doing nothing to aid the peace of Europe.

“There is nothing in an international court that can either solve or direct the difficult and dangerous economic and financial problems that are paralyzing the onward progress of business development in Europe. It is a wise and progressive policy that is needed and not the laggard motion of a court of law.”

It is to be regretted that Senator Underwood did not reveal to a waiting world the details of his “wise and progressive policy”, and particularly how he would make it fit into the European problems. Perhaps the reason he did not give us more precise information upon this point may be inferred from the concluding paragraph of his interview:

“The truth as I see it is there is no magic wand that can be waved to cure the ills that confront us in Europe. In the first place, they are the problems of the states abroad. We cannot dictate, we can only advise; but we can have a policy, a wise, helpful policy on each and every one of the problems in which our home people are interested, and we can pursue that policy in an open, courageous and helpful way for the ultimate peace of the world and the prosperity of our people at home.”

Here the distinguished Alabama Senator in almost identical language, states the attitude of the present administration toward the European situation.

“Our governmental arm seems paralyzed so far as help in that direction is concerned. We seem to be standing in respect to the affairs of Europe without a policy, without courage of conviction, without anything that goes to make a man a man, or a government a government. We seem to be just observing and drifting, at least so far as the public is allowed to know.

“If we have a policy or a conviction in regard to the peace and development of European affairs it must be an undisclosed one.

Never in all our history as a nation have we occupied a more negative position in the affairs of Europe than we do today. We continue to drift downstream and the roar of the cataract can be heard ahead.

“We must remember that we are almost as much interested in good market conditions in Europe as are the people who live there. The producers of America, whether in the mines, the fields or the factories, cannot prosper and never are really prosperous unless our surplus agricultural production finds a ready sale in the markets of Europe—for the sale of our meat, wheat and cotton not alone cares for the farmer but also creates a home market for the output of the mines and factories.

“There are always two essential factors to the building of a market for the sale of goods. There must be a buyer who wants the goods and that buyer must have the wherewithal to pay for the goods he purchases. There can be no doubt that Europe wants our surplus agricultural products and often wants them badly. There is hardly less doubt that under existing conditions each year finds it harder for the European buyer to find the purchase price. It must then be apparent to all that distressed economic conditions in the European states will sooner or later, unless they are remedied, bring distress and disaster to our people at home.

“Most of this might have been avoided if we had played our part when the great war closed, but we did not. We rejected the Treaty of Versailles and have put nothing in its place. Our Government is drifting in an open sea without a policy of any kind to guide us as far as the difficulties that confront us in Europe are concerned. We might have been far on the highway to permanent peace and restored business and industrial conditions if we had thrown the predominating force of our great potential powers in favor of a permanent, stabilizing and upbuilding program for the rehabilitation of Europe. This we have failed to do, and the question that now confronts us is whether or not we shall continue to pursue a do-nothing policy.”





**CALVIN COOLIDGE**  
Thirtieth President of the United States

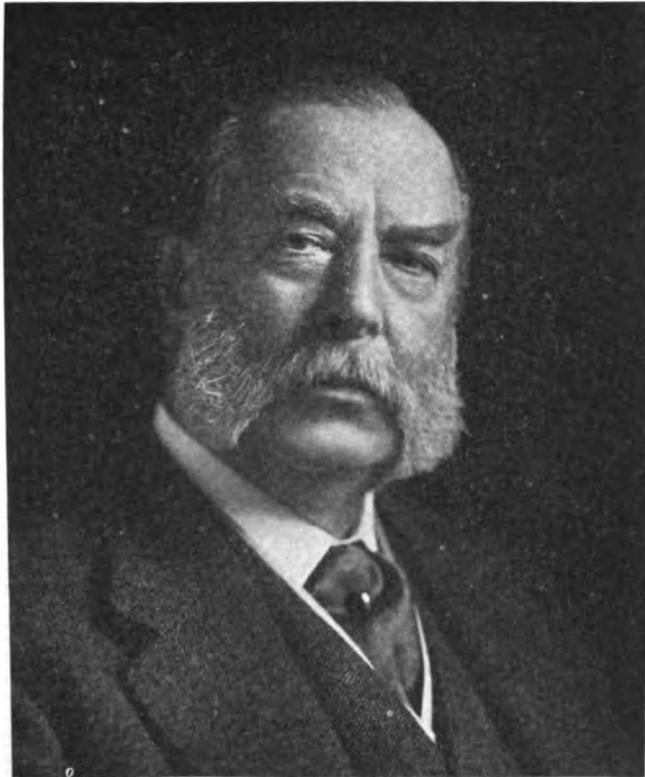
## Hamilton's Statue in Washington

**R**ATHER tardy recognition has been given to the financial genius of Alexander Hamilton by the unveiling of a monument to that statesman, facing the Treasury Building at Washington. Hamilton was the organizer of the Treasury Department, and since he was also the first Secretary, the location of the monument is particularly appropriate. He also made it possible for the capital to be located at Washington by supporting this move in exchange for help from Southern members of Congress in carrying out his policy regarding the assumption of state debts by the Federal Government. In this matter of capital location his services to his country were not commensurate with those he rendered in restoring the public credit after the close of the Revolution. Perhaps, with his absorption in financial affairs, he could not see that it was of much importance whether the capital should be on the banks of the Hudson, or the Delaware, or the Potomac. In reality, the fixing of the capital at Washington has been one of the factors strongly influencing the shaping of our Governmental policy. Probably, in point of geography, the placing of the seat of government in the East was unjust to the country as a whole, though this was something Hamilton could not foresee.

Hamilton's work at the Treasury, his services in the field, and his masterly support of the adoption of the Constitution, all entitle him to the lasting gratitude of his countrymen.

The grave of Hamilton in Trinity Churchyard, New York, is marked by an unimpressive monument, which should be replaced by one more worthy of his great name.

**M**ARKED changes that have come over business affairs since the last annual convention of the American Bankers Association will strongly impress themselves on the coming meeting at Atlantic City. . . . Consideration will be given to the rising tide of radicalism against the present capitalistic system; agitation against the gold standard and for unsound money; the unsatisfactory economic position of agriculture, threatening to hamper the nation's food productivity; and unwarranted assaults being made on the Federal Reserve System, threatening in time to to deprive the nation of this chief bulwark of strength in its financial system. Bankers must consider and take action on these problems. . . . I earnestly urge them to attend the convention at Atlantic City to counsel together on them.—*John H. Puelicher.*



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GEORGE F. BAKER  
Chairman First National Bank, New York

**M**R. BAKER recently celebrated the sixtieth anniversary of his association with the First National. He entered the bank's employ on July 25, 1863, at the age of 23, as a paying teller, and by successive stages assumed the roles of cashier, president and chairman of the board. He has been chairman for fifteen years. During the Civil War, the First National Bank assumed an important role along with Harvey Fisk and Sons in financing the Union, and won for itself the name, "Fort Sherman". Together with the growth in fortune of Mr. Baker, the bank has prospered. It started with a capitalization of \$100,000. Its capital today is \$10,000,000 and it has a surplus and undivided profits of more than \$50,000,000. While Mr. Baker is known in the financial district as one of the pillars in the world of finance, he is better known publicly for his philanthropies. Most of his gifts have been for educational purposes and among them are his donation of \$2,000,000 to Cornell University for a chemical laboratory and other purposes, \$1,000,000 to the Metropolitan Museum, and the gift of Baker Field, valued at approximately \$700,000, to Columbia University. Mr. Baker is reputed to be one of the five richest men in the United States.

# Labor Banks and Capitalism

By John Walker Harrington

**A**NY one who can make the subtle distinction between labor and capital can tell just exactly what will be the future of the banks established by the unions of American workingmen. Economists tell us that capital is crystallized labor. Capital is that portion of the produce of industry which may be directly employed either to support human beings or assist in production, according to McCulloch. This being the case, "When is a labor bank?" Is it possible to have a banking institution in which there will be nothing on the hat tree in the directors' room, but paper caps?

Financial circles these days are frankly wondering what labor and capital are going to do to each other in the banking world. Some grave economists think that the lion and the lamb will lie down together, with a smile on the face of Leo, as was the case with Frank Stocktons "The Lady and the Tiger". Radical leaders of the proletariat are sure that the lamb will twist the tail of the lion. The leaders of paper cap finance, and of the silk hat brand, are hopeful of educating each other. The banker believes that labor through its present venture into the counting room will sense the problems of conservative banking; the unions are equally positive that capitalists will find in the labor banks many lessons which will cause them to have a more tolerant view when the laborer declares that he is worthy of his hire—and more of it.

"The professed motive back of the formation of these banks, (labor banks) is 'to give labor control of its own funds'", says *The Index of the New York Trust Company*. "Among bankers the disposition is to approve these experiments on the ground that the greater the responsibilities labor assumes, and the more experience it gains, the greater will be its understanding of business and banking problems. As to

the success of labor banks, that obviously will be determined by the kind of management applied to them; they will succeed or fail for the same reasons that produce success or failure among all financial institutions".

## LAUNCHING LABOR'S LATEST BANK

This was apropos of the launching of labor's most recent financial enterprise, the Federation Bank of New York. That institution had flung open its doors to the clicking of cameras, the blare of a brass band, and a fanfare of oratory. Governor Alfred E. Smith was there to bid the new bank God's speed and good luck; and Samuel E. Gompers, head of the American Federation of Labor, told how the toiler was coming into his own and would soon have the privilege of exercising his own money.

One of the most significant features of the impressive beginning was an open liaison with Mammon. The time was when Wall Street would have been anathema on such an occasion, and yet Wall Street was there. The old Seaboard National Bank, concerning whose capitalistic affiliations there can be no possible doubt, had lent to the new repository of "labor's capital" a full crew of clerks to assist at the official debut. At the elbow of every teller in the cages, who stood ready to serve the customers of the Federation Bank of New York, stood a trained expert whose services had been donated through the courtesy of the Seaboard. The Guaranty Trust Company had also sent representatives to give friendly aid and counsel. Were these such amenities as pugilists exchange before the battle, or did they indicate some real rapprochement between labor and capital?

The Governor himself, Mr. Gompers, Miss Ethel Barrymore, even lovelier than usual; the State Bank Superintendent, and Mrs. Sara A. Conboy,

secretary of the United Textile Workers of America, were among those who made deposits in the first line, and came away with their brand new bank books. They were laboring men and laboring women surely, but following them came row on row of capitalists of various kinds. The merchants and employers and factory owners and department store proprietors in the neighborhood of Eighth avenue and Thirty-fourth street, where the bank had been established, came to avail themselves of its facilities. They were not depositing wages, but funds which bore the superscription of capital. R. H. Macy & Co. and B. Altman & Co. opened accounts, quite as a matter of course, after having been apprised by the organization committee that a most convenient repository had been established in their vicinity. Of the 400 depositors on the first day more than half never had a union card in their hands. Most of that class showed very little interest as to the origin of the bank. They had had their eyes on it for some time, and felt that here they could get such facilities as they desired.

#### CAPITAL'S FINGER IN THE PIE

As soon as the Federation Bank of New York got its fiscal feet well on the ground, and got down to business, it proceeded to solicit more accounts from merchants, manufacturers and others of the cohorts of capitalism. There was not even any pretense made that there would be enough money available from the wages of the union workers to provide an adequate clientele, and to furnish enough deposits for profitable operation. It is true that the paper caps opened accounts and made deposits, yet the silk hats were as much in evidence.

At the very outset the new bank had provided for its own stability by discounting strikes.

"Our load is so widely distributed", said Peter J. Brady, president of the bank, to the writer, "that there is no danger of the bank being cramped for

money on account of labor troubles. If this bank represented one industry only, a depression in that industry would have an unfavorable affect on our deposits. As we have at least 125 unions back of us, it is unlikely that the members of all of them would be out of work at once. The institution has the added stability due to its attracting deposits from those not connected with labor unions."

Although the principal officers of the Federation Bank are known as labor leaders, none the less the institution is operated by men of mature experience in the so-called capitalistic banks. Mr. Brady is at the head of the New York State Allied Printing Trade and is also chairman of the Banking Committee of the New York State Federation of Labor. By trade he is a photo-engraver. The secretary and second vice-president is John Nunholland, business representative of the Pattern Makers Union. The vice-president is Dr. Walter Flavius McCaleb, economist and author, who had much to do with the organization of the banks of the Brotherhood of Locomotive Engineers. There is in the personnel of this institution, therefore, a faculty thoroughly equipped for impressing upon capital the lessons which it may learn by sitting at the feet of the unions.

#### A LINK BETWEEN LABOR AND CAPITAL

"It is the earnest belief of the officers of this bank" to again quote Mr. Brady "that our bank will form a link between labor and capital. As the large financial interests come to know us better, I feel they will sense our problems. They will recognize that the laboring man should be well paid, and should have a good standard of living, so that his condition will make for the general prosperity. As far as our relations with New York banks and trust companies are concerned it is too early even to guess at the outcome. We have, on every hand, been treated by the older institutions with the greatest consideration and courtesy, and have received

offers of co-operation from many sources". Mrs. Conboy, who has been a labor leader ever since she worked as a girl at the looms of a New England factory, is the only woman director of the Federation Bank. In her address at the opening she told the several thousand hearers massed on the sidewalk: "The money you had in other banks has helped to defeat you when you were on strike". This may seem more feminine than logical. Labor has felt, however, for many years that the large banking interests of the country were against it. Its prominent leaders have intimated frequently that the banks and the capitalistic classes entered into conspiracies to prevent the rise of wages. Hence the belief in labor circles that it is necessary for the working man to have a control of credit. Bricklayers and carpenters and others in the building trades who have constantly made larger demands for wages, especially feel that the institutions which control large building loans are against them. The labor banks will now have the opportunity to deal with such situations as this, and to demonstrate to their own satisfaction, at least, whether or not the building trade unions have been wronged by conservative banking. If a builder proposes to give his workmen not only high wages, but large bonuses as well, a trust company or a building loan corporation or a bank or some such other capitalistic organization would at least hesitate in advancing money for such an enterprise.

What would the labor bank do in such an emergency? Its inclinations are to give the money because there are prospective tenants willing and able to pay the high rents which are to be demanded. The conservative banker or investor would maintain that tenants willing to pay the high rents would not always be available, and that when cheaper buildings were possible the structure might be operated at a loss.

Whatever may be the sociological views of the heads of banks, whether they are controlled by labor or capital-

ists, there is always in the background an agency with which they must reckon. All such institutions cannot escape the supervision of the banking authorities of the nation and the state. It is stated that 95 per cent. of the stockholders of the Federation Bank are union members, but this does not make the officers of such an institution any less accountable for their stewardship to the powers that be. The same hard and fast rules apply equally to the banking operations of Labor and Mammon.

#### LIMITED DIVIDENDS THE MAIN DISTINCTION

The main distinction between the so-called labor bank and the capitalistic bank is that the shareholders of the labor banks solemnly and highly resolve to chasten their own souls by limiting their dividends. The recently formed Federation Bank, for instance, in common with most banks of its class, limits the dividends on its stock to 10 per cent. Whatever else may be earned must be distributed among the depositors in proportion to their average balances. The original stock issue by many of the venerable banking institutions of this country was comparatively small, and hence the earnings upon it seem to labor leaders as disproportionately large.

The labor banks are simply co-operative institutions, and in this phase of their activities they are not on experimental ground. Co-operative banking has existed in Europe with more or less success, and it is doing fairly well in this country. Those who participate in its benefits need not, however, all be wearers of the paper cap, and bearers of the full dinner pail.

According to Warren S. Stone, president of the Brotherhood of Locomotive Engineers Co-operative National Bank, of Cleveland, Ohio, less than 14 per cent. of the deposits of the Brotherhood of Locomotive Engineers Bank are from members of labor organizations.

"The meaning of co-operative banking" Mr. Stone writes in response to a letter "is simply this: that the desire

for profit shall be supplanted by the motive of service in handling the peoples' money. The last report of the United States Comptroller of the Currency shows that nearly \$18 out of every \$14 constituting the \$54,918,000,000 banking resources of the country were contributed by the depositors. They are the people who make the prosperity of the bank and they have a right to share in that prosperity. The Brotherhood of Locomotive Engineers Co-operative National Bank is sharing its prosperity and profits with the depositors who have made such prosperity and profits possible.

"This is the main reason why the Co-operative National Bank strictly limits the dividend that can be paid to shareholders, and after setting aside the necessary reserve, distributes the surplus earnings proportionately among the depositors.

"The Brotherhood of Locomotive Engineers Co-operative National Bank pays to its depositors 4 per cent. compounded quarterly, and in addition to this we have paid an additional 1 per cent. to all depositors. At the end of the first year of its business life it paid to its stockholders a 6 per cent dividend. At the end of the second year, an 8 per cent. dividend, and this year (1928) we are paying a 10 per cent. dividend, which is all that the stock of the bank can pay, regardless of what the earnings of the bank might happen to be.

"As a great majority of the bank depositors are farmers and wage earners, it is the policy of the Co-operative Bank to use such deposits to promote their prosperity in common with that of the whole business community. Farmers, marketing associations, and workers' co-operative organizations can always depend upon getting a square deal from co-operative banks, and they have the same standing with co-operative banks as have business men who need credit for productive purposes.

"In the co-operative bank there are no insiders, no favorites to play, and no

utilization of the peoples' money to underwrite speculative enterprises.

#### LABOR BANKS' METHOD MAY DISPLACE OTHERS

"Co-operative banking has come to stay, and in my opinion is gradually going to displace other methods of banking. The chain of labor banks now stretching across the continent will mean a new day for agriculture, for industry and for the small business men. Honest credit for these classes is the necessary foundation for the progress and prosperity of the whole country."

According to the recent survey of the United States Department of Labor there are eleven labor banks actually in operation in this country, and an equal number in process of formation. As yet, therefore, these institutions are far from being a dominant factor in finance. Meanwhile, the old line banks are doing a great deal in the way of furnishing funds to move the crops, to develop agriculture, to finance all manner of industries and to help in the development of the projects of business men, both large and small.

It seems hard, indeed, to keep the bank as we commonly understand it, from entering into relations with labor unions, and with labor banks.

A thrill of surprise passed through the nation last fall when it was found that leaders of the United Mine Workers of America had gone to New York and had there succeeded in borrowing \$100,000 from the Harriman National Bank. As a matter of fact, that powerful craft organization, more resembling a mediaeval guild than a modern union, had proceeded so well with its banking that it is said to have raised nearly \$1,000,000 from various sources. From its headquarters in Indianapolis, the organization of the coal miners could reach out for the sinews of war in every direction. No labor organization can collect its dues more closely than the union of mine workers under the leadership of John L. Lewis. At the time

it made its successful application for loans it had dues for fully \$1,600,000 coming to it within the few months which would elapse before its notes were to be paid. The iron discipline of the head of the order, and the so called "check off" system which makes the employers, in effect, collecting agents for the union, were the main bulwarks of that extensive credit. Some men of large wealth, or men who could command extensive credit, were quite willing to aid the coal miners in obtaining those heavy loans when the funds of the United Mine Workers were tied up by a Government injunction.

One of the anomalies of the situation is the fact that the Brotherhood

Bank has acquired a very substantial interest in the Empire Trust Company of New York, although by no means a controlling one. According to Mr. Stone, this connection is of extreme value to all the banking and financial enterprises of the Brotherhood of Locomotive Engineers. Dr. McCaleb and those who are very fully committed to the co-operative labor control idea are on record as being opposed to a coalition of this character. For all that, labor and capital continue to coalesce at points where it is least expected. Eventually the conclusion of this whole matter may be that both labor and capital will each recognize that the other is worthy of its hire.



## The Organization and Operation of the Credit Department

By M. A. Knight

**I**N the December 1921 issue, THE BANKERS MAGAZINE published an article by the writer which outlined the operation of the analysis department in a Dallas bank whose total deposits were about \$20,000,000. At the outset it was stated that the article was intended for bankers doing business in towns of between fifty and three hundred thousand inhabitants, for it was the writer's belief that such a department would be unprofitable in a bank serving a community of less than fifty thousand people, and in banks located in large cities it was his belief that such a department would be already in operation, or its need obviated by the rules of the local clearing-house.

The underlying benefits to be gained, which the writer believed two years ago justified the establishment of such a department, were three:

1. It created monthly an accurate,

scientific record of all transit, transfer and collection activities of any or all of the bank's customers, and thereby provided an effective control over this business and over the internal operations connected with it.

2. It laid the foundation for scientific development of further protective measures along other than operational lines—notably along credit lines, and

3. It returned in actual interest saved on floating funds, a sufficient reduction in overhead to more than pay for the expense of its own operation. In brief, it paid its own way and netted the bank a profit in addition.

Now having seen the first and third of these benefits demonstrated during the past two years in not only the small bank referred to two years ago but also in another bank in the same city—the largest in the Southwest; and having been busied during the whole of last

year demonstrating the second benefit claimed—by virtue of his efforts to organize and operate a credit department in the last bank mentioned—the writer feels that an outline of his experiences in the course of the department's development may prove of some interest and benefit to other bank men similarly situated and confronted with a similar problem.

Ordinarily when a long-established bank, officered continuously by the same executive officers and located in a fast-growing community, reaches the point in its growth when its executive officers can no longer effect personal and immediate contact with all the customers whose names are on its books, those officers are subjected to daily reminders in the form of petty occurrences that they need something to assist them to keep in touch with their valuable customers and to accumulate information that will be of value when occasion demands that they grant or refuse a request for credit accommodation. After a time they conclude that a credit department will solve their problem and they decide to install one. Their ideas of what a credit department should be are hazy and diverse for, having got along so far without one, they have had no impelling reason for studying up or thinking out the matter. Moreover, each of them is so occupied with multifarious duties requiring immediate dispatch, that no one of them has the time or inclination to do the preliminary studying or make the dissociated survey of the bank's need, which is the first essential of an efficient organization. The result is that some young fellow is given his chance, and if he submits a complete outline of what is necessary to be done, he is ordinarily "fired" immediately for being full of theory and devoid of common sense, for, not having done clerical or detail work for years, the executive officers underestimate the detail-capacity of a first class clerk and conclude that the expense of the department would more than outweigh the benefits to be gained; moreover, having been used for

years to having any clerk in sight do their bidding when called to, they are convinced that the red-tape of the department would become entangling to the point of stangulation; and finally, having by years of work and waiting learned to realize and discharge the responsibilities that attach to a loaning officer, they feel sure that too great concentration of information in any young man would augment his knowledge to the detriment of his wisdom, and thereby work harm both to himself and to the bank.

Now inasmuch as the writer has had the thrilling experience of presenting what in his judgment at the time of presentation was a complete outline of a first class credit department, and inasmuch as by the grace of God the enlightened and unselfish attitude of his senior officers, and the money saving demonstrated by an analysis system previously worked out he has thus far managed to postpone immediate dismissal, he is of the opinion that he can write—certainly feelingly and perhaps with some degree of intelligence—on the subject. Again, however, he would caution the busy reader that this article has little interest for bankers in either very large or very small communities, and he invites the consideration of middle-sized city bankers only.

The credit department finds its entire "reason for being", so the writer feels, in the need of the loaning officers of a bank for assistance in gathering and compiling facts and opinions that will help their discount committee determine whether or not to grant an applicant for credit, an unsecured loan. Considered broadly, the information that will lend such assistance can be classified into three general heads:

1. What does the applicant's business and good will mean to the bank?
2. What does the bank's own experience and that of other creditors indicate regarding his in-

Name	Opened
	Savgs.
Residence address	Safe D.
	Trust
Business address	
Specific occupation or title	
Introduced by.	Had acct.
References	
	Initial deposit
1-Library Bureau 40-23076	(Over)

Specimen 1. Card for recording preliminary information regarding new customer for use of credit department

tegrity, character, and habits of pay?

8. What does an analysis and comparison of his successive business statements indicate regarding his business ability, his financial strength, and his future prospects?

Accordingly, the existence of the credit department is justified when by virtue of the information its files contain and the penetration and assiduity of its personnel in uncovering pertinent facts, real assistance is actually afforded to the loaning officers during their consideration of an application for credit accommodation.

In order to get the information needed, the credit manager must have, besides efficient assistance in his own department, the effective co-operation of the loaning officers and of certain operational departments; and it is his business, if the bank has no chief clerk, to see to it that the routine internal operation of these other departments, as well as that of his own department, is so ordered or altered as to make certain that the information needed is received promptly in the credit department.

The organized co-operation outside of the credit department itself, which is

necessary to its efficient operation, must come from five sources:

1. The loan committee.
2. The new account desk.
3. The correspondence files.
4. The analysis department.
5. The loan and discount department.

From the loan committee the credit department wants to learn the particular or combination reason or fact that caused a loan to be granted or refused, the basis upon which the loan was granted (together with any agreements, provisos, etc., relative thereto), and the individual position of each member of the committee when a final vote was taken. In order to obtain this information most certainly and with a minimum of trouble the manager of the credit department should attend these meetings in the capacity of secretary and keep minutes of the proceedings.

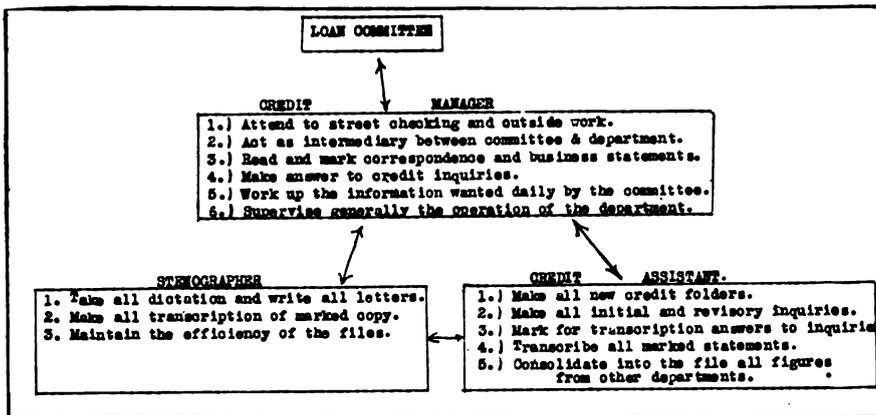
From the new account desk the credit department wants to learn when a new customer opened his account, how large his initial deposit was, what agreements were made, and what references and affiliations were mentioned. In order to obtain this information a card similar to specimen 1 should be filled out

simultaneously with the signature card, and at the end of the day all such cards should be sent immediately to the credit department.

From the correspondence files the credit department wants to learn what agreements were entered into at the establishment of an account, who the principal and borrowing officers are, and, if credit is requested, what negotiations developed. In order to obtain this information all completed correspondence dealing with the establishment or change in an account and with

ment the credit department wants to learn immediately when loans are actually made, and some days in advance wants to be advised of approaching maturities. In order to obtain this information, lists should be prepared daily on sheets similar to specimen 8, page 354, and sent each morning to the credit department.

Now, within the department itself certain mechanical devices and forms must be created—for instance, statement and revision ticklers; card indexes and cross references; form letters for



Graphic presentation of the organization of a credit department composed of two men and a stenographer in a bank having deposits of \$42,000,000

the extension of credit should be assembled and sent daily to the credit manager for his perusal and notation.

From the analysis department the credit department wants to learn what the average net and ledger balances have been, what proportion these balances have borne to any credit accommodation granted, and what the bank has netted in dollars and cents from the account since it was opened or became of any size. In order to obtain this information the records of that department should be sent monthly to the credit department and such figures as are provided for in the average loans and balances section of specimen 2 should be copied off.

From the loan and discount depart-

inquiries and for certain replies to inquiries; means of distinguishing customer and non-customer accounts, etc. The time and duties of the personnel, moreover, must be divided up clearly and logically so as to eliminate all duplication of effort and as much lost motion as possible. The organization within the department itself, however, may be more clearly demonstrated by a graph and by an account of its daily operation than by didactic dissertation. The following outline of the operation of the department seems pertinent:

Upon arrival each morning the credit manager would look over the new account cards and the new maturing loans list, in order to determine and mark which accounts to make folders for and

to learn which maturities required local investigation; he would then employ as much of the morning as was necessary, until the hour for the committee meeting, working on the street to obtain current information. In interviews with customers or prospective customers, by using tact and discretion in his questions and courtesy in his demeanor, he should be able to do more than obtain

tive officers, forewarn him of their needs and wishes, and enable him to keep thoroughly familiar with the loans and discounts for whose protection his department was created. In the afternoon he would mark by number all newly received statements for future transcription to the comparison of statements section of the above mentioned specimen 2, and would read (bracketing

TOWN			COUNTY			Pres. Vice-Pres. Cashier		CORRESPONDENT BANKS										PRINCIPAL CROPS									
CITIZENS NATIONAL BANK								HARRISBURG, PA. N. Y. C.																			
COMPARISON OF STATEMENTS																											
YEAR	1922	1921	1920		1919																						
DATE OF CALL	9-15-	12-31-	12-31-		12-31-																						
Loans and Discounts	1,161	1,452.0	1,307.5		1,307.5																						
U. S. Gov't Securities	147.4	12.2	12.1		12.1																						
Other Stocks & Bonds	63.0	66.1	65.0		65.0																						
Real Est. Prop. & Fin.	177.0	122.7	139.2		139.2																						
Cash and Exchange	855.7	482.1	542.2		542.2																						
TOTAL ASSETS	1,870.1	2,220.7	2,144.0		2,144.0																						
Total Deposits	1,516.8	1,834.4	1,820.7		1,820.7																						
U. S. Pay. and Reven.	None	None	None		None																						
Acceptance Account																											
Cashier's Office	50.0	50.0	48.1		48.1																						
Reserve for Taxes																											
Dividends Deposit																											
Capital	200.0	200.0	200.0		200.0																						
Surplus	100.0	100.0	100.0		100.0																						
Undivided Profits	23.3	37.3	24.5		24.5																						
TOTAL LIABILITIES	1,710.1	2,220.7	2,144.0		2,144.0																						
AVERAGE BALANCES AND LOANS																											
MONTH	FIRST YEAR'S SUMMARY										AVERAGE BALANCES AND LOANS																
	A. L.	L.	S.	A. L.	L.	S.	A. L.	L.	S.	A. L.	L.	S.	A. L.	L.	S.	A. L.	L.	S.	A. L.	L.	S.						
January																											
February																											
March																											
April																											
May																											
June																											
July																											
August																											
September																											
October																											
November																											
December																											
AVG. FOR YEAR																											
TIME ISSUED																											

Specimen 2. Comparison of statements card for monthly reference by credit department

just the information sought; he should be able to learn some of their grievances and complaints because of the bank's service or lack of it, and until they could be reported, considered and remedied, smooth them over and weld thereby a firmer bond of friendship between the customer and the bank. Returning in time to present to the discount committee the special information on maturing or new loans that he has previously worked up, he would attend the meeting in the capacity of secretary and record the proceedings. This would keep him in touch with the policies of the execu-

such parts as should be incorporated in the credit folder) all new account and loan correspondence. The statements should be marked by number, because every figure on a statement can be numbered much more rapidly than an actual copy of the statement could be made in full; thus a competent, well trained man would be busied only with work worthy of his talents, and a stenographer or less trained assistant, by adhering exactly in copying, would complete the clerical work. Finally, the credit manager would dictate his answers to all credit inquiries and wind

YEAR	1922	1922	1923	AVERAGE						
DATE OF CALL	9-15-	12-29-	-4-3-							
Loans and Discounts	1 186 8	1 482 5	1 307 5							
Bills of Ex., Accept.										
U. S. Gov't Securities	147 4	122 3	121 9							
Other Stocks & Bonds	63 0	66 1	63 0							
Real Est., Furn. & Fix.	117 0	126 7	139 2							
Cash and Exchange	375 7	422 8	562 2							
<b>TOTAL ASSETS</b>	<b>1 890 1</b>	<b>2 220 7</b>	<b>2 194 0</b>							
Total Deposits	1 516 8	1 833 4	1 820 7							
Bills Pay. and Redisc.	none	none	none							
Acceptances Executed										
Circulation Outstdg.	50 0	50 0	48 8							
Reserves Ins. Taxes										
Dividends Unpaid										
Capital	200 0	200 0	200 0							
Surplus	100 0	100 0	100 0							
Undivided Profits	23 3	37 3	24 5							
<b>TOTAL LIABILITIES</b>	<b>1 890 1</b>	<b>2 220 7</b>	<b>2 194 0</b>							
<b>RESERVE FUND</b>										
<b>1923 AVERAGE</b>										
MONTH	FOUR YEARS' SUMMARY				Cont. Loan to Officers	Avg. Amt. Direct	Rate	Avg. Net Bal.	Avg. Led. Bal.	Aprox. Net Profit
	Av. Loan	Rate	Av. Net	Av. Led						
January								45 5	87 6	68 8
February										
March										
April								75 5	123 2	112.25
May								74 4	114 0	106.45
June										
July										
August										
September										
October										
November										
December										
<b>AVG. FOR YEAR</b>										
<b>LINE GRANTED</b>										

Specimen 2. Section of comparison of statements card



out and return to us the enclosed blank form and favor us with a recent copy of your business statement.

This request is made in line with an established policy of ours, which is the outgrowth of our desire to be prepared to promote in every legitimate way possible the economic welfare and business growth of our depositors. We have found from long experience that our efforts along these lines—when called for—are most effective when based on a familiarity with the history of a business and when guided by a thorough and exact knowledge of the immediate facts

involved. Consequently, whether all the matters covered in the enclosed questionnaire have any bearing on your present relations with the bank or not, we feel that it is expedient that all the questions be answered as a preparation against future developments; and inasmuch as we are called on daily to answer legitimate inquiries regarding the financial responsibility, progress, personnel, etc., of our customers, we feel it is decidedly to your advantage that we be in possession of such facts as your statement reveals—even though your present credit requirements are being satisfactorily

NAME	SEE ALSO
ADDRESS	
OFFICERS	
LINE \$	BASIS
	AGREEMENT
GUARANTORS OR ENDORSERS	BANK & TRADE REFERENCES
ACCOUNT OPENED	
AGREEMENT	
OTHER ACCTS WITH	60.
	BROKER

Specimen 5. Sample sheet used by credit department in the development of an information folder

The American Exchange National Bank,  
Dallas, Texas.

Gentlemen:

The business of \_\_\_\_\_, is a \_\_\_\_\_  
(Write Correct Business Name.) (Partnership)

\_\_\_\_\_, established under the laws of \_\_\_\_\_, on \_\_\_\_\_  
(Trust) (Corp.) (State) (Date of charter

or opening) \_\_\_\_\_, and succeeded to the business of \_\_\_\_\_, Ownership  
(Or "was a new venture")

is invested in \_\_\_\_\_, and the  
(In case of corporation, state stockholders)

original capital was \_\_\_\_\_. The present capital investment is \$ \_\_\_\_\_  
(If Corp. state auth. cap.)  
and the present principal officers are \_\_\_\_\_

\_\_\_\_\_. Our present Dallas location is  
\_\_\_\_\_, and we have branches at \_\_\_\_\_  
(Or constitute a branch of)

We are engaged in the business of \_\_\_\_\_ and are  
(State nature of business)

closely affiliated in a business way with \_\_\_\_\_  
(State Subsidiaries, other business under

same ownership, etc.) \_\_\_\_\_.

Our account with the American Exchange  
National Bank was opened \_\_\_\_\_, and those authorized to sign against  
funds on deposits are \_\_\_\_\_  
(Please state title and or Capacity of Signature)

Additional bank accounts are maintained with \_\_\_\_\_  
\_\_\_\_\_ and our principal purchases are from \_\_\_\_\_  
(Please state principal

Trade Creditors) \_\_\_\_\_.

Our account was formerly carried with  
\_\_\_\_\_ at \_\_\_\_\_. Our annual statement is  
(Name of Bank) (Town and state)  
prepared \_\_\_\_\_ each year and is usually ready for distribution about \_\_\_\_\_  
(Date) (Date)

At the present time we are using the following departments of your bank:

Commercial Department \_\_\_\_\_; Savings \_\_\_\_\_; Safe Deposits \_\_\_\_\_; Trust \_\_\_\_\_;

Loan & Discount \_\_\_\_\_; Collection \_\_\_\_\_.

REMARKS \_\_\_\_\_  
\_\_\_\_\_

Very truly yours,

Date

Title.

Specimen 6 Information blank to accompany form letter where necessary

cared for—in order that our replies may be made intelligently, advisedly, and to your interest.

If you agree with our point of view and are disposed to co-operate with us in this matter, we assure you that the information so furnished will be considered strictly confidential and used with the most careful discretion.

Thanking you in advance for your co-operation, and again expressing our sincere appreciation of your valued business, we remain, with cordial good wishes,

Very truly yours,

Vice-president.

This letter is accompanied by an information blank (specimen 6)—unless the concern is so large and well established as to cause the blank to be unnecessary. This done, he would incorporate into previously created folders the newly received filled in information blanks, and to the trade, bank, or individual references mentioned in both cards and blank, he would send out inquiries similar to the following specimens:

We are revising our files on the above mentioned, and believing you have had experience with the name in a credit way, are writing to ask if your relations have been entirely satisfactory and whether or not you have any criticisms to offer regarding their methods of doing business, their financial position as reflected by their latest balance sheet, or regarding the character and abilities of those in charge of affairs.

If you give them a line of credit will you be good enough to advise upon what basis and to what extent, and if you have received any unfavorable information from your credit checkings we shall appreciate your advising us in confidence regarding same.

Our own relations have been quite satisfactory and we wish to assure you that our present inquiry is prompted solely by a customary revision of our files and is made simply in order that our files may evidence a thorough investigation and reflect the consensus of opinion of those dealing with the name in a credit way.

Thanking you in advance for your co-operation and assuring you that your communication will be received in confidence, we await an opportunity to reciprocate your favor, and beg to remain,

Very truly yours,

Manager Credit Department.

In the course of a current revision of our files, we have the name of the above mentioned before us, and believing you have had dealings with the name in a credit way, we are disposed to ask your assistance in our revision.

If you will advise us regarding their past transactions with you—the line of credit you have extended, basis and terms of such credit, and the promptness with which payments have been made—we shall sincerely appreciate your co-operation and receive the information in strictest confidence, without liability or prejudice attaching to you.

Holding ourselves in readiness to reciprocate at all times and assuring you that our inquiry is prompted solely by a customary revision of our files and bears no other significance, we offer our thanks in advance for your courtesy, and beg to remain,

Very truly yours,

Manager Credit Department.

He would then be ready to mark up for transcription all agency reports and letters received in response to previous requests. By transcribing the substance of these reports (always noting on the transcription the date and source of the information), several advantages are to be gained although considerable stenographic work is involved. The first of these advantages is that the information can be classified under proper headings; the second is that bulkiness in the folder and its resultant annoyance is obviated by the elimination of a great many separate letters and reports, all superscriptions, formal conclusions, and other impertinent matter; and finally, the third of these advantages is that the information in hand is all copied in a chronological order that is not easily disarranged or lost. But to resume—after the credit manager's assistant has disposed of his newly received responses to inquiries, he would inspect his statement and revision ticklers and his suspense correspondence file to determine what routine inquiries or requests must be made through specially constructed letters or form letters similar to those given above. This done, he would be ready to copy to the comparison of statements card (specimen 2) all marked statements (the accuracy of which transcription he would prove on

an adding machine) and, if it should be around the first of the month, all the figures furnished by the monthly report of the analysis department.

The stenographer, or two of them, would be busied all day with writing letters or transcribing marked copy, and toward the end of the day with making index cards, ticklers, cross references, etc., for newly created folders, and with properly filing all returned, revised or newly made folders. If they still have any considerable amount of spare time it could be profitably employed in maintaining the efficiency of the files, which will forever be needing constant checking and rechecking.

Now having outlined the daily operation of the department in such minute detail, and having made such a definite and clear cut division of duties between the three individuals that make up the department's personnel, it might be well to add that the writer realizes that implicit adherence to the above outline would be impossible in actual practice for ordinary men and women; but inasmuch as he conceives his reasoning to be sound, his development logical, and his system pliable and expansible, he believes that the principle is subject to practical application and he believes further that with an intelligent, energetic personnel, a credit department for a bank the size of the American Exchange National Bank of Dallas, could be patterned on it which would serve efficiently the present needs of the bank and constitute a nucleus around which uninterrupted and normal growth—consistent with the growth of the bank itself—would be possible.

And to hark back, for the purpose of

answering, to the principal objections that are generally raised by executive officers who want an efficient credit department but are dubious as to what constitutes efficiency, the writer wishes to add these concluding remarks.

First, to obviate the expense objection, the writer would recommend the establishment of a system for analyzing bank and commercial accounts simultaneously with the creation of a credit department, and the consolidation of both these departments, together with the correspondence files, under a single manager. By doing this, a saving in managerial salaries, floor space, and clerical assistance would be possible, in addition to the large money saving of interest resultant from a scientific and accurate analysis of accounts.

Secondly, in answer to the red-tape objection, the writer calls attention to the highly systematized organization of the largest banks in the country, recalls the old truism that most tasks are harder in contemplation than in performance, and adds his observation that straight-laced folks are seldom out at the elbows.

Thirdly, and finally, in answer to the concentration of information objection, the writer wishes to point out that the concentration is not in the brain of any individual, but in the inanimate folder which can be read and absorbed by any who have the privilege and inclination to use the credit files. And if the department manager can't stand the good fortune that falls his way, but becomes loose-lipped or conceited, he would deserve pity, but he could easily be discharged without fear of incurring any loss of the written records.



# Clearing Houses

## Article VI of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, New York, Elizabeth and Hudson County (New Jersey) Chapters, American Institute of Banking

### OUTLINE OF ARTICLE VI.

#### I. Functions of a clearing house:

1. To facilitate exchanges, i. e., local collections, among members.
2. To encourage safe and conservative banking (through required examinations, published statements, and exchange of credit information).
3. To render mutual aid through co-operative measures in time of stress.
4. To secure uniformity of practice by regulating deposit interest rates, exchange charges, computation of reserves, advertising, closing hours, etc.

#### II. Advantages of a clearing house:

1. Economy in the use of money, i. e., balances average only 4 to 7 per cent. of the total amount cleared.
2. Economy in time.
3. Economy in effort.
4. Minimization of loss or theft of exchanges.
5. Maximization of convenience.
6. Increased prestige of members.

#### III. The clearing process:

1. Preparation for clearing by members.
  - a. Indorsement of all clearing house "items".
  - b. Sortation of "items" according to drawee banks.
  - c. Determination of total against each drawee bank (by adding machine slip).
  - d. Insertion of "items" against each drawee bank in large envelopes for presentation at the clearing house.

- e. Determination of total amount to be taken to the clearing house, i. e., the "total credit".

- f. Proving "total credit" with other records.

2. Delivery of items at clearing house.

3. Delivery of "total credit slip" to the clearing house manager.

4. Exchange of "items".

- a. Delivery of envelope containing items by each presenting bank to each drawee bank.

- b. Receipt by each drawee bank for items presented.

5. Determination of each bank's "total debit" by settlement clerks.

6. Entry of "total credit" and "total debit" for each bank on the clearing house proof by clearing house manager.

7. Determination of debit and credit balances.

#### IV. Methods of settling balances:

1. Actual transfer of cash.

2. Checks issued to creditor banks by clearing house manager against checks received from debtor banks.

3. Drafts against a gold clearance fund controlled by the clearing house.

4. Drafts against the Federal Reserve bank of the district, or correspondent bank in New York or local financial center.

5. Bookkeeping adjustments in the accounts of members with the Federal Reserve bank.

6. Clearing house certificates.

7. Borrowing and lending balances over short periods at interest.

**A** CLEARING house is a voluntary association of banks located within a single city primarily to facilitate the daily exchange

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of checks (ordinary and certified), clean drafts, bills of exchange, notes and acceptances among its members, and the payment of the resulting bal-

ances. As such, this institution is one of the greatest labor-saving mechanisms ever devised, for without it, exchanges would have to be made directly by messenger by each bank with the others.

Although clearing houses are usually associated in the public's mind as a place where local checks and other items are cleared, in the larger and more modern conception these associations have a much broader scope. In a real sense, a clearing house in a large city bears the same relationship to its member banks as a manufacturers' or merchants' association bears to its constituents. It exists to promote the mutual interests of its membership through intelligent co-operation and by the maintenance of conservative banking policies and practices.

Since the New York Clearing House is the largest association in this country, a brief description of the clearing procedure in that city will serve to clarify the process as it occurs elsewhere. On account of the heavy volume of exchanges, the New York Clearing House has arranged three daily exchange sessions, namely at 9 a. m., 10 a. m., and 3 p. m. The 9 o'clock session is arranged for the convenience of member banks whose exchanges are especially heavy, and which maintain night forces to prepare the mail which arrives between 3 p. m. and 12 midnight. No settlement is made at this session, but each bank which receives checks at this time issues the presenting bank a receipt for them. The 3 o'clock exchange session is for the purpose of returning all items which, because of their infirmities, cannot be accepted by the drawee bank. The 10 o'clock session is the main clearing at which all members participate. At this exchange period, settlement is made not only for the items exchanged at that hour, but also for the items delivered at 9 o'clock, and at 3 p. m. of the preceding day.

No department of a bank works so closely on schedule as that engaged in the preparation of the items for the clearing house. Prior to the hour of

clearing, this department sorts out all the items drawn on each member of the clearing house, and obtains an adding machine total for each. This total is attached to the bundle of checks to which it applies, and both are placed inside a large envelope bearing the name and clearing house number of the bank to which presentation is to be made. On this envelope the amount of the checks which it contains also appears. Then the totals on all the envelopes are added to determine the bank's "total credit", which is proved with the other records of the department.

Upon arrival at the clearing house, each participating bank deposits with the clearing house manager a "total credit" ticket showing the total amount of checks it has brought against all other banks. This constitutes the bank's credit at the clearing house, and the sum is listed by the clearing house manager on the clearing house proof in the credit column under the general heading, *Credit, Amounts Brought*.

The clearing house proof consists of a list of the clearing house banks, to the right of which are four columns for total debits and total credits and resulting debit and credit balances. The total credit for each bank is, as explained above, available from the "total credit" ticket presented by each bank at the opening of the clearing. The total debit for each bank, however, can not be determined until after the clearing process has been completed. This is accomplished in the following manner.

Each clearing bank usually sends two clerks to the clearing, a settlement clerk and a delivery clerk. At the opening of the clearing session, the delivery clerks deposit the envelopes intended for each bank at their respective stalls in numerical order. After all deliveries have been made, each settlement clerk must determine the total of the amounts that have been presented to him by other members, i. e., the total charges against the bank he represents. When this amount has been computed, each

settlement clerk reports the total to the clearing house manager, who lists the amount beside the appropriate bank's name in the debit column of the clearing house proof under the general heading, *Debit, Amounts Received*. After all the debit totals are in, the clearing house manager foots the total debits and total credits, which must agree, for the reason that the total of the items taken to the clearing house must necessarily equal the total taken away. The clearing house manager then determines the difference between the total debit and credit for each bank, carrying over the balance into the debit or credit column under the general heading, *balances*, as the case may require. Obviously, just as the total of checks brought to and taken from the clearing house are equal, so the *total of the deposit balances must equal the total of the credit balances*. If the debit and credit columns of totals do not agree, some error has been made by one or more settlements clerks, and it is necessary that they check their work until the error or errors have been discovered. If correct, the clearing house proof reveals the debtor and creditor banks, and the extent to which they are indebted or are entitled to credit.

As mentioned in the outline, there are several ways by which clearing house balances may be settled. The best method will be determined by local conditions, but in all cases daily settlement in some way or another is imperative. Where all members of the clearing house are also members of a Federal Reserve bank, the simplest and most convenient method of arranging settlements is through bookkeeping adjustments in the books of the Federal Reserve bank. Instead of paying off the balances in cash or by New York drafts, a debit or credit, as required, is placed on each bank's account with the Federal Reserve bank from a certified copy of the clearing house proof, which serves as a journal entry for the Federal Reserve bank's bookkeeper.

The clearing house is thus a huge

inter-bank bookkeeping machine of extraordinary efficiency. It effects great economies in the use of money, and in time and labor. From five hundred million to eight hundred million dollars of items are passed daily through the New York Clearing House with about fifty to seventy million dollars in balances. To illustrate further the money-economizing function of a clearing house, the statistics of the New York Clearing House show over a period of sixty-six years (1854-1919) that the resulting balances averaged only 5.48 per cent. of the total clearings. At the present time, since settlements at the New York Clearing House are arranged by means of book credits and debits at the Federal Reserve bank, *millions of dollars of transactions are settled daily without involving the transfer of a single penny of cash*.

Clearing houses achieve an economy of labor since (a) collections are effected at one central place, thereby dispensing with messenger collections at every other bank, (b) because a much greater volume can be administered by a given number of clerks, and (c) because only one settlement clerk is required. For the same reasons, a great saving in time is also secured.

Most clearing houses require weekly reports from their members, in which the principal facts regarding their financial condition are required to be disclosed. These reports contain figures on such items as deposits (demand and time), loans and investments, legal reserves, cash in vault, circulation, etc. Before the Federal Reserve System was adopted, the weekly report of the associated banks of New York City was regarded as the most important statistical banking display in the United States, being a reliable gauge of money and credit conditions and tendencies. But now with the weekly statements of the Federal Reserve banks, separate and as a system, these exhibits overshadow the clearing house statements in importance.

The expenses of clearing houses are

borne by the member banks, usually in proportion to the dollar value of the items passing through.

#### READING ASSIGNMENT

Langston & Whitney: *Banking Practice*, Chap. 7. (Principles and practices in clearing house exchanges.)

J. T. Holdsworth: *Money and Banking*, Chap. 14. (Organization, functions, and settlements).

W. H. Kniffin: *Practical Work of a Bank*, Chap. 7. (Clearing and clearing houses).

L. H. Langston: *Practical Bank Operation*, Chap. 4 (Work of clearing in a large bank).

H. P. Willis: *American Banking*, Chap. 9. (Functions and meaning of clearing houses).

#### SUPPLEMENTARY READING

For those who wish to undertake a more thorough study of the subject.

J. G. Cannon: *Clearing Houses, Their History and Administration*. (The classic treatise on clearing houses).

J. Thralls: *The Clearing House*.

*Constitution and By-Laws of the New York Clearing House*.

#### QUESTIONS

1. State four functions of a clearing house.
2. What are the advantages of a clearing house (a) from the standpoint of the member banks, and (b) from the standpoint of the public?
3. State exactly what is meant when it is said that a clearing house economizes the use of money.
4. What is meant by the "clearing principle"?
5. For how many years, approximately, has the principle been used?
6. Under what conditions is it practicable for a city to establish a clearing house?
7. Explain the steps which are necessary by a bank in preparing its items for the clearing.
8. What representatives does a bank have at the clearing sessions?
9. What information is given by each bank's representative to the clearing house manager upon the former's arrival at the clearing session?
10. What are the duties of each bank's settlement clerk at the clearing session?
11. What is the nature of a "settlement sheet"?
12. Describe the form of and the entries upon the "clearing house proof".
13. Why must the totals of debits and credits in the clearing house proof be equal? Also the debit and credit balance totals?
14. What different methods of settling clearing house balances are used? Which is the simplest method?
15. What method of settling the New York Clearing House balances is used? Can this be universally employed?
16. What is the normal ratio between resulting balances at a clearing house and the total clearings?
17. In what ways is a clearing house a time saver?
18. What kinds of instruments can be passed for collection through a clearing house?
19. Can coupons detached from bonds be so collected?
20. On what date must notes and acceptances be presented for collection through a clearing house?
21. What is the difference between a *clearing house certificate* and a *clearing house loan certificate*?
22. Do you think that clearing house loan certificates are ever again likely to be used? Why, or why not?
23. How may small banks not members of a clearing house collect their checks?
24. Are members of a clearing house allowed to collect checks for non-members? If so, under what circumstances?
25. What are the names of the important clearing house committees?
26. What regulatory measures are sometimes taken by clearing houses as a means of preventing unwise competition?
27. Of what importance are clearing house examinations?
28. Do they take the place of Federal and state examinations?
29. Of what advantage are the weekly published statements of clearing house associations? Are they as important now as formerly?
30. Why have the country collection departments of clearing houses generally been abandoned?
31. How are clearing houses supported?
32. How are clearing houses managed?
33. Why do some rather large banks remain out of the clearing house?



# 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 is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.—EDITOR.

## Analyzing the Bank Statement—Part 2

(Continued from August Issue)

**ANSWER (Continued):** The items on the statement presented in this department last month in connection with Part 1 of the answer to A. E. A.'s question, enable a lay person to "read" a bank exhibit with a fair degree of understanding. The matter of analyzing a statement is quite another question; it requires more detailed knowledge and considerably more banking experience.

In analyzing any bank statement our main aim is to ascertain the degree of solvency of the institution under scrutiny. By a comparison with previous statements we are able to judge the institution's progress, the degree of conservatism of the management and the direction in which the bank is headed. These are all important factors. But we must realize that no definite standards can be applied too strictly; conditions vary so greatly in different sections of the country that analytical equations necessarily have to be elastic. The business of a country bank, for instance, in which loans and discounts are often made to individuals and small mercantile organizations purely on personal knowledge of the moral risk in question unsupported by sound banking security, differs vastly from that of a large city bank where most of the paper discounted is accompanied by a recent audited statement and complete trade and bank "checkings" and where the collateral offered for loans is practically all composed of marketable securities. A great many country banks have practically no customer's paper that can meet the requirements of rediscount with the Federal Reserve bank. A good many of their loans run for substantial periods of time, "clean-ups" are not required and a substantial portion of the investments are made in mortgage and real estate transactions. Obviously, therefore, set ratios to apply to all types of banks cannot be devised. But it is possible to point out the

essential features of a bank statement that normally indicate sound or unsound conditions and to suggest the various items to be compared as well as the equations generally desirable.

### 1. Quick Assets to Demand Deposits

Our first thought is to the protection offered the depositor in case of a run on the bank. The majority of bank statements separate demand from time deposits. A bank's "quick" assets consist of all assets which can be turned into cash on approximately twenty-four hours' notice, such as Government bonds and obligations, banker's acceptances, good commercial paper, customer's paper eligible for rediscount with the Federal Reserve bank, marketable securities, etc. Country banks as a general rule should have cash and quick assets sufficient to liquidate 40 to 50 per cent. of their demand deposits. The proportion for city banks is higher, but 50 to 60 per cent. should suffice. Unless one is familiar with what a bank's "Loans and Discounts" consist of as well as the type of securities carried as an investment it is of course not easy to figure the proportion of quick assets. In such an event this information must be obtained from the banker himself.

### 2. Cash to Deposits

The amount of cash on hand, or "till" money, carried by banks varies according to whether they are located in central reserve and reserve cities or whether they are country banks. Banks of the two first named classes generally carry only enough cash on hand for their barest needs, as in an hour's time they can obtain from the local Federal Reserve bank whatever currency is required. Country banks, on the other hand, have to carry a proportionately larger amount on

### I. CASH RESOURCES

(In thousands of dollars)

Due from Federal Reserve banks: (Includes items with Federal Reserve bank in process of collection)	Central reserve city banks	Other reserve city banks	Country banks	Aggregate
Dec. 31, 1914	133,560	59,992	67,908	261,460
Nov. 10, 1915	211,776	73,459	80,951	366,186
Nov. 17, 1916	234,067	194,654	220,450	649,171
Nov. 20, 1917	488,006	389,899	364,914	1,242,819
Aug. 31, 1918	515,948	441,465	350,334	1,307,747
Sept. 12, 1919	576,944	600,488	427,770	1,605,202
Sept. 8, 1920	564,140	679,147	490,210	1,723,497
Sept. 6, 1921	447,110	479,841	408,496	1,335,447
Sept. 15, 1922	561,773	624,568	464,686	1,651,027
Due from all other banks:				
Oct. 21, 1913	242,575	586,462	710,834	1,539,871
Dec. 31, 1914	185,319	444,400	529,271	1,158,990
Nov. 10, 1915	210,470	708,259	684,494	1,603,223
Nov. 17, 1916	285,619	788,380	944,767	2,018,766
Nov. 20, 1917	247,365	685,801	837,018	1,770,184
Aug. 31, 1918	213,861	601,253	712,682	1,527,796
Sept. 12, 1919	230,307	667,586	809,783	1,707,676
Sept. 8, 1920	137,864	519,208	767,151	1,424,223
Sept. 6, 1921	94,954	387,007	557,792	1,039,663
Sept. 15, 1922	105,371	568,520	691,345	1,363,236
Total cash (on hand):				
Oct. 21, 1913	380,796	256,236	304,374	941,408
Dec. 31, 1914	264,340	203,357	267,010	734,706
Nov. 10, 1915	445,632	204,843	269,905	920,380
Nov. 17, 1916	358,231	217,978	382,064	958,273
Nov. 20, 1917	118,588	148,695	248,837	516,120
Aug. 31, 1918	87,693	99,677	176,676	364,136
Sept. 12, 1919	97,231	116,355	225,625	439,211
Sept. 8, 1920	98,073	121,555	251,918	471,546
Sept. 6, 1921	64,232	87,544	206,022	357,798
Sept. 15, 1922	62,262	81,585	198,104	331,951

### 2. DEPOSITS

Demand deposits: (Including U. S. deposits)	Central reserve city banks	Other reserve city banks	Country banks	Aggregate
Oct. 21, 1913	992,365	1,304,136	2,683,682	4,980,183
Dec. 31, 1914	1,175,524	1,415,490	2,604,461	5,195,475
Nov. 10, 1915	1,618,422	1,660,375	2,793,046	6,071,843
Nov. 17, 1916	1,960,715	2,015,366	3,347,997	7,324,078
Nov. 20, 1917	2,789,524	2,646,858	3,972,572	9,358,954
Aug. 31, 1918	2,290,436	2,646,462	3,665,444	8,602,332
Sept. 12, 1919	2,695,597	3,203,295	4,371,544	10,270,468
Sept. 8, 1920	2,508,519	3,002,659	4,577,911	10,089,039
Sept. 6, 1921	2,174,616	2,498,477	3,789,644	8,462,737
Sept. 15, 1922	2,367,231	3,047,596	4,000,733	9,415,560
Time Deposits: (Beginning Sept. 11, 1917, includes postal savings deposits)				
Oct. 21, 1913	15,113	157,588	1,012,091	1,184,792
Dec. 31, 1914	17,922	171,037	982,263	1,171,222
Nov. 10, 1915	39,781	215,739	1,120,436	1,375,956
Nov. 17, 1916	76,272	287,922	1,452,252	1,816,446
Nov. 20, 1917	121,917	362,742	1,797,206	2,281,865
Aug. 31, 1918	133,055	409,557	1,854,879	2,397,491
Sept. 12, 1919	172,993	502,924	2,245,117	2,921,034
Sept. 8, 1920	192,969	2,200,606	2,746,723	3,560,298
Sept. 6, 1921	159,104	659,461	2,862,139	3,680,704
Sept. 15, 1922	271,214	822,519	3,075,487	4,169,220
Total deposits:				
Oct. 21, 1913	1,972,707	2,380,348	3,992,956	8,346,011
Dec. 31, 1914	2,071,823	2,341,895	3,822,750	8,236,468
Nov. 10, 1915	3,126,037	2,848,463	4,182,983	10,157,473
Nov. 17, 1916	3,590,221	3,666,497	5,232,561	12,489,279
Nov. 20, 1917	4,284,684	4,307,990	6,205,662	14,798,336
Aug. 31, 1918	3,773,043	4,270,730	5,841,986	13,885,759
Sept. 12, 1919	4,468,785	5,161,299	7,051,498	16,681,582
Sept. 8, 1920	4,063,060	4,966,254	7,722,642	16,751,956
Sept. 6, 1921	3,491,796	4,125,462	6,943,594	14,560,852
Sept. 15, 1922	3,894,211	5,152,354	7,462,197	16,508,762

hand, due to inability to obtain immediate cash in case of necessity. With the latter, "till" money amounting to about 5 to 6 per cent. of demand deposits is generally a fair figure.

The total amount of cash carried by a bank (i. e. cash on hand, with the Federal Reserve bank and with other depositories) should first be compared to demand deposits and then to total deposits. The approxi-

mate ratio of total cash to demand deposits is usually 1 to 3, varying between 30 to 35 per cent. of deposits. This ratio of course depends to a large extent on the amount of quick assets which the bank has on hand, i. e. assets which can be turned into cash almost immediately through rediscount, sale or used as collateral for borrowing. Banks whose quick position is good do not have to carry such large cash reserves.

The proportion of total cash to total deposits depends upon the amount of time and savings accounts which the bank carries. If there is a large proportion of the latter, the amount of cash needed to be carried is smaller. On the other hand, when deposits are made up mostly of demand balances, the cash reserve must be proportionately larger. As a general rule total cash should average at least 20 per cent. of total deposits.

In considering the amount of cash that a bank should carry we are guided by two factors: First, it is necessary to carry enough to keep up the legal reserve and to take care of all ordinary business requirements, allowing also some margin for unforeseen withdrawals (in this connection it must be remembered that it is often embarrassing to a bank to be forced to liquidate some of its investments in order to raise cash, because of attendant losses in market depreciation which it has to suffer through the sale). Second, no more cash should be carried on deposit or on hand than is necessary, for such funds are not working or earning a fair banking return. Balances carried with the Federal Reserve bank receive no interest, and those carried with other depositories bring usually one half or one third of what they would ordinarily bring were they properly invested.

Banks are required by law to carry certain cash reserves against their deposit liabilities. In analyzing a bank statement it is well to figure up the amount of cash that a bank is carrying in excess of its legal requirements, as this reserve position is an indication of its strength. It must also be remembered that when a bank is carrying only the actual cash required by law, it cannot make any additional loans unless one of the following happens: the bank borrows the necessary additional money itself; the bank causes some of its present loans to be liquidated; or the bank receives additional non-borrowing deposits. Some interesting statistics regarding national banks from the annual report of the Comptroller of the Currency for 1923 furnish material for comparison of cash to deposits. These figures are given on opposite page in thousands of dollars, showing a comparison for a

period of ten years of the total cash resources (i. e. cash on hand, due from Federal Reserve banks and due from all other banks), with the demand deposits, time deposits and total deposits of all national banks as of the date of the call in the fall of each year.

### 3. Loans and Discounts to Deposits

The degree of solvency of any bank depends largely upon the condition of its loans and discounts. The loans and discounts of a national bank ordinarily constitute about 55 per cent. of the total assets of the bank, the average running about 52 per cent. in times of business inactivity and about 59 per cent. in periods of heavy money demand. The amount and character of the loans and discounts of a national bank should run about as follows:

On time, paper with one or more individual or firm names, not secured by collateral, 50 to 53 per cent.

On time, secured by stocks and bonds 13 per cent.

On demand, secured by stocks and bonds, 11 to 13 per cent.

On time, secured by other personal securities, including merchandise, warehouse receipts, etc., 9 to 11 per cent.

On demand, paper with one or more individual or firm names (not secured by collateral) 5 to 6 per cent.

On demand, secured by other personal securities, including merchandise, warehouse receipts, etc., 2 to 3 per cent.

The remaining 10 per cent. or less consists of miscellaneous, such as bankers' acceptances purchased or discounted, loans secured by real estate, customer's liability on account of drafts paid under letters of credit, etc., etc.

The deposits of a bank are fundamentally intended to take care of the borrowing needs of the customers and to cover all short time investments. Loans and discounts, except under exceptional conditions, should not exceed deposits. During very heavy borrowing years, such as 1920 and 1921, the total loans and discounts of national banks in this country reached as high a percentage as 81 and 80 per cent. respectively of total deposits during the calls in the fall of the year. At the time of the call in April of 1923, the total loans and discounts of national banks amounted to 69 per cent. of total deposits. The general average during the fall calls for the past nine years has been about 72 per cent. Banks that keep their loans and discounts in liquid shape, so that they are able to rediscount paper at any time at the Federal Reserve bank, are warranted in allowing the ratio to run higher than the average. A comparison of the total loans and discounts in thousands of dollars of national banks, taken from the comptroller's report, as of the date of the call in the fall of each year from 1913 to 1922, is as follows:

(In thousands of dollars)

Loans and discounts: (Including overdrafts and re- discounts)	Central reserve city banks	Other reserve city banks	Country banks	Aggregate
Oct. 21, 1913 .....	1,348,251	1,649,906	3,290,182	6,288,338
Dec. 31, 1914 .....	1,453,275	1,702,882	3,207,278	6,363,435
Nov. 10, 1915 .....	2,060,444	1,870,810	3,309,886	7,241,140
Nov. 17, 1916 .....	2,343,162	2,383,982	3,676,511	8,403,655
Nov. 20, 1917 .....	2,649,534	2,871,016	4,277,334	9,797,784
Aug. 31, 1918 .....	2,883,871	3,127,062	4,100,180	10,111,113
Sept. 12, 1919 .....	3,144,150	3,637,689	4,759,664	11,541,503
Sept. 8, 1920 .....	3,695,463	4,174,877	5,853,271	13,723,611
Sept. 6, 1921 .....	2,866,210	3,418,497	5,410,340	11,695,047
Sept. 15, 1922 .....	2,469,124	3,463,410	5,325,632	11,248,166

The above may be compared with the total deposits shown before. Occasionally comparison is made between capital, and loans and discounts. During the past seven years, at the time of the call in the fall of the year, the average ratio among national banks of capital to loans and discounts, has been \$1 of capital to \$9.15 of loans and discounts. At the time of the call in September of 1922 the ratio was \$1 to \$8.60. This ratio, while interesting, is not particularly valuable from an analytical standpoint. Theoretically, capital is supposed to be used in more or less long-time investments, whereas deposits cover and gauge loans and discounts. The latter is, therefore, the ratio on which stress should be placed.

#### 4. Capital and Surplus to Deposits

The deposits of a bank represent the public's investment; the capital, surplus and undivided profits represent the shareholders' investment plus accumulated earnings. It is thus necessary to compare these two items to determine the relation between the bank's two main creditors. As the deposits of a bank increase, its earnings increase and consequently returns to the stockholders are greater and the stock becomes more valuable. On the other hand, the larger the ratio of deposits to capital stock, the smaller is the protection to the stockholders. In the event of insolvency stockholders of a bank have a "double liability" to face, i. e. they are liable to an assessment equal to the face value of their shareholding in case creditors cannot be paid off on the basis of the existing assets. It is thus necessary for us to determine as far as possible what the desirable proportion between these two items should be. Increase in deposits plus a proportionate increase in capital and surplus is the only way a bank can conservatively grow.

In December of 1922 the average ratio of capital to total deposits of twenty-three of the largest national banks in New York City was 1 to 21. The smallest ratio was 1 to 8 and the largest 1 to 85. In November of 1922 a similar comparison between the capital and deposits of seventeen of the largest trust companies in New York City

revealed an average ratio of 1 to 17, the smallest being 1 to 5 and the largest 1 to 28. The average ratio on the same date of capital, surplus and profits to total deposits of the twenty-three national banks was 1 to 8, the smallest being 1 to 3 and the largest 1 to 14. On the same date the average ratio of capital, surplus and profits to total deposits of the seventeen trust companies was 1 to 7, the smallest being 1 to 2 and the largest 1 to 11. The combined ratio of capital to deposits of the above New York City national banks and trust companies was 1 to 19, and the combined ratio of capital, surplus and profits to deposits of the same banks was 1 to 7. Although the high and low ratios mentioned above show rather startling extremes, the general average gives us an idea of what the normal standard among large city banks should be.

Among the national banks of the country a fair ratio of capital to total deposits is 1 to 18; of capital, surplus and undivided profits to total deposits, 1 to 6. These furnish us with the general standard which can be used in analyses.

A more detailed analytical study may be made by comparing the figures on page 367, showing capital, surplus and profits as of date of the national bank call in the fall of each year from 1918 to 1922, with the total deposits at the same dates shown on a previous page.

#### 5. Capital and Surplus to Fixed Assets

The fixed assets consist of the banking house, banking property, furniture and fixtures, together with any other real estate to which the bank has acquired title during the process of liquidation of loans and discounts. The ratio of capital and surplus to the fixed investment is influenced by the length of time the bank has been operating, its size and the character of its business. A newly organized bank will usually show a proportionately larger fixed investment as compared with capital and surplus than an old established institution. The reason for this is that the new bank has neither had time to accumulate a large surplus through earnings nor to write down its fixed assets over a period of years. Old institutions often carry

(In thousands of dollars)

Capital stock:	Central reserve city banks	Other reserve city banks	Country banks	Aggregate
Oct. 21, 1913	182,650	263,018	613,735	1,059,403
Dec. 31, 1914	175,900	280,963	609,088	1,065,951
Nov. 10, 1915	177,290	283,311	605,048	1,068,649
Nov. 17, 1916	182,650	281,736	606,730	1,071,116
Nov. 30, 1917	188,200	293,686	610,321	1,092,307
Aug. 31, 1918	189,850	315,763	596,228	1,101,839
Sept. 12, 1919	200,550	324,328	613,092	1,137,970
Sept. 8, 1920	228,170	353,543	666,558	1,248,271
Sept. 6, 1921	246,700	345,107	684,310	1,276,177
Sept. 16, 1922	223,055	373,532	705,535	1,307,122
<b>Surplus and other profits:</b>				
Oct. 21, 1913	225,640	254,142	527,796	1,007,578
Dec. 31, 1914	225,359	262,985	520,517	1,008,861
Nov. 10, 1915	234,091	268,115	537,908	1,040,114
Nov. 17, 1916	252,157	279,097	559,520	1,090,774
Nov. 20, 1917	293,167	316,246	603,456	1,211,869
Aug. 31, 1918	323,358	354,422	565,321	1,243,101
Sept. 12, 1919	381,633	396,672	641,973	1,420,278
Sept. 8, 1920	436,133	453,979	709,567	1,599,679
Sept. 6, 1921	422,087	441,308	702,762	1,566,157
Sept. 16, 1922	391,510	454,148	735,588	1,581,244

their bank buildings and property at almost nominal figures.

The fixed investment should never be larger than surplus, i. e. no part of the bank's capital should be invested in fixed assets. Also, the fixed investment should never exceed 50 per cent. of capital and surplus. A fair proportion is about 16 to 19 per cent. of capital and surplus. Imposing bank buildings very often bring rapid increases in deposits; but they also mean the tying up of working capital in non-liquid assets.

6. Investments to Capital and Surplus

Prior to our entrance into the world war in 1917, the total investment of national banks in securities (including United States Government obligations) was about equal to their combined capital, surplus and undivided profits. With the very material increase in this country of United States Government securities commencing in 1917, the investment of banks in this type of obligation showed a corresponding increase. At the present time the total security investments among national banks amounts to about 175 per cent. of capital, surplus and profits. Of this total investment, the investment in United States Government securities averages about 95 per cent. of capital, surplus and profits. Among the trust companies total investments in securities at the present time should average a trifle higher, perhaps 205 per cent. of capital, surplus and profits, whereas their investment in United States Government securities should be about 85 per cent. of capital, surplus and undivided profits. State banks will show both a smaller total investment, amounting to about 139 per cent. of capital, surplus and profits, and a smaller investment in United States Government securi-

ties averaging approximately 80 per cent of capital, surplus and profits.

An interesting comparison of total investments, investments in Government securities, and capital and surplus for national banks, trust companies and state banks follows:

(In thousands of dollars)

National Banks (June 30, 1922):

Capital, surplus and profits, \$2,848,000; total investments, \$4,563,000 (160 per cent of capital, surplus and profits); investments in United States securities, \$2,285,000 (80 per cent. of capital, surplus and profits).

Loan and Trust Companies (June 30, 1922):

Capital, surplus and profits, \$1,213,000; total investments, \$2,311,000 (191 per cent. of capital, surplus and profits); investments in United States securities, \$319,000 (25 per cent. of capital, surplus and profits).

State Banks (June 30, 1922):

Capital, surplus and profits, \$1,786,000; total investments, \$2,305,000 (128 per cent. of capital, surplus and profits); investments in United States securities, \$391,000 (22 per cent. of capital, surplus and profits).

National Banks (September 15, 1922):

Capital, surplus and profits, \$2,888,000; total investments, \$4,692,000 (163 per cent. of capital, surplus and profits); investment in United States securities, \$2,402,000 (83 per cent. of capital, surplus and profits).

National Banks (April 3, 1923):

Capital, surplus and profits, \$2,872,000; total investments, \$5,041,000 (176 per cent. of capital, surplus and profits); investments in United States securities, \$2,694,000 (94 per cent. of capital, surplus and profits).

The following figures show the investment in United States Government securities, and in bonds of national banks at the time of the fall call for the years 1918 to 1922. Commencing September 6, 1921, the list headed "Other Bonds" includes all stocks, securities, etc. This list may be compared with capital, surplus and profits as given above.

(In thousands of dollars)

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The deposits of a bank represent the public's investment; the capital, surplus and undivided profits represent the shareholders' investment plus accumulated earnings. It is thus necessary to compare these two items to determine the relation between the bank's two main creditors. As the deposits of a bank increase, its earnings increase and consequently returns to the stockholders are greater and the stock becomes more valuable. On the other hand, the larger the ratio of deposits to capital stock, the smaller is the protection to the stockholders. In the event of insolvency stockholders of a bank have a "double liability" to face, i. e. they are liable to an assessment equal to the face value of their shareholding in case creditors cannot be paid off on the basis of the existing assets. It is thus necessary for us to determine as far as possible what the desirable proportion between these two items should be. Increase in deposits plus a proportionate increase in capital and surplus is the only way a bank can conservatively grow.

In December of 1922 the average ratio of capital to total deposits of twenty-three of the largest national banks in New York City was 1 to 21. The smallest ratio was 1 to 8 and the largest 1 to 85. In November of 1922 a similar comparison between the capital and deposits of seventeen of the largest trust companies in New York City

revealed an average ratio of 1 to 17, the smallest being 1 to 5 and the largest 1 to 28. The average ratio on the same date of capital, surplus and profits to total deposits of the twenty-three national banks was 1 to 8, the smallest being 1 to 3 and the largest 1 to 14. On the same date the average ratio of capital, surplus and profits to total deposits of the seventeen trust companies was 1 to 7, the smallest being 1 to 2 and the largest 1 to 11. The combined ratio of capital to deposits of the above New York City national banks and trust companies was 1 to 19, and the combined ratio of capital, surplus and profits to deposits of the same banks was 1 to 7. Although the high and low ratios mentioned above show rather startling extremes, the general average gives us an idea of what the normal standard among large city banks should be.

Among the national banks of the country a fair ratio of capital to total deposits is 1 to 18; of capital, surplus and undivided profits to total deposits, 1 to 6. These furnish us with the general standard which can be used in analyses.

A more detailed analytical study may be made by comparing the figures on page 367, showing capital, surplus and profits as of date of the national bank call in the fall of each year from 1918 to 1922, with the total deposits at the same dates shown on a previous page.

#### 5. Capital and Surplus to Fixed Assets

The fixed assets consist of the banking house, banking property, furniture and fixtures, together with any other real estate to which the bank has acquired title during the process of liquidation of loans and discounts. The ratio of capital and surplus to the fixed investment is influenced by the length of time the bank has been operating, its size and the character of its business. A newly organized bank will usually show a proportionately larger fixed investment as compared with capital and surplus than an old established institution. The reason for this is that the new bank has neither had time to accumulate a large surplus through earnings nor to write down its fixed assets over a period of years. Old institutions often carry

(In thousands of dollars)

Capital stock:	Central reserve city banks	Other reserve city banks	Country banks	Aggregate
Oct. 21, 1913	182,650	263,018	613,735	1,059,403
Dec. 31, 1914	175,900	280,963	609,088	1,065,951
Nov. 10, 1915	177,290	283,311	605,048	1,068,649
Nov. 17, 1916	182,650	281,736	606,730	1,071,116
Nov. 20, 1917	188,200	293,686	610,321	1,092,207
Aug. 31, 1918	189,850	315,763	596,226	1,101,839
Sept. 12, 1919	200,550	324,328	613,092	1,137,970
Sept. 8, 1920	228,170	353,543	666,558	1,248,271
Sept. 6, 1921	246,700	345,107	684,310	1,276,177
Sept. 15, 1922	223,055	378,532	705,535	1,307,122
<b>Surplus and other profits:</b>				
Oct. 21, 1913	225,640	254,142	527,796	1,007,578
Dec. 31, 1914	225,359	262,985	520,517	1,008,861
Nov. 10, 1915	234,091	268,115	537,908	1,040,114
Nov. 17, 1916	252,157	279,097	559,520	1,090,774
Nov. 20, 1917	293,167	315,246	603,456	1,211,869
Aug. 31, 1918	323,358	354,422	565,321	1,243,101
Sept. 12, 1919	381,633	396,672	641,973	1,420,278
Sept. 8, 1920	436,133	453,979	709,567	1,599,679
Sept. 6, 1921	422,087	441,308	702,762	1,566,157
Sept. 15, 1922	391,510	454,148	736,586	1,581,244

their bank buildings and property at almost nominal figures.

The fixed investment should never be larger than surplus, i. e. no part of the bank's capital should be invested in fixed assets. Also, the fixed investment should never exceed 50 per cent. of capital and surplus. A fair proportion is about 16 to 19 per cent. of capital and surplus. Imposing bank buildings very often bring rapid increases in deposits; but they also mean the tying up of working capital in non-liquid assets.

6. Investments to Capital and Surplus

Prior to our entrance into the world war in 1917, the total investment of national banks in securities (including United States Government obligations) was about equal to their combined capital, surplus and undivided profits. With the very material increase in this country of United States Government securities commencing in 1917, the investment of banks in this type of obligation showed a corresponding increase. At the present time the total security investments among national banks amounts to about 175 per cent. of capital, surplus and profits. Of this total investment, the investment in United States Government securities averages about 95 per cent. of capital, surplus and profits. Among the trust companies total investments in securities at the present time should average a trifle higher, perhaps 205 per cent. of capital, surplus and profits, whereas their investment in United States Government securities should be about 85 per cent. of capital, surplus and undivided profits. State banks will show both a smaller total investment, amounting to about 138 per cent. of capital, surplus and profits, and a smaller investment in United States Government securi-

ties averaging approximately 80 per cent of capital, surplus and profits.

An interesting comparison of total investments, investments in Government securities, and capital and surplus for national banks, trust companies and state banks follows:

(In thousands of dollars)

National Banks (June 30, 1922):

Capital, surplus and profits, \$2,848,000; total investments, \$4,563,000 (160 per cent of capital, surplus and profits); investments in United States securities, \$2,285,000 (80 per cent. of capital, surplus and profits).

Loan and Trust Companies (June 30, 1922):

Capital, surplus and profits, \$1,213,000; total investments, \$2,311,000 (191 per cent. of capital, surplus and profits); investments in United States securities, \$319,000 (25 per cent. of capital, surplus and profits).

State Banks (June 30, 1922):

Capital, surplus and profits, \$1,786,000; total investments, \$2,305,000 (128 per cent. of capital, surplus and profits); investments in United States securities, \$391,000 (22 per cent. of capital, surplus and profits).

National Banks (September 15, 1922):

Capital, surplus and profits, \$2,888,000; total investments, \$4,692,000 (163 per cent. of capital, surplus and profits); investment in United States securities, \$2,402,000 (83 per cent. of capital, surplus and profits).

National Banks (April 3, 1923):

Capital, surplus and profits, \$2,872,000; total investments, \$5,041,000 (176 per cent. of capital, surplus and profits); investments in United States securities, \$2,694,000 (94 per cent. of capital, surplus and profits).

The following figures show the investment in United States Government securities, and in bonds of national banks at the time of the fall call for the years 1918 to 1922. Commencing September 6, 1921, the list headed "Other Bonds" includes all stocks, securities, etc. This list may be compared with capital, surplus and profits as given above.

(In thousands of dollars)

United States Government securities:	Central reserve city banks	Other reserve city banks	Country banks	Aggregate
Oct. 21, 1913	85,478	187,783	527,264	800,525
Dec. 31, 1914	81,802	196,955	516,321	795,078
Nov. 10, 1915	76,510	193,328	507,927	777,765
Nov. 17, 1916	53,953	175,630	494,990	724,473
Nov. 20, 1917	873,431	521,248	959,504	2,354,183
Aug. 31, 1918	572,660	629,870	1,263,738	2,466,268
Sept. 12, 1919	727,609	966,506	1,602,478	3,296,593
Sept. 8, 1920	339,433	553,343	1,282,243	3,175,019
Sept. 6, 1921	216,687	451,130	1,194,160	1,861,977
Sept. 15, 1922	588,318	689,652	1,124,522	2,402,492
<b>Other bonds:</b>				
Oct. 21, 1913	207,335	251,802	647,950	1,107,087
Dec. 31, 1914	230,281	317,478	722,164	1,270,443
Nov. 10, 1915	285,736	324,254	733,832	1,343,822
Nov. 17, 1916	345,693	402,420	961,843	1,709,956
Nov. 20, 1917	405,830	427,400	1,073,552	1,906,782
Aug. 31, 1918	311,025	410,632	973,413	1,695,070
Sept. 12, 1919	313,161	411,046	1,082,388	1,806,596
Sept. 8, 1920	284,125	374,574	1,146,880	1,805,579
Sept. 6, 1921	274,638	405,057	1,294,054	1,973,749
Sept. 15, 1922	299,641	496,010	1,494,131	2,289,782

### 7. Investments to Loans and Discounts

A comparison of security investments to loans and discounts is also valuable in that it indicates the relative proportion to each other of the bank's two main earning assets. On June 30, 1922, the total investments of all national banks in this country were 40 per cent. of loans and discounts. Investments of national banks in United States Government securities were 20 per cent. of loans and discounts. On June 30, 1922, the total investments of all loan and trust companies were 53 per cent. of loans and discounts. Investments of loan and trust companies in United States Government securities on the other hand were only 7 per cent. of loans and discounts. On June 30, 1922, total investments of all state banks were 29 per cent. of loans and discounts. Investment in United States Government securities by state banks, however, was only 5 per cent. of loans and discounts. A later comparison of figures for national banks as of April 8, 1923, shows total investments as 43 per cent. of loans and discounts, and investments in United States Government securities as 23 per cent. of loans and discounts.

### 8. Capital to Surplus

In comparing successive statements from the same bank we instinctively look to the surplus account to note the progress. The steady increase or decrease of this item is the best external gauge of the conservatism of the management and its ability to make money. A decrease in surplus or undivided profits causes us first of all to look at the investments to see if the bonds have been written down because of depreciation; if these remain practically the same as at the time of the previous statement, we inquire as to whether there has been an increase in dividends or any extra dividends. If this is not the case then we can rest assured that

the decrease is due to the writing off of bad debts and losses. It is highly improbable that salaries have been so increased or new departments installed at such heavy maintenance expenses as to cause a shrinkage in surplus or undivided profits. The undivided profits account will of course first show the shrinkage. This account indicates the current earnings of the bank and is really a reserve out of which dividends may be paid when earnings do not warrant them. The surplus of a bank should be at least 20 per cent. of its capital (except sometimes in cases of newly organized institutions); the fact that no dividends may be paid on the capital stock of national banks until the surplus account amounts to this figure indicates it as a minimum margin for conservative institutions. If a bank has been in existence a substantial period of time a reasonable surplus is 75 per cent. of capital stock or equal to it. In this connection, however, it is not necessary to set a definite figure, since the main point to bear in mind is the *continual growth* of surplus.

Among national banks on June 30, 1922, total capital amounted to 84 per cent. of total surplus and profits. Among state banks on the same date total capital amounted to 131 per cent. of total surplus and profits. Among loan and trust companies on the same date total capital amounted to 78 per cent. of total surplus and profits. From this it can be seen that in case of both national banks and trust companies surplus and profits together average larger than capital. On April 3, 1923, the total capital of national banks averaged 85 per cent. of total surplus and profits, the present approximate ratio.

Occasionally we see the statements of banks which have surpluses several times the size of the capital. Although this indicates ample protection to depositors it does not indicate as substantial an amount of pro-

tection as if the stockholders had subscribed more capital. The reason for this is that the shareholder is liable for an assessment equal to the face amount of his stock whereas the so-called double liability does not apply to surplus.

Comparisons of capital and surplus of national banks over a period of ten years are furnished on a previous page and may be referred to for further analysis of these two items.

### 9. Bills Payable and Rediscounts

Although banks often take pride in the fact that they do not borrow, it is not indicative of an unfavorable condition of affairs if they do borrow occasionally. There are seasonal periods in a bank's business just as there are in mercantile lines, when demand is more than usually heavy and a bank needs additional temporary working capital. It also often happens that a bank has perhaps overinvested in its bond account, not anticipating a money demand, and it does not care to raise cash by selling a portion of its bonds because of the fact that these have depreciated and the sale would entail a loss. Consequently the bank will either borrow against its bonds as collateral or rediscount some of its paper. If a bank borrows steadily, however, it is an unfavorable sign, usually indicating one of the following things: that a good proportion of its loans are slow; that it is undercapitalized; that it is not enforcing sound banking requirements regarding commensurate balances and the clean-up of loans or discounts. As a general rule the borrowings of a bank should not exceed capital and surplus. There are of course tight money periods when certain banks in heavy borrowing centers have to exceed this limit; for instance, during 1920 and 1921 some of the New York banks borrowed two or three times their capital and surplus in order to carry their customers. This would seem excessive but it was a necessary measure of the time. In large cities it is a generally accepted axiom of banking that as far as possible mercantile customers carry balances averaging 20 per cent. of their line of credit and liquidate their borrowings once a year. Non-enforcement of this rule in many cases is liable to lead to excessive borrowing by the banks. If a bank's capital and surplus are small in proportion to its deposits and it borrows rather steadily, it usually indicates that it is overtrading and that additional working capital should be supplied through increased paid in stock.

On June 30, 1922, the notes and bills rediscounted and bills payable of national banks averaged 18 per cent. of capital, surplus and undivided profits. Notes and bills rediscounted and bills payable of loan and trust companies on the same date averaged

8 per cent. of capital, surplus and undivided profits. Notes and bills rediscounted and bills payable of state banks on the same date averaged 23 per cent. of capital, surplus and undivided profits. On April 8, 1923, notes and bills rediscounted and bills payable of national banks averaged 23 per cent. of capital, surplus and profits.

It is also interesting to note that on September 15, 1922, 56.7 per cent. of the national banks in the country had no outstanding obligations for borrowed money. The loans and discounts of these banks amounted to 47.8 per cent. of the total loans and discounts of all national banks, investments in United States Government bonds and other securities were 56.8 per cent. of the total investment of national banks, cash in vaults was 59.6 per cent. of total cash in vault, balances due from other banks were 50.9 per cent. of all national banks and aggregate resources were 50.1 per cent. of total resources of all banks. Capital, surplus and profits of non-borrowing national banks were 50.1 per cent. of the total of all national banks and the total deposits of non-borrowing banks amounted to 51.6 per cent. of total deposits of all national banks.

### 10. Losses: Dividends to Earnings

The ordinary lay person who attempts to analyze a bank statement has no means of checking up the character of the bank's loans, discounts and investments, or the amount that it has charged off to loss or depreciation. He also has no knowledge of what a bank's losses should normally be. Yet in analyzing a bank statement the character of its loans, discounts and investments gauges fundamentally the solvency of the bank itself. Taking national banks as an example, we shall therefore present figures analyzing their averages losses, earnings, dividends, etc.

In the fiscal year ended June 30, 1922, the gross earnings of national banks amounted to \$184,651,000 less than in the previous fiscal year. The reason for this was the reduction in the loans and discounts of these banks and the consequent smaller amount of interest and discount charges collected. During the year the banks also charged off very heavily for losses on loans and discounts, wiping out frozen and bad credits that had developed in 1920 and 1921. The percentage of losses charged off on account of loans and discounts to total loans and discounts was 1.20, which was almost double the percentage for 1921 and compared with an average of .29 for the years 1918, 1919 and 1920. On the other hand the amount charged off on account of losses on bonds and securities was less than half of that for 1921. The percentage of losses charged off on bonds and

securities to total bonds and securities for the year ending June 30, 1922 was .73 as compared with 1.59 for 1921 and an average of 1.05 for the years 1918, 1919 and 1920.

The dividend rate of banks is based fundamentally on their earning capacity. Among national banks the average dividend rate is between 12 and 13 per cent. During the lean years of 1920 and 1921 banks which had large capitals in comparison to deposits in some cases experienced difficulty in meeting their dividends and either had to pay them out of undivided profits or cut the dividend rate. This of course always lends an unfortunate impression of the banks in question. A comparison of the percentage of dividends to capital and surplus is always interesting and for the fiscal year ending June 30, 1922 it averaged 7.04 per cent. for national banks, which was higher than in any of the previous eight years. On the

other hand the percentage of net addition to profits to capital and surplus for national banks for the same period averaged only 7.79 per cent., which was smaller than in any of the previous eight years except 1915. Thus the dividends of national banks increased whereas the net additions to profits decreased, which is an unfavorable sign. It is also interesting to compare the dividends paid to the net additions to profits. For the fiscal year ending June 30, 1922, dividends of national banks averaged 90 per cent. of net additions to profits. For the year ending June 30, 1921, they averaged 73 per cent. of net additions to profits. This reflects the decline in earning power of banks during the past fiscal year, despite the increased dividends.

The following figures compiled from the report of the Comptroller of the Currency for 1922 illustrate clearly the points discussed above:

National bank investments in United States Government securities and other bonds and securities, etc., loans and discounts (including rediscunts), and losses charged off on account of bonds and securities, etc., and loans and discounts, years ended June 30, 1918 to 1922, inclusive:

Year ended June 30	United States Government securities	Other bonds and securities	Total bonds and securities, etc.	Loans and discounts including rediscunts	Losses charged off on loans and discounts	Losses charged off on bonds and securities, etc.	Percentage of losses charged off on loans and discounts to total loans and discounts	Percentage of losses charged off on bonds and securities to total bonds and securities
1918	\$2,129,283	\$1,840,487	\$3,969,770	\$10,135,842	\$33,964	\$44,350	0.34	1.13
1919	3,176,314	1,875,609	5,051,923	11,010,206	35,440	27,819	.32	.55
1920	2,269,575	1,916,890	4,186,465	13,611,416	31,284	61,790	.23	1.48
1921	2,019,497	2,005,584	4,025,081	12,004,615	76,210	76,179	.63	1.89
1922	2,285,459	2,277,866	4,563,325	11,248,214	135,208	33,444	1.20	.73

Earnings, expenses, and dividends of national banks for the fiscal years ended June 30, 1921 and 1922:

	June 30, 1921 8147 banks	June 30, 1922 8246 banks
Capital stock .....	\$1,273,237	\$1,307,199
Total surplus fund .....	1,026,270	1,049,228
Dividends declared .....	158,158	165,884
Gross earnings:		
(a) Interest and discount .....	\$1,105,832	\$ 955,451
(b) Exchange and collection charges .....	20,439	15,546
(c) Foreign exchange profits .....	21,472	15,868
(d) Commissions and earnings from insurance premiums and the negotiations of real estate loans .....	1,191	1,169
(e) Other earnings .....	52,985	70,234
Total .....	\$1,201,919	\$1,067,268
Expenses paid:		
(a) Salaries and wages .....	\$ 202,726	\$ 198,404
(b) Interest and discount on borrowed money .....	119,396	47,685
(c) Interest on deposits .....	291,828	294,076
(d) Taxes .....	87,398	79,376
(e) Contributions to American National Red Cross .....	187	.....
(f) Other expenses .....	128,371	113,449
Total .....	\$ 829,906	\$ 732,990
Net earnings during the year .....	\$ 372,013	\$ 334,278
Recoveries on charged-off assets .....	23,978	41,782
Total .....	\$ 395,991	\$ 376,060
Losses charged off:		
(a) On loans and discounts .....	\$ 76,210	\$ 135,208
(b) On bonds, securities, etc. ....	76,179	33,444
(c) Other losses .....	16,868	21,665
(d) On foreign exchange .....	10,628	2,073
Total .....	\$ 179,885	\$ 192,390
Net addition to profits during the year .....	\$ 216,106	\$ 183,670

The equations which have been discussed above indicate the fundamental comparisons to be made in analyzing a bank statement. To bring the analysis down to a more practical basis, however, we present herewith in brief the following list of ratios which would reflect a satisfactory financial condition of affairs for banks in this country in the late spring of the present year:

1. **Quick Assets to Demand Deposits:**
  - a. Country banks—quick assets 40 to 50 per cent. of demand deposits.
  - b. City banks—quick assets 50 to 60 per cent. of demand deposits.
2. **Cash to Deposits:**
  - a. Cash on hand "till money" 5 to 6 per cent. of demand deposits for banks in localities where rediscounting facilities are not immediately available to supply additional needed cash. Proportionately less than this (as low as 1 per cent.) for banks in central reserve or reserve cities, where rediscounts can instantly supply needed cash.
  - b. Total cash (i. e. on hand, with legal depositaries and due from other banks) 35 per cent. of demand deposits.
  - c. Total cash 22 per cent. of total deposits.
3. **Loans and Discounts to Deposits:**
  - a. National banks—loans and discounts 66 per cent. of total deposits.
  - b. Loan and trust companies—loans and discounts 62 per cent. of total deposits.
  - c. State banks—loans and discounts 66 per cent. of total deposits.
4. **Capital and Surplus to Deposits:**
  - a. National banks—capital 8 per cent. of total deposits. Capital, surplus and profits 17 per cent. of total deposits.
  - b. Loan and trust companies—capital 8 per cent. of total deposits. Capital, surplus and profits 19 per cent. of total deposits.
  - c. State banks—Capital 10 per cent. of total deposits. Capital, surplus and profits, 18 per cent. of total deposits.
5. **Capital and Surplus to Fixed Assets:**
  - a. National banks—fixed assets 17 per cent. of capital, surplus and profits.
  - b. Loan and trust companies—fixed assets 18 per cent. of capital, surplus and profits.
  - c. State banks—fixed assets 21 per cent. of capital, surplus and profits.
  - d. Among all banks, fixed assets should never exceed surplus.
6. **Investments to Capital and Surplus:**
  - a. National banks—total investments 185 per cent. of capital, surplus and profits. Investments in United States Government securities, 100 per cent. of capital, surplus and profits.
  - b. Loan and trust companies—total investments 210 per cent. of capital, surplus and profits. Investments in United States Government securities 40 per cent. of capital, surplus and profits.
  - c. State banks—total investments 140 per cent. of capital, surplus and profits. Investments in United States Government securities 34 per cent. of capital, surplus and profits.
7. **Investments to Loans and Discounts:**
  - a. National banks—total investments 45 per cent. of loans and discounts. Investments in United States Government securities 25 per cent. of loans and discounts.
  - b. Loan and trust companies—total investments 56 per cent. of loans and discounts. Investments in United States Government securities 10 per cent. of loans and discounts.
  - c. State banks—total investments 32 per cent. of loans and discounts. Investments in United States Government securities 8 per cent. of loans and discounts.
8. **Capital to Surplus:**
  - a. National banks—Capital 82 per cent. of surplus and profits.
  - b. Loan and trust companies—capital 76 per cent. of surplus and profits.
  - c. State banks—capital 125 per cent. of surplus and profits.
9. **Bills Payable and Rediscounts to Capital and Surplus:**
  - a. National banks—bills payable 20 per cent. of capital, surplus and profits.
  - b. Loan and trust companies—bills payable 10 per cent. of capital, surplus and profits.
  - c. State banks—bills payable 25 per cent. of capital, surplus and profits.

The above presents the main points to be considered in analyzing a bank statement. But this fact must be remembered: *The degree of solvency of a bank depends almost entirely on the character of its loans and discounts and its investments.* If an undue portion of these are slow or unmarketable, regardless of whatever the ratios may indicate, the bank is in an unsafe condition. We must also consider this fact: Banks located in industrial communities are dependent for their prosperity on the prosperity of the industries themselves. When the price of cotton in the South dropped to 7 cents two years ago and the demand for that commodity fell off to practically nothing, Southern banks in the cotton growing districts became filled up with frozen loans and were as poor as the cotton growers and mill men who kept their accounts with them. When the iron and steel market dropped in 1921 the loans and discounts of the iron and steel banks became slow and they had to borrow heavily. This then is a danger signal: *As far as possible a bank should not overstock itself on the credits of any one particular industry.* As bank credit men we tell the mercantile executive that he should diversify his credit risks by spreading his accounts receivable among a comprehensive range of purchasers rather than concentrating large amounts among a small number of houses, the failure of any one of whom might cripple him severely. As bank credit men we should apply the same rule to ourselves: we should analyze our accounts, see if we are "long" on certain industries and as far as possible have our new business department concentrate on industries in which we are weak in accounts. A diversified list of credits among our loans and discounts will mean a healthier and sounder bank. The old axiom of its being a bad policy to have "all the eggs in one basket" applies to banking as well as to every other business on the face of the earth.

To analyze the condition of any bank

thoroughly, it is also important to know certain facts regarding the bank's management and policies. Answers to the following questions should be ascertained whenever possible:

1. How long has this bank been in existence and what has been its record as concerns progress and conservatism?
2. Has there ever been any reorganization?
3. Have there been any recent mergers? What was the type of institution absorbed?
4. Is the present management considered conservative? Does any one individual dominate it? Has he an efficient understudy?
5. Is the board of directors active in the management of the bank? How often are meetings of the board held?
6. Have the active officers of the bank any large outside interests? If so, do they endorse or guarantee payment of the obligations of any of these interests? Do these interests borrow money from the subject bank?
7. Are all active officers and employees having access to funds and securities properly bonded?
8. Do the directors borrow personally from the bank, and are there any accounts in which they are interested, borrowing heavily from it?
9. What are the general business conditions in the locality in which the bank is situated? Is it a "one industry" town? Is the bank overstocked in accounts of any one particular industry? What proportion of commercial business does it do?
10. How does this bank compare as to size, conservatism and progress with the other banks in town? Is the town over-banked? Has the bank a favorable location and a prepossessing bank building?
11. Does the bank carry a reasonable amount of fire insurance on banking house, furniture and fixtures? A reasonable amount of burglary and hold-up insurance?
12. Is the bank a member of the Federal Reserve System? Does it borrow frequently? When and for how long was it last out of debt?
13. Does the bank keep up-to-date credit files on all borrowing customers and does it check up carefully any commercial paper it buys?
14. Does the bank require financial statements from all borrowing customers? What are its policies regarding discounts of single name paper? What are its requirements concerning commensurate balances? Does it require clean-up of loans and discounts once a year?
15. What are its policies regarding overdrafts?
16. In what does the bank invest its surplus funds?
17. What percentage of the bank's deposits are represented by time and savings accounts?
18. What rate of interest does the bank pay and how does this compare with other banks in the locality?
19. Does the bank have any substantial percentage of deposits from any single source, such as state, municipal or special accounts? How permanent are these accounts liable to be?
20. What have been the bank's net earnings, dividends and additions to surplus in recent years? Have dividends been reduced or increased in recent years?
21. Are there any loans more than sixty days past due? What is the bank's policy regarding charging off doubtful loans? Are demand notes considered due six months after date? Has the bank had any heavy losses in recent years?



# Banking and Commercial Law

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



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P. M. SAYFORD, Auditor

#### Trust Department

RAYMOND H. SEE, Manager

#### Foreign Department

CARL SCHULZ, Manager

#### Bond Department

ROGERS W. GOULD, Manager

### DIRECTORS

JULIUS H. BARNES  
JOHN E. BERWIND  
WILLIAM H. CHILDS  
WILLIAM E. COREY  
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WALTER C. HUBBARD  
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L. F. LOREE  
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GATES W. McGARRAH  
JOHN McHUGH  
T. FRANK MANVILLE  
P. F. MURPHY  
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ROBERT C. PRUYN  
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FERD. W. ROWLING, JR.  
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THE BANK OF BAY BISCAYNE, MIAMI, FLORIDA

Contracts have been awarded and actual work begun on the twelve story building for the Bank of Bay Biscayne, the oldest bank in Miami. Bedford stone over a granite base is used for the lower stories with polychrome terra cotta for the superstructure. All architectural and engineering work by the Weary and Alford Company.

*May we send you a copy of our portfolio,  
"The Work of Weary and Alford Company"*

## WEARY AND ALFORD COMPANY

*Bank Buildings and Interiors*

1923 Calumet Avenue  
Chicago

# Banking and Commercial Law

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

## Bank Liable on Check Drawn Against Proceeds of Draft

*Pierceville State Bank v. English*, Supreme Court of Kansas, 214 Pac. Rep. 788.

**T**HE plaintiff bank brought action against the defendant bank on a check for \$237.50, drawn on the defendant bank by A. L. English, and payable to the order of J. C. Kitch. The check had been given by English to Kitch in payment for certain cattle and had been indorsed by the latter to the plaintiff bank.

At the time of giving this check, English drew several other checks, aggregating \$1500, and delivered them to the payees named therein in payment for cattle. He shipped the cattle to a commission company at Kansas City, giving to the defendant bank a draft on the consignee for \$1500. The cattle, however, netted only \$1829.23, which amount was subsequently received by the defendant bank.

When the plaintiff presented the check in question to the defendant, payment was refused on the ground of insufficient funds. It appeared that a portion of the proceeds of the \$1500 draft had been paid out by the defendant bank on checks which English had given in payment for things other than cattle. The plaintiff brought suit against the defendant bank to recover the amount of the dishonored check.

The general rule is that the payee or other holder of a check cannot bring action upon it against the drawee bank, unless the latter has certified the check. But a bank may agree with a depositor that it will pay certain checks out of a certain deposit or the proceeds of a particular transaction. And in such case, the bank will be liable to the holder of any check for the payment of which the deposit was intended. It appeared in the present case that English had been

conducting his cattle business with the assistance of the defendant bank in the manner above described for a period of two years and that this was the first time one of its cattle shipment drafts had been protested. It also appeared that the bank had been in the habit of paying checks drawn by English without waiting for the return of his drafts. It was held that the plaintiff was entitled to recover.

## OPINION

Action by the Pierceville State Bank against A. L. English, the Gray County Bank, and another. From a judgment for plaintiff, defendant bank appeals. Affirmed.

MASON, J. The State Bank of Pierceville sued the Gray County State Bank, of Cimarron, upon a check (and facts connected with it) for \$237.50 drawn by A. L. English upon the defendant bank in favor of J. C. Kitch and by him indorsed to the plaintiff. English and Kitch were made defendants. The plaintiff recovered, and the Gray County Bank appeals.

On May 31, 1920, English bought some cattle of Kitch, the price being \$237.50, for which amount he gave the check referred to. At the time he had but \$3.18 on deposit at the bank (which will hereafter be spoken of as the defendant). He purchased other cattle, for which he gave checks on the defendant, making a total, as he estimated, of \$1500. He shipped the cattle to a commission company at Kansas City for sale, giving the defendant a draft on the consignee for \$1500, for which he was given credit on his deposit account. The cattle, when sold at Kansas City, netted only \$1,829.23, and for this reason the draft was protested. This circumstance, however, is important only in the matter of amount, for the defendant at once applied for and re-

ceived the proceeds of the cattle, and as a matter of bookkeeping allowed the \$1500 credit it had given English to stand, entering a charge against him for the difference between that and what it had actually received. The plaintiff sent the Kitch check for collection, presentation being made June 5, and payment refused on the ground of lack of funds, other checks having already been presented and paid sufficient, according to its version, to exhaust the fund. The action was brought upon the theory that the defendant had an arrangement with English by which it agreed to pay checks which he might give for the purchase of cattle; the promise being for the benefit of the sellers, and therefore available to them as a basis for suit.

In support of its claim that its demurrer to the evidence should have been sustained the defendant makes these contentions: (1) No competent evidence was produced tending to show that it had agreed to pay the Kitch check; (2) the only testimony having such tendency was improperly admitted; (3) the proceeds of the cattle were shown to have been paid out on other checks before the one in controversy was presented; and (4) the plaintiff is not the real party in interest.

1. With the exception of the item the competency of which is challenged, the plaintiff produced no direct evidence of an agreement by the defendant to pay the Kitch check or any of the others given for cattle, but relies upon inferences to be drawn from these facts, testified to by the defendant's cashier and English, who were the only persons having first-hand knowledge of the matter, and whom the plaintiff regarded as unfriendly witnesses. English drew the checks without having funds on deposit to meet them. The checks, or a part of them, were paid by the defendant without waiting for returns on the draft. The method pursued in this instance was that by which English had transacted his cattle business for some two years. The bank prepared the draft upon information furnished by him. His busi-

ness, as the defendant knew, was principally buying cattle from the farmers about Cimarron and shipping them. The defendant's cashier knew ("by supposition only" based upon past transactions of a similar nature) that the draft here involved was to cover a shipment of cattle English was then making or preparing to make to the commission company, and knew that his usual way of handling his cattle buying was to give his checks on the defendant to the persons from whom he bought, these checks being paid from the credit he obtained by depositing a draft covering the cattle shipment. From this practice the cashier knew, when a draft was drawn and deposited, the cattle he had bought were to be paid for out of the credit so obtained. This was the first time one of his cattle shipment drafts was protested.

We think there was room for a reasonable inference that there was an agreement between English and the bank that it would pay the checks drawn by him in payment of cattle to be shipped for sale. That seems a natural explanation of his conduct in giving his checks in payment without any other provision for meeting them, and of the bank's course in paying them without waiting to see if the drafts were met. . . .

If such an agreement existed (an agreement to pay checks drawn by English) the defendant's liability to the owners of cattle to whom checks were issued in payment is established by prior decisions. *Ballard v. Bank*, 91 Kan. 91, 136, Pac. 935, annotated in L. R. A. 1916C, 161; *Saylors v. Bank*, 99 Kan. 515, 163 Pac. 454; *Goeken v. Bank*, 100 Kan. 177, 163 Pac. 636.

2. Some of the English checks paid by the defendant do not appear to have been given for cattle. The bank seems to have had some funds of English on hand when the Kitch check was presented, after charging him with the difference between the amount of the draft and the actual proceeds of the cattle. Inasmuch as Kitch gave no credit to English, but accepted his check as cash, he was the real owner of the money re-

ceived from the sale of his cattle except as it may have passed into the hands of an innocent holder. *Goeken v. Bank*, supra. But, if an agreement existed between the defendant and English, as the jury and trial court must be deemed to have found, for the payment of the Kitch check and others given for cattle, to the extent of the face value of the draft, we think the amount of the judgment was warranted by the evidence, it not being clear that on that basis enough had been paid out on cattle checks to prevent the payment of the Kitch check in full.

3. When payment of the Kitch check was refused he caused English to be arrested under the statute making it a public offense for a person to give a check knowing that he has no funds on deposit in "or credits with" the bank to meet it. Gen. Stat. 1915, § 3471. English was discharged upon a preliminary examination before a justice of the peace. Kitch testified in the present action that the defendant's cashier was the only witness for English in the criminal case and as such said with reference to the check given to Kitch that he (the cashier) had authorized English to write checks for these cattle. The defendant urges that this testimony was not competent as an admission of the defendant, because a corporation is only affected by such declarations of its officers as are made in the line of the declarant's official duty, and that the cashier, in testifying in the criminal action, necessarily was acting in a purely personal capacity. The point seems to be well taken. 22 C. J. 387, 388. As we have already held, however, this item of evidence was not necessary to the plaintiff's case—that is, there was other evidence sufficient to support the judgment, and no error was committed in receiving it if it was admissible for any purpose. The cashier had testified, while being examined by the defendant's attorney, that he had no special agreement with English to honor checks for cattle that he might buy. What he is alleged to have said while on the stand in the criminal action was

inconsistent with this, and was proper by way of impeachment, except for the fact, which was made the basis of a timely objection, that his attention had not been called to the matter while he was upon the stand. Such an objection is of greater or less importance, according to the circumstances in which it is made. Here we think it of no consequence whatever. The cashier was afterwards called as a witness for the defendant, and testified that at the preliminary examination he had not given the testimony attributed to him by Kitch. The purpose of the requirement that, before a witness can be impeached by showing prior contradictory statements, his attention must be called to them, and to the time and place of their supposed making, is that he may not be taken unawares and led to deny something that he might have admitted, if his memory had been refreshed. 2 Wigmore on Evidence, § 1025. Any possibility of prejudice resulting from the omission to make the preliminary inquiry in this instance is eliminated by the witness afterward having been given an opportunity of which he availed himself to make the denial upon full information of the alleged time and place of his former statement. The fact that what he was represented to have said as a witness in the criminal case was not admissible as independent evidence does not preclude its use for the purpose of impeachment. 40 Cyc. 2707.

4. The defendant's proposition that the plaintiff is not the real party in interest is based on the fact that Kitch gave the plaintiff his note (which is still unpaid) for the amount of the check in controversy, upon learning of its nonpayment, and therefore he is the only person who could maintain the action. The mere giving of the note would hardly restore the title of the check to the plaintiff. It has been suggested that in such a situation the indorsee could not sue because the action is not upon the check, but upon the chain of circumstances of which it is a part. *Brannan's Negotiable Instruments Law* (3d Ed.) § 190. It seems probable

that the transfer of the check would operate as an equitable assignment of all the rights its payee possessed. These questions, however, need not be passed upon. Kitch was a party to the action, and the defendant, being protected from any claim on his part, could suffer no substantial injury from the Pierceville bank being named as the plaintiff.

The judgment is affirmed.



### Bank Held Liable in Paying Joint Certificate of Deposit

Smith v. Planters' Savings Bank, Supreme Court of South Carolina, 117 S. E. Rep 312.

One W. B. deposited \$3550 of his own money in the defendant bank. The bank thereupon, at W. B.'s request, issued a certificate of deposit, reading in part as follows: "W. B. or J. B. have deposited in this bank three thousand five hundred and fifty dollars (\$3550), payable to either order six months after date with interest from date at the rate of 5½ per cent. per annum", etc.

Before the certificate matured W. B. died, and after its maturity, the bank paid the money to J. B. upon his presenting the certificate indorsed by him. At the time of making the payment, the bank had knowledge of W. B.'s death. Subsequently, W. B.'s administrator brought suit against the bank to recover the amount of the certificate.

It was conceded that the money deposited with the bank belonged to W. B. and that no gift of the same in favor of J. B. had been shown. It was held that the certificate of deposit was, under the circumstances recited, a mere power of attorney authorizing J. B. to withdraw the money, and that the death of W. B. revoked that power. The bank, therefore, had no right to pay J. B. and was liable to W. B.'s administrator for the amount.

#### OPINION

Action by W. McClure Smith, as administrator of the estate of W. A.

Bright, deceased, against the Planters' Savings Bank. Judgment for plaintiff, and defendant appeals. Affirmed.

FRASER, J. The agreed facts are briefly as follows:

The Planters' Savings Bank, the defendant herein, on February 5, 1920, received on deposit from W. A. Bright the sum of \$3550, for which it issued a certificate of deposit set out above. W. A. Bright died intestate in June, 1920, and on August 13 of the same year the defendant paid the amount of the certificate to J. G. Bright upon his indorsement, knowing at the time that W. A. Bright was dead. Demand has been made upon defendant for the payment of the certificate, which demand has been refused. It is also admitted that, so far as this case is concerned, there was no gift shown from W. A. Bright to J. G. Bright, either in praesenti or by way of donatio causa mortis.

The certificate of deposit reads:

"Planters' Savings Bank. Greer, S. C., February 5, 1920. No. 2531. This is to certify that W. A. Bright or J. G. Bright have deposited in this bank thirty-five hundred and fifty dollars (\$3550.00), payable to either order six months after date, with interest from date at the rate of 5½ per cent. per annum, on the return of this certificate properly indorsed. Interest after maturity at the rate of 4 per cent. per annum, unless renewed. [Signed] R. M. Hughes, vice-president, cashier."

The only question in the case is: Was the bank authorized to pay the certificate of deposit to J. G. Bright after the death of W. A. Bright?

It is admitted that the money belonged to W. A. Bright, and after his death it was paid to J. G. Bright. Under these circumstances there was a mere power of attorney to withdraw the money. The death of the principal revokes a power of attorney.

"Power not coupled with an interest is limited to the lifetime of the donor."

Gaston v. Gaston, 80 S. C. 157, 61 S. E. 398.

His honor Judge Sease was right when he held that Sawyer v. Mabus, 107 S. C. 369, 92 S. E. 1029, is controlling in this case.

The judgment appealed from is affirmed.

WATTS, J., concurs.

GARY, C. J., did not sit.

MARION, J. (concurring). The admission "that the money deposited was the money of W. A. Bright, and that the bank, at the time of taking the deposit, knew it was his", and the absence of any contention that there was a transfer or delivery of the certificate for value during the life of W. A. Bright, would seem clearly to charge the bank with knowledge that J. G. Bright, the alternative payee, had no enforceable claim to the deposit for the reasons: (1) That the supposed agreement as to him was without valuable consideration; (2) that the deposit was not a gift, the depositor retaining the right himself to withdraw it; (3) that it was not a trust in that no present right was transferred; and (4) that it was not a valid testamentary disposition in that it lacked the essentials of a will. L. R. A. 1917C, 550; Sawyer v. Mabus, 107 S. C. 369, 92 S. E. 1029. If J. G. Bright, the alternative payee, had no enforceable right to compel payment, did the bank have a legal right to pay W. A. Bright's money after his death to one who had no title to or interest in the fund, by virtue of its agreement, evidenced by the certificate, to pay either of the two named payees?

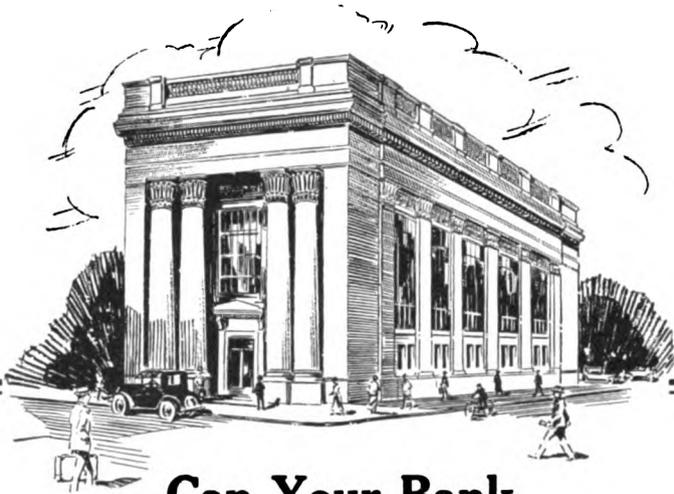
While the acceptance of a deposit creates the relationship of debtor and creditor, there is always the superadded obligation on the bank's part to ascertain that payment is made to the proper person. 7 C. J. 650, § 343; Wolfe v. Bank of Anderson (S. C.), 116

S. E. 451, October term, 1922. The bank's contract to pay W. A. Bright's money either to W. A. Bright or to J. G. Bright was of necessity predicated upon authority conferred by W. A. Bright so to pay. That authority conferred no power, coupled with an interest, upon J. G. Bright, since admittedly he had no interest in the fund itself (Johnson v. Johnson, 27 S. C. 309, 3 S. E. 606, 18 Am. St. Rep. 686), nor did it confer a power, coupled with an interest, upon the bank, for the same reason. When W. A. Bright died, the authority by virtue of which it had agreed to pay his money to another died with him. Such seems to have been the conclusion of the Maryland court in a practically identical case. Second National Bank of Baltimore v. Wrightson, 68 Md. 81. Let us assume that the money here involved had been deposited in the name of the owner, W. A. Bright, and that prior to his death he had given the bank written authority to pay it to J. G. Bright upon or after his (the owner's) death. Upon compliance with that written order, would the bank have been absolved from liability to the legal representatives of W. A. Bright's estate? Clearly not, I think, for the obvious reason that it would then have paid out the money to one not clothed in due form of law with authority to collect and administer the decedent's estate. See Sullivan v. Sullivan, 161 N. Y. 554, 56 N. E. 116. I cannot perceive how the certificate of deposit, under the admitted facts of the case at bar, amounted to more than an agreement on the bank's part to comply with the verbal authority conferred by W. A. Bright to pay his money to another who had no enforceable interest in it. If so, the bank's mere correlative agreement cannot of itself keep the power so conferred alive; it died with the donor.

For the reasons stated, I concur in the opinion of Mr. Justice Fraser.

COTHRAN, J. (dissented).





## Can Your Bank Go On Without You?

**D**URING 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

SEPTEMBER 1923

## New Account Doo-Dads and Their Dangers

By T. N. T.

### FREE MANICURES?

Just suppose—though it will stretch your imagination to do it—that one of the old-line insurance companies were to advertise,

### LIFE INSURANCE

Free manicure with each policy!

What, you would ask—not being in the insurance business—do manicures have to do with insurance?

Why, they bear the same relation to insurance that string beans do to Beethoven—or cream puffs to a bank account.

And yet banks are getting perilously near to cream puffs or free manicures.

I do not want to belittle any means by which a bank endeavors to secure new business—but I wonder, sometimes, where we are drifting in our desire to get something new, something catchy, something different from the other fellow.

I believe that we are in danger of allowing the means to an end to become an end in itself.

Many banks are giving novelties with new accounts—broom-holders, safety-razors, puzzles, all sorts of doo-dads, some serviceable, some merely entertaining. Some banks are giving radio concerts. One bank in a farming community owns a blooded bull, to aid stock-raisers who are customers to improve the breed of their stock. Other banks give picture-shows or concerts. Jingle contests, picnics, all sorts of attention-getting services or articles are in constant use by

banks in their scurry for new accounts.

Now there is nothing fundamentally wrong with these methods of interesting the public in a banking institution, provided that the bank does not lose its sense of perspective. Why should John Brown

bank at the First National? Because, primarily, it is a safe bank—because it is courteous, serviceable, convenient.

But should John Brown bank at the First National because it gives hand-painted garbage cans with each account—whereas the Second National gives merely a rubber rolling-pin?

John Brown should pick his bank for what it can and will

(Continued on page 335)



A VITAL NEED OF THE NORTHWEST:

## CO-OPERATIVE MARKETING

ONE of the most vital needs of the Northwest is a recognition by all classes that agriculture is our basic industry and that its problems are not the problems of farmers only, but of the entire community.

An intelligent study of the problems of agriculture in the Northwest will reveal the fact that its problems of production are being well cared for, but that its equally important problems of marketing have been neglected by all classes except farmers, and they have not yet been able to solve them successfully.

Agriculture is the most important industry of the Northwest. It needs and must have a selling department as efficient as the selling departments of other great industries.

Each farmer is, in effect, a producing stockholder in the great national industry. As long as each tries to market his own small share of the total production he is as helpless as the stockholders of our factories would be if each tried to market his individual share of the total production. Factory stockholders pool their shares, organize sales departments and employ experts to operate them.

Individual selling by farmers means "dumping and dumping" is never profitable.

Through the right kind of co-operation farmers may substitute orderly marketing of their products for the present expensive and demoralizing practice of "dumping." They are doing this successfully and profitably with all kinds of products in California, with cotton in the South, with tobacco in the New England and Central states, with milk and its products in Minnesota and with all kinds of farm products somewhere in the United States.

There is, however, a right kind and a wrong kind of co-operation. Until very recent years most of the marketing efforts of American farmers were based on the wrong system of co-operation.

There is no longer any excuse for choosing the wrong kind; we have only to study the experience of successful co-operatives elsewhere in the United States to learn how to apply the principles of true co-operative marketing to the crops of the Northwest. That should be the task of all classes working together for the common good by making agriculture profitable.

*Wilton Petzet*

WILTON PETZET,  
Director, Co-operative Marketing Department,  
American Farm Bureau Federation, Chicago

MEMBER OF THE BANKERS OF THE NORTHWEST  
OFFICE AT THE CORNER OF THE  
**NORTHWESTERN NATIONAL BANK**  
MINNEAPOLIS, MINNESOTA  
Resources \$80,000,000

Here is a good example of well chosen and appropriate indirect advertising. This Minneapolis bank talks about something that is both timely and of vital interest to everyone in the community in which it is located. Note that the advertisement is "addressed to the bankers of the northwest", and that it was written at the request of the bank by one of the leading authorities on the subject.

## Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

### THE BANKERS MAGAZINE

71-73 Murray St., New York

SEPTEMBER 1923

**T**HERE is a tendency in bank advertising which is becoming more conspicuous all the time, and which is not doing any one any good. There seems to be a ready disposition on the part of many banks to steal the other fellow's thunder intact. One bank appropriates another's advertising part and parcel, and calmly adopts it as its own.

**WHO CARES**, one might ask, whether a bank in Michigan copies the advertising of a bank in Massachusetts, or a bank in Pennsylvania copies the advertising of a bank in Ohio? A few cases like this will pass unnoticed. But multiplied indefinitely this sort of thing will, and does, hurt both bank advertising in particular, and advertising in general.

**NOBODY** has a monopoly on ideas. The bank advertising manager who keeps in touch with developments in the field of financial advertising has the edge on the man who doesn't. But the advertiser who spends so much energy keeping track of the other fellow's ideas that he has

neither time nor inclination to evolve any of his own, is progressing backwards.

**IF YOU** can get a good idea from some other advertiser that you can adapt to your own bank's advertising, appropriately, and without "lifting" it bodily, phraseology and all, why fine. But at least try to adapt it to fit your particular bank. And by all means do your own writing. What you say will very likely have been said before in one form or another. Dress it up in words that are yours.

**CONSIDER** the man who coined the phrase "The Friendly Bank". Little did the poor man realize what he was starting. This phrase has come to be the "Yes, We Have No Bananas!" of bank advertising.

**WE KNOW** a writer of bank advertising who is full of ideas, other people's and his own, and who has an exceeding facility of expression. Ideas and phrases seem to flash from his mind like sparks from a flint. He will get so many different layouts, so many "clever" ideas, and so many "snappy" phrases in a series of advertisements that, if the ads are placed alongside each other, the effect is quite startling—something like looking at a strip of film taken by a

high speed motion picture camera. This man has been running in hard luck lately. He can't seem to find a bank that is progressive and wide-awake enough to appreciate his multifarious and kaleidoscopic capabilities. During his stay at the last bank he was with the president showed symptoms of nervous prostration, and one of the directors had a stroke—although of course this may have been merely a coincidence.

**WE KNOW** another man who writes bank advertisements in a matter of fact sort of fashion. When he gets hold of an idea that he thinks is a good one he comes down on it like a ton of brick, turns it over in his mind, and then takes it apart very much as youngsters will an alarm clock to see what makes it go. Somehow the ideas this man develops seem, when he puts them into his advertising, to bring quite a little business in to his bank. He has worked out a distinctive frame for his copy. His stuff is "different" without being ridiculous, and impressive without being at all spectacular. He gives you the impression somehow that he knows, thoroughly, just what he is talking about, knows just what he wants to say, and that he means every word of it. And you can't help feeling that it's *his* bank that he's talking about in his ads—not just a bank.

## New Account Doo-Dads and Their Dangers

(Continued from page 381)

do for him as a *bank*—not as a dispenser of doo-dads.

And so the real purpose of the advertising novelty given by the First National should be to provoke the initial interest of the prospect in the institution. The novelty should be the bait, the lure, by which the bank succeeds in getting the prospect inside the lobby. Once there, the prospect should be sold on the *bank*—not on the novelty. Safety, service, convenience—the same old selling points which banks have relied upon for years—must still form the basis of the customer's continuing allegiance to any banking institution. Of course, a novelty has a certain good-will value—but it is not enduring. Which would you prefer—to have your customer like you because you are a good bank—or because your patent jumping jack entertains the children?

And it is the same with special services, unrelated to banking, as it is with novelties. Radio broadcasting of concerts is a special service. It possesses some good-will value—but its greatest benefit, perhaps, lies in its continuous repetition of the bank's name before the radio audience. It bears the same relation to the ear as does a bill-board to the eye. But it cannot be construed as being a banking service. The prospect may select a bank because he is familiar with its name as a result of "listening in" on the radio, and he may have a certain friendly regard for the bank which supplies his children with bed-time stories—but once a customer, he must be held, not by extra-synopated jazz revues, but by straightforward, honest-to-goodness banking service.

Again I ask, would you have your customer like you because

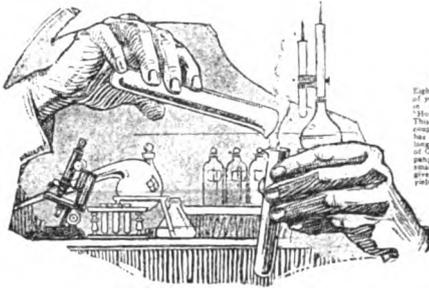
## Who's Who in Bank Advertising



CARROLL RAGAN

Publicity manager U. S. Mortgage & Trust Co., New York

AT the June convention of the Financial Advertisers Association Mr. Ragan was elected first vice-president. Since 1920 he has served as chairman of the exhibit committee of the association. As advance man for the annual meetings of the F. A. A. for the last three years Mr. Ragan has become thoroughly familiar with just how every financial exhibitor wants his display set up, and under his able guidance the advertising exhibit has proven to be one of the leading features of the annual conventions. Mr. Ragan is a former newspaper man. He was on the editorial staff of daily papers in Peoria and Omaha and later worked on special assignments for the *Evening World*, New York. He received his education at Wabash College and the University of Illinois.



Sent Free

Safe ways to test the safety of your investments are given in the interesting booklet "How to Select Safe Banks" - the important book that every investor should have. It has been prepared from the latest statistics and is the largest in Form. A complete list of banks is given. You should know the facts before you invest. It is sent with positive safety.

## How to Apply The Acid Test to Your Investments

**PICTURE** if you can, a man behind a cashier's window—for 30 years—handing millions upon millions of dollars to thousands of borrowers—and receiving every dollar in return without the loss of a cent as a result in principal or interest. That is what "30 Years Without Loss to a Cashier" means. (And here, as a word, is the acid test of any investment: "Can I depend absolutely upon the integrity and business knowledge of the man who handles my money?" That is the real test.

But for the further protection of the investor we have devised 8 tests of safety, developed from our years of experienced judgment in investigating in detail thousands of reports. These tests have been conscientiously compiled in simple, concise form, which will help you to select your investments with unusual care. Every investor, large or small, has constant use for this accurate index to safety when buying his investments.

### Two Investment Books Sent Free

The 8 tests of safety in booklet form will be sent to you absolutely free. They have proved a test for thousands of investors and may save you, too, from such a loss. We will also send you "How to Select Safe Banks"—most important book when you invest in all the important phases of investment practice. It will help you in selecting your investments to those that best suit your needs. These two booklets are free to every investor. Mail the request today for your copies. No obligation.

**GEORGE M. FORMAN & CO.**  
103 W. MONROE ST. CHICAGO.  
38 Years Without Loss to a Customer

GEORGE M. FORMAN & COMPANY,  
Dept. 229-A, 103 W. Monroe Street, Chicago, Illinois.  
Please send me, absolutely free, a copy of your book, "How to Select Safe Banks" and "8 Tests of Safety in Investing." My name is \_\_\_\_\_  
My address is \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

The combination of illustration and headline in this investment advertisement presents a strong appeal to the imagination. Nor is there any lack of "dignity" or "conservatism" in the make-up of the advertisement which, although laid out in a manner pleasing to the eye and written in a highly interesting fashion, strongly embodies both of the above mentioned qualities. The copy is well in keeping with the rest of the advertisement.

you broadcast "Three O'Clock in the Morning"—or because you are a sound, serviceable bank?

The same question may be asked of blooded bulls, puzzle contests, movie shows, and all other surprisingly varied services or articles by which banks strive to obtain new accounts.

To sum up, in the long run the customer must be sold on the bank, not the novelty, if his patronage is to continue indefinitely.

The service or novelty unrelated to actual banking should be considered as having an advertising or business-getting value only—and not as being an end or a service in itself.

But are we maintaining that

conservative point of view?

I once heard a workman say: "I'm going to open a savings account at the National City. They're giving away fountain pens with each new account, and I want one."

"Are you going to withdraw your account from the State Bank?" I asked.

"Of course not!" he answered. "I've dealt at the State for years—I've got almost \$400 there. I'm not going to draw that out. Mighty good bank, that State Bank. I'm just going to put \$5 in the National City long enough so that I can get that fountain pen."

There is the difference between being sold on a bank and being sold on an article.

The fountain pen, in this illustration, had accomplished all it was supposed to do. It had persuaded a prospect to enter the lobby and open an account.

It still remained for the National City Bank, after that man had opened the account, to sell him on the merits of the institution as a bank—to so pound home the old principles of safety, service, convenience, and the like, that this man would transfer his entire account from the State Bank to the National City.

But in this particular case the National City Bank failed utterly to grasp this point.

It considered its final purpose accomplished when the workman opened his \$5 account.

Its solicitors and its tellers did not sell their bank on the basis of its merits as a bank.

"We give you a fountain pen", they said, smugly—the inference being that that fact was sufficient reason to make their bank a better bank than the one across the street.

Instead of recognizing the giving of the fountain pens as merely a means to an end, this bank made the mistake of regarding the giving of the pens as an end in itself—a kind of "banking" service, if you please, which the public should recognize as placing that bank above the common or garden variety of banks.

Why is your bank a better bank than the one across the street?

Because it broadcasts radio concerts?

Because it gives picnics or has puzzle contests?

Because it gives away a novelty entirely unrelated to the banking business?

If so—if banks are to be judged by the extraneous things which they do for their customers or prospects—what will we be up against in 1933?

Why not supply free manicures for all male customers—

the manicurists recruited from among the most beautiful of ex-follies bathing girls?

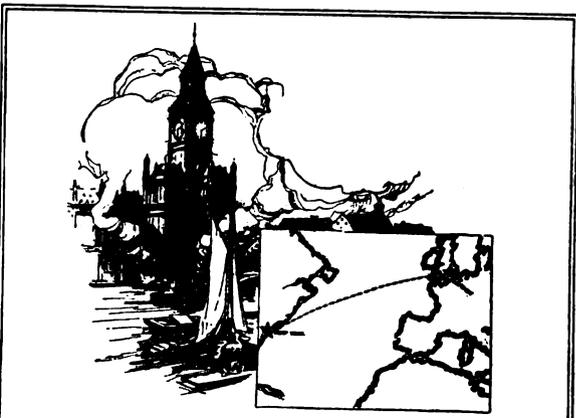
Why not maintain a free shoe-shining service for lady customers—or possibly a “hair bobbed free with every \$5 account” system?

Why not arrange to have a staff physician to make free diagnoses, or a staff dentist to estimate the cost of needed repairs to the molars?

Why not give away lard, toothbrushes, dice, shoe-polish, canned apricots, picture-wire or bottle openers?

Where, pray, is one to draw the line?

“No”, will say the tired housewife in 1933, “I took my account away from the First National. Their hair-dresser is so old-fashioned—and besides, I don’t like their silver-plated ice-picks. I went over to the Se-



### A matter of minutes to London

“WE must have £50,000 in London before the market closes, or suffer a loss,” a commercial depositor telephoned us.

It was then 9:30 A. M. in New York; 2:30 by “Big Ben” in London—and at three o’clock the London market would close.

By 9:39 the customer’s instructions had been written, the exchange figured and a statement prepared.

By 9:42 the order had been reduced from thirty-two words to a few code words.

By 9:50—just twenty minutes after the telephone call—the money was on deposit in a London bank.

To our customer, the time saved in completing this transaction meant a great deal; to our Cable Department it was but a part of the day’s work. The rapid and economical transferring of funds from New York to distant foreign points is a feature of The Equitable’s commercial banking service.

Firms and corporations whose increased business activities require better banking accommodations are invited to consult us.

## THE EQUITABLE TRUST COMPANY OF NEW YORK

UPTOWN OFFICE 37 WALL STREET COLONIAL OFFICE 772 Broadway  
Madison Ave. at 41st St.

#### FOREIGN OFFICES

LONDON: 1 King William St., E.C. 4  
PARIS: 39 Rue de la Paix  
MEXICO CITY: 48 Calle de Consuecos

#### DISTRICT REPRESENTATIVES

PHILADELPHIA: Lead Title Building  
BALTIMORE: Calvert and Baltimore Sts.  
CHICAGO: 39 South La Salle St.  
SAN FRANCISCO: 40 California St.

Total resources over \$300,000,000

© F. T. C. of N. Y., 1933

This advertisement has attracted a great deal of attention and called forth much favorable comment. Here we have “Old Man Specific” personalized. No beating around the bush but rather a straightforward and direct presentation in interesting narrative form, of a single banking transaction.

curity—their dancing teacher is so good looking, and I’m just in love with their hand-carved toothpicks and sanitary salad forks.”

Why not?

Someone, somewhere, must call a halt.

There are, of course, certain extraneous services which are definitely related to banking, and which tend to sell the bank as a bank. Income tax advice, merchandising advice, foreign trade information, and the like, although not strictly banking in

**D. E. FRENCH**

In one of the young men of this section who is well known as a successful lawyer, banker and business man, being senior member of the law firm of French, Easley and Staley. He was President of the First National Bank of Keytown, W. Va., one of the strong outstanding banks of McDowell Co., W. Va., until the first of this year, when he became President of

and this bank considers itself fortunate in introducing him to its future growth and funds, will satisfy its customers and those looking for a satisfactory banking connection will receive both consideration and service at his hands.

**THE BLUEFIELD NATIONAL BANK**  
Head and Branch Banks  
BLUEFIELD, W. VA.

The personal element in banking is always important—particularly so outside the larger cities, in communities where most men are apt to know their bankers rather well personally. The above advertisement, unusually well prepared and laid out, brings this personal element to the fore in an informal discussion of the bank’s new president and his qualifications for the office.

themselves, are closely allied to banking activities.

But as to these services and these articles that are as closely related to banking as a cream puff or a free manicure—therein lies the danger.

Unless banks can remember

to view these items purely as business-attracting devices, instead of viewing them as services in and of themselves, we may be faced with a most bizarre, most pitifully ridiculous state of affairs in the banking world of 1933.

### How Banks Are Advertising

AS EXHIBIT "A" of how comprehensively a bank may describe its services and facilities, without being tedious or boring about it, we cite the booklet "Guaranty Service", published by the Guaranty Trust Company, New York. This booklet covers thoroughly every phase of service offered by the Guaranty in readable and understandable fashion. In the back of the book is an exhaustive index, and an interesting chart of the organization, direction and control of the company.

THE HARVARD Trust Company, Cambridge, Mass., publishes a compact and well-worded little booklet on the facilities offered by its banking, trust, vault, savings, investment and foreign exchange department.

THE "BUZZER", a monthly

magazine of the First National Bank in St. Louis, published by and for the employees, continues to uphold its standing in the field of bank house-organs as an unusually interesting and well-edited publication.

**Bank It—Quickly**

"When I got it into the bank, I found I could hold on to it," said a successful man when asked how he learned to save money.

"But," he went on, "I should have learned it five years younger than I did. I finally found that if I put my money in the bank first, instead of carrying it in my pocket, I could save it. Once in the bank, it stayed there."

The Bank-It-First habit—everyone ought to have it. The sooner you start the better. It gives the way to success.

**SOUTH TEXAS COMMERCIAL**

*"Houston's Bank of Service"*

Very good narrative copy in the first person. Agreeably concise.

THE NORTH Branch Title and Trust Company, Sunbury, Pa., publishes a booklet "Banking by Mail" which treats of this form of banking service in a very adequate and easily understood fashion.

THE CARBONDALE Miners and Mechanics Bank of Carbon-dale, Pennsylvania, is using with success a Transforma Sidewalk Projector for publicity purposes. This is a type of lantern slide projector which projects from a bank window or any other advantageous place advertisements in natural colors against a dark sidewalk or wherever the rays of surrounding light are suf-

### THE MIND OF A CHILD.

The mind of a child is wonderfully plastic but early precept and practice ultimately harden to unshakable Character. Teach your child thrift and you inculcate Character Start an account with Five pesos and we will provide a Home "Bank." The "Banks" make saving easy.

### THE ANGLo-SOUTH AMERICAN BANK LTD.

RECORQUETA 78 Agency: FLORIDA 799

A sample of savings copy from South America. Published by a Buenos Aires bank.

ficiently subdued to permit projection. It throws advertisements varying in size from one to six feet at a distance from six to thirty feet. Information about this instrument can be obtained from the Perfection Slide and Pictures Corporation, 79 Fifth avenue, New York.

F. W. ELLSWORTH

THE GOOD news reached THE BANKERS MAGAZINE too late for publication in the last issue, that the genial Fred Ellsworth of the Hibernia Bank and Trust Company, New Orleans, has fully recovered from his recent operation for appendicitis.

**It Is Too Hot—**

to write advertisements, but—  
we want you to know this.

x x x

We have ample vault space and the facilities for handling your valuables to bulk while you are away for the Summer.

x x x

The charge for storage space is moderate.

**Virginia Trust Company**  
THE SAFE EXECUTOR  
Richmond, Va.

P. O. Safe Deposit Boxes for Rent. Letters of Credit and Treasury Checks Issued.

This advertisement has three good qualities. It is human, it is brief, and it is timely.

**Home Owners  
Encouraged**

Many a man and woman in Spokane has been able to build or buy just the home desired because the Spokane and Eastern Trust Company has assisted the saver in accumulating money which, added to that loaned by the bank, has made the purchase possible on the most favorable terms.

The Spokane and Eastern can and is willing to aid you. It has money to lend on residential property on easy terms.

**Spokane and Eastern  
Trust Company**

MEMBER FEDERAL RESERVE SYSTEM

This frame, though attractive, seems entirely too heavy for the copy that it carries. The copy does not stand out. Note the signature cut. It is a good one.

# Bank Advertising Exchange

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Watch for New Names and Other Changes.

- Albany, N. Y., City Svgs. Bank, F. H. Williams, treas.
- Aubury Park, N. J., Aubury 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. Papa, 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, C. R. F. Wichengen, mgr. new bus. dept.
- 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., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.
- Chattanooga, Tenn., American Tr. & Bkg. Co., E. L. Smith, asst. cash.
- Chattanooga, Tenn., Chatanooga Svgs. Bank, J. V. Holdam, asst. tr. off.
- Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
- 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. Jari, 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.
- Coriscana, 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.
- Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.
- Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
- Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
- 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. Malory, adv. mgr.
- Evansville, Ind., Nat'l City Bank, Josephine C. MacCorkie, 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. Ahlia, 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.
- Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr., pub. and new bus. mgr.
- 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 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'Hochelaga, 113 St. James St., Léon Lorrain, dir. pub.
- Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
- New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, secy. to pres.
- New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. B. Wisdom, adv. mgr.

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- Boston, Mass., Nat'l Shawmut Bank, A. L. Winslip, V. P.
- Boston, Mass., Old Colony Tr. Co., E. H. Kittredge, pub. mgr.
- Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to pres.
- Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
- Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
- Brooklyn, N. Y., Williamsburgh Svgs. Bank, 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.
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- Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. B. Auracher, adv. mgr.
- Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman, V. P.
- Charleston, W. Va., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.
- Chattanooga, Tenn., American Tr. & Bkg. Co., E. L. Smith, asst. cash.
- Chattanooga, Tenn., Chatanooga Svgs. Bank, J. V. Holdam, asst. tr. off.
- Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
- 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. Isant, 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.
- Cinton, 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.
- Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.
- Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
- Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
- 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., 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.
- Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr., pub. and new bus. mgr.
- 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 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. 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.
- Monterrey, N. L., Mex., A. Zambrano, Jr., care of A. Zambrano & Sons, Apartado No. 6.
- Montreal, Que., Banque d'Hochelega, 112 St. James St., Léon Lorrain, dir. pub.
- Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
- New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, secy. to pres.
- New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. B. Wisdom, adv. mgr.

- New Orleans, La., Whitney-Central Nat'l Bank, M. L. Bouden, pub. 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., Battery Park Nat'l Bank, E. E. Gafford, asst. V. P.
- N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.
- N. Y. C., Coal & Iron Nat'l Bank, H. G. Stenerson, asst. to pres.
- N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
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- N. Y. C., Gotham Nat'l Bank, B. W. Griffin, pub. mgr.
- N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd St., E. S. Van Leer, asst. cash.
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- 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. 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., Pa. Tr. Co., pub. mgr.
- Pittsburgh, Pa., W. H. Slivter, 123 Dithridge St.
- Prague, Czechoslovakia, Bohemian Industrial Bank, head office.
- Quincy, Mass., Granite Trust Co., D. King, V. P.
- 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 Antonio, Tex., City Nat'l Bank, H. M. Hart, V. P.
- San Francisco, Cal., 1002 Monadnock Bldg., L. G. Peede.
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- San Francisco, Cal., Union Tr. Co., M. Newport, asst. cash.
- Santa Rosa, Cal., The 1st Nat'l Bk. of Santa Rosa, J. G. Morrow, V. P. & cash.
- Schenectady, N. Y., Schenectady Svgs. Bk., Miss A. R. Waldron, director serv. dept.
- 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. Stever, 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. F. Judd, pub. mgr.
- St. Louis, Mo., Nat'l Bank of Commerce, W. E. Weisenburger, asst. to pres.
- Stockholm, Sweden, Svenska Handelsbanken, P. G. Norberg, pub. mgr.
- Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
- Sydney, Australia, Gov't Svgs. Bank of N. S. W. and Rural Bank, A. W. Turner, secy.
- Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Blze, 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.
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- Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
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- Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
- Wausau, Wis., Marathon Co. Bank, H. C. Berger, cash.
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- 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.
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# What Foreign Trade Means to America

By Allan B. Cook

Assistant secretary Asia Banking Corporation

**T**HE average American shows little if any interest in the markets in which our products are sold, and apparently feels that it is of no consequence to him whether the buyers live in Bogota, New Jersey and Rome, New York or in Bogota, Colombia and Rome, Italy. He is mistaken, however, in such belief, for foreign demand for American merchandise, or the lack of it, has a far-reaching effect upon his daily life, liberty, and pursuit of happiness. It is, therefore, of considerable value to him to have some knowledge of the benefit which he receives automatically from the flow of goods both to and from the United States.

Obviously a wage of \$10 a day in itself means little if the man receiving it is employed but half the year. In fact, it is preferable from his viewpoint to have steady work during the full twelve months even at a lower rate, not only because the yearly income is greater or at least usually equal to that derived from part time employment, but also for the retention of or improvement in his skill at his individual task.

The customary objection often raised by employer and employee alike when the desirability of steady annual production is mentioned, is that in most, if not all, industries seasonal demand creates feverish activity in our mills and factories during certain months, while the lack of that demand during other months forces the curtailment of plant operations with a corresponding reduction in the number of men at the lathe and bench. In the automobile industry, for example, there is a restricted domestic market during the last quarter of the year and the first month or two following, so that those factories which sell their output only in the United States either close entirely or run along with a skeleton force of hands for from sixty to ninety days.

Those manufacturers who regard the world as one great market find, however, that the dull period is largely reduced, and feel that it may be eliminated eventually in the future as foreign customers increase in number, for those lands south of the equator enjoy



ALLAN B. COOK

Assistant secretary Asia Banking Corporation

spring and summer while we are having fall and winter weather, which means that the purchasers of motor cars in the Argentine and Australia eagerly await the arrival of shipments of automobiles at almost the same moment when our domestic sales slacken. The result of this reversal of seasons in the northern and southern hemispheres is expressed ordinarily in a stream of foreign orders in sufficient volume to fill to



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a very considerable degree that otherwise unavoidable gap in the production program, and the factory is consequently able to keep many more men on the payroll.

"All very well", says someone, "but I work for a steel mill and my brothers for piano and typewriter companies, so this doesn't help us". His snap judgment is wrong, for when the automobile companies are busy the steel mills are called upon to make certain varieties of their wares, inasmuch as steel forms essential parts of every car. Furthermore, if the people in both the automobile and steel industries are earning their salaries and wages during what would usually be a dull season, they can and do purchase more pianos, clothing, etc. than formerly at such times, which means that other manufacturers are also active. Thus typewriters too are in demand, and so it goes around the complete circle.

What foreign trade can and does accomplish in the case of the automobile industry holds good for practically all of our other industries, so that the much desired goal, one long season, should ultimately be achieved through its application generally. That the picture drawn is no idle dream or vision, even though its completion may take many years, is demonstrable at the present time by the growing interest in foreign trade among our business leaders, who know what their European competitors have gained from it.

#### AVOIDING BUSINESS DEPRESSION

"Even granting all that has been said", cries a conscientious objector, "it is a well known fact that American business suffers periods of depression every few years". The answer is, of course, that indigestion is an equally well known ailment but that one is not forced to suffer from it if the proper remedy is applied.

The commercial and economic history of the past century reveals that normally the entire world is seldom subject to adverse conditions simultaneously;

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while bad crops may seriously curtail the purchasing power of the American farmer and thus affect our national prosperity unfavorably, it does not necessarily follow that the farmer in Europe, South Africa, or elsewhere is equally unfortunate. In fact our misfortune may, and often does, redound to the benefit of other nations by adding to their wealth, which is but another way of saying that their ability to buy goods has been increased as compared with their former purchasing power.

The farsighted manufacturer knows this to be the case and for that reason cultivates his foreign markets with the same care given to his domestic business. During good times at home, he sells more merchandise than his less observant competitor, and, what is even more important, he has an extra anchor set when the business clouds gather.

John Bright learns some morning

that his domestic orders equal only 30 per cent. of his normal output, but he knows that with the addition of the 10, 15 or 20 per cent. which is shipped overseas he can keep his factory running at a small profit or at the minimum loss, as the case may be. James Dull, however, hears that same morning that his sales department cannot market but 30 per cent. of his production at home. Having no export sales, he is placed in the undesirable position of either continuing operations at a heavy loss or closing his factory temporarily. Assuming that he decides that the latter plan is the lesser evil and that he banks his fires and discharges his hands, the ill effect is not limited to him and his partners alone, nor is it confined to them and to the idle laborers who formerly were in their employ, for just as business activity in any one industry stimulates activity in others so does unemployment often make itself felt by retarding progress not only in allied but in widely divergent lines, even to the point of causing general slackness. In this instance the circle is a vicious one.

While it is true that the abnormal conditions following the world war created universal business depression, it should be borne in mind that these were the result of an extraordinary upheaval. The past four years have shown decided improvement in the economic status of a large part of the world, and the signs are generally favorable for a gradual return to stability in international business. It is quite probable also that the standard by which we classified business as normal or otherwise prior to 1914 will not fit our needs in the years to come, but relatively the underlying economic principles still hold good, and thus the world markets continue to offer our capital and labor insurance against domestic dull times.

#### LOWERING LIVING COSTS

All of us know from personal experience that the weekly incomes of today buy but little more proportionately of the necessities and comforts of life than

the smaller salaries received a few years ago. We are vitally concerned, therefore, in any plan which has for its end the reduction in prices of the goods which we need or desire.

The basic principle of modern business is mass production with its essential corollary, volume sales, for it is useless for manufacturers to invest their capital in huge quantities of merchandise unless they can promptly sell their wares at a satisfactory profit, as their experiences in 1920 and 1921 proved beyond question. The cost of producing goods on a large scale is relatively less for each hammer or automobile, for example, than when only a few units of merchandise are made, due to the fact that the factory is forced to pay less for the raw materials when purchasing same in bulk than it must pay when buying in moderate quantities only, and also that the manufacturing and selling expenses as expressed in salaries, wages, etc. do not increase in direct proportion to the increase in the number of individual hammers and automobiles which the plant makes.

As an illustration, assume that 1000 hammers represent an investment by one factory of \$1000, while 10,000 cost another plant but \$7500, and it is readily apparent that with hammers selling at \$1 each one concern merely breaks even while the other makes a profit of \$2500. When fixing his selling prices, a manufacturer adds to his production and sales costs that percentage of profit which he feels should be his, but he must always bear in mind that prospective purchasers usually buy that hammer, automobile, or whatever it may be which is cheapest, provided the quality and style of the competitive merchandise are equal.

The carpenter naturally likes to see good hammers selling at \$1 rather than at some higher figure; the white collar man wants his phonograph or radio outfit prices reasonable; or, in other words, every American is interested in having our mills and factories operate at full speed. The productive capacity of many

plants is greater, however, than the domestic demand for the article which they make, which means that they must either run at less than full capacity or market the otherwise unsalable surplus overseas. Many steel, oil, typewriter, hardware, automobile, and other companies have been and are doing this very thing to their own profit as well as to the benefit of the users of their goods.

Another important factor which has to be considered in its relation to living costs is our import trade. Ordinarily most of us think of exports whenever foreign trade is mentioned, and take for granted those daily comforts which come to us from abroad. That morning cup of coffee in all likelihood originated in Brazil or Colombia, while the sugar on our tables comes largely from Cuba. The cigars we smoke often contain tobacco grown in Cuba, Porto Rico, and the Philippines, while the woolen and silk goods with which we clothe ourselves are either imported in the finished piece or the raw materials for same are shipped to us from overseas for manufacture in our own mills.

It has been shown that competition in the last analysis is the controlling lever which determines the prices at which domestic made goods are sold in this country. It is immaterial whether such competition is between two American hammers, or between American hammers and those produced in British and German factories. If foreign merchandise is permitted to flow freely into our ports without Government restriction in the form of tariff, obviously our domestic plants and mills must sell their wares at lower prices than those which they get under the protection of high import duties. For example, if a foreign article can be landed in New York free of duty at a cost of \$1 and is sold for \$1.25, manufacturers in New England or elsewhere cannot secure more for the same class of goods, but if a tariff of 40 cents is imposed, the foreign unit costs the importer just that much more and forces his sales level up to more than \$1.50, which permits the American producer to charge at least

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25 cents higher than would otherwise be the case. The American public pays the shot not only in the case of this article but for others as well, for if any class of goods is dear others rise also, inasmuch as each man passes increased costs to the consumer. Lowering our living costs depends therefore upon the maintenance of capacity production sustained by export sales and an almost unhampered importation of foreign products.

#### EMPLOYMENT AND THE TARIFF

Many persons sincerely believe that tariff barriers which prevent the entry of foreign goods into the American market are a boon to labor in that it is employed by domestic manufacturers who would otherwise be unable to continue or to commence operations. Apparently such people feel that unless these mills and factories are active, the hands must

remain idle, which conclusion is not necessarily the case.

No nation can successfully appear in the world markets over any considerable period of time as an exporter unless it is willing to buy proportionately from other countries. International debts can only be settled in gold or its equivalent, which is to say foreign exchange, in the form of written or telegraphic orders from some responsible bank, firm or individual to pay a given amount of foreign currency to the creditor at some place abroad at which the money can be exchanged for gold or readily transferred by check or cable to another place where gold may be had freely if the owner of the funds should so desire.

When we import goods we must pay the sellers for their merchandise either by sending them funds or by paying drafts which they draw upon us. Similarly when we sell goods abroad we require that the buyers either remit the amounts due us or that they authorize us to draw drafts upon them or their banks for payment in due course. Foreign exchange, like anything else, is bought and sold in every land in an open market comparable to the markets for stocks, cotton, grain, metals, etc., so that a buying movement in France for drafts payable at New York banks in dollars tends to force the price for dollars up in France. Furthermore if American exporters endeavor to sell large quantities of drafts drawn in francs on French banks and importers in the New York foreign exchange market, the tendency is for francs to become lower in value here.

As American money rises in price in France French money falls in the United States, and ultimately it becomes necessary for French bankers to ship gold to us in order to create the dollars needed by French importers to pay their debts to American firms; or for those importers to pay drafts for a larger number of francs drawn by exporters here. For example, if the franc on a given day is worth 20 cents, the

American shipper sending \$1000 worth of goods to Paris would draw his draft for but francs 5000, and at that particular period a draft on New York for \$1000 could be bought in Paris for francs 5000. A year later if francs had fallen in value to 10 cents, the importer would be forced to pay a draft drawn on him for francs 10,000 or if buying New York funds in the sum of \$1000 would have to pay the Paris bank francs 10,000. The principle explained by this illustration is that unless the demand for and supply of dollars in Paris practically balance, or the supply and demand for francs in New York are approximately equal, the prices or rates of exchange attain a premium abroad and a corresponding discount here. Carried far enough, as would be the case if we were exporters only, eventually the point is reached at which the foreign customer can no longer afford to buy from us and hence turns his business to other lands. An American low priced automobile, which cost the Frenchman but francs 5000 in pre-war days when francs would buy 20 cents of our money, selling at the same list price of \$1000 today costs him more than francs 12,000 exclusive of duties. It is clearly seen why few motor cars are sent from the United States to France.

In effect a high protective tariff such as that which now prevails in this country is notice to the other nations of the world that we intend to restrict the import of their products, although we still wish them to buy ours in quantity. Disregarding the large debts owed us and also the danger of retaliation in the form of prohibitive duties which might eliminate our goods from their markets, it must not be forgotten that we have taken away their greatest means of payment, for their shipments to us create largely the necessary supply of dollars with which they must pay us. For many years we had a heavy surplus of exports over imports, but recently the balance has swung against us and is likely to remain so for some time to

come unless we moderate our attitude toward high duty schedules.

As our foreign orders dwindle, so must our factories in many cases slacken their activity, inasmuch as they rely upon their export sales to run at or near full capacity, and with this lessened production labor is likely to find less favorable employment conditions prevailing. The ideal tariff program for American labor is one which recognizes the international aspects of the situation, while creating moderate and reasonable revenue for the Government and giving any proper protection to deserving infant industries and to those industries which in time of war are needed for our national defense. If some foreign country is capable of making goods which do not fall in the categories mentioned, to better advantage than we can, those products should be permitted to come to us with little or no restriction, for our purchases create buying power abroad for other articles which we can and do make better and cheaper than our sister nations. A gradual transference of industrial activity from those lines in which we are illy equipped to compete with foreign factories and mills to such lines of industry in which we can compete, will give all hands employment without it being necessary to harm labor generally to help the few.

#### CREATING NEW CAPITAL

The steadier employment and lower living costs which foreign trade obtains for the public make it possible for the individual to save more of his salary or wages each year than would otherwise be the case. This surplus is largely deposited with local banks throughout the country or is invested in bonds, stocks, mortgages, etc.

Old and new commercial ventures need this capital for the erection of mills and factories or for the expansion of their activities along other lines, and with the building of each new plant or the increase of activity in others come greater demands for labor by employ-



Office, Association of Commerce

### New Orleans

#### IX

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ers, all of which spells gradually advancing wages and salaries for the American.

No statistics have been compiled to show what percentage of such deposits are due to foreign trade, and at best any attempt to estimate such a figure would be nothing but the individual's personal opinion. It is clearly seen, however, that foreign trade is partly responsible for the creation of this type of free capital annually, and that the expansion of industrial enterprises caused indirectly by it spells opportunity for all of us.

The final question is whether or not each of us can in any way assist in the development of our foreign trade and thus hasten the reduction in living costs; the securing of one long season embracing the entire year; the avoidance of business depression; and the creation of new capital year by year. An intelli-

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gent study of the inherent problems involved in international trade and finance, and a wide dissemination of the sound conclusions resulting from such intelligent inquiry into these subjects, cannot fail to influence the production and sales policies of American concerns, and this greater knowledge of the international aspect of certain Congressional legislation is bound to be felt in the passage of such laws as should be productive of benefit to the nation as a whole.



## Great Britain

At a recent dinner given in London by the Lord Mayor and including among other prominent guests Stanley Baldwin, Premier, Sir Montagu Norman, Governor of the Bank of England, and Andrew W. Mellon, Secretary of the United States Treasury, Mr. Baldwin in a speech touched upon the

British-American debt negotiations and the rapidity with which a satisfactory agreement was reached between Mr. Norman and himself on the one hand, and Mr. Mellon on the other in the following words:

“In private life my experience always has been that whenever you lend money you make an enemy. That is not necessarily true internationally as it is inevitably true in private life. In private, in addition to making an enemy you never get repaid. But I know my friend Mr. Mellon would agree with the Governor of the Bank and with me that no business arrangement could have been carried out more fairly, more honorably and more pleasantly in its details than the settlement of our debt to America which was negotiated in Washington last January.

“I am sure no one in this room will misunderstand me for a moment when I say that I believe that a great deal of the credit, if credit there was, that was

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due to the negotiations for the rapidity with which that great question was solved arose from the fact that neither the Governor of the Bank of England, nor I, nor Mr. Mellon, had ever at any stage of our lives been members of the legal profession, and that we were all three of us individually and collectively far more business men even than we were politicians or statesmen.

"I have often felt that had it been possible to leave the settlement of Europe in the hands of business men we might have arrived at some settlement long before this time."

Turning his attention later on in his speech to Great Britain's financial position, Mr. Baldwin said:

"We have in three years out of our income reduced our debt by £400,000,000 (\$1,840,000,000) and we have nearly halved the floating debt from £1,500,000,000 (\$6,900,000,000) to £800,000,000 (\$3,680,000,000).

"We have paid off all our foreign debts except the American debt. We have paid £20,000,000 (\$92,000,000), £25,000,000 (\$115,000,000) and as much again in loans to Canada.

"The external debt is perhaps the most dangerous debt of all. We have balanced our budget and we have established in this year's budget a statutory sinking fund."

## NEW CAPITAL DEMANDS LOWER

The amount of new capital raised on the London market during the first six months of 1923 is considerably less than the amount issued in the corresponding period of last year. Figures, however, include British Government borrowings (with the exception of treasury bills and ways and means advances), and if these be eliminated the discrepancy is very much smaller. The total issued in the second quarter of the year was substantially larger than in the first three months, and without British Government issues the increase is over 75 per cent. This increase, however, is due almost entirely to Colonial and foreign government borrowings, and not to any appreciable expansion in money raised for industrial and other purposes.

The amounts for the first two quarters of this year are above the averages for the years immediately preceding the outbreak of the war, but in those days the British Government's activities as a borrower in the open market were practically negligible. Moreover, the decline in purchasing power vitiates a direct comparison, and if allowance be made for this and for the British Government's presence in the new capital, it will be seen that the amounts raised this year compare unfavorably with those of the last prewar years.

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## France

The statement of the Bank of France for July 5 showed an increase of nearly 1,000,000,000 francs in note circulation over May 31, and advances to the state by the Bank of France an increase of 900,000,000 francs in the same period, according to the Department of Commerce at Washington. On July 5 the total notes outstanding amounted to 37,682,000,000 francs and the bank's advances to the state to 23,900,000,000 francs. The major portion of the increase in each case occurred between June 28 and July 5.

Issues of securities during May exceeded those of April. Issues omitted by new companies amounted to 19,000,000 francs, compared with 26,000,000 francs in April, while increased capital of established companies amounted to 200,000,000 francs, compared with 188,000,000 francs. Bond issues in May totaled 587,000,000 francs, including the the Algerian loan in the amount of 362,000,000 francs, while bond issues in April totaled only 189,000,000 francs. The average rate of security issues was 6.4 per cent. against 6.3 per cent. in April.

The official French report on the occupied areas, covering the period to the end of June, states that customs re-

ceipts amounted to 1,500,000 francs, and export licenses yielded 1,200,000 francs. The estimated expenses for railroad operations in the first quarter of the year were 128,000,000 francs, while the actual expenses for the period amounted to only 47,000,000 francs.

### TEXTILE RECOVERY IN NORTHERN FRANCE

Reconstruction in the textile industries in the Northern District of France has advanced to such an extent that in some instances pre-war production has been exceeded, says a report to the Department of Commerce. The extensive replacement of machinery destroyed during the war has resulted in modern installations of the newest and most improved types, and although the cost has been heavy the results represent a considerably enhanced production.

A wool spinning mill at Tourcoing, which had been completely dismantled during the war, possesses, with the exception of half a dozen mule spindles which have been in use about forty years, a complete new installation of the latest type machinery, predominantly of Alsatian manufacture. It is probable that if the machinery had not been destroyed, this plant would be functioning with a much inferior installation today.

Nowhere in France is the spinning industry more active than in the Department of the Nord.

Of the 640,000 spindles accredited to all mills in France spinning flax and hemp before the war, nine-tenths belonged to the Lille district, which thus produced practically the entire national output, amounting in 1918 to 72,000 metric tons of linen thread, 85,000 tons of hemp, and 200 tons of remie yarns. Of these quantities 11,000 tons were exported. About four-fifths of the flax spinning mills have now been restored, and the number of spindles put back into operation is approximately 50 per cent of the pre-war spindlage.

Several hundred cotton mills now exist at Lille, Roubaix-Tourcoing, Croix, Wasquehal, Hellemess, Lamberst, La Madeleine, Lomme, Armentieres, Dunkerque, Hazebrouck, Watrellos, and in Pas-de-Calais, at Auchy-lex-Hesdin. The Lille group includes twenty-five establishments, employing about 13,000 workers and counting over 2,000,000 spindles. These spinning-mills, specializing in the finer numbers, use mostly the Jumel variety of Egyptian cotton. These yarns are particularly in demand for the manufacture of muslins, tules, and laces.

## Italy

Improved conditions in Italy are reported to the Department of Commerce at Washington in a cable from Rome. Government revenues for the fiscal year 1922-23 totaled 12,781,000,000 lire, an increase of 1,795,000,000 lire compared with budget estimates, though somewhat less than revenues for the previous fiscal year.

Bank clearings in May reached 59,265,009,000, compared with 52,898,000,000 lire in April and 54,637,000,000 lire in March. Investments of capital in private enterprises were much greater in June than in May, the net increase of industrial investment in June being 498,000,000 lire, compared with net decline of



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CAPITAL :	(\$5 = £1.)
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PAID UP	\$71,864,780

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RESERVE FUND	\$50,000,000
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DEPOSITS, &c.	\$1,659,767,335
ADVANCES, &c.	\$616,943,395

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371,000,000 lire in May. The unusual amount of withdrawals in May was due to a reduction in the capital of the Ansaldo and Allied companies and to large withdrawals from other firms. The general tendency toward increases in investment has reappeared in June.

The Turin publication "Le Procedure Commerciali" reports 434 commercial failures in Italy in June, the same number as reported in May.

Unemployment showed a further slight decline on May 1, standing at 270,000 compared with 280,000 on April 1. On May 1, 1922, the total number of unemployed in Italy was 432,000, while 250,000 were reported as unemployed on May 1, 1921.

Railway freight traffic increased 13.4 per cent. during April. It is reported that the traffic of the port of Genoa in June 1923, was 77 per cent. higher than in June 1922, owing to heavy arrivals of coal and grain. The wheat crop of Italy is officially estimated as considerably above average this year.

Imports in May were valued at 1,586,000,000 lire, an increase of 342,000,000 lire over May 1922, while exports amounted to 782,000,000 lire, an increase of 189,000,000 over May 1922.

## Germany

Despite unstable financial and economic conditions, the general aspect of German business during June was good, says a cable to the Department of Com-

merce at Washington, although less activity was experienced than during the previous month. Unemployment decreased somewhat on account of slightly improved industrial activity resulting from the new depreciation of the mark by nearly 200 per cent. In the Ruhr district, however, the business depression was worse than ever, production in nearly all industries having largely ceased except for small local needs.

Inflation continued unchecked during June, the note circulation, which on June 20 amounted to seventeen trillion marks, having increased 88 per cent. since the beginning of the month.

The floating debt of the government on June 20 was 17,000,000,000,000 marks, an increase of nearly 40 per cent. over the beginning of the month. Of this amount, 14,800,000,000,000 marks consist of discounted treasury bills, of which 12,900,000,000,000 marks are held by the Reichsbank. The government's latest attempt at control of speculation in foreign exchange has not proved effective. There has been a constant demand for the use of a fixed standard of value in certain business transactions, and a fixed value wage is being demanded by labor. The growing lack of any confidence in the mark is evidenced by the increasing desire on the part of the public to invest in fixed value securities, as shown by the success of the rye and other commodity loans.

The eagerness of the public to invest

in fixed value securities is shown by the immediate hundred-fold subscription of the Berlin municipality to the new rye loan on the first day of sale, although the same city's paper mark loan offered at the same time has been almost ignored by the public.

Agitation was constant throughout the month for the abolition of the paper mark as the standard of value in various business transactions, the movement naturally having been fathered by the creditor class, which has the most to lose through the mark slump. The greatest interest centers in the discussion of the proposed "wertbestaendig", that is, a fixed value wage, which is now vigorously urged by the labor unions and opposed with equal stubbornness by the employers.

## Belgium

Belgian staple industries, particularly metallurgical products, have been benefited during the past month by active foreign buying, stimulated by the depreciation of the franc, says a cable to the Department of Commerce at Washington. Producers, however, hesitate to accept commitments beyond a limited period, usually not exceeding three months, because of the uncertain costs of production. Toward the end of June metal prices rose rapidly, but at present the majority of plants are refusing to quote, as they are booked until October. Textile markets are generally firm. The situation in the window glass industry is better. Exchange fluctuation, while promoting investments in dollars and sterling, exercised a depressing effect on commodity sales.

Fuel deliveries to Belgium from the Ruhr have increased considerably. The coal situation is normal with a strong demand for domestic grades.

The agricultural outlook was improved by the sudden arrival of warm weather, but as the grain crops had been previously greatly retarded, full development is not entirely assured. The estimated sugar beet yield exceeds

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that of the past year, but the forage beet sowings are less than those of 1922 and the potato crop will probably be one-fourth below that of last year. In spite of the slightly increased acreage, the wheat and rye crops are likely to be inferior to those of last year. It is reported that Belgian banks have been advising clients to defer foreign grain purchases in the hope of a more favorable exchange.

## The Netherlands

Dutch industry during June was quiet, and was somewhat affected by the situation in the Ruhr, according to a cable to the Department of Commerce at Washington from its office in the Hague.

French and Belgian competition was keenly felt in many lines during June owing to the exchange advantages of

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these countries. German activity, however, has fallen off considerably as a result of the industrial slump which followed the temporary stabilization of the mark during March and April. Imports into Holland during June amounted to 160,000,000 guilders, while exports were 98,000,000 guilders.

Industry remained somewhat dull during the month and, as shown by statistics of sea and inland shipping, reflected the unfavorable influence of the Ruhr situation. While the heavy overseas demand kept the margarine and condensed milk industries active, most other lines were dull. The leather, shipping, shipbuilding, tobacco, and paper industries were quiet, and the textile industry further restricted its activities. Coal production, however, reached a record figure during the first five months of the year, the output amounting to 2,847,000 metric tons.

The stock market was generally dull and prices were lower. The index

figure for twenty-five stocks, prepared by local banks, showed a drop of from 151 on June 1 to 148 on June 29.

Capital issues during June were the largest for the year, reaching 94,000,000 guilders, making a total of 206,000,000 guilders for the half year.

The total number of registered unemployed remained stationary. Strikes and lockouts during the first five months of this year was 139, involving approximately 22,000 workers, as compared with 146 in the corresponding period of last year, affecting 20,500 workers. The index figure for retail prices at the end of June was 147.

## Switzerland

The offering on August 1, last, of a \$20,000,000 issue of Government of Switzerland three-year 5 per cent. external gold notes to American investors by a group of bankers headed by J. P. Morgan & Co., brought so prompt and



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widespread a response that the subscription books were closed within two hours of their opening. The notes will yield the investor 6 per cent. Associated with Morgan & Co. in the offering were the National City Company, the Chase National Bank, Harris, Forbes & Co., and the Bankers Trust Company, all of New York. The Swiss Federal Financial Department has authorized the following statement regarding this issue and the country's present financial position:

These notes are to be direct external obligations of the Swiss Confederation (Government of Switzerland).

The total debt of the Government of Switzerland at June 30, 1923, was approximately \$873,000,000, of which about \$463,000,000 represents indebtedness incurred in connection with the purchase and improvement of the Federal railways. For many years preceding the war, the operation of the Federal railways had always resulted in a surplus over interest charges; it is expected that the railway accounts for the current year will show a surplus, if the

favorable monthly results so far reported are continued.

The Federal railways, which have a total length of about 1880 miles, or more than one-half of the total railway mileage in Switzerland, are gradually being electrified. As of June 30, 1923, about 268 miles were under electric operation. Switzerland has large resources of water power, estimated at 2,700,000 horse power, the increased utilization of which should result in substantial reduction of the quantity of coal which now has to be imported.

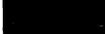
The general debt of the Government of Switzerland (exclusive of the railway debt) amounted to about \$410,000,000 on June 30, 1923. Of the two loans previously issued in the United States, aggregating \$55,000,000, and constituting (with the present issue of notes) the entire external debt of the Swiss Government, about \$15,000,000 has been retired by the government. As a partial offset to its general debt, the government owns the telephone and telegraph systems and has other property, securities and special funds, all aggregating approximately \$170,000,000 in value.

During 1922 and the first half of 1923, the Government of Switzerland issued internal loans aggregating 750,000,000 francs for purposes of consolidating floating debt

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and providing funds for railway electrification. These loans have been sold at prices to yield from 5.5 to 4.8 per cent. The latest issue, made in April 1923, was placed on a basis of approximately 4.5. Swiss Government obligations have for many years been included among those enjoying the highest credit ranking.

The currency system of Switzerland is in a strong position. The amount of outstanding bank notes of the National Bank of Switzerland, which has the sole power of note issue, has been reduced during the past two and a half years, and on June 30, 1923 the bank held a metallic reserve in gold and silver equivalent to about 70 per cent. of its note circulation. As a result of its sound monetary condition, Switzerland has been able to maintain a favorable exchange rate as compared with other European currencies.

All figures stated in dollars in the above statement have been converted from Swiss francs at par of exchange.

## Scandinavia

Unemployment in Sweden decreased in June from 32,500 to 24,100, or 32 per cent., according to a cable to the Department of Commerce, despite the

fact that the strike in the iron industry is still unsettled.

The country's financial position remains strong. The Riksbank note circulation was practically unchanged at 526,986,000 crowns on July 14. National debt and gold reserve were stationary. Riksbank clearings for June were slightly greater, 1,862,000,000 crowns, as compared with 1,772,000,000 crowns in May.

Capital issues during June were 86,200,000 crowns, a sharp increase over May figures of 8,590,000 crowns. Bank foreign credits increased slightly, but deposits and loans decreased. Commercial failures in June were 306, a slight increase.

## INDUSTRY IN DENMARK

Continued decreasing unemployment and fair industrial activity in Denmark are reported in a cable to the Department of Commerce, though exchange fluctuations, rapidly advancing prices, and midsummer vacations have had



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some adverse effect on commerce as a whole.

Unemployment dropped to 21,000, or one half of last year's figure and one-third of that of two years ago. The labor market was entirely quiet. The industries were all moderately quiet, but high prices of raw materials and fuel continued to hamper business. The textile industry was working full capacity. Shipbuilding was fairly active, and the footwear industry was moderately busy but was threatened by renewed German competition owing to the discontinued emergency tariff. Building was active.

Shipping was well occupied but the freight market was dull and rates were low. The merchant marine was decreased by 86,000 tons during the first half of 1928, and is now 977,000 gross tons. Twenty-four ships of 50,000 tons, of which seven are Diesel ships of 26,000 tons, are under construction.

## Spain

Many banking institutions throughout Spain were recently reported to be experiencing difficulties with their employees, who demanded that the banks be run in accordance with the rules of the Employees' Union.

The trouble began when the president and the secretary of the union were assassinated in Valencia, and the employees of the Banco Espanol Credito in Madrid immediately declared a strike. Following this the employees of various institutions either quit their jobs or forced the banks to recognize their union.

In some banks the employees refused to handle checks and other paper coming from the Banco Espanol Credito, where non-unionist workers under police protection took up the duties of the strikers. The Marquis Cortina, president of the Banco Espanol Credito, received numerous threats of death and

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the chief of police in consequence provided him with a special guard.

At Seville the employees of the banks and on the Bourse, and bank employees at Cadiz, Huelva and Badajos formed unions. Twenty-eight banks throughout the country decided to permit their employees to organize, but others declined to do so.

## Austria

The first stage of the Austrian reconstruction has been virtually completed according to the program, says a cable to the Department of Commerce at Washington. The Austrian share of the reconstruction loan has been substantially all subscribed to by the public. The National Bank's sound money reserve continues to increase and covers, at the legal rate of conversion, 46 per cent. of the note circulation. Foreign exchange is steady while the cost of living and wages increase slowly and unemployment continues to decrease. Interest rates are lower. The industrial and commercial crisis has apparently passed and industries are generally somewhat improving. An important commercial treaty with France was signed during the month.

According to the reconstruction plan the deficit should average 190 billion paper crowns per month during the second half of the year. July estimates for expenditures are 669 billion crowns, while receipts are 898 billion crowns, leaving a deficit of 276 billion crowns.

The National Bank's statement on June 28, as compared with May 28, shows an increase of the note circulation by 9 per cent. to 5,000,000,000 crowns. As shown by its equivalent in paper crowns, the metallic reserve increased 44 per cent. to 2800 crowns. Commercial deposits increased 41 per cent. to 580 crowns, while commercial discounts increased 3 per cent. to 857 crowns.

## Poland

The advantage to Poland of the annexation of Polish Silesia with its great coal, steel and zinc industries, is shown in the very marked increase of exports, reported by cable to the Department of Commerce at Washington. While the value of imports has also increased despite the fact that importation of coal is no longer necessary, the first quarter of 1928 showed a considerable excess of exports over imports and during March the excess was 46 per cent. The total value of imports for the three months, converted on the basis of average exchange rates, was \$52,020,000, and that of exports \$61,080,000. This favorable balance of trade, aided by the remittances of emigrants, is a partial explanation of the comparative steadiness of the exchange value of the Polish mark during February and March in the face of great increases in the volume of outstanding currency.

The slackening of currency issues, aided perhaps by government regulation

## BANKERS INVITED

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**Deposits (Dec. 31, 1922) . Rs. 13,22,00,000**

S. N. POCHKHANAWALA, Managing Director

of exchange transactions, resulted in a continuance during May of the comparative steadiness of exchange rates which has been manifest since February. The exchange for dollars stood at 53,-500 at the end of May, as against 46,-250 at the end of April. However, during the present month exchange has fallen sharply and on June 15 was about 70,000 to the dollar. One factor going to help Polish exchange in recent months has been the more favorable balance of foreign trade.

### Soviet Russia

Eighty-eight per cent. of the expenditure from the government treasury next year will be paid with revenue and the remaining 12 per cent. with an emission of paper, according to the finance commissar of Soviet Russia. But the country is trying to do business on about 10 per cent. of the gold value in circulation in 1914.

These salient points of Russia's financial condition were brought out in an interview granted to the foreign correspondents (Associated Press) by M. Sokolnikov, finance commissar. He said that the unsecured paper rubles of 1923 issue now in circulation in Russia total about 10,000,000,000. The average value of 100 paper rubles now is one gold rouble, making the equivalent of the current issue 100,000,000 gold rubles.

In addition there are in circulation approximately 8,000,000 chernovetz, or notes secured by the State Bank, each

of a value of ten gold rubles, and about twenty millions gold in short-term notes.

#### GOLD IN CIRCULATION

Thus with the 1923 issue of paper which is equivalent to 100,000,000 gold rubles, the chernovetz and short term notes, there is a total of 200,000,000 gold upon which this vast country is doing business. It has a par paper circulation value of 2,225,000,000 gold.

Strictly limited issuance of unsecured paper together with the shutting down of credit by banks in the provinces to prevent speculation before the harvest has created a money famine which the government considers necessary, but as the State Bank's securities continue to roll up, more and more chernovetz will be issued.

"Germans who were lucky enough to invest marks in Russian rubles six months ago made money", said Sokolnikov, "for the depreciation of the rouble has been much under that of the mark. In the last six months of 1922 all money depreciated twenty-five times, but in the first six months of this year only five times.

"In April, 1922, our total paper issue was worth only 86,000,000 gold, but it has now risen to an exchange value of 100,000,000 and we have State Bank notes in addition. We plan gradually to issue chernovetz until the currency is stabilized."

The chernovetz now has a nominal value of a little over \$5 and is above par, based on the British pound sterling

# Banque Nationale Francaise Du Commerce Extérieur

Societe Anonyme

Organized under French Law of October 23, 1919

HEAD OFFICE: 21 BOULEVARD HAUSSMANN, PARIS

Head Office: "Extecomere, 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 Pettit

General Manager  
M. Eugène Carpentier

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.

in Moscow, M. Sokolnikov told the correspondents.

The Soviet now is minting new gold coins but, like the silver coin minted, they will not be circulated perhaps for a year or two, as the government desires that the metal shall not find its way into the stockings of the peasants, who still have 2,000,000 or 3,000,000 old gold rubles hidden away. The government has set the example of accepting its own paper money instead of goods for taxes, and the natural tax, which was abolished this year, will be wiped out entirely next year.

The government's gold production this year reached 25 per cent. of the normal amount in pre-war years. Exports for the first half of 1923 slightly exceeded imports. The Soviet budget from October 1923 to October 1924, calls for an expenditure of 1,600,000,000 gold.

## India

Loans on farm lands in India are not taken care of in the same manner as in the United States or in European countries, says a report to the Department of Commerce at Washington. Practically all of such loans are made by the native money-lender called the Marwardi. Modern methods of finance are practically unknown in the country districts and only come into anything like general use in the large business centers.

The usual procedure for the Indian

farmer when he wishes to buy a bullock, make an improvement, or provide dowry for a daughter is to go to the money-lender in his village and ask for the amount he needs, offering his farm or jewelry as security. The money-lender is understood in many cases to take two receipts, one for the exact amount loaned and the other for sometimes twice the amount. The interest charged is usually one anna on a rupee per month or about 6½ per cent. a month.

If the amount borrowed is paid back by the farmer both of the receipts taken are returned to him, but if the farmer cannot pay and the money lender has to go to court in order to foreclose he produces the receipt for the larger amount and collects on that basis.

The recent rapid growth of co-operative societies in this district is said to be in a large measure due to the rapacity of the village money-lenders. These societies undertake to loan money to member farmers on security at an annual rate of interest of 9½ per cent.

There is no regular form for the arrangement made between the farmer and the money lender.

## Japan

Japanese exports of raw silk, cotton and silk textiles and cotton yarns declined during May, while imports reached a high level, according to a cable to the Department of Commerce at Washington. The money market was better, and a loan amounting to 50,000,-

# The Corn Exchange National Bank

OF CHICAGO

Capital ..... \$5,000,000  
Surplus and Profits.....\$11,700,000

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

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Charles H. Wacker	



Foreign Exchange

Letters of Credit

Cable Transfers

000 yen was floated in London by the Tokyo Electric Company. Capital expenditures increased during the month, especially government issues, while gold holdings continued to decline.

The outstanding note issue declined, and it is reported that the government is withdrawing the small fractional currency notes from circulation. Postal savings reached a new high level, while the cost of living advanced and the wage scale remained stationary. Specie exported during the month aggregated 200,000 yen. Warehouse stocks showed an increase.

The cocoon crop is now reported to be smaller than had been anticipated, owing to bad weather. An agreement was reached during the month by the Cotton Spinners Association to limit the output of cotton yarn. Shipping during the month was reported to be active, and the construction of several fast liners to compete in the trans-Pacific silk carrying trade is being considered.

Imports for May were valued at 201,400,000 yen, as compared with 188,000,000 yen during April, while exports reached the low level of 114,800,000 yen, as compared with 149,900,000 yen during the preceding month. The excess of imports amounted to 87,100,000 yen—the highest adverse balance since February last year when the excess of imports amounted to 96,000,000 yen. This makes an adverse balance for the first five months of the year amounting to about 282,000,000 yen and it is expected to reach the total of about 840,000,000 yen by the first of July. Such an excess of imports at this time of the year when normally imports should be falling off and exports increasing, reflects the present unstable condition of Japan's foreign trade.

All the principal items of export show large decreases. The decline in the exports of raw silk is accounted for by the refusal of buyers to accept the high prices demanded during the early part

# THE MERCANTILE BANK OF INDIA (LIMITED)

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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)

*Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius*

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Fixed Deposit rates quoted on application.

On current accounts interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 WALL STREET

of the month, and to the falling market during the latter half. Silk textile exports were affected by the same factors. The boycott of Japanese goods in China, which has been vigorously renewed, is held to be partly responsible for the decline in exports of cotton yarn and cotton textiles.

## Australia

Several features of the Australian situation combine to justify the belief that 1923 will be a prosperous trade year. Wool is bringing excellent prices, says a report to the Department of Commerce at Washington, and indications are favorable for their continuance. Improvement is expected in the meat industry. The export of metals is increasing. It is believed that money will be easier and that interest rates will be reduced during the year.

The position of the United States in Australian trade is favorable, especially with regard to machinery and automotive vehicles, and to a lesser degree with agricultural implements. The year 1922 was a banner year for American automobiles. The United States holds first place in Australian imports of automobiles, hardware, miscellaneous iron stores and surgical, scientific and musical instruments, and second place in iron and steel imports, although with Newcastle Steel Works again in operation the importation of these commodities may register more or less of a decline. Other import lines in which the

United States holds a strong position are, kerosene and gasoline, lubricating oils, linoleum and oilcloth, patent and enamelled leather, and arms and ammunition. Over 90 per cent. of the motion picture films shown in Australia are imported from the United States.

The two dangers threatening the country are labor disturbances and continued drought. The refusal of labor to accept a reduction in wages to meet changed conditions is the outstanding feature of the labor situation. Coal operators claim that lowered labor costs are essential to a readjustment of the coal industry, and the attempt to force this reduction is reported as likely to lead to a bitter struggle between operators and miners.

## South America

### FALL OF THE PESO IN ARGENTINA

BY OWEN ROBERTS, F.R.G.S.

In banking and commercial circles the rapid fall of the Argentine peso recently has been a subject of more than ordinary comment. Not in one currency alone but in all the more important exchange quotations there has been an appreciable fall. At the time of writing the dollar and sterling rates have reached \$126.50 and £41 9s. 16d. respectively, and it remains to be seen whether there is a further drop in the immediate future.

For the Argentine importer the re-

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Branches: Arecibo, Mayaguez, Caguas

action—if prolonged—will certainly affect his operations. Payment of sterling or dollar invoices will require more pesos and purchases will in consequence be curtailed until there is an improvement in the exchange.

The sanction given to the Meat Trade Control project by the Chamber of Deputies has brought forth a joint memorial signed by the frigorifico companies. It is contended that the proposed control will have a deleterious effect not only on their own industry but on the live-stock industry as well, which it has been framed to assist. The law also stipulates that full details of all transactions shall be given to the Ministry of Agriculture, and imposes severe penalties for infringement, to both of which clauses objection has been raised.

For some time past there has been a growing dissatisfaction with the labor conditions at the Port of Buenos Aires, which has resulted in a letter on the subject being addressed to the Customs Administrator by the "Centro de Navegación Transatlantica", which includes representatives of overseas shipping interests operating in the port.

The principal complaint is the delay in loading and unloading steamers in the docks. Whereas the discharge of cargo should be at the rate of 250 to 400 tons

per day according to the class of goods, the average rate is about 150 to 180 tons per day, largely due to the attitude and organization of the labor available.

The importance of Buenos Aires as a shipping port is such that the reestablishment of the Port Advisory Committee, which was done away with some years ago, is now considered indispensable for the proper control and management of the port.

#### NEW BRAZILIAN BANK OF ISSUE

For some weeks past banks and business houses with interests in Brazil have been considerably concerned over the announcement that the Brazilian Government had turned over its note issue functions to the Bank of Brazil. It was feared that the bank might thus become involved in government financial difficulties from which it would be unable to extricate itself. Apparently, however, there was little basis for alarm, as the scheme as now described in the issue of *Wileman's Brazilian Review* for May 9, seems to be sound and likely to work to the benefit of Brazilian finances.

The Bank of Brazil has carried on certain of the functions and has en-

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with the Argentine and Contiguous Countries

**CORRESPONDENCE IN ALL LANGUAGES INVITED**

joyed many of the privileges of a central bank for some years, but in the past it has not had the power of note issue. This has been under the control of the treasury. According to the new agreement, the bank takes over all note issue power, and is expected eventually to put the paper currency back on a gold basis. In the article appearing in *Wileman's Review* the head of the bank analyzes the agreement between the treasury and the bank and gives it as his opinion that a great step forward has been taken in separating the note issue from government control. *Wileman's* speaking editorially, states that, "although not faultless the scheme as put forward by Dr. Cincinato Braga is acceptable and may attain the end in view, if only the administration will not interfere with it. There is always the danger that future directors of the bank may adopt different views or may abuse their powers of issue, without proper consideration to withdrawal of treasury

currency. That, however, can be protected by hard and fast rules."

Taking up the various features of the agreement as presented by Dr. Braga, president of the Bank of Brazil, we find that the notes to be issued by the bank are to be legal tender, but cannot be exchanged for gold until such time as the following conditions have come about in Brazilian finances:

1. The official exchange must have been maintained at or above 12d (or about 24 cents) for a period of not less than three years.

2. The gold reserve at the bank must be equal to 60 per cent. of the value of notes issued.

3. The government must have decreed the same after investigation of the economic conditions of the country.

The backing for the notes are to be one-third gold and two-thirds double name commercial paper. Commenting upon this the president of the bank states that "so bridled, the bank will

# Rotterdamsche Bankvereniging

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Capital . . . . . *fl* 75,000,000  
Reserve . . . . . *fl* 36,500,000

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Representative for the United States

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

never be in a position to inflate the circulation with superabundant and unnecessary paper money". He promises that once the department of issue is created, the Treasury will be forced to find other means for doing its deficit financing than by the issue of notes. To use his words, "it will have to negotiate loans, reduce expenditures or increase taxation". As *Wileman's* adds, this certainly deserves the approbation of the nation and of other nations as well.

Dr. Braga considers that the greatest benefit the bank can perform, however, is that of withdrawing the paper issues that now plague the country. He points out that although it has been constantly urged that the paper issue should be reduced, on the contrary it has been continually increased. He states, "This is now to be altered. The withdrawal of paper money will no longer be a function of the national Treasury but of the bank of issue. With what re-

sources? With the huge net profits of the bank as stated in the contract with the Government. From now on the paper money for which the Government is responsible—issued merely on a nominal basis—will be slowly but surely withdrawn; not with grants from a budget, but with the sure and certain profits on commercial banking, for the most part independent of aid from Union budgets. The nation will shortly witness—probably commencing in 1924—the methodic withdrawing and burning each month of inconvertible paper money. This currency will be replaced by bank notes guaranteed by the resources of the country's greatest credit institution."

## Philippines

General business was not so active during the month of April as in March, and prices were lower, though still well above production costs, says a report to the Department of Commerce at Wash-

ington. The seasonal moving of crops has rendered money tighter, but it is ample for the needs of well secured business. Banks continue to advise conservatism.

The sugar milling season is practically completed, inaugurating the purchase of sugar mill machinery and supplies. Preliminary negotiations are being made for a bond issue by United States bankers on the sugar centrals controlled by the Philippine National Bank, to be guaranteed by the Philippine Government for the purchase of machinery. The figure is given tentatively as \$10,000,000.

Government revenues to date show an increase over last year, and disbursements for public works are still guaranteed. Various new prospects are now being planned.

The bank examiner's statement covering all Manila banks for the week of May 5 showed total loan, discounts, and overdrafts of 168,973,000 pesos; cash, 15,412,000 pesos; resources, 26,982,000 pesos; working capital of foreign banks, 89,204,000 pesos; and circulation, 108,077,000 pesos.

There was some labor disturbance in April. An effort to reduce wages caused a dispute involving 2000, and a farmers' union strike in several provinces resulted in some destruction of property. No serious results, however, are considered probable.

Seasonal building activity in April maintained the March level. Permits were issued for strong construction to a total value of 524,000 pesos.

## International Banking Notes

D. F. Andricevic, manager of the American department of the Adriatic Bank of Belgrade, Jugoslavia, largest of the Yugoslav institutions, with offices and branches in over thirty cities in Jugoslavia, has been touring the United States, establishing closer relations with American banks to take care of the present

business and to prepare for the great increase to come, due to the tremendous progress made by Jugoslavia since the last war.

Mr. Andricevic recently sailed from New York for Jugoslavia, after an extended trip to the Pacific coast. He had business which took him to Philadelphia, Pittsburgh, Cleveland, Detroit, Chicago, Denver, San Francisco, Seattle, Los Angeles, Galveston, New Orleans, and St. Louis.

Before Mr. Andricevic visited America, the Adriatic Bank had twenty-four connections with banks of this country. Now he has placed eighty additional American institutions on the books of his home bank.

Jugoslavia is building railroads and harbors, and there is a good market for American products. Especially there is a big demand for American cotton, gasoline, agricultural implements, elevators, textiles, labor saving devices, typewriters, cash registers, adding machines, automobiles, and automobile accessories.

The Adriatic Bank is in close connection with American banking, especially on account of the 12,000,000 and over Slavs, whose pro rata wealth is very high, now residing in the United States.

©

The statement of condition of the Commercial Bank of the Near East, Limited, London, for the period ended December 31, 1922, shows total assets of £259,193; current, deposit and other accounts £129,500; and paid up capital £106,725.

The Commercial Bank was incorporated on October 17, 1922, and began transacting business the following month, November 6. The bank has a branch at Constantinople. A condensed statement as of above date follows:

LIABILITIES	
	£
Capital issued and fully paid.....	106,725
Current, deposit and other accounts.....	129,500
Drafts payable .....	18,289
Bills for collection per contra.....	4,678
	259,193
ASSETS	
	£
Cash in hand and at Lloyd's Bank, Ltd.	33,460
Money at call and short notice.....	180,740
Balances with foreign bankers and correspondents .....	293
Investments—	
British Government securities .....	29,905
Advances to customers and other accounts .....	5,727
Bills for collection .....	4,678
Lease, alterations and furniture .....	1,534
Preliminary expenses .....	2,458
Profit and loss account—Excess of expenditure over income from November 6, 1922, to date .....	396
	259,193



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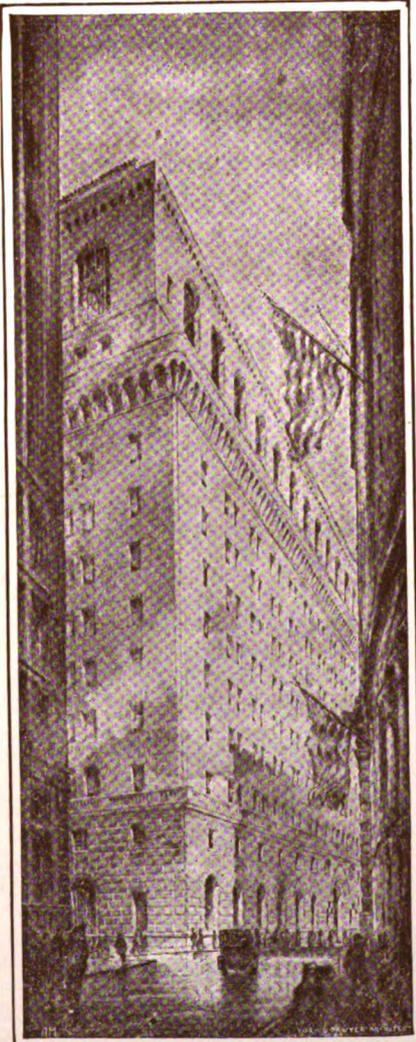
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Vice-Pres. and Cashier  
**E. E. SHIELDS**  
Assistant Cashier  
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**M. D. REINHOLD**  
Assistant Cashier

## FRANKLIN NATIONAL BANK

PHILADELPHIA

Capital	- - - - -	\$2,000,000
Surplus and Profits	- -	5,500,000

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

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

Head Office  
MANILA, P. I.

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Every description of Banking and Foreign Exchange  
Business transacted under favorable terms

Collections given special attention and returns promptly remitted

The First National Bank of Boston has opened a branch at Havana, Cuba, under the management of John G. Carriker.

⊙

The main London office of The Equitable Trust Company of New York, formerly at 3 King William street, E. C. 4, has been moved to 10 Moorgate, E. C. 2. The Equitable has a second London office at Bush House, Aldwych, W. C. 2.

⊙

At the fifty-first general ordinary meeting of the National Bank of New Zealand, Limited, held July 9 last at the head office in London, the chairman, Hon. William Pember Reeves addressed the shareholders in part as follows:

"Our paid-up capital is now £1,250,000, and our reserve fund, if you approve the further recommendation of £10,000, will be increased to £1,260,000. Note circulation, which last year was £2,081,000, at March 31 was £1,729,000. Our latest figures show this is now reduced to £880,000. In explanation of this item I would say that the ex-

pansion in note circulation during the last two years is entirely due to a change in overseas trade. Whilst importing by both Australia and New Zealand has been severely cut down since 1920-21, the exports of wool, wheat, meat, dairy produce, and other commodities have continued to pour into the British markets until exports have exceeded imports by many millions. The result has been an excessive accumulation of funds in London by every large Australian and New Zealand financial institution, and the banks have had either to submit to this or cease to purchase their customers' produce bills.

"Deposits in 1922 showed a small decrease of £53,000. This year they amount to £9,262,000, exceeding the previous year's figures by £1,019,000. They are well spread over our branches, and include additions to our deposits in London. Bills payable are down £200,000. On the assets side, coin bullion and cash at bankers are £1,087,000, a decrease of £438,000 as compared with the figures of March 31, 1922, but investments are larger by about £321,000. Bills receivable (that is, British bills), current and in transit, have increased £1,611,000.

This year the figure is £3,130,000, against £1,519,000 in 1922, whilst our advances are £8,218,000, or £662,000 less than the previous year. The total of overdrafts, discounts, and British bills stood at March 31 this year at £12,087,000. On March 31, 1922, they were £11,064,000.

"Turning now to profit and loss account, our net profit, after paying a bonus of £13,600 to the staff, is £229,000, an increase of £16,000. Including the carry-forward, it shows £371,000, an increase of £41,000 over last year's figures. We propose paying you the same rate of dividend and bonus as last year—i. e., 14 per cent., free of tax—and this on our increased paid-up capital of £1,250,000. I am pleased to say, as the balance-sheet indicates, that we have been able to employ our larger resources profitably. We have again placed a substantial sum to premises account, and have allocated £22,600 to the pension and gratuity funds. In pursuance of the policy which I referred to when I had the pleasure of addressing you in 1921, we are carrying forward the sum of £145,567."



At the third ordinary meeting of shareholders of the P. and O. Banking Corporation, Limited, held July 13, last, at the bank's head office, London, the Right Hon. Lord Inchcape, G.C.M.G., K.C.S.I., K.C.I.E., chairman, presiding, said in part: "Practically all items in the balance-sheet show a substantial expansion. The total balance-sheet figures have risen from approximately £13,000,000 to £22,500,000, a gratifying feature being the rise of £4,000,000 in the current, deposit, and other accounts, which now stand at over £10,000,000, as against £6,316,000 a year ago.

"Our cash position is very strong indeed and nobody, I am sure, will cavil at the large liquid balances of nearly £5,000,000, representing about 50 per cent. of our demand liabilities, which we have thought it necessary, even at the expense of profits, to retain in these days of uncertainty.

"Another feature which I am sure you will be glad to note is the item of bills discounted, which shows a substantial increase to over £4,500,000, and which includes such liquid assets as £2,630,000 in British and Indian Government Treasury bills.

"Our securities, save for the permanent investment in the Allahabad Bank, are all British and Indian Government securities. The decrease in our advances to customers,

which stand at £2,850,000, as against £3,490,758 a year ago, reflects the depression in trade.

"The year's operations have been carried on in somewhat difficult circumstances. Trade has not been prosperous, rates for money have been low, and we have had our troubles, like all other commercial undertakings. We have also been carrying a load of new development, having opened in the first three years of our existence eight branches in the East, which have involved quite substantial expenditure incidental to their opening, and cannot be expected at once to contribute their quota to the profits of the bank as a whole.

"Our permanent investment in the Allahabad Bank stands at the purchase price, and this was remitted to India at about 1s. 5d. per rupee. The investment has not been written up or written down. Despite the financial troubles which India has gone through, the Allahabad Bank has held its own, and both as regards staff and the advantage of having an affiliated bank with branches all over India, it has proved a valuable connection for the P. and O. Bank, and, so far as we can see, this will prove even more valuable in the future.

"The result of the year's working shows a profit of £139,388, which, together with the amount brought forward from last year of £14,042, gives £153,430 to be dealt with.

"We propose to pay the same dividend as last year—viz., 5½ per cent., less income-tax—but as the effective rate for tax deduction is reduced to 4s. 1½d. by reason of Colonial relief, this dividend will cost £14,000 more than last year, leaving us in a position to place £25,000 to reserve, thereby bringing that fund up to £115,000, and to carry forward £15,179, as against £14,042 a year ago.

"Our new premises in London are nearing completion, and are already partly occupied. When they are finished, our managers and staff will be comfortably housed, and there will be ample accommodation for the public. We have succeeded in securing efficient managers and a good staff at our various branches abroad, and you will, I am sure, join with me in acknowledging that the results which are reported today reflect credit on all our managers and staff at home and abroad.

"The board's policy is one of prudence. We intend to go cautiously, avoiding risks as far as possible, gradually working up what we hope will be a sound and lucrative

## 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. 7,309,784

*Branches:*

BRUSSELS \_\_\_\_\_ OSTEND

CORRESPONDENTS  
AT ALL BANKING POINTS

business, building up our reserves instead of distributing up to the hilt, and in this course I feel confident we shall have the support of our shareholders."

A dividend of 5½ per cent. per annum, less income-tax at 4s. 1½d., on 259,416 shares was declared payable on July 20, 1923, to the members who were on the London and Bombay registers of the corporation, respectively, on July 6, 1923.

○

At the ordinary general meeting of the shareholders of the National Bank of Greece, held on April 4, at the head office of the bank, Athens, Greece, the governor, A. N. Diomede, read, on behalf of the general council of the bank, the report for 1922. The report touched upon the bank's profits for the year as follows:

"The profits of the National Bank for disposal during the year 1922, as appears from the analysis of its whole business, were exceptionally satisfactory. Of course a portion of these profits arises from the profits undisposed of in previous years.

"The gross profits amount to Drachmas 279,595,250 and after deduction of the expenses of administration, interest paid and amounts written off, there remains a net profit of Drachmas 187,466,654, which is higher than that of 1921 by Drachmas 72,000,000, and exceeds the profit realized in any previous year.

"This net increase in profits enabled the administration of the bank to propose a dividend considerably higher than in any previous year and thus to adapt the dividend to the current price of the shares. The ascending scale of dividends distributed, which from Drachmas 225 in 1915, reached Drachmas 250 in 1916, Drachmas 265 in 1917, Drachmas 300 in 1918, Drachmas 320

in 1919, Drachmas 420 in 1920, Drachmas 550 in 1921 and Drachmas 800 in 1922, is a practical proof of the increasing participation of the shareholders in the profits realized in this especially fruitful period.

"The administration considered it, however, to be necessary, according to the policy instituted some years ago, to make strong additions to the reserves out of the profits which have accumulated out of the extraordinary business and exceptional circumstances of the last few years.

"It will be readily understood what a great advantage is derived by the shareholders from this policy, as well as by the bank itself and the whole public. The interests of all classes in the country coincide in this, that the National Bank as the central issuing bank of the country, shall possess in itself such strength that it may be in a position to withstand any unforeseen attack. And the bank can confidently look forward to being in such a position because it has taken care, without deviating from its policy in years of abundant harvest, to strengthen itself and to raise a bulwark against any unforeseen circumstances.

"Following this policy it assigned in the past year 45.4 per cent. of its net profits, or Drachmas 85,000,000, to increasing its reserves, which thus amounted on December 31, 1922, to Drachmas 220,000,000. Besides this, it was considered absolutely necessary to maintain various headings under assets in a strong position in order that they being in themselves strong may add to the bank's strength in general.

"I believe that the present year will open a new chapter in the life of Greece. After the disasters which have overwhelmed her, the clearest proof that our indomitable will is to march forward, will be devotion to work. And I believe that the Greek people,

# BANK OF ROUMANIA, LIMITED

Founded 1866)

(Registered in London on 17th April, 1902, under the Companies Act, 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 E. 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.

which is prudent, laborious, saving, will cast itself into the work of peace with zeal and courage; and that it will thus lay those wider foundations which are necessary for the economic prosperity of the country in the future."

©

Addressing the shareholders at the sixtieth ordinary general meeting of the British Bank of South America, Limited, held at the head office, London, May 3, last, the chairman, R. J. Hose, said in part: "The balance-sheet shows a reduction of some £27,000 in our gross profits, but this has been accompanied by a moderate saving in expenses, and as a result, the net profit, at £110,884, is only about £20,000 less than a year ago. This reduction in profits is by no means exceptional in the case of banks working abroad, and especially in South America, where the continued setback in the exchange value of the local currencies has been an adverse factor, and in view of all the circumstances, we think you will agree that the results are not unsatisfactory. I may mention that the slightly lower dividend is quite in accordance with the wishes of the holders of practically all of the shares.

"In the following table a comparison is made between the position of some of the principal items of the accounts at the end of 1922 and twelve months previously:—

	December 1922	31, 1921
	£	£
<b>Liabilities:—</b>		
Current and deposit account .....	11,492,434	12,297,649
Other accounts .....	2,406,087	2,418,136
<b>Assets:—</b>		
Cash in hand, at bankers, and at call .....	5,230,939	5,500,228
Bills receivable .....	5,573,908	5,426,888
Other accounts .....	6,642,766	6,998,386

"It will be noted that in all cases there has been a moderate reduction in totals as compared with a year ago, a circumstance which is almost entirely to be connected with the adverse exchange position to which I have already referred."

In addition to the payment of the dividend on account of 10s. per share made in September last, a dividend of 10s. per share, subject to income-tax, payable May 4, was declared, making a total distribution of 10 per cent., subject to income-tax, for the year ended December 31, 1922, on the paid-up capital of the bank of £1,000,000.

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At the fifty-ninth annual general ordinary meeting of the shareholders of the Banco Nacional Ultramarino (State Bank of the Portuguese Colonies) held at the head office, Lisbon, on April 28, a dividend of 30 per cent., including 14 per cent. already distributed, was declared. The net profits of the bank for the year ended December 31, 1922, including amount brought forward from previous year, and less state and general taxes, amounted to escudos 10,890,851. The bank has total assets of escudos 1,382,015,291; paid up capital of escudos 24,000,000; and reserve fund of escudos 30,200,000. The Banco Nacional Ultramarino has the following branches:

Portugal and adjacent islands; Aveiro, Barcellos, Beja, Braga, Braganca, Castelo Branco, Chaves, Coimbra, Covilha, Elvas, Evora, Estremoz, Faro, Figueira Do Foz, Guarda, Guimaraes, Lamego, Leiria, Lisbon, Olhao, Oporto, Ovar, Penafiel, Portalegre, Portimao, Regoa, Santarem, Silves, Torres Vedras, Vianna Do Castello, Villa Real De Traz Os Montes, Vizeu. Azores; Angra Do Heroismo, Ponta Delgada, Madeira;

Funchal. West Africa; Cape Verde Islands; S. Thiago, S. Vincent. Portuguese Guinea; Bissau, Bolama. Gulf of Guinea; Principe, S. Thome. Province of Angola; Benguela, Bihe, Cabinda, Loanda, Lobito, Lubango, Malange, Mossamedes, Novo Redondo. East Africa; Beira (Banco da Beira), Ibo, Inhambane, Lourenco Marques, Mocambique, Chinde, Quelimane, Tete. India; Mormugao, Nova Goa. Timor; Dili. China; Macau. British India; Bombay. Belgian Congo; Kinshassa. Brazil; Manaus, Para, Pernambuco, Rio de Janeiro, S. Paulo. Great Britain; London, 9 Bishopsgate, E. C. France; Paris, 8, Rue du Helder, IXe. New York, 93 Liberty street.

©

At the thirteenth annual meeting of the shareholders of the Mercantile Bank of India, Limited, held at the head office, London, on March 27, last, a final dividend of

8 per cent. was declared, making a total dividend for the year of 16 per cent.

The general balance sheet and statement of profit and loss account for the year ending December 31, 1922, showed net profits for the year, after providing for bad and doubtful debts, and including £187,671 brought forward from last account, amounting to £405,105. From this sum has to be deducted £84,000, being the interim dividend of 8 per cent., less income tax, on the "A", "B" and "C" shares paid in September last.

The directors have added £50,000 to the reserve fund (raising it to £1,200,000); £15,000 to the officers' pension fund, and written £20,000 off freehold banking premises. The final dividend on the "A," "B" and "C" shares of 8 per cent., less income tax, leaves a balance of £152,105 to be carried forward. A branch of the bank has been opened at Bangkok.



## Credit Interdependence

By J. H. Tregoe, secretary-treasurer National Association of Credit Men

**I**SOLATED for a sufficient time the human being inevitably deteriorates. His mind and spirit become flabby. It is in association alone that the individual finds his impulse; it is in the giving and receiving of ideas that expansion is encouraged, for we are all dependents. It is best to recognize this fact and associate ourselves with others for progress.

In the commercial credit field, we at times find enterprises made so self-confident by their large operations that they feel quite qualified to play the game alone and carry out their individual policies without regard to their effect upon others. Furthermore, we find sometimes a credit manager who overplays his egotism and apparently feels that there is nothing others can give him and that he can successfully play a lone hand. This leads to the intense individualism which finally brings its unhappy ending, for even though for a time the enterprise or the individual appear to prosper, yet he is

finally led to recognize how complete is his failure in the larger sense.

Even if money making were all that is to be considered, we doubt if this selfish, independent spirit would be justified. Interdependence in credit work, playing the game together, rather than alone, will bring about better methods of credit granting than we now enjoy and better protection for credit in general.

In every phase of credit work a recognition of our dependence upon one another is necessary whether it be in the opening of the credit risk or in its closing. All the everlasting objectives which credit men seek—surrounding the credits with proper defenses, stabilizing the flow, having the credit reserves ever available for our large commerce, injecting into the buyer the right spirit of business morality—are attained through frank and complete co-operation between the grantors of commercial credit even in closely competitive lines.



**T**HE new fourteen story building of the Trenton Trust Company, Trenton, New Jersey, will be the tallest in the city and when completed will give this institution commodious and modern banking facilities. Architectural and engineering work by

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
First National Bank Bldg., Jersey City, N. J.  
680 Fifth Avenue, New York

# The New Home of the Bowery Savings Bank

**T**HE new home of the Bowery Savings Bank of New York is considered by many competent critics to possess the most beautiful main banking room in America. Certainly every visitor is at once impressed with the rare beauty and dignity of this room, dedicated to the thrift and savings of the people.

Nine years ago William E. Knox, president of the Bowery Savings Bank, was among the first to recognize that the Grand Central Station forms the stable center of a second city of tremendous banking importance. A careful study of the residence and business locations of the bank's depositors confirmed his conviction that Forty-second street and Park avenue form one of the greatest centers for a savings bank in all New York.

The tearing down of the old Grand Union Hotel provided a tangible location in this district and has enabled the Bowery Savings Bank to provide convenient and accessible banking service not only to this district but to the enormous outlying population which flows daily through the railroads and subways concentrated at this point.

In planning for its new home the bank sought to obtain an equipment which would enable it to serve the public with the greatest effectiveness, speed and economy. To this end it specified permanent materials which require the least possible maintenance and up-keep, and after these requirements had been met it demanded that the building should be architecturally beautiful.

The result is an eighteen-story office building which, in arrangement, lighting and construction, is the equal of any in the city. The walls of the banking room are of variegated limestone interspersed with blocks of Ohio sandstone. The columns against the walls of the room are of different colored marble, and the panels between them are of mosaic patterns, harmonious of design, but left rough and unpolished. The lower portion of the counter screen,

as well as the high wainscot against the walls, is of Levanto marble, which comes from the Italian quarries near Carrara. The floor is also inlaid with patterns of mosaic. The upper part of the counter screen, check desk and doors are of bronze, all modeled and executed



The new building of the Bowery Savings Bank

in the same Romanesque style that has been adopted for the building.

Adequate working light is given by the great windows on Forty-second and Forty-first streets, which are twenty-seven feet wide and head forty-seven feet above the floor. There is a skylight thirty-five feet wide by sixty feet long over the center of the room. The ceiling of this room, eighty feet wide by one hundred and sixty feet deep, is decorated in color. At night the room



**WILLIAM E. KNOX**  
President Bowery Savings Bank

is lighted by six hanging fixtures which provide the general illumination, while the continuous reflectors behind the screen and others upon the desks give individual working light to the employees.

The vault, 9 feet 8 inches by 36 feet, inside measurements, is placed in the rear of the basement and is surrounded by heavy walls of the latest construction and provided with doors three feet thick. This work is so designed as to provide the highest resistance not only to ordinary burglar attacks but to mob attacks which may be continued for a sufficient time to admit of the use of high explosives.

#### HISTORY OF THE BOWERY SAVINGS BANK

The Bowery Savings Bank was organized in 1834 to cater to the large territory north of Chambers street on the east side of the city, in which ship yards, machine shops and other great branches of industry were located. The incorporators were public spirited men of prominence who desired to prevent



Main banking room, Bowery Savings Bank

the recurrence of the poverty and distress following the cholera epidemic of 1832, and to develop habits of thrift among the wage earners.

At the outset no one believed that the savings would grow to any substantial proportions. In fact the original charter limited deposits to \$500,000. Quarters were taken in a corner of the Butchers' and Drovers' Bank at 126 Bowery and two sessions a week in the evening were considered sufficient for transacting business.

Up to July, 1835, all the work was done gratuitously by the trustees. Then, with clerical detail increasing rapidly, two men were employed at a salary of \$300 a year each, representing the bank's first pay-roll. The first interest credited January, 1835, amounted to \$636.76. Now at each semi-annual interest period depositors receive more than \$3,000,000. A deficit of \$281.66 was shown on January 1, 1836. Today there is a surplus of over \$25,000,000.

The original quarters were quickly outgrown and to provide additional space a building at 128 Bowery was purchased early in 1836 at a cost of \$23,500. This served until 1852, when a lot at 130 Bowery was acquired and a new building erected, covering both properties. A further enlargement occurred in 1864, and another in 1894.

The growth in resources of the bank is indicated by the following table:

	Resources
January 1, 1835.....	\$ 65,531.98
" 1840.....	505,391.39
" 1850.....	2,923,469.39
" 1860.....	10,020,790.85
" 1870.....	20,656,804.43
" 1880.....	37,188,057.17
" 1890.....	50,024,350.37
" 1900.....	72,877,525.00
" 1910.....	117,371,187.24
" 1920.....	148,042,997.74
" 1921.....	172,450,814.78
" 1922.....	186,502,852.86
July 1, 1923.....	206,119,331.95

On July 1, 1923, total deposits were over \$180,000,000.

Twelve presidents have held office since the organization of the bank: Benjamin M. Brown, 1834-1837; David Gotheal, 1837-1839; James Mills, 1839-



VICTOR A. LERSNER  
Vice-president Bowery Savings Bank

1858; Thomas Jeremiah, 1858-1872; Samuel T. Brown, 1873-1878; Henry Lyles, Jr., 1878-1880; Edward Wood, 1880-1894; John P. Townsend, 1894-1898; John D. Hicks, 1899-1903; William H. S. Wood, 1903-1908; Henry A. Schenck, 1909-1922; and William E. Knox, who became president in 1922.

William E. Knox, president, who is known to bankers and all of his many friends everywhere as "Bill" Knox, grew up in the banking business in the institution which he now heads. Starting as a junior clerk thirty-eight years ago, he advanced from one position to another until he became secretary in 1906, comptroller in 1908, vice-president in 1920, and president in 1922. He has seen the Bowery Savings Bank grow from relatively small proportions to a bank of more than two hundred million resources.

Mr. Knox is recognized for his broad understanding of banking problems and his great appreciation and sympathy for the struggles and needs of the plain



Rectangular vault door 36 inches thick, built by York Safe & Lock Co. for new Bowery Savings Bank vault

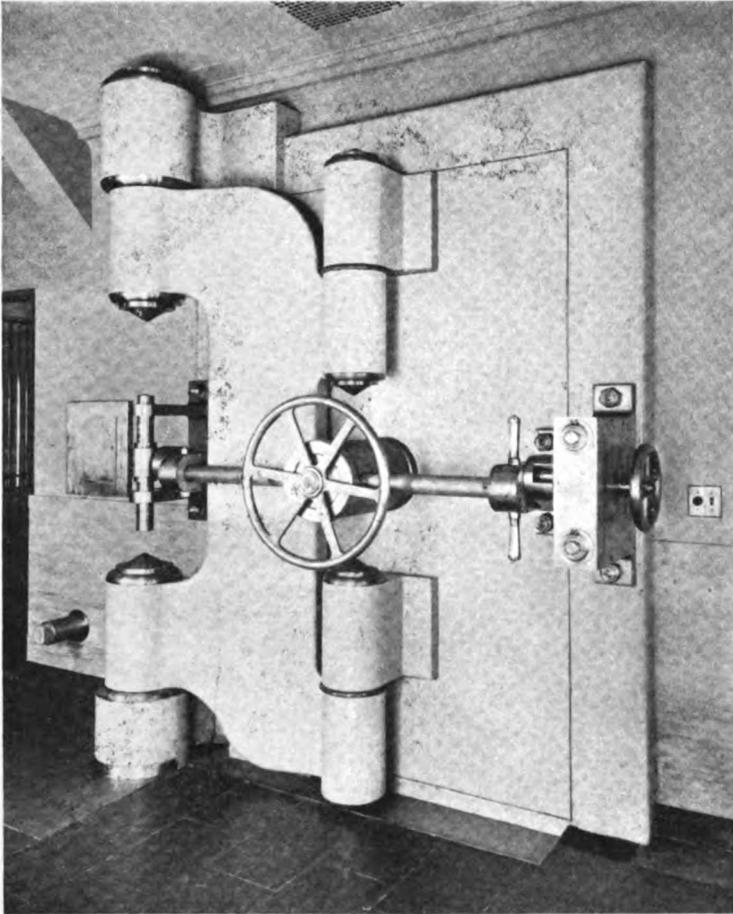
people. He has taken an active part in all movements for the advance of banking and has devoted his life to his own institution, which is one of the largest and most modern savings banks in the country. Speaking of the savings field as an opportunity for service and personal enjoyment, he says: "Savings banking is a great vocation, and any man who will try can get everything out of it that he wants."

Victor A. Lersner, vice-president, is a banker who has come up from the ranks. Starting as a clerk in the Williamsburg Savings Bank, he rose successively to teller, cashier and comptroller. In 1922 he was made first

vice-president of the Bowery Savings Bank.

Mr. Lersner is recognized as a progressive thinker and is one of the forward-looking bank executives of the country. He has been a pioneer of many movements that have had the effect, in recent years, of broadening the service of mutual savings banks and of taking these institutions closer to the people.

Besides being an active figure in bankers' conventions all over the country, Mr. Lersner has held many prominent positions in bankers' associations, notably, president of the New York



View of closed door of Bowery Savings Bank's new vault

Chapter of the American Institute of Banking in 1911; president of the Savings Bank Section of the American Bankers' Association in 1918; and at the present time, president of the Savings Bank Association of the State of New York.

It is interesting to note that all of the officers of the Bowery Savings Bank rose step by step from the banking ranks and achieved their present posi-

tions as a result of service and experience.

Other officers of the bank are William M. Spackman and Joseph G. Liddle, vice-presidents; Percy G. Delamater, secretary; James A. Stenhouse, comptroller; Edward S. Innet, assistant comptroller; George W. Wright, Robert H. Stenhouse, Peter I. Menzies and J. Watson MacDowell, assistant secretaries.





**BEACON TRUST COMPANY, BOSTON**  
New bank and office building, 31 Milk Street



NEW BUILDING OF THE BEACON TRUST COMPANY, BOSTON

The lower floors are occupied by the Company, with extensive safe deposit vaults in the basement

## The Beacon Trust Company, Boston

**T**HE new building of the Beacon Trust Company of Boston, which has been under construction for the past year, is now completed and occupied by the company. The building is located at 31 Milk street, and fronts also on Arch and Hawley streets, so that the banking rooms are open to the street on three sides.

The building is twelve stories in height, with basement and sub-basement, and constructed of Indiana limestone with polished granite base. The main entrance is guarded by handsome bronze doors.

All of the first floor is devoted to the banking room and, as the lot comprises about 10,000 square feet, makes



Main banking room, Beacon Trust Company

one of the best of its kind in New England. The bank also occupies the mezzanine floor, which is so arranged as to give the banking room unusual height. As the lot has a frontage of forty feet on Milk street and extends back 137 feet on Arch street and 125 feet on Hawley street, the banking and other rooms are well supplied with natural light and fresh air.

The main entrance is in the center of the Milk street front, giving direct access to the banking room and through this to the elevators. Flanking the elevators, at each side, is the main corridor, accessible by entrances from Hawley and Arch streets. This arrangement is advantageous in many ways and affords entrances from three streets.

The banking room proper is two stories high, of monumental design, with the walls finished in travertine stone. On each side, separating the public space from the quarters of the bank's executives and the tellers' cages,

is a colonnade of marble columns with bronze and marble counters between. At the front of the banking room is the officers' space, with conference rooms and private offices adjoining. Parallel with Hawley and Arch streets, between the exterior walls and the colonnade, on either side of the banking room, is a balcony affording space for clerical and bookkeeping forces and a room for the executive committee. Opening from the middle of the public space on the first floor is a wide marble staircase leading to the safe deposit vaults in the basement.

#### THE BANKING ROOM

The main banking room which was planned by the Thomas M. James Company, bank architects, is unusually attractive in its simplicity of decoration. It is finished in imported and domestic marbles, mostly of a creamy white tone, and the numerous square pillars of marble with elegantly carved capitals give a pleasing effect. Bronze



Executive committee room, Beacon Trust Company

grilles along the counters serve to set off the general decorative scheme. There is also a heavy bronze balustrade to protect the stairway leading to the vaults in the basement. The furnishings are all of choice mahogany, and the chandeliers and other electric fixtures have been chosen with great care.

As one enters the Milk street doorway he faces the main banking room and the stairway to the vaults, with the bronze and glass doors leading to the elevators at the far end of the room. Entrances will be opened later on Arch and Hawley streets, which are connected by a corridor between the elevators and the rear wall of the main banking room. It is expected, however, that a majority of the people going and coming from the offices above will pass through the banking room, after entering the Milk street front of the building.

Inside, the entrance is framed in marble and above it is a double window with a bronze rail, overlooking

the room. Back of the window on the mezzanine floor is the room for the use of the executive committee of the bank. This room is reached by a stairway at the right of the main entrance and leading from the officers' quarters along the left forefront of the banking room. Other officers' desks, including that of the president, are on the Arch street side of the Milk street front, where also will be the president's private conference room, handsomely finished and furnished in mahogany.

The directors' room will be in the Milk street end of the basement. This large room, like the coupon and conference rooms for the use of box renters, is panelled in mahogany of beautiful finish.

The visitor faces the bronze grille in front of the vaults as he descends the marble stairway. Also he is opposite the massive steel door to the vaults when he reaches the bottom of the stairs and approaches the gateman and guards. The bank never before has had



Office of the president, Beacon Trust Company

boxes for rental to the public, but already it has secured many customers in this department, which is expected to prove one of the features of the bank's many services. No approved device for the protection of such vaults has been overlooked.

#### THE NEW VAULT

The new safe deposit and security vault is nine feet high, twenty-four feet wide and thirty-seven feet deep. A steel partition separates the security from the safe deposit vault and it has been so designed that it can be easily moved to allow the installation of future safe deposit boxes.

The entire vault has been designed to withstand fire, burglars, earthquake and the oxy-acetylene torch. The outer covering is twenty-four inches of concrete, in which is laid two layers of rails set in angles at top and bottom and held together by a network of steel rods. An exceptionally heavy steel

lining was installed, the middle layer of which is of torch-proof steel.

A round door of the latest type is placed at the entrance to the safe deposit vault and has an over-all thickness of twenty-four inches. The vestibule weighs approximately twenty tons. The vault has a capacity for 10,000 boxes. The work was designed, built and installed by the Mosler Safe Company.

A unique system of ventilation has been worked out by the Mosler Company, and the telephone has a direct wire connecting with the telephone office. The entire interior of the vault is covered by a steel finish plate. The vault is lighted by use of bowl fixtures, twenty-four in number.

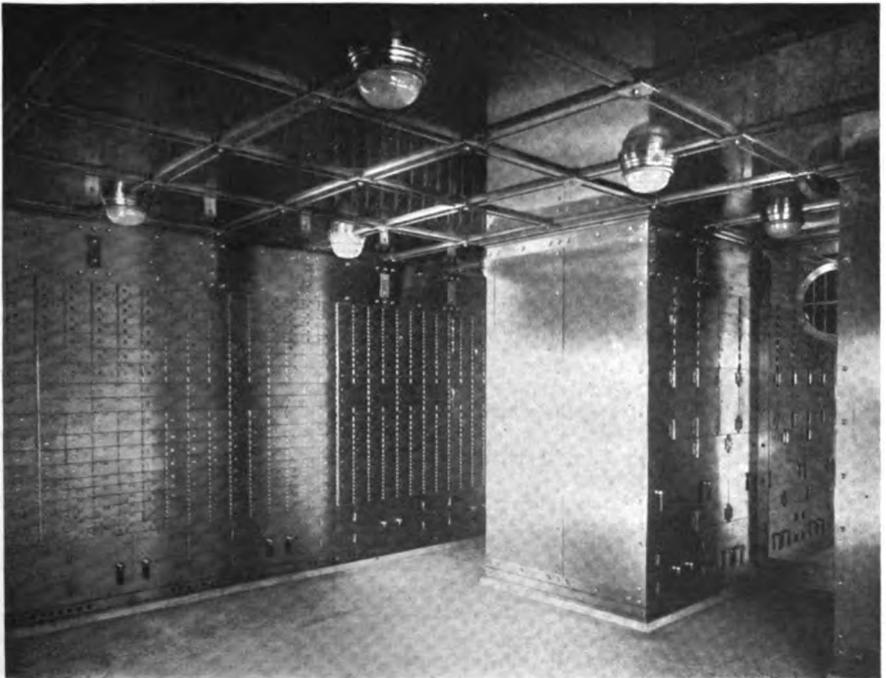
#### GROWTH OF THE COMPANY

The Beacon Trust Company was incorporated in 1892 and has shown a steady and consistent growth which has brought it from capital of \$400,000 and deposits of \$1,800,000 in 1905, up to



*Courtesy of Mosler Safe Co.*

**The Beacon Trust safe deposit vaults, showing vault door and ornamental grille**



*Courtesy of Mosler Safe Co.*

**Interior of the Beacon Trust safe deposit vaults**

capital and surplus of \$8,000,000 and deposits of over \$20,000,000 in 1923. In 1909 it acquired the old Faneuil Hall National Bank, which occupied quarters near Faneuil Hall for several generations. Last year this branch was removed to quarters at 89 State street, where banking rooms have been handsomely fitted up for the purpose.

MEMBER FEDERAL RESERVE

The company is a member of the Federal Reserve System, and in addition to its commercial banking depart-

ment has a savings department, issues foreign exchange, letters of credit and travelers' checks. It serves as transfer agent and agent to register transfers of stocks, bonds and notes of corporations. The president is Charles B. Jopp and the other officers of the bank are: Vice-presidents, C. L. Billman and Frank B. Lawler; treasurer, Alfred S. Nelson; secretary, Robert G. Shaw, Jr.; assistant treasurers, Leverett A. Haskell, Wallace H. Pratt, Henry H. Pierce, Edward J. Ramhofer, Jr.; assistant secretary, James H. Turnbull.



## Bankers Association Issues Booklet on China

**A**N economic survey of China has been issued in book form by the commission on commerce and marine of the American Bankers Association. It presents what is described as "a balanced statement of the outstanding factors of China's present-day economic life and indicates the most probable developments of the immediate future, particularly with reference to American interests." The survey continues:

Eighty-five per cent. of China's population are engaged in agricultural pursuits and illiteracy is probably slightly less than 90 per cent. The relation between these two percentages is rather an intimate one. The Chinese agriculturists have remained unaffected by modern influences over 3000 years. New movements represent the immediate interests of but 10 per cent. of the entire population. The tremendous significance of this 360,000,000 passive population acting as a dispassionate check on things new and different are the foundation of that "stolid indifference" so often quoted in connection with Chinese characteristics.

Five hundred thousand is the figure given for labor engaged in modern industrial plants in China. As yet the industrialization of China is in its infancy. A large portion of China's population must remain agricultural if the prime needs of the people are to be met. The demands upon the country for improved methods in agriculture, irrigation, forestation, coping with plant and animal diseases, transportation and rural credits are indeed pressing, and

with their solution the whole economic structure of Chinese society will be raised to a higher plane.

There is danger the people will lose sight of the relative importance of agriculture and that the migrations of rural people to the cities because of the inducements offered by the factories and modern industrial organizations will be hard to withstand. There is already a decided movement in this direction. One of the greatest problems confronting the Chinese educator and administrator of today is how to make conditions among the farming classes such as to insure to the nation in the future an intelligent rural population, capable of applying modern civilized methods to the opportunities which their environment will present.

The basis of China's potential growth as an industrial nation is well grounded in the possession of ample mineral resources. These include coal and iron in substantial quantities as well as other important minerals. China's resources in coal have been greatly overestimated. China, however, is the only country on the Pacific excepting the United States with large resources in coal. The coal reserve is probably forty to fifty billion tons, or one-eighth that of the United States. The United States coal output for 1920, however, was 650,000,000 tons, while that of China was only 25,000,000 tons. The Geographical Survey estimates the iron reserve of China at 1,000,000,000 tons, one-half of which is capable of working by modern methods. Thus China has one-quarter the reserve of the United States. The present annual production of iron ore in China is about 1,500,000 tons. In the United States the production of iron ore in 1920 was 70,000,000 tons.

# MOSLER SAFES AND VAULTS

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## The Bank of Washington Heights, New York

**T**HE growth of the Washington Heights section of New York during the last twenty-five years has been quite remarkable, and no one who has not in his mind's eye a picture of the Heights as it was twenty-five years ago can really appreciate the improvements which have taken place.

At that time St. Nicholas avenue, from 162nd street north to Kingsbridge, was little better than a cow path, with no streets cut through, east or west.

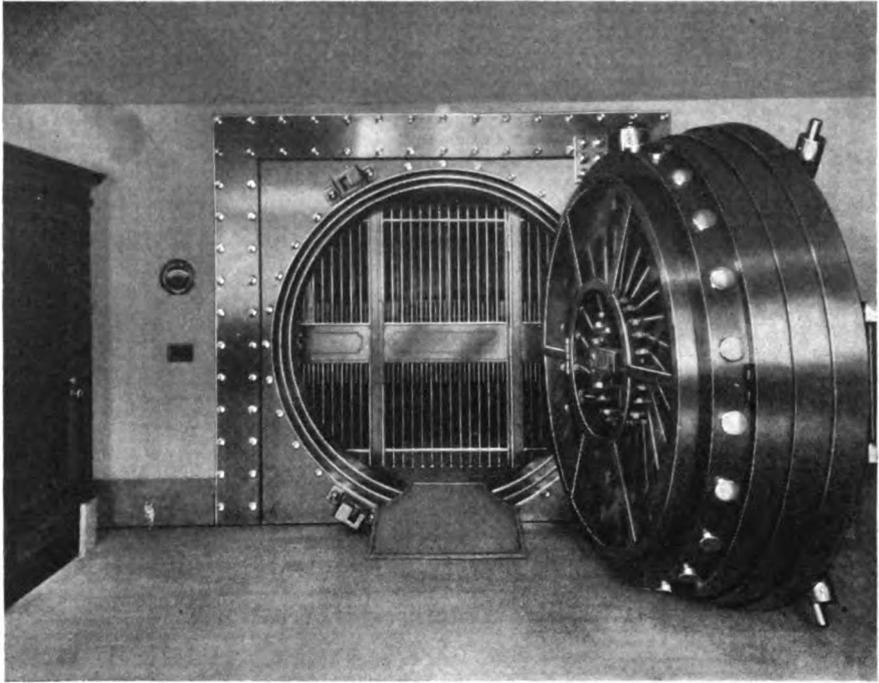
Then there were three banks on 125th street, and no banks between there and Yonkers. Today this section is well built up with fine apartment houses, and Washington Heights has seven banking institutions, which includes one independent commercial bank, one savings bank and five branch banks.

The Bank of Washington Heights, the one independent commercial bank on the Heights, was incorporated October 24, 1901, and was organized by local men, to meet the banking needs of the community.

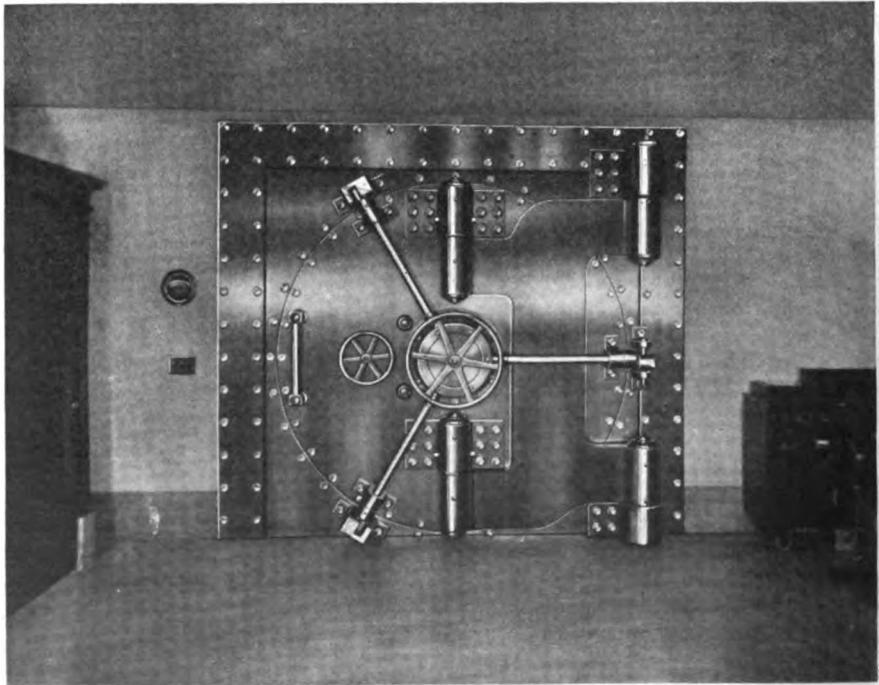
Hon. John Whalen, former corporation counsel of the City of New York, an old resident of the Heights, was the man responsible for the starting of this bank for the convenience of the people of upper Manhattan.

Its progress under his guiding hand has been steady and consistent. "Sound, Conservative and Independent" has been the motto of his bank, and its strong condition and ability to meet every demand at any time has been a fact long noted by those who make it their business to study bank statements.

The growth in deposits has been as follows:



View of entrance to new vault showing York circular vault door opened



View of York circular vault door closed

March, 1904.....	\$ 500,000
March, 1909.....	1,300,000
March, 1914.....	1,500,000
March, 1919.....	2,600,000
March, 1922.....	4,497,000
March, 1923.....	6,558,000

It will be noted that the gain in deposits during the last four years has been about four million dollars, which is quite remarkable for a local bank.

Some of the banks of New York have shown a shrinkage in deposits during the past year. The Bank of Washington Heights has not only held its own, but has forged ahead.

It speaks well for the community. It shows that the Heights is improving rapidly and that the business man of the Heights is a pretty good type of citizen.

The success of the bank is due to a large extent to the policy of the management and the atmosphere to be found in the bank. Every effort is made to render service to the depositor and to render that service courteously and efficiently.

In keeping with that desire to render



HON. JOHN WHALEN  
President Bank of Washington Heights



Safe deposit department showing individual booths



Interior of safe deposit vault having capacity for 8,000 boxes. The vault has heavy steel lining with two feet of concrete reinforcing

service, and in answer to many requests made from time to time, by both old depositors and new friends of the upper section of the Heights, the bank purchased the Hobson Building on West 181st street, just east of St. Nicholas avenue, and has opened there a new banking office, fully equipped to do a banking business of every character.

The vaults, constructed by the York Safe and Lock Company, follow the lines of vaults about to be installed in the new Federal Reserve building in lower New York, and are the last word in safe deposit vaults.

Out of the large population of Washington Heights there are still many who are doing their entire banking and safe deposit business in the lower part of the city, carrying money and securities back and forth, but with the new vaults recently installed at this bank's home office, 155th street and Amsterdam avenue, with over 4,000 safe deposit boxes, and the new vaults which are ready at the 181st street office, with

a capacity of 10,000 boxes, a total of 14,000 boxes, there will be ample safe deposit accommodation in this section.

The officers of the Bank of Washington Heights are: John Whalen, president; John D. Beals and James J. O'Shaughnessy, vice-presidents; Lewis S. Rough, vice-president and cashier; Collin H. Woodward, vice-president; William H. C. Pletz, assistant cashier.

The directors are: John D. Beals, Beals & Nicholson; J. Romaine Brown, J. Romaine Brown Co.; Joseph J. McArdle, McArdle, Djörup & McArdle; George H. McCormack, Thos. Bruce Boyd, Inc.; Daniel F. Mahony, Jr., Bradley-Mahony Co.; Newell Martin, retired; James J. O'Shaughnessy, vice-president; David Stewart, real estate; John Whalen, president; John T. Whalen, John T. Whalen, Inc.

The bank is an associate member of the New York Clearing House and a depository for the State and City of New York.

# Passes Sixtieth Banking Milestone

**A**LLEXANDER GILBERT, vice-chairman of the Irving Bank-Columbia Trust Company, who is in active charge of the Market and Fulton street office of that institution, has rounded out sixty years of his career as a bank officer.

The following testimonial, adopted by the Irving-Columbia board of directors, was sent to Mr. Gilbert: "August 25, 1928 marks an important anniversary in the career of one of our fellow directors. On that day in 1868, Alexander Gilbert, then a youth of twenty-four, was appointed cashier of the Market Bank of New York, an ancestor of the great institution with which he now is associated.

"Today, after sixty strenuous and productive years, which have included the entire range of banking activity, Mr. Gilbert, still vigorous, still keenly interested in the public service and in the great banking system in behalf of which he has labored so long and faithfully, is the active vice-chairman of the Irving-Bank-Columbia Trust Company. During these years, in various posts of responsibility, he has witnessed, and taken part in, the development of sound banking in the United States.

"Mr. Gilbert entered the banking profession at a time when specie payment had been suspended and when the nation was endeavoring to finance the closing years of the Civil War. As an active New York banker he participated in the creation of the National Banking System.

"As an officer of a New York bank, he saw the panics of 1873 and 1893, and as president of the same bank, went through the panic of 1907. The New York Clearing House was organized during his boyhood. In 1894, with thirty years of banking experience behind him, he was made secretary of the Clearing House Association. A decade later, when experience and judgment were required to guide the New York banks through the panic of 1907, he again was called upon to serve, this

time as president of the association.

"The man whose youth saw 'shin-plasters' and 'Autographical Counterfeit Detectors' as part of the currency system of the country, worked as a seasoned banker to secure a solid foundation for the nation's financial structure, and Mr. Gilbert was among the earliest



**ALEXANDER GILBERT**  
Vice-chairman Irving Bank-Columbia Trust Company

advocates of the Federal Reserve System, crystallized into law in the year he was welcomed to the Irving board.

"On the sixtieth anniversary of Mr. Gilbert's career as a bank officer, his fellow directors desire to indicate to him their appreciation of his ripened counsel, their admiration for his long and honorable service to the banking community, and their high regard for the qualities of mind and heart which have earned for him the esteem and affection of those with whom he is associated.

"It is ordered, therefore, that this testimonial be spread upon the minutes

of the board, and that a copy, suitably engrossed, be sent to Mr. Gilbert, with the sincere hope of his fellow members

of the board that the future holds for him many years of continued usefulness and honor."



## American Bankers Association Convention Program

**N**ATIONAL problems of agriculture, business and finance will dominate this year's convention of the American Bankers Association, which for several years past has made the European problem an outstanding feature of its sessions, it is indicated in the detailed program of speakers and events issued here. The convention will be held at Atlantic City, N. J., September 24-27.

In view of the widespread attacks and discussions on the Federal Reserve System, a forum has been arranged on "The Federal Reserve System—its Merits and Defects" for the third day of the general session, with speakers appointed to open both sides of the question in fifteen minute addresses. The forum will last an hour and fifteen minutes, speakers from the floor being allotted five minutes each, with no one allowed to speak more than once. The forum is designed, according to the official announcement, "not only to bring out the various points of view, but to be helpful and constructive". This discussion will occupy a similar place in the program to the branch banking controversy which attracted great attention in banking circles at the 1922 convention of the Association in New York City.

Although the Federal Reserve and other domestic questions will occupy prominent places in this year's program, the European problem will also be taken up. This year, however, instead of listening to the views of an English authority on this subject as was done

last year and the year before, the convention will hear a detailed report by an American banker, Fred I. Kent, vice-president of the Bankers Trust Company of New York and chairman of the commerce and marine commission of the American Bankers Association, who has just returned from a prolonged tour of study of the economic situation in various countries of Europe.

### SPEAKERS AT THE GENERAL SESSIONS

Other speakers before the general sessions of the convention will be J. H. Puelicher, president of the association; Charles E. Mitchell, president National City Bank, New York City; M. A. Traylor, president First Trust and Savings Bank, Chicago; William A. Scott, director School of Commerce, University of Wisconsin; and D. H. Otis, director Agricultural Commission, American Bankers Association. George E. Roberts, vice-president National City Bank, New York, will address the Clearing House Section on "The Economic Position of the United States" and Seymour L. Cromwell, president of the New York Stock Exchange, will also address the same section on "How the American Banker Can More Effectively Co-operate with the New York Stock Exchange".

Regarding this year's convention, President Puelicher says:

"Marked changes that have come over business affairs since the last annual convention of the American Bankers Association will strongly impress them-

selves on the coming meeting at Atlantic City. At the last convention domestic affairs were running with such apparent smoothness and prosperity that it seemed fitting to devote our chief attention to the great problems oppressing Europe and to America's relationship to them.

"Since then slackening domestic business and increased trend of sentiment toward a state of unrest in many sections of the United States have placed particular emphasis on some of our own great problems, as well as the problems of Europe. These problems command the serious consideration of every banker in the nation. I earnestly urge them to attend the convention at Atlantic City to counsel together on them.

"Consideration will be given to the rising tide of radicalism against the present capitalistic system; agitation against the gold standard and for unsound money; the unsatisfactory economic position of agriculture, threatening to hamper the nation's food productivity; and unwarranted assaults being made on the Federal Reserve System, threatening in time to deprive the nation of this chief bulwark of strength in its financial system. Bankers must consider and take action on these problems. Their own business and their nation's welfare particularly need them at the convention this year."

#### DETAILED PROGRAMS OF MEETINGS

The detailed programs of the meetings follow:—

General sessions of the convention, Young's Million Dollar Pier. Tuesday, September 25, 9.30 a. m. concert; 10.00 a. m., call to order President J. H. Puelicher; invocation, Dr. Hinson V. Howlett, president Ministerial Union and pastor First Baptist Church, Atlantic City; address, Charles E. Mitchell, president National City Bank, New York; address of President Puelicher; report of executive council and administrative committee; address, "Playing Fair", M. A. Traylor, president First Trust and Savings Bank, Chicago; address, "Education and Banking", Stephen I. Miller, Jr., national educational director American Institute of Banking; appointment of resolutions committee.

Wednesday, September 26, 9.30 a. m., concert; 10.00 a. m., call to order; invocation, Rev. Robert Arthur Elwood, pastor Boardwalk Church, Atlantic City; address, "What We See and What We Don't See", William A. Scott, director School of Commerce, University of Wisconsin; address, "Banker-Farmer Team Work", D. H. Otis, director agricultural commission, American Bankers Association; report of nominating committee and election of officers; address, "Across the Atlantic", Fred I. Kent, vice-president Bankers Trust Company, New York; report of resolutions committee.

Thursday, September 27, 9.30 a. m., concert; 10.00 a. m., call to order; invocation, Rev. Thomas J. Cross, pastor Chelsea Baptist Church, Atlantic City; address, speaker to be announced; forum, "The Federal Reserve System—Its Merits and Defects"; new business; installation of officers; final adjournment.

The program of the clearing house section meeting, Monday, September 24, Vernon Room, Haddon Hall, is as follows: 9.30 a. m., call to order by President James Ringold; invocation; address of President Ringold; appointment of resolutions and nominating committees; address, "Seeing Things", M. A. Traylor president First Trust and Savings Bank, Chicago; address, "The Economic Position of the United States", George E. Roberts, vice-president National City Bank, New York; address, "How the American Banker Can More Effectively Co-operate with the New York Stock Exchange," Seymour L. Cromwell, president New York Stock Exchange, New York; report of acceptance committee, Jerome Thralls, chairman; report of committee on clearing house examinations, A. O. Wilson, chairman; report of resolutions committee; report of nominating committee; election and installation of officers; adjournment. Conference for clearing house examiners, Hotel Traymore, 2.30 p. m. Monday, September 24, John W. Wilson, examiner Los Angeles Clearing House Association, presiding. Conference for clearing house managers, Hotel Traymore, 2.30 p. m. Tuesday, September 25, Francis Coates, Jr., examiner Cleveland Clearing House Association, presiding.

#### TRUST COMPANY DIVISION

The program of the trust company division meeting, Monday, September 24, Vernon Room, Haddon Hall, is as follows: 2.00 p. m., call to order by President Theodore G. Smith; address of President Smith; appointment of nominating committee for executive committee vacancies; announcements by the secretary. Presentation of reports: committee on legislation, Henry M. Campbell, chairman, chairman of board Union Trust Company, Detroit, Michigan; committee on publicity, Francis H. Sisson, chair-

man, vice-president Guaranty Trust Company, New York; committee on community trusts, Frank J. Parsons, chairman, vice-president United States Mortgage and Trust Company, New York; committee on staff relations, P. E. Hathaway, chairman, employment manager Northern Trust Company, Chicago; committee on research, L. H. Roseberry, chairman, vice-president Security Trust and Savings Bank, Los Angeles, California; committee on protective laws, Nathan D. Prince, chairman, vice-president Hartford-Connecticut Trust Company, Hartford, Connecticut; committee on co-operation with bar, William S. Miller, chairman, vice-president Northern Trust Company, Chicago, Illinois; committee on standardization of charges, George D. Edwards, chairman, vice-president Commonwealth Trust Company, Pittsburgh, Pennsylvania; committee on mid-winter conferences, Frank W. Blair, chairman, president Union Trust Company, Detroit, Michigan; committee on insurance trusts, Thomas C. Hennings, chairman, vice-president Mercantile Trust Company, St. Louis, Missouri; open forum for discussion of subjects pertaining to the maintenance and development of fiduciary business, and such other matters of interest as are presented; vice-president's report; election of officers; report of nominating committee. Meeting of new executive committee at conclusion of this meeting.

#### SAVINGS BANK DIVISION

The program of the savings bank division meeting, Tuesday, September 25, Vernon Room, Haddon Hall, is: 2.30 p. m., address of President Samuel H. Beach; appointment of resolutions and nominating committees; address, "School Savings Banking", Thomas F. Wallace, treasurer Farmers and Mechanics Savings Bank, Minneapolis, Minn.; address, "Industrial Savings Banking", Allard Smith, vice-president Union Trust Company, Cleveland, Ohio; address, "Newspaper Advertising for Savings Deposits", W. R. Morehouse, vice-president Security Trust and Savings Bank, Los Angeles, California; discussion, led by Charles H. Deppe, vice-president Union Trust Company, Cincinnati, Ohio; reports of committees and state vice-presidents; report of committee on resolutions; report of committee on nominations.

The program of the state secretaries section meeting, Tuesday, September 25, Club Room, Traymore, 2.30 p. m.: call to order by President William B. Hughes; address of President Hughes; appointment of resolutions and nominating committees; report of the secretary-treasurer, Secretary M. A. Graettinger, Illinois. Reports of Committees: on forms, Secretary George D. Bartlett, Wisconsin; on insurance, Secretary

George H. Richards, Minnesota; on simplified income tax forms for banks, Secretary W. F. Keyser, Missouri; on protective matters, Secretary Robert E. Wait, Arkansas; on public education, Secretary C. F. Zimmerman, Pennsylvania. Round table discussion on "What Special Function Shall the Section Take Up for the Next Year?" Report of session committees; election and installation of officers. The newly elected board of control will meet immediately after adjournment.

#### STATE BANK DIVISION

Program of the state bank division meeting, Wednesday, September 26, Vernon Room, Haddon Hall, 2.30 p. m.: address of President H. A. McCauley; address, "Co-operative Farm Marketing", Carl Williams, president American Cotton Growers Exchange, Oklahoma City, Oklahoma; address, "Standard State Banking", E. H. Wolcott, bank commissioner of Indiana. Presentation of reports: Federal legislative committee, C. S. McCain, chairman, vice-president Bankers Trust Company, Little Rock, Arkansas; state legislative committee, C. B. Hazlewood, chairman, vice-president Union Trust Company, Chicago, Illinois; farm finance committee, W. C. Gordon, chairman, president Farmers Savings Bank, Marshall, Missouri; public service committee, R. S. Hecht, chairman, president Hibernia Bank and Trust Company, New Orleans, Louisiana; committee on exchange, Charles deB. Claiborne, chairman, director Whitney Central Trust and Savings Bank, New Orleans, Louisiana. Reports of state vice-presidents; open forum; report of committee on resolutions; report of committee on nominations; election and installation of officers.

#### NATIONAL BANK DIVISION

National bank division, Thursday, September 27, Vernon Room, Haddon Hall, 2.30 p. m.; call to order by President Waldo Newcomer; address of President Newcomer; appointment of resolutions and nominating committees; address, "Receivable Companies", A. E. Duncan, chairman of the board Commercial Credit Company, Baltimore. Following this address members will be invited to ask questions and to participate in a general discussion of the subject. Address, speaker to be announced; report of committee on resolutions; report of committee on nominations; election of officers; installation of new officers. Meeting of new executive committee at conclusion of division meeting.

The general entertainment program during the convention is as follows: Sunday, September 23, 8.30 p. m.: concert, Steel Pier. Monday, September 24, 8.30 p. m.,

yachting party for ladies from Atlantic City Yacht Club; 6.00 p. m., subscription dinner, Association of Reserve City Bankers; 8.30 p. m., special music, orchestras of leading hotels. Tuesday, September 25, 9.30-10.00 a. m., concert, convention auditorium; 4.00-5.30 p. m., reception at Haddon Hall for ladies, 8.30 p. m., Steeplechase Pier party, all attractions of the pier, dancing. Wednesday, September 26, 9.30-10.00 a. m., concert, convention auditorium; 4.30 p. m., drill of lifeguards at South Carolina avenue and the boardwalk for ladies; 6.30 p. m., dinner to presidents and secretaries of state bankers associations and incoming American

Bankers Association state vice-presidents at the Traymore; 9.00 p. m., reception to officers and officers-elect of the American Bankers Association and their wives; dancing, Steel Pier. Thursday, September 27, 9.30-10.00 a. m., concert, convention auditorium; 6.30 p. m., subscription dinner, National Alumni Association, American Institute of Banking, Traymore; 9.00 p. m., grand ball with a bathers revue as a feature, Young's Million Dollar Pier. Friday, September 28, all day, golf tournament, golf links to be selected; 8.00 p. m., golf subscription dinner and vaudeville, Traymore. Distribution of prizes.



## Increase in Use of Luxuries

**E**CONOMY is apparently a forgotten word in the lexicon of American users of luxuries. An analysis of the recent census of manufactures, made by the *Trade Record* of The National City Bank of New York, shows that while the value of all manufactures produced in the United States in 1921 fell 30 per cent. below that of 1919 a large share of the articles classed as luxuries not only "held their own" but in many instances showed an actual increase. Out of the 450 articles or groups of articles enumerated by the census, about 400 showed a decline in the value of the 1921 output when compared with that of 1919, and of the fifty articles which showed an increase about 60 per cent. were articles which may not improperly be classed as luxuries, while most of the remainder were articles required in the construction of new homes. Even among the articles which show an actual decline the fall off in luxuries is less pronounced than in articles of the ordinary requirements of daily life or industries of the country.

Just a few examples will show the contrast between the growth in the output of luxuries and the fall off in the total output in which there was a decline of 30 per cent. in value in 1921 com-

pared with 1914. The value of tobacco manufactures increased from \$1,013,000,000 in 1919 to \$1,048,000,000 in 1921, an increase of 3½ per cent., while in contrast with this food products as a whole showed a fall of 37 per cent., iron and steel manufactures as a whole 40 per cent., other metals and metal products 43 per cent., textiles 24 per cent., and leather and its products 41 per cent. Not only did the tobacco manufactures show an actual increase of \$35,000,000 when comparing 1921 with 1919 but cigar boxes also showed an increase of \$1,000,000, and matches, which are in these days of the cigarette much more in demand than formerly, increased from \$18,000,000 value in 1919 to \$30,000,000 in 1921.

The chief increases outside of the luxury class occur in newspaper and magazine publishing, which advanced from \$924,153,000 in 1919 to \$1,123,700,000 in 1921, and in building materials and supplies, cement alone an increase of \$28,000,000; wall plaster and floor composition \$6,000,000 increase; paving materials \$16,000,000; doors and shutters \$1,500,000; window and door screens \$1,500,000; and gas and electric fixtures a \$500,000 increase.

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*Correspondence invited*



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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

**T**O those who may feel that the present situation bears some general analogy to the depression which culminated in the crisis of 1907, the current letter of the National City Bank, Chicago, offers the reminder, not apt to be overlooked by most bankers, that the crisis of 1907 "was chiefly due to the credit strain, the intensity of which forced the clearing houses of large cities to issue loan certificates as the only form of emergency currency then available. With the facilities of the Federal Reserve System at hand, however, these difficulties are no longer possible, and the nation's credit structure today is immensely stronger than it was sixteen years ago". The letter continues:

The nation now is in every way better off. According to the Government's July forecast the farm value of the leading crops this year will be fully \$1,000,000,000 greater than that of 1922, and while it is too early to speak with assurance on this point, the promise is for a good harvest. The statisticians of the Department of Agriculture estimate that the twelve principal crops of wheat, corn, oats, barley, rye, white potatoes, sweet potatoes, flaxseed, hay, cotton, apples, and peaches will represent this year a valuation of \$7,829,000,000 as against a total worth last year of \$6,768,208,000.

#### FINDS GENERAL PRICE DECLINE

A general decline in prices and a seasonal falling off in production are two

factors in the present situation noted by F. H. Curtiss, chairman of the Federal Reserve Bank, Boston, in the current business summary of that bank. Mr. Curtiss says that "the prices of many commodities continued to decline during the first three weeks in July, following the trend of the previous two or three months. A large drop in wheat quotations during the first two weeks of the month served to call attention again to the reduced purchasing power of the farmers in many sections of the country". He goes on to say:

The wide extent of the decline in prices is clearly shown by the index constructed by the Bureau of Labor Statistics. Not one of its nine groups of commodities showed an increase between May and June. The same was true between April and May. The general price level in June was reported to be only two per cent. higher than in June last year. Furthermore, the decline in commodity prices is not confined to this country, because similar movements have been reported from several European nations. The decline in England, for example, has nearly paralleled that in this country.

#### THE DECLINE IN THE PRICE OF WHEAT

The recent sharp decline in the price of wheat has furnished an outstanding example of the hardships which lack of balance in the commodity price structure entails, states the current issue of *The Guaranty Survey*, published by

the Guaranty Trust Company of New York. "In this instance, not only is the depression of the value of wheat a major factor in the general economic situation, but the discontent engendered is reflected in various schemes for relief which could only prove futile or mischievous", the *Survey* continues. "As is usually true in the face of such a dilemma as now confronts the wheat growers, there is a disposition to ignore the fundamental economic aspects of the difficulty and to strike out more or less blindly at imaginary causes". The *Survey* says further:

What is needed in the framing of policies and measures of relief for the producers of wheat is a frank recognition of the conditions which have made necessary a post-war readjustment of the producing activities of farmers, as well as of other producers in this country. Wheat growers are not alone in their subjection to the vicissitudes of costs, prices and markets. To center their attack upon speculators, railroads, and "the interests" is to ignore the basic causes of the present situation. No scheme for harassing the speculators, no resort to cheap credit, Government price fixing and hoarding of the commodity, or browbeating of the railroads can abolish price determination in a world market. After the worst that can be done in these directions, it would still be necessary for the production of wheat in this country to be adjusted to the world market situation.

#### DENIES WHEAT SURPLUS DANGER

In answer to those who predict a heavy surplus production of wheat, Eugene Meyer, Jr., managing director of the War Finance Corporation, recently expressed the opinion that predictions or statistics concerning the wheat stock and its marketing are dangerous, and that no one "is in a position to guess the wheat market. There is too much talk," said Mr. Meyer, "about dangerously large stocks". He continued:

Probably the stocks in excess of the pre-war normal carried in the producing countries are no greater than the deficiencies in the stocks carried in the consuming countries.

The experience of the last two years should lead us to be distrustful of the sta-

tistics concerning stocks and the impossibility of marketing them.

Two years ago, when cotton was selling for 8 cents a pound, we were told in the War Finance Corporation that there was a stock of 10,000,000 bales and that it would take years to eliminate its disastrous influence. Ninety days later cotton doubled in price and the stocks began to disappear, until now the cry is that the stocks are dangerously inadequate.

Eighteen months ago the stocks of sugar in Cuba were reported to be so large that some people, otherwise considered sensible, started a movement to force a restriction of sugar production in Cuba. Those stocks have disappeared with equal rapidity.

Two years ago corn was selling at 18 cents a bushel in Nebraska and in Iowa, and there was much talk about burning it for fuel, although there was little burned. Today corn is selling at 83 cents a bushel in the Chicago market, and equal to 65 cents at the interior points in Nebraska and Iowa, and all talk about the calamity of three bumper corn crops of over 3,000,000,000 bushels each has disappeared.

The figures for the world stock of wheat in proportion to the world's annual production and consumption, are not, in my opinion, dangerous. But no one is in a position to guess the wheat market. I believe that some of the people who, with good intentions, are trying to help the wheat producers are lending power to the propaganda for depressing prices. I think they are discouraging buyers, frightening producers, and encouraging bear speculators.

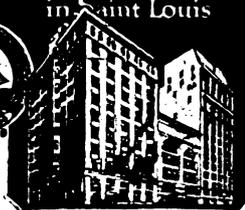
With the improvement in the general banking situation and the ample resources made available by the legislation enacted by the Congress in March of this year, there can be no question concerning the availability of adequate financing for orderly marketing of the wheat crop, as well as all other agricultural products.

In discussing the future of wheat Mr. Meyer says that "if it does not pay the farmer to produce wheat for export, then the acreage, as a matter of business, must and will be adjusted in the states where production can be diverted into other more profitable directions until our wheat production is balanced with the American requirements."

#### WHAT MAKES FOR PESSIMISM?

"We are never free from agitation" reminds the current letter of the National City Bank, New York, in comment on the expressions of pessimism

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Let us know your requirements.

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*Willing Cooperation is a Part of Our Working Capital*

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from those who believe that certain unsound tendencies which are manifest in the present situation will check a continuance of our present state of prosperity. "Time and again", says the bank, "new champions of the communities regarding themselves oppressed have arrived in Washington commissioned to reorganize the Government and its policies, but the result has always been that they either readjusted their own views in the light of more intimate knowledge of the matters at issue, or soon lost all influence both in Washington and at home". The bank goes on to say:

Nine-tenths or more of these controversies result from misunderstanding and disappear when the parties come face to face. Labor troubles probably will work out about as in the past, not to anybody's entire satisfaction. When construction work falls off no doubt the wage situation will be more easily dealt with than it can be now. Throughout all these difficulties, however, 110,000,000 people in this country, not to speak of those who have become accustomed to look to this country for supplies, will be

in want of goods and services. Statistics show that even under the most depressed conditions the demand does not fall off on the average more than 25 per cent. and there is no reason to apprehend that we shall experience anything like that again for years to come. The most pessimistic cannot show much similarity between present conditions and those of 1920. People who are looking for absolutely clear sailing are not likely to have it, but a lot of business is going to be done right along. Prudence and caution are the watchwords for the time, but, after all, if people manage to do business in Germany under existing conditions, it should be possible to go ahead fairly well in the United States.

#### THE RAILROADS IN 1923

What have the railroads done since 1922 to increase their facilities, and to improve transportation capacity and performance? A report of the car service division of the American Railway Association on the constructive program of the railroads for 1923, brings out the following outstanding facts:

1. In the first six months of 1923 the railroads hauled the largest traffic ever



*Chartered 1836*

## PHILADELPHIA

*—the “Workshop of the World”*

Philadelphia, the third largest city of the United States, and the nation's second greatest port, is America's and the world's greatest manufacturing center.

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>	. . .	<b>\$10,000,000</b>
<i>Resources</i>	. . .	<b>60,000,000</b>
<i>Individual Trust Funds</i>	. . .	<b>310,000,000</b>
<i>Corporate Trust Funds</i>	. . .	<b>1,450,000,000</b>

# GIRARD TRUST COMPANY

BROAD & CHESTNUT STS.  
PHILADELPHIA



Capital and Surplus  
\$10,000,000

EFFINGHAM B. MORRIS  
*President*

Member Federal Reserve  
System

hauled in any six months in their history.

2. In June, 1923, they hauled the largest traffic ever carried in any one month.

3. For the week ending June 30 they loaded 1,021,770 cars with revenue freight, exceeding the largest previous week's loading in history by 3231 cars.

4. In the first six months of this year 79,240 new freight cars were put in service and 1998 new locomotives, leaving 96,855 freight cars and 1902 locomotives still on order July 1.

5. The total number of bad order freight cars has been reduced from 216,011, or 9.5 per cent., on January 1, to 190,411, or 8.4 per cent., on July 1.

6. Bad order locomotives have been reduced from a total of 15,549, or 24.1 per cent., on January 1, to 11,450, or 18 per cent., on July 1. Locomotives in need of heavy repair have been reduced from 13,587, or 21.1 per cent., on January 1, to 10,326, or 16.2 per cent., on July 1.

7. The number of repaired locomotives and cars turned out of railroad shops per month has far exceeded the performance of previous years. In the first six months of 1923 an average of more than 38,000 repaired locomotives were turned out of shops each month against an average of only about 21,000 for the first six months of 1922. In the month of June over 1,200,000 freight cars passed in and out of the railroad repair shops of the country.

8. The average loading per car was increased from 27.8 tons in April to 28 tons in May.

9. The average daily movement of all freight cars has been increased from 27.9 miles in April to 28.6 miles in May.

10. The reserve bituminous coal stocks of the railroads have been increased from 6,756,886 tons on January 1 to 10,667,371 tons on July 1, which reserve is approximately as great as the railroads were able to accumulate against the threatened coal strike of April 1, 1922.

#### SAVINGS CONTINUE TO INCREASE

Savings of the American people continue to increase, according to the latest national compilation of the Savings Bank Division of the American Bankers Association. Savings deposits in banks and trust companies of the United States were reported at \$17,800,000,000. June 30, 1922, the last available nation-wide figures, as compared with \$16,620,000,000, June 30, 1921. This is an increase of \$680,000,000, or 4.1 per cent.

The savings and time deposits re-



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in the ledger.

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smear or smudge if  
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ELDORADO**

*"the master pencil"*

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DIXON'S ELDORADO and full-  
length free samples of Dixon's "BEST"  
COLORED PENCILS. Both are  
supreme in their field.

**JOSEPH DIXON CRUCIBLE COMPANY**  
Pencil Dept. 163-J, Jersey City, N. J.

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# Nation-wide Basis Gives Stability

**A**MERICAN TELEPHONE AND TELEGRAPH stock represents a system nation-wide in scope and indispensable in character. It is based on the company's ownership in the Bell System's properties, which include the Associated Companies. These are 26 distinct organizations, covering the 48 States of the Union.

The combined earnings of these companies are in but small part dependent upon the business conditions of any one or even a few sections of our land. A wave of business depression may strike to the very roots of a single locality but affect very little the main volume of the country's business.

The number and distribution of the properties producing earnings decrease the risk and this is another reason why A. T. and T. stock is judged a desirable investment.

*A. T. and T. pays 9% dividends on the stock outstanding. Today the stock can be bought in the open market to yield approximately 7%. Full information sent on request.*



*"The People's Messenger"*

**BELL TELEPHONE  
SECURITIES CO. Inc.**

**D.F. Houston, President  
195 Broadway NEW YORK**

ported on the two dates by the different types of banks were as follows, data for state banks other than mutual savings banks being combined with trust companies:

**TOTAL SAVINGS DEPOSITS**

	June 30, 1921	June 30, 1922
Mutual savings banks .....	\$5,582,812,000	\$5,696,439,000
State banks and trust companies .....	7,406,292,000	7,530,292,000
National banks.....	3,629,491,000	4,074,281,000
United States.....	\$16,618,595,000	\$17,301,012,000

The number of savings depositors, as indicated by the number of accounts, shows an increase of 4.9 per cent., with the states reporting for the first time in 1922 excluded. The third annual report of the Savings Bank Division on school savings banking also shows increased American thrift, 1,271,029 pupils having savings accounts during the school year of 1921-22, as against 802,906 during the previous year.

The distribution of depositors between the different types of banks reported is as follows:

**NUMBER OF SAVINGS ACCOUNTS REPORTED**

	June 30, 1921		June 30, 1922
Mutual sav. bks.....	17 9,654,989	•	17 9,652,569
State bks. & trust companies .....	18 8,967,106	•	28 11,797,424
National banks..(all)	8,015,736	(all)	8,873,327
	26,637,831		30,323,320

\* Number of states.

“The amount of the average savings account for the country as a whole cannot be determined with a satisfactory degree of precision”, the statement of the savings bank division says, “but we have data for following conclusions:

In mutual savings banks the average balance on June 30, 1922, was \$456 in Massachusetts, \$571 in Connecticut, \$489 in all New England, \$713 in New York, \$670 in the Middle Atlantic states, \$495 in Washington, \$978 in California, and \$590 for the 621 mutual savings banks in the seventeen states reported.

In state banks and trust companies the average savings accounts on June 30, 1922, was \$292 in Massachusetts, \$260 in Connecticut, \$364 in all New England, \$441 in New York, \$352 in the Middle Atlantic states, \$349 in Washington, \$540 in California, and \$503 for all state banks and trust companies reported, which included 20,308 state banks and 1489 trust companies.



Established 1889

*Buffalo and Foreign Trade*

FOR the first quarter of 1923, in distinct contrast with other large ports of the United States, BUFFALO showed a balance of trade in favor of this country.

The proportion of Exports to Imports at this port during the period mentioned was four to one.

THE PEOPLES BANK OF BUFFALO, with its Branch Offices at important points, welcomes inquiries relating to the usual phases of business, and will efficiently render special services on request.

**THE PEOPLES BANK OF BUFFALO**

*Four Offices—*

- Main and Seneca Streets (Head)
- Main at Tupper Street (Uptown)
- Niagara and Virginia Streets
- Michigan Avenue and Perry Street (Elk Street Market)

*“The bank where you feel at home”*



# To the heart of the Orient in two weeks



LEAVE New York on an express de luxe liner—the *Paris, France* or *Lafayette*—Paris a week later. A delightful few days there—next historic Marseilles—Algiers the following day.

Then commence leisurely tours through lands of golden romance, strange peoples and traditions—that old pirate den Algiers—destroyed Carthage—ruinous Roman cities—colorful, oriental Tunis, Fez, Biskra, Marrakech—the heart of vibrant Islam.

## French Line

Compagnie Générale Transatlantique  
19 State Street, New York

Offices and Agencies in  
Principal Cities of Europe  
and the United States



### *Under Ideal Conditions*

In luxurious automobiles, over smooth roads, with comfortable hotel accommodations. Through smiling lands of perpetual summer—orange and olive groves, date, palm and fig trees. Over cool, craggy heights of the Atlas Mountains. The Sahara's sunlit sand-ocean. A Mohammedan paradise as accessible as Europe!

Rates include all land and sea transportation charges, all hotel expenses from the time you leave New York till you return. You can arrange the time table to suit your convenience.

Extremely interesting literature further detailing these tours may be had by writing to the nearest French Line office—or 19 State Street, New York.

# North African Motor Tours

## Morocco · Algeria · Tunisia

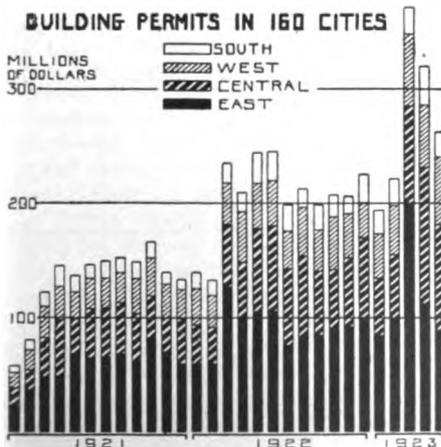
In national banks the average savings account on June 30, 1922, was \$366 in Massachusetts, \$379 in Connecticut, \$376 in all New England, \$526 in New York, \$393 in the Middle Atlantic states, \$386 in Washington, \$673 in California and \$334 for all national banks in the United States.

PEAK OF BUILDING BOOM HAS PASSED

"The peak of the building boom has passed", says the current business bulletin of the Cleveland Trust Company, "and the best evidence of this is to be found in the figures for building permits which reached their high point in March, and declined sharply in April, and again in May. Permit figures supply the best available forecasts of the amount of construction that will be under way a few months hence. They do not show the volume of building actually under way, but they do indicate what is likely to happen in the building industries in the near future." The bank continues:

During 1922 and 1923, there has been under way in the United States the greatest building boom that there has ever been in this, or in any country. This large volume of new construction has constituted the foundation of our present period of prosperity. It came into existence because there was a great shortage of buildings that had been accumulating during the war years, and it is beginning to decline in volume because the costs of materials and labor have reached such heights that many building projects are now being abandoned or postponed.

In the diagram the heights of the columns indicate in millions of dollars the values of



A comparative chart of building permits



**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**

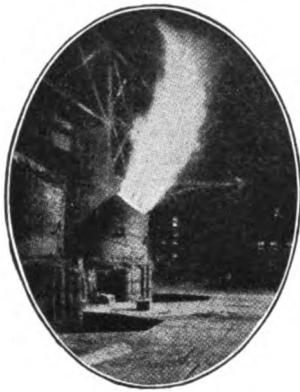
**Commercial and Travelers' Letters of Credit**

*Correspondence and inquiries invited*

**Capital - \$3,000,000**  
**Surplus and Profits - 8,700,000**

**E. F. SHANBACKER**  
*President*

The  
**FOURTH STREET NATIONAL BANK**  
 Philadelphia



### ***BUFFALO—a steel center***

Because of its lake frontage and available electric power as well as being one of the largest railroad centers in the country, Buffalo offers an ideal location for its steel industries. The principal companies operate 13 blast furnaces, 38 open hearth furnaces and 20 rolling mills. These companies produce 2,000,000 tons of finished products a year.

***BUFFALO—a city of enterprise served by***

## **THE MARINE TRUST COMPANY OF BUFFALO**

**Capital, Surplus and Reserves over \$20,000,000**

permits in about 160 cities each month since the beginning of 1921. Each column is divided in four sections. The lowest portion in solid black represents the value of the permits in New England and the cities of the Middle Atlantic states. The part in heavy cross-hatching shows the permits in the Central states, while that in light shading indicates the permits in the Western states, and the portion in outline those in the South.

During nearly all of 1922 construction continued in unprecedentedly great volume. This activity was accompanied by steadily rising prices for both materials and labor. Then, in the spring of 1923, the permit figures rose to so great a degree as almost

to double in March the highest records reached in 1922.

The result of the largely increased demands was to send the cost of building up so rapidly as to discourage those who were planning to build, and to alarm those who were called upon to finance the construction operations. The consequence has been a rapid falling off in the permit figures, most marked in the East, but also noteworthy in the other sections. Building will undoubtedly go forward during the rest of the year in large volume, but the peak of the boom appears to have been definitely passed, and already the prices of building materials have begun to decline.



# Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

## CONVENTION DATES

American Bankers Association—at Atlantic City, September 24-27.

Morris Plan Bankers—at Atlantic City, October 15-17.

## MERGED WITH BANK OF AMERICA

The Battery Park Bank has merged with the Bank of America, New York. The executives will be unchanged.

The Bank of America has capital and surplus of \$11,500,000 and resources of \$125,000,000.

Customers of the combined banks are now afforded the services of eight offices in Manhattan and Brooklyn, as follows: In Manhattan at 44 Wall street, corner William; 257 Broadway, opposite City Hall; Produce Exchange Building, and 21 East 40th street, corner Madison avenue. In Brooklyn at 166 Montague street, corner Clinton; 369 Fulton street, opposite Hanover place, 41 Washington avenue, corner Flushing avenue, and 934 Third avenue, in Bush Terminal. The bank has also more extensive connections throughout the United States and in the principal markets of the world.

## NEW DEPUTY MANAGER OF A. B. A.

On the retirement of George E. Allen after twenty years of service, Frank W. Simmonds of New York City has been appointed deputy manager of the American Bankers Association. As deputy manager, Mr. Simmonds will be the secretary of the State Branch Division, giving particular attention to the interests of the state incorporated institutions. He came to the Association from the Chamber of Commerce of the United States with whom he was employed for several years, first as field secretary and then as manager of the eastern district, covering eighteen states, with headquarters in New York. Having lived most of his life in the agricultural state of Kansas, where he taught in rural and city schools, became superintendent of schools and a member of the State Board of Educa-

tion, Mr. Simmonds understands the problems confronting agriculture, to which the State Bank Division is giving particular attention.

## NEW MECHANICS AND METALS BRANCH

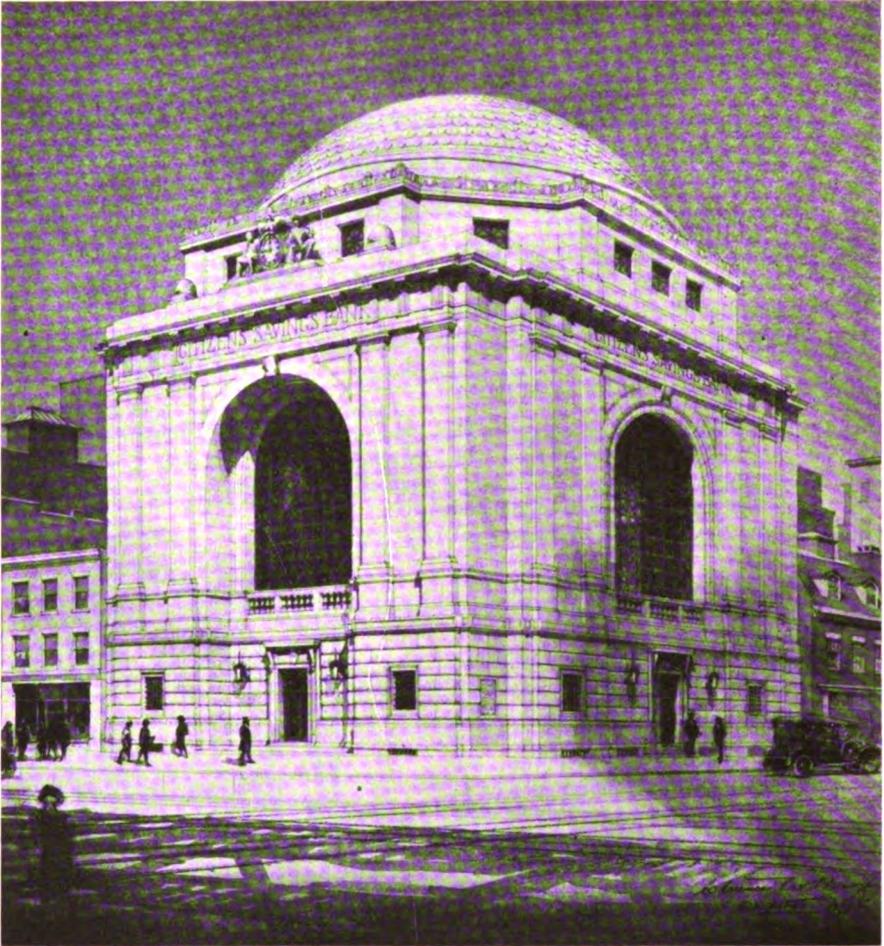
Construction of the new banking quarters of the Central Park branch of the Mechanics and Metals National Bank, 143-45 West Fifty-seventh street, is now



New branch of Mechanics and Metals National Bank, New York

nearing completion and they will be ready for occupancy early in the winter. These new quarters will be fully adequate to the growing business activities of the district of which this important crosstown street is

# Citizens Savings Bank of New York



This building, vaults and equipment designed by  
**CLARENCE WILSON BRAZER, Architect**

1133 BROADWAY, NEW YORK CITY

Architect for a number of other distinctive Bank Buildings:

This Building is one of the most remarkable structures now nearing completion in New York City, on a lot fronting 75 feet on the Bowery and 85 feet on Canal Street, facing the Manhattan Bridge Plaza. The old bank building still occupies a 50 foot frontage on the Bowery while the new building is being erected on a 25 foot lot adjoining. The foundations have been installed under the existing building, supporting the new building over present quarters without disturbing the old banking room, which has been occupied every day during the construction of the new building. Upon completion of the adjoining 25 foot section the Bank will move into this portion and into the top story containing the Directors' Room, Dining Rooms, etc., while the lower 20 feet on the Canal Street side is being completed. Thus at a slight additional cost, the Architect has provided a design in which the Bank might continue business on the old site, saving moving expenses, rent, etc., of temporary quarters.

The Building is constructed of Barre granite in the substantial and distinctive Florentine Renaissance style, so appropriate to strong financial institutions.

# 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 center and will also be conveniently located to the residential district lying to the west of Fifth avenue and south of Central Park.

## NEW YORK COMMUNITY TRUST RESIDUARY LEGATEE

The Manufacturers Trust Company, which has absorbed the Columbia Bank, announces that the New York Community Trust has been made the residuary legatee in a will naming the trust company as trustee.

The notification to the Community Trust was contained in a letter of Walter McMeekan, vice-president and trust officer of the trust company, to Ralph Hayes, director of the Community Trust, at 120 Broadway.

"We are not now at liberty," Mr. McMeekan said, "to disclose the size of the estate or the name of its owner. The use of the property goes upon the death of the testator to his two children; should both these die without issue, the income from the estate would be administered through the Community Trust for charitable purposes."

The U. S. Mortgage & Trust Company announced recently in a statement by its president, John W. Platten, that a will naming it as co-trustee made the Community Trust the residuary beneficiary. In that instance, the life use of the estate went to the wife and brothers of the testator, with provision that, upon the death of the last survivor, it should go to the Community Trust.

"Eight of the principal banks and trust companies of the city", Mr. Hayes stated, "have now passed a detailed resolution creating the machinery of the Community Trust and agreeing themselves to act as

trustees for it. The directorates of several other institutions have the matter under active consideration. The procedure of the Community Trust is exceedingly simple. Its essentials are quickly stated:

1. One or more banks or trust companies agree to accept bequests for civic, charitable or educational purposes, and to invest prudently the principal of such funds.

2. A carefully selected group of citizens (the committee on distribution), representative both of the trustee banks and trust companies and of the public, supervises the disbursement of the incomes (and, under certain conditions, portions of the principal) of those bequests.

3. The committee on distribution employs income customarily for the purposes specified by the donor. In the absence of such specification, it determines upon the use most conducive to the interests of the community. The donor, furthermore, retains the assurance that if, by lapse of years, originally designated beneficiaries become obsolete or harmful, the committee guarantees the application of income to such other objects as harmonize with the spirit of the gift and the benefit of the community, and this without unreasonable delay, expense or litigation.

## NEW COAL AND IRON TRUST OFFICER WAS FORMERLY ATTORNEY

On September 1 Harold C. Knapp, formerly of the Irving Bank-Columbia Trust Company, assumed the position of trust officer of the Coal and Iron National Bank of the City of New York, succeeding Arthur A. G. Luders, resigned.

Mr. Knapp was graduated from the New York University Law School in 1908 and, being admitted to the bar, practiced law until 1918. He then joined the Irving Trust Company which became successively the Irving National Bank and the Irving Bank-Columbia Trust Company.

Mr. Knapp is a member of the faculty of the New York University School of Commerce, Accounts and Finance, and the co-author of a volume entitled "Wills, Estates and Trusts".

He is a member of the University Club

1865



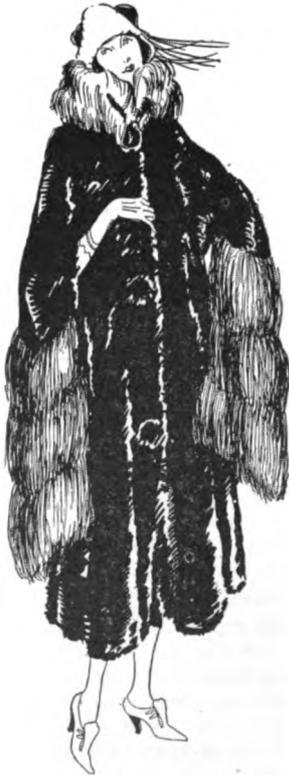
1923

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**STRICTLY RELIABLE FURS**



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Extreme Styles of the Season  
as well as  
More Conservative Models  
Comprising

**Draped Wraps,  
Full and Medium Length  
Coats**

Also a Very Fine Collection  
of the New Styles in  
Neckwear and Muffs

**126 West 42nd Street**

**New York**

of Brooklyn, the Lawyers' Club of Brooklyn, and the Phi Delta Phi Club of New York.

At the same time that Mr. Knapp was made trust officer, John R. Voorhis, Jr., was appointed assistant cashier of the Coal and Iron National Bank.

#### BANK JOINS TRUSTEE GROUP

The Seaboard National Bank has been named a trustee of the New York Community Trust. It is the second national bank to qualify, the other having been the Chase National Bank which, through Albert H. Wiggin, president, announced that it had associated itself with the group of institutions acting as trustee last month.

The other trustees are all trust companies, including the American Trust Company, the Equitable Trust Company, the Fidelity-International Trust Company, the Kings County Trust Company, the Manufacturers Trust Company, the Title Guarantee & Trust Company, and the United States Mortgage & Trust Company.

#### HUTH & CO., LONDON, LEASE PREMISES

Frederick Huth & Co., of London, England, a large international banking house founded in 1809, have rented the Milton Piano Company building at 542-548 West Thirty-sixth street, New York City. The building will be used principally as the United States branch for their fur auction sales, which heretofore have been held in London periodically for more than 100 years.

#### MANUFACTURERS TRUST COMPANY TO OPEN NEW OFFICE

The Manufacturers Trust Company has announced that it will open a Brooklyn office in the new building at 190 Jeralemon street, which will be known as the Manufacturers Trust Company Building. Upon completion of proposed alterations, the company will have one of the finest banking quarters in Brooklyn, with every modern banking equipment. It is expected that alterations will be completed in December of this year. Permission has already been granted by the Superintendent of Banks for the establishment of this new office.

The addition of this new office will give the Manufacturers Trust Company, after the Columbia Bank merger which was effected last month, twelve offices in all—five in Brooklyn, five in Manhattan, one in Queens and one in the Bronx.

## 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

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#### OLIVER F. MEREDITH

Oliver F. Meredith, formerly director of the business development department of The Bank of America, has been elected an assistant cashier of that institution.

#### BANKERS CONGRATULATE THEIR PATRIARCH

John A. Stewart, chairman of the board of directors of the United States Trust Company, New York, was kept busy on August 25 reading messages of congratulation from his friends in the banking community of the country on the occasion of the 101st anniversary of his birth, said the *New York Times*.

From 1853 to 1902, Mr. Stewart was president of the bank, except for two years during the Civil War, when at the call of President Lincoln he served as Assistant Treasurer of the United States. Since 1902 he has been chairman of the board.

Up to two years ago Mr. Stewart made three trips a week by motor from his home



## NEW ACCOUNTS

5c EACH

This is the actual cost using direct-by-mail publicity.

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Colonial Business Service  
109 West 42d St. :: New York

FAC-SIMILE LETTERS

in Morristown to the bank for the purpose of presiding at meetings of directors. Of late, however, he has taken only a passive interest in the bank's affairs.

Mr. Stewart has been characterized as the patriarch of the American banking fraternity as he holds the record for continuous service in the handling of affairs of trust. He has been associated with many corporations throughout the country. Mr. Stewart is the oldest living graduate of Columbia University, having completed his studies there in 1840.

### JERRY GREENE MADE ASSISTANT SECRETARY

Jerry Greene since September 4 has been associated with the Manufacturers Trust Company in the downtown office as an assistant secretary. He was formerly an official of the Guaranty Trust Company and served both here and abroad for a number of years. Upon his return he joined the new business department of the Italian Discount and Trust Company.

### CHAUNCEY H. MURPHEY WITH METROPOLITAN TRUST

Chauncey H. Murphey, formerly vice-president of the United States Mortgage and Trust Company, has been elected vice-president of the Metropolitan Trust Company. Mr. Murphey was born in Albany, N. Y. He was educated at the Albany Academy, Lawrenceville School, and was graduated from Princeton in 1900. He has

been in the banking business in New York for many years.

### GENERAL MOTORS SEMI-ANNUAL STATEMENT

During the first six months of 1923 General Motors Corporation sold 397,318 cars and trucks. Net sales (value of all products) were \$362,819,353. Sales in both units and value were the largest in the corporation's history.

The corporation is in excellent financial condition. Cash in banks was \$56,055,248, sight drafts \$10,220,439 and inventories \$114,725,627. The corporation has no bank loans. Current liabilities, including accounts payable of \$30,657,255 amounted to \$55,200,542, leaving an excess of current assets over current liabilities of \$150,196,212, as compared with \$126,476,237 at December 31, 1922.

As of May 1, 1923, the corporation exercised its right to subscribe to 60,080 shares of common stock of the Fisher Body Corporation, paying therefor \$4,506,000 in cash. On May 31 the corporation anticipated payment of the remaining Fisher Body purchase money note of \$1,000,000 due August 1, 1923, thus completing the payment of the \$23,840,000 purchase money notes issued in September 1919, in part payment of the original purchase of 60 per cent. of the stock of the Fisher Body Corporation.

Some comparative balance sheet figures are:

	ASSETS	
	June 30, 1923	December 31, 1922
Total current and working assets .....	\$205,396,754	\$180,239,160
Total fixed assets .....	358,876,422	342,095,874
Total .....	\$564,273,176	\$522,335,034
LIABILITIES, RESERVES AND CAPITAL		
Total current liabilities .....	\$55,200,542	\$63,762,923
Purchase money mortgages .....	905,399	2,279,750
Total reserves .....	74,938,680	60,332,636
Total capital stock and surplus .....	433,228,555	405,959,725
Total .....	\$564,273,176	\$522,335,034

### ARTHUR M. AIKEN

Arthur M. Aiken has been appointed cashier of the Mechanics and Metals National Bank of New York. Mr. Aiken was for a number of years assistant cashier, and succeeds Joseph S. House, who recently retired from banking to private life.

## DURANT TO OPEN A NEW BANK

Announcement has been made of a new bank in New York to be named the Liberty National Bank in New York with William C. Durant, head of the Durant Motors, as its sponsor and chairman of the board of directors. The bank will open its doors soon at 256 West Fifty-seventh street, near Broadway, with a business policy believed to be unique for an institution of its kind.

The announcement is the first definite news regarding the new bank which first took form last April in the declaration by the multi-millionaire automobile manufacturer that he would set up a bank "to be owned by the people at large" and one established on the principle of "business comradeship".

The bank will have 300,000 "partners", none of whom will be permitted to own more than a share of stock. It will be operated under a national bank charter. The president of the bank, the chairman of the board and the directors will serve without pay. "In no instance will the interest on loans exceed the legal rate." No commission, fee or bonus in money, merchandise or stock will be charged or accepted "in connection with any loan made or negotiated." Further, no associated affiliated or controlled company will be operated in connection with the bank. "The bank will be operated in the interest of all stockholders and not in the interest of a few of its officers or directors."

The announcement also sets at rest any doubt as to what Mr. Durant, whose fight against speculative vicissitudes in Wall Street is believed to have prompted his decision to enter the banking field as "a people's banker," would actually do. Following is the announcement:

"The Liberty National Bank in New York, owned by the people at large, comes into being within a short time sponsored by William C. Durant.

"A new institution of public service will soon open its doors in this city. Chartered under Federal laws and operated under the supervision of the United States Government, the Liberty National Bank will, under experienced management, be conducted solely for the service of its depositors and patrons.

"The Liberty National Bank will begin business as a completely new and independent institution without any past or present financial affiliations and having no

## 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

corporate connection with any other bank, trust company or securities company.

"William C. Durant, chairman of the board, announces that under its plan of organization it is intended that this bank shall be owned by the people at large.

"The day of the formal opening of the Liberty National Bank in New York will be duly made known in the public press."

The new bank, it is stated, will be the largest in the United States in number of stockholders.

### BANK WOMEN TO MEET

The Association of Bank Women will hold its first general convention at Atlantic City from September 24 to 27, simultaneously with the convention of the American Bankers Association. Haddon Hall has been selected as the official headquarters.

There will be two sessions and a dinner meeting, so arranged that they will not conflict with the more important parts of the American Bankers Association convention. Miss Jean A. Reid, manager of the women's department of the Bankers Trust Company, is general chairman, and Mrs. William Laimbeer, assistant secretary of the United States Mortgage and Trust Company, heads the entertainment committee.

### NEW BANK ON STATEN ISLAND

The South Shore Bank of Staten Island of Great Kills, N. Y., began business on July 17. The new building which the bank occupies is said to be an attractive addition to the community. The bank has a capital of \$100,000 and a surplus of \$25,000. The officers are A. O. Ingram, president; Joseph

# “STEELCRETE” ARMORED VAULTS

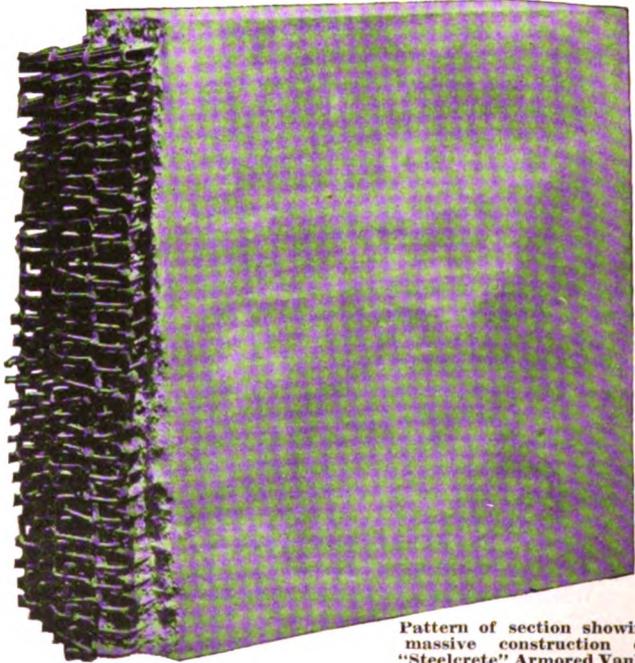
*AS DEVELOPED FOR FEDERAL RESERVE BANKS*

**The newest form  
of bank vault  
construction**

**Resists explosives  
with its enmesh-  
ment of steel**

**Resists the cutting  
flame with its  
monolithic mass of  
concrete**

**Resists edged tools  
with the combined  
tenacity of meshed  
steel and concrete**



Pattern of section showing  
massive construction of  
“Steelcrete” Armored Vaults

**D**EVELOPED and tested in connection with the planning of Federal Reserve Banks by the Consulting Architect of the Federal Reserve Board. The use of mats of “Steelcrete” Expanded Metal embedded in a solid mass of rich concrete, has proved a striking and most successful advancement in armored vault construction.

The first assignment of the “Steelcrete” System was for use in the tremendous vaults of many Federal Reserve Banks.

Within a single year since this first

application “Steelcrete” has been selected for many other notable financial institutions.

It provides every factor for protection against burglary, and combines in the highest degree the resistive qualities of both concrete and steel.

“Steelcrete” Armored Vaults are being adopted by leading banks for the protection they provide. In planning protection for your bank, investigate “Steelcrete”—the modern system of armored vault construction.

## The Consolidated Expanded Metal Companies

BRADDOCK, PA.

NEW YORK  
537 West 35th St.

PITTSBURGH  
Oliver Building

PHILADELPHIA  
1075 Germantown Ave.

CHICAGO  
1234 W. Washington  
Boulevard

A. Springstead, chairman of the board of directors, and Howard H. Poole, cashier. Mr. Poole was formerly treasurer of the American Bank and Trust Company of Bridgeport, Conn.

#### PENNSYLVANIA TRUST COMPANY OF PITTSBURGH

The directors of the Pennsylvania Trust Company of Pittsburgh announce the election of Avery J. Bradford as trust officer, F. LeMoyné Page as secretary and Carl M. Wolter as assistant trust officer. Mr. Bradford was formerly secretary and Mr. Page assistant secretary of the trust company.

#### ARTHUR T. VINTON

Arthur T. Vinton, cashier of the Bank of Bogota, Bogota, N. J., died on August 20, after a prolonged illness. Mr. Vinton was a leading and popular figure in his community and was well known for his public-spirited activities. He was an officer of the Investing Building and Loan Association, and a director of the Realty Finance Corporation of Bogota. Prior to his connection with the Bank of Bogota four years ago as cashier, Mr. Vinton was for several years with the Public Service Corporation, and later with the Peoples Trust and Guaranty Company of Hackensack, N. J.

#### BANKER-FARMER CONFERENCE

S. G. H. Turner, president of the Second National Bank, Elmira, former president of the New York State Bankers Association, who represents New York on the agricultural commission of the American Bankers Association, has always taken great interest in matters that would aid agriculture; largely through his efforts, with the cooperation of the men of the New York State College of Agriculture, a most interesting conference of bankers and farmers was held recently at Ithaca, N. Y.

As a result of its deliberations, the conference adopted the following resolutions, to which it is believed bankers as a whole will give their cordial endorsement.

Whereas there has been presented to this conference ample and indisputable evidence that the pursuit of the profession of agriculture in the State of New York is resulting in a distinct deficiency in financial return and  
Whereas we recognize that since "the land is the source of wealth" there can be no genuine prosperity in our state and nation unless the husbandman be a sharer therein and  
Whereas the principles of co-operative marketing of farm products and co-operative purchasing of farm supplies have so far devel-

## Put Every Check at Work— Getting Business!

With this mark on the corner of each check you supply depositors, you have made protection a positive, definite fact.

You have put a triple safeguard between your clients and the ever-threatening check raiser. And that is the greatest deposit-building power a bank can have.

You have put to work every check your depositors use—advertising positive protection, bringing new depositors.

Thousands of America's banks are doing this today—by furnishing

**SUPER-SAFETY  
Insured  
BANK CHECKS**

1. Made of the world's safest check paper
2. Each check protected by Burns—and so marked
3. Each depositor insured for \$1,000—by the Hartford Accident & Indemnity Co.,—against check fraud, and each check so marked.



The mark  
of positive  
protection

*The facts are worth money to every  
banker! Address:*

### The Bankers Supply Company

The world's largest manufacturers  
of bank checks

Chicago  
Dallas

New York  
Atlanta

San Francisco  
Denver



New building of Huguenot Trust Company, New Rochelle, N. Y.

oped that they can be said to offer the most favorably constructive lines of action for the improvement of existing conditions now therefore be it.

Resolved, that this conference respectfully requests the New York State Bankers Association at its earliest opportunity to urge its members to support with energetic guidance and helpful advice those farmer co-operative organizations that have already demonstrated their ability to accomplish the ends for which they were organized.

Resolved, that this conference recommends the holding of similar conferences in all counties of the state by the county bankers' associations and the agricultural organizations for the purpose of discussing banker-farmer relationships.

### HUGUENOT TRUST IN NEW QUARTERS

The formal opening of the new building of the Huguenot Trust Company, New Rochelle, N. Y., took place on September 8. The modern new building, which the bank will occupy exclusively, is of the Roman Ionic type of architecture. Tuckahoe marble, a structural material which has stood all tests, has been used for the massive stone columns which surround the building. A fine marble banking screen, a massive circular steel door guarding the

fire and burglar proof vaults, and modern safe deposit and fur storage departments, are prominent features of the building. Alfred C. Bossom, the prominent New York bank architect, did the engineering and architectural work of the building. The Huguenot Trust Company has total resources of \$3,922,187; capital of \$150,000; and surplus and undivided profits of \$149,354. The officers of the company are as follows: Charles W. Bryan, chairman; Raymond J. Walters, president; Michael J. Martin, vice-president; George E. Galgano, vice-president; Everett A. Culp, secretary and treasurer; and Joseph A. Seaborg, assistant secretary and treasurer. The following table shows the remarkable growth in deposits which the bank has had in the last thirteen years:

#### GROWTH IN DEPOSITS

August 31, 1910 .....	\$ 35,860.58
June 30, 1916 .....	841,218.39
June 30, 1917 .....	1,151,275.68
June 30, 1918 .....	1,267,990.45
June 30, 1919 .....	1,685,815.98
June 30, 1920 .....	2,349,287.46
June 30, 1921 .....	2,659,254.59
June 30, 1922 .....	3,047,305.28
June 30, 1923 .....	3,612,219.86

# **New England States**

**Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut  
and Rhode Island**

# **The First National Bank of Boston**

**The leading financial institution in  
New England**

---

**Branch at Buenos Aires, Argentina**

**Branch at Havana, Cuba**

**Special Representative in London**

---

**Resources \$300,000,000**



## Cotton is the world's greatest traveler

**F**ROM our Southern states, as well as India and Egypt, cotton travels thousands of miles to the great mills where it is used in textiles, tires, machinery belting or in several hundred other commercial products. Then it takes the road again for even longer journeys.

When it passes to each succeeding owner as raw material or finished goods, settlements must be made in cash or credit. No other commodity requires so much financing at every stage, from the planter to the final retailer. The bank that would serve this great industry in all its phases must have ample resources and a thorough

understanding of many customs peculiar to the trade.

The National Shawmut Bank has a long standing familiarity with needs of cotton financing. It has sufficient resources. And with correspondents in every important city in the world, it gives rapid, intelligent service wherever cotton travels. In addition to routine banking matters, this bank provides information on credits, markets and opportunities, also serving as a local representative in many matters of detail.

Banks and business houses are invited to use our service in any transaction where a wide-awake bank can help.



## THE NATIONAL SHAWMUT BANK of BOSTON

*The bank that is closest to the heart of New England industry*

### ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

**T**HERE has been no radical change in business conditions in New England during the past month, but there has been a gradual letting down in practically all lines of industry. "Summer dulness" explains part of this, but not all. Here as elsewhere the price situation looms up as the most important factor in our economic readjustment, and this slowing down process in business is due in large measure to the efforts of producers to find the new price level.

The big textile mills are taking far longer "vacations" than usual, and yet they report a rather large volume of forward orders for future delivery on lines just opened. It is pretty generally felt that these "vacations" will go a long way toward bridging the period between the present dulness and a later busy season.

The shoe trade is doing fairly well, as the retail prices of shoes have already been brought down pretty well. The production of shoes for the eight months of this year, however, is below normal, because of labor troubles in the early part of the season.

Hardware and tool manufacturers report a marked falling off in orders, reflecting the sharp decrease in building. Building material dealers, beyond filling present orders, have little in sight for the balance of the year, and prices for lumber, cement, bricks, etc., have dropped sharply. It is confidently predicted that the aggregate cost of building will be much lower in the coming spring than it is now. The banks have plenty of money for mortgages but the demand has slackened so that they are now buying more heavily of bonds. There has been no change in money rates.

Retail stores report a sharp decrease in the volume of sales. Part of this decrease may be attributed to summer dulness, but on the other hand the big stores find that there is a rather prompt response to offers of real bargains and other intensive sales efforts. This is just a further bit of evidence on the importance of the price question.

Builders and contractors are busy on work which was started earlier in the year, but the number of new contracts being let is pitifully small. In the cities there is almost no new work being started. In the suburbs there is a large amount of home building now under way, and a small number of new contracts being let, but there will

### REMINGTON QUIET 12



Remington Typewriter Co.  
374 Broadway, N. Y. Branches Everywhere

be no real revival of building in either field until prices come down.

Real estate is governed by much the same conditions. Unimproved real estate is far from active, in sharp contrast to the important part it played in the market in the early spring. Improved real estate is fairly active, but the demand has fallen from the peak of a few months ago.

Credit conditions are sound, business failures are below normal, and collections are about normal for this vacation season. The employment situation is good, and while the demand for unskilled labor has fallen off there is little real unemployment as yet, and it is doubtful if there will be, except perhaps in the building trades.



### MALDEN TRUST INCREASES CAPITAL

Malden Trust Company has increased its authorized capital stock from \$200,000 to \$300,000, additional stock to be offered to present holders at par. Such shares as remain unsubscribed for by stockholders are to be offered at discretion of directors at not less than \$200 per share.

### NEW BEDFORD BANK CONVERSION

The Comptroller of the Currency recently approved a conversion of the New Bedford Safe Deposit and Trust Company, New Bedford, Mass., with one branch in that place, to the national system under the title of the "Safe Deposit National Bank of New Bedford". The capital of the new bank is \$350,000.



**T**HIS is an exterior view of the new fire-proof banking home of the Peoples Bank and Trust Company, Westfield, N. J. The exterior is of variegated limestone and the interior of marble and bronze counter screen. It was completed at a very nominal cost and within the amount appropriated.

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*



## Bank Partitions

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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Copyright  
SOLD BY THE FOOT

**Mount & Robertson, Inc.**

41 Beaver St., New York

Phone Broad 1957

### NEW BANK WORK PLANNED

The Thomas M. James Co., bank architects, Boston and New York, report plans for the following new bank work:

Plans in preparation for an individual bank building for the Bank of Europe, to be erected at the corner of First Avenue and Seventy-fourth street, New York.

Extensive remodeling of the building of the West End Building & Loan Association, Broad street, Newark, and alterations to the banking rooms on the ground floor.

A new building for the Central Home Trust Co., recently organized at Elizabeth, N. J.

Alterations and additions to the building

of the Glen Ridge Trust Co., Glen Ridge, New Jersey.

New banking rooms for the Portland Savings Bank in the old Preble Hotel building at Portland, Me.

Alterations and enlargement of the banking rooms of the Pentucket Savings Bank, Haverhill, Mass.

Extensive alterations to the building of the Lynn Five Cents Savings Bank, Lynn, Mass.

Extensive enlargement and improvements to the building of the Slater Branch of the Industrial Trust Co., Pawtucket, R. I.

Remodeling of the building of the Whitman Savings Bank, Whitman, Mass.

Additions and improvements to the building of the Waltham Savings Bank, Waltham, Mass.





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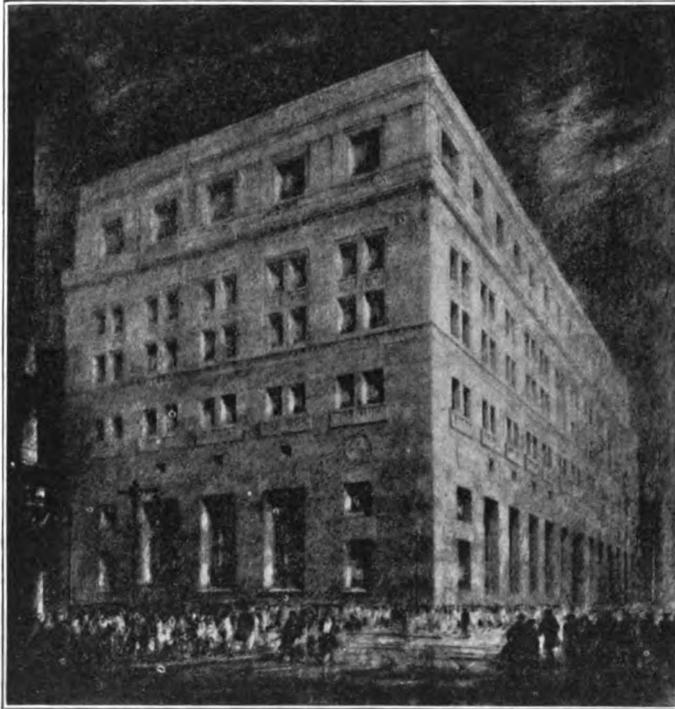
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*Federal Reserve  
Bank Building,  
St. Louis, Mo.*

*MAURAN,  
RUSSELL &  
CROWELL,  
Architects*

## *Federal Reserve System Manifests Preference for Indiana Limestone Construction*

No such ovation has ever been paid any building material as has been accorded Indiana Limestone in its selection for the construction of eight Federal Reserve Bank buildings.

Most recent of this interesting group is the building to be erected at St. Louis. It will be occupied exclusively by the various departments of the bank and will be completed in January, 1925.

The exterior walls are self-supporting and provide an opportunity for deep reveals. The scale of the building is massive and the stone will be used in large units for the purpose of creating an harmonious whole.

In this building the Architects, Messrs. Mauran, Russell & Crowell, have created a design which admirably expresses the dignity and permanency of the institution it is to house.

*Our new booklet on bank building is acknowledged to be an unusually fine compilation of material on this subject and will be sent free upon request.*

**INDIANA  
LIMESTONE**  
The Nation's Building Stone

**Indiana Limestone Quarrymen's Association, Box 758, Bedford, Ind.  
Service Bureaus in New York and Chicago**

# Southern States

Comprising the District of Columbia, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky and Tennessee

## ECONOMIC CONDITIONS IN THE SOUTHERN STATES

BY THOMAS EWING DABNEY

WHILE the rest of the lower river section is busying itself with the play-time of the year, secure in the belief that comes with the low water of summer that the Mississippi can never become a raging torrent again, the Safe River Committee of Louisiana is grimly carrying on its work to get better and more adequate protection against the floods that roar by every spring.

Fighting the preconceived opinions of the Mississippi River Commission, the Government body that does not admit the possibility of error, the Safe River Committee is carrying direct to the people the propaganda for providing relief against the floods that yearly strain the levees, by means of spillways. And the Mississippi River Commission now finds itself driven from its defense that the reputable engineers of Louisiana, the state most vitally concerned, are in favor of the "levees only" policy—a defense to which it had resort when hard pressed recently, for the Safe River Committee addressed a questionnaire to members of the American Society of Civil Engineers resident in Louisiana, in answer to which thirty-two declared against the "levees only" policy and only six in favor of it. Thirty-four declared in favor of building the spillway, deeming that this will offer substantial relief to the flood problem, and four declared against it.

The significance of this movement, whose strength is attested by the professional endorsement above indicated, is great, because it is well understood by bankers and students of economics that the flood danger has been largely instrumental in retarding the development of this section. Capital is the timidest handmaiden of them all; and while it is true that no one really believes New Orleans will suffer a crevasse, nevertheless capital demands that its investment be as far above suspicion as Caesar's wife; and it has been declared by more than one conservative banker that the inadequate safe-

guards against the yellow torrent have been the means of turning considerable development away from this city. In the country sections, where the flood menace is greater, and where periodical crevasses have shown the planters that it is well-nigh impossible to lay up treasures on earth with nothing more substantial in front than levees, values of property have had to stay down to offset the gamble with nature.

Business has held up well in the South during the summer. The figures for June—the latest available—show a more favorable comparison with the same period last year than has been true of any month this year, with the exception of March, the spring-time peak, with an extra early Easter to help swell the total. Representative depart-



*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

ment stores of the sixth Federal Reserve district report sales of 18.8 per cent. greater in June than during the same month of 1922. Atlanta led the procession, with an increase of 33.5 per cent. Birmingham and Chattanooga followed, with 33.1 and 31.5 per cent. respectively. Then came Nashville, 16.3; Jackson, 12.4; New Orleans, 9.2, and Savannah, 5.7

In the wholesale trade, the volume of sales was somewhat less—the third consecutive month to show a decline in dry goods and stationery from March, and the second for farm implements. Comparisons with June, 1922, however, are favorable in all lines except dry goods, sales in this line being 4 per cent. smaller this year. The decline compared with May was small in groceries, hardware, furniture and drugs. The increase, compared with June a year ago, ranged from 6.4 per cent. for groceries to 50.4 per cent. for furniture.

Banks of the South are optimistic. No unusual demands have been made upon them. In certain sections, however, the cost of making crops is reported higher than last year—due largely to the scarcity of labor brought about by the migration of thousands of negroes to the factories of the East and West. This labor shortage is a factor to which the South will have to reconcile itself, for in spite of the loud and bitter protests of employers, the men will continue to go in search of the wages which seem higher and, even making allowances for different living conditions, are higher, than are paid in the South, especially on the plantations. There are many students who foresee a change of farming conditions in the South, with the small landowner, who knows more about agriculture than the

common "hands" of today, and who is able to tear a greater return out of the soil through intensive methods, becoming more and more a factor.

Weekly reports made by thirty-nine representative banks in the sixth district show an increase of \$6,000,000 in loans and discounts for the week ending July 3, but loans secured by Government obligations showed a small decline, as did time deposits. Savings deposits continue to show an increase over the preceding month, and are also greater than during the same period of last year.

Development of the foreign trade terminal on the west bank of the Mississippi opposite to New Orleans is proceeding steadily, with the purchase of an 8000 acre tract by the New City Company Inc. The United Fruit Company has purchased a site, and announces its intention to erect wharves there when its business justifies. The dock board has announced that it will seek to have the frontage in question put under its jurisdiction through special legislation, so that the port facilities can all be governed by one policy. The dock board now has control over the east side facilities, and part of the west side, already developed.

Imports at New Orleans during June totaled \$13,334,356, the third highest for the month on record, the years 1920 and 1919 being first and second, respectively.

Announcement is made that a million dollar hunting club is to be developed on Pecan Island in Vermillion Parish, Louisiana, for which purpose 125,000 acres of land have been purchased. Members will be Northern capitalists.



### CONVENTION DATES

Investment Bankers Association — at Washington, D. C., October 28-31.

### HIBERNIA BANK & TRUST COMPANY ANNOUNCES OPENING OF NEW BRANCH

R. S. Hecht, president of the Hibernia Bank and Trust Company, New Orleans, has announced that the bank would open its seventh branch bank early in the fall. The new bank will be known as the St. Charles Avenue Branch of the Hibernia Bank and Trust Company and will be the only banking house on the avenue.

The bank has acquired a long term lease

# 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 throuth this  
territory :

*invites your business*

**JOHN M. MILLER, JR.**

*President*

**Resources over \$30,000,000**

on the fine building hitherto occupied by A. and J. Solari, Ltd., as a grocery store. There will be no exterior alterations of the building, and the chief interior changes will be the installation of bank fixtures and of safe deposit vaults.

The new branch will solve the problem that confronts many uptown depositors who have complained that when they drive downtown to transact business at the main office, they are frequently unable to find a place to park their cars. The tremendous traffic congestion in the downtown streets thus has created a new business problem and the decision of the board to establish a branch on the avenue was prompted by a desire to solve it.

## ALABAMA BANKERS CONVENTION

The officers elected at the 1923 convention of the Alabama Bankers Association are as follows: President—Adolphe Hohenberg, First National Bank, Wetumpka; vice-president—M. A. Vincentelli, vice-president Alabama Bank & Trust Co., Montgomery; secretary-treasurer—H. T. Bartlett, vice-

president American Trust & Savings Bank, Birmingham.

Officials of the American Bankers Association for Alabama:

Member executive council, Oscar Wells, Birmingham; vice-president for Alabama, Clyde Hendrix, Decatur; member nominating committee, E. C. Melvin, Selma; alternate member nominating committee, S. F. Clabaugh, Tuscaloosa; Trust Company division, H. H. Montgomery, Anniston; Savings Bank division, C. M. Williamson, Birmingham; National Bank division, J. L. Crawford, Dothan; State Bank division, A. H. Dabbs, Carrollton.

## BALTIMORE BANK CHANGES NAME

The management of the National Bank of Baltimore has announced changes in plans for its associate, the Emerson Trust Company. Instead of this title the chartered name will be the Century Trust Company. The title selected has been suggested by the fact that the National Bank of Baltimore was founded in 1795. The capital stock will be divided into 10,000 shares of a par value of \$50 each, the subscription price being

# ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

## AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

**STOCKS AND BONDS AT AUCTION**  
REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

**Real Estate at Public and Private Sale**

Prompt Returns on all business entrusted to us

\$100, providing \$500,000 capital and \$500,000 surplus.

### R. S. HECHT STARTS NEW BUILDING

R. S. Hecht, president of the Hibernia Bank and Trust Company, New Orleans, turned the first spadeful of earth, recently, in the construction of the building that is to be the new home of that bank's Mid-City Branch.

Mr. Hecht "bore down" in the presence of George J. Glover, the contractor for the building, Maurice B. Reilly, representing

the architectural firm of Rathbone DeBuys, Ben E. Hanna, manager of the Mid-City Branch, F. W. Ellsworth, Alvin P. Howard, and other officials of the Hibernia Bank and Trust Company.

The new building will be located on the corner of Canal street and North Carrollton avenue. Its erection has been deemed a necessity for some time, owing to the increased service given by the branch which has completely outgrown its present quarters.

### LIBERTY NATIONAL OF SOUTH CAROLINA

A condensed statement of the Liberty National Bank of South Carolina, Columbia, as of June 30 last showed total assets of \$3,047,971, of which loans and discounts amounted to \$1,900,427 and cash and in banks to \$317,201. On the debit side of the statement deposits were given as \$1,705,281, capital at \$500,000 and surplus and undivided profits as \$65,670. The officers of the bank are as follows: A. F. Lever, president; W. A. Coleman, W. J. Conway, C. L. Kibler, A. H. Kohn, Julien C. Rogers (vice-president and cashier) and Allen L. Rogers, vice-presidents, and E. C. Barnard, D. P. Campbell and R. E. Halford, Jr., assistant cashiers.

### COLUMBIA BANK REORGANIZED

The Palmetto National Bank of Columbia, S. C., was recently succeeded by the Columbia National Bank, an institution organized for the purpose of taking over its assets and assuming its liabilities. The new bank has a capital of \$500,000. Its officers are: G. M. Berry, president; T. J. Cottingham, vice-president; H. C. Leaman, cashier and T. E. Marchant, assistant cashier.



RUDOLF S. HECHT

President Hibernia Bank and Trust Company

# Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,  
Iowa and Missouri

## ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

**B**ANKERS in Chicago expect firmer money rates for the next sixty days or so. It is not believed that  $5\frac{1}{2}$  per cent. will be exceeded, but improvement is noted in the borrowing demand, business is active for the time of the year, and when the demands for funds for crop moving purposes become more important a stiffening of the market would be only natural. At present commercial paper is being placed in moderate volume at 5 to  $5\frac{1}{4}$  per cent., the rates which prevailed for several months. Some brokers have liberal offerings at  $5\frac{1}{4}$ , but there is still a considerable volume of business at 5 per cent. In Texas and some other parts of the Southwest, where the inflow of money from this year's crops is free, buying of paper has increased, but to the northward home loan demands still call for most of the bank's surplus funds.

A feeling of confidence in regard to the business of the fall is general in both financial and commercial circles. As the head of one of the largest mercantile concerns in the city expressed it:

"Nobody has a surplus of merchandise. The stocks of merchants as a rule are in healthy condition. The summer turnover has been good. The margin of supplies with wholesalers and jobbers also is narrow. For these reasons our house is going out and buying goods on a liberal scale, with the idea that before long there will be a strong demand for them and we will have them, while some others may not."

Buying for fall by the retailer is considerably in excess of that at the corresponding time last year. Price readjustments, especially on textiles, have been about completed and the markets are more steady. The demand for staple cottons has been stimulated by the strength of the market for the raw material since the publication of the last Government crop report. Commitments are being made in larger volume, but it is noteworthy that there is still a

decided disinclination on the part of merchants to cover their needs very far in the future.

Woolen dress goods are in good demand notwithstanding higher prices. Silks also are sought, and anything in the line of ready-to-wear goods finds a free outlet. The retail trade is better in the industrial and metropolitan districts than in the agricultural sections, but even in the latter there is satisfactory distribution in spite of the decline in the prices of farm products.

Calamitous talk about the farmer does not seem to have much foundation outside of political channels. There is no disposition to belittle the plight of the wheat grower, who has been threatened with severe losses by the breaking of the market through \$1 wheat because of the large crops grown abroad and the obstacles to export business presented by the demoralized condition of the exchange markets. But even in this quarter things are looking up since the last Government report, which cut nearly 25,000,000 bushels from the prospective wheat yield of the year, bringing it down to 798,000,000 bushels. Diversification of crops is being strongly urged as one way to a solution of the wheat grower's problem. Another, which may have an important bearing on the disposal of this year's surplus, is the feeding of the grain to livestock, which is now under way in several important districts of the Central West. Gain in weight on animals, it has been found by experiments at the Missouri and Nebraska agricultural colleges, can be put on more cheaply with 70 cent wheat than with corn at present prices.

Aside from the wheat-grower, however, the farmer is not in an uncomfortable position. As pointed out by E. T. Meredith of Iowa, former secretary of agriculture, the year's crops are abundant and will bring the producer \$500,000,000 more than last year notwithstanding lower prices. The manner in which the rural sections of the Central West have pulled out from under a load of debt in the last two or three years

1863



1923

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President  
First Trust and Savings Bank

is astonishing. That liquidation has come out of the soil and would not have been possible were the farmer's financial condition anything like as bad as some political agitators seek to make the public believe.

A little study of the bank loan figures of the State of Iowa, in this connection, is illuminating. On December 31, 1920, the national banks of Iowa had rediscounts and bills payable (the latter including loans made by them from correspondent banks) totaling \$97,609,000. For the state banks of Iowa these items aggregated \$80,143,000, making a grand total of \$177,752,000. In their responses to the call of April 3, 1923, the Iowa national banks showed rediscounts and bills payable of \$11,339,000, while the state banks reported similar items totaling \$34,232,000, an aggregate of \$45,571,000. Here is a shrinkage of \$132,181,000 in the load of debt which the deflation period placed upon the Hawkeye state, bringing its obligations close to the normal. The farmer has been paying up. Iowa is typical, so far as reflecting the financial status of the farmer is concerned.

Steel plants of the district continue to run at 85 to 91 per cent. of capacity and within the last few weeks there has been noted a revival in the demand for their products. The railroads are in the market for good sized tonnages of materials for track and car rehabilitation. Demand for structural steel holds up well, although there are fewer new projects. Steel for oil storage tanks is being taken in large quantities. Requirements of automobile makers have slackened somewhat, but are still substantial in volume. Pig iron has eased off to around \$27, but is picking up again. Steel plants as a rule are booked full for the remainder of the year.

Railroad traffic holds up to record proportions. In the last few weeks there has been a large increase due to the movement of new grain and in some quarters there have appeared signs of car shortage. The carriers have received from the shops tens of thousands of new cars in the last year, and are in better position to handle the heavy freight offerings next fall than ever before. These satisfactory transportation conditions are being reflected in improved earnings, although in this respect the western lines are in a much less favorable position than those of the East.

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# The NATIONAL CITY BANK of CHICAGO

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The Noel State Bank, Chicago, has been admitted to direct membership in the Chicago Clearing House Association, of which it has been an affiliated member since 1914.

### NEW BANK IN RUSHVILLE, INDIANA

Due to a union of the People's National Bank and the People's Loan and Trust Company, affiliated institutions, of Rushville, Indiana, a new bank has been formed. It is known as the American National Bank, and has a capital of \$100,000 and surplus of \$60,000. Robert A. Innis is president and Glen Foster, cashier.

### EVANSVILLE, INDIANA HAS NEW BANK

Application has been received by the Comptroller of the Currency to organize the Old National Bank in Evansville, Ind. This bank will begin business October 1, succeeding to the business of the Old State National Bank of Evansville, with capital of \$500,000 and surplus of \$100,000.

The Old State National Bank was successor to the Old State Bank of Indiana, chartered in 1834. The officers and directors of the Old National Bank will be the same as those of the Old State National Bank, viz.: Wm. H. McCurdy, president; F. R. Wilson, vice-president; J. O. Davis, vice-president and cashier; H. J. Reimer and A. F. Bader, assistant cashiers; directors: Wm. H. McCurdy, president Hercules Corporation, president; Marcus S. Sonntag, president American Trust and Savings Bank; James T. Walker, attorney-at-law; Sidney L. Ichenhauser, Ichenhauser Co.; Samuel L. Orr, Orr Iron Co.; F. R. Wilson, vice-president; H. C. Kleymeyer, Standard Brick Mfg. Co.; G. A. Trimble, Vulcan Plow Co.; Louis A. Daus, Anchor Supply Co.; J. O. Davis, vice-president and cashier; J. L. Igleheart, Igleheart Bros., and H. D. Bourland, Red Spot Paint and Varnish Co.

The deposits of the Old State National Bank on June 30 were \$7,297,825, and the resources on the same date were \$8,820,701.

### NEW CHICAGO BANK

The new West-City Trust and Savings Bank of Chicago, located at Fullerton and

Cicero avenues, began business last month. The newly organized institution has a capital of \$100,000 and a surplus of \$10,000. The stock, in shares of \$100 each, was sold at \$125 per share. Raymond G. Kimbell, president of the Kimbell Trust and Savings Bank, is president of the new institution. Charles F. Hellberg of the Irving Park Dairy Co., is vice-president, and Axel G. Johnson, formerly assistant cashier of the Kimbell Bank, is cashier of the West-City Trust and Savings Bank. The directors are: William O. Olsen, Charles F. Hellberg, Albert J. Ross, Edward H. Olsen, Frank C. Voisinet, Raymond G. Kimbell, Leo J. Winiecki, Arthur L. Thorsen, Burt T. Wheeler, F. E. Lammert and Charles Jarchow.

#### TWO CHICAGO BANKS MERGED

The Century Trust and Savings Bank of Chicago has been consolidated with the Chicago Trust Company. The new institution is now located in the banking quarters prepared for it in the new Chicago Trust Building at Monroe and Clark Streets. Both banks have shown steady and consistent growth since their organizations. The deposits of the combined banks will be approximately \$19,500,000 and total resources about \$24,500,000. "The fundamental reason for the consolidation," said President Lucius Teter of the Chicago Trust Company, "was based on the desire on the part of directors and officers of the Century Bank to secure added facilities and more comprehensive service for their customers than they were themselves able to give. The Century Bank is in splendid shape," Mr. Teter added, "and we are delighted with the opportunity to welcome its customers as a part of the Chicago Trust Company." John W. Fowler, who organized the Century Trust and Savings Bank and who has been its president continuously, will become a vice-president of the Chicago Trust Company. He will be joined in his new connection by the entire staff of officers and employees of the Century Bank.

The following new directors were elected:

Charles H. Requa, P. C. Dings, A. C. Thompson and John W. Fowler.

#### EDGAR L. MATTSON DECORATED BY SWEDISH KING

During a visit in an official capacity as chairman of the Minnesota delegation to the Gothenburg Tercentennial Exposition, Edgar L. Mattson, vice-president of the Midland National Bank of Minneapolis and



EDGAR L. MATTSON  
Vice-president Midland National Bank,  
Minneapolis

chairman of the executive committee of the National bank division of the American Bankers Association, was admitted to the Swedish Order of Vasa as a commander by King Gustaf. The Order of Vasa is an order of merit founded in 1772 by King Gustavus the Third. During the delegation's stay in Sweden, its members were guests at a state dinner given by the King. Mr. Mattson presented a resolution passed by the Legislature of the State of Minnesota, and received in return greetings from the King to the people of Minnesota.



# 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

QUIETLY but surely the Western States are proceeding to make the most of the abnormal crop growing season now coming to a close. No great enthusiasm is manifest over the yield of any crop. The probable aggregate of the harvests now promises to be smaller than in 1922. Just now there is a better tone in live stock markets than in the grain centers. The influence of Europe hovers over both, but has made itself most apparent to date over grain. Industrially, recessions are the rule, or at least there is absent any decided upward trend in operations even with a new season at hand.

"We can't all make a living out of the wheat crop that is moving with no export buying of any importance", a grain merchant at Kansas City remarked during August, when the wheat movement out of the winter wheat states was at its peak.

"Business will improve if live stock markets continue to do as well", a stock yards banker of national reputation said on the same market at practically the same time.

The two foregoing remarks throw interesting light on the business situation in the Western states. With additional consideration of the status of the oil industry with its serious over-production, and with a brief review of conditions in lumber, mining, mercantile and banking lines, one can form a fair outline of the economic conditions of the Western States.

In the matter of yields, greatest disappointment is apparent over the yields of winter wheat and spring wheat, together with the markets for these cereals. Within the group of states comprising the Western territory there are located the largest winter wheat state and the largest spring wheat raiser. Kansas, the largest winter wheat grower, has about 79,000,000 bushels of wheat this year, compared with the harvest of 122,787,000 bushels in 1922. North Dakota,

normally the largest spring wheat raiser, is credited with a crop of 65,024,000 bushels for this year, against the 1922 harvest of 123,234,000. These are tremendous shrinkages, it is obvious. Montana and Oklahoma have better wheat crops, but the gains in the two states are not equal to one-half the losses in either North Dakota or Kansas. Black rust and heat ravages reduced the spring wheat production very sharply, while in Kansas and neighboring winter wheat states hot weather and the dry winter of the past year played havoc with the crop. Nebraska is one of the states that has almost been a failure as far as wheat is concerned.

Following the recent confirmation of serious shrinkages in the production of wheat, the market for the grain recorded a moderate rise from the low levels late in July, when wheat was quoted at the cheapest prices in about eleven years, as low as 70 and 75 cents a bushel to Kansas farmers. The sensational crop losses in the Western States are offset in part by the better harvest of soft wheat in the Central States and increased production in the Pacific Northwest. The total wheat crop for the United States is 69,000,000 bushels less than for 1922. There is even some talk of a bread wheat shortage, because along with the reduced production in the Western States, which are primarily bread wheat raisers, the quality is inferior and will necessitate the use of more bushels to each barrel of flour. Still, the price situation on the wheat of this territory is disappointing to growers. The outstanding reason is the fact that Europe is a very poor buyer. Serious consideration is also being given to the possibility of the importation of Canadian wheat by the United States even with the present duty of 30 cents a bushel. At this writing the Canadian prices are only moderately above an exportable level after making allowance for the 30 cent duty.

What Washington legislator dreamed that the 30-cent-a-bushel tariff would not suffice to keep Canadian wheat out of the United States? The most foresighted probably believed the tariff would close Amer-

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ica's doors to Canadian wheat under all conditions. That there is talk of importations when the Canadian crop moves shortly is due to the poor European buying situation together with the sharply reduced supply of bread wheat available from United States farms. Canada has somewhat less wheat than in 1922, but the crop is the second largest on record. The record Canadian harvest was gathered in 1922. With this extraordinary prospect, there is no reason for surprise over the keen disappointment of the Western States over wheat.

Thanks to the generous corn crop in prospect, together with the profits from feeding cattle the past year, there is a large demand for stocker and feeder cattle. This is helping to sustain the market for grass cattle in general, and graziers are reporting profits as a rule. Corn-fed cattle, which are very scarce, are extremely high, but only a few loads are bringing the exceptional prices. In some of the winter wheat areas where wheat land was abandoned early there will be more feed and increased live stock feeding. Some pastures have been and are still dry, but thus far the grazing season has proved successful. The movement of cattle is running ahead of last year, and the grass season as a whole promises to close with increased marketings. If labor enjoys good employment through the winter and spring, it is hoped that cattle finished in the meantime will bring profitable prices. This is one of the keys to business in the Western States in coming months. At the moment the cat-

tle breeding sections feel better than the wheat districts.

Sheep and lambs do not compare so favorably with a year ago as cattle, but profitable prices still prevail. More lambs are moving out of the range states because the past feeding season was hardly profitable, with the result that feeders are not eager for thin lambs except at sharp concessions. Flockmasters have been holding back lambs later than usual to obtain added weight, planning to sell more of their output to packers. Prices are now about \$2 lower than a year ago on lambs. One of the reasons is the dullness and weakness in wool. Larger supplies are also an influence. Compared with the average of recent years, lambs and sheep are still high.

Hogs sold better than expected during August, but were out of line with the abnormally high prices on corn. Export trade showed some improvement, and packers reported domestic trade holding surprisingly well. With a disparity between corn and hog prices, packers have complained of many inferior offerings of hogs, reflecting liquidation of holdings by farmers. Even with liquidation, however, heavy receipts of hogs are in prospect. There is some reason for anticipating that hogs will be a more satisfactory source of revenue for farmers than a number of other crops and products, including even cattle, in coming years. Once Europe settles her reparations problems, there is reason to expect that industry there will revive. With more employment, one of

1866



1923

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Resources over - - \$35,000,000

the products that will be in demand from the United States no matter how economical Europe must be, is provisions. This promises to make hogs more attractive even if the demand from domestic consumers declines with a lessening of industrial activity.

Under the influence of comparatively high cotton prices, mules are maintaining a steady tone. Horses continue cheap. Unless cotton prices change drastically downward, mule raisers have ahead a season of profitable prices.

Next to grain and live stock, oil is the center of attention. In Oklahoma, with a larger crop of wheat, the depression in oil is an offsetting influence. Oklahoma was the largest oil producer prior to the sensational rise of California in production. Drastic cuts recently made in gasoline tell the story of depression in oil. Of course, even current low prices mean profits for many producers, but refiners are having a hard time. Another industry that is experiencing quiet is lumber. Disappointment is apparent over the failure of the lumber market to record improvement with the changing season. Mining is quiet.

Mercantile business is better in cities than

in the rural districts, but quiet is the rule in cities. Country merchants are carrying small stocks. They were slow to prepare for the after-harvest business. Farmers did not anticipate good harvests. Wholesalers followed in line. As a result, the disappointing wheat crop is not setting business back sharply. However, there is little hope of improvement. In the cities there are more signs of readjustments to the farmers' levels.

Financially, the prospect is that banks will do very well to maintain their present deposits a year from today. Where exclusive wheat districts experience a failure, there is a possibility of some local banking difficulties. However, the Western States on the whole have fewer farm debts than a year ago, although the obligations are large enough. Farmers are conserving. It is a rule that disappointing years for farmers are not so severe on banks as expected because of the economies farmers effect. The fall will probably see a larger demand for money to finance live stock feeding operations, but other borrowing is light. Good returns from live stock, if realized, will provide a bright phase to the business situation.



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Q Good bank officers are not bought—they are made. For the bank's interest the clerk should have encouragement, training, and financial education. This is not without immediate benefits, for the lad who can see success, even beyond a rocky path, will be a little more active in getting new accounts, a little more courteous to customers.

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# Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,  
Arizona and Alaska

## ECONOMIC CONDITIONS IN THE PACIFIC STATES

BY ROBERT J. SEVITZ

Credit Department, Security Trust and  
Savings Bank, Los Angeles

**A**CCORDING to reports and figures available at this writing, the business situation on the Pacific Coast during the first half of the current year has been largely characterized and predominated by a spirit of caution and some hesitancy in most dealings. As has been expressed in these columns before, the entire period has inclined one to the belief that the whole Pacific Coast, if it may be said to be suffering from anything, is suffering not from an excess of optimism, nor adversely from prevalent pessimism, but rather from an excess of caution.

This has been best evidenced by the falling off of the totals of credit advanced by the banks in the region particularly in the latter part of this period. The falling off is not in sums at all alarming, but the diminishing demands on member banks for credit have been noticeable, and discounts at the Federal Reserve bank decreased slightly.

However, no check in productive activity is noticeable. The lumber mills of the region have been operated at greater than single shift operation. Production in western Washington and Oregon, as shown by reports from mills having 75 per cent. of the total output, was 22.70 per cent. greater in the first half of 1923 than in the corresponding period of 1922, 106.73 per cent. greater than the same six months of 1921, and 21.43 per cent. greater than in the same period of 1920, the peak year. Figures for shipments of lumber correspond in ratio roughly to these figures, as do the figures for orders up to July 1. Everything points to a banner year in this industry.

Building operations in all sections of the Coast continue their upward trend, with the resultant demand almost everywhere for construction labor. Very little unemploy-

ment is found at any point, and certainly not in skilled construction workers, where the demand, particularly in the large centers, has often been ahead of the supply during the summer months.

Conditions in the petroleum industry are worthy of more lengthy discussion than the present. Suffice it to say that overproduction in California has become so alarming that numerous conferences of producers, large and small, have been held in an effort to come to some solution of the problem. As much oil as is possible is being shipped to the Atlantic seaboard, and it is a significant fact that over 50 per cent. of the exports from Los Angeles harbor, where the industry now centers, are of oil and oil products. Naturally the small producers are the most affected and most concerned, but while some curtailment has been brought about by the shutting down of some of the larger producing wells, no real solution has been found. Several small refineries have sprung up close to the fields during the current year, but most of these have been able to market their products only by cutting prices. Rumors of a gasoline rate war have been heard in several Coast cities, and it is said that one may buy gasoline for as low as 11 to 13 cents retail, but the large refineries have apparently not been involved, as station prices remain steady in settled districts.

Apparently the volume of business in the Pacific States reported so far in 1923 is way ahead of the first half of 1922, per cents. of increase running as high as 20 for one month and averaging almost that for the entire period. Both wholesale and retail sales, while they show seasonal fluctuations, continue higher than a year ago. The number of business failures has been larger, but chiefly small firms have been involved, and the total amount in any one month has not been as great as in January 1922. Price levels in general have declined during the entire period, prices of the non-ferrous metals, including copper, lead, and zinc now being approximately 15 per cent. below the recent peak in March 1923.

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Interesting data is received from the Department of Agriculture predicting bumper crops for Oregon in 1923 in spite of damaging rains in that section during the fore part of the year. The Federal estimate is that 20,045,000 bushels of wheat will be produced this year as compared with a five year average of 17,115,000 bushels; 3,080,000 bushels of barley as compared with a five year average of 2,493,000 bushels; 2,277,000 tons of hay as against a five year average of 2,122,000 tons; 5,045,000 bushels of potatoes as against a five year average of 4,867,000 bushels; and 4,851,000 bushels of commercial apples as against the five year average of 3,472,000 bushels. Figures at the close of the cereal year showed that the crop just moved out had dropped heavily in comparison with the banner year of 1921. Rains have injured the cherry and berry crops to some extent, but harvest was well along before the rains came, and the benefit to later fruit—apples, pears and prunes—is expected to offset the damage to cherries and berries.

Reports of the meeting of silver miners from all over the world called by Nevada miners at Reno in August were not available at this writing. The conference of producers was precipitated by the termination of Government purchases of American silver at \$1 an ounce, under the terms of the Pittman act, and great things are expected of it by those concerned. The plan on foot is to form some sort of an association, similar to that formed by the copper producers after the war, which will unite all the producing centers of the American continent into a body powerful enough to exert an influence in fixing world prices in the commodity in which they deal. Approximately three-fourths of the world's output of the white metal will be represented at the meeting.

Meanwhile the termination of Government buying of silver at \$1 an ounce has not had the serious effect on the mining industry in Nevada that had really been expected by the producers themselves. Several producers are considering curtailment of production, however, stating that foreign prices are not sufficient to make production profitable. None of the big producers have ceased operations, although several affiliated companies have reduced their working forces somewhat.

A serious frost in June in Nevada damaged crops badly in some districts. The canteloupe yield of the state will suffer a loss of about 40 per cent. and garden truck



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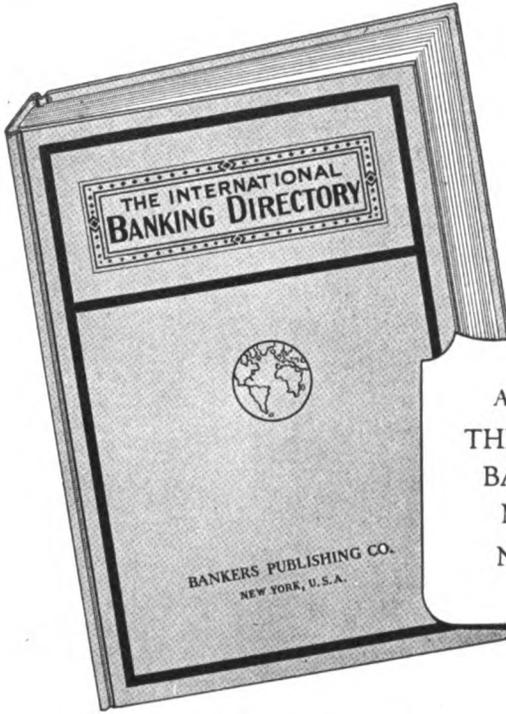
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and alfalfa in some places were ruined. Potatoes and berries were set back somewhat, but warmer weather in July has improved conditions.

There has been little change in the market situation of Nevada cattle, sheep and wool in the past few months. The price of lambs has held up, but growers expect a decline before long. Some cattlemen who have had to sell their stock to liquidate maturing indebtedness say they are losing money on the present market. Few sales of wool are reported. The prevailing price ranges from 35 to 37 cents, and many wool growers refuse to sell at that figure. From 750,000 to 1,000,000 pounds of Nevada wool have been pooled and shipped to Boston for storage, with instructions not to sell for less than 40 cents. It is estimated that three-fourths of the state's wool crop has been sold.



CONVENTION DATES

Arizona—at Tucson, October 26-27.

CO-OPERATIVE MARKETING IN CALIFORNIA

The farmers of California have been conspicuously successful during the period of general farm depression in the rest of the country, according to the recent report of the agricultural committee of the Oregon Bankers Association. For years California growers have been experimenting—developing and perfecting their co-operative commodity organizations until today the obvious conclusion is that these associations are, in the main, the cause of their continued prosperity. The extent to which California products are marketed collectively will be realized when it is remembered that twenty-two important crops are now handled through these associations. Last year out of a total crop production for the entire state of \$379,000,000, it is claimed that \$260,000,000 was sold under the group marketing plan and that, notwithstanding the large advertising expense, the growers received 48 cents of the consumers' dollar, as contrasted with the 8 cents they averaged before these associations were functioning. In Denmark, the home of the co-operative marketing system, the growers have been receiving 72 cents of the consumers' dollar.

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The brilliant organizer of these concerns, Aaron Sapiro, has been preaching co-operative marketing from one end of the country to the other, as a remedy for the farmers' ills, and his efforts are being supported by many leaders of the American Farm Bureau Federation.

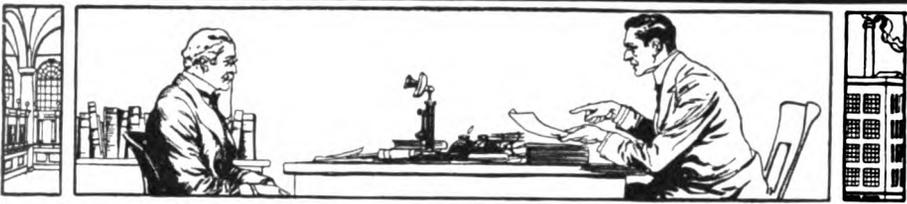
CALIFORNIA BANK, LOS ANGELES ELECTS NEW OFFICERS

To meet a great increase in business, California Bank, Los Angeles, has added a vice-president, five junior vice-presidents, four assistant cashiers and two assistant secretaries to its official staff. The new home office is located in the California Bank Building at 625 South Spring street. This makes thirty-five offices of this bank in operation in Los Angeles and suburbs.

G. L. Alexander, formerly cashier, becomes a vice-president and T. E. Ivey, Jr., formerly assistant cashier, becomes cashier. H. M. Coffin, H. C. Hunt, A. A. Lamm, R. P. Lehmer and M. K. Salmon were elected junior vice-presidents; A. T. Brett, J. D. Farmer, H. M. French, C. H. Sundquist, assistant cashiers and R. P. Burt and F. J. Callinan, assistant secretaries.

Discussing this increase in the personnel of the bank family, President A. M. Chaffey said:

"The principal reasons for the promotions are to take care of the very substantial growth in California Bank's business, and at the same time provide an efficient working organization for the new home office.



# The New Business Department

By T. D. MACGREGOR

THE "intensive" cultivation of present customers of a bank and the systematizing of efforts to secure new ones are the keynotes of this book by T. D. MacGregor, the well-known writer on thrift and financial advertising.

The author's long and successful experience in every phase of financial advertising has brought him into contact with many bankers and advertising men. He is familiar with the many problems of getting new business for financial institutions and has a first-hand knowledge of how to solve them.

Besides Mr. MacGregor's text, the book contains the prize paper on "New Business and Analysis of Accounts" by James B. Birmingham of the National City Bank.

This paper won the 1917 Cannon Prize given by New York Chapter, American Institute of Banking, for the best two-thousand-word paper on this subject.

"The New Business Department" is unique in its field. There is absolutely no other published work on this subject. If you want to have a concise yet complete idea of how to conduct a Publicity and New Business Department in your bank, large or small, you will need this book as an inspiration and guide. It is worth many times its price—\$1.25—to any bank or trust company that wants to make the most of its opportunities both in developing present customers and in getting new ones.

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I am enclosing \$1.25 for a copy of "The New Business Department." It is understood that if the book is not satisfactory I may return it and you will refund the money.

NAME .....

BANK .....

ADDRESS .....

We will continue to maintain the Eighth and Broadway bank.

"A strong personnel is one of the essential elements of successful banking to which I attribute a large part of California Bank's success. The promotions just made are in line with our policy to promote to larger responsibilities, the young men who have grown up with our bank, as they develop ability."

#### BANK CHANGES NAME

The Growers National Bank of Fresno, California, has changed its name to the First National Bank in Fresno. Its capital is \$200,000. The institution, which has been established since October 1919, has undivided profits of \$243,063. Its officers are Lucius Powers, president; M. L. Wells, cashier, and E. L. R. Trimble and H. A. Thompson, assistant cashiers.

#### PACIFIC SOUTHWEST REALTY COMPANY ORGANIZED

Stockholders of the First National Bank of Los Angeles, the Pacific-Southwest Trust & Savings Bank and the First Securities Company were advised by President Henry M. Robinson of the organization of the Pacific Southwest Realty Company, and were offered the prior right until July 1 to subscribe to a total of \$3,000,000 6½ cumulative preferred serial stock of the Realty Company at \$100 per share.

The Pacific Southwest Realty Company has been incorporated for the purpose of purchasing from the First National Bank of Los Angeles and the Pacific-Southwest Trust & Savings Bank the real estate and

buildings owned by these institutions and utilized wholly or in part in the conduct of their banking business. The acquisition of additional property in the future suitable for banking premises and the construction of buildings thereon will likewise be undertaken by the Realty Company, which will own and manage all properties.

#### BANK MERGER IN SAN FRANCISCO

According to newspaper reports from San Francisco, an amalgamation of the American National Bank and the Security Bank and Trust Company of that city was effected at a meeting of the officers and stockholders of both institutions. The resulting institution, it is said, will be known as the American Bank of San Francisco and will have deposits in excess of \$26,000,000 and resources of about \$40,000,000. The American National Bank was converted into a state institution on August 6, it is said, in order to effect the consolidation.

#### ALBANY, ORE., BANKS ARE CONSOLIDATED

A consolidation of the banking firm of J. W. Cusick & Co. of Albany, Ore., with the First National Bank and its affiliated institution, the First Savings Bank, of that place has been consummated. As a result of the merger the capital of the First National Bank and the First Savings Bank have been increased to \$125,000 and \$62,500, respectively. P. A. Young is president of both institutions. The banking firm of J. W. Cusick & Co. was founded in 1892 by J. W. Cusick. His three sons have operated the bank for some years past. The First National Bank was established in 1871.



# 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 Analyst*.

"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.

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P. O. Box 557, City Hall Station, New York

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# Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

## ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

AS crop estimates are being modified by rust and saw-fly damage to the wheat in Western Canada, trade optimism is tempered. A big crop is definitely assured, perhaps even bigger than last year, but early guesses—they were hardly estimates—are being revised and, with an acute shortage of labor which will no doubt be responsible for high wages and uncertain prices in the export market, the profits to the farmer and the resultant buying power of the agricultural community are a matter for conjecture. Thus, while there is continued improvement in business in a moderate way, conditions are patchy as a reflection of crop prospects and even in the better districts there is a tendency to place orders conservatively. There is undoubtedly a shortage of supplies in dealers' hands throughout the country but manufacturers and wholesalers are not particularly seeking orders until buying power is more definitely assured while the merchants themselves, in view of past experience, are not inclined to discount the future even if the financial substructure—and this refers particularly to the West—were healthy. As it is, existing obligations are heavy and the banks are not encouraging further extensions of credit unless substantial security is offered.

The dependency of even such fundamental industries as steel on the crop is indicated by the statement of H. H. Champ, treasurer of the Steel Company of Canada, in which he says: "It is felt that if the northwest is favored with a good crop of wheat, to be sold at prices which will return the grain grower a fair profit, business in steel and other lines in Canada should be good for this year and also for the year 1924". Mr. Champ adds that the year 1923 will show a considerable improvement over 1922 in the steel industry both in the matter of sales and also profits. Railway business is an important factor.

The financing of the crop has been anticipated by the banks and the liquid position

shown in the last government return is an indication of the steady pulling in of cash reserves which is in progress. The majority of farmers have financed their crop unaided up to date and will only require bank loans for the buying immediately incidental to the actual harvest outlay. Implement companies are making efforts to get assurance from farmers that they will receive substantial payment on implements out of the new crop. In some instances they are threatening to exercise liens overhanging farm machinery at once where such assurance is not forthcoming.

There have been several strong agitations in Western Canada for some change in the marketing system of wheat. The formation of a government wheat pool by the federal authorities, along the lines of the pool formed during the war, was advocated some months ago by western politicians. The federal government "passed the buck" to the provincial legislatures, which, in turn, showed little enthusiasm and the idea fell through when efforts to get experienced grain men to manage such a project failed. Eleventh-hour efforts have resulted in the formation of voluntary pools in Alberta and Saskatchewan without government support. Whether these efforts will prove of benefit to the farmers or whether it is just another form of political catering to a popular demand remains to be seen. Banking accommodation is being offered if the pools are well organized.

Aaron Sapiro, the organizer of the California Fruit Growers, has been active in the movement and it is evident that something of the success experienced in California is anticipated. However, it would seem that the important fact is being overlooked that in California an unorganized industry, marketing luxuries, was put on a business basis while the grain industry, handling the world's staple food supply, has been efficiently and elaborately organized over a period of many years. Business men who have studied the situation feel that if the farmers by sincere co-operative efforts can reduce the cost of marketing their products

it will be a good thing, but they argue that this is where benefits must be anticipated and that nothing is to be gained by an endeavor to control the price of wheat in a world market in which all exporting countries are competing.

The banks are showing a disposition to aid any sound scheme to improve marketing conditions. The matter of extending credit to encourage the live stock industry is also receiving consideration. Thus far the experience of the banks in regard to live stock loans has not been very encouraging. The suggestion has been made, however, that something effective might be worked out between the individual, the banks and the government. It is felt that while the individual live stock loan is risky banking under the conditions prevailing in Western Canada, districts might be organized where the credit of the whole might be used to strengthen the borrowing power of each. Of course this would require careful organization, and co-operation of the government would perhaps be desirable but it would seem that something of a practical character might be done in this direction.

The industrial atmosphere has been cleared to a considerable extent by the failure of the "Red" uprising in the coal and steel districts of Nova Scotia. Here the workers had formed an alliance with the Red Internationale of Moscow and the strike was carried out in defiance of the orders of International President Lewis of the Mine Workers Union. Lewis deposed the Red leaders and ordered the men back to work and thus finally upset the revolt, although for a time troops were necessary to guard the public life and property. It is now felt that an opportunity is offered the coal and steel operators to improve their relations with their workers and quell the radical element.

Following the example of the Union Bank of Canada in adjusting its assets to take care of losses, the Standard Bank of Canada has announced that, because of agricultural and industrial losses sustained in the course of business, the reserves have been drawn upon to the extent of \$2,250,000, of which \$1,000,000 will be used to create a new contingent fund. There will still be reserves of \$2,750,000 or nearly 70 per cent. of the paid up capital of \$4,000,000. Dividends will be reduced to 12 per cent.—a reduction of 2

per cent.—as a further precaution. In adjusting these losses the point is made in banking circles that the Standard had to change its "show window" because it had no "hidden" reserves as in the case of some institutions. The annual report made public last February covering the fiscal year ending January 31, showed profits for the year of \$728,074. Of the total assets of \$78,719,264, liquid, or immediately available assets, amounted to \$32,107,431 being equal to approximately 48 per cent. of total liabilities to the public.

#### BOLD BANK ROBBERY

With an utter disregard for human life, a gang of heavily-armed bank robbers recently attacked messengers of several Toronto banks on their return trip from the clearing house after the morning adjustment and, after seriously wounding three messengers and an unarmed citizen, got away with three money bags belonging to the Bank of Nova Scotia and the Sterling Bank containing \$82,000 in bank notes in addition to checks. The robbery was carried out along the lines of that successfully executed at the Denver Mint, the policy being to terrorize the whole community by the reckless use of firearms while making a surprise attack and rushing the booty to a waiting automobile. The transfer of bills and checks through the clearing house is a daily operation and large sums are in charge of the messengers from various banks. The robbers were evidently fully aware of the procedure and correctly planned their attack to make it most effective. The messengers robbed were on foot and accompanied by armed guards but the element of surprise was very much in favor of the robbers. Some of the banks have been in the habit of using special automobiles for the daily trip to the clearing house and by this and other means it is planned to prevent a repetition of the affair. It is recognized, however, that so long as heavily armed gangs of desperate men go about showing a disregard for human life it is difficult to prevent such occurrences. Following the affair there has been a strong feeling in the financial community that the best method to deal with the situation is to increase the severity of punishment for all forms of lawlessness where automobiles are involved. The point is made that unless this is done the serious

## Are You Interested in Canadian Trade?

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Foreign Department  
**Standard Bank of Canada**  
TORONTO

Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	2,750,000.00

menace to tourist traffic will have the effect of discouraging visitors coming from the United States and thus cut off a highly satisfactory source of business.

### WANT HIGHER SALARIES

The same conditions which have led to the announcement by New York banks of salary increases to employees have brought the staff problem emphatically to the attention of Canadian banks. Despite pension funds and other considerations, there have recently been a large number of resignations of experienced men and, while these have offered opportunities for promotions, the movement has been carried so far that the undermining of efficiency is seriously feared. Head office officials are considering the problem of how to increase wages at a time when, owing to the business depression, profits are naturally contracted. Some of the banks are making a close analysis of their various services to decide definitely on the costs involved and it is possible that as a result there will be increased charges for collections and some other services being rendered to the public on a basis of fees which do not nearly pay for the actual cost. The banks complain that while they are facing this problem and are paying a large proportion of their profits in taxes there is a tendency to set up government banks which pay a higher rate of interest than the chartered banks can afford under the circumstances.

### STAMP TAX REGULATIONS

Since August 1, \$1 is the maximum amount of tax payable on checks, bills of exchange, receipts for money paid to a person by a bank chargeable against a deposit of money in the bank to his credit, express money orders, travellers' checks or post office money orders.

On and after October 1 postage stamps may not be used in payment of stamp taxes for revenue purposes. Excise tax stamps only may be used, and they may be bought from any collector of customs or any bank.

The tax on receipts makes taxable receipts for \$10 or upward on post cards, form letters and letters, and this came into force on and after August 1. The amendment to the act also provides that a receipt liable to the tax shall not, except in criminal proceedings, be given in evidence or be available for any purposes unless it be duly stamped in accordance with the law.

### BRANCHES BEING CLOSED

The Canadian chartered banks report a net loss of seventeen branches during the month of June, when there were thirteen new branches opened and thirty closed. In July fourteen branches were closed as compared with nine offices opened.

### HAMILTON-COMMERCE MERGER

That the recent announcement of the absorption of the Bank of Hamilton by the Canadian Bank of Commerce was

well regarded in financial and investment circles is indicated by the fact that Hamilton shares advanced over fifteen points during the trading on the following days, says the Canadian *Financial Post* (Toronto). Thirty days will elapse after the agreement is drawn up before the shareholders pass on it.

It has been intimated by Sir John Aird, general manager of the Bank of Commerce, who conducted the negotiations on behalf of that bank, that the transaction will be on the basis of a share for a share, but evidently the terms have been left open and will be definitely decided after a survey of the assets has been made to establish relative value. Goodwill and bank premises are two items particularly entering into this survey. The high and low for the month of July were 165 and 150. The price opened at 170 with the present year and sold slightly higher in May. The high in 1922 was 175 and the low 163, and in 1921 the relative prices were 188 and 168. Before the war the stock ranged above 200. The present market for Bank of Commerce shares is around 190.

It will be recalled that the Bank of Hamilton has been previously mentioned in connection with proposed mergers. In one case the negotiations were brought to a head but Ottawa refused to give consent on the ground that, as the bank was in a

healthy condition, there was nothing to be gained by a merger. The public complaint of curtailed service and a money trust no doubt influenced the Minister of Finance in his attitude. It is now accepted, therefore, that the bank has suffered in the recent business depression and that, although its soundness has not been impaired, there have been losses which would have necessitated an adjustment of reserves which would have weakened the institution in the keen struggle for business which the bigger banks are waging.

The merger, too, can be justified economically at this time from the standpoint of the reduction of overhead expenses. This was particularly referred to by Sir Edmund Walker in making the announcement on behalf of the Bank of Commerce, while Cyrus A. Birge, president of the Hamilton, expressed satisfaction that the merger would be a good thing for the shareholders of his bank, maintaining, at the same time, that the move was one of strategy rather than of necessity. The Bank of Hamilton has large interests in Western Canada and it is felt that the situation as regards commercial loans has meant the tying up of a large amount of capital. The recent developments regarding the crop, together with the trend of prices, has had a tendency to postpone the improvement in the situation which had been hoped for this year.



# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SEVENTH YEAR

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## The Atlantic City Convention

**N**EARLY five thousand bankers assembled at Atlantic City, New Jersey, in the last week of September for the forty-ninth annual convention of the American Bankers Association. In looking over the registration list, one was struck by the fact that it did not represent alone or chiefly the bankers of the big cities nor of any particular section of the country. It was a gathering of representative bank men, big and little, with the average prevailing, and coming from every geographical division of the United States. In other words, it was a meeting of typical American bankers, thoroughly representative in character, whose deliberations and conclusions should carry great weight.

The prevailing note at Atlantic City was clearly one of confidence in the soundness of American conditions—a feeling that our present prosperity is genuine and likely to last for a considerable period at least. In fact, the optimistic spirit was so marked in some of the addresses as to cause some surprise to those who were under the impression that high prices and wages, and the shadow of the European disturbances, were factors likely to administer a check to American prosperity. One banker attributed our comparatively rapid recovery from the depression of 1920 to the extraordinary capacity of readjustment shown by the business of the country and to a greater flexibility in our economic system than had been generally recognized. The optimism of one speaker even went so far as rather jauntily to wave the war and its effects aside as something belonging to the remote past, that was over and paid for. Whether such extreme optimism is justified or not, no doubt exists that the bankers of the country, as represented in the Atlantic City convention, have the strongest confidence in the soundness of our present prosperous condition.

If we turn to what may be termed social conditions, the view was less satisfactory. The addresses of Mr. Roberts of New York and of Mr. Beck, the Solicitor-General of the United States, contained warnings of the grave dangers to the country from socialistic agitation and from efforts to undermine the Constitution of the

United States. The resolutions adopted took the strongest possible ground looking to the perpetuity of our institutions, and President Puelicher pledged the bankers to the support of the Government.

A notable discussion of the Federal Reserve System was a leading feature of the convention, and while there were some criticisms of minor details of the system, it was strongly sustained in its main principles. One point raised was the failure of the state banks to enter the system. The opinion was expressed that the state banks felt that they could get any help they needed from their city correspondents rather than the Federal Reserve banks, and that entrance into the system called for a contribution in capital and reserves greater than they felt justified in making for the benefits they would receive. Whether this is the true explanation or not, it is a significant fact that fewer than two thousand out of the twenty thousand state banks have voluntarily entered the Federal Reserve System, and that these are the only voluntary memberships—the adherence of all national banks being compulsory. It can not with truth be said, however, that this compulsory provision is really necessary to keep all existing national banks in the system or to compel new banks to join it. Were the banks allowed a free choice, no doubt exists that the majority of them, perhaps substantially all of the national banks, would remain in the Federal Reserve System on account of the help it gives to the banks individually and to the financial, commercial and agricultural interests of the country.

There was a considerable feeling expressed that the Federal Reserve Board should be kept clear of merely political appointees, and the dual systems of examination—by the Comptroller of the Currency and the Federal Reserve Board—were declared unnecessary. It was urged that some of the functions of the two organizations should be consolidated in order to avoid useless duplication of work.

The discussion developed the fact that the members of the Federal Reserve System, while believing that in some of its minor working improvements could be made, agree that the system as a whole is highly beneficial to the country, and that it should be carefully preserved.

European affairs occupied only an incidental place on the program. In an address entitled "Across the Atlantic" Fred I. Kent of New York made a survey of conditions prevailing in several of the European countries, and made a strong plea that the United States should be officially represented on the Reparations Commission. He urged also that the War Debt Funding Commission be given larger powers of dealing with the debts due this country from those nations engaged with us in the late war.

His suggestions looked toward a reduction of these debts in some cases and to their cancellation in others. Since the adjournment of the Atlantic City convention newspaper dispatches have been published to the effect that the American Bankers Association is to engage in active propoganda in behalf of a movement looking to the cancellation of the Allied debts due the United States. This information may be based upon incorrect advices. There is nothing, however, to hinder the American Bankers Association from entering upon a campaign of this character if it chooses to do so. The advisability of such a course is another matter and one about which there will be differences of opinion. No doubt some of the debts due to the United States will have to be written off altogether, others scaled down, and the payment of still others long postponed. But this is something quite different from a general cleaning of the slate of the European war debts due to the United States. While there are economic factors involved, the question fundamentally takes on this character: Did we make a proper proportionate contribution to winning the war, or ought we to add still further to this contribution by cancelling the Allied debts? In answering this question it must be remembered that the war was purely of European origin, and that America renounced any benefits from the peace in the shape of indemnities or territory.

Effectually the proposal to cancel the Allied debts due America is a gesture of generosity toward Germany. For if the American taxpayers shoulder this load themselves, France, Great Britain and Italy will correspondingly reduce their reparations claims on Germany. The loss falls upon us.

If the American Bankers Association is actively to engage in propoganda looking to the cancellation of the Allied debts, it may stir up a large political hornets' nest and may engender hostility that would do the Association much harm. There is nothing more substantial than inference from the newspaper dispatches referred to that would warrant the assertion that the American Bankers Association is to enter into such a campaign.

The conventions of the American Bankers Association, whose sessions in former years were but slimly attended, have become annual events of national importance. The general sessions are crowded, as are many of the meetings of the sections. It can be truly said that the American Bankers Association was never more vigorous than now, and that it is doing valiant service in behalf not only of the bankers but of the entire people of this country. Next year the organization will be a half-century old, and will probably observe that important birthday at Chicago.

## The New President's Great Opportunities

**R**ARELY has a new President of the United States had so many opportunities of public service as are offered to Mr. Coolidge. In the first place, he can continue and complete the great work begun by his predecessor in restoring the Presidency to the place ordained for it by the Constitution. Mr. Harding realized, as some of our recent chief executives have not done, that the legislative functions of the Government had not been confided to him. He did not seek to enforce his views upon Congress by other than Constitutional means. Mr. Coolidge will do well to follow this example.

Just now the executive attributes of the Presidency are in especial demand. There is a Federal law—that adopted in pursuance of the Eighteenth Amendment to the Constitution—which sadly needs enforcement. The duty of enforcing this and other laws of the United States devolves chiefly upon the President. And the President can hardly render his country a greater service than by bringing about a strict enforcement of this measure, thus helping to restore that respect for law in general which the open disregard of the Volstead Law has seriously impaired.

Self-appointed executors of the law and mobs have been allowed to usurp important functions which belong to the President, and it is most earnestly to be hoped that Mr. Coolidge will recognize the great opportunity he has for bringing about a rule of law and order through Constitutional methods.

Mr. Coolidge has been quoted as saying that we should not be in too much of a hurry to legislate, but that we ought to give administration a chance to catch up with legislation. The maxim is a sound one, and it is peculiarly applicable to conditions in the United States today.

It is the first duty of the President of the United States to take care that the laws be faithfully executed, this duty transcending the power to recommend fresh legislation or to veto measures not meeting the President's approval. And surely we need law enforcement at this time more than we need fresh legislation.

Despite the present tendency to hold aloof from active participation in European affairs, the new President has a matchless opportunity of public service if at the proper time and in the right way he can cause the United States to play in the affairs of distracted Europe that noble and effective part for which it is so well fitted.

It is believed that Mr. Coolidge recognizes his responsibilities and that he will not flinch in meeting them.



**COLONEL THOMAS H. BIRCH**  
President the Trust Company of North America

**C**OLONEL BIRCH is forsaking diplomacy for banking. After serving nearly ten years as American Minister to Portugal, he has organized the Trust Company of North America, which will open its doors at 93 Liberty street, New York about the end of October. The bank will have a capital of \$500,000 and a surplus of \$250,000. Before entering the diplomatic service Colonel Birch was associated with his father James H. Birch of Burlington, New Jersey, whose vehicle manufacturing business was established in 1862. During 1912-13 he was personal aide to Woodrow Wilson, then Governor of New Jersey. He received his education in private schools and business college.

# Granting Credit—The Credit Department

## Article VII of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, New York, Elizabeth and Hudson County (New Jersey) Chapters, American Institute of Banking

### OUTLINE OF ARTICLE VII

#### I. Essentials of credit:

Lending credit is attended with a risk which bankers endeavor to reduce to zero by an examination of each applicant with respect to the following essentials:

1. Character, or business honesty—the moral risk.
2. Capacity, or business ability—the business risk.
3. Capital, or net worth—the property risk.

An ideal risk is one that combines each of these essentials in a high degree. Whereas the first essential should never be waived, concessions may be made in the third if the second is strong, or vice versa.

#### II. The credit department:

1. Functions.
  - a. To gather information.
  - b. To record, classify, and file information.
  - c. To analyze and disseminate information.
2. Organization—sections.
  - a. Statement analysis.
  - b. Commercial paper.
  - c. Local investigations—credit investigators.
  - d. Out-of-town investigations—correspondence.
  - e. Answering inquiries—oral and written.
  - f. Revisions of reports.
  - g. Stenographic and typing.

#### III. Sources of credit information:

1. Direct from applicant.
  - a. Financial statements.
    - (1) Balance sheets.
    - (2) Profit and loss statements.
  - b. Interview by credit investigator.
2. From applicant's trade connections.
  - a. Creditors (essential).

- b. Debtors (less essential).
- c. Competitors (not ordinarily essential).

3. From applicant's banking connections.
4. From applicant's note broker (if any).
5. Mercantile agency reports.
6. Bank's own records.
7. Public records.
8. Clippings.
9. Special audits or financial investigations.

#### IV. Contents of a credit folder:

1. History sheet, and record of average loans and balances.
2. Investigation reports.
3. Answers to inquiries.
4. Financial statements.
5. Agency reports.
6. Affiliations.
7. Circulars.
8. Clippings.
9. New business.
10. Summarization.

#### V. Statement analysis:

An attempt to appraise scientifically the business and property risks from the sworn financial statements of the prospective borrower. This analysis includes, among other things, the application of certain credit tests, as follows:

1. Current ratio.
2. "Acid test"—ratio of receivables plus cash to current liabilities.
3. Ratio of current assets to total liabilities.
4. Ratio of proposed loan to net worth.
5. Ratio of total debt to net worth.
6. Ratio of net profits to net worth.
7. Ratio of net profits to net sales.
8. Ratio of merchandise to sales.
9. Ratio of receivables to sales.
10. Ratio of net worth to fixed assets, etc.

ARTICLE II dealt with the fundamentals of credit—the nature and kinds of credit. The purpose of this article is to discuss the problem of extending credit.

Granting credit is the crux of banking. How to select good credit risks—borrowers who can be trusted—is the banker's central problem. A bank's profit and loss statement will make a favorable showing in proportion to its ability to judge those who apply for credit. Losses may be incurred by too much caution as well as by too little.

*Errors in overestimating credit risks are liable to result in losses arising through dishonesty, failures, bankruptcies, or otherwise. On the other hand, errors in underestimating risks, i. e., an over-conservative policy, may result in the loss of business and the hampering of production in enterprises that give every promise of success.* The ideal condition is to lend all the bank's idle resources in such a way that the funds will be paid back as and when promised. But to do this, bankers must know the men to whom they lend, their businesses, their capital resources, and general trade conditions. This implies an investigation of the facts.

For purposes of convenience, the analysis of a credit risk resolves itself into three lines of investigation, namely, character, capacity, and capital. Classically, these are known as the three credit Cs.

Character is ordinarily regarded as foremost among the essentials of a good credit risk. The banker cannot take the honesty of the applicant for credit for granted. Yet it is this part of the risk—the moral risk—which is the most difficult to appraise. Capacity to borrow must be earned; and since banks do not usually lend except to their own depositors, they have had an opportunity to observe the characteristics of their applicants for credit before they have become prospective borrowers. Thus within their own records, they can determine the applicant's past performances in such matters as meeting

obligations and fulfilling promises, the average balance, to whom and for what the principal expenditures have been made, etc. Recourse may also be had to the applicant's trade creditors for further information concerning his reputation for paying debts. Most banks "check" this phase of the credit investigation further by requisitioning an agency report.

Hardly less important than character is capacity. *When men borrow, they "discount" the future. They expect to pay off their loans out of the proceeds of transactions not yet consummated. Ability to discharge obligations depends not upon present financial status but that of the future. But wherever futurity is involved there is risk.* What degree of risk is involved in the particular business which requests accommodation? Will the transactions which the proposed loan is to finance prove profitable or result in a loss?

This is where the banker needs to be a business analyst; indeed, a business economist. He should be certain that the applicant for credit is thoroughly conversant with the business in which he is engaged, and that he knows market outlets, probable price trends, and pursues a moderate credit policy. He should also know that the applicant's business is well managed, is well thought of in the trade, does not tend to over-manufacture or overstock, and that its products are an essential commodity.

The most valuable index for measuring this element of the credit risk is the detailed operating statement showing the profits or losses over a period of years. The final criterion of business ability is whether good profits over a sustained period of years can be made. On a strict scientific basis, therefore, how great or small the business risk is, can be determined by a study of the comparative profit and loss statements taken over a period of years.

The third element in the credit risk which requires investigation is capital or collateral. The prospective borrower's capital is the ultimate measure

of the collateral he can offer, whether it is specifically pledged or not. Does he possess sufficient tangible property to pay off this obligations in case he is overtaken by reverses, or in case of enforced liquidation? Every loan should be for productive purposes, and theoretically the proceeds of every loan go into property of some kind or another. Supporting every loan there should exist the property which it is intended to purchase, plus additional liquid assets having a ready market so that if converted into cash, the net sum realized would be sufficient to pay off the loan. For example, in the case of commercial paper and bills discounted where there exists no specific pledge of collateral, there is always the presumption that the current assets of the principal debtor thereon are more than sufficient to pay off the amount borrowed.

Thus an ideal credit risk should combine unimpeachable moral character (as relates to business), unquestioned business ability, and adequate working capital. But it must not be assumed that every bank can secure borrowers who possess all three of these elements in the highest degree. In the science of credit extension the measure of risk depends upon the degree in which these elements are combined. It is safe to say that loans should not be granted where character does not exist. Certainly loans should not be extended where business ability has not been proved unless adequate collateral is given. On the other hand, if the first two requirements are strong, the fact that the capital is relatively small may not necessarily operate as a deterrent influence.

Because of its importance, and the detail with which every application for credit must be analyzed, all large city banks have organized credit departments. In many instances, the credit department is the largest in the institution both as respects number of employees and floor space. The function of this department is primarily to de-

termine and measure credit risks, leading to a recommendation for action when applications for loans are made. The purpose of the department is to reduce to the minimum, if not absolutely to prevent, losses arising through the failure of businesses to which money is loaned.

Credit departments of many banks also reciprocate credit information with correspondent banks, trade customers, and other affiliations, and for this reason not only serve as a "checking" bureau for their own organization, but for other organizations as well. *The most important type of assistance rendered is that of presenting to the credit officers, and the loan and discount committee, such facts as are necessary to provide a basis for intelligently granting or rejecting loans, discounts, and renewals thereof, issuing letters of credit, purchasing bills of exchange, and in establishing lines of credit.*

The banker not only has the problem of determining whether he can afford to lend money to an applicant or not. If he decides in the affirmative, he must determine how much. Many of the "established" borrowing customers are given a *line of credit*, i. e., a potential borrowing power or credit force, which is in proportion to their balances, financial condition, and general credit rating. This line of credit is usually defined as the maximum which a borrower may have at his disposal at any time. Oftentimes this *line* is divided so that a certain amount is available without security, so much more with guarantees or sureties, and an additional amount with security of specified kinds.

In return for the line of credit the borrower is required to maintain proportional balances, prove to be acceptable as a credit risk, and otherwise satisfactory as an account. The amount of the credit line is not rigidly fixed, but may vary from time to time according to the financial standing of the borrower as shown by submitted financial statements. the bank's loanable re-

sources, and general money and trade conditions.

While a bank ordinarily fixes a line of credit for its borrowers, it is usually reluctant to agree absolutely to provide this amount because changing conditions either in the affairs of the customer or of the bank, may make it inexpedient, if not impossible, to grant the line intended. The purpose of the bank is to insure the line of credit allowed, but it is not legally bound to do so. *Any line of credit, it may be presumed, is predicated upon the continuance of the same managements, and the maintenance of a financial standing as good or better than that which was in existence at the time it was established.*

#### READING ASSIGNMENT

W. H. Kniffin: Practical Work of a Bank, Chap. 13. (Essentials in granting credit).

Langston & Whitney: Banking Practice, Chap. 16. (Extending credit—work of the credit department).

L. H. Langston: Practical Bank Operation, Chap. 9. (The credit department of a large city bank).

W. H. Kniffin: The Business Man and His Bank, Chap. 16, 17, 18. (Credit science, and the preparation of statements for credit).

#### SUPPLEMENTARY READING

For those who wish to undertake a more thorough study of the subject:

T. J. Kavanaugh: Bank Credit Methods and Practice.

R. F. Prudden: The Bank Credit Investigator.

A. Wall: The Banker's Credit Manual.

A. Wall: Analytical Credits.

C. E. Phillips: Bank Credit.

W. Post: The Four Big Cs.

#### QUESTIONS

1. Why is the extension of credit the central problem of banking?

2. Name all the risks which a bank takes in lending its deposits.

3. What means should be taken by a bank to reduce these risks to as near the vanishing point as possible?

4. What are the essentials of credit?

5. Which of these is regarded as the most important?

6. What is meant by the moral risk? Business risk? Property risk?

7. Can a banker be too conservative in extending credit? Explain.

8. What are the essentials of an ideal credit risk?

9. What are the various sources of credit information?

10. Which of these sources do you think are the most valuable?

11. Should a loan ever be granted before the applicant's financial statement is scrutinized?

12. What element of the credit risk does the analysis of the financial statement give particular insight into?

13. What are the three credit Cs?

14. What are the functions of a bank credit department?

15. Into what main sections is a well-organized credit department divisible?

16. What particular phases of a credit investigation are covered by the credit investigator?

17. When interviewing a trade creditor of an applicant, what two questions should normally be asked first by an investigator? Why?

18. What is meant by saying that a bank credit department is a credit "checking" bureau?

19. Distinguish between the general and special mercantile agencies.

20. Of what particular importance to banks are the services offered by the mercantile agencies?

21. How should the information in a well organized credit folder be classified?

22. What is meant by "credit barometrics"?

23. How would you proceed to determine the net worth of a corporation whose balance sheet is submitted as a basis for credit?

24. Outline the major aspects of analyzing a statement.

25. What is meant by the current ratio? How is it applied?

26. What other credit tests are applied to a statement in addition to the current ratio? How are these applied?

27. How would you go about to determine whether a specific piece of commercial paper submitted to you is safe for investment?

28. What is meant by *line of credit*?

29. What is a *line of deposit*?

30. What factors are considered in fixing a line of credit?

31. What is the advantage and cost to a borrower of receiving a *line of credit* from a bank?

32. Is a bank legally bound to live up to a line of credit agreed upon?

33. What is the *20 per cent. rule* in relation to borrowings?

34. What relation usually exists between the credit and new business departments?



S. W. STRAUS  
President S. W. Straus & Co.

**M**R. STRAUS is a native of Indiana. In 1884, at the age of 18, he entered the employ of his father, Frederick W. Straus, who conducted a mortgage loan business in Chicago. Four years later he was admitted to the firm as partner and in 1898, upon the death of his father, the name of the organization was changed to that of S. W. Straus & Co. The business developed rapidly and in 1910 it occupied the Straus Building at the corner of Clark and Madison streets, Chicago. Two years later offices were established in New York and in 1921 the monumental Straus Building at the corner of Fifth avenue and Forty-sixth street was occupied. In addition offices have been established in more than forty of the principal cities of the United States.

# 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 is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-78 MURRAY STREET, New York.—EDITOR.

**QUESTION:** The writer has before him a statement of a lumber company, which shows total assets of approximately \$2,000,000 with total liabilities of approximately \$1,000,000 exclusive of capital stock of \$1,200,000, which has been impaired by about \$200,000, occasioned by a profit and loss account on the wrong side. In the liabilities there is an item "Bills payable to Mr. Blank, of approximately \$880,000". The bank which submitted this statement to us, claims that Mr. Blank is an officer and one of the principal owners of the business; that he is a wealthy man and endorses all paper of the company. When we received the statement we had no knowledge that Mr. Blank was endorser on the company's paper, so we included the item as a current liability. Even if we had known that he was an endorser we would have done likewise.

The bank rediscounting the paper criticizes us in our attitude, claiming that they consider it a deferred or slow obligation. In view of the fact that as an endorser, other obligations would have preference.

Will you kindly let us know whether you would consider this debt current or slow?—F. S. H.

**ANSWER:** Without a subordination agreement, the debt of the lumber company to Mr. Blank must be considered as a current liability, and we concur in the position you have taken. It is the only sound and safe procedure.

Mr. Blank is playing banker to his company, and while presumably he would be

unwilling to advance such large sums to it if he were not reasonably certain that they would be paid, still he is in the enviable position not only of knowing the financial condition and profit prospects at all times, but also of controlling the payment of his loan, should reverses overtake the company. Mr. Blank has an advantage which other creditors do not share. Suppose the company's affairs to be approaching a state of embarrassment or involvement. Mr. Blank could then order the debt to be paid out of such assets as might be available. In knowing the trend of the company's business and its future prospects, he is in the position of protecting his loan (although he might not choose to do so) while the other creditors are not.

Should Mr. Blank take advantage of his superior acquaintance with the internal affairs of his business, and of his ability to order the payment of the loan, the current ratio would suddenly be reduced, and the security of the remaining general creditors, including the lending bank, would be materially impaired, if not eliminated. This company is doing business under the corporate form, and consequently in case of bankruptcy, creditors would have no recourse for the payment of their claims beyond the remaining assets of the corporation. Mr. Blank, of course, would be personally liable for such notes as he may have indorsed; but unless it can be determined that his personal assets provide a large margin over his debts, direct and contingent, it is not safe to rely solely on his indorsement. Usually it is impossible to determine the exact financial worth of an individual.

There is one way out of this difficulty, however, and that is through the execution of a subordination agreement. This instrument, in fairly common use among the larger banks of New York for just such situations, would make the obligation to Mr. Blank inferior to that of such creditors as might protect themselves thereby. Mr. Blank could not order himself paid until the debt to the

party or parties in whose favor the subordination agreement operated, was satisfied. Violation of a subordination agreement would be tantamount to theft or conversion of funds, and therefore a criminal offense.

In the event that the lending bank is protected by a subordination agreement, which gives it the right to demand repayment prior to the satisfaction of Mr. Blank's claim, we would allow "bills payable to Mr. Blank" to be regarded as a slow liability, and to be excluded in computing the current ratio.

**QUESTION:** A statement which has been submitted to us shows a surplus account nearly three times that of the capital stock. This opens up a possible avenue of danger through the possible dissipation of assets in the form of extra dividends to the detriment of the creditors. How can a bank protect itself against this possibility?—A. G. G.

**ANSWER:** Wherever the surplus and undivided profits of a business bear a high ratio to capital stock there is always the danger that you mention. Such surplus, moreover, need not be three times the capital stock to present a condition that requires some form of protection. A situation where surplus is only 40 or 50 per cent. of the capital stock, especially wherever the assets are in a highly liquid form, probably demands safeguards.

Many bank credit men regard it as fundamental that a concern with a statement having a set-up of the character you mention, should protect the lending bank by having its principal stockholders indorse or guarantee its notes. In the event of a dissipation of assets through excessive dividend disbursements or otherwise to such an extent as to cause difficulties, the management of the concern could very likely prove that the dissipation had been carried out innocently and without a realization of any injustice to creditors, and the courts would not hold the company responsible. The burden of the proof would be upon the creditors to show that the company's management had withdrawn assets with the intent to defraud. By obtaining the indorsements or guarantees of the principal stockholders, however, a bank would be able to follow the funds withdrawn from the business into the outside investments of the indorsing stockholders, and besides have the added security which these indorsements might bring. It is also well to require the execution of an agreement providing that no extra dividends or increased dividends shall be paid during the term of the loan.

**QUESTION:** We find that the terms of a bond indenture provide that the mortgage covers not only the realty and buildings, but also the personal property, i. e., the current assets. What protection has a bank that lends to a corporation with such an issue of bonds outstanding?—M. T. L.

**ANSWER:** This is a question that is difficult to answer categorically. In all cases, wherever a corporation has issued mortgage bonds, a copy of the trust indenture should be secured and scrutinized, since very often the mortgage attempts to cover both fixed and current assets. Some legal experts contend that it is almost impossible to tie up current assets under a mortgage and have the provisions hold, and so far as known there have been no conclusive court decisions on this point. Quick or current assets of necessity are constantly "turning", and the trustee under a mortgage indenture would find it difficult in actual practice to carry out the requirements of the trust deed, i. e., to keep the current assets ear-marked and intact. Nevertheless, in case of bankruptcy or forced liquidation, the trustee would undoubtedly make every effort to prevent the sale of these assets by bringing them under the lien of the mortgage.

In such a case the bank would seem to have no certain protection, and legal assistance should be sought if this condition is discovered after a loan has been made. A bank which makes advances to a corporation whose bonds are secured by an indenture covering current assets runs the risk of buying into a law suit.

**QUESTION:** In connection with the analysis of a mercantile statement, will you explain to me how to figure the "Net Worth to Fixed Asset" ratio? Should mortgages and reserves against fixed assets be deducted from the fixed assets in figuring the ratio just as they are deducted in figuring the net worth?—N. T. H.

**ANSWER:** In order to derive the ratio of worth to fixed assets, the net worth should be divided by the total fixed assets. The resulting ratio will indicate the proportion of stockholders' investment in the non-current assets of the company. In any going concern there should be a margin of working capital provided by the stockholders above their fixed investment in plant assets. Otherwise the company would be in the position of operating entirely on funds provided by creditors. In view of the fact

that in determining the net worth of any concern all real estate mortgages, reserves for depreciation, and other obligations set up against fixed assets are deducted from these assets, it is obvious that in a comparison of net worth to fixed assets the same deductions must be made from the fixed assets as are made from the net worth.

**QUESTION:** In looking over the statements of various mercantile concerns I frequently see the item of "Reserve for bad debts" set up in the liabilities. Will you kindly tell me if this reserve is against estimated sales for the coming fiscal year, i. e., is set up as a reserve for all possible bad debts during the ensuing year, or is simply a reserve for bad debts against the actual receivables showing on the statement?—W. B.

**ANSWER:** Specific reserves set up on balance sheets generally apply to specific assets showing on the statements. The "Reserve for bad debts" item is a reserve against actual receivables outstanding on the statement. It does not cover all possible losses from bad debts during the coming year but simply makes a conservative provision for possible charge-offs against receivables now carried on the company's books. Before setting up the reserve all bad debts should be charged off and the reserve itself should apply only to those accounts which come under the "doubtful" heading. Reserves are not set up against good accounts. Occasionally the computation of the reserve is made on a basis of previous losses compared with sales, i. e., a manufacturer may know that his losses in the past have averaged  $\frac{1}{4}$  of 1 per cent. of sales and in computing the reserve he applies this figure to the actual receivables outstanding on statement. However, the conservative way to figure the reserve is to go over each account outstanding on the books and set aside a sufficient amount to cover all possible losses on each. If an account is quite doubtful of collection a 100 per cent. reserve should be set up against it.

**QUESTION:** Recently this bank has been offered the account on a loaning basis of a textile mill which is being factored. As a general proposition do you feel that a bank should go into a risk of this sort? What is the customary relationship between a factor and the company it is financing? Should a factored mill ever borrow from two

sources—the factor and the bank?—W. B. E.

**ANSWER:** This brings up the discussion of an interesting type of risk. In the textile industry a majority of the mills are factored and this type of financing is as prevalent as it is well established. Before answering W. B. E.'s question regarding the advisability of a bank's taking on a credit risk of this sort, we will discuss the relationship between a factor and its factored mill.

The relationship between these two important elements in the textile industry is briefly that between a combined sales, credit, collection and financing organization (the factor) and a purely manufacturing organization (the mill). In financing the mill's operations the factor acts primarily as a banker and as such holds a definite and necessary position in the country's financial system which a bank is unable to occupy. The most common way in which this relationship comes about is as follows: A textile mill is established with (we will assume) a modern plant, a good product and sound prospective earning power. Upon completion of the plant, however, it is found that the mill lacks working capital—its working funds are largely tied up in fixed assets. In order to finance itself during the periods of the purchase and conversion of raw material into finished product and the carrying of accounts receivable until collection, with the necessity of investing new funds in additional merchandise, in order to insure continuity of production the mill has to obtain assistance from outside sources. In this industry the period of time from the purchase of the raw material to the realization of cash from sales varies from about four to six months. Also, the mill does not manufacture against orders received; it manufactures in anticipation of purchases. All this requires working capital and it is here that the aid of the factor is sought.

Negotiations between the mill and the factor are instituted and the factor agrees to cash the mill's sales and perhaps make advances against merchandise, which will serve to supply working capital and enable the mill to secure the turnover necessary to operate at a profit. Also the factor agrees to act as selling agent for the mill and guarantees the credit and collection of all accounts. A bank ordinarily would not loan a mill along the lines adopted by the factor because the mill's assets are to a large extent represented by plant and it is not a bank's function to supply the primary working capital on which a business operates. Ordinarily a manufacturing house when applying to a bank for a loan should have sufficient working capital to carry itself dur-

ing normal periods of the fiscal year, relying on the bank to supply the additional working capital necessary to finance seasonal peak inventories. The factor, with its trained selling organization, control of credits and collections and active touch with the daily market situation, is able and willing to make loans against merchandise consigned to it, where a bank would simply be speculating as an untrained outsider on the future buying power of the public.

The relationship between the factor and the mill embodies in general the following points:

1. The factor cashes the entire sales of the mill and in this way supplies the needed working capital on which the mill can conduct business in volume and operate at a profit. By "cashing the entire sales of the mill" is meant that ordinarily the factor agrees to take on consignment all the finished goods which the mill produces and to pay in cash on the 10th of the following month the amount of the previous month's sales. In the event that this does not supply all the working capital needed, the factor may agree to make loans on sales in advance during the month or loan the mill against its unsold merchandise. When loaning against merchandise the factor usually loans only up to about two thirds of the value of the merchandise and limits the amount of such advances to what is considered a conservative figure.

2. As stated above, all goods produced by the mill are consigned in finished form to the factor for sale. The sale is made by and in the name of the factor on a commission basis, although the name of the mill appears on the label of all goods sold, usually as a department of the factor. The factor ordinarily charges at the rate of 6 per cent. interest for his advances and about 4 per cent. commission on sales.

3. In addition to having complete charge of the sale of the goods through an extensive selling organization, the factor guarantees the credit of the accounts and is responsible for their collection.

4. The factor has a lien on all the goods or property of the mill in its possession as a security for money advanced.

From the above it can be seen that by obtaining the assistance of a factor the mill relieves itself of all responsibilities for its product after the time it is actually manufactured, i. e., the mill is in no way concerned with the problem of distribution and sale, credit and collection, and finance. Also, the mill is able to calculate accurately what the selling price of its product should be in order to yield a fair profit, since it can in the usual way determine the cost of manufacture and then has only to add the fixed interest and commission due the factor in order to estimate the final cost upon which to base the selling price.

Regarding W. B. E.'s question as to whether we favor as a general rule a bank's loaning a factored concern, the answer is simple—we do not. Ordinarily a bank should not go into a credit risk of this sort, for the simple reason that the bank is advancing funds on the company's straight paper when the factor is very definitely secured by a binding lien on the company's consigned merchandise—or on the receivables which have resulted from the sale of the merchandise. In some cases the factor's lien even extends to raw material not in its possession. The bank is thus purely in the position of a secondary creditor. If the bank does consider making a loan of this sort it should have the fullest information from the factor regarding the mill, including a complete understanding of the agreement between the mill and the factor, and the nature and extent of the factor's lien on the mill's goods and property. Why is it necessary for the mill to borrow funds in addition to those advanced by the factor and why does the factor not make the additional advances himself? If the factor is unwilling to make these advances why should the bank? The burden of proof is clearly with the factor and the mill to show why the bank should go into such a risk on an unsecured basis. Furthermore, in answer to W. B. E.'s last question, we feel it is a well established axiom in banking that a borrower should confine his obligations to one distinct form of borrowing. Borrowing in one place on security and in another on an unsecured basis almost always ends in trouble—the unsecured creditor demands that he be secured or calls his loan and refuses further credit. Also, borrowing on both a secured and unsecured basis encourages overtrading on the part of the borrower and is liable to lead to speculation—a serious danger signal in any credit risk.

There may of course be some cases in which a bank's loan to a factored concern is justified. If the mill is not borrowing from its factor at the time it makes a loan from the bank and does not borrow from the factor during the period of the loan, an entirely different aspect is put on the credit risk. In that event provided the mill's statement shows up satisfactorily and the factor has no qualms re. the risk, the bank's confidence in the credit is increased by the fact that the mill's collection and credits are guaranteed. It is important, however, that the bank have a definite understanding that the mill will not borrow from its factor during the period of a bank's loan. It might also be mentioned in connection with this discussion that a mill which has ample working capital and is of sufficient size to organize and maintain sales, credit and collection departments of its own has ordinarily no need for a factor.

# Banking and Commercial Law

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



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# Banking and Commercial Law

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

## Bank Not Liable in Paying Checks Drawn by Bankrupt

Citizens Union National Bank v. Johnson,  
United States Circuit Court of  
Appeals 286, Fed. Rep. 527.

**A**PETITION in bankruptcy was filed against one of the depositors of the Citizens Union National Bank. After the filing of the petition, but before there had been an adjudication, the bank paid certain checks drawn by the depositor in the regular course of business. The checks were paid in good faith and without knowledge on the part of the bank of the institution of bankruptcy proceedings against the depositor. It was held that the bank was not liable to the bankrupt's trustee in bankruptcy for the amount of the checks.

### OPINION

Appeal from the District Court of the United States for the Western District of Kentucky; Walter Evans, judge.

Suit between the Citizens' Union National Bank and C. W. Johnson, trustee of the Kentucky Automotive Company, bankrupt. From an order requiring the bank to pay moneys to the trustee, the bank appeals. Reversed and remanded.

**PER CURIAM:**—The sole question presented is whether a bank which between the filing of petition for adjudication of bankruptcy and actual adjudication received deposits from the bankrupt to the credit of the latter's checking account and made payment therefrom to third parties upon depositors' checks, but without knowledge or notice of the pendency of bankruptcy proceedings, is liable to the trustee in bankruptcy for the payments so made. No receiver had been appointed and no

question of preference under section 60 of the act (Comp. St. § 9644) is involved.

The District Court was of opinion that the bank was so liable, basing its conclusion on the decision of this court in *Toof v. City National Bank*, 206 Fed. 250, 124 C. C. A. 118. The District Court was in error in so construing the opinion in that case. The *Toof* Case did not involve the question of good-faith payments by the bank to third persons, but only the bank's right to apply deposits upon its note against the depositor by way of set-off. We held (following *Bank v. Massey*, 192 U. S. 138, 146, 24 Sup. Ct. 199, 48 L. Ed. 380, and *Studley v. Bank*, 229 U. S. 523, 527, 33 Sup. Ct. 806, 57 L. Ed. 1313) that the bank had the right of set-off as to the existing deposit balance when the petition in bankruptcy was filed. We further held that the right of set-off did not extend to subsequent deposits.

We think a conclusion that the bank is liable for payments made to third parties in good faith and in ignorance of the bankruptcy proceedings is not well founded. Its effect would be that the bank could not protect itself against liability to a trustee in bankruptcy subsequently appointed on account of payments made in good faith and in the regular course of business and in ignorance of the bankruptcy proceedings—except through the impossible course of keeping itself advised not only daily, but momentarily, of the filing of petitions for adjudication of bankruptcy against its depositors in any competent jurisdiction. In our opinion the bankruptcy works no such result. True, broadly speaking, the adjudication when made relates back to the commencement of bankruptcy proceedings for the purpose of adjudicating rights and equities generally. *Acme Co. v. Beck-*

man Co., 222 U. S. 300, 32 Sup. Ct. 96, 56 L. Ed. 208; *Everett v. Judson*, 228 U. S. 474, 33 Sup. Ct. 568, 57 L. Ed. 927, 46 L. R. A. (N. S.) 154; *Toof v. Bank*, supra. But we think that both on principle and authority the rule referred to does not make the banker liable for good-faith payments to third persons made before adjudication upon depositors' checks in the regular course of business and without knowledge or notice of bankruptcy. In *re Zotti* (C. C. A. 2) 186 Fed. 84, 108 C. C. A. 196, Ann. Cas. 1914A, 240, certiorari denied, 223 U. S. 718, 32 Sup. Ct. 522, 50 L. Ed. 628; and see *Johnson v. Collier*, 222 U. S. 538, 32 Sup. Ct. 104, 56 L. Ed. 306; In *re Perpall* (C. C. A. 2) 271 Fed. 466, 468. For its general bearing, see *Frederick v. Fidelity Mutual Life Ins. Co.*, 256 U. S. 395, 398, 41 Sup. Ct. 503, 65 L. Ed. 1009.

The order of the District Court is reversed so far as it required the bank to repay to the trustee in bankruptcy any sum beyond the moneys received on deposit by the bank after bankruptcy proceedings were begun and which were applied by the bank upon its own note against the bankrupt, and the record remanded for further proceedings not inconsistent with this opinion. Appellant will recover its costs of this court.



### Accommodated Party Not Entitled to Notice of Dishonor

*Park Bank v. Naffah*, Supreme Court of Pennsylvania, 119 Atl. Rep. 923.

The plaintiff bank brought suit against the defendant as indorser of a note held by the bank. The note was signed by one Megory as maker and was payable to the bank's order.

For a defense, the defendant alleged that no notice of dishonor had been given to him and that he was, therefore, discharged from liability as indorser. The evidence was conflicting as to whether or not the note had been given

for the accommodation of the defendant indorser. This question was submitted to the jury and the jury decided that the note was given for the defendant's accommodation. Under the provisions of the Negotiable Instruments Law an indorser for whose accommodation a note is given, is not entitled to notice of dishonor. It was held, therefore, that the bank was entitled to enforce the note against the indorser notwithstanding the fact that no notice of dishonor had been given.

### OPINION

Action by the Park Bank, in the hands of Frank M. Jackson, receiver, against L. Naffah. Judgment for plaintiff, and defendant appeals. Affirmed.

Roy G. Bostwick and W. D. Stewart (of Thorp, Bostwick and Stewart), both of Pittsburgh, for appellant.

Prichard and Trent, and Edmund K. Trent, all of Pittsburgh, for appellee.

FRAZER, J.—According to stipulation of counsel, placed on record at trial, the sole question at issue is whether a note for \$2500, dated November 4, 1917, payable sixty days after date, to the order of defendant, and signed, "R. Megory," was made for the accommodation of defendant, or given by the maker to the payee for value. The court below submitted this question to the jury, and on verdict for plaintiff, and from judgment entered thereon, defendant appealed.

It is conceded the note was not paid at maturity and that the plaintiff failed to give notice of nonpayment to defendant as indorser. However, if the note was for defendant's accommodation, notice to him of dishonor was unnecessary under section 115 of the Negotiable Instruments Act of May 16, 1901 (P. L. 209; Pa. St. 1920, § 16106). Plaintiff's cashier testified defendant called at the bank and arranged for and secured a line of credit not to exceed a specified amount, the understanding being that the privilege was extended to him of borrowing from the bank from time to time funds needed in the building operations.

in which he was at the time engaged, the notes given to secure his indebtedness to be either signed or indorsed by him and R. Megory, who defendant explained was his father-in-law, and that, pursuant to this arrangement, the note in suit and also other notes were given. On the other hand, defendant denied having either asked for or secured credit on the strength of the signature of his father-in-law, and further denied the note in suit was given for accommodation, claiming, on the contrary, that R. Megory was a customer to whom he sold goods and that he received the note in question in the ordinary course of business in settlement of the amount due. In support of his case defendant was privileged to call as witnesses in his behalf both the father-in-law and customer, but chose to rely entirely on his own testimony and offered no explanation of the absence of those who, if his contention is correct, would have corroborated his statements. Under the circumstances, the case was necessarily for the jury, and the motion for judgment non obstante veredicto was properly refused.

The judgment is affirmed.



### Indorser of Note not Discharged by Extension of Time Granted to Maker

Federal Trust Company v. Central Trust Company, Supreme Judicial Court of Massachusetts, 138 N. E. Rep. 562.

Ordinarily, where the holder of a note grants an extension of time to the maker, the indorsers on the note are thereby discharged. But the Negotiable Instruments Law provides that an indorser is not discharged by an extension of the time of payment where the right of recourse against the indorser is expressly reserved.

This action was brought by a bank, as a holder of a promissory note for \$3400, signed by a corporation as maker

and indorsed by one Hittinger. The indorser, Hittinger, died before the note matured. At maturity, the bank caused the note to be protested and a notice of dishonor was sent to the indorser's last place of residence. On the same day, the maker of the note gave the bank a new note due in sixty days. The new note recited that the original note "with indorsers" should stand as collateral. It was held that the words "with indorsers" amounted to an express reservation of recourse against Hittinger as indorser of the original note. The extension of time granted to the maker, therefore, did not discharge Hittinger from liability, and his estate was held liable.

### OPINION

Action by the Federal Trust Company against the Central Trust Company, executor of Richard Hittinger, on a promissory note. Reported from the superior court, after a trial without a jury and a finding for defendant. Judgment for plaintiff.

Defendant claimed that its intestate was discharged from his liability as indorser by reason of an extension of the time of payment. The trial judge so ruled, and reported the case, with the stipulation that, if his rulings were correct, judgment was to be entered for defendant, and otherwise for plaintiff for \$3000 and interest.

PIERCE, J.—This action was tried before a judge of the superior court without a jury. He found for the defendant and reported the case to this court, with the stipulation:

"That if my rulings are correct judgment is to be entered for the defendant; otherwise judgment is to be entered for the plaintiff in the sum of \$3000 and interest."

The report discloses that the action is by a holder in due course of a promissory note against the estate of the indorser; that the American Ammonia Company, the maker, on May 10, 1921, gave to the plaintiff for consideration the note in question, dated May 5, 1921,

for \$3400, indorsed by the decedent, Hittinger; that on May 10, \$300 was paid thereon; that the indorser died June 29, 1921; that on July 5 the note was duly protested, and notice thereof duly sent to the indorser's last place of abode; that on July 5 the plaintiff received from the maker a collateral note for \$3100, due in sixty days, which note was several times renewed.

The note of July 5, and all renewal notes, stated that the collateral given with each note was the "note of the American Ammonia Company for \$3400, dated May 5, 1921, with indorsements"; that the plaintiff reserved the right to call for additional security, and if such security, approved by the holder, was not given, the note should become due. Shortly stated, it was agreed that the original note dated May 5, 1921, "with indorsements" should be held by the holder as security for the payment of the note of July 5. The judge found that the holder did not at any time intend to give up his rights against the indorser, and that no express extension of time was given to the American Ammonia Company on the note in suit, except in so far as the acceptance of the collateral note of July 5 may have affected such an extension, and he ruled that the effect of this transaction was to put the holder into the position that it could not enforce either note unless the maker refused to furnish, at its request, additional collateral approved by the holder; that the result thereof was to take from the indorser the right to pay the note at least until additional security was called for; and that the agreement operated as a postponement of the time of payment.

The circumstances not being in dispute, the judge properly ruled upon the conclusion of fact which followed therefrom. We think the ruling was right in so far as it held that the holder could not proceed against the maker on either note until the maturity of the note dated July 5, 1921. And we agree that the holder of the original note and the collateral note, upon re-

ceipt of the collateral note, was bound to grant an extension of time for the payment of the original note until the maturity of the collateral note. The effect of the binding agreement for the extension of time was to discharge the indorser and his estate, unless the holder of the note reserved its rights against him.

General Law, c. 107, § 143, reads:

"A person secondarily liable on the instrument is discharged: \* \* \* By any agreement binding upon the holder to extend the time of payment, or to postpone the holder's right to enforce the instrument, unless made with the assent of the party secondarily liable, or unless the right of recourse against such party is expressly reserved."

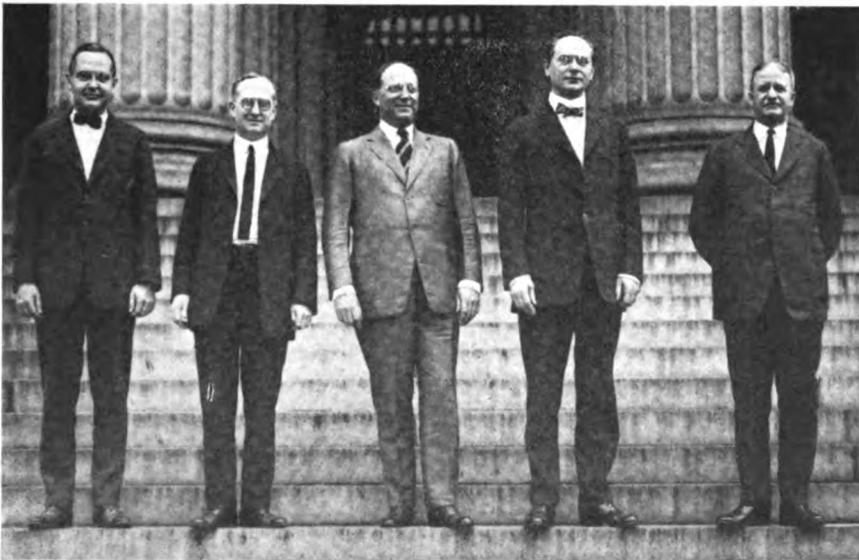
It is found as a fact that the plaintiff did not intend to give up its rights against the indorser; the question for decision therefore is whether it succeeded in preserving its rights against the indorser by the statement in the collateral note:

"That the collateral was the 'note of the American Ammonia Company for \$3400, dated May 5, 1921, with indorsements.'"

It is plain the words "with indorsements" were pure surplusage and added nothing of value to the collateral, if the effect of the receipt of the collateral note was to release the indorsement. Assuming the words were not vain and empty and were intended to confer valuable rights, the conclusion is irresistible that the holder "expressly reserved" its rights against the indorser. It follows that the plaintiff's right against the indorser was not lost by the acceptance of the collateral note. *Sohier v. Loring*, 6 Cush. 537, 544; *Hutchins v. Nichols*, 10 Cush. 299; *Kenworthy v. Sawyer*, 125 Mass. 28.

In accordance with the stipulation, "judgment is to be entered for the plaintiff in the sum of \$3000 and interest."

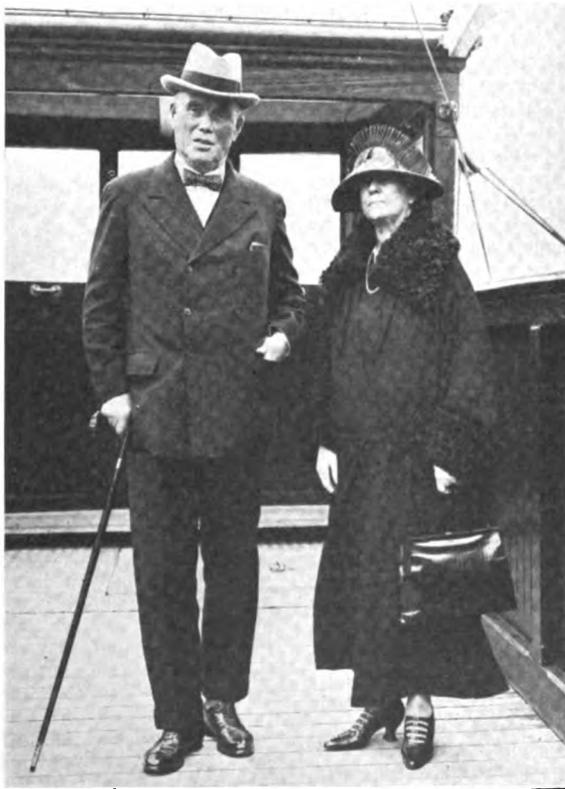
So ordered.



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#### DIRECTORS OF THE WAR FINANCE CORPORATION

Snapped on the steps of the United States Treasury. Left to right: George P. Lynde, secretary; George R. Cooksey; Eugene Meyer, Jr., managing director; Fred Starek; F. W. Mondell.



#### SIR HERBERT HOLT President of the Royal Bank of Canada

Sir Herbert, who is one of the Dominion's leading financiers, as well as one of Canada's wealthiest men, is shown above on board ship with Lady Holt, ready to sail on a holiday tour of Europe.

# Letters to the Editor

The pages of THE BANKERS MAGAZINE are always open to readers, in so far as limited space permits, for expressions of their opinion on matters of general interest to bankers.—THE EDITOR.

## CONCERNING BANK SALARIES

Editor THE BANKERS MAGAZINE:

I submit these paragraphs in answer to an article of Joseph Tully on the salaries of bank clerks in the July issue of THE BANKERS MAGAZINE.

Mr. Tully starts with the assertion that there seems to be little justification for the small salaries paid employees in the large city banks. One wonders why he should have made a distinction between the large city banks and the country banks, because either by a strange coincidence or perhaps by intent of the editors, the same issue of the magazine contains an article on bank salaries in Missouri by Dale Graham in which he points out that 886 banks in that state are paying their cashiers and chief executives an average of \$110 per month. This is considerably less than the average bookkeeper's salary in the large city banks. It would, therefore, seem that any discussion of bank clerks' salaries should cover the entire field and not any particular community or class of community.

Mr. Tully proceeds to say that the bank employee has many advantages over the workers in other lines, such, for instance, as being paid for holidays, vacations and illnesses, but points out that even all these do not offset the amount over and above the average bank employee's salary which many other workers, such as the mechanical workers, receive, and further states that as far as being paid for time off on account of illness, it must be remembered that even the mechanic receives his sick benefits from the union. I do not believe that any fair-minded man will for one moment grant that the sick benefits from the Union are in any way commensurate with what the banks are in the habit of doing for employees whose health has broken down in their service. We all know of innumerable cases where banks are carrying at full salary employees whose health has been undermined, perhaps because of overwork, but often for other reasons, and it is not unusual to pay full salary for a year or more, and instances have been known where up to 50 per cent. of a senior clerk's or officer's salary has been paid for a series of many years.

The bank employee in most instances is reasonably assured of steady employment, whereas the mechanic is liable to be laid off if not from general lack of employment in dull times, from numerous strikes in times of general prosperity.

Another great advantage enjoyed by men

in the banking fraternity, which is the reason this field is chosen in preference to the higher cash remuneration in other lines of endeavor, is the possibility that some day the employee may rise to a commanding position of high remuneration, which prospect is not found in a union-controlled body of men. That such things do happen is evidenced on every hand and this article is too short to permit the naming of the men in this country who are now chairman of the board or presidents of banks, who started at the very lowest position in a bank.

We will grant that in the banking business the earnings and profits are greater and more stable than in many other lines, but the employee who gets the idea that a bank is so rich that it can well afford to pay any salary that the employee thinks he is worth, is on the wrong track. During the war the banks did make very large profits, but so did other lines of business, and a study of the bank earnings for the last year shows that a great many institutions ended the year with less surplus and profits than at the beginning.

Twenty or thirty years ago an individual ledger bookkeeper in the city of New York was receiving \$600 or \$800 a year. Boys starting in the bank at that time were paid \$4 a week and no allowance for lunches. Today bookkeepers are paid from \$1500 to \$2500 a year and boys starting in the bank are paid in the large cities a minimum of \$12 a week, and in many instances they have their lunches furnished without charge.

This letter, however, is not intended to be a defense so much of the salaries paid bank employees, as it is to present another aspect of the situation. The writer would like to see every bank employee receive much larger salaries than are now paid and believes that the attitude of bank officials in this matter is steadily improving. The writer believes that the crux of the situation lies in the attitude of the boards of directors and officials toward their employees, fully as much, if not more, than in the cash remuneration received. We find employees worrying not so much about their salaries as about losing their positions through mergers or consolidations. We find them fearing that after long years of intensive work, some man from another city will be brought into the institution and promoted ahead of them. We find them discouraged because what they consider constructive suggestions are not considered, much less followed. We find them hurt be-

cause important news of their institution is often learned from gossip on the street before they are informed by their superiors of what is going on. This matter was most ably set forth by Alexander Dunbar, vice-president and cashier of the Bank of Pittsburgh, in his address before the Cleveland Convention Departmental Conference, from which the following is quoted:

The next point to consider is the proper attitude of officers and department heads toward subordinates. The other day I ran across this "trip-hammer" sentence—Emerson's I think it is: "Treat men as pawns and nine-pins and you shall suffer as well as they." This line says all that there is to be said concerning this important phase of a bank's personnel. Enthusiasm must be inspired—it cannot be commanded.

Perhaps a hasty word, on a busy morning, will kill the spark of an ambition which would otherwise kindle a bonfire of good will for your institution. It is unfortunate, but true, that enthusiasm is a very delicate plant in most persons. Perhaps it may be misguided, perhaps it may be impractical in some of its offerings, perhaps it is annoying in its persistency; but the basic fact should be kept in mind that it will die unless nourished by patient attention. Courteous pruning, generous watering by words of encouragement, and painstaking explanation as to why its offerings are impractical, will, in nearly all cases, nourish it into healthy growth. Let me emphasize the fact that enthusiasm is one of the cardinal requirements of a successful personnel. Here is the best definition of it that I have ever heard: "Enthusiasm is outside evidence of inside belief".

There is nothing more disheartening to an employee or group of employees, after putting all their enthusiasm in their work, than to have their plans and enthusiasm squelched and orders given, the reason for which is not at all understood by them. It would seem that a group of loyal employees might be kept more fully informed of the general policy of the institution. That proper consideration of employees and interest in their individual problems and appreciation of their constructive suggestions can be made to count more than large salaries was proved during the war, when all banks had many employees stand by them at salaries 25 to 50 per cent. less than they were offered by other institutions. When a bank officer has employees staying with his institution at less salary than paid elsewhere because they like the environment, he can be sure he is on the way to solving the unrest that is surging through the ranks of white collar workers. Unfortunately, however, one officer of a bank rarely has authority to handle the employees as he wishes and must do as directed by those higher up, who dictate policies but do not come in close contact with the clerks to observe the effect that their policies have on the rank and file.

The writer has seen both sides of the counter; he has been a junior employee and a senior official and hence cannot be accused of writing from theory rather than practice.

Profit-sharing plans have not been entirely successful, partly because bank stocks are so far above their par value that an employee can afford to hold but a very small proportion of the stock. Welfare plans so widely advocated during the war have their objections because savoring so much of paternalism. I believe that banks should insure their employees by group insurance, because the premium is only about 1 per cent. of the payroll and is so far cheaper than the employees can get individually, and it would be a great relief to all bank clerks if they could be assured that after thirty or forty years of faithful service in an institution they would receive a moderate pension. The dread of losing their positions at fifty or sixty, a grey haired, perhaps somewhat stooped, "experienced 'bank clerk'" is one that hangs over many a man of thirty-five or forty-five and worries him far more than the fact that he could use \$10 or \$15 a week more now. As we look over the field, we find in many institutions group insurance, we find in some institutions pension systems, we find institutions contributing generously to the American Institute of Banking and in addition paying the tuition or part of the tuition of those clerks who elect to take up the courses. But whether an institution does all of these things or none of them, they can effect a wonderful improvement in the whole situation if they will take their clerks into partnership in the management of their institution, not in a financial but in a human sense. They must make them feel "this is *our* business; we are working for the success of *our* institution because we have a pride in it and because its success means *our* success. We must efface our individual differences of opinion, must co-operate, be happy with one another, and get something out of life besides receiving our salary and paying it out to live". Without that spirit life is but a grind; with it all things can be accomplished.

BANK OFFICIAL.

## WHY BANK POSITIONS ARE SOUGHT

Editor THE BANKERS MAGAZINE:

Joseph Cully, in his article, "Are Bank Clerks Underpaid?" in the July issue of THE BANKERS MAGAZINE, implies that in proportion to their responsibilities the compensation of bank employees in the large city banks is inadequate. If one accepts this simple and unqualified statement as gospel, to such a one it is a fact, however specious it may be made to appear upon careful and experienced analysis.

In nearly all cases positions in banks and trust companies are sought for these reasons:

Stability.  
 Permanence.  
 Unusual rewards and honors.  
 Social position.

Employees in the large city banks get just these very things in addition to incidental benefits and pleasures which come through the proper functioning of various employees' club activities which embrace educational opportunities with tuition paid; thrift deposits which bear very liberal rates of interest; opportunities to purchase stock of their company on long term easy payments; various entertainments and outings during the year. Life insurance usually equal in amount to the employee's yearly salary for which the bank pays the premiums, and in most cases a bonus payable in cash in a lump sum at Christmas, should also be mentioned. Employees of most large banks and trust companies receive their lunches without charge. The services of a capable physician are usually provided. Cases of serious illness are taken care of, and in many instances individuals are sent to hospitals or camps for treatment without cost to the employee.

It is not implied that numerous business houses do not pursue many of these practices, but this discussion is touching only on what the larger financial institutions actually offer their employees.

A bank employee in a large city bank has unusual opportunities for contacts with important and influential people. Such contacts frequently lead to close friendships out of which grow further business opportunities and additional chances for broadening and extending one's resources. This plays no small part in the advancement of clerks and officials.

It should be borne in mind that there are no limits to the opportunities open to any clerk of a bank other than the limitations of his or her own capability, energy, patience, loyalty and ambition. The discerning and thoughtful employee soon finds out that the management is eagerly seeking competent men and women for advancement and will diligently prepare himself for something better, and he will do this first by perfecting his work in his own department. In one of the very large trust companies almost every one of the officers was at one time a clerk. That fact alone would account for the popularity of bank positions. There is no shortage of proper banking material in men or women; they seek bank positions and know what they are about when they do so.

R. E. A.

## THE STABILIZED DOLLAR

Editor THE BANKERS MAGAZINE:

May I have space for a few comments on your recent editorial: "Professor Fisher's Stabilized Dollar"?

At the outset, let me express my satisfaction in finding that you believe "Professor Fisher's proposals have served a good purpose in calling attention to some real defects in the operation of our monetary and banking system."

That was my main purpose! If my remedy is "open to serious criticism" I hope you, or others, will find one which is not. The National Monetary Association of bankers and economists is now studying my plan and about a dozen others as well. The Iowa Bankers Association recently passed a resolution favoring the finding of some acceptable solution.

I am not sure that my plan is the best; but I am sure that it is a good one! After running the gauntlet of criticisms for ten years it has not been convicted of any faults other than those frankly admitted at the outset.

You are mistaken in thinking, if you do, that my plan stands or falls with the truth or falsity of the quantity theory of money. With most economists I accept the quantity theory (with reservations) and so, very naturally, showed (in the hearings on the Goldsborough Bill to stabilize the dollar) how the plan would work out according to that theory of money. But, according to the other, or "metallist" theory of money, the plan would also work, in fact more simply and promptly; for, by that theory, putting more or less gold into the dollar *ipso facto* puts more or less value into it.

I quite realize that the gains or losses due to unstable money are partly offset by opposite losses or gains. Only the net difference measures the injustice done. But with shifts of ownership of forty billions of dollars (as estimated by Prof. W. I. King) due to unstable money, the net effects must run into the billions, if not the tens of billions of dollars.

You did trip me up very neatly in pointing out that the hypothetical servant girl could buy a *gold* ring at about the same price as ever! But of course the ring, like the servant girl, was supposed to be typical, rather than literal. Let it be platinum or a diamond ring, or better, let it stand for the girl's purchases in general. Then its price must go up as the dollar goes down and her savings are largely swept away by the depreciation of the dollar.

Yours for a juster standard,

IRVING FISHER

New Haven, Conn.,  
 Sept. 6, 1923.



JOHN H. PUELICHER

Retiring president American Bankers Association;  
president Marshall and Ilsley Bank, Milwaukee

## Forty-ninth Convention of the American Bankers Association

**B**ANKING and business problems of national and international importance were discussed at the forty-ninth annual convention of the American Bankers Association, held at Atlantic City, New Jersey, September 24 to 27. These conventions serve not only as an opportunity for a mutual interchange of ideas on practical banking matters, but also to proclaim to the general public banking opinion on matters of national importance. The resolutions of the convention, which are printed in full elsewhere, express the crystalized opinion of the banking world. The resolutions this year covered such topics as the gold standard, Government regulation of business, taxation,

radicalism, Federal Reserve System, the coal strike, immigration, railroads, agricultural credit, soldier bonus, branch banking, European situation, etc.

The attendance at this year's convention, while it did not come up to the total figures of the convention last year in New York, was the third largest of any other gathering ever held by the association.

Among the important addresses of the convention were the following: Address of President Puelicher; "The Economic Stage and the Bankers Rôle" by Charles E. Mitchell, president of the National City Bank of New York; "Seeing Things" by M. A. Traylor, president First Trust and Savings



WALTER HEAD

President American Bankers Association;  
 president Omaha National Bank, Omaha

Bank, Chicago; "Across the Atlantic" by Fred I. Kent, vice-president Bankers Trust Company, New York; "A Rising or a Setting Sun?" by Hon. James M. Beck, solicitor-general of the United States; "The Government in Business" by George E. Roberts, vice-president National City Bank, New York; "The Problems and Policies of the New York Stock Exchange" by Seymour L. Cromwell, president New York Stock Exchange.

An open forum discussion was held on the Federal Reserve System, various merits and defects of the system being touched upon by representatives of both country and city banks.

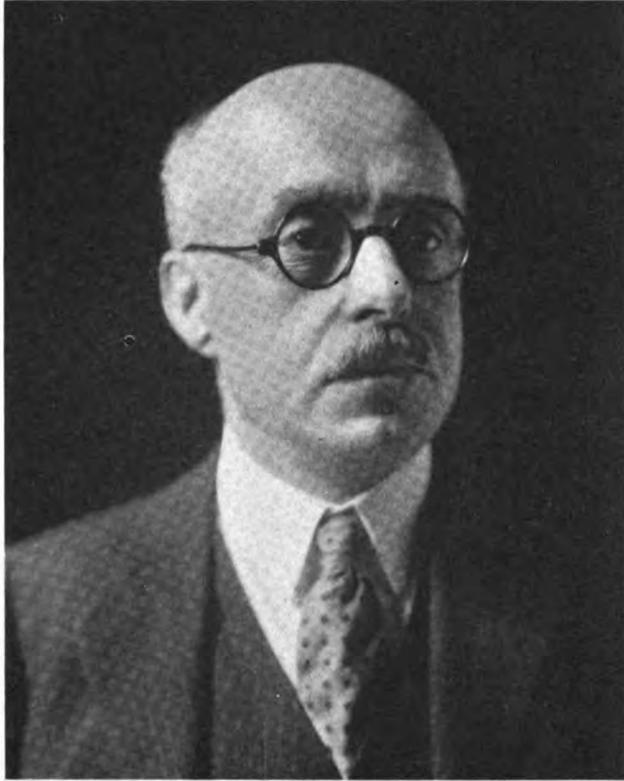
New officers were elected as follows: President, Walter W. Head, president Omaha National Bank, Omaha, Nebraska; first vice-president, William E.

Knox, president Bowery Savings Bank, New York; second vice-president, Oscar Wells, president First National Bank, Birmingham. Elwood J. Cox of High Point, North Carolina, was elected treasurer.

WALTER WILLIAM HEAD

Walter William Head, who advances from first vice-president of the American Bankers Association to president, was born in Adrian, Illinois, December 18, 1877. He is president of the Omaha National Bank, Omaha, Nebraska.

Mr. Head, who received a normal school and business college education, was for several years a country school teacher, later being principal of public schools in DeKalb, Missouri, from 1901 to 1903. In the latter year he gave up a salary of \$75 a month and entered bank-



WILLIAM E. KNOX

First vice-president American Bankers Association;  
 president Bowery Savings Bank

ing at \$40 a month. He became cashier of the DeKalb State Bank, serving in that capacity until 1906. From 1906 to 1908 he was state and national bank examiner, and in 1908 he became cashier of the American National Bank of St. Joseph, Missouri, remaining there until 1917. In that year he was elected vice-president of the Omaha National Bank and became its president in 1920. He is also president of the Omaha Safe Deposit Company and the Omaha Trust Company; and vice-president of the American National Bank of St. Joseph and of the St. Joseph Life Insurance Company.

His diversity of interest in civic activity is shown by the fact that he is a member of the Nebraska State Capitol Commission having in charge the erection of the new \$5,000,000 state capitol;

he was a major, Omaha battalion, Nebraska Home Guard, during the war; he is a member of the board of directors of the International Committee, Y. M. C. A.; and president, Omaha council, Boy Scouts of America, and vice-president of the national organization. In the American Bankers Association he was president of the National Bank Division, 1919-20; second vice-president of the general organization, 1921-22, and first vice-president, 1922-23. For many years Mr. Head has taught a men's Sunday school class in the First Presbyterian Church of Omaha, with from fifty to sixty regular attendants. It is, with one exception, the largest men's Bible class in Omaha.

The further diversity of interest of the new head of the American Bankers Association is also shown by his activi-



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**OSCAR WELLS**

Second vice-president American Bankers Association;  
 president First National Bank of Birmingham, Ala.

ties as a practical farmer. He has a 2200 acre farm near St. Joseph, Missouri, that he personally directs, and the technical methods pursued under his supervision are credited with remarkable results. He raises as specialties Hereford cattle and fine Poland China hogs that are frequently prize winners at the livestock fairs. His practical farming experience has won him the soubriquet of "Granger President of the American Bankers Association", and, it is declared, has particularly fitted him to aid in bringing about continued improvement in the relations between agriculture and finance.

Mr. Head married Della Thompson of St. Joseph, Missouri, and they have one daughter. His home is in Omaha, Nebraska.

**WILLIAM E. KNOX**

With the elevation of Mr. Head to the presidency of the American Bankers Association, William E. Knox advances from second vice-president to first vice-president. Mr. Knox is president of the Bowery Savings Bank of New York City. He was born in Strabane, Ireland, October 27, 1862. He came to the United States while young and received his education in the New York City public schools.

Mr. Knox began his business career as an office boy in 1877, being employed by a publishing firm in New York until 1885. He began his banking experience when he entered the Bowery Savings Bank as a junior clerk in 1885. He was elected secretary of that bank in



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Left to right, Congressman L. T. McFadden, chairman of the House Committee on Banking and Currency, Washington, and president First National Bank of Canton, Pa., and Rollin P. Grant, vice-chairman Irving Bank-Columbla Trust Company of New York, pause for a snapshot on the Boardwalk

1906, comptroller in 1908, vice-president in 1920, and became president in 1922. He has been active in banking association affairs. He was president of the Savings Bank Section of the American Bankers Association 1914-15; and vice-chairman of the National Association of Mutual Savings Banks 1921-22. Mr. Knox is a member of the Union League Club, New York Athletic Club, Rye Country Club and the Chamber of Commerce of the State of New York. He married Miss Robina Watson Bartley in 1897, and they have two children. He lives in New Rochelle, New York.

#### JOHN HUEGIN PUELICHER

The retiring president of the association, John Huegin Puelicher, president of the Marshall and Ilsley Bank of Milwaukee, Wisconsin, was born in Milwaukee, December 26, 1869, where he was educated in the public schools. His business career began in 1885

when he entered the employ of the Wisconsin Marine and Fire Insurance Bank. In 1893 he became a discount clerk in the Marshall and Ilsley Bank, being elected assistant cashier in 1905 and was made cashier in 1906. He was promoted to vice-president in 1914 and became president in 1920.

Mr. Puelicher occupies an outstanding position among the nation's bankers as an aggressive advocate of sound education in banking, finance and economics. In 1902 he founded the Milwaukee chapter of the American Institute of Banking, serving as its vice-president until 1903, when he became president, serving until 1904. He has made education the keynote of his administration, pressing a vigorous campaign for the inculcation of a better understanding of the fundamentals of business and banking on the part of the general public, chiefly by means of lectures in the schools by bankers. In 1911 he was president of the Milwaukee



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Three ex-presidents of the American Bankers Association, F. O. Watts, Robert F. Maddox and W. A. Hinsch snapped together on the Boardwalk with Paul Warburg, chairman International Acceptance Bank, New York. Left to right, F. O. Watts, president First National Bank in St. Louis, Paul Warburg, Robert F. Maddox, president Atlanta National Bank, W. A. Hinsch, president Fifth-Third National Bank of Cincinnati

School Board and is a trustee of Milwaukee-Downer College and of Marquette University Medical School. He is a member of the American Philatelic Society, Wisconsin State Historical Society and the Milwaukee Art Institute. He married Matilda Siefert of Milwaukee in 1892 and they have a son and daughter. His home is in Milwaukee.

#### OSCAR WELLS

Oscar Wells, who was elected second vice-president of the American Bankers Association, was born February 6, 1875, in Platte City, Mo., and was educated in the public schools of that place and at Bethany College, Bethany, W. Va. After leaving college, he went into business with his father as assistant cashier of the Wells Banking Company at Platte City. In 1899, he became president of the Bank of Edgerton, Mo.,

from which he retired three years later to become cashier of the Carthage National Bank at Carthage, Mo. After serving in that capacity until 1905, he went to Texas and was successively employed in banks in Fort Worth and Houston, being vice-president of the Union National Bank in the latter city during 1913-1914.

Mr. Wells was appointed governor and director of the Federal Reserve bank at Dallas in October, 1914, but resigned in less than a year to become president of the First National Bank of Birmingham, Ala. He is a Mason and a member of the Beta Theta Pi fraternity, Birmingham Country Club, Roebuck Golf and Country Club and the Birmingham Newspaper Club. He was married to Miss Hallie Hurst Jacob of Wheeling, Va., in 1900. His home is in Birmingham, Ala.

# Resolutions Adopted by Convention

**R**ESOLUTIONS adopted by the American Bankers Association at the convention, include a recognition of the transition from boom conditions to those of prosperity, termed by the resolutions committee "the outstanding achievement in the field of American business and finance in 1923"; comment on the menace of unwarranted Government interference and regulation in business; a criticism of present methods of taxation; a warning against the menace of radicalism; and comment on wages, the Federal Reserve System, the coal strike, immigration, branch banking, the railroads, agricultural credits, the soldier bonus, etc. The text of the resolutions follows:

The bankers of the United States in convention assembled in this the forty-ninth annual meeting of the American Bankers Association review their half century of organized effort with reasonable pride and satisfaction as a period marked by constant progress toward sounder policies and higher ideals in their important branch of business. Their united effort is directed toward the increase of knowledge and understanding in their chosen field that will make for greater service on their part and an appreciation on the part of the public of the facts and purposes which underlie their activities.

## FROM BOOM TO PROSPERITY

The orderly transition from boom conditions to those of tempered but sustained prosperity has been the outstanding achievement in the field of American business and finance in 1923. The volume of business, as measured by basic production, reached an unprecedented level in the first half of the year. The advance in commodity prices was rapid, and bank loans were expanding. Recognizing the dangers inherent in such a situation—for heretofore drastic reactions have usually marked the end of similar periods of general expansion—business leaders and bankers co-operated in preserving a degree of caution which made possible the maintenance of generally prosperous conditions, uninterrupted by violent readjustments. In this experience leaders in business and finance have demonstrated their capacity for vision and initiative.

## STRONG POSITION OF BANKS

Among the most favorable factors in the present situation is the strong position of

our banks. Loans and discounts of the member banks of the Federal Reserve System on June 30, 1923, were \$1,076,328,000 less than on November 15, 1920, while the bills payable and rediscounts of the same banks amounted to less than 34 per cent. of the 1920 figure. During this period the combined net demand, time, and Government deposits of the member banks increased by \$2,224,223,000, showing, in view of the decline in loans, a large net increase in actual cash deposits.

We note with satisfaction that although a greater activity in production and trade has



F. H. SISSON

Chairman Public Relations Commission;  
vice-president Guaranty Trust Company, New York

been financed by the banks this year than in 1920, there has been no such pyramiding of credit as took place three years ago.

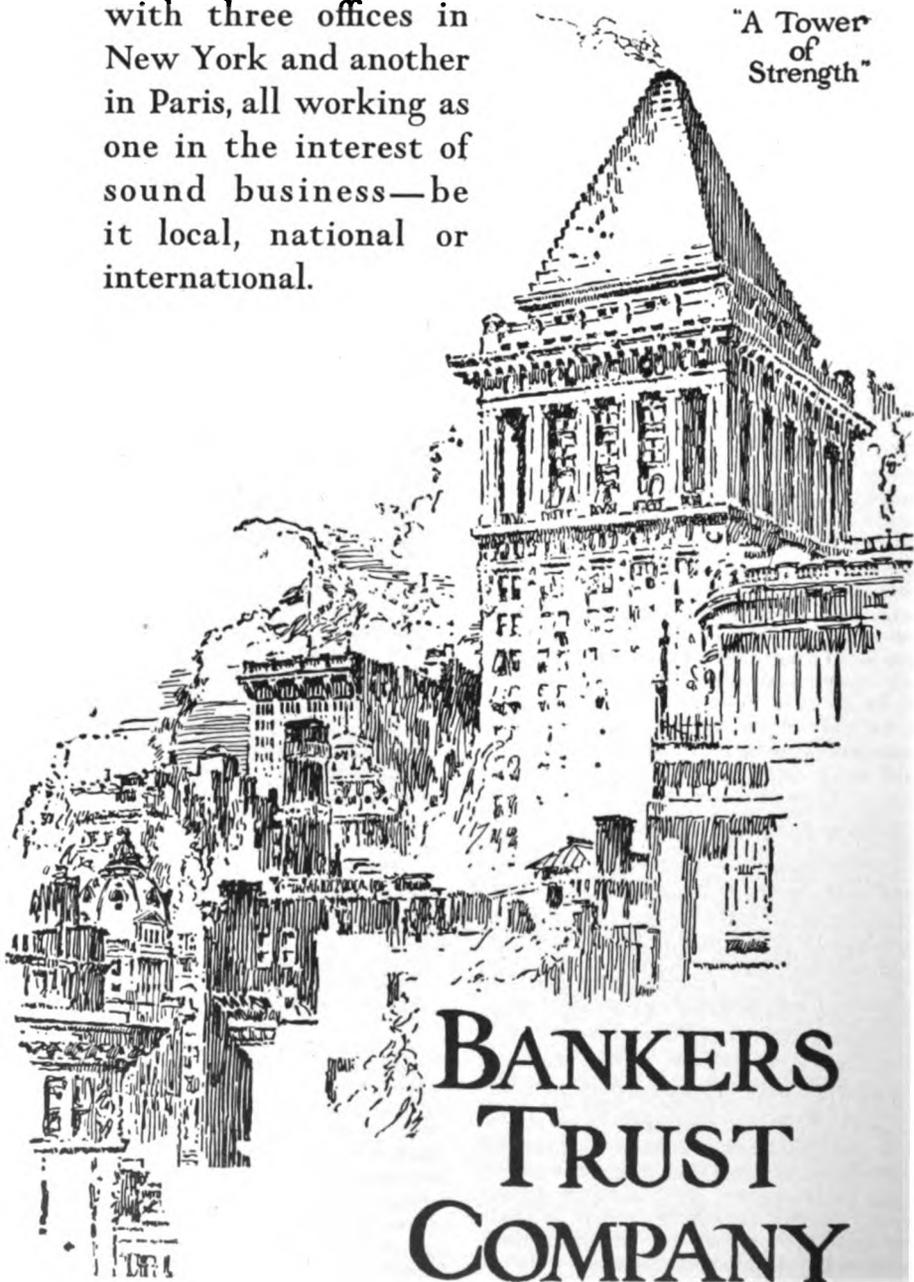
## THE FLOW OF GOLD

The comparative figures of reserve ratio must be interpreted in the light of the enormous growth in the gold holdings of the country. The extraordinary flow of gold into this country during and since the war brought our stocks of gold coin and bullion up to \$4,049,000,000 on July 1, 1923, as against \$1,891,000,000 on July 1, 1914. Although more than \$3,000,000,000 of the total gold stocks is held by the Federal Reserve banks, the Federal Reserve Board has properly made it clear that the reserves are not to be regarded as a basis for proportionate

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credit expansion. We believe that the gold reserves are so large that anything approximating their full utilization for credit expansion would involve an inflation which could hardly fail to end in disaster. Moreover, it is apparent that the heavy importation of gold was the result of temporary and abnormal conditions, and that it will be impossible to retain all of the present stock of gold in this country permanently, even if it were desirable to do so.

On the other hand, there is no occasion for extraordinary devices for disposing of the metal. Such a redistribution of the world's gold holdings as may be called for by the future course of international trade and currency readjustments should be left to the operation of ordinary agencies in international trade.

#### GOVERNMENT REGULATION

The present demonstration in this country of the advantages of individual initiative and self-direction has been made at a time when the menace of unwarranted extensions of Governmental interference and regulation in business is especially pronounced.

In defiance of economic law, groups whose commodities or services are temporarily depressed in relative market values, clamor for Government action in their behalf, when the only real relief can come from those economic readjustments which lie outside the sphere of proper Government action.

Despite the interference with the activities of commodity exchanges, the need for the orderly exercise of the speculative function in business persists. Suppression in this field reacts most harmfully upon the very interests which it is intended to benefit.

The cry for Government purchasing of wheat or the fixing of its price above the market is another case in point. Obviously, the corrective for inadequate prices of wheat is an adjustment of production to demand which reflects the requirements of consumption. Raising the price by Government interference would tend to perpetuate the relative over-supply of the commodity. Domestic production would be stimulated by the artificial price. And, unless the Government promptly takes a loss by marketing abroad its purchased stocks, the output of other wheat-growing countries would rise to meet the requirements of importing countries. In any case, price fixing would bring no permanent relief, and the immediate cost of the experiment would fall upon the taxpayers. Moreover, if the Government is to undertake to raise the price of one commodity by such means, producers of innumerable other products might, with equal warrant, lay claim upon the taxpayers' money.



M. A. TRAYLOR

Chairman Economic Policy Commission;  
President First Trust and Savings Bank, Chicago

#### THE MENACE OF RADICALISM

We regard the continued agitation for so-called nationalization of industries as a menace to national welfare. It is linked with the persistent efforts to undermine the fundamentals of the American system of government. Government ownership in the field of industry weakens the economic structure. With a minimum of necessary regulation, the bases of freedom for individual enterprise must be preserved.

We express again our firm conviction that the forces and ideas which have developed our country to its present *unsurpassed* position must not be denied or repudiated in vain pursuit of Utopian dreams.

#### THE BURDEN OF TAXATION

Already the multiplicity of Government activities, with the amazing growth in the number of public employees, has added enormously to the burden of taxation. There are now more than half a million employees of the Federal Government alone; and, including employees of state and local governments, the total number on the public payrolls is estimated at more than 1,500,000.

The tax burden is enhanced by needless

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TRUST DEPARTMENT

The National City Bank  
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HEAD OFFICE: 55 WALL STREET

inequalities in its apportionment. The complete tax exemption of many billions of dollars of public securities is an important factor in the unequal distribution of the burden, and the necessary action for the gradual elimination of this feature of our fiscal system should be promptly taken.

The rates of sur-taxes on incomes should be revised downward. It is evident that their legitimate evasion is a disturbing element not only in our tax system, but in the security markets as well. The rapid increase in the tax burden is shown by the increase of the per capita tax since 1914 from \$22.95 to \$79.15. We call attention to the disastrous results in previous periods of high taxation, when public expenditures have run so far ahead of economic development that they caused serious reactions and impairment of credit. Tax-levying bodies cannot hamper the legitimate functions of private business by depriving business of necessary capital and penalize thrift and enterprise without in turn destroying values and retarding progress.

#### FEDERAL RESERVE SYSTEM

The association calls attention to the special report of its economic policy commission. It believes that this report embodies the views of the best friends of the system, and it expresses the hope that the Federal Government may adopt the suggestion made in this report. We would call special attention of all bankers to this report and urge their support of its recommendation.

#### THE QUESTION OF WAGES

Business is confronted with the handicap of excessive labor costs of production, reflecting wage scales which have been raised out of proportion to general prices or cost of living.

The advance in industrial wages since February has been greater than in any like period since 1920. In July, wages in representative New York State factories, for example, were 118 per cent. above those for July, 1914.

The cost of living in July, as measured by the index compiled by the National Industrial Conference Board, was only 62 per cent. above the pre-war level.

It is to be noted that since the pay of other workers—for example, farm wages and the compensation of office employees—has not advanced proportionately, the highly paid workers in the preferred positions are benefitting at the expense of their fellow workers in other lines.

Some recognition of this fact by those among the favored workers who demand increased pay for less work would be helpful. That the basis of all wage payments



● UNDERWOOD & UNDERWOOD,

FRED N. SHEPHERD

Executive manager American Bankers Association

which are warranted is in the service rendered, is a truth too little understood.

The pressure of public opinion should be directed toward the encouragement of the resort to voluntary arbitration in cases where direct negotiations between employees and employers fail to reach an agreement. The resort to force in the form of strikes entails needless costs and hardships for the public.

#### THE COAL STRIKE

The recent strike of the anthracite coal miners, which has been settled for the time by a further wage concession to the mine workers, has again demonstrated the public's relative helplessness with the powerful monopoly of organized labor in this industry. The people feel a growing resentment over the prospect of constantly enhancing prices for anthracite imposing a further burden upon the already oppressed consumer, and look to the Government for the protection of the public interest which has apparently been to a degree forgotten in the agreement which has been reached in the present controversy. The belief that the mine workers have taken advantage of their strong position to obtain wage advances that are out of alignment with wages in other

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industries is strong, and may be expected to lead to efforts to escape the exactions of this monopoly. The adoption of other kinds of fuel to an increasing extent is probable. Meanwhile the public is entitled to receive from the Government the fullest information as to all the facts in regard to the anthracite situation, covering every phase of production and distribution. Such a record will afford a basis for action, which will finally be inevitable to bring the coal industry in fair relation with other branches of business. No settlement that tends away from this relation can be expected to endure.

#### IMMIGRATION POLICY

The numerical restrictions upon immigration imposed by the present law, do not in our opinion represent a satisfactory immigration policy. Net immigration last year, 265,000, was less than one-fourth that in 1913. Mere restriction of numbers does not assure the desired result—the selection for admission of the most fit among the applicants. This law—limiting, with certain exceptions, the number of immigrants of each nationality admissible in any fiscal year to 3 per cent. of the number of the foreign-born of the respective nationalities residing in this country in 1919—excluded many who are clearly fit socially and industrially for admission and who could make genuine contributions to the national welfare. This emergency measure, adopted during a period of widespread unemployment and designated primarily to restrict the number of immigrants, is not the suitable expression of a permanent immigration policy. The law should be liberalized by providing for selection on the basis of quality, the selection to be made abroad as far as practicable. We advocate improved methods of examination, selection, reception and distribution, and regard our present haphazard and unfair system as a violation of international courtesy, and an economic and social error.

#### A PLEA FOR THE RAILROADS

Despite many handicaps, some of them the results of the disturbed conditions during the war, and of Government operation, American railroads have been able this year to meet the requirements of the largest volume of traffic in their history. Although the roads have been able this year to earn the estimated fair return in only a brief period in the spring, aggressive efforts are being made not only to reduce rates, but to reduce valuations for rate-making purposes to absurdly low figures. It is in the interest of the public that the transportation act should be given a fair trial and that the carriers be permitted earnings adequate for the maintenance and development of the systems. Adequate transportation is



UNDERWOOD & UNDERWOOD

WM. G. FITZWILSON

Secretary and assistant treasurer American Bankers Association

a business factor of such vital importance to our national life that we vigorously oppose any efforts to injure the credit or reduce the operating efficiency of our railroads in the assumed interest of any class or section. We are confident that such a destructive policy, if successful, would not only react seriously upon the general business situation, but most painfully upon our agricultural interests and the various classes of labor involved in the operation of the roads.

#### AGRICULTURAL CREDITS

The criticism of the Federal Reserve System as inimical to the interest of the farmers, and the agitation for an expansion of its activity in the field of agricultural credits, still persists. Such an attitude indicates a failure to realize that the usefulness of the system depends on its ability to serve impartially the credit needs of all sections and industries.

The new machinery of agricultural credit adopted last year, though of doubtful value, should be allowed to demonstrate its effectiveness, without further tinkering.

The fact that the relative purchasing power of farm products as a whole has been increasing in recent months is evidence that

# The Work of the American Bankers Association

**T**HE Bank of the Manhattan Company was officially represented at the meeting of seventeen bankers at Barnum's Hotel, New York, May 24, 1875, out of which meeting has grown the American Bankers Association.

Since that day, this Bank has welcomed the efforts and views with increasing satisfaction the ever-broadening influence of this great organization for the betterment of American commerce, industry and finance.

The Bank of the Manhattan Company's early contacts with many of the country's outstanding banks have been continuously maintained for well over a century. To this rich background is added today modern facilities and great resources.

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gradually the prices of these products are assuming a more nearly normal relation to general prices. The index of purchasing power of farm products in July, as compiled by the Bureau of Agricultural Economics, was 72 per cent. of 1913 purchasing power. This compares with 68 per cent. at the beginning of the year and 64 per cent. in August and September of last year.

Further improvement in the economic position of the farmers is to be sought in continued reliance upon the readjustments of supply to demand, rather than upon artificially cheap credit or subsidies. This association through its agricultural commission will continue its endeavors to co-operate in the farmers' organization, agricultural colleges, and other bodies to the end that there may be a sane development of the farming industry and all of its branches.

#### SOLDIER BONUS UNJUSTIFIED

The menace of the proposed bonus, or "adjusted compensation" for ex-service men, which was defeated by vote of the President last year, persists. That proposal would have added some \$4,000,000,000 to the national debt, already heavy. There is no sufficient justification for such an added burden upon the taxpayers as the bonus would entail.

This committee renews its former statement of its interest in the welfare and comfort of our disabled soldiers, but sees in an indiscriminate allotment of money to able-bodied veterans a serious menace to the credit of the nation and a tremendous drain upon an already heavily taxed Treasury.

Generous aid should be readily available to every needy soldier, but there seems to exist no justification for the unrestricted grant of public funds which is proposed by the bonus bill which Congress will probably be urged to pass.

Five years have now elapsed since the war ended. There is today little unemployment in the country and soldiers have been reabsorbed in industrial and commercial life, and surely any need for temporary aid that might have existed immediately after the war has long since passed.

#### SAVINGS BANK DEPOSITS

Institutions receiving savings deposits should be under the jurisdiction and supervision of banking departments with proper uniform rules and regulations. Such deposits should be invested in securities of unquestionable value and safety. The association is emphatically opposed to the acceptance of savings accounts by business firms and other establishments that are not compelled to conform to those rules which are designed to safeguard savings deposits.



● HARRIS & EWING

THOS. B. PATON

General counsel American Bankers Association

#### FRAUDULENT SECURITIES

The American Bankers Association reaffirms its views so frequently expressed of the need of stamping out the issue and sale of fraudulent securities. It urges co-operation with the Investment Bankers' Association, Better Business Bureaus and all other legitimate bodies to attain this end and protect the public against the machinations of unscrupulous and unprincipled individuals and firms.

#### BRANCH BANKING

To the end that ways and means may be devised to carry out the spirit of the resolution about branch banking passed by this association last year, it is recommended to the executive council of the association that it authorize the appointment of a committee with suitable appropriation to safeguard the present unit system of banking.

#### STATE DEPARTMENTS

We desire to express our approval of legislation looking toward the standardization of state bank departments, to the end that such departments should be distinct



## BANKING SERVICE

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We invite correspondence with bankers and others who are seeking a connection in New York. Our forty-two years of experience have in them much that will be of value to you.

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and independent agencies of state government, with sufficient authority to enforce observance of the laws affecting banking activity, and to control the issuance of new banking charters.

#### HOSPITALITY

The outstanding success of this convention was due in a certain measure to many who have assisted in the working out of its details, and we desire to express our appreciation of the hospitality of our Atlantic City hosts and of all others who have contributed to the comfort of our delegates and guests.

#### OBITUARY

We desire to express the sincere regrets of this association for the death of a former president, Caldwell Hardy, chairman of the board of the Federal Reserve Bank at Richmond, Virginia. As an executive of this Association, as a banker and as a citizen, Mr. Hardy rendered a full measure of service, for which we desire to express the appreciation of the many who came in touch with his life work, and we extend to his family our sincere condolences.

#### PRESIDENT PUELICHER

The association takes this occasion to express its keen appreciation for the energy displayed by its retiring president in furthering the interests of the association and especially the cause of economic education in the country. Under the progressive leadership of President Puelicher, a campaign has been inaugurated which will carry to our school children true teachings of economics, which will do more than anything else to prevent the spread of radicalism in this country.

#### AMERICAN INSTITUTE OF BANKING

Closely related to the efforts of President Puelicher in furthering the work of public education of the American Bankers Association, is the work of the American Institute of Banking.

We acknowledge the splendid progress made by the American Institute of Banking Section, and we recognize the institute as an essential agency for training and developing the bankers of the future. We pledge our hearty support to its undertaking and our full co-operation in its activities.

#### THE EUROPEAN SITUATION

During the past year the effect upon the United States of the serious conditions existing in Europe has become more and more noticeable in our foreign trade and



● ATLANTIC FOTO SERVICE

John G. Lonsdale, president National Bank of Commerce in St. Louis, and daughter, Miss Eileen Lonsdale, on the Boardwalk

has finally begun to curtail our domestic production as well. It is our firm belief that if we do not recognize and accept our responsibilities in connection with the reparations question which is preventing our Allies and Germany from coming to an agreement that will re-establish peaceful conditions in Europe, that both our foreign and domestic trade will continue to suffer seriously. We again urge upon the Administration the advisability of giving an official standing to our representative upon the Reparations Commission in order that he may express his opinion with his vote; and further recommend that the debt funding commission immediately enter into negotiations with Great Britain and France in connection with such part of the reparations question as may be included in the Inter-allied indebtedness in order that the commission may be in position to make such recommendations to Congress as it may consider desirable and to the interest of the United States.

In making these recommendations we would particularly call attention to our former warnings as to the effect of the European difficulties upon the trade of this country and the fact that events have proved that our judgment was correct.

A policy of complete isolation from European affairs cannot be maintained indefinitely.

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**New York**



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Left to right, S. G. H. Turner, president Second National Bank, Elmira, N. Y.; Charles L. Schenck, vice-president Peoples Trust Company of Brooklyn, and Pelton Cannon, vice-president Merchants National Bank, Poughkeepsie, N. Y., snapped on the Boardwalk

ly without grave danger to our own interests. The example of Austria, aided in part by American capital in the rehabilitation which is now clearly in progress in that nation, indicated the methods by which America may in due course, when the will to establish political, financial and economic stability and maintain peace has been convincingly demonstrated abroad, be a powerful influence in the betterment of conditions in other continental countries.

#### CONCLUSION

In the midst of the many puzzling economic problems which the world faces today, largely resulting from the political differences and ambitions of rival nations, the conclusion is inevitably forced on the impartial observer that the primary need of the world is moral and spiritual regeneration as the essential basis for economic recovery. Until the nations of the world are willing to liquidate their hates, they can make slight progress toward liquidating their debts. Until the dominating forces of greed and selfishness are mitigated by a higher regard for the rights of others,

until a larger degree of international goodwill supplants racial animosities, until a higher regard for moral obligations and human welfare characterize the practices of men, the many economic problems incident to the operation of these evil forces will await solution. While the purposes which dominate the councils of the nations are political, rather than economic, are selfish rather than fraternal, are following the forces of expediency and opportunism rather than the ends of justice and righteousness, there can be little hope for improvement in the existing order. Until the ideals of human welfare, of a just distribution of earth's bounties and a righteous observance of the common good are more firmly implanted in the minds of men, we must expect the constant conflict of interest and its expression in political, social and economic disorder. To the ends of a better understanding, not only of the purposes of business, but of life, that a better order may be established among men, the bankers of America dedicate themselves in united effort to attain and maintain those ideals of civilization upon which alone human society can soundly rest.



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# Discussion of the Federal Reserve System

**O**NE of the most conspicuous topics of discussion at this year's convention was the Federal Reserve System. In anticipation of the widespread interest in this subject an open forum was arranged as a feature of the Thursday general session. At this forum Craig B. Hazlewood, vice-president of the Union Trust Company of Chicago, expressed the attitude of the city banks, while George H. Bell, cashier of the Planters Bank and Trust Company at Nashville, Arkansas, represented the country banks' point of view. Other speakers were allotted five minutes each to discuss any phase of the subject that they desired.

A study of this discussion and also of the various references made to the Federal Reserve System in the convention speeches revealed that while there are numerous complaints as to the administration of the system, there is practically unanimous appreciation of its value as a whole and certainly no sentiment for its abolishment.

Many of the speakers expressed concern over the tendency toward political interference with the system and the increasing demand for special consideration from certain class interests.

## VIEWS OF GEORGE E. ROBERTS

For example, George E. Roberts, vice-president National City Bank of New York, referred to the demand that the Government become more intimately concerned in the management of the Federal Reserve banks, and said that even in Europe where the central banks had been made subservient to Government policies of inflation, they were being removed from government influence and were going back to private management. He stated that everywhere it is being recognized that political agencies cannot be trusted to deal with the monetary system.

## PRESIDENT PUELICHER'S VIEWS

President Puelicher also referred to political interference with the system and said:

Congress has amended the Federal Reserve Act in ways which appear not to have improved it. The addition to the Federal Reserve Board of members representing distinctive interests sets a dangerous precedent. Representation on a body such as the Federal Reserve Board ought to be for the benefit of all the people. Representatives ought to be appointed on account of their



**CRAIG B. HAZLEWOOD**  
Vice-president Union Trust Company, Chicago

qualifications and their technical training. There can be no objection to a farmer on the Federal Reserve Board, provided that the farmer understands the mechanism of finance and provided also that he will regard himself not as the advocate of measures which may prove of benefit to one industry of our people at the expense of others.

The incidental weaknesses which have been developed in the administration of the Federal Reserve System can readily be corrected. The unfavorable public opinion which has been drawn down upon the system can be corrected only by an intelligent understanding on the part of both the banker and the layman of its beneficent and stabilizing purposes. If America wishes a continuance of this financial structure, if its charter is to be renewed, its fundamental

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principles must not be perverted and American public opinion must be brought to an understanding that this system was the result of the most painstaking study of the financial systems of the civilized world; to an understanding of the interdependence of the Federal Reserve System and American commercial life; and that unless intelligently supported, the present Federal Reserve banks may follow the way of the First and Second Banks of the United States.

#### STAND OF ECONOMIC POLICY COMMISSION

The economic policy commission in a report approved by the executive council advocated the consideration of the following revisions in the operation of the Federal Reserve System:

1. Amendment of the Federal Reserve Act forbidding the establishment by any Federal Reserve bank of any branches in foreign countries under the guise of agencies.

2. Appointment of two members of the Federal Reserve Board by member banks of the Federal Reserve System.

3. Provision that members of the board, at the expiration of their terms, may be reappointed by the President without Senatorial confirmation.

4. Amendment of the Federal Reserve Act to make the governor of the Federal Reserve Board the chairman of the board, the Under-Secretary of the Treasury becoming an ex-officio member, instead of the Secretary of the Treasury.

5. Amendment to the Federal Reserve Act providing that the major functions of the Comptroller of the Currency shall be transferred to the Federal Reserve Board, with a view to bringing about a simplification and uniform system of examinations and rulings.

#### HAZLEWOOD SUMMARIZES MERITS

At the forum discussion Mr. Hazlewood summarized the merits of the Federal Reserve System as follows:

First, it has given the nation an elastic currency system which we had been without for fifty years. That this is so is proved by the simple statement that never before in the history of the country did we have a credit panic anywhere near the magnitude of that of 1919 and 1920 without, at the same time, suffering a currency panic.

Second, we concentrated the bank reserves of the nation in the hands of the system, available for loans to member banks, whenever needed, in any part of the country. We have reduced our own currency reserves to till money, and our non-interest bearing



O. HOWARD WOLFE

Cashier Philadelphia National Bank, Philadelphia, Pa.

balances with the Federal Reserve banks, free of uncollected funds and subject to definite percentage requirements, but available for instant use by draft or wire transfer, represent a truer and more scientific reserve than we have ever had before.

Third, through the operation of the collection system we have greatly reduced the average time in collecting the average check. In the case of a typical large bank this reduction has been from 3.71 days before the operation of the Federal Reserve System as against 2.59 days at the present time. If this be an average saving for all member banks then the total savings on \$600,000,000 of floating checks in process of collection through the Federal Reserve System would be in the neighborhood of \$15,000,000 per annum. This is a saving on account of the increased turnover of a bank check and has nothing to do with the elimination of exchange charges on checks collected through the Federal Reserve System. As to that, the Federal Reserve Act states member banks may collect checks at par through the system and, on the other hand, member banks must remit at par to the system. This is equitable and sound. The act also states that checks on non-member banks may also be collected through the Federal Reserve System, if they can be collected at

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par, and only so. The Supreme Court of the United States has said that every non-member bank has an unqualified right to elect whether it will remit at par to the Federal Reserve banks. This is also equitable and sound. The attempt that was made to enforce par collection on non-member banks of this country by bureaucratic methods was unsound, un-American and, in my judgment, a blunder which has cost the loss of much good will toward the system on the part of city and country member and non-member banks alike. Happily this has been stopped. Bankers of all classes can now consider the advantages of the collection system without prejudice and on the ground of the saving of time and labor it can effect for the banking and business world.

Fourth, the Federal Reserve System has given the Government a fiscal agency and a depository of maximum usefulness. The war loan service of the System was of incalculable value to the Government.

Fifth, the system has performed the function of a central bank in the mobilization and direction of bank credit. It is toward the manner in which these functions were performed in the panic of 1919 and 1920 that most of the criticism of the system has been directed. The machinery was new and undoubtedly was stiff in many of its parts. The facts were, however, that the system loaned the banks of the country a total of \$2,826,000,000 at the peak point and that these loans were made when needed to the limit of capacity of the system, and in many cases without reference to so-called basic lines of credit.

#### BELL SPEAKS ON PAR CLEARANCE

George H. Bell in his address, while defending the system as a whole, expressed disapproval of the attitude of the Federal Reserve Board toward the subject of par clearance. He stated that the animosity aroused by the methods of the Federal Reserve banks to enforce par clearance has done a great deal to damage the prestige of the system. He stated that if the system is to have the universal support of the entire banking public, the interests of both large and small banks and state and national banks must be served. As a practical means of bringing this about he advocated the appointment of a commission to be composed of both member and non-member bankers to recommend to Congress such measures as would en-



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JAMES M. BECK  
Solicitor-General of the United States

tirely eliminate the present conflict of interests.

#### VIEWS OF ANDREW J. FRAME

Andrew J. Frame, chairman of the board of the Waukesha National Bank, Waukesha, Wisconsin, spoke as follows at the forum:

Some 8000 national banks had no choice. The command came in 1918, in effect: "Join the system or surrender your charters!" The great central banks joined willingly because their profits were materially increased, and most of the small banks, rather than stand material costs in reorganization into the state bank system, reluctantly swallowed the pill.

It is approximately ten years since the Federal Reserve System became operative. State banks have been importuned constantly and to our mind unstatesmanlike methods have been pursued to coerce them to join, and yet approximately but a small fraction have joined out of the thousands eligible. Why?

The answer seems very simple. I desire it distinctly understood, that for many



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Left to right, Lucius Teter, president Chicago Trust Company, Mrs. Willard F. Hopkins and Willard F. Hopkins, secretary Chicago Trust Company, on the Boardwalk

years I have openly pleaded for some great central bank or banks, to be sustained at least by the larger banks of the nation, by mobilization of a reasonable, but not an unreasonable, part of their reserves as now arbitrarily enforced, to the end:

First, that calamitous cash suspension of banks as in 1873, 1893, and 1907 should not occur again.

Second, that any central bank should be our servant and not our master or monopolizer at any time; that it should provide measures for relief and not for profit.

No. 1 has accomplished its great mission as all sound economists expected. It has done no more than European central banks without the coercive measures here resented.

No. 2 contains germs of dissatisfaction, for example: First, as the requirement for capital (now about \$109,000,000) pays 6 per cent. annually to members, few object.

Second, under compulsion the member banks have on deposit in Federal Reserve banks (on which no interest is paid) the enormous sum of say, \$1,850,000,000; surplus funds (all go to the Government under the misnomer of "Franchise Tax") say, \$220,000,000; total without income to member banks, \$2,070,000,000. This vast sum exceeds all the cash held by all the banks in the United States in 1914 by over \$400,000,000. It also exceeds

the total capital stock of all the member banks by hundreds of millions.

But who contributes these colossal reserves?

The New York, Chicago and St. Louis central reserve banks that held 25 per cent. of deposits in cash before the Federal Reserve System was inaugurated, now hold approximately but 2 per cent. of deposits in cash; reserves in Federal banks 13 per cent. of deposits in cash; and the balance of 10 per cent., or more than \$500,000,000, released cash is loaned to the public, thus giving those banks from \$25,000,000 to \$30,000,000 increased profits annually. Per Contra. As the country state banks formerly held say 4 per cent. of deposits in cash (6 per cent. in nationals) which cannot conservatively be materially reduced, it seems clear that the 12,000 and over eligible state banks, fairly concluded not to contribute from income producing sources vast sums additional, none of which will ever be needed for relief.

Third, the par collection of checks has absolutely nothing to do with the true functions of reserve banks and yet through compulsion of national and largely through reluctant consent of state banks, the smaller banks of the country are mulcted out of say, \$100,000,000 annually. We do not count an additional \$94,000,000 which would doubt-

# The State Bank

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Condensed Statement as of the Close of Business,  
September 10, 1928

## Resources

Loans and Discounts .....	\$59,778,751.52
Public Securities .....	8,408,157.92
Private Securities .....	16,860,519.50
Banking Houses .....	1,430,852.70
Real Estate (Other than Banking Houses).....	170,481.60
Cash and Exchanges .....	11,209,281.53
Customers' Liability, Account of Acceptances, etc.	2,284,049.99
	<hr/>
	\$100,187,044.76

## Liabilities

Capital Stock .....	\$2,500,000.00
Surplus and Undivided Profits .....	5,009,477.46
Reserved for Taxes and Contingencies .....	604,557.49
Due Depositors .....	89,672,983.50
Acceptances, Letters of Credit, etc. ....	2,350,026.81
	<hr/>
	\$100,187,044.76

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less be remitted at par because the accounts justified free remittances. If this is a "tax on commerce", then post office orders, express charges, all transportation, all trade, all industry for reasonable profit is a "tax on commerce".

Is not the true diagnosis of this case summed up in the righteous decision of 12,000 state banks that they will not consent to an injustice which robs them of say, \$100,000,000 annually, all for the benefit of the rich in the great centers?

Last but not least: Branch banking.

Do the Federal Reserve banks advocate branch banking which will, as proved in Canada and threatened in California and other states, "put 80,000 independent banks out of business", or do they use their power to sustain the best banking system the world ever knew? A gleam of hope lies in fifteen applications in California lately refused by the Federal Reserve Bank.

The Federal Reserve banks started with twelve districts. They have added some twenty-five branches—the last one in Cuba, and if there, why not throughout the isles of the sea? All these compete more and more with members who furnish the cash. Judge Cochran, of the United States District Court in Kentucky, in a decision on par collection of checks is quoted as saying in part that H. A. Magee, traveling representative of the Federal Reserve Bank of Cleveland, testified: "In the next five years there will be no small banks." As we have not seen any denial in the press, this statement must have given great concern to the independent banks of the nation.

For these reasons alone, criticism for refusal to join seems unfair.

As war has ceased, as the Federal Reserve banks now hold, say \$3,250,000,000 cash, and should not enter into competition with their own members in any field; why should 12,000 banks be coerced into locking up hundreds of millions more, while like sums can be released to the overburdened bank members, and still have ample funds to cope with any emergency?

To our mind gross inequity reigns. We repeat, we firmly believe in the underlying proper functioning of the Federal Reserve banks, and it would be a calamity if through causes similar to those which destroyed the old United States Bank, that another Andrew Jackson should arise and destroy the Federal Reserve System. We say amend, but do not destroy.

Elliot C. McDougal, president of the Marine Trust Company of Buffalo, New York, stated that the most important function of the Federal Reserve System was its ability to supply good currency and thus prevent monetary



● ATLANTIC FOTO SERVICE

Left to right, Richard W. Hill and Clarence R. Chaney, secretary and president, respectively, of the American Institute of Banking, out for a stroll on the Boardwalk

panics. He spoke of the necessity of keeping the assets of the system liquid at all times, so that there would be no danger of this function being impaired.

Harry M. DeMotte, president of the Mechanics Bank of Brooklyn, New York, spoke of the injustice of not allowing member banks to count cash in their vaults as reserve. He urged an amendment to the law that would obviate this objection.

#### O. HOWARD WOLFE ON COLLECTIONS

O. Howard Wolfe, cashier of the Philadelphia National Bank, Philadelphia, stated that collections by Federal Reserve banks could not be divorced from the reserve provisions of the Federal Reserve Act, as unless national banks could consider balances carried with other national banks as reserve, they could not go back to the old method of check collection without making the cost prohibitive to country banks. He



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IT'S NOT WHAT WE HAVE DONE FOR OUR customers, but it's the way we have done it, that has secured their good will.

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stated that it was his opinion that the state banks were staying out of the system, not on account of the check collection regulations but because under state supervision they were granted certain profitable privileges as to reserve requirements which under the Federal Reserve System they would have to forego.

M. S. Calhoun, vice-president of the

Bank of Maysville, Kentucky, stated that he believed that the Federal Reserve System should pay interest on the balances that member banks are required to keep with them. He also said that the city correspondents of country banks should use their influence with the latter in persuading them to join the system.

## The Banker and the Farmer

**T**HE fact that the bankers of the country are fully aware of the necessity of studying the farmers' problems was evidenced by the many references to the agricultural situation made by the different speakers at the convention. Practically all of the speakers who had anything to say about the general business situation, made some reference to the agricultural problem. A very able address on co-operative farm marketing was made by Carl Williams of the American Cotton Growers Exchange, Oklahoma City, Oklahoma, as a feature of the session of the State Bank Division and D. H. Otis, director of the agricultural commission of the American Bankers Association before the general session of the convention spoke on "Banker-Farmer Team Work".

Reference was made to the fact that the farmer's position is unfavorable because farm commodity prices are out of line with the prices for other commodities which the farmer must buy. One speaker stated that he looked to a solution of this problem, not by the lowering of the prices of other commodities to the farm commodity level, but by a gradual raising of the level of farm commodity prices to the general price level. He thought this could be accomplished by the utilization of more

efficient marketing methods by the farmers.

Carl Williams pointed out that statistical records conclusively show that there is a law of relationship between agriculture and city business. This law is that the percentage and volume of city business failures vary annually in accordance with the acre value of farm crops in the preceding year. "If we recognize this law", said Mr. Williams, "we inevitably conclude that when the farmer is broke, the business man is bent and we know that by virtue of direct relationship that the banker will be first and most keenly affected".

Mr. Williams pointed out that naturally the farmer is not happy about his present situation and is seeking to evolve remedies. He said that some of them had naturally turned to politics but that while political action, as an easy method which would place the burden on the Government and relieve the individual, has caught in its coils large masses of farmers, by far a greater percentage of farmers are coming to see that there is no political remedy for an economic evil; that the farmers themselves are responsible for their own destiny and that the reason why they have failed to become prosperous is because they have failed to recognize the economic principles of city business in their own marketing operations.

*Member Federal Reserve System*

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FARMER LAST TO ADOPT GROUP  
PRINCIPLES

Mr. Williams then went on to point out as follows the value of co-operative marketing:

Agriculture is the only American industry in which both production and marketing have been individual processes. In every other line of business it has been long since learned that combinations of capital and labor are more economical and more efficient than individual efforts in the same direction. Thus the group principle has come into action in every type of city business.

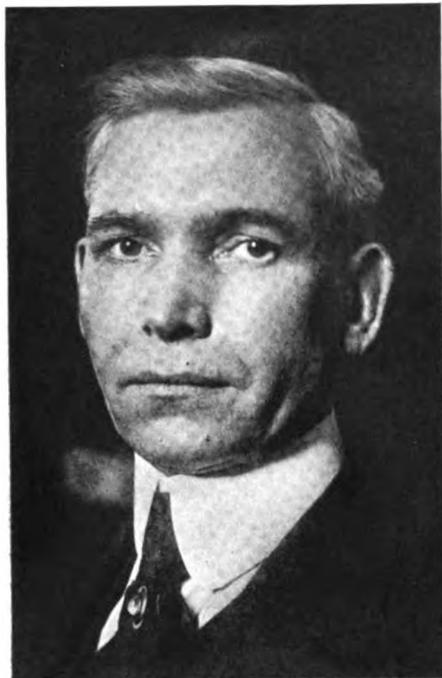
The farmer has assumed that because production is an individual problem marketing must also be, and he has only recently learned that the group principle may be applied to the marketing of farm crops just as readily as it is to the marketing of shoes or steel rails.

For generations he was told that price is dependent on supply and demand, and that there is no remedy for low prices except decreased production. Farmers could not decrease production without disorganizing their entire farming system, and so they turned to politics for relief.

Nowadays, however, we have learned that there are two movable factors in supply and demand. One is time and the other is place. The actual price of the product depends in a large degree on its time of sale and also on whether its sale is at the point of production or at the point of consumption.

With this fundamental understanding, the farmer began to see how to solve his own problem. Out of that new knowledge has come a movement so great that it has already become the most important development in the agricultural history of this country, and so far-reaching in its effects that it touches directly or indirectly the pocketbooks of the entire nation. It is a movement which today engages the attention of one-sixth of the farmers of the United States and through which more than one-tenth of all the crops, as measured by dollar value, are marketed.

More than 90 per cent. of the dried fruits, 75 per cent. of the citrus fruits, 70 per cent. of the tobacco, 60 per cent. of the nuts, 25 per cent. of the milk and milk products and 20 per cent. of the cotton grown in the United States are today being marketed by farmers' co-operative associations of one standard type, by a standard method, and for a standard purpose. There are 1,200,000 farmers who belong to these commodity organizations. They have learned that their success lies through the substitution of the



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CARL WILLIAMS

President American Cotton Growers Exchange,  
Oklahoma City

principle of merchandising for that of dumping.

The world's consumption of American crops is approximately in even ratio, month by month. The monthly usage of cotton, for example, varies from 7.9 per cent., in November, to 8.9 per cent. in March, consumption of every other month in the year being between these two figures. Yet 70 per cent. of the cotton crop is dumped by farmers during the months of September, October, November and December. About 65 per cent. of the wheat is marketed in August, September, October and November. This dumping process floods the market with an excess supply, and lends its aid to speculative manipulation. It results in a situation wherein every farmer competes with every other farmer to sell and where, under the pressure of debts at the bank and the need of food for the family and feed for the teams, the necessities of the weakest make the price for all.

No individual farmer can remedy this situation. Collectively farmers have learned that their power to avoid the evils of dumping is limitless and that their ability to merchandise their crops intelligently is just as great as the ability of any city group to

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merchandise its product. Co-operative farmers have substituted merchandising for dumping; which means simply that they control the movement of farm crops so that the crops go into the markets of the world at such times and in such quantities that they are fully absorbed at prices that are fair under given commercial conditions.

This is one fundamental aim of the modern co-operative marketing association. The aim is not arbitrary fixation of price on an artificial basis. The aim is purely to apply to the great industry of agriculture those principles of business which have been approved in every other type of manufacturing production and distribution, and which are in universal use in the best and largest corporations in practically every country.

#### HOW BANKERS ARE AFFECTED

Speaking on how the bankers are affected by co-operative marketing, Mr. Williams said:

The fact that the co-operatives borrow the money which they use in making the original advance to growers brings them into the closest possible contact with the banking fraternity of both city and country. The cash requirements of the cotton associations alone during the present marketing year will be more than \$150,000,000 and the needs of all the commodity co-operatives will probably be in excess of \$700,000,000. This money is borrowed chiefly from banks, and most of it from institutions within their own home states.

The co-operatives recognize that the country bank is a permanently necessary credit institution for the whole community and their attitude therefore is that they prefer to deal with the country bank up to the limit of the willingness or ability of the bank to so deal. When that resource is exhausted they go to the city banks in their home states and for additional needs they go into the money markets of the world in the customary manner with paper which is generally recognized to be as good or better than the average of commercial paper anywhere.

The tremendous sums involved in these transactions require no unusual financing nor do they make unusual demands on banking institutions of this country. The products of agriculture have always been financed by banks from the beginning of production labor to the final distribution to the ultimate consumer. Cotton is financed from seed to shirt.

In agricultural products subject to export, a considerable percentage of the financing was done in pre-war years by the people of the importing countries. Dis-

turbed economic conditions, inability of the consumer to buy and fluctuating rates of exchange have changed this situation in recent years to the degree that the wholesale merchants and manufacturers of Europe are carrying smaller stored stocks and are buying from American exporters only as they themselves receive orders for the raw and finished produce. In cotton, for instance, 65 per cent. of the total exports were in pre-war years shipped abroad in the first five months of the delivery season. Last year less than 40 per cent. of the season's exports were shipped abroad in the same period.

This situation, which appears to be more or less permanent, has changed the manner of financing American agricultural exports and has thrown on American institutions and American capital the burden of carrying the crop from harvest period until the time of actual manufacture or consumption. This burden has fallen primarily on bankers and has increased the total requirements of business institutions engaged in the distribution of export farm products.

The fact that the co-operatives are taking over a certain percentage of the processes of distribution heretofore handled by private concerns, however, effects no change whatever in the amount of banking credit to take the place of an old one. The bankers of America are intensely interested in this new customer, because their money and a large share of their total business is involved in the change of marketing methods.

It was exceedingly natural that in the early development of commodity marketing, bankers generally should look on the new system with suspicion. City bankers were the first to approve it because they saw an opportunity thereby to raise agriculture to the prosperous level of industry. Country bankers were the last to approve it because in their personal relationships with farmers over many years they have heard constant talk of many types of agricultural reform, most of which have borne no result and some of which have brought actual injury to both farmers and bankers.

The actual operations of the co-operative commodity association, however, have conclusively demonstrated to the bankers of the nation that the system of gradual payments to the grower stabilizes bank deposits, removes the peak load of both deposits and loans, and puts the bank itself on a fundamentally permanent basis for doing business.

It helps out the farmer on a cash basis and thus alleviates the evils which every banker knows surround the problem of indiscriminate production credit. Too many farmers are insecure borrowers and weak depositors. It increases the business in-

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of Buffalo

WALTER P. COOKE, Chairman of the Board

ELLIOTT C. McDOUGAL, President

telligence of farmer depositors, thus making them better bank customers.

It increases the amount of deposits in banks as a result of increased prices received for farm products, thus furnishing the banker with a larger volume of money on which to base his operations.

In the vast majority of cases it furnishes the farmer with a better price for a given amount of produce than he would otherwise receive and thus creates a better opportunity for payment of agricultural debts.

The co-operatives fully protect the banker's interest in the matter of mortgages and crop liens given for production credit and other purposes and the banker without effort on his part thus has a greater assurance than ever before that the proceeds of the crop will be applied to the payment of the debt.

Finally, the co-operatives actually increase the volume of commodity trade in proportion to their degree of success. This means more business for all types of city men, and increased land values, increased assessed valuations, decreased mortgage indebtedness, and a higher level of prosperity for the whole consuming public.

#### OTIS URGES CLOSER HARMONY

D. H. Otis urged a closer harmony between bankers and farmers and a more serious study of the farmer's problem by the banks. He stated that the two greatest problems of agriculture were proper diversification of crops and more efficient marketing methods. On the importance of the diversification of crops he stated:

I was surprised not long ago in learning in one of our Southern states that there were 20 per cent. of the farms that did not produce a single egg, 26 per cent. of the farms did not raise a single chicken, and 36 per cent. of the farms in that state did not have a single dairy cow.

In another state that I visited I found that they were importing every year \$18,000,000 worth of poultry and eggs. In another state I found one county where there were one thousand farms and only seventy cows on those one thousand farms.

What is the trouble? Agriculture is sick. Production is unbalanced. The farmer does not realize that he is on the downward road instead of on the upward road.

If we are all to be successful, we must give greater attention to the subject of diversified farming.

Now, I realize when you get the farmer working the year around there may be less opportunity for automobile riding. There



D. H. OTIS

Director Agricultural Commission American Bankers Association

ought to be. We cannot solve our economic problems unless we are willing to work. The one-crop farmer is not doing his share of work. He needs to have profitable employment throughout the year. Loafing on the farm ought to be taboo. The bankers and other business men are obliged to work throughout the year. Why should not the farmer? If he did, he would have less time to listen to the agitators. The latter only produces discontent, makes the worker less efficient and prolongs the time of recovery. The farmer must work his way out and not vainly hope that the Government is going to legislate high prices.

"Oh but," you say, "if you get all these farmers to work will you not have overproduction?" This overproduction is exaggerated. It gives us the wrong viewpoint. It blinds us to the real issue.

I admit that there are times when certain crops, under certain climatic and economic conditions, may be unprofitable, but at the same time, there are other crops that are profitable.

At the present time wheat is said to be selling below the cost of production, but do you realize that corn is selling higher than it did a year ago, and as much higher as wheat is lower?



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1825-1923



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Did you ever go into a livestock section and find an overproduction of clover or alfalfa? We are importing feed and food products into various sections of our country where we ought to be raising them upon our own farms.

#### SAYS FARMERS HAVE ADEQUATE CREDIT

The committee on farm finance of the state bank division in a report of its activities during the past year referred as follows to the farm situation:

Credit requirements of the farming industry now seem to be adequately provided for. At least opportunity should be given for a thorough test of the recent credit legislation passed, before additional proposals are made. There is a widespread belief that the farming industry has not suffered unduly in recent years from a lack of credit facilities. It is well known that in many communities just the opposite has been true and farmers have readily admitted that credit was too easy to obtain. It seems that a solution of the ills that beset the industry of agriculture at present must be sought elsewhere than in the realm of credit requirements. The economic situation in Europe has undoubtedly had much to do with throwing out of balance the inevitable relation between supply and demand, which has effected the farmer quickly and adversely.

When the adjustment to normalcy is brought about, if ever, relief will be afforded by the supplying of an outlet for the surplus production of the farm. Probably the most promising avenue of relief for the industry just now is the establishing of co-operative marketing associations, not for speculative purposes, but for the orderly marketing of crops and other produce. This plan has been and is being tried in various sections of the country with increasing success. If sanely conceived and wisely administered in accordance with recognized economic principles, the plan of co-operative marketing would speedily enable the farming industry to become master of its own destiny and take its rightful place among other great industries with the certain assurance to those engaged in it that they will receive a reasonable profit for their time and capital expended above the cost of production.

#### HOW ARKANSAS WAS CONVERTED

During the session of the State Bank Division, C. S. McCain, vice-president of the Bankers Trust Company, Little Rock, Arkansas, recounted an incident which he said converted him to the value

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New York City, and the First  
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of co-operative marketing. Mr. McCain said:

"I will tell you an instance of what converted us in Arkansas to the cotton co-operative association. They were trying to get up one. Some of us in Little Rock were very lukewarm. We had talked it over and felt that we should remain neutral and wait for developments rather than give it our moral and financial support. One afternoon about four-thirty, the cashier of our bank came to me and said: 'We have a customer here who owes the bank \$50 and he has brought a bale of cotton into town this morning at eight o'clock. He has been here all day and the best offer he has been able to get on that bale of cotton is 6 cents a pound'. Cotton at that time was not in particular demand, it was along in July, but cotton was selling at 8 and 9 cents when you could find a buyer.

"I said to him, what is the matter with the cotton?

"He said, 'I don't think there is any-

thing the matter with it. He has gone out to see if he can't get hold of a man to endorse his note so he won't have to sell this bale.'

"I said, go up and get him.

"The fellow came down and I said, have you tried to sell that cotton all overtown?

"He said, 'I have been to every buyer on the street in Little Rock today with that bale.'

"I said, what is wrong with it?

"He said, 'there is not a thing wrong with it.'

"Won't you get me a sample?

"He went down and brought it and while I am not an expert in grading cotton, I could see that it was white cotton, it was ginned properly. I said, we'll go over to one of our customers and see what he will give you for this bale of cotton. We went over to see him.

"I said, Mr. West, here is one of our customers who has a bale of cotton we want you to buy.

"He took the sample and said, 'what do you want for it?'

"Just an honest price that you can make some money out of.

"You know how a buyer takes the cotton and pulls it and judges. He looked up and said, 'I will give you 14 cents a pound for it.'

"The man couldn't believe it. Mr. West said to him, 'you will have to haul it to the compress which is only nine or ten blocks down.'

"The man said, 'Hell—I will haul it anywhere.'

"That was the difference between that man getting \$30 for his bale of cotton and still owing \$20 on his note, and getting \$70 and being able to pay his note and have \$20 left.

"He got \$70 for his bale of cotton. I saw Mr. West the next day, and I said, Mr. West, did you do us any particular favor in buying that bale of cotton?"

"He said, 'I will tell you—I hate to tell you this—but that is one of the best bales of cotton that I have bought this year. That was an inch and an eighth strict middling cotton. I have been trying to fill an order that I have had for some time of 100 bales of that cotton. I completed it this morning, and I am shipping out that 100 bales of cotton, of which this bale is one, through your bank this afternoon at 32 cents a pound.'

"I immediately called a meeting of the clearing house, and I said, gentlemen, I am sold on the Co-operative Marketing Association. Whenever a farmer can walk into Little Rock and offer for sale to all the cotton firms in this town a bale of cotton and not know what he has, not know the grade and staple of his cotton, and be offered 6 cents for it and afterwards get 14, and the same day have that shipped out of this town at 32 cents a pound, that is a question that every banker in Little Rock and every banker in the State of Arkansas ought to be interested in, because we ought to have him getting all the money he can get from that bale of cotton.

"We told them then that we would furnish them whatever money they needed and would make only one requirement of them, and that was that they should have a good business administration and on their first election of directors, should submit to us the names, so that we could counsel with them.

#### CALLS ASSOCIATION ABLY RUN

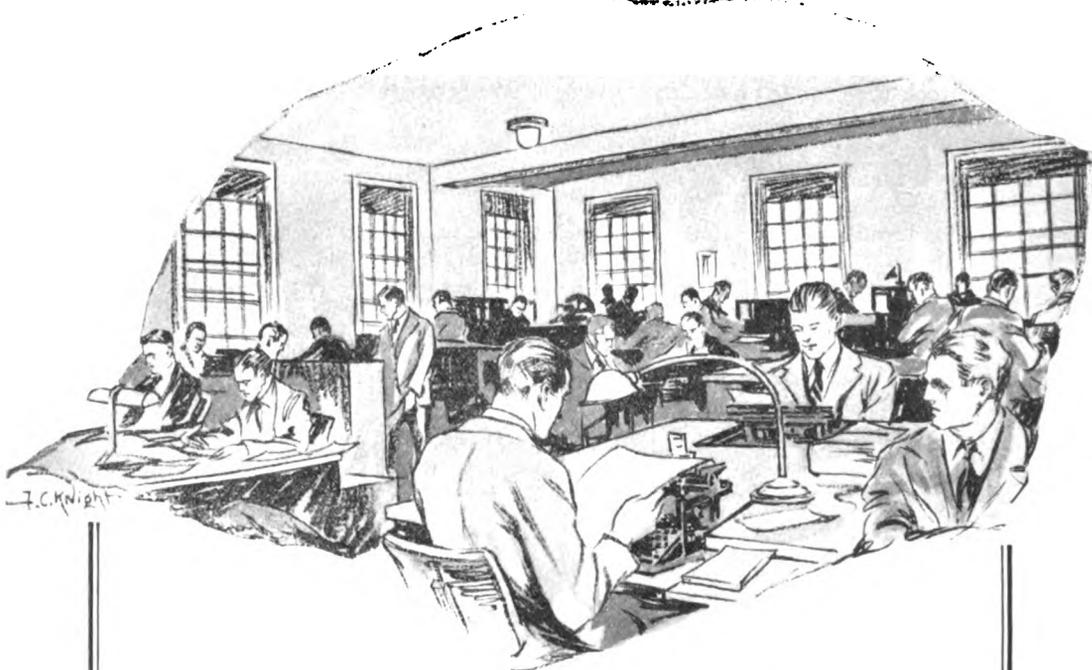
"That association today, and Mr. Williams will bear me out in it, has a board of directors that would be competent to operate any large business concern in any state in the United States. There is not a stronger body of men certainly in our state and I do not believe in the entire South. They have made a great success of their association. They have the confidence of the banks. Mr. Hecht's bank has offered them a line of \$1,000,000. Our own bank has loaned them a large amount, and we believe it is the biggest thing that has come to the cotton farmers in the State of Arkansas."

#### TRAYLOR ON AGRICULTURE

In an address entitled "Seeing Things", Melvin A. Traylor, president of the First Trust and Savings Bank of Chicago, had the following to say about the agricultural situation.

Probably the largest, and certainly the most thoroughly advertised, group which has been "seeing things" in recent years is composed of those who have sought and are seeking to exploit and capitalize the misfortunes of those engaged in agriculture. That the conditions of this industry are bad is unhappily true, but that they were never as serious as pictured and that they are now greatly improved is equally certain. Nevertheless, the harm done by the publicity given to the condition of those engaged in agriculture is almost immeasurable, and all of us are to some extent responsible, because in some way most of us have contributed to the farmer's feeling that he is not so much the victim of the circumstances of his own industry, as of the machinations of all elements of business, finance, and Government.

As bankers, we contributed to this feeling when we sought to blame our demand upon the farmer for payment on the cruel ac-



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tivities of the Federal Reserve Bank and the Federal Reserve Board. Our cowardly action in failing to tell our farmer friends the truth, which was that we had loaned too much money and were hard up and needed to collect, rather than that we were being made to do so by some Governmental agency, is bearing abundant fruit today, and we have ahead of us a tremendous task to correct the false impressions for which we are responsible.

#### FARMERS WERE MISINFORMED

The business man and the merchant in the city and in the small country town contributed his part to the same misinformation given to the farmer. It evidences a queer twist of the human mind that permitted those of us who knew the facts to assist in the assassination of the most important factor in our financial and commercial life. Naturally, the politician was not slow to pick up these stories, for which he had such excellent authority and to which he added some charges of his own, for which he had no basis. It is easy to understand how he succeeded in inflaming class hatred and in convincing the farmer that he was the "goat of the universe". No wonder he is on the war path, little wonder he is seeing red, and equally it is not difficult to understand why some of us, in part responsible for the situation, are now seeing things of dire consequence to come because of his activity.

The real facts as we know, are that the farmer prospered tremendously in the period from 1916 to 1920. Like all of us, also, he had speculated in every way that it was possible for him to take a chance. He was imbued by a feeling, common to the rest of the population, that the boom would never end. He felt that the price of products would continually go up and that there would be a perpetual shortage of the things that he could produce.

To meet this increasing demand he bought liberally of tools and equipment and reached out for yet more land. For this land and equipment he incurred debts just as his compatriot, the business man, incurred debts for building and inventory; and when the inevitable slump came and values evaporated he lost just as the business man, the bankers and every one else lost. The only difference was that his losses were promptly advertised and magnified to such an extent that he came to feel that he was the only loser in the gamble of prosperity.

No one told him of the losses and financial wrecks of business and industry. I doubt if he has ever been told that during 1920 there were 8881 bankruptcies, with liabilities aggregating \$295,121,805; in 1921 19,652 bankruptcies, with liabilities aggregating \$627,401,863; in 1922, 23,676 bank-

ruptcies with liabilities aggregating \$623,896,251; and for the first seven months of 1923, 10,955 bankruptcies with liabilities aggregating \$295,145,256. On the contrary, he was repeatedly told that the Government had neglected him, that he had no proper credit facilities, that no adequate provision had been made for his marketing machinery and that all round he was the nation's one and only outcast.

Fortunately, during most of this crisis his principal organizations have been led by men of unusual intelligence and sound judgment. These have faithfully pointed out that his predicament was not due to a lack of credit but too much credit of probably not exactly the proper kind. Just as unfortunately, however, the sound gospel of these leaders did not travel with the speed or conviction of the mouthings of the demagogue, hence much of the good they might have accomplished was destroyed and they themselves in many instances were accused of selling out to the "interests", whatever the "interests" may be. Herein lies one of the paradoxes of the universe. Falsehood and error make the headlines, while truth and fact are lost in the maze of half-point type. Human nature makes it so. Until the beauties of truth are as fascinating as the romance of fiction, honesty will lag in its race with dishonesty and the political liar will triumph. The latter is having his day now, and if he were to become numerous enough and had the courage to carry out his threats he would have his day largely at the farmer's expense. Fortunately, there will not be enough of him to make a working majority, and at heart he is a moral coward.

The resolutions passed by the general convention contained the following paragraphs on the subject of agricultural credit.

The criticism of the Federal Reserve System as inimical to the interest of the farmers, and the agitation for an expansion of its activity in the field of agricultural credits still persist. Such an attitude indicates a failure to realize that the usefulness of the system depends on its ability to serve impartially the credit needs of all sections and industries.

The new machinery of agricultural credit adopted last year, though of doubtful value, should be allowed to demonstrate its effectiveness, without further tinkering.

The fact that the relative purchasing power of large products as a whole has been increasing in recent months is evidence that gradually the prices of these products are assuming a more nearly normal relation to



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general prices. The index of purchasing power of farm products in July, as compiled by the Bureau of Agricultural Economics, was 72 per cent. of 1913 purchasing power. This compares with 68 per cent. at the beginning of the year and 64 per cent. in August and September of last year.

Further improvement in the economic position of the farmers is to be sought in

continued reliance upon the readjustments of supply to demand, rather than upon artificially cheap credit or subsidies. This association through its agricultural commission will continue its endeavors to co-operate in the farmers' organizations, agricultural colleges, and other bodies to the end that there may be a sane development of the farming industry and all of its branches.



## President Puelicher on the Value of the Capitalistic System

**J**OHAN H. PUELICHER, president of the American Bankers Association, in his annual address took occasion to review some of our national problems. His views on the the capitalistic system are of particular interest. He said:

Only as industry is rewarded by the possession and use of its accumulations can it be hoped that accumulation or capital will be striven for and preserved. Without the aid of capital or the accumulations of yesterday, each day is a new beginning. The scientific appliances which have lessened human labor and which make enlarged production possible, are the result of yesterday's effort. Their fruits are felt in every home.

The mechanical aids to production encouraged under the capitalistic system have released human energy into a further multitude of inventions. Machinery has increasingly overcome the need and the hardship of manual labor, bringing increased opportunity, increased remuneration, increased possessions.

The wonderful progress and prosperity of America are due to the protection of the reward of individual initiative. The reward of individual initiative is the outstanding attribute of the capitalistic system. When Russia substituted Sovietism for individualism, only the generosity of the world saved her people from starvation.

So that the inspiration of individual reward may remain the heritage of our people, equality of opportunity must be maintained; equality of capacity is a biological impossibility. The first should be provided fully in accordance with each man's capabilities; the latter is a Utopia seeking to wipe out the inequalities imposed by nature. Man's greatest opportunity is in his

innate fitness—"talents, to very man according to his several ability".

The capitalistic system has brought to all the people more comfort and greater leisure than has any other system thus far tried. Its higher evolution demands that, with the further development of the machine, there must be given greater consideration to the development of the man. If we wish to preserve the good which this system brings to humanity, we must abolish in it whatever is bad and detrimental to progress, to happiness, to liberty. Those men who have courageously and honestly demanded that the evils of the capitalistic system be corrected, should command our admiration and respect.

### EVILS TO BE CORRECTED

There should be no child labor. If it is impossible to restrict it legally, the moral force of the entire capitalistic system should protect child life and child opportunity. It begins with protecting womanhood and motherhood, compelled to labor, and is intelligent self-interest, intelligent self-preservation.

There should be no seven-day-labor week. "Six days shalt thou labor and do all thy work; but the seventh day is the Sabbath—in it thou shalt not do any work."

There should be no unduly long hours of labor, undermining the health of workers, and even where this is not true, preventing them from having proper leisure for family life, for self-improvement, for recreation, and, so that America may be better understood, for the requirements of her citizenship. This is all the more necessary because of the monotony imposed by many of our modern labor-saving devices.

There should be no treacherous business cycle with its inflation or deflation, excessive wages or unemployment, "feast or famine". Industry should seek levels which would re-

# Trust Company Service

**T**HE ensuing months and years will present many opportunities but more obligations to the progressive trust company. Its services must be made as intensely practical, helpful, and personal as possible. The giving of dependable counsel must be considered as much a matter of course as the accurate handling of clerical details. Trust funds must be administered with unusual discretion. Strenuous coöperation will be a vital factor in rebuilding foreign markets.

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sult in constant production, avoiding excesses which lead to suspension of operation, resulting in home-destroying unemployment.

Our Americanization efforts, meagre and too long postponed, have left vast multitudes of immigrants unfamiliar with American institutions, American ideals. The advantages of American political and economic

life have been accepted by too many of our newly adopted citizens without understanding. Should future immigration be viewed from the standpoint of greater material wealth for the already wealthy America, or should America insist on a quality of citizenship that will conserve the character and integrity of her institutions?

## Bankers Views on Domestic Conditions

**T**HE predominant tone of the opinions of the leading bankers of the country as expressed at the convention of the American Bankers Association was one of confidence in the basic soundness of the present economic situation, despite the unfortunate conditions in various rural districts, where poor crops, resultant unemployment and low prices for their products have brought about a wave of depression to the farming sections. There is, however, a feeling of optimism in those sections hardest hit by the wave of depression. The fall yield of crops has encouraged the farmers, and banks are loaning money on the belief that better prices will be gotten for the output, thus stabilizing conditions.

The highest wages in history are being paid in the cities, where much construction work is under way. There is a scarcity of skilled labor and very little unemployment. Workers are depositing their earnings in banks and more money is in circulation now than at any period since the war, the city bankers say.

Bankers from many parts of the country expressed their views as follows:

Walter W. Head, new president of the American Bankers Association, and president Omaha National Bank, Omaha, Neb.:

A marked improvement in general farm conditions has taken place during the past twelve months. A large corn crop and more than normal yield of miscellaneous small

grains make up to a large extent for the light crop of wheat and the low prevailing prices for same.

Live stock is again being produced and sold at a profit. The farmer who is not over-capitalized by virtue of having paid extravagant prices for his land is making satisfactory progress. The farmer who bought land at the peak is having difficulty in making ends meet. The latter class is in the minority.

Records of the War Finance Corporation speak well of the extent of recovery, as in most agricultural states its loans have been materially reduced, if not almost liquidated.

This slow but steady restoration of economic stability is true to a large degree in the country as a whole. A close personal observation indicates that the temporary depression of the last few months has served its purpose; that the tendency to dangerous inflation has been properly checked, and that the next twelve months promise to be a more prosperous period than we have experienced since 1919—prosperity built upon a permanent improvement of agricultural conditions.

J. H. Puelicher, retiring president of the American Bankers Association, and president of Marshall & Ilsley Bank, Milwaukee, Wis.:

The two-sided view given of the country as a whole by the greater degree of optimism expressed by the city bankers than by the country bankers is significant and is an accurate reflection of the more rapid improvement that has occurred in commerce and industry than in agriculture. Despite this unevenness, business in the Middle West in general is good. We may hope that it will continue to improve if sanity continues to control and the rural districts are not misled into believing that the answer for their problems is to be found in special legislation instead of in the normal working out of economic processes.



● ATLANTIC FOTO SERVICE

Group photograph of delegates and visiting bankers taken on the Boardwalk, Atlantic

**Charles H. Deppe**, new president Savings Bank Division, American Bankers Association, and vice-president Union Trust Co., Cincinnati:

Business conditions, generally speaking, are sound, but optimistic caution should be exercised in practically all lines for some time to come. Agricultural interests desire more definite adjustments, and until European markets can again absorb our surplus crops, wisdom in planting as well as skill in selling will aid the situation. Resort to legislation to stabilize prices will prove ineffective.

**Oscar Wells**, newly elected second vice-president of the American Bankers Association and president First National Bank, Birmingham, Ala.:

Aside from whatever handicap there may be in the present status of the European conditions which must be shared by our section of the country, there is a very encouraging outlook in this territory. It is true that there will be a short crop of cotton and parts of this section will fall below the average yield of this season, but it is altogether probable that the monetary result for this portion of the country will be quite as satisfactory as if the yield had been greater throughout the South and we had gotten only a fair proportion of it.

**F. O. Watts**, former president American Bankers Association, and president First National Bank in St. Louis:

There does not seem to be anything in the basic business and financial conditions to cause alarm or pessimism. The banking

and credit condition is unusually strong and agricultural interests while not as prosperous as might be desired, yet will not at the close of the crop period be in as bad a condition as last year, or as serious as the wide publicity of complaint and agitation would lead one to believe. If legislative bodies, national and state, will avoid the attempt to enact panacea laws for economic ills that are in process of curing themselves, the future outlook for business need cause no alarm.

**Samuel H. Beach**, retiring president Savings Bank Division, American Bankers Association, and president Rome Savings Bank, Rome, N. Y.:

Those who, by reason of the general slowing down noted in the business world during the past few weeks, have jumped at the conclusion that a period of depression is close upon us, fail to take into consideration the consuming power of our own people. With wages at the high level which today prevails in this country, each individual earner is not only a potential buyer but is able to be and is an actual factor in creating for our home market a demand both steady and continuous for all of the necessities and many of the luxuries of life.

**D. H. Otis**, speaker at the general sessions of the convention, and director agricultural commission, American Bankers Association, North Lake, Wis.:

The business outlook as I see it, from the agricultural standpoint, is worthy of our deepest consideration. There is no question but what transportation facilities, the European markets, together with the insects,



City, during the Forty-ninth Annual Convention of the American Bankers Association

plant diseases, and lack of soil fertility, have a tremendous bearing on the success or failure of the so-called one-crop farmer.

**R. S. Hawes**, former president of the American Bankers Association, and vice-president First National Bank, St. Louis:

From the financial and banking standpoint the country presents a picture of impressive strength and one full of promising possibilities for sound expansion. Agricultural conditions are not particularly promising. This is especially true of the wheat farmer. There is evidence, however, that the total value of agricultural products for the year will not compare favorably to last year, but the entire yield will average better than it has during the past two years.

**Waldo Newcomer**, retiring president of the National Bank Division of the American Bankers Association, and president National Exchange Bank, Baltimore:

The general situation in business is far better than I anticipated it could possibly be with the European situation continuing as it is. We hear much of the troubles of the farmer, but here again the comment applies in a very restrictive way and should, perhaps, be limited to the farmers of wheat and perhaps one or two other grains; the cotton farmer and the tobacco farmer find little to complain of. It is the writer's belief that even this "fly in the ointment" will be eradicated in due time, and the one thing to be hoped for is that the coming Congress will not continue to pass new laws without limit and will not be dominated by the radical element.

**Theodore G. Smith**, retiring president of the Trust Company Division of the American Bankers Association, and vice-president Central Union Trust Company, New York:

The outstanding aspect of business conditions in the United States is the manifest return to a considerable degree of relative stability after the high unstable equilibrium of the last seven years. Evidence of what I mean of "more stable conditions" is furnished by the exceptionally sound banking situation; ample funds to meet the requirements of business even in the season of maximum demand; business continuing steady and the outlook good, with inventories generally conservative and bank credit not over extended.

**George N. Reynolds**, chairman Continental and Commercial National Bank, Chicago:

The strength of the present situation lies in the well fortified condition of the banks, the satisfactory agricultural yield taken in the aggregate, record breaking railroad tonnage, with consequent favorable net earnings which enable the railroads to buy freely, the full employment of the people at high wages, and what appears to be a subsidence of radicalism and the prospect of a return to conservative political opinion and action.

**Charles H. Sabin**, chairman Guaranty Trust Co., New York:

At the opening of the fall season the business situation is characterized by an attitude of generally increasing confidence. Substantial bases of this hopefulness are evident. The reaction around the mid-year in commodity and security markets, accom-



● ATLANTIC FOTO SERVICE

Group photograph of delegates and visiting bankers taken on the Boardwalk, Atlantic

panied by reduced activity in many lines of industrial production, has had a clarifying effect. Runaway tendencies which had appeared earlier have yielded to the influence of a salutary spirit of discriminating caution and conservatism in the matter of future commitments, with the result that the bases of continued prosperity have been strengthened.

**John G. Lonsdale, president National Bank of Commerce in St. Louis:**

Business in the Middle West is on a sound, conservative basis; in volume less than May of this year; but greater than the same period a year ago. There have been seasonal lapses, as well as price reactions, both of which were timely in retarding a cycle of improvement too rapid to be lasting. Sentimental emphasis on certain drab features of raw production seem to have spent themselves, and there is apparent everywhere the hopeful determination of all to dig in sanely toward the mother lode of prosperity.

**Grant McPherrin, president Central State Bank, Des Moines, Ia.:**

Iowa has a splendid crop of corn and has harvested a large crop of small grain. Good feeling prevails and everybody appears to be optimistic.

**M. W. Fitz, president Farmers' Savings Bank, Manson, Ia.:**

Our banks are well supplied with money and are loaning freely for all legitimate purposes, and there is more feeding this fall than usual. On the whole, there is nothing but an optimistic feeling to be cultivated.

**Oliver C. Fuller, president First Wisconsin National Bank, Milwaukee, Wis:**

I do not see any fundamental reasons why business should not continue to be good for the rest of this year and for some time thereafter. Altogether too much has been made of agricultural troubles. The fact of the matter is that the farmers of the country, instead of being worse off, have been slowly coming out of the woods. The very moderate amount of credit that agriculture has needed this year is evidence of improvement.

**M. E. Holderness, vice-president First National Bank in St. Louis:**

The most significant factor in the present business situation is the increasing evidence that the hesitant tendency of the past few months is drawing to a close. Autumn demand for goods is of such a character that there is little doubt as to the immediate future.

**J. W. Barton, vice-president Metropolitan National Bank, Minneapolis:**

We cannot help but feel apprehensive as to the present and future situation. American business is suffering from two causes well realized and both of which are beyond the power of business men alone to correct. First, the foreign situation and secondly, the political rampage on in this country, which apparently will have to run its course. Neither of these conditions can be corrected by legislation. On the contrary, they would be more quickly adjusted if a moratorium on all new legislation was declared.



City, during the Forty-ninth Annual Convention of the American Bankers Association

**Raymond B. Frazier, president Washington Mutual Savings Bank, Seattle:**

The outlook for the country at large is brilliant if the people will practice individual thrift and refrain from speculation. Looking through the Seattle glasses, conditions are unusually favorable. Seattle building permits, bank clearings, postal receipts and shipping for the first seven months of the current year were far in excess of 1921, and the first seven months of 1922. Both wholesale and retail trade are good. Bumper crops of grain and fruit presage unusual prosperity. The lumber and fishing industries have an outstanding bright outlook.

**G. O. Walton, president Liberty National Bank, Washington:**

At this time I do not hold the optimistic views that prevailed at the beginning of the year. The foreign situation has certainly not improved and is more chaotic than ever. No settlement of the great problems now in question may be looked for in the early future. During the coming twelve months political agitation will prevail and as usual during this period capital will be employed with caution. While there is no occasion for alarm I am of the opinion that the coming year will continue unsettled and that general prosperity can hardly be expected under the existing conditions.

**Charles deB. Claiborne, vice-president Whitney-Central National Bank, New Orleans:**

If there is anything disturbing in the present situation it is the continually mount-

ing cost of doing business. Working hours are too few per week, and not enough efficiency—people have forgotten what hard work means. Taxes are likewise getting to be burdensome—not enough economy in government. Generally speaking, the country is safe and sane, business is good, and there is no cause for pessimism. The yields on investments are absolutely unprecedented.

**Frank J. Wikoff, president Tradesmens National Bank, Oklahoma City:**

Much depends upon the character of the fall—if frost holds off, cotton will make a big crop, and with the excellent price, much liquidation will be accomplished; many country banks that have been groaning with the burden of carrying the deflated farmer, will get on their feet again. On the whole, this will probably prove to be not far from an average year, agriculturally, before its close. The oil industry is in a very bad way. Immense over-production in California and Texas has demoralized the prices of crude, and before it is restored to average conditions, many small independents in the fields will be wiped out.

**I. H. Kempner, president Texas Bank and Trust Co., Galveston:**

Pessimism can hardly find much place in a view of the outstanding aspects of conditions that at present surround the business outlook. Export trade may be dislocated by the unsettled conditions in Europe, but it is doubtful if the price of any American commodities would be materially enhanced, even if European conditions were suddenly much improved.

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can be placed in charge of the Boston Safe Deposit and Trust Company with the assurance that it will be handled for you in the most careful and profitable manner. Since 1875 this Company has been serving in all capacities of trust and in that time has built up a reputation for effective, conservative handling of business for individuals and corporations.



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Capital . . . . .	\$1,000,000
Surplus & Undivided Earnings	\$3,500,000

We have over 850 trusts aggregating \$78,000,000, the result of our 46 years' experience in managing trust business

C. L. Brokaw, president Commercial National Bank, Kansas City, Kan.:

The business outlook is fairly good. We have had a poor wheat crop, which is being marketed at lower prices than a year ago. From the most part of the state the corn crop is poor, but a lot of feed is being raised, the farmers are paying a great deal more attention to the cow, the sow and the hen and are seriously practicing proper economies and, we think, are slowly but surely improving their condition.

William G. Edens, vice-president Central Trust Co. of Illinois, Chicago:

Business transactions have fallen off from the peak in the twelve states in which I spent considerable time during the season just closing. This is a summary of the opinions of bankers, business men and road builders expressed at bankers' conventions, highway conferences and civic or commercial gatherings. Bankers were pleased at the progress the farmer is making in paying off his loans.



## Charles E. Mitchell Discusses Some Current Problems of Banking Administration

**C**HARLES E. MITCHELL, president of The National City Bank, New York, addressed the convention on the subject of "The Economic Stage and the Banker's Rôle". During the course of this address he called attention as follows to certain problems of bank administration which he considered of current importance:

It is a great opportunity that we have each year in these conventions, of exchanging views, of letting each other know something of the problems that we are individually meeting, and how we are answering them, and if I may be permitted to do so, I should like to take this opportunity of telling you some of the things we have been thinking about lately in our institution.

One of these is the question of reserves against contingencies. The business of commercial banking is, by its very character, a business of risk. There is scarcely an operation that we perform in which risk is not inherent and continuing, and so long as this is so, it cannot be conservative to carry the operating profits of a month to the surplus and undivided profits accounts until some measure be taken of the risk of that month's business and a reserve directly applied for it. It has been an interesting study to us to measure that risk and to feel our way toward obtaining a standard yardstick for it. Unlike the insurance companies, we have no actuarial table to turn to. The losses sustained by the banking institutions of the country over a given period, even if this information were available, would serve as no more than an index because of the differential arising out of

dissimilar policies and management. But it has seemed to us that under sound administration, a bank that is taking reasonable risks in its endeavor to assist commercial development, will find that the risk increases with the degree of inflation existing and decreases with the degree of deflation existing. How, then, can one determine the measure of normality, and what yardstick can be applied to determine inflation or deflation? Now, in our institution, we have made an assumption which is subject to change, for experience may show it to be very wrong, that conditions are normal when the member banks of the country are borrowing from or discounting at the Federal Reserve banks in the amount of \$500,000,000, and that discounting above or below that figure reflects a condition of inflation or deflation. On the theory, then, that the risk of banking varies as these borrowings increase or decrease, we are establishing a reserve for losses or contingencies, set aside monthly against current earnings, and based upon the bank's average commercial loans and discounts, increasing our percentage so applied for each unit of \$100,000,000 increase or decrease above or below the normal figure of member bank borrowings. Now if it be a sound principle that the business of commercial banking involves a risk that will inevitably be met, I wonder if it is not an opportune question for the division of the American Bankers Association having to do with taxation to raise with the Federal authorities as to whether commercial banks should be called upon to pay full taxes upon current operating profits, or whether it is not in the interest of conservatism that banks be allowed to set up current reserves against

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CHAS. E. MITCHELL  
President National City Bank, New York

current operations, paying their taxes upon the net figure. It seems to me the Government has in its hands to thus foster a conservative movement in bank operation.

And, again, in this regard, let me speak of the item of bank buildings and fixtures, which item, as shown by the reports of the Comptroller of the Currency for the year 1922, for all national and state institutions, runs to the enormous figure of \$1,079,000,000, an item equivalent to nearly one-sixth of the combined items of capital, surplus, and undivided profits. The bank buildings of the United States represent probably the highest development in American architecture. They are costly structures. But it is sound that the banks of this country should be housed in buildings that psychologically stimulate the feeling of strength and stability in the minds of the people and lure thereby into channels of usefulness, currency that might otherwise go into hiding.

The outlay is justified. And yet, is it not slightly inconsistent that banking institutions whose liabilities are quicker than those of any other division of commerce should carry with slow depreciation an item of

this character, of such unusual size, and which is recognized as the slowest of all assets? I am wondering whether we should not all be depreciating our bank buildings more rapidly and whether our Government should not perhaps be fostering such a conservative development by permitting, or, perhaps even forcing us, through tax regulations, to a more rapid depreciation plan than we are now following.

Another problem to which I personally feel there may be directed profitable discussion is that of the degree of liquidity properly to be maintained by our banking institutions, and how to measure it. Cash, discountable paper, Government obligations, and in large measure, deposits with the Federal Reserve bank, are unquestionably liquid assets. Brokers' demand loans are quick, and a percentage, at least, of the market value of the bond account is quick, and, of course, a part, differing in every institution, of the loans and discounts that are not eligible for re-discount, are quick. But to what degree of liquidity should we be working? I feel that each executive should carefully analyze the situation of his own



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***A RECORD OF PROGRESS :***

	Capital	Surplus and Profits	Deposits
January 1, 1905	\$400,000.00	\$164,710.00	\$1,795,987.33
January 1, 1911	600,000.00	498,600.00	9,093,040.59
January 1, 1916	600,000.00	983,844.17	11,847,300.00
January 1, 1917	600,000.00	1,056,500.00	14,530,240.00
July 1, 1923	1,000,000.00	1,940,122.76	20,742,685.91

***Officers***

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**C. L. BILLMAN, Vice-President**

**FRANK B. LAWLER, Vice-President**

**ALFRED S. NELSON, Treasurer**

**L. A. HASKELL, Assistant Treasurer**

**R. G. SHAW, Jr., Secretary**

**WALLACE H. PRATT, Assistant Treasurer**

**JAMES H. TURNBULL, Asst. Secretary**

**HENRY H. PIERCE, Assistant Treasurer**

**EDWARD J. RAMHOFER, Jr., Assistant Treasurer**

institution in this regard, and that we should be helpful to one another in determining the ratios in respect to this important subject that spell sound banking.

The subject of bank officers' remuneration is one that has been of marked interest to me. If the banking profession is to prove inviting to the best commercial minds of the country, it must obviously compete in remuneration with the rewards that come to leaders in other commercial enterprises. The opportunities of gaining an insight into commercial developments and of knowing something of the profitable nature thereof, which are inherent in the bank executive's position, and the possibilities of becoming privately interested financially in profitable enterprises through acquaintance, have presented an allurements to men to enter the banking profession. But these very opportunities, when exercised, have resulted in not a few cases in a lowering of the standard of the profession, for personal interest is bound to cloud the judgment of the bank executive.

His interests should be first and foremost those of his bank. His thought and his every endeavor would be in the creation of the height of economical administration and service to his customers, regardless of personal interest. His compensation should be through, rather than by virtue of, his position. And so thinking, we have in our institution established a plan by which, out of the balance of current earnings, after establishing reserves covering the risk in current business, and after allowing for liberal interest on the capital in use, as represented in the items of capital, surplus and undivided profits, a percentage is each month set up in a management fund for periodical distribution to those officers who have contributed most effectively to the bank's development and profitable progress, and for recognition of significant achievement. Our plan is in its experimental stage, but I am confident that while resulting in a direct benefit to the bank executives, it will react in the higher efficiency of the institution and in larger returns to the shareholders.



## Discussion of International Affairs

### Convention Passes Resolution Urging United States Participation Kent Advocates Cancellation of Allied Debts

**W**HILE the discussion of international affairs at the American Bankers Association convention failed to overshadow such questions as the Federal Reserve System and the matter of Government interference with internal business affairs, still Europe drew a substantial share of the convention's attention.

An important resolution was passed by the convention urging the Administration to give an official standing to America's representative on the Reparations Commission "in order that he may express his opinion with his vote".

The resolution further recommended that the Debt Funding Commission "immediately enter into negotiations with Great Britain and France in connection with such part of the reparations question as may be included in the interallied indebtedness in order that the commission may be in position to

make such recommendations to Congress as it may consider desirable and to the interest of the United States".

The text of the resolution follows:

During the last year, the effect upon the United States of the serious condition existing in Europe has become more and more noticeable in our foreign trade and has finally begun to curtail our domestic production as well. It is our firm belief that if we do not recognize and accept our responsibilities in connection with the reparations question, which is preventing our allies and Germany from coming to an agreement that will re-establish peaceful conditions in Europe, both our foreign and domestic trade will continue to suffer seriously.

We again urge upon the Administration the advisability of giving an official standing to our representative upon the Reparations Commission in order that he may express this opinion with his vote, and further recommend that the debt funding commission immediately enter into negotiations with Great Britain and France in connection with such part of the reparations question as may be included in the inter-Allied indebted-

edness in order that the commission may be in position to make such recommendations to Congress as it may consider desirable and to the interest of the United States.

In making these recommendations we would particularly call attention to our former warnings as to the effect of the European difficulties upon the trade of this country and the fact that events have proved that our judgment was correct.

A policy of complete isolation from European affairs cannot be maintained indefinitely without grave danger to our own interests. The example of Australia, aided in part by American capital in the rehabilitation which is now clearly in progress in that nation, indicated the methods by which America may in due course, when the will to establish political, financial and economic stability and maintain peace has been convincingly demonstrated abroad, be a powerful influence in the betterment of other Continental countries.

#### KENT URGES CANCELLATION

Cancellation of the debts owed to the United States by her Allies of the World War, "provided agreements are obtained in return that would re-establish peace in Europe", and official American representation on the Allied Reparations Commission, were advocated by Fred I. Kent, vice-president of the Bankers Trust Company of New York, in his address, "Across the Atlantic", before the general session of the convention. Congress should empower the American Debt Funding Commission, appointed by the late President Harding, to negotiate with our European debtors and present plans for cancellation for ratification by the Senate, he said.

Occupation of the Ruhr by French troops was justified by Mr. Kent in a summary of post-war conditions in Europe. Before the occupation of the Ruhr, he explained, the strain between Germany and the Allies was constantly increasing, and many years of uncertainty and stress might have elapsed before the establishment of ultimate peace, whereas the occupation has brought to a head the problem of final settlement of the reparations question.

The despair and desperation which pervaded all Europe after the first reaction following the Armistice, said Mr.

Kent, has given away to real hope, and America owes a duty to the people who have so successfully passed through a period of suffering and anguish.

"The question is", he continued, "how can the United States enter into this situation without seemingly agreeing to the principle of debt cancellation before it can ascertain wherein its best interests lie? Fortunately, the way is open to us if we have the courage to accept it". He said further:

By an act of Congress a Debt Funding Commission has been created whose membership, named by the late President Harding, consists of the following men: Secretaries Hughes, Mellon and Hoover, Senators Reed and Smoot, and Congressmen Theodore E. Burton, Charles R. Crisp and Richard Olney. These men are outstanding Americans of the highest type, honorable, patriotic, possessed of great intelligence and great experience. Between them they have a knowledge of law, finance and diplomacy and an understanding of domestic and foreign conditions that undoubtedly could not be surpassed by any similar body of men.

This commission, with its extraordinary ability, integrity and understanding, could safely be entrusted with any interests which the people of the United States have at stake and could be relied upon to give proper account of their stewardship. Under the Act creating the Commission, Congress so limited their powers that they are impotent to carry out their duties except as they may make recommendations that may be accepted by Congress that are outside of their limitations. The funding of the British debt to the United States is sufficient evidence of this fact.

If this Commission had the power to send one of its members or a representative or a sub-committee to Europe to sit in at a conference with the British and French to work out a plan that would enable the reparations total to be demanded of Germany to include only reparations and not inter-Allied debts, a series of agreements undoubtedly could be arranged that would re-establish peace and confidence throughout Europe.

The Debt Funding Commission, which is made up of honorable men who accepted appointments thereon under the restrictions which Congress applied, is not in position to negotiate for cancellation unless it clearly is the public desire that it do so. There is no doubt but that it is against the wishes of the people of the United States to consider cancellation of the Allied indebtedness unless by means of such cancellation or at the same time the causes of militarism in Europe and militarism itself shall be abol-

ished and proper fundamental conditions shall be established that will allow the unrestricted development of trade and commerce.

If Congress were in session today, it would be the height of folly for it to demand of the Debt Funding Commission that it take up the question of Allied indebtedness and arrange for its cancellation without considerations. On the other hand, if Congress could give the Debt Funding Commission full power to negotiate, including power to arrange for cancellation, provided agreements are obtained in return that would re-establish peace in Europe, the Debt Funding Commission would be in a powerful and perfectly proper trading position and it is not conceivable that the interests of the United States would suffer at its hands.

Should such agreements be better developed by means of treaties, the Secretary of State, who is a member of the Debt Funding Commission, would be in position to take over the negotiations at such point and get them into proper shape for presentation to the Senate for confirmation.

As one of the outstanding difficulties in connection with a possible settlement between France and Germany lies in the fixation of the amount of reparations, and as the principal element in preventing the determination of such an amount that it is believed Germany can pay without putting an unfair or too great burden upon its people lies in the inter-Allied indebtedness, the entry of the Debt Funding Commission of the United States at the council table of the Allies, with power to trade the indebtedness, would undoubtedly be a determining factor. This should be done without any reference to the League of Nations.

#### MUST FIND WAY TO ACTION

As Congress does not convene until December and cannot, therefore, change its instructions to the Debt Funding Commission before that time, and as a continuation of the present situation in Europe over the winter would be courting catastrophe, a way must be found under which immediate action can be taken. Such a way undoubtedly is open to the people of the United States, for if they individually and through their organizations express to their congressmen with sufficient force their belief in the safety to this country of placing the authority to negotiate in the hands of the present personnel of the Debt Funding Commission, even to the point of cancellation of the inter-Allied indebtedness, in part or in whole, against proper agreements assuring peace in Europe, and congressmen notify the leaders in Congress that they would favorably consider such recommendation that might be made by the Debt Funding Commission at the next session of Congress, the



● UNDERWOOD & UNDERWOOD

FRED I. KENT

Vice-president Bankers Trust Company, New York

Commission would be thoroughly justified in entering into the matter.

As things are today, representatives of the European nations naturally do not feel warranted in suggesting cancellation, as it would partake more or less of the nature of a repudiation if they did so, and neither are the members of the Debt Funding Commission justified in view of the limitations placed upon them.

The whole proposition should be handled on a non-partisan basis, which is thoroughly warranted in view of the appointment of two Democrats on the Debt Funding Commission.

Should the Commission, through entry into the European negotiations in this matter, succeed in bringing about a prompt and satisfactory settlement, it would not mean that the United States would be the loser of the full amount of any indebtedness that might be cancelled. On the contrary it is conceivable that during the period it would take for the indebtedness to be paid, if it were paid, increased domestic and foreign trade profits would far exceed the amount of the cancelled debts.

It is impossible to believe that the spirit of justice in the people of the United States is not sufficiently strong and that they are



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Cashier

**ALICE F. SHEEHAN**  
Assistant Cashier

not sufficiently generous to recognize this situation. Money has never stopped them from going to the aid of any people who have met catastrophe. The sums which they have raised have been based on the need of humanity and there has seemed to be no limit as to what they could do if necessity required. A famine such as took place in Russia and the terrible earthquake that just occurred in Japan left no element of doubt as to the human necessity that had arisen.

A situation such as exists in Europe, however, is very much harder for our people to comprehend, but their intent as written upon the pages of history is so clearly to sacrifice what is necessary to meet the emergency of others, that there is not the slightest doubt but that if they could see the need of the people of Europe as it really exists for the peace that is being denied them, they would meet this emergency in the way that is open to them.

**SAYS FRANCE BROUGHT THINGS TO HEAD**

Differences between Germany and the Allies are holding back the reconstruction of Europe, Mr. Kent said.

"Disregarding all questions of difference of opinions that may exist as

to the Ruhr occupation and the manner in which it has been carried on," he continued, "is it not a fact that there was no power other than France which would have stepped in and brought to a head for final settlement the growing differences between the Allies and Germany that were giving the world so much concern before the occupation? He went on to say:

Whether future historians will be able to construe the Ruhr occupation in this manner would seem to depend entirely upon what the French actually demand and accept when a settlement finally is reached and whether such settlement is of a nature that will warrant the French in reducing their military to a national police, which they state is their desire.

Today France undoubtedly is the strongest military power in the world and it is quite natural that Americans returning from Europe should be impressed with this fact, as it seems to be felt throughout the Continent.

There would seem to be no doubt but that Poincaré's inflexible attitude in connection with the passive resistance of the German will break such resistance quicker than if

he showed weaknesses which might lead Germany to be hopeful that through delay she could succeed in obtaining a more favorable outcome. In view of the powerful position which the French hold today and the fact that no nation can dislodge them without going to war themselves, which does not seem a probability or a possibility at the moment, the quicker the German people realize that their greatest interest lies in coming to an agreement with France, the better it will be for them.

If when Germany surrenders its program of passive resistance, the French demand the impossible and continue to develop their military power, as is feared in so many quarters, the world may be a difficult place in which to live for many years to come, exactly as might have been true had not the occupation of the Ruhr occurred.

On the other hand, if after Germany surrenders its passive resistance, the French are fair and reasonable and it is found possible to develop agreements which will result in the elimination of militarism throughout Europe, a new era of tremendous prosperity may be in sight.

Until the terms of actual settlement become known, therefore, no one is in position to judge the French action and we are certainly not warranted now in calling her militaristic or a menace to the world's peace. Neither should we anticipate that she may justify such an attitude and it would seem far better for the world to accept France at her word than to doubt her, and to look forward in confidence to her stopping her military program as soon as a settlement is concluded with Germany.

But until there is such a settlement, the world, and Europe in particular, is doomed to stagger under the burden of so many uncertainties that life to many millions will represent only a bare existence.

This leads to the question as to what the people of the United States can and should do to bring about the return of peace in Europe. Our duty in this connection is two-fold—that to ourselves and that to humanity—and it is the same duty that confronts every nation. For instance, it is good for America to be able to export its surplus production and to do so to the full extent of our ability to produce it is necessary that the buying power of Europe be restored.

We are thoroughly justified in this country in stating openly that we desire to help Europe accomplish the restoration of her buying power so we may sell to her in greater volume. Our duty to humanity lies in bringing about this condition as quickly as possible so there may be as little suffering in the world before the restoration of trade as the existing situation will allow.

One simple act that would be most helpful is to take our place upon the Reparations Commission officially. We should be

represented on this Commission by a man who can express his conviction with his vote. The economic and moral force of the United States is so well recognized by the Allies that if our representative had a vote there would inevitably be a desire on the part of the representatives of other nations on the Commission to work in accord with us whenever they could do so legitimately and we could maintain our position as being correct. We have nothing to fear through such an association in the nature of entangling alliances, or other dangerous international complications, and we undoubtedly would be less involved in difficulties than is true at present, where we are obliged to sit on the sidelines and watch developments without having any choice in their control.

#### PUELICHER'S COMMENT ON EUROPE

At the president's address at the opening session of the convention John I. Puelicher said:

"While the solution of many of Europe's most difficult problems is not yet apparent, still many of the underlying influences which caused them have been corrected.

"The so oft expressed world humanitarian interest of America, lately evidenced in her work among Europe's stricken peoples and again in the quick response to Japan's great need, should assure Europe, when ready, of America's definite, unselfish counsel and cooperation. It is certain that progress has been made toward a better understanding with the people of Europe."

#### MITCHELL SEES US LESS DEPENDENT ON EUROPE

In his address, "The Economic Stage and the Banker's Role", delivered at the general sessions of the convention, Charles E. Mitchell, president, the National City Bank, New York, touching upon international affairs, said:

In the past five years we have been gradually breaking away from economic dependence upon the outside world. Before the war, we were largely dependent upon Europe for a market for our agricultural products, but our margin or surplus in these products is now comparatively small. We no longer depend upon Europe for capital, but are able to supply capital to them and other countries, and in so doing, markets are opened for our manufactures.



● ATLANTIC FOTO SERVICE

**WALTER W. HEAD**

The new president of the American Bankers Association on the Boardwalk at Atlantic City

We continue to have a reasonable amount of export trade. The opportunities for trade outside of the disturbed areas of Europe are so great that our dependence upon the latter is comparatively slight, and yet business with those disturbed areas continues in moderate volume. We take from them little that is essential to us, but what they take from us is vital to them. The disturbance of European trade results in developments elsewhere in the world. If Germany, for example, imports less of raw materials, it follows that she will export less of finished goods and that other countries, the United States among them, will manufacture and export more. The cutting out of any country, in whole or in part, from the circle of world trade, occasions a shock and a temporary break in the circulation of products—just as the loss of a limb from the human body causes a shock to the entire system—but just as blood circulation will again establish itself, so world trade will be resumed through new connections and eventually be as vigorous as before. Thus, for instance, we see that while in 1913 the share of the United States in all the imports of Latin-America was 25

per cent.—in 1921, the latest year for which figures are available, it was 45 per cent., and in the seven months of this year ending with July, our exports to Latin-American countries increased over what they were in the corresponding months of 1922 by a gain of 21 per cent. In those seven months our total exports to countries outside of Europe aggregated \$1,172,000,000; and, mark you, there was little difficulty in paying for those products, for their exports to us in the same months aggregated \$1,680,000,000; that is, they sold to us \$500,000,000 worth of products in excess of what we sold to them. Moreover, those importations were only in small part manufactures; they were raw material or food products, either non-competitive with our products or required in addition thereto.

It has long been our custom to settle adverse balances in South America, Asia, and elsewhere by means of our credit balances in Europe, the latter making payment for the most part in manufactures. With the decline of European trade, we have been doing more business with the rest of the world direct.

#### TRADE PROBLEMS OF THE FUTURE

But while we do enjoy the present, let us not be unmindful of the difficulties American business must meet in the next few years when conditions the world over, and especially in Europe, become stabilized and their business and trade become active. Our problems of the future will arise, not from a diminishing trade by other countries, but from their recovery and reappearance as competitors, and we need to prepare ourselves for the inevitable competition of other countries, and especially European countries, in all markets of the world, including our own. Foreign competition is not altogether without its benefits, for it acts to stabilize the price level, to restrain the tendency to inflation, and to keep industry in touch with production costs abroad, but, to say the least, it is trying. I am not afraid of the ability of this country to compete in the long run and to secure an ample share of world trade, provided that we now recognize that that competition is coming, that it is going to be vigorous, and that to meet it we must loosen every restraint to American industrial development to the end that in this country there may be an efficiency which will overcome a higher standard of living and still make us able to do business on the world's price level.

**THE  
NATIONAL PARK  
BANK  
OF NEW YORK**





Main banking room from officers' quarters

# A Bank Devoted to the Advancement of Commercial Enterprise

**T**HE National Park Bank of New York during its history of nearly three quarters of a century has justified by its record this description of its activities.

That such a result has been achieved may not be ascribed to chance or to fortunate circumstances. No; the foundations of this institution were carefully laid, its policies and principles deliberately shaped. Instead of being nursed in the lap of fortune the bank has encountered the very roughest kind of weather—within a year after its organization in 1856 a financial storm of theretofore unprecedented fury broke upon the country. But The Park Bank, as it was then called, weathered this storm, and even in this troubled period began to pay dividends—a habit which has continuously persisted throughout the sixty-seven years of the bank's existence.

Into the making of this bank have gone, in a large degree, character, individuality, appreciation of logical sequence, unassailable reputation, leadership, business acumen, courage and adroitness. The result is the well-rounded institution of today, widely known, respected and loved, with a record of having performed a highly useful service, and still maintaining the soundest traditions of banking while making all prudent concessions to ever-changing business conditions.

Serving admirably as it has done the vast banking needs of the community making up the great City of New York, the National Park Bank has extended its operations to include, in some way, a share of the commercial banking needs of the entire country. Its large number of banking correspondents throughout the Union are living witnesses to the high esteem in which it is held by other banks—the acid test of banking.

The organization of the National Park Bank antedates the establishment of the National Banking System, and it was not until after the adoption of some improvements in the original National Bank Act that the bank, in 1865, became a member of that system.

The bank commenced business in 1856 in the building then known as the Clinton Hotel, 5 Beekman street, and which



**Broadway entrance to the banking home of the National Park Bank of New York**

earlier had been Clinton Hall. In 1866 need of a new building arose, and a five-story structure was completed on Broadway opposite St. Paul's Church in 1867. It ranked at the time as the most modern building of its kind. The second structure was planned and built to provide for future needs and growth, but at the end of a quarter century the problem of more room and modern conveniences had to be solved again. To this end land was purchased in 1893 on Ann street and on Fulton street for suitable additions to the then existing structure. How urgent had become the need of additional space may be gained from the fact that at the time mentioned the bank was reported to be the largest in the United States in deposits, resources and business.

From 1893 to 1901 there was such a marked gain in business that a new building had to be provided. On December 17, 1901, plans were submitted and approved. In July of 1902 construction was begun, and finished in 1906.

The plan provided for the main facade on Broadway and a clear sweep from Ann to Fulton streets, giving an exposure on three thoroughfares.

This edifice served the bank's purpose for the fifteen years from 1906 to 1921, but during this period the need for enlarged facilities became increasingly evident. New departments and new services rendered to the public made further expansion so necessary that in 1917 a building at the rear was purchased. This building was torn down and a new addition erected which was finished in 1922.

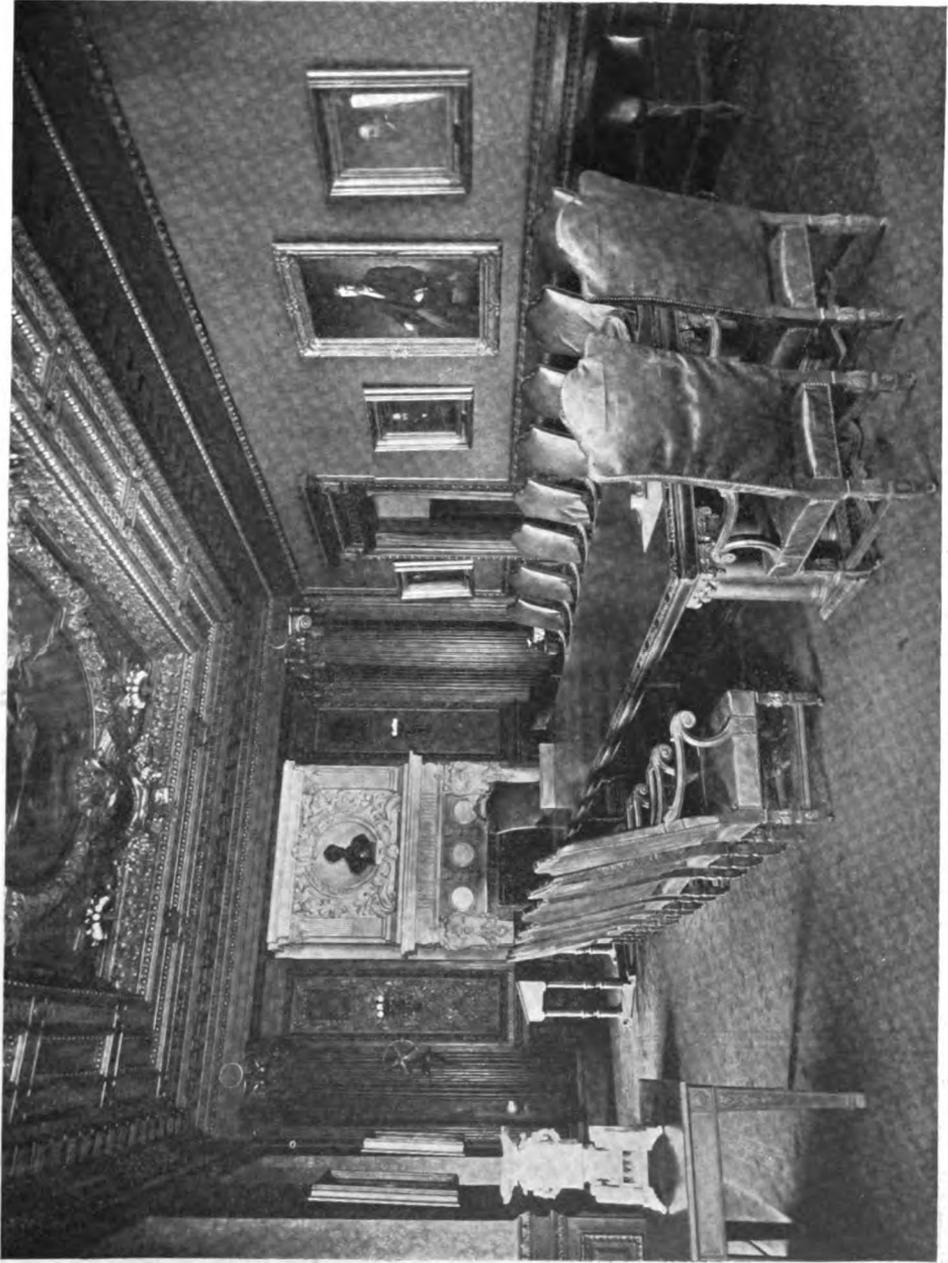
As a result of this addition, it was made possible to enlarge the public banking room to its present proportions. An idea of the stateliness and dignity of this room may be gained from the colored illustration which accompanies these pages.

Not only is the structure adequately suited in all respects to the latest requirements of modern banking, but in arrangement, materials and decorations it offers a fine example of architectural judgment and taste. It is, indeed, one of the world's notably fine and beautiful banking homes.

Naturally, the officers and directors of the National Park Bank feel a pride in the fine record of the bank, but they most keenly feel that what has been done in the past must be an inspiration to still wider and better service in the future.



Officers' platform



Board of directors' room



Painted ceiling panel of the board room



These three mural paintings are a feature of the banking room allegorically denoting Industry, Commerce and Agriculture



**View of the rear of the main banking room showing the marble staircase leading to the trust department.  
Above in the background is the mural painting of Agriculture shown on another page**



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SEYMOUR L. CROMWELL  
President New York Stock Exchange

## The Clearing House Section Meeting

Roberts Deplores Agitation for Government Control of Industries.  
Cromwell Defends New York Stock Exchange;  
Calls Legislative Interference Impracticable

**I**N the leading addresses delivered at the annual meeting of the Clearing House Section of the American Bankers Association, the question of the advocacy of Government interference or supervision, either national or state, in the conduct of the existing industrial and financial order, occupied an important place.

George E. Roberts, vice-president of the National City Bank, New York, speaking on the subject of "Government in Business", said that great as were the losses resulting from the cost of the war, the losses resulting from the gen-

eral state of demoralization existing since the war have been even greater.

"I think most of our troubles", said Mr. Roberts, "are due to the fact that we have developed the industrial organization beyond the understanding of the common man. He doesn't understand his own part in it, he doesn't understand the benefits he derives from it, he doesn't know much about the economic laws which govern it and which control at last the distribution of benefits. The primitive man knew that the harder he worked the more he would have, and when a man exchanged work

**2/3**

**of the Banks of Wisconsin  
are correspondents of the  
First Wisconsin  
National Bank  
of Milwaukee**

**Why?**

with a neighbor he had the whole transaction under his eyes; but when a man works with thousands of others for a great corporation, he doesn't see his relationship with other workers, or any definite relationship between what he does and what he gets; he doesn't know whether he is getting a fair share of the industrial results or not, and he suspects not."

Mr. Roberts stressed the point that our modern industrial system is essentially co-operative, and that effective co-operation is not to be had without understanding. "The highly complicated system", he said, "will not work, it will break down, unless there is a broader understanding of the principles upon which it is based".

**WARNS AGAINST RADICALISM**

The Bolshevist regime, the outcome of a protest not merely against a bad government, but more directly against the so-called capitalistic system, had,

Mr. Roberts pointed out, the sympathy of great bodies of people, not only abroad, but also in the United States. "The economic principles of Bolshevism", said the speaker, "are influencing public opinion more or less everywhere".

Mentioning the formal proposal in the British Parliament by the Labor Party, of a resolution which, after setting forth unemployment and other deplorable conditions existing in England as a result of the disorganized state of world trade, proceeded to declare that these afforded proof that the capitalistic system of industry had broken down, and that the industries should be taken over and operated by the British Government, Mr. Roberts said, "if we care for institutions we cannot afford to ignore the fact that agitation to that end is being carried on with fanatical fervor all over the country, and that thousands of people who would not give their approval to such extreme policies are

helping them along by favoring the continual extension of Governmental activities in business affairs”.

#### ROBERTS DEFENDS PRESENT SYSTEM

The individualistic system of industry, Mr. Roberts said, is a system calculated to stimulate the initiative, call out the energies and develop the ability of each individual. “In the business world today”, the speaker remarked, “the positions of leadership and responsibility are held by men who have been advanced to them under a system of competition and elimination”. He continued:

The test of fitness is an economic test, a test of ability to produce economic results—and the fact that as a rule the men in positions of responsibility have come up from the ranks is proof that the system is fundamentally sound and effective. Society cannot afford to change from the economic test of leadership to any arbitrary or political system of selection. There would be a lessening of incentive throughout the economic organization, a loss of ability in management and a loss of productivity everywhere. These results are quickly seen in any organization where favoritism or the strict rule of seniority govern promotions.

The clamor for official regulation of business is due in large part to a lack of understanding of the effectiveness of the natural economic forces. There are few lines of business in which these forces are not amply sufficient to protect the public. In normal times there are few instances of unusual profits where competition does not quickly result, or other corrective influences are not brought into play. The interference of Government officials where natural forces are likely to be effective in due course, often has the effect of nullifying these influences and of throwing the whole situation into confusion. Such activities as the attempted regulation of trading in futures on the commodity exchanges simply add further elements of uncertainty to the price situation. Business men are obliged to take account, not only of all the natural risks in which such trading is involved, but of the possible effects upon the market of official action besides. Of course in the end the public pays for every obstruction to business that must be surmounted and every risk that must be carried.

It is for the business men of the country, who have been alarmed by the tendency of legislation to restrict and hamper individual



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GEORGE E. ROBERTS

Vice-president National City Bank, New York

initiative and to exert a leveling pressure upon the whole body of society, to make their opinions known and their influence felt. It may as well be added, however, that they will not be able to exert much influence unless their efforts are directed by the broad principle, that the public welfare should be the first consideration all of the time, and that they want no special policies for their own advantage at any time. It is not uncommon to hear a business man declaiming that the Government should stop interfering with business, at the same time clamoring that it should regulate some other business than his own, or pleading that Governmental authority be used in some other way to his advantage. There must be genuine faith in the efficacy of natural forces to regulate the business situation and willingness to let natural forces have their way.

Finally, there is wanted on both sides of this question a broad appreciation of the fact that the activities of business are all “affected of a public interest”. They are not merely private activities. The fundamental purpose of all business, the purpose which gives it the chief claim to consideration and protection, is that of serving the wants and needs of the population. The

argument against excessive Governmental interference is that instead of serving the public interest, it hampers this necessary service and makes it more costly; but this plea cannot be urged affectively by business men unless they show an appreciation of the obligations which it lays upon them.

The controversies that arise out of the relations of business with the public are not inherently irreconcilable. They do not present a case where one must enlist for the war on one side or the other. In every instance there is a right relationship between business and the public which is best for both, and which both should be equally eager to find.

#### CROMWELL UPHOLDS STAND OF EXCHANGE

Seymour L. Cromwell, president of the New York Stock Exchange, speaking on the subject of "The Problems and Policies of the New York Stock Exchange", explained why the stock exchange objects to efforts at regulatory legislation and political interference, and said that the exchange, which has remained passive under attacks of its enemies, will hereafter conduct a battle of active publicity against those who seek to interfere in an unjust manner, or with attempts at political coercion, with the lawful conduct of its activities.

Mr. Cromwell emphasized the intentions of the exchange to continue to wage an active battle against the bucket shops, which are trying to capitalize the political influence which they possess in an effort to prevent interference with their vicious operations.

Speaking of proposed regulatory legislation aimed ostensibly at the conduct of the affairs of the stock exchange, Mr. Cromwell said:

Among the proposals of those who would regulate the New York Stock Exchange through political bureaus, were, licensing of brokers, examination of books, restriction of the use of securities by firms in the matter of loans, and regulation of the issue and sale of securities. The question is often asked: The books of banks are subject to examination, why not the books of brokers? A very great distinction exists between the banker and the broker. Brokers are agents for their principals. The business of a banker is primarily the business of the bank and involves the affairs of its depositors only incidentally. The business of a broker

is the business of his customers and an examination of the books of the broker involves an examination of the private affairs of all of his customers. The examination of brokers' books is proposed as a means of protecting their customers, but the customers are the very people who would protest most vigorously against such disclosure of their private affairs. Business done by a broker for his customers is necessarily of a peculiarly confidential nature, to be guarded as strictly as the secrets of a lawyer or a doctor.

The examination of a broker's books would not afford the public any substantial degree of protection; licensing and examination of books might result in the improper use of information gained. As a result of the large force of inspectors that such an examination, however perfunctory, would require, the opportunities for graft would be limitless. The confidential information to which the examiners would have access might in some cases reach people disposed to make dishonest use of it. It would open the door to unlimited graft even if only one examiner out of fifty should prove venal. Consider the price the dishonest operator would pay to learn of the transactions on some brokers' books! Consider the opportunity to trade upon the knowledge obtained!

A proper and complete examination of a brokerage house takes much more time than the examination of a bank of the same relative size. This is because of the diverse and sometimes complicated transactions which occur in the brokerage business. The usual bank examination consists of a verification of assets, mainly physical inspection of cash, securities (stocks and bonds), discounted notes, etc., comparison with book figures and determination of sufficiency of total assets to meet liabilities, capital and surplus. It would be a rare instance where a bank examiner would do other than accept discounted notes at face value or where he would confirm depositor's accounts. In a broker's office, however, a determination of the status of and a confirmation of every customer's account is one of the most vital points in the examination. Difficulties involving a brokerage firm may be brought about by partnership operations and would be discovered by inspection and verification of firm accounts. But a firm may also become involved through the operations of its customers, making imperative a thorough verification of every customer's account. The need for this and the labor involved is readily appreciated when thought is given to the status of the customers of a broker.

The stock exchange will continue to fight bucket shops, and it will fight those affiliated with bucket shops who seek to make money out of the power given them by their political connections. Do not think that I am

attacking political parties or the great body of public men who are giving their time and earnest effort to the work of government. The State of New York has in its legislature men of the highest type and in its other public offices men equally impeccable. It is not political parties with which I quarrel, but political pirates and those hangers-on of politics who are mixed up with politics and interfere with law enforcement. The political buccaneer knows no party, and the public official who is spineless in the enforcement of the law is usually the one who makes gratuitous, purposeless and rabble-rousing attacks on decent men and decent institutions. Public officials should know that crooks take on the protective coloration of respectable business men; but instead of recognizing this fact and realizing that crooks are crooks and merely the barnacles of decent business, decent business is attacked in the pulpit, in the magazines, in the public prints.

I hope I have made clear the position of the exchange. It has fought a fight to keep the people's market out of the hands of crooks and their more crooked allies. It has conscientiously endeavored to develop some plan which would prevent swindling of the public.

#### TRAYLOR TALKS ON CLEARING HOUSES

Melvin A. Traylor addressed the Clearing House Section on the subject "The Clearing House in Its Relation to Our Financial and Economic Structure". Mr. Traylor said, regarding the subject of clearing house examinations, that "any examination by Government authority is naturally handicapped because of the fact that those conducting such examinations are almost without exception not thoroughly acquainted with local conditions, familiar with local credits, or otherwise equipped properly to appraise the assets of the institution under investigation. This is not the fault of the individuals charged with such examinations, because most frequently they are shifted about from one territory to another with such rapidity as to prevent their acquiring the knowledge essential to the most efficient prosecution of their work". He continued:

In too many instances examinations are in effect more nearly audits of the accounting systems and a check for discrepancies, rather than a true determination of the



FRANCIS COATES, JR.

President Clearing House Section :  
examiner Cleveland Clearing House Association

bank's condition from the standpoint of solvency, which to my mind is after all the chief concern of those so interested in the management of our institutions. It is for this reason that it can probably be truthfully said that examinations conducted by clearing house associations are of more real value than those made in any other way.

The clearing house examiner has the advantage of serving a smaller group who have voluntarily associated themselves for mutual protection and whose only concern is the solvency and proper conduct of each of the parties to the agreement. He works under the direction of an independent committee consisting of the best bankers in the community, his compensation is such as to attract the best talent in the country. His contact with his principals and his freedom of action, the absence of red tape and his knowledge of local conditions enable him without fear or favor to approximate the highest degree of efficiency in his work. This is not said in any disparagement of the splendid work that has been done and is being done by either national or state departments, but is a plain statement of facts, which I do not think can be successfully denied, which presents a case which I feel fully warrants the statement that every

community concerned for the welfare of its banking institutions should have a system of examinations, at least similar to those conducted at the present time by the recognized clearing house association.

On the question of the objections raised to the clearing house examiner idea by various groups of bankers, Mr. Traylor declared that about some of them there was enough of fact to give the friends of the clearing house idea some real concern.

"The public in those communities where clearing house supervision obtains", said the speaker, "has been so often told that no depositor in a clearing house bank subject to clearing house examination has ever lost a dollar, that there is danger of their further assuming that such losses will never occur". Mr. Traylor went on:

Under these circumstances the clearing houses of the country are shouldering a terrific responsibility, and it cannot be too often or too specifically emphasized that clearing house membership does not entail guarantee of deposits or integrity of management, but that it does this, and this only: Insure the most drastic supervision consistent with independent management of the banking institutions of the community, that the record of its performances so far has been such as to justify the belief that it will be difficult for any member of the association to so mismanage his institution as to impair his capital to the hazard of his deposits before he is apprehended, and the condition corrected or the institution put out of the association.

It must be again and again emphasized that there is no relation whatever between clearing house supervision and the guarantee of deposits. In the first instance you have a group of individuals or institutions for mutual protection, agreeing to supervision or regulation by themselves, for themselves, in the interest of themselves and the public—this is the clearing house, and it is clear that under this system the best are not reduced to the level of the worst, but the worst are elevated to the standard of the best, or eliminated. Under any system of guarantee of deposits that has yet been devised the reverse is true, and the best are forced to underwrite the conduct and the solvency of the worst without any chance or opportunity to detect, protect against, or eliminate the worst. The past two or three years have witnessed the utter folly and the complete failure of such a system.

#### ELECTION OF OFFICERS

The following were elected officers of the Clearing House Section for the ensuing year:

President: Francis Coates, Jr., examiner Cleveland Clearing House Association; vice-president: C. W. Allendoerfer, vice-president First National Bank, Kansas City, Mo.; chairman of executive committee: Alexander Dunbar, vice-president Bank of Pittsburgh, Pittsburgh, Pa.; members of executive committee three-year terms: Fred A. Crandall, vice-president National City Bank, Chicago, Ill.; W. F. Augustin, vice-president Merchants National Bank, Richmond, Va.

The new president of the Clearing House Section was born in Dubuque, Iowa, Oct. 15, 1876. He went to work as a clerk for the National German Ameracin Bank, St. Paul, Minn., after finishing high school. After working up to a place as assistant to the president of that institution, he went to Armour & Company in Chicago as credit manager. He resigned from that position to become a national bank examiner. He started in his present position in 1911.

Mr. Coates became nationally prominent in 1919, just after the signing of the armistice, when Secretary of War, Newton D. Baker sent him as head of a commission to make an examination of the Philippine National Bank and a survey of those sections of China, Japan and other nearby countries that might affect the financial condition of the Philippines. The American Government intervened, upon receiving the report of Mr. Coates, and began the liquidation of the Philippine National Bank, found to have been wrecked by native management. He is a member of Union and Mayfield Country Clubs of Cleveland, of the Masonic Lodge and the Presbyterian Church. Mr. Coates is also prominent in Cleveland civic affairs. He is married and has one daughter.

# Trust Company Division Meeting

Evans Woollen Made President—Lucius Teter New Vice-president

**I**NSTEAD of a formal program of prepared addresses the meeting of the Trust Company Division, following the address of the president, included the more or less informal discussion of matters pertaining to fiduciary business. As President Smith stated, the purpose of the session was "to exchange views on practical subjects" and he urged that as many members participate in the discussion as possible. In addition to the general session of the division, arrangements were perfected so that after its adjournment those present might divide themselves into various groups for the practical discussion of problems with which they were most intimately concerned.

In his address President Smith spoke of the accomplishments of the Trust Company Division during the year and expressed his gratitude for the splendid co-operation which he had received from the executive committee and also from the various special committees. Like many of the other speakers at the convention, President Smith warned against the danger of political tampering with the Federal Reserve System and with banking affairs in general. He stated that if changes are to be made in the Federal Reserve System they should be made by practical bankers and not by politicians.

## SMITH FINDS PRESENT SITUATION SOUND

He expressed the opinion that the fundamental business situation of the nation was sound and stated that our domestic problems were those born of prosperity and not of adversity.

Evans Woollen, president Fletcher Savings and Trust Company, Indianapolis, Indiana, who is in charge of the annual Trust Company Division banquet, reported that the mid-winter New York conference this year would extend over a day and a half and would take place on the latter half of February 18,

and all of February 14. He stated that the banquet would be held on the evening of the 14th, at the Hotel Commodore.

Lucius Teter, president of the Chicago Trust Company and chairman of the executive committee of the Trust Company Division, reported on the various meetings and activities of that committee during the past year. He also offered the following resolution approved by the executive committee, which was carried by an unanimous vote:

WHEREAS, At the thirty-seventh annual convention of the American Bankers Association held in Chicago in the year 1918, as part of the consideration for the adoption of the constitution of the said association and in order to afford adequate representation to the different divisions of the association on its official staff, it was understood and agreed by representatives of all of the divisions that thereafter the office of second vice-president of the association should be filled every other year by a representative of the national banking associations, and in alternate years by representatives of the Trust Company Division, the Savings Bank Division and the State Bank Division successively, as suggested by such division; and

WHEREAS, The said agreement has met with the entire approval of all of the divisions of the said association for the past five years; now be it

RESOLVED, By this committee that we deem the observance of the agreement of vital importance to the unity and integrity of the American Bankers Association.

Secretary Mershon presented a brief report of the activities of the secretary's office during the past year.

## REPORT OF COMMITTEE ON LEGISLATION

John C. Mechem, vice-president of the First Trust and Savings Bank of Chicago, reported on the activities of the committee on legislation, of which Henry M. Campbell, chairman of the board Union Trust Company of Detroit, is the chairman. Mr. Mechem told of the efforts made by the legislative committee to secure a more favor-

*“Do unto others as you  
would that others do  
unto you”*



FACILITIES sufficient to meet every  
financial or fiduciary need.

ORGANIZATION adequate to  
cover tributary territory.

*PLUS—*

A DESIRE to handle our customers'  
business as we would have them  
handle ours.

**The Omaha National Bank**  
**The Omaha Trust Company**

WALTER W. HEAD, *President*

able construction or an amendment to section 226 of the Revenue Act. He stated that after repeated unsuccessful attempts to get the Treasury Department to reverse their ruling on this section, it was decided that the only way to test the regularity of this regulation was by a test case before the court. After an examination of the situation, it was decided that the best test case under all circumstances was a case which the Bankers Trust Company of New York then had pending.

The proceeding was held in the District Court of the United States for the Southern District of New York. A brief on behalf of the Bankers Trust Company was filed and by leave of the court, Henry M. Campbell, chairman of the legislative committee and representing the trust company division of the American Bankers Association, filed a very able brief on the same question.

The point which was raised in both briefs was that the interpretation which the department had put upon the statute was incorrect and that if that interpretation was correct, the statute was unconstitutional.

The matter came to a decision last August and Judge Goddard presiding in the District Court held against the contention of the trust company in both cases. The necessary steps have been taken to effect an appeal and everything possible will be done to carry the matter through to a successful conclusion.

Nathan D. Prince, vice-president of the Hartford-Connecticut Trust Company of Hartford, Conn., chairman of the committee on protective laws, outlined in a graphic manner the exhaustive work being done by this committee in watching state legislatures all over the country and in fighting all legislation affecting adversely the interests of trust companies. He stated that as only some six state legislatures will be in session this coming year, the work of this committee will be measurably lighter than last.



**EVANS WOOLLEN**

President Trust Company Division ;  
president Fletcher Savings and Trust Company,  
Indianapolis

#### SISSON REPORTS ON EDUCATIONAL WORK

Francis H. Sisson, vice-president of the Guaranty Trust Company of New York and chairman of the committee on publicity, reported on the work of this committee in carrying on its educational campaign to familiarize the public with the services performed by trust companies. He stated:

In 1921 we had 600 subscribers who contributed \$65,000 to the campaign. That was based upon an assessment of .001 per cent. of the combined capital, surplus and undivided profits of the subscribing companies. In 1922, we had 380 subscribers who contributed \$45,000. There was an average subscription rate of \$25 minimum and \$2000 maximum. During the past year we have had 400 subscribers, who have contributed about \$47,000 on a maximum of \$2000 and a minimum of \$25.

It is the plan of our committee, as recommended to the executive committee this morning and approved by them, to solicit

subscriptions on the basis of \$25 minimum and \$1000 maximum, in the hope that we will be able by such a schedule to bring in a very much larger representation of the 1900 odd trust companies to whom our message is directed.

I am glad to say that we have already, even at this early date, secured subscriptions from 220 trust companies for next year's campaign, and the prospect of making it even more successful than that of the previous year is certainly good.

I am not going into the details of either the finances or the mediums which we have used. That is pretty clearly explained to you by these bulletin boards. Of the \$47,000 which we hope to have received by the end of this year, we have already spent \$32,000, and the balance remains yet to be spent during the latter months of the year.

We have received over 11,000 inquiries concerning trust service through the medium of this advertising. We have distributed hundreds of thousands of leaflets and pamphlets, samples of which you will see upon the boards, and we have distributed our monthly bulletin effectively to the subscribing companies in a constantly increasing volume and with constantly increasing results to them.

Mr. Sisson also reviewed briefly some of his impressions of the European situation gathered from his two months' visit abroad this summer.

#### REPORT ON COMMUNITY TRUSTS

Frank J. Parsons, vice-president of the United States Mortgage and Trust Company of New York, chairman of the committee on community trusts, reported that there were some forty-four community trusts in the country. Of these, some twenty-two are known to have received gifts under wills, living trusts or in cash. Ten of these trusts have appointed their committees of distribution and are doing active work. Eight of them are already distributing incomes, and in the case of five of them, known gifts have been received in excess of a million dollars.

Mr. Parsons told what his committee had been doing in disseminating information and statistics about community trusts and in helping to promote public interest and understanding of this form of charity. He urged the im-

portance of placing able and broad-gauged men at the head of the community trusts.

William S. Miller, vice-president of the Northern Trust Company of Chicago and chairman of the committee on co-operation with the bar, told of the reasons which led to the appointment of this committee and told what had been accomplished in bringing lawyers and trust companies to a better realization of the fact that their interests do not and should not conflict. He stated that trust companies should concern themselves entirely with the business administration of an estate and leave the legal function entirely to the lawyer.

A. V. Morton, vice-president of the Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, told of the work of the committee on the standardization of charges and what it had accomplished in bringing about a more uniform scale of charges for fiduciary services.

P. S. Kingsbury, personnel manager of the Cleveland Trust Company, told of the investigations that were being made by the committee on staff relations to obtain information and experience on such problems as the cost of replacement of employees in trust companies, the comparative value of high school and college graduates, attitude in dealing with employees, measuring service and determining the comparative value of employees, training employees and fitting them into their proper position.

L. H. Roseberry, vice-president of the Security Trust and Savings Company of Los Angeles and Chairman of the committee on research reported on the activities of this committee in compiling data of interest to trust company officials. He urged trust companies with their own individual research departments to pool their resources.

Thomas C. Hennings, vice-president of the Mercantile Trust Company of St. Louis, as chairman of the committee on insurance trusts explained the various kinds of insurance trusts and emphasized the importance of co-operation

with life insurance agents in developing this type of business. He stated that the committee was intending to prepare some bulletins covering this type of service, containing suggested forms and also suggestions as to advertising.

William P. Giblin, president of the Lincoln Safe Deposit Company of New York City, offered some very informing remarks on the legal aspect of safe deposit operation. He urged the organization of local safe deposit associations to hold frequent meetings for the discussion of mutual problems.

#### ELECTION OF OFFICERS

The report of the nominating committee was accepted and the following officers were elected for the coming year:

President, Evans Woollen, president Fletcher Savings and Trust Company, Indianapolis; vice-president, Lucius

Teter, president Chicago Trust Company, Chicago; members of the executive committee for three years, J. N. Babcock, vice-president Equitable Trust Company, New York; John B. Lerner, president Washington Loan and Trust Company, Washington, D. C.; W. S. McLucas, president Commerce Trust Company, Kansas City; Frank P. Kenison, vice-president Ohio Savings Bank and Trust Company, Toledo; A. C. Robinson, president People's Savings and Trust Company, Pittsburgh.

Evans Woollen, the new president, was born in Indianapolis on November 28, 1864. After finishing in the public schools of that city, he went through Yale, from which university he was graduated in 1886. Mr. Woollen was married on June 9, 1896 to Miss Nancy Baker. They have one child. Mr. Woolen is a director in the Monon Railroad Company.

## The Savings Bank Division Meeting

Morehouse Presents A. B. A. Newspaper Advertising Service Plan. Interesting Addresses on School Savings and Industrial Savings Banking

ONE of the interesting features of the meeting of the Savings Bank Division of the American Bankers Association was the disclosure by W. R. Morehouse, vice-president of the Security Trust and Savings Bank, Los Angeles, California, of a newspaper advertising service plan conducted by the association and available to its members. In the course of his address, "Newspaper Advertising for Savings Deposits", Mr. Morehouse, as chairman of the committee on bank facilities, outlined the plan which the service follows.

The service consists of one advertisement a week for a year, sixty advertisements in all being furnished. With the advertisements are furnished four borders. The total charge for the service

is \$10 a year. In order to prevent a duplication of the service in the same locality, where more than one bank in the same city orders the service, the bank which is first to order will get the service. Should there be a large number of cases where more than one bank in the same city orders the service, the association has under consideration the publication of several series of advertisements differing from each other except as to size, in which case the first bank to order would receive Series A, the second bank to order Series B, and so on.

#### WALLACE LAUDS SCHOOL SAVINGS

Thomas F. Wallace, treasurer Farmers and Mechanics Savings Bank,



## *An International Force*

**F**OR OVER fifty years The Royal Bank of Canada has followed a careful yet progressive banking policy which has placed it amongst the most powerful banks in the world.

Its customers and correspondents have the security of the sound business management, mature experience and financial strength of an institution world wide in its influence.

The intimate knowledge of conditions gained through our Southern and Foreign connections enables us to offer exceptional service as your correspondent, and private wires connecting our New York, Montreal, Toronto and Havana offices greatly facilitate the conduct of important transactions.

# THE ROYAL BANK OF CANADA

*370 Branches in Canada*

*110 Branches Abroad*

**HEAD OFFICE, MONTREAL**

**New York    Havana    Buenos Aires    London**  
**Barcelona    Paris    Rio de Janeiro**

Minneapolis, Minnesota, speaking on "School Savings Banking" said that "if we as bankers demand on the part of educators due recognition of the importance of thrift education in connection with school savings banks, it is certainly incumbent on us to maintain equally high ideals in connection with our management and control of the practical side of school savings, namely, the collection, safe-keeping and scrupulously correct accounting for of all sums deposited with us through such channels.

"This, in my opinion, can never be accomplished if the bank or banks in any community selected to operate school savings seek to derive commercial profit from such deposits or strive to make what should always be a child's school savings account and nothing else, a convenient depository for the family savings." He went on:

The moment that you introduce the goal of commercial gain into school savings in the place of the education of the child you have departed from the ideals of its founders and well wishers and endangered the entire edifice. This is a very real danger and one which the rivalry of various companies and agencies organized for the purpose of installing certain special systems and selling certain equipment in connection with school savings is making more acute each year because of the emphasis which they lay on this purely commercial side of school savings.

In every case, then, even when the plan is officially endorsed by the educational authorities, the depository bank must help to inspire the teacher and scholars alike. Any banker or any educator who believes that a school savings banking system can be operated successfully or permanently without constant personal stimulation by some one who is so interested that they find pleasure in details and drudgery which would otherwise be annoying, is woefully mistaken.

One other point I wish to stress and that is that more efficient operation and better supervision result when one bank in a city assumes entire charge rather than where a number jointly attempt the task. Certainly this is true where one bank has assumed the responsibility and financial burden of the early years of operation and has already achieved a reasonable degree of success in carrying on the work.

School savings are now operated in connection with our public schools in more than



CHARLES H. DEPPE

President Savings Bank Division;  
vice-president Union Trust Company, Cincinnati

489 towns and cities in the United States, operated in 6884 buildings, and the school children now have on deposit through the medium of this agency more than \$9,600,000.

A large part of the credit for developing and sustaining this vast work at a very reasonable outlay for which there has been no direct compensating gain, belongs to the banks, and especially the savings banks of this country, and the tremendous increase in savings deposits during the past ten years in this country is undoubtedly in considerable part due to the principles of thrift inculcated in the minds of the children while they were yet young through our school savings banking. The realization that if thrift is to increase among our people we must devote our chief attention to the child rather than the adult is now becoming general.

#### SMITH SPEAKS ON INDUSTRIAL SAVINGS

Speaking on the subject of "Industrial Savings Banking", Allard Smith, vice-president the Union Trust Company, Cleveland, outlined a plan known as "The Save at the Shop Plan", which his bank has been using since last



ALLARD SMITH

Vice-president Union Trust Company, Cleveland

March with a high degree of success. This plan, which was described in detail in an article in the July issue of *THE BANKERS MAGAZINE*, is one form of deduction from the payroll, but not a deduction in the sense that the company takes a portion of the employee's money. The workmen control entirely the amount saved, and have their own bankbooks.

The bank uses the following methods in merchandising the plan: First the management of the plant has to be sold, then the workers. When this has been done the plan is installed and put into operation. Every ninety days a resolicitation of the plant is made.

An analysis of the results of the plan, made last July in sixty factories shows, said Mr. Smith, that 51 per cent. of the people talked to are availing themselves of the plan. "A study of the savings habits of this same group", continued the speaker, "showed an average deposit of \$6.03 per man per month. The same analysis showed that on an average, these workmen made nineteen deposits during the course of a year. On the basis of payment every other week, which is the usual plan, this would mean

that these men on an average, stuck to their original savings plan nineteen times out of a possible twenty-six, which indicates a very regular and consistent saving. The amount saved by the average workman has increased from an average of \$5.81 per month to \$6.03."

## RESOLUTIONS ADOPTED

The following resolutions were adopted by the Savings Bank Division:

**RESOLVED**, That institutions receiving savings deposits should be under the jurisdiction and supervision of banking departments with proper uniform rules and regulations, and such deposits should be invested in securities of unquestionable value and safety;

**RESOLVED**, That this division will continue its active co-operation with other established agencies, such as blue sky commissions, better business bureaus and commissions, and the Investment Bankers Association, in an effort to stamp out the sale of fraudulent securities;

**RESOLVED**, That we note with gratification both the increase in the number of pupils who are participating in school savings banking systems and the growing disposition on the part of educators and teachers to regard school savings banking as a definite and an important item in school curricula;

**RESOLVED**, That we commend the action of the executive committee of this division in placing before our membership a definite plan of industrial savings banking.

## ELECTION OF OFFICERS

The following officers of the Savings Bank Division were elected:

President—Charles H. Deppe, vice-president Union Trust Company, Cincinnati; vice-president—Alvin P. Howard, vice-president Hibernia Bank and Trust Company, New Orleans; executive committee (3-year term)—John H. Dexter, president Society of Savings, Cleveland, Ohio; Charles J. Obermayer, president Greater New York Savings Bank, New York; executive committee (1-year term)—Kent M. Andrew, cashier LaPorte Savings Bank, LaPorte, Indiana; Charles A. Taylor, president Wilmington Savings and Trust Company, Wilmington, N. C.

Mr. Deppe was born March 4, 1876, at Covington, Kentucky and went into

the banking business after he had completed his courses in the public schools of his home city. He remained with Seasongood and Mayer, a private bank in Cincinnati, with whom he began his career, until 1908, when he took a place with the Union Savings Bank and Trust Company of that city. After serving there until 1908, he went to Chicago as

vice-president of McCoy & Company, an investment and banking house. He returned to Cincinnati four years later and entered private business, but later returned to the Union Savings Bank and Trust Company as vice-president. The name of the institution recently was changed to the Union Trust Company. Mr. Deppe is unmarried.

## State Secretaries Section

**T**HE proceedings of the State Secretaries Section which were held on the afternoon of September 25 were informal and no set speeches were arranged for. Officers were elected as follows: President—Mrs. Helen M. Brown of Michigan; first vice-president—W. F. Augustine of Virginia; second vice-president—E. P. Gum of Oklahoma; secretary-treasurer—M. A. Graettinger of Illinois; board of control—Mrs. H. M. Brown, W. F. Augustine, C. F. Zimmerman, George B. Power and Morris Goldwater.

Reports were received from the various committees, after which a round table discussion was held on subjects of interest to the different secretaries. Considerable interest was expressed in the work now being done by the Missouri Bankers Association in the analysis of bank accounts. W. F. Keyser outlined what this association had been doing in this connection as follows:

I think this committee possibly is about four years old, if I recall correctly. The committee was thought of from the fact that it was realized, as Mr. Augustine has just said, that country banks in particular have no idea in most instances whether or not their accounts are paying. They get an idea that because possibly a customer has a ledger balance of \$1000 that it is a profitable account, but they don't take into consideration various other things that enter into that.

On that committee was Dal Graham, of St. Louis, and the success of that committee is due very largely to Mr. Graham's efforts.

In the last year, that committee has issued suggested forms on which country banks can analyze their accounts. The committee realized, of course, that it wasn't suf-



MRS. H. M. BROWN  
President State Secretaries Section

ficient simply to suggest that the country banks analyze their accounts and see whether or not they were profitable, but they should have some suggestions as to



STEPHEN I. MILLER, JR.

National educational director American Institute of Banking



E. V. KRICK

President American Institute of Banking Section ;  
assistant vice-president Mercantile Trust Company,  
San Francisco

the kind of forms they should use, so those forms were sent out.

The committee has issued two pamphlets, the first entitled, "All is not gold that glitters". As you would probably infer, the committee went on to describe how the accounts that would seem to be profitable are often actually a loss to the bank. The second pamphlet was entitled, "Martin's Bank Account". That pamphlet has gained considerable comment all over the United States. I think we have gotten letters from every state in the Union on that pamphlet. I believe I sent a copy of it to every secretary.

The committee is now working on a little different line to ascertain what banks are doing in the way of charging for accounts that range below a certain average.

Just recently we have—I say "we" because the work itself is done in the secretary's office, but the idea originated elsewhere—written to one bank in each town in the United States where the total capital stock of the banks in the town is as much

as \$10,000,000. We are trying to find out what the banks in those towns are doing in the way of charging for accounts that range below a certain average. We hope to be able to give out those figures before very long, and I should be glad to send them to the secretaries of the different associations.

There has been a good deal of work attached to it, but we find we are accomplishing some good. We find in our state that some of the banks are analyzing their accounts to their astonishment, and I am satisfied that as this work continues, the country banker will be educated up to the point of ascertaining whether or not certain accounts they are now carrying are really profitable.

The secretaries also discussed protective matters and exchanged information on the work now being done by the various state associations in protecting their members from the operations of crooks and yeggmen.

# The State Bank Division Meeting

Williams Outlines Advantages of Co-operative Farm Marketing.

Wolcott Discusses Standard State Banking.

Phillips Made New President

**T**HE subject of "Co-operative Farm Marketing", a matter of particular interest to the state banker, who comes in such close touch with the farmer and his marketing methods, was presented in a most able fashion by Carl Williams, president of the American Cotton Growers Association, and editor of the Oklahoma Farmer-Stockman, in his address at the meeting of the State Bank Division. Mr. Williams said that "the mental attitude of the American farmer has come out of his own recognition of a real economic agricultural evil". This evil came, the speaker added, in the form of a situation, dating from the deflation period, in which farm prices dropped below the level that they should occupy, while no other prices dropped proportionately, thus leaving a disproportionate commercial ratio.

"America's crop values", said Mr. Williams, "average more than \$8,000,000,000 a year and the banks finance the production of most of it. They furnish the farmer with money with which to buy his seed and feed and even the food for his family during the four to nine months period between the planting of the crop and its harvest and sale." He continued:

In the cotton south and in the tobacco districts only 12 per cent. of the farmers are sufficiently well-to-do that they can finance their own crop raising. For cotton production alone bankers annually advance more than \$650,000,000 of their depositors' and stockholders' money.

The banker has been especially concerned within the last two or three years over the evil effects of deflation on the American farmer. This evil exists not because deflation occurred in crop prices but because it occurred in practically nothing else, so that the ratio of crop values to commodity values has been consistently out of proportion. The farmer receives a dollar for a specified amount of his crop, but when he takes that

dollar to the store he finds that it has shrunk in value to about 70 cents and that his buying power can not be compared with that prevailing even ten years ago.

Farmers and students of economics unite in the belief that this is what is the matter with agriculture. It is one agricultural problem, true; but it is not the fundamental one.

The fundamental problem is the fact that the individual system under which agriculture has been organized and under which crops have been marketed has always been such that on an average the only profits earned by farmers above a bare living have accrued from increased values of land.

## FARMER LEARNS GROUP MERCHANDISING

No individual farmer, said the speaker, can remedy the situation. They have learned, he continued, that they can avoid the evils of dumping, and that they have the ability to merchandise their crops just as successfully as any city group merchandises its product. Co-operating farmers have substituted merchandising for dumping, which simply means that they control the movement of farm crops so that the crops go into the markets of the world at such times, and in such quantities that they are fully absorbed at prices that are fair under given commercial conditions.

"This is the one fundamental aim", added Mr. Williams, "of the modern co-operative marketing association. The aim is not arbitrary fixation of price on an artificial basis. The aim is purely to apply to the great industry of agriculture those principles of business which have been approved in every other type of manufacturing, production and distribution, and which are in use in the best and largest corporations in practically every country."

Expert management, declared Mr. Williams, is vital to the success of a co-operative marketing association. He cited the following five fundamentals

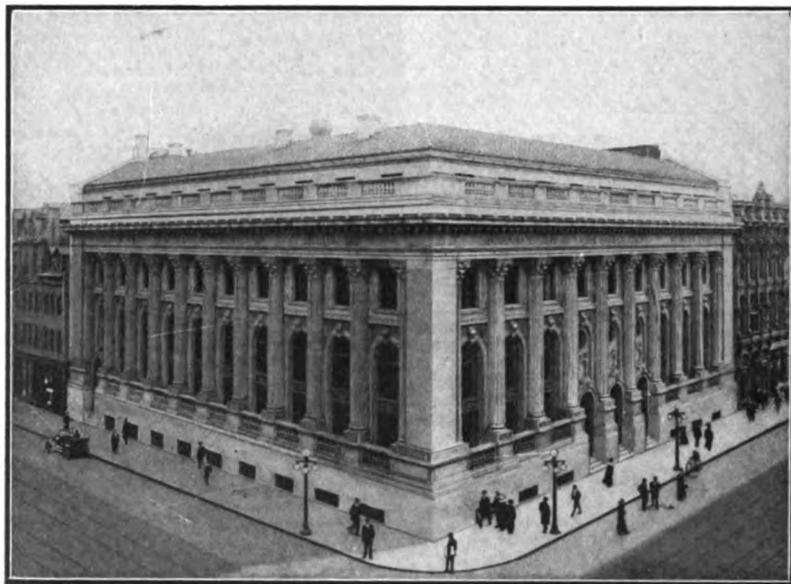
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on which the modern commodity marketing movement stands: (1) Organizing by commodity. (2) The employment of experts. (3) Growers only as members, so that there will be no divided interests. (4) An iron-clad contract under which members must deliver all their product for a term of years, so that the association may have an assurance of a specific volume of business. (5) An internal pooling arrangement whereby every member gets the same price for the same quality and grade of product, regardless of the time of delivery or of sale. Seven Supreme Courts, the speaker said, have passed favorably on the legality of these principles, and they are specifically authorized by the statutes of twenty-nine states.

#### MEANS A NEW STANDARD OF LIVING

"The whole co-operative movement", said Mr. Williams, "means more than dollars and cents. It means a new standard of living on American farms. No farmer can have many of the comforts of civilization when the profits from an entire acre of wheat for one year will barely equal the wage of a bricklayer for one day." He added:

This modern marketing movement means in the last analysis more home comforts for wives and children, better schools and a more useful education for boys and girls, better churches and opportunity to attend them for the whole family. All of these things means a higher standard of civilization on farms and a clearer understanding on the part of farmers of the problems of the other fellow, fewer fool notions about the Government in the mind of the farmer himself, and a constantly increasing knowledge of public problems and of the way in which they must be solved, on the part of the whole agricultural public.

Co-operating farmers are not as a rule radical farmers. They are not as a rule believers in Government ownership. They are not as a rule to be found on the housetops shouting for Government control of the prices of farm products. They come into close contact with the economics of business in their own business operations, and they are as fully convinced as you or I that Governmental price-fixing opens the way to an infinite number of other subsidies, that it



J. D. PHILLIPS

President State Bank Division;  
 president Sapulpa State Bank, Sapulpa, Oklahoma

is against the fundamental interests of the farmers themselves because it tends to over-production, that in the long run it fattens the pocket of the speculator and not the farmer, that it increases the burden on the public treasury, that it means higher taxes and their consequences and that it adds to the general cost of living.

Co-operation not only results in more prosperous banking, but in a mental relationship between banker and customer that is eminently satisfactory to both. The country banker is the farmer's best friend. Throughout all America, wherever these co-operative associations have come into being on a broad scale, the banker has almost universally shown that friendship by working side by side with the farmers for the solution of their common problem of farm prosperity. The co-operatives themselves feel decidedly grateful for this friendship.

#### SHOULD MAKE STATE BANK LAWS UNIFORM

Speaking on the subject of "Standard State Banking", Hon. E. H. Wolcott, Bank Commissioner of Indiana, mentioned the fact that the American Bank-

ers Association had gone on record for uniform laws which could apply to all banking institutions, and urged the association to further assist the various states in passing uniform laws applicable to state institutions.

"Formerly national banks, and various state institutions, such as discount and deposit or state banks, loan and trust companies, and private banks", said Mr. Wolcott, "operated along different lines." Each had distinctive features, said the speaker. The national banks had circulation privileges, but formerly had no trust powers and were limited as to savings deposits. State institutions have no circulation rights but have broader powers in the ways of loans and investments. However, continued Mr. Wolcott, with the enlarged fields of endeavor through new laws granting new privileges the difference between national and state institutions has been practically removed. The speaker went on to say:

In Indiana, we have different laws applicable to each variety of banking institutions operating under our law, namely, private banks, loan and trust companies, state banks and savings banks. The first three can practically do the same kinds of business. In many other states these institutions operate under one and the same laws; in others there is wide variation, but conditions in all states are practically the same so that some uniform law can be drawn that would apply to all banks of like character and activities in all states.

Back of all these laws regulating or governing banking operations, whatever they may be, there are certain other requirements such as experience has deemed advisable for good banking. The laws regulating banking operations are but the mile-posts on the way to success. Between these the road may be straight or devious. The eyes may grow careless and lose sight of the proven path; carried away by the desire to make a "big showing," buying deposits through granting unwise credits, or influenced by the expediency of certain transactions when good judgment is opposed. Every banker should have on his desk the motto, "When in doubt—Don't!" Personal interest in propositions presented often blinds the vision, and prevents a careful consideration of the matter involved.

## RESOLUTIONS ADOPTED

The following resolutions, offered by the committee on resolutions, were unanimously adopted by the division:

**RESOLVED**, That we reaffirm our faith in the wisdom of orderly marketing of crops and in the efficacy of the co-operative marketing idea; provided, however, that organizations employing this idea are conducted on sound economic principles.

We believe that the ultimate success of any such organization will be great or small, depending upon the sound business judgment of the men who control its affairs, and the complete divorce of any element of speculation.

**WHEREAS**, As state bankers we are vitally interested that the highest efficiency be maintained in the office of all state banking supervisors and commissioners, therefore be it

**RESOLVED**, That we favor:

1. The divorce of bank supervision from all other functions of state government to the end that commissioners and banking superintendents may devote their entire attention to the administration of banking affairs and bank examination.

2. That the tenure of office of banking superintendents be made more certain and lasting and not subject to political change.

3. That sufficient compensation be paid to attract men of the best ability.

4. That men for the examination service be chosen who have had a practical banking knowledge, preferably from actual banking experience.

**WHEREAS**, A joint committee has been appointed by Congress under the chairmanship of Congressman McFadden of Pennsylvania, to investigate the reasons underlying the fact that more state banks are not joining the Federal Reserve System and

**WHEREAS**, The State Bank Division approves the fundamental principles upon which the system is based, fully appreciates its proved effectiveness as a splendid stabilizing influence in maintaining the financial integrity of our country, and desires to render any assistance possible in curing existing defects to the end that its facilities may be made more widely available and

**WHEREAS**, In this division, comprising approximately 12,000 state-chartered institutions, there are more banks which are not now members of the system than in any other division, therefore be it

**RESOLVED**, That a special committee of five members be appointed by the president of the division to assist in compiling the information sought on this subject with authority to present the data obtained to the

committee of Congress referred to, at a special hearing if deemed advisable.

WHEREAS, The State Bank Division since its organization at Kansas City in 1916 has been served as secretary and deputy manager by George E. Allen, and

WHEREAS, After twenty-three years of continuous connection with the American Bankers Association he is retiring from active service to become an observer instead of a participant, carrying with him the well deserved respect and good will of our members, and the sincere friendship and affection of those who have been closely associated with him, the rich benefits of which heritage and the consciousness of duty well done should be to him most precious; therefore be it

RESOLVED, That we, the members of this division, who have enjoyed his conscientious labor, his marked sagacity, his entire devotion, part with him with great regret, and wish him the best that life can hold for one who so well deserves it; and be it further

RESOLVED, That this preamble and resolution be spread upon our minutes and that an engrossed copy be prepared, signed by the officers and presented to Mr. Allen.

#### NEW OFFICERS

The following were elected officers of the State Bank Division for the ensuing year:

President—J. D. Phillips, president Green Valley Bank, Green Valley, Illinois; vice-president—W. C. Gordon, president Farmers Savings Bank, Marshall, Missouri; member of executive committee for the unexpired term of William P. Sharer, deceased—Guy E. Bowerman, president Arlington Heights State Bank, Los Angeles, California; three year term—C. S. McCain, vice-president Bankers Trust Company, Little Rock, Arkansas; M. H. Malett, president Citizens Bank, Abilene, Kansas.

J. D. Phillips, the new president of the State Bank Division, was born April 7, 1870 at Green Valley, Ill., on the homestead settled by his grandparents, pioneers of that community. He still resides there, tilling the soil of a 1500 acre farm as well as serving as president of the Green Valley Bank. After finishing high school in Delavan, Ill., Mr. Phillips attended business college in Chicago. He entered the private banking business in his home town in 1900 and in 1916 incorporated his bank under a state charter. He is married and has two children.

## National Bank Division Meeting

Newcomer Advocates Repeal of the Prohibition Amendment.  
Preston Made New President of Division

**I**N the president's address at the meeting of the National Bank Division, Waldo Newcomer, president of the National Exchange Bank, Baltimore, made a vigorous attack on the prohibition amendment, declaring that the Constitution of the United States was never intended to be a code of criminal law, but to lay down the respective rights of the National and State Governments.

"The serious danger of introducing this present question into the Constitution", said Mr. Newcomer, "means that there is nothing to prevent their going

ahead with further amendments covering all the different crimes and misdemeanors and turning the Constitution into a code of criminal law, and there was no reason for putting it in in this case except that the advocates wanted to fix things in such a way that it should be practically impossible to repeal, even though it should turn out to be most undesirable." He added:

One of the greatest evils of the present day is the enormous number of laws being passed and it has been charged there is a deliberate Bolshevik influence at work to increase the number of laws so as to have



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**WALDO NEWCOMER**  
Retiring president National Bank Division;  
president National Exchange Bank, Baltimore

them so numerous they cannot possibly be enforced.

Whether or not there is any truth in this charge the fact remains that the tendency to regulate everything by law does have the effect of making the code so cumbersome that nobody can keep up with it and know whether the things they are doing are legal or illegal, and it does have the effect of making people more contemptuous of law itself.

Every session of Congress puts out thousands of new laws, every state legislature adds an unconscionable number of state laws and the municipalities are constantly passing ordinances. I understand that the New York City police force, if conscientiously determined to look out for violations of all ordinances, would be compelled to be familiar with 16,000 laws.

It would seem that the essentials for order and conduct of the country have been so well covered by this time that surely very few additional laws should be necessary and it is hoped this grist mill of Congress can be reduced to a production basis of 40 per cent. of its capacity.

Without the slightest concern as to whether any one of you approve or disap-

prove of prohibition, and without expression of any opinion on its merits, I submit that the introduction of this into the Constitution of the United States was a serious blunder which should be undone by repeal.

#### TOUCHES ON ESCH-CUMMINS BILL

Mr. Newcomer said he believed it would be inadvisable for Congress to tinker with the Esch-Cummins railroad bill at this time. If, however, as is strongly intimated, Congress is determined to change essential parts of the measure, he believed strong pressure would be brought to bear to prevent "such a catastrophe".

Touching on labor, Mr. Newcomer said he believed in collective bargaining and the right of workers to strike, but "where such action interferes with the rights of the public, fair notice should be given and in no case should there be any opposition to their places being filled. This unquestionably is an en-



**A. E. DUNCAN**

Chairman of board Commercial Credit Company,  
Baltimore

dorsement of the open shop". He added, "I think every laborer, should he prefer not to join the union, should be free from any coercion and have an absolute right to work without its benefits, if he prefers to do so".

A. E. Duncan, chairman of the board of the Commercial Credit Company, of Baltimore, talked on "Receivable Companies". Mr. Duncan devoted the larger part of his address to a detailed discussion of the rediscounting of automobile paper. He declared it to be his conviction that the point of saturation in the automobile business is still a long way off, and pointed out that the larger number of cars purchased are used wholly or in part for business purposes and as such have increased the business of the purchaser.

#### DIVISION COMMENDS FEDERAL RESERVE

The division adopted the following important resolution commending the

Federal Reserve System and reaffirming the division's confidence in the system:

WHEREAS, The Federal Reserve System has repeatedly demonstrated its effectiveness in the mobilization of banking and credit resources and in the stabilization of finance, and;

WHEREAS, We recognize the value of constructive criticism, though we view with alarm the unwarranted assaults made upon it, now therefore, be it

RESOLVED, That the National Bank Division of the American Bankers Association reaffirms its confidence in the Federal Reserve System, and pledges its aid in the struggle to repel the attacks of those who, through lack of understanding or a perverted sense of public duty, seek to destroy its effectiveness.

#### URGE NATIONAL BANK ACT AMENDMENT

The division also adopted a resolution urging an amendment to the National Bank Act permitting national banks to own stock in safe deposit companies in those states which permit state banks and trust companies to own such stock.

#### PRESTON ELECTED PRESIDENT OF DIVISION

Thomas R. Preston, president Hamilton National Bank, Chattanooga, Tenn., was elected the new president of the National Bank Division. Mr. Preston was born on a farm near Woodbury, Tenn., November 29, 1868, and after graduating from Woodbury Academy taught school for a number of years. During vacation periods he studied law in the office of an attorney, who also was president of the Bank of Woodbury. Mr. Preston became so interested in the banking business that he gave up the study of law and worked in the bank six months without pay. His first salaried position in a bank was with the Traders National Bank of Tullahoma, Tenn. From that place he moved to Chattanooga and became associated with the Chattanooga Savings Bank, being made cashier one year later. In 1905, Mr. Preston and his brother, C. M. Preston, founded the Hamilton National Bank in Chattanooga.

Mr. Preston has twice been a candi-

date for the Democratic nomination as governor of Tennessee. He attended the Democratic National Conventions in St. Louis and San Francisco as a national committeeman from his state.

During the war, he was director of the Tennessee Agricultural Loan Agency of the War Finance Corporation. He married Miss Robert Clift, daughter of Major M. H. Clift, of Chattanooga.

## Bank Women in First General Convention

Welcomed by President Puelicher

By KEY CAMMACK

**A**T the close of the banquet given by the Association of Bank Women in the Venetian Salon of the Hotel Ambassador, Atlantic City, on September 26, John H. Puelicher, president of the American Bankers Association, made an impromptu appearance, congratulating the association upon the careers open to its members, and encouraging them to the performance of their self-set standards. His welcome brought applause, and additional remarks on the valuable economic education acquired in banking received profound attention. "Eighty per cent. of those entering school leave before the eighth grade is reached", said Mr. Puelicher, "10 per cent. before high school is completed, and of the remaining 10 per cent. only 2 per cent. learn anything of economics, as colleges have made it an elective study. Sound economics not only govern good banking, but are the foundation of it. None can achieve in banking any executive position without gaining considerable knowledge of that vital subject. Such knowledge" continued Mr. Puelicher, "carried into the homes could not fail to benefit, and in those cases where marriage withdrew women from banking they would demonstrate in home keeping and civic life the advantages of their former banking contacts".

Mrs. William Laimbeer, assistant secretary of the United States Mortgage and Trust Company, New York, presiding in the absence of the association's president, Miss Virginia D. H.

Furman, assistant secretary of the Irving Bank-Columbia Trust Company, New York, then introduced Miss Lucile



MISS VIRGINIA D. H. FURMAN  
President Association of Bank Women;  
assistant secretary Irving Bank-Columbia Trust  
Company, New York

Aitchieson, Secretary of Embassies, from the State Department, Washington, who in the course of her talk on "Women in Banking", stressed the in-

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**MRS. WM. LAIMBEER**  
 Vice-president Association of Bank Women ;  
 assistant secretary United States Mortgage and  
 Trust Company, New York



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**MISS JEAN A. REID**  
 Treasurer Association of Bank Women ;  
 Manager women's department Bankers Trust  
 Company, New York

teresting fact that women were now successfully represented in each rank of banking life, from manager of women's departments through assistant officers to treasurer, director, vice-president and even president. "This absence of restriction", said Miss Aitchieson, "is peculiarly interesting in view of 'the corners' allotted women in many other fields. Highly privileged as you are you are equally highly obligated. One of your chief services to my mind will be educating other women along the lines of sound investment. Of earning they have fair knowledge, and circumstances incite to the necessity of saving, but on investment they are ill informed."

"The status of European Women Under Present Economic Conditions" was pungently phrased by Miss Mary B. Reeves, late secretary of the National Mutual Savings Bank Association, just returned from a European survey of somewhat similar institutions. Like

those masculine speakers of the American Bankers Association upon kindred subjects, Miss Reeves concluded with hearty thankfulness that her lot was in America.

Forty-three members of the Association of Bank Women attended the convention. The full membership is ninety-eight, and a conservative estimate would indicate that it will be doubled shortly since the association, though young, is national in scope and spirit, and each week brings word either of some recently created woman officer, or of one heretofore without knowledge of the association.

Many out-of-town bankers, notified from the platform of the American Bankers Association by Leroy Mershon, executive secretary of the Trust Company Division, of the presence and purpose of the bank women's convention, called at their committee room in Haddon Hall and interrogated officers of the association concerning qualifications for

membership, some saying that in their organizations there were already eligible women, others, that they proposed having eligible women installed upon their return.

One of the many interesting features of the convention was a regional "Clearing House" so to speak, under direction of Miss Jean A. Reid, manager of the women's department, Bankers Trust Company, New York, at which each vice-president of the association called upon certain members of her district to

speak. In this manner banking activities from Nebraska to Tennessee, from Massachusetts to Missouri, were noted and compared.

The buffet luncheon on the final day was followed by a review of the past short history of the association and a forecast of its future, succeeded by a lively open forum presided over by Miss Mina M. Bruere, secretary of the association and assistant secretary of the Central Union Trust Company, New York.



## The Entertainment Program

**A** WELL rounded program of entertainment was provided for the delegates and guests to occupy the time when they were not attending the regular sessions of the convention. The provision of special entertainment at

Atlantic City, however, is somewhat like "bringing coals to Newcastle", because one has only to promenade on the boardwalk to be entertained.

Monday afternoon there was a yachting party for the ladies, and on Tues-



● ATLANTIC FOTO SERVICE

Bankers and their wives leaving the Atlantic City Yacht Club on a sailing trip

day afternoon there was a reception at Haddon Hall, giving an opportunity for the ladies to meet the wives of the officers of the association. Tuesday evening a party was arranged for Steeplechase Pier, and all of the attractions of this pier were available to the guests of the association.

Wednesday afternoon a drill of life guards was arranged for and in the evening there was a reception given to the officers and officers-elect of the association and their wives.

On Thursday evening there was a

grand ball on Young's Million Dollar Pier, with a bather's revue as one of the attractions. A subscription dinner was given Thursday evening by the National Alumni Association of the American Institute of Banking, and an all-day golf tournament was held on Friday with a golf subscription dinner and vaudeville in the evening at the Hotel Traymore.

Concerts were given every morning in the convention auditorium before the opening of the general sessions.



## Record of Past Conventions

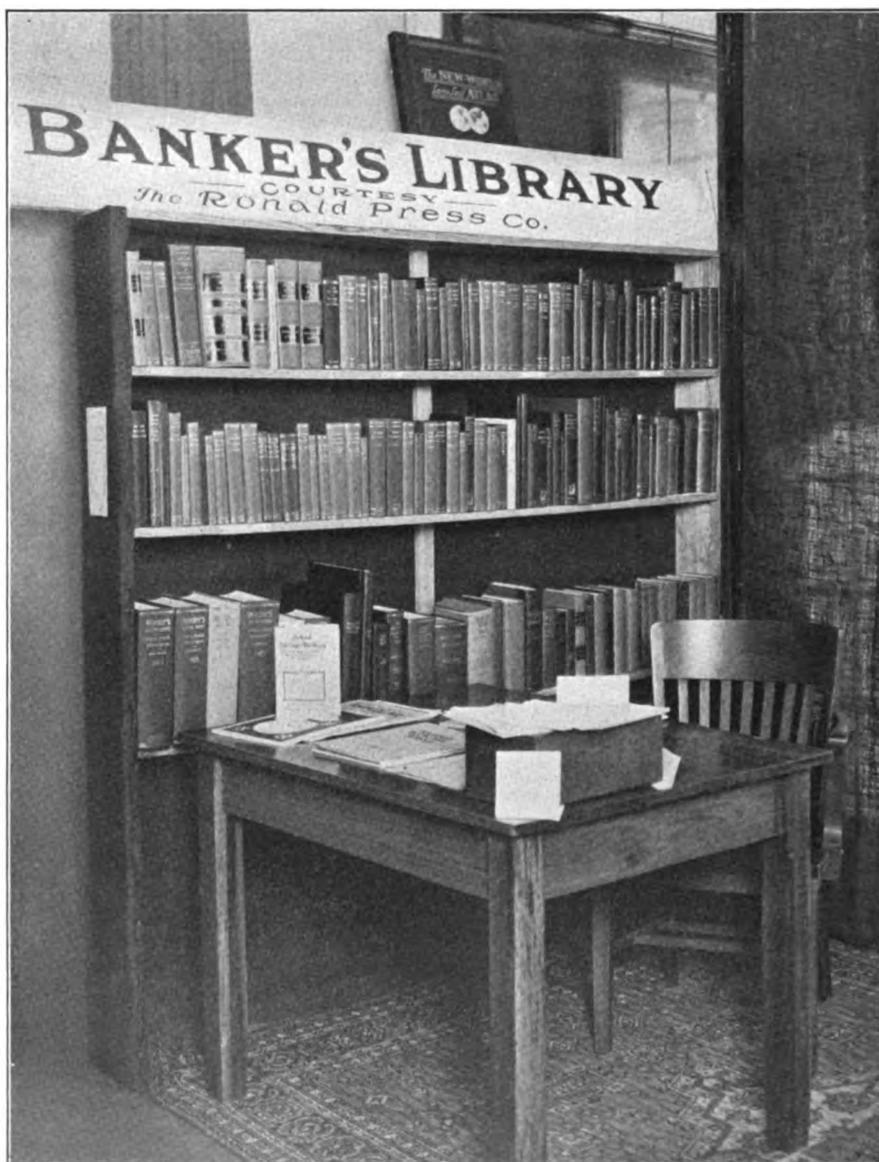
THE following is a record of all conventions of the American Bankers Association held prior to this year:

- 1875 Saratoga Springs, N. Y.
- 1876 Philadelphia, Pa.
- 1877 New York, N. Y.
- 1878 Saratoga Springs, N. Y.
- 1879 Saratoga Springs, N. Y.
- 1880 Saratoga Springs, N. Y.
- 1881 Niagara Falls, N. Y.
- 1882 Saratoga Springs, N. Y.
- 1883 Louisville, Ky.
- 1884 Saratoga Springs, N. Y.
- 1885 Chicago, Ill.
- 1886 Boston, Mass.
- 1887 Pittsburgh, Pa.
- 1888 Cincinnati, Ohio.
- 1889 Kansas City, Mo.
- 1890 Saratoga Springs, N. Y.
- 1891 New Orleans, La.
- 1892 San Francisco, Cal.
- 1893 Chicago, Ill.
- 1894 Baltimore, Md.
- 1895 Atlanta, Ga.
- 1896 St. Louis, Mo.
- 1897 Detroit, Mich.
- 1898 Denver, Colo.
- 1899 Cleveland, Ohio.
- 1900 Richmond, Va.
- 1901 Milwaukee, Wis.
- 1902 New Orleans, La.
- 1903 San Francisco, Cal.
- 1904 New York, N. Y.
- 1905 Washington, D. C.
- 1906 St. Louis, Mo.
- 1907 Atlantic City, N. J.

- 1908 Denver, Colo.
- 1909 Chicago, Ill.
- 1910 Los Angeles, Cal.
- 1911 New Orleans, La.
- 1912 Detroit, Mich.
- 1913 Boston, Mass.
- 1914 Richmond, Va.
- 1915 Seattle, Wash.
- 1916 Kansas City, Mo.
- 1917 Atlantic City, N. J.
- 1918 Chicago, Ill.
- 1919 St. Louis, Mo.
- 1920 Washington, D. C.
- 1921 Los Angeles, Cal.
- 1922 New York, N. Y.
- 1923 Atlantic City, N. J.

Attendance records from 1909 to 1923 are as follows:

Date	City	Attendance
1909	Chicago	4600
1910	Los Angeles	2750
1911	New Orleans	2825
1912	Detroit	2850
1913	Boston	4235
1914	Richmond, Va.	2680
1915	Seattle	2500
1916	Kansas City	4316
1917	Atlantic City, N. J.	3120
1918	Chicago	4259
1919	St. Louis	3597
1920	Washington	4092
1921	Los Angeles	3854
1922	New York	11,508
1923	Atlantic City	4478



A complete banking library, containing over five hundred books and magazines selected by a group of financial librarians and bank economists, was displayed at the convention by the courtesy of the Ronald Press Company, New York

# Council and Committee Appointments

## MEMBERS OF COUNCIL FOR ONE YEAR APPOINTED BY THE PRESIDENT

Charles W. Carey, president First National Bank, Wichita, Kan.; Richard S. Hawes, vice-president First National Bank, St. Louis, Mo.; Rudolf S. Hecht, president Hibernia Bank & Trust Co., New Orleans, La.; Charles E. Mitchell, president National City Bank, New York, N. Y.; Arthur Reynolds, president Continental & Commercial National Bank, Chicago, Ill.

## ADMINISTRATIVE COMMITTEE

Walter W. Head, president Omaha National Bank, Omaha, Neb., chairman; Charles H. Deppe, vice-president Union Trust Co., Cincinnati, Ohio; Alexander Dunbar, vice-president Bank of Pittsburgh N. A., Pittsburgh, Pa.; R. E. Harding, vice-president Fort Worth National Bank, Fort Worth, Tex.; William E. Knox, president Bowery Savings Bank, New York, N. Y.; J. D. Phillips, president Green Valley Bank, Green Valley, Ill.; Thomas R. Preston, president Hamilton National Bank, Chattanooga, Tenn.; J. H. Puelicher, president, Marshall & Ilsley Bank, Milwaukee, Wis.; Joseph B. Ramsey, president First National Bank, Rocky Mount, N. C.; Sam Stephenson, president First National Bank, Great Falls, Mont.; Oscar Wells, president First National Bank, Birmingham, Ala.; Evans Woollen, president Fletcher Savings & Trust Co., Indianapolis, Ind.

## FINANCE COMMITTEE

William E. Knox, president Bowery Savings Bank, New York, N. Y. chairman; W. Meade Addison, president Planters National Bank, Richmond, Va.; Charles W. Carey, president First National Bank, Wichita, Kan.; J. Elwood Cox, president Commercial National Bank, High Point, N. C.; Harry J. Haas, vice-president First National Bank, Philadelphia, Pa.; Jacob H. Herzog, vice-president National Commercial Bank & Trust Co., Albany, N. Y.; J. J. Jamieson, cashier First National Bank, Shullsburg, Wis.; H. H. Sanger, vice-president, National Bank of Commerce, Detroit, Mich.; Oscar Wells, president First National Bank, Birmingham, Ala.

## AGRICULTURAL COMMISSION

Burton M. Smith, president Bank of North Lake, North Lake, Wis., chairman; J. Elwood Cox, president, Commercial National Bank, High Point, N. C.; P. B. Doty, president, First National Bank, Beaumont, Tex.; Fred A. Irish, vice-president First National Bank, Fargo, N. D.; Charles B. Lewis, president Fourth National Bank,

Macon, Ga.; R. F. McNally, vice-president and cashier National Bank of Commerce, St. Louis, Mo.; John T. Manson, president First National Bank, New Haven, Conn.; C. D. Rorer, president Bank of Commerce, Eugene, Ore.; R. D. Sneath, president Commercial National Bank, Tiffin, Ohio; S. G. H. Turner, president Second National Bank, Elmira, N. Y.; F. J. Wikoff, president Tradesmen's National Bank, Oklahoma City, Okla.; Frank A. Zimmerman, vice-president and treasurer Chambersburg Trust Co., Chambersburg, Pa.; D. H. Otis, First National Bank Building, Madison, Wis., director.

## COMMERCE AND MARINE COMMISSION

Fred I. Kent, vice-president Bankers Trust Co., New York, N. Y., chairman; M. E. Ailes, president Riggs National Bank, Washington; E. H. Furrow, vice-president Merchants National Bank, Cedar Rapids, Iowa; Earl S. Gwin, president Lincoln Bank & Trust Co., Louisville, Ky.; J. R. Kraus, vice-president and executive manager The Union Trust Co., Cleveland, Ohio; John G. Lonsdale, president National Bank of Commerce, St. Louis, Mo.; John McHugh, president Mechanics & Metals National Bank, New York, N. Y.; Robert F. Maddox, president Atlanta National Bank, Atlanta, Ga.; David H. Moss, vice-president First National Bank, Seattle, Wash.; Lewis E. Pierson, chairman of board Irving Bank-Columbia Trust Co., New York, N. Y.; Charles H. Sabin, chairman of board Guaranty Trust Co., New York, N. Y.; Lewis L. Strauss, Kuhn, Loeb & Co., New York, N. Y.; secretary to the commission; John R. Washburn, vice-president Continental & Commercial National Bank, Chicago, Ill.; F. O. Watts, president First National Bank, St. Louis, Mo.; Daniel G. Wing, president First National Bank, Boston, Mass.; D. B. Bunim, 110 East Forty-second street, New York, N. Y., assistant secretary.

## ECONOMIC POLICY COMMISSION

M. A. Traylor, president First Trust & Savings Bank, Chicago, Ill., chairman; Paul M. Warburg, chairman of board, International Acceptance Bank, New York, N. Y., vice-chairman; A. E. Adams, president Dollar Savings & Trust Co., Youngstown, Ohio; Stephen Baker, president Bank of the Manhattan Co., New York, N. Y.; Richard S. Hawes, vice-president First National Bank, St. Louis, Mo.; Craig B. Hazlewood, vice-president, Union Trust Co., Chicago, Ill.; R. S. Hecht, president Hibernia Bank & Trust Co., New Orleans, La.; Charles A. Hirsch, president Fifth-Third National Bank, Cincinnati, Ohio;

Walter S. McClucas, president Commerce Trust Co., Kansas City, Mo.; George E. Roberts, vice-president National City Bank, New York, N. Y.; H. M. Robinson, president First National Bank, Los Angeles, Cal.; John W. Staley, president Peoples State Bank, Detroit, Mich.; Walter Lichtenstein, executive secretary, The First National Bank, Chicago, Ill., secretary.

#### BANKING AND CURRENCY COMMITTEE OF THE ECONOMIC POLICY COMMISSION

Paul M. Warburg, chairman of board International Acceptance Bank, New York, N. Y., chairman; R. S. Hecht, president Hibernia Bank & Trust Co., New Orleans, La.; Charles A. Hinsch, president Fifth-Third National Bank, Cincinnati, Ohio; Waldo Newcomer, president National Exchange Bank, Baltimore, Md.; Evans Woolen, president Fletcher Savings & Trust Co., Indianapolis, Ind.

#### PUBLIC RELATIONS COMMISSION

Francis H. Sisson, vice-president Guaranty Trust Co., New York, N. Y., chairman; M. E. Holderness, vice-president First National Bank, St. Louis, Mo., vice-chairman; Charles Cason, assistant vice-president Chemical National Bank, New York, N. Y.; W. G. Edens, vice-president Central Trust Co. of Illinois, Chicago, Ill.; Fred W. Ellsworth, vice-president Hibernia Bank & Trust Co., New Orleans, La.; W. R. Morehouse, vice-president Security Trust & Savings Bank, Los Angeles, Cal.; Thomas B. McAdams, vice-president Merchants National Bank, Richmond, Va.; Nathan D. Prince, vice-president Hartford-Conn. Trust Co., Hartford, Conn.; George O. Watson, president Liberty National Bank, Washington, D. C.; Gurden Edwards, 110 East Forty-second street, New York, N. Y., secretary.

#### COMMITTEE ON CANADIAN RELATIONS

David R. Forgan, president National City Bank of Chicago, Chicago, Ill., chairman; Frank W. Blair, president Union Trust Co., Detroit, Mich.; E. C. McDougal, president Marine Trust Co., Buffalo, N. Y.; W. D. Vincent, president Old National Bank, Spokane, Wash.; Daniel G. Wing, president First National Bank, Boston, Mass.

#### COMMITTEE ON CONFERENCE—AGRICULTURAL CREDITS

P. J. Leeman, vice-president First National Bank, Minneapolis, Minn., chairman; L. A. Andrew, president Citizens Savings Bank, Ottumwa, Iowa; C. C. Colt, vice-president First National Bank, Portland,

Ore.; George A. Holderness, chairman of board Farmers Banking & Trust Co., Tarboro, N. C.; J. D. Phillips, president Green Valley Bank, Green Valley, Ill.

#### COMMITTEE ON EXPRESS COMPANIES AND MONEY ORDERS

John G. Lonsdale, president National Bank of Commerce, St. Louis, Mo., chairman; John A. Cathcart, vice-president First National Bank, Sidell, Ill.; J. H. Soliday, president Franklin Savings Bank, Boston, Mass.

#### COMMITTEE ON LIBRARY

Francis H. Sisson, vice-president Guaranty Trust Co., New York, N. Y., chairman; F. J. Denison, vice-president Hamilton National Bank, Denver Colo.; Fred Stadtmuller, assistant cashier Washoe County Bank, Reno, Nev.; Carter E. Talman, assistant cashier American National Bank, Richmond, Va.

#### COMMITTEE ON MEMBERSHIP

T. J. Hartman, president Producers National Bank, Tulsa, Okla., chairman; Charles H. Bender, vice-president Grand Rapids National Bank, Grand Rapids, Mich.; Charles A. Faircloth, president National City Bank, Tampa, Fla.; George H. Gutru, president Newman Grove State Bank, Newman Grove, Neb.; Ben Johnson, president Commercial National Bank, Sheveport, La.; H. Y. Lemon, vice-president Commerce Trust Co., Kansas City, Mo.; Robert McEvilly, vice-president First National Bank, Cincinnati, Ohio; C. Howard Marfield, vice-president and cashier, Seaboard National Bank, New York, N. Y.; Harry M. Rubey, president Rubey National Bank, Golden, Colo.; Charles A. Smith, manager Bank of Italy, Livermore, Cal.; Wirt Wright, president National Stock Yards National Bank, National Stock Yards, Ill.; H. Lane Young, vice-president Citizens & Southern Bank, Atlanta, Ga.

Ex-officio members: Thomas B. Paton, general counsel, 110 East Forty-second street, New York, N. Y.; F. N. Shepherd, executive manager, 110 East Forty-second street, New York, N. Y.

#### COMMITTEE ON NON-CASH ITEMS

J. W. Barton, vice-president Metropolitan National Bank, Minneapolis, Minn., chairman; C. L. Brokaw, vice-president and cashier, Commercial National Bank, Kansas City, Kan.; D. M. Finnegan, president First National Bank, Yankton, S. D.; Robert F. Maddox, president Atlanta National Bank, Atlanta, Ga.; James Ringold, president United States National Bank, Denver, Colo.

# PORTFOLIO OF MODERN BANK WORK

VOL. III

DESIGNED BY  
**ALFRED C. BOSSOM**  
BANK ARCHITECT AND  
EQUIPMENT ENGINEER  
680 FIFTH AVENUE - NEW YORK



**Asia Banking Corporation, New York**

**T**HE building at 35-39 Broadway, New York City, in which are located the offices of the Asia Banking Corporation. The first structure entirely of concrete stone built on Broadway.

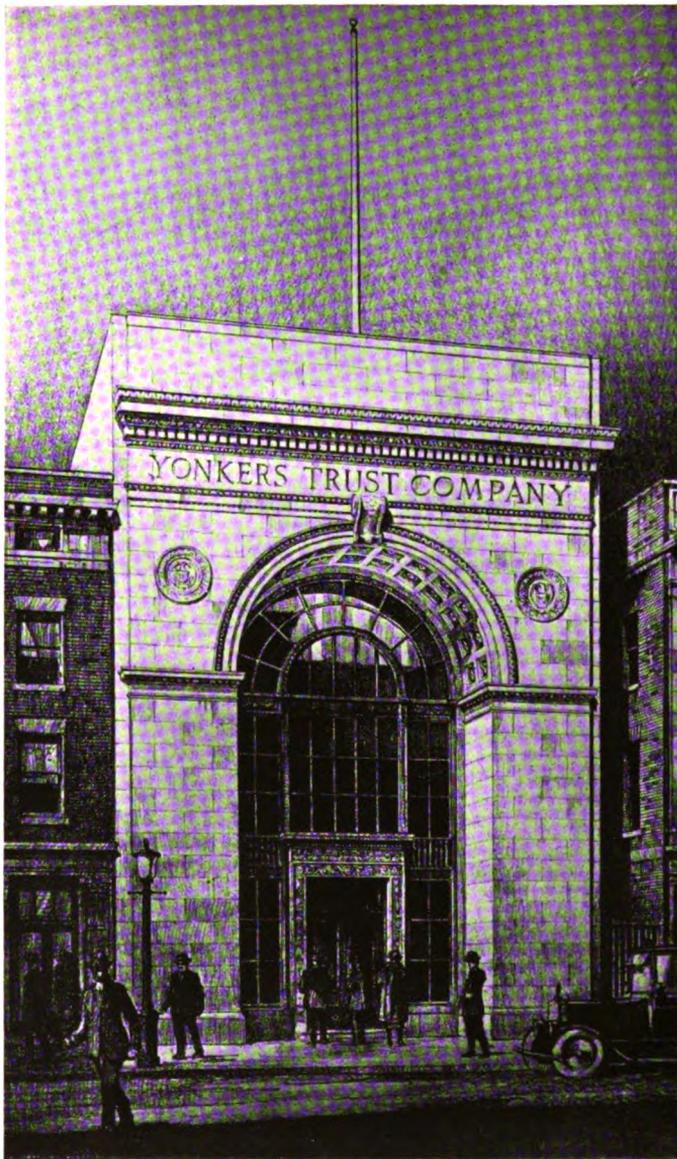
**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
400 FIFTH AVENUE, NEW YORK



The Trenton Trust Company Building, Trenton, N. J.

**T**HE fourteen story building of the Trenton Trust Company, Trenton, New Jersey, is the tallest in the city and gives this institution the most commodious and modern banking facilities.

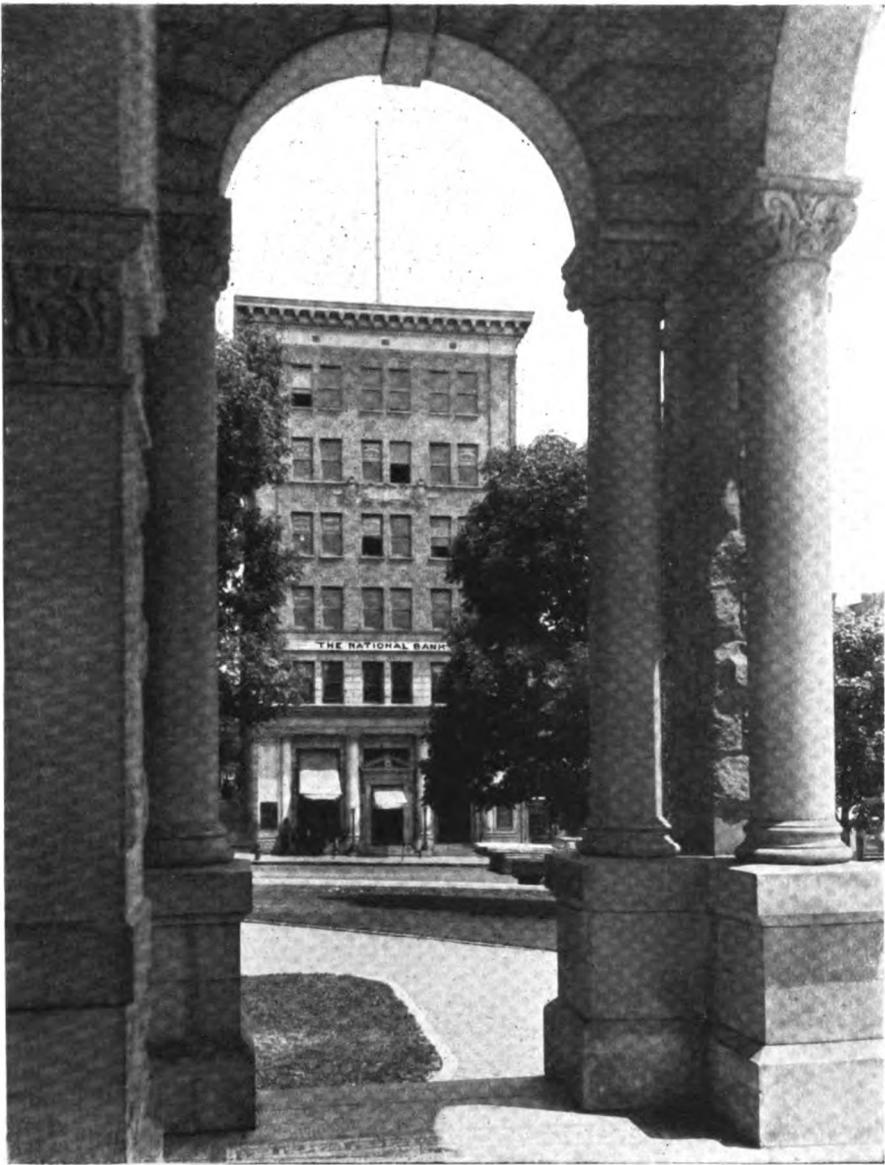
**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
660 FIFTH AVENUE, NEW YORK



Yonkers Trust Company, Yonkers, N. Y.

**T**HE 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.

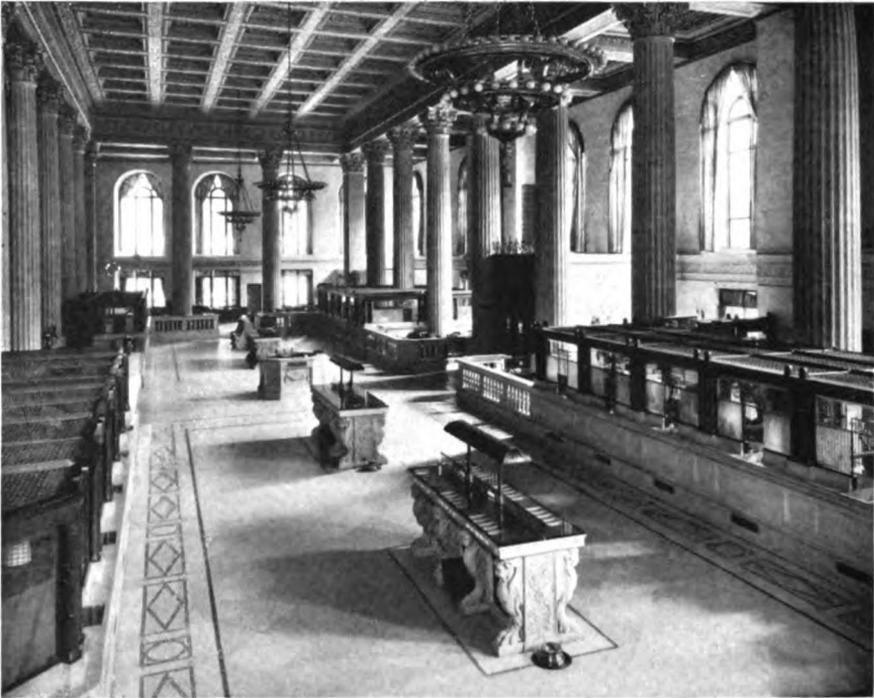
**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
680 FIFTH AVENUE, NEW YORK



The National Bank of Harrisonburg, Harrisonburg, Va.

**T**HIS building holds a conspicuous place in the community in which it stands and forms a center about which many of the business activities have naturally grouped themselves.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
600 FIFTH AVENUE, NEW YORK



Main banking room, Hibernia Bank & Trust Co., New Orleans, La.

**W**HEN the Hibernia Bank & Trust Company decided upon their new banking quarters they raised the standard of comfort and ease for their depositors ahead of anything anywhere near them in the South, and we were called in to collaborate to obtain this result.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
680 FIFTH AVENUE, NEW YORK



The Fidelity Bank, Durham, N. C.

**T**HIS building in the style of the Italian Renaissance has a character suitable for so many towns wherein very tall buildings are not desirable.

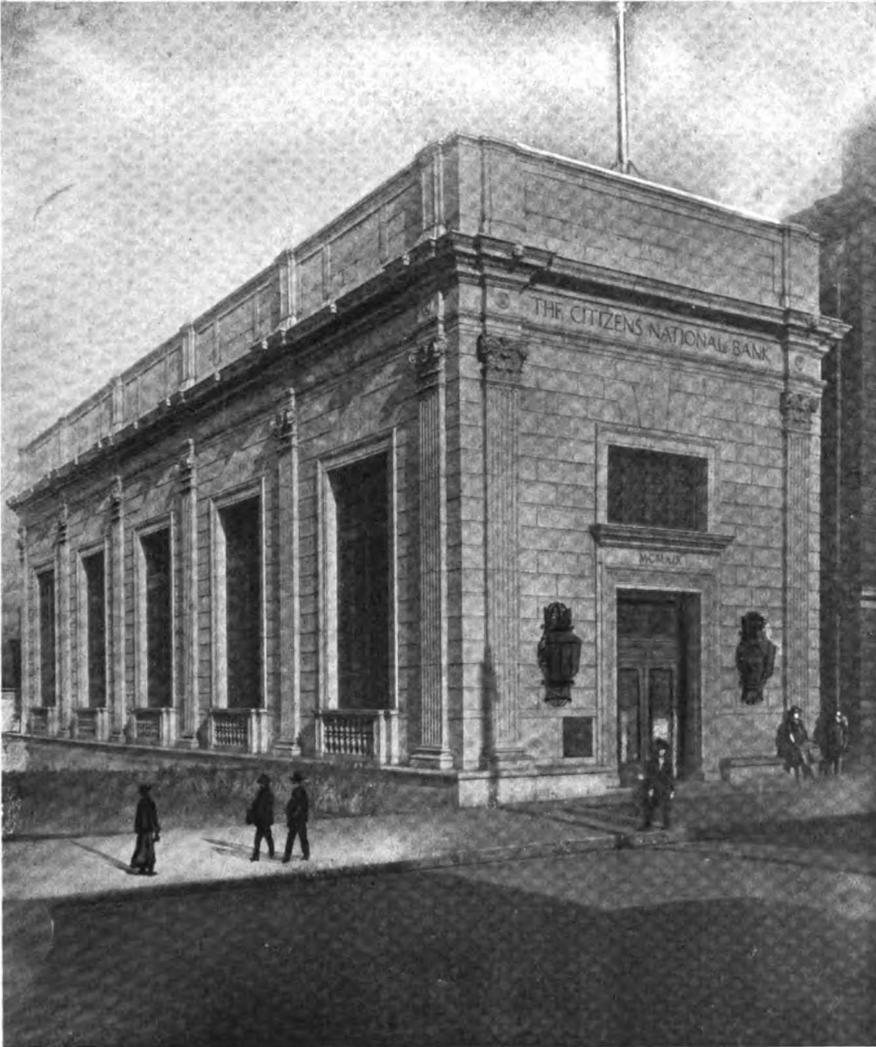
**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
650 FIFTH AVENUE, NEW YORK



Irving Bank-Columbia Trust Company, Harlem Branch, New York

**A** DOOR can invite you in or repel you. It extends the hand of invitation at your approach to a bank's building.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
600 FIFTH AVENUE, NEW YORK



The Citizens National Bank, Covington, Va.

“**T**HE reaction on the volume of depositors when a bank has a first-class building in a smaller town becomes evident at once. Statistics on this matter are very edifying.”

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
600 FIFTH AVENUE, NEW YORK



The National Bank of Commerce in New York

**T**HE officers' quarters in the rearrangement of The National Bank of Commerce in New York, showing the spaciousness that provides the best privacy.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
680 FIFTH AVENUE, NEW YORK



The Texas Bank and Trust Company, Galveston, Texas

**T**HIS new building for the United States National Bank of Galveston, succeeding the Texas Bank and Trust Company, will be the tallest in the city, and will be a conspicuous addition to the sky-line. It will provide the bank with every modern facility.

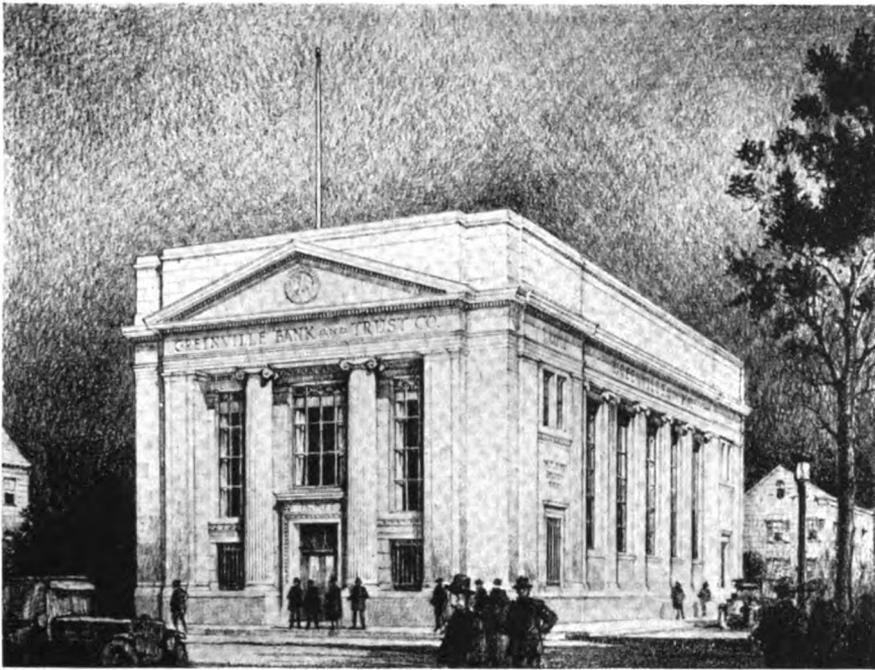
**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
600 FIFTH AVENUE, NEW YORK



Magnolia Petroleum Building, Dallas, Texas

**T**HE building of the Magnolia Petroleum Company of Dallas, Texas, is said to be the second tallest office building in the United States outside of New York. It is designed so that the prevailing wind that is coming from the South will drive into the court which faces the street. No room in the entire building gets all of its light from the side upon which the "northers" strike the city, this entire facade being given up to a battery of elevators.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
680 FIFTH AVENUE, NEW YORK



Greenville Banking and Trust Company, Jersey City, N. J.

**T**HE new building of the Greenville Banking and Trust Company, Jersey City, N. J., is being constructed in the Neo-Greek style of architecture so popular in Europe of late. A feature of this building is the completeness of its safe deposit facilities.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
600 FIFTH AVENUE, NEW YORK



Wayne National Bank, Goldsboro, N. C.

**T**HE ten-story bank and office building for the Wayne National Bank of Goldsboro, N. C., provides banking facilities equal to any similar structure in the South.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
600 FIFTH AVENUE, NEW YORK



Merchants Bank, Durham, N. C.

**T**HE black and white marble front of the 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.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
600 FIFTH AVENUE, NEW YORK



© 1922 BY IRVING UNDERHILL, N. Y. C.

Seaboard National Bank of New York

**T**HE business expansion of the Seaboard National Bank of New York has been such that it was found necessary to provide increased officers' floor space. To meet this need the second floor was completely remodelled as officers' quarters, thus providing additional space and comfort for the bank's visitors to transact their important business. The ground floor officers' space is still retained. This work has recently been completed by the same architect who designed the original building.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
660 FIFTH AVENUE, NEW YORK

# Dawes Limits National Bank Branches

**N**ATIONAL banks may establish branches in the cities where they are located for receiving deposits and cashing checks, but these branches cannot conduct a general banking business, according to an opinion submitted by Attorney General Daugherty to Henry M. Dawes, Comptroller of the Currency.

Mr. Dawes announced this opinion and his interpretation of it when he appeared on October 3 before the joint Congressional committee considering plans to induce state banks to enter the Federal Reserve System. He called the permitted facilities tellers' windows, and intimated that no other major functions, such as making loans or purchasing securities, could be carried on at these windows. The Comptroller said explicitly that a national bank should not be permitted to operate these tellers' windows in any states or cities where the state banks had not similar or greater facilities.

The general extension of branch banking would result in the elimination of the national banking system, Mr. Dawes said, and thereby the ultimate destruction of the Federal Reserve System.

## STATUS OF BANKS CLARIFIED

"The relations of the national bank to operations in branch banking have been the subject of a very widespread misunderstanding," Mr. Dawes said. "In order that the situation might be clarified and defined, the present Comptroller requested an opinion of the Attorney General which has just been handed down." He continued:

A previous opinion given by Attorney General Wickersham was to the general effect that a national bank might not de novo establish a branch bank. The present opinion from the Attorney General makes it clear that none of the major or important incidental functions of a national bank may be exercised beyond the limits of the city in which the parent institution is located. This opinion also indicates that certain functions of a national bank, incident to the banking business, may be carried on at

fixed points within the city limits and outside of the four walls of the banking house.

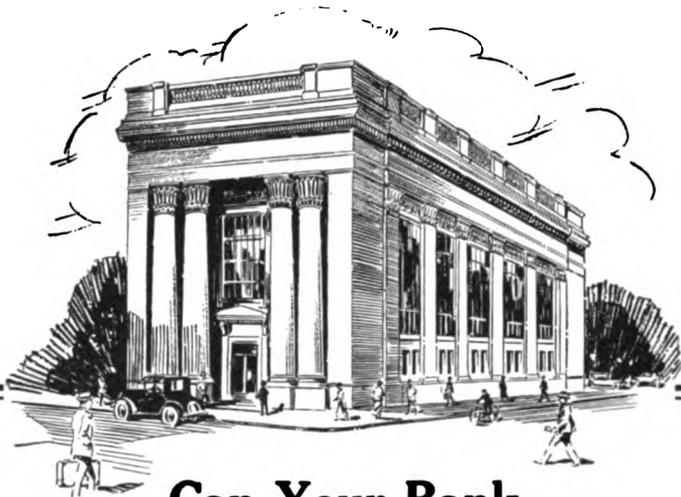
This opinion is not inconsistent with that of Attorney General Wickersham, and the practical application which will be made of it will be that certain national banks will be permitted to establish what are virtually tellers' windows in places more or less removed from the banks, but in the city limits, where they may take deposits and cash checks. The discretionary powers which are inherent in such transactions as making loans, purchasing securities and similar activities will not be permitted in such offices located at a distance from the parent institution.

It seems to me unnecessary at the present time to do more than make the above bare reference to the legal situation. The force of the opinion of the Attorney General just handed down would as a practical matter remove the national banks from the branch bank controversy, since a national bank cannot engage in the banking business outside of the city limits of its location, and inside of the city limits it may under certain conditions perform only limited functions at a distance from the banking house.

## PREDICTS ADVANTAGES IN CITIES

Authorization to national banks to establish such additional offices will be of great advantage in certain localities where the state banks are already extending their services in this manner. In such cities as New York, Cleveland and Detroit, the national banks will be able to reach their customers in the matter of making deposits and cashing checks in the same way that their competitors do in this single important aspect of the banking business. At the present time in the City of Cleveland there are only three national banks, and in the City of Detroit only three.

It is my opinion that the major question of branch banking is not in any way affected by this differentiation of the functions of the tellers' windows except to mitigate the handicaps that at present exist in some great cities and that it cannot by any possibility be used for the extension of the principles of branch banking. The banking arrangements of any individual city are distinctly a matter for local determination. When the extension of branches passes the city lines and becomes statewide, a condition such as I have previously described is created, under which the whole balance of the Federal Reserve and unit banking system of a larger section of the country is disturbed and the fire will, in my opinion, very quickly jump over State lines.



## Can Your Bank Go On Without You?

**D**URING 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.

OCTOBER 1923

## Helping Denver Boys To Save Money

The Bankers Trust Company Begins by Showing Them Ways to Earn It. A Popular Booklet.

By John T. Bartlett

THERE IS perhaps no Denver banking institution which has more boy depositors than the Bankers Trust Company. One thing this company has demonstrated is that most banks, in their work with boys, stop far short of the point where the law of diminishing returns operates. To put it another way, the boys of the community will repay far more extensive bank promotion than is commonly attempted. The Bankers Trust Company does not hesitate to get up elaborate literature for the boy field.

"Forty Ways Boys Can Earn Money", the most recent booklet, was timed for publication and distribution just as Denver boys, school at an end for the year, faced a long summer's vacation. Summer for the city boy is a period of abundant spare time. A great many boys are ambitious to earn money; in some cases, owing to family

exigencies, it is necessary that the boy should.

Allen Herrick, advertising manager of the Bankers Trust Company, retained to get up the copy of the boys' money-making manual a Denver man with a national reputation for his work among boys. This ensured that the matter would be practical and authoritative, and that it would be written in language which would get to boys.

The finished booklet comprised twenty pages and cover. The compiler located so many ways for boys to earn money that treatment was necessarily brief. In a few sentences the ground was covered, important points brought out. One or two quotations will illustrate the treatment. This is what was said about an accessible summer business—mowing lawns:

Many people have lawns to cut, but find it too strenuous or have no proper tools. Two boys together do best at this sort of

**Two valuable seasonable suggestions**

Many of our depositors find the two services described below to be of great value during the summer vacation season, especially if they are planning a trip abroad.

**①**

Homeowner's trip cases are more valuable



**Foreign Travel Service**

Our Foreign Travel Service is a valuable service for those who wish to travel abroad. It is a service that is available throughout the world.

**②**

How to secure that your bank investments are equal for value and interest



**Safe Keeping Service**

We have a safe keeping service for your valuables, including your jewelry, clothing, money and papers. We also offer a safe keeping service for your business records.

**THE EQUITABLE TRUST COMPANY OF NEW YORK**  
37 WALL STREET

CORPORATE OFFICE: 37 WALL STREET, NEW YORK, N. Y.  
BRANCH OFFICES: BOSTON, CHICAGO, CINCINNATI, CLEVELAND, DETROIT, PITTSBURGH, PHILADELPHIA, ST. LOUIS, ST. PAUL, WASHINGTON, D. C.

The above advertisement ran in New York newspapers during the height of the summer travel season. This bank, instead of generalizing on the subject of service to travelers, offers two very specific suggestions as to services which it can perform.

work. It takes a good sharp lawn mower, a canvas basket to catch the cuttings, a rake, a pair of sheep shears, a broom, a bushel



Close to the heart of New England Industry

At the heart of the New England industry is the Shawmut Bank of Boston. It is the largest bank in the city and one of the largest in the country. It has a long and distinguished history and is known for its conservative and reliable management.



THE NATIONAL SHAWMUT BANK OF BOSTON



On time, thanks to New England

When the sun glints New England hills

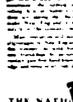


THE NATIONAL SHAWMUT BANK OF BOSTON



When the sun glints New England hills

The cradle of modern textiles



THE NATIONAL SHAWMUT BANK OF BOSTON



The cradle of modern textiles

Where news begins



THE NATIONAL SHAWMUT BANK OF BOSTON



Where news begins

THE NATIONAL SHAWMUT BANK OF BOSTON



THE NATIONAL SHAWMUT BANK OF BOSTON

Five good reasons why the advertising of a Boston bank is so widely known and so readily recognizable. There is no emblem in bank advertising more distinctive, and at the same time more appropriate, than the Shawmut Indian-head.

## Banking Publicity

RICHARD F. DURHAM, Editor  
Monthly Publicity Section

THE BANKERS MAGAZINE  
71-73 Murray St., New York

OCTOBER 1923

**T**HE man who directs a bank's publicity activities is primarily a "contact" man. If he is to get the most out of the possibilities offered by well directed publicity, he must establish an effective liaison, or contact, between the bank, those who do business with it, and those with whom the bank seeks to do business. He must make this contact a profitable venture for the bank.

The printed advertisement, circulars, booklets, form letters—these things hold important places in the scheme of financial publicity. They are a helpful means toward the end of bringing business into the bank. But they are not an end in themselves. So long as the officers and personnel of the bank view these instruments of establishing contact with the public as an incidental part of the day's business, they are bound to fall far short of their possibilities for effectiveness.

Right here is where the man in charge of publicity should cease to be simply an "advertising manager". He should bend every effort toward bridging the gap that is sure to exist between the bank and the public unless publicity which arouses

the public's interest in the bank arouses also the interest of those inside the bank in what the bank proposes to do for the public. To do this successfully requires both tact and perseverance.

The publicity department has had a real fight to obtain a foot-hold as an important unit in the organization of a well-equipped bank. It will have to fight to keep it. But it can keep the place it deserves if the right sort of effort is made consistently to keep a proper coordination between the publicity and other departments of the bank, and to stimulate a spirit of real and helpful co-operation within the bank at large.

**BANK** borrowers have always been more or less mystified by what is technically known as the "20 Per Cent. Rule". We refer to the custom of lending banks to require borrowers to maintain a deposit of at least 20 per cent. of the total loan. Many borrowers fail to understand why banks should loan them a certain amount and then only allow them to use approximately 80 per cent. of that amount. Here is another opportunity for the publicity man to find some way of showing the borrower why such a rule is necessary and how it works both to the advantage of the borrower and the bank. By finding a success-

ful way to treat this subject through advertising he will go a long way toward building the good will of his institution. There are more jobs for advertising than simply getting new business.

**BANKS**, like every other form of business enterprise, function in order to make money for their shareholders. The successful advertising manager is the one who shares in this function and helps his institution to make money. He can do this by utilizing the service of advertising in building up those branches of the bank's operations that are most profitable. The true test of the advertising man's success shows up in the record of earnings, not in the total of new accounts secured.

**WHEN** a man is sufficiently interested in some special department of your bank's service to ask for information regarding it, don't simply give him the information requested and let the matter drop there. If one department of your service can be of use to him, it is not unreasonable to assume that your bank has other services to offer in which he might be interested, and which he might be able to use. See if you can't interest your prospect not only in the department that he inquires about but also in some of your other departments.

Helping Denver Boys Save Money

(Continued from page 615)

basket or a piece of canvas to hold the grass. Take pains to finish up a nice clean job and you will get a chance to come again. You can develop a list of customers and be busy through the summer season. Either work by the hour at an agreed-upon rate or contract for the job in advance.

This is what was written on the subject of "Cleaning and Greasing Autos":

Cleaning and greasing automobiles is a dirty job and one that many men and women dislike. However, it has to be done regularly and in a systematic way. A real live boy can develop a number of customers for whom he does this little job at regular intervals. It is a job that must be well done and demands some knowledge of a car, but any boy can easily learn it by studying the lubricating charts of the various cars that happen to fall in his list.

In addition to the two ways just described, "Forty Ways" gave the following:

Paper routes, cutting and piling wood, odd painting jobs,

**Nostrum or Nation?**

*A straight from the shoulder message to the businessmen of Cleveland and vicinity*

CERTAIN men, influential in national politics, are sponsors of the propaganda that our nation's railroads are not "safe," and need strenuous "development."

But do the facts warrant their contention?

In view of the superior equipment already owned by 89 railroads having the national bonded character and of the greatly enhanced rate which government agencies have paid, and under their own most generous terms of compensation:

**Is This "Stagnant"?**

1. "Will the railroads serve our customers and other business 60 million dollars. The year they have advanced the expenditure of an additional \$1 billion 500 million." Is the railroad?

2. "Is it possible to do more business than their competitors did much in 1917? Property open to public view."

3. "Do the railroads have better equipment than other lines in their country? They are doing a work far beyond demand from such other national carriers. They have the largest fleet of passenger cars under Federal control. And they are building the largest at a cheaper rate than any other railroad in the world. They have the most modern service in the world by a billion dollars a year—a the "advance"?"

4. "They have the greatest track load in their history with facilities in better shape than last year for more than 21,000 more freight cars. 2,179 new locomotives and 200,000 tons of material."

5. "Is it the fact of these facts that they are actually reducing the rate of the railroads and making them 'stagnant' and they are not doing that 'stagnant' under the present laws of the United States?"

6. "The same conditions that the problems of these men mentioned are now mentioned in the statements that the railroads of the nation are not making money. They are actually making money. They are making money under conditions that the railroads of the world are not making money under similar conditions."

7. "Is it the fact of these facts that they are actually reducing the rate of the railroads and making them 'stagnant' and they are not doing that 'stagnant' under the present laws of the United States?"

8. "Is it the fact of these facts that they are actually reducing the rate of the railroads and making them 'stagnant' and they are not doing that 'stagnant' under the present laws of the United States?"

9. "Is it the fact of these facts that they are actually reducing the rate of the railroads and making them 'stagnant' and they are not doing that 'stagnant' under the present laws of the United States?"

10. "Is it the fact of these facts that they are actually reducing the rate of the railroads and making them 'stagnant' and they are not doing that 'stagnant' under the present laws of the United States?"

**Who Suffers?**

1. "The railroads are not making money and are not doing that 'stagnant' under the present laws of the United States?"

2. "The railroads are not making money and are not doing that 'stagnant' under the present laws of the United States?"

3. "The railroads are not making money and are not doing that 'stagnant' under the present laws of the United States?"

4. "The railroads are not making money and are not doing that 'stagnant' under the present laws of the United States?"

5. "The railroads are not making money and are not doing that 'stagnant' under the present laws of the United States?"

6. "The railroads are not making money and are not doing that 'stagnant' under the present laws of the United States?"

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9. "The railroads are not making money and are not doing that 'stagnant' under the present laws of the United States?"

10. "The railroads are not making money and are not doing that 'stagnant' under the present laws of the United States?"

**What You Can Do—**

1. "The railroads are not making money and are not doing that 'stagnant' under the present laws of the United States?"

2. "The railroads are not making money and are not doing that 'stagnant' under the present laws of the United States?"

3. "The railroads are not making money and are not doing that 'stagnant' under the present laws of the United States?"

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**The UNION TRUST Co.**  
CLEVELAND  
Reserves over 500 Millions

An interesting and unusually well conceived advertisement run in behalf of the railroads by a Cleveland bank. The advertisement was designed to awaken the business men of the community to the dangers latent in the present railroad legislation program. This is another good example of altruistic bank advertising.

caring for furnaces and emptying ashes, office work, caddying for golfers, delivery boys, distributing samples, cleaning up yards, raising squabs, raising chickens, raising rabbits, janitor work, collecting junk, tinkering, gardens and gardening, raising vegetables for sale, driving delivery trucks, picking fruit, farm work, clerking in stores, messenger boys, delivering bills and notices, shoveling snow, building bird houses, refreshment stands, specialty salesmen, assisting sick and blind, making wireless sets, selling stamps, poster painting, and pressing agency, taking snapshot pictures, soliciting for magazines, assisting about new

houses, tutoring and teaching, home printing press, laundry selling rock specimens.

Having read "Forty Ways," no Denver boy could exclaim to mother "I wish I knew some way to earn money!"

The first two printed pages of the booklet were devoted to a foreword of an inspirational nature (incidentally, it called attention to the company's savings department) and "Helps For Boy Savers". This was a brief description of home safes, dime savers, and boy scout bankbooks, and the terms on which the company supplied them to boys. The booklet contained no other matter of an advertising nature.

The company's experience in distributing the booklet tallied with its usual experience: Though newspaper space be effective, the window, drawing passers by in to the information desk, dwarfs the newspaper returns. The initial newspaper announcement pictured the booklet in a message measuring two columns by some six inches. Aside from the illustration, there were only two or three



**Ask Your Attorney**

He will tell you that appointing a Trust Company as executor under your will is the wisest thing to do. Improving the administration of an estate requires a skilled and careful—both to him and the beneficiaries. In addition, they change their place of residence, they lack experience and they make mistakes.

Our Trust Department is composed of men of experience and proven ability.

Our most efficient will is glad to see and will make you or your attorney and any obligation on your part.

**FOREMAN BROS BANKING CO.**

193 Bank Building, New York  
S. W. Cor. La Salle and Washington Sts.  
CHICAGO

FEDERAL RESERVE SYSTEM—CUMULATIVE DIVIDENDS—NON-ASSOCIATION  
CAPITAL SURPLUS AND UNRESERVED PROFITS SECURELY GUARANTEED

White space can be wasted. It can also be used to good effect. Above we have an example of a combination of silhouette and liberal allowance of white space, which serves to strengthen, rather than weaken, the layout and general effectiveness of this advertisement of a Chicago bank.



**BUMPER CROPS YOU**

THIS is one of those occasions in business when you must look at the daughter, not at the bank.

Our complete is held to be supported in the effect that wheat prices have on the prosperity of the nation.

Under normal conditions wheat is not half the value of the crop crop, unless the same crop value, hay and forage is taken the wheat value.



Wheat has an estimated crop value this year of \$917,000,000, compared to \$507,000,000 in 1922.

The growing crop value is estimated at \$1,200,000,000, or \$700,000,000 more.

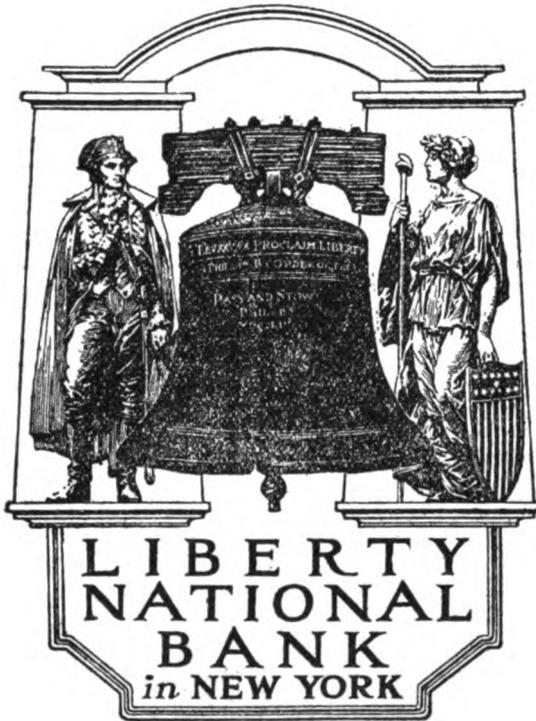
On these four million acres and poultry products, averaging three times the wheat harvest, the gain is value this year over 1922 is \$1,200,000,000.

Business in 1923-24 was good, over 700 million dollars increased from preceding year should benefit every commercial enterprise in 1923-24.

Remember, wheat is the logical beginning of the new year. Start by recognizing the nation's growth from good business by the individual farmer to add to every step the unfolding of its benefits.

**The National Bank of Commerce**  
IN SAINT LOUIS  
JOHN C. LONDORALE, President

A good example of the altruistic viewpoint in banking. This St. Louis bank emphasizes skillfully, and illustrates graphically, the relationship that wheat prices bear to the nation's prosperity.



Distinctive emblem used by a recently organized New York bank which opened for business in October.

sentences of text. The window display, which followed on the heels of the newspaper insertion and after most of the force

of the latter had spent itself, featured photos of boys actually engaged in money-making occupations.

The Boy Scouts Bank Book, to which reference was made above, has been in use for quite a period and has demonstrated itself a strong aid in obtaining new boy accounts. This book has a khaki cover with the seal of the Denver council imprinted on it. Leaves at front and back give boy scout rules, signal code, and other information useful to boy scouts.

When a general school savings campaign was launched in Denver recently, the Bankers Trust Company put a great deal of promotion pressure behind it. School savings campaign photos featured newspaper advertisements. Window advertising material was used. Special workers were put on the school campaign. Handsome re-

sults were obtained. The "Forty Ways Boys Can Earn Money" booklet just issued is the latest phase of continuous promotion effort with the "coming generation" in Denver.

The Making of a Saver

By Raleigh E. Ross  
He was invited out for dinner and to the theater afterward. So it was rather late when he reached home.

On his dresser was a communication from the Blank National Bank. He looked at it with curiosity tinged with a trace of sleepiness. It had been a hard day.

Tearing open the envelope, he found a brief, friendly letter directing his attention to

**"Good Old Pay Day"**

Written by a Reporter

The every month ago I saw old days in my daily work. On my last year passed better than I had in a day or two night.

"Suddenly, something happened. I saw without work. I thought to myself 'I should worry.'"

When in the summer of last year I had to go to my business when in the city of Denver.

"That night I stepped on a park bench. How they seemed to me and a little later on a year back. When the clock in the church tower tolled three, I was thinking back.

"I shall never forget that night!"

"Then I got a 'job.' Clerk here I did work."

"In time I was promoted. Several times then I have been advanced. Now they call my work a 'position' and my pay a 'salary'."

"Whenever they call it that or matter it is for you. Our Old Pay Day, that I want!"

"And now I have another old life name - CENTRAL SAVINGS BOOK."

"Every time you come, Old Pay Day, I will have Central Savings Book right with me."

"We never will visit the bank together. And before we Old Pay, part of my job is to get the right time in the bank."

"Every night will I be without sleep, for an hour back - a called a 'retirement' reader ready money. 'DON'T SPEND IT ALL.'"

Open with Banking Book and every Member Member

**WOODWARD AVENUE AT CADILLAC SQUARE**

CAPITAL PAID UP RESERVE FUND UNPAID CAPITAL SURPLUS FUND PROFIT AND LOSS	DEPOSITORS' ACCOUNTS SAVINGS ACCOUNTS TIME DEPOSIT ACCOUNTS CHECKS AND NOTES RECEIPTS AND PAYMENTS	GENERAL INVESTMENTS REAL ESTATE STOCKS AND BONDS LIFE INSURANCE FIRE INSURANCE
--	--	--

Unusually good savings copy run by a Detroit bank. Written by a depositor from the depositor's viewpoint. The "Don't Spent It All" slogan in the form of an emblem is well placed in the layout.

**Our Service is our Best Advertisement**

**A PLEASSED customer is an asset of great value.**

Satisfaction is a vital part of any firm's reputation.

An actual review of our progress in the National Bank of Commerce during the month shows that we are in a position to recommend ourselves to our already customers.

Our ability and facilities are kept before the public through advertising; that our old customers play an important role in the communication of our knowledge shows the efficacy of the Commerce policy of friendly helpfulness to all.

Whether you're the big or the little progressive customer, commercial or ordinary, trust or time, you'll find that the bank that can send them every satisfied in a matter of days is our best advertisement.

The policy has been a big factor in obtaining the highest credit rating from Moody's and S. P. D. I.

**NATIONAL BANK OF COMMERCE**  
SADDF LOUIS

CENTRAL, WOODWARD AND FRANKLIN, DENVER

A brief dissertation on bank service. The layout is good and the copy dignified without being too formal.



**Why Give Wildcats a License to Prowl?**

After a night of about a year, certain banks in Florida are being visited by city inspectors... (text continues with details about bank inspections and regulations)

**The Barnett National Bank of Jacksonville**  
 JACKSONVILLE  
 • FLORIDA LEASERS

This advertisement of a Jacksonville bank is a disinterested and well directed attack on the activities of wildcat securities salesmen in Florida. The copy is somewhat lengthy but is so well handled that it does not seem too long.

folder enclosed, "The Art of Depositing".

This young man had never considered thrift an "art". He had regarded it as a bore—a distasteful duty that he ought to undertake as soon as he could force himself to it. Therefore he felt inclined to read the message and absorb this new viewpoint. But it was late, so he merely scanned through the folder and laid it aside for a more careful reading, which never materialized.

The incident was soon forgotten. However, the same day of the following month brought a reminder from the bank, a second folder on a phase of saving. The young man examined this one more carefully.

The tiny illustrations appealed to him. They were deftly drawn and a bit unusual in treatment. He read the folder and resolved to open an account at the bank on the morrow. But the next morning he conveniently "forgot" his good resolution. Coming demands on his cash were, he felt, too heavy anyway.

The third message found the young man in a penitent mood. He had been spending too much money carelessly and he knew it. So, as a kind of penance, he read this third folder very carefully.

He found it terse and inter-

esting. It was not trite old savings talk about "rainy days" and the "marvelous wonders of compound interest". It described several advantages of a savings account which had never occurred to him.

"Maybe I should open an account", reasoned the young man. "But it's simply impossible this week."

Thrift was again submerged.

The fourth folder, on "Reserve and Credit", the young man thought was particularly good. But he immediately applied its suggestions to one of his chums, instead of himself.

"Jim ought to read this", he



Is your place of business in lower Manhattan?

If you do business in lower Manhattan you will find the "Coal and Iron" National Bank a pleasant and convenient place for every banking service. Through its close affiliation with many of the basic industries it is in a position to secure early and accurate information regarding business conditions and to aid by its counsel those who are genuinely interested.

*"Personal Attention to Every Banking Need"*

**The COAL & IRON NATIONAL BANK**

This old-line commercial bank in New York, until recently very formal and conservative in the layout and copy of its advertisements, steps into the ranks of the more progressive bank advertisers with a striking form of layout and very effective copy.



An excellent group of advertisements of a New York bank. Note the distinctive frame and the graphic manner in which the location of the bank's various offices is given by means of arrows indicating certain sections on a bird's eye view map of Manhattan and Brooklyn.

thought. "He's always charging things and neglecting to pay for them, till his credit is about gone".

He passed the folder along to his friend, at the first opportunity. Jim, because it came well recommended, read it attentively. A seed was sown on fertile ground.

But our first young man was still hanging back. Each week brought unexpected expenses. The "five-spot" he wanted to "spare" from his pay envelope did not appear.

When the fifth folder's message was absorbed, the young man reasoned, "I can't spare even a dollar on the day before pay day. Tomorrow—" But "tomorrow" failed to come.

However, his outlook on thrift was broadening. He found himself spending with a little more care and reluctance. His pay was going farther and he was settling up small debts he had contracted here and

there. Whenever he passed the bank that was sending the folders, he thought of saving and its effect on his future. And each time the urge to go in and open an account grew stronger.

The sixth folder, "Looking Ahead", broke the back of his reluctance. It was not so much what it said as what it suggested that brought about his favorable decision. He looked carefully into his own future and he saw places where he would greatly need the bank. He saw an asset in his acquaintanceship there, as well as in his growing balance. He determined to open an account on the next day if he had to starve till pay day.

This time he kept his resolution.

The bank continued to send the folders—little monthly messages of encouragement. The young man's balance grew steadily to more than \$100. He began to take pleasure in sav-

ing and in recommending it to others. The folders had "sold" him well on thrift and they were keeping him sold.

His ambition began to be evidenced in many ways. He took a more serious interest in his work. Many evenings found him at home delving into books that broadened his grasp on his vocation.

This attitude toward his work brought promotion. His responsibilities became heavier and his salary was substantially increased. The other day his account passed the \$1000 mark and a more pleased depositor would have been hard to find.

"Some one leave you a legacy?" asked a friend in the savings lobby.

"Better than that", replied the young man, "I've built myself one".

He exhibited the pass book with real pride.

This depositor rightly feels that he is well started on the



Four of an interesting series of seven advertisements run by a Chicago bank, based on Shakespeare's seven ages of man, and called "The Seven Ages of Saving". The entire series has been extremely well conceived and handled.

road that leads to success. And the bank which aroused his ambition, and which is still helping him, has earned his lasting gratitude.

Thus the Blank National Bank has made a valuable friend who will logically become increasingly desirable as a customer. And the same series of folders is making more such friends and depositors in every part of the Blank National's territory.

How fortunate it is that this wholesale propaganda is also profitable. For its dollars and cents value is its reason for being. It is employed for the profit of both the bank using it and the people who read it. It does its work well.

### How Banks Are Advertising

AN ATTRACTIVE and unique twelve-page booklet entitled "The New Egypt in Missouri", has recently been issued by the bond department of the Liberty Central Trust Company of St. Louis, reprinting completely a three-quarter column editorial which appeared in the *St. Louis Star*, an evening newspaper.

It so happened that the editorial referred to the extraordinary richness of the land in southeast Missouri, on which the Liberty Central had a bond issue of \$1,700,000, comparing it to the world famed Nile Valley in Egypt.

The front cover of the booklet is a reproduction of the entrance pylons of the Karnak Temple, one of the wonders of the world.

In the center of the booklet is a four-page spread, showing a view of one of the farms in the territory spoken of in the bond issue. The back cover, which is extended, contains a reproduction of the bond circular.

## Who's Who in Bank Advertising



B. W. GRIFFIN

Manager business extension department of the Gotham National Bank, New York

MR. GRIFFIN was born in 1885 in Balasore, India, learning the Oriya language before the did English. In 1907 he graduated from Bates College. For ten years he taught Latin, Greek and English in private schools, and did summer post-graduate work towards a master's degree. For three years he was connected with the Continental Guaranty Corporation. He later took a course in banking at the Guaranty Trust Company, going from there to the Gotham National Bank. In the two years that Mr. Griffin has been with the Gotham, the bank has doubled the number of its depositors. He has been particularly successful with direct mail advertising.

**"Opportunity Means Nothing To A Man With Empty Pockets"**

I wonder how many of us realize this?

It seems that if we did we would immediately start a savings account—bank regularly a portion of each pay—so that when opportunity came it would not catch us with empty pockets.

Open one today with The National Exchange.

THE  
**National Exchange Bank**  
ROANOKE, VA.  
Reserves Over Eleven Million Dollars

An appropriate proverb used as a headline may often serve as a good introduction to savings copy. In the above advertisement the proverb headline is appropriate, but too trite. The copy following it is not very convincing.

"OUR FORTY YEARS", is the title of a booklet issued by the Cedar Rapids Savings Bank and Trust Company, Cedar Rapids, Iowa. The booklet contains a compact history of the development and expansion of the bank during the forty years that

The Advertisement appeared in Finance and Publications in August, 1922



**Like Detroit's Great Plants**

In Detroit—the fourth city—men have learned to keep ahead of today. They have learned never to hesitate in replacing even the semi-antiquated, if they would progress.

The Bank has taken lessons from Detroit's great manufacturing industries. It reared a fourteen story hotel building to make way for the above modern structure.

Here every department is designed to spend and save accurately in the handling of the financial responsibilities placed with us. Minutes are considered in the routing and dispatching of business.

The Bank is like a great modern plant. With such facilities, this Bank is in first position to serve you in the Great Lakes Region.

(Formerly First & Old Branch 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 management.

Designed to build prestige. The analogy between the bank and a large modern manufacturing plant is well drawn in the copy.

have passed since its founding in 1883. In addition to several other interesting illustrations, the booklet contains pictures of the present officers, directors, and employees of the bank.

THE FARMERS LOAN and Trust Company, New York, publishes a pamphlet on New York City which contains very complete information, compactly arranged, on all transportation facilities of the city, railway stations, churches, hotels, restaurants and tea rooms, shops, theaters, and places of interest. This company also publishes pamphlets of the same general description on London, and also

**The way to insure your family's future**

PERHAPS you have never made a will. Or maybe the will you made some time ago is now out-of-date. In either case, your family's future is at risk.

They may should make a will, and should make it perfectly. When doing so, it is wise to consult your attorney about the legal phase, and an experienced trust officer about the business phase of your will. In this way, you

make one that your belongings will be divided as you wish.

We have prepared a booklet "Protecting the Family", which should help you when doing your will. It tells you should make wills and what business arrangements should be provided against. It explains what funds should be placed in trust, and how this is done.

"Protecting the Family" is an interesting booklet deserving careful study. May we send you a copy to-day?

**Philadelphia Trust Company**  
411 Chestnut Street  
New York City

An advertisement written in the interest of a booklet on wills. The copy is somewhat too neutral in tone, and the closing paragraph lacks the proper persuasiveness.

on Paris. These pamphlets are designed for those of the bank's customers who do not care to be hampered with a guide book, but who wish some brief general information to help them in their way about in any of these three cities, and also in their sight-seeing.

THE CEDAR Rapids Savings Bank has issued a folder headed "A New Idea About the Contracting Business". It contains a dialogue between Joe and Ed. Ed has just bought a valuable piece of property and Joe asks him how he managed to finance it. Ed explains

**Specialization**

THEY try to do as they do, in part of our time, to find the man who does all his time in the same. This is to see the result of specialization. The man who is trained and equipped in one line of business can serve you better than his fellow who is operating in a miscellaneous field.

Our services have been specialized and departmentalized. Each department or facility is under the direction of a man especially well fitted for the work. The financial problem with which you come to us will be carefully analyzed by the man who is experienced in such matters.



In this advertisement of a Portland, Ore., bank, the bank's name stands out well in the arrangement of the signature cut.

that he "got an idea from the Cedar Rapids Savings Bank about saving by contracting with one's self to save a part of each week's or month's earnings, and pay on that contract as regularly as you would pay on any other obligation, by depositing in that bank, that savings, regularly". Joe gets the idea and wishes that he had done the same. The moral is obvious. Another case of where a concrete example gets interest and attention where vague generalities fail to attract.

**The Wyoming Bank Of The Panic Of 1857**

ASSETS	LIABILITIES
Real Estate	Deposits
Loans	Notes
Government Bonds	Accounts Payable
Other Securities	Other Liabilities
Surplus	

A BANK FIRM FROM THE HISTORY OF THE YEAR, 1857.

In the summer of 1857 a severe financial panic struck the entire country.

Business conditions everywhere were generally depressed, and many banks were forced to close their doors.

The Wyoming Bank refused to surrender to the panic. It continued to operate at the height of its ability, and remained the only bank in a condition to continue.

Even with financial conditions as such a general dividend was declared in record that year, a record which has never before and will never again be equaled.

"Ninety-Three Years Of Banking Success"

**THE WYOMING NATIONAL BANK**  
Established 1829

West Market at Franklin Street  
New Building Corner 7th & 10th St.

This Wilkes-Barre, Pa., bank makes frequent successful use of the historical form of advertisement. One of the chief reasons for its success with this style of advertising is that the bank invariably ties up its name and activities closely with the copy.

**Keeping Step with Progress**

CAPITAL AND SURPLUS

1917	\$1,000,000
1916	\$800,000
1915	\$600,000
1914	\$400,000
1913	\$200,000
1912	\$100,000
1911	\$50,000
1910	\$25,000
1909	\$12,500
1908	\$6,250
1907	\$3,125
1906	\$1,562
1905	\$781
1904	\$390
1903	\$195
1902	\$97
1901	\$48
1900	\$24

**FIRST NATIONAL BANK**

**Napoleon Sold Minneapolis for Two Cents an Acre**

**FIRST NATIONAL BANK**

**Pulse of The Northwest**

**FIRST NATIONAL BANK**

**The First National Bank In Your Neighborhood**

Control and Security \$10,000,000

**FIRST NATIONAL BANK**

A group of unusual advertisements of a Minneapolis bank. Left to right. 1. A graphic depiction of the bank's growth. 2. Well planned historical copy. 3. A good picture of the present day importance of Minneapolis as a business center. 4. Stressing convenience of location.

**THE RHODE** Island Hospital Trust Company, Providence, has adopted a plan of industrial exhibits of its prominent customers in the spacious lobby of its banking rooms. A handsome display case is placed near the entrance and in this are arranged products of Providence manufacture, sometimes showing production methods as well as finished products. The displays have proved interesting and instructive to the public and have of course served to bring bank and customer into closer and more pleasant relations.

**E. H. KITTREDGE**

E. H. KITTREDGE for the last six years publicity manager of the Old Colony Trust Company, Boston, has resigned his connection with that bank to become associated with the Boston office of Hornblower & Weeks. Through his able direction of the advertising of the Old Colony, Mr. Kittredge holds a prominent position in the financial advertising field. In 1917 he started the well-known Old Colony News Letter which he has edited and developed up to the present time.

He assumed his new duties on October 1.

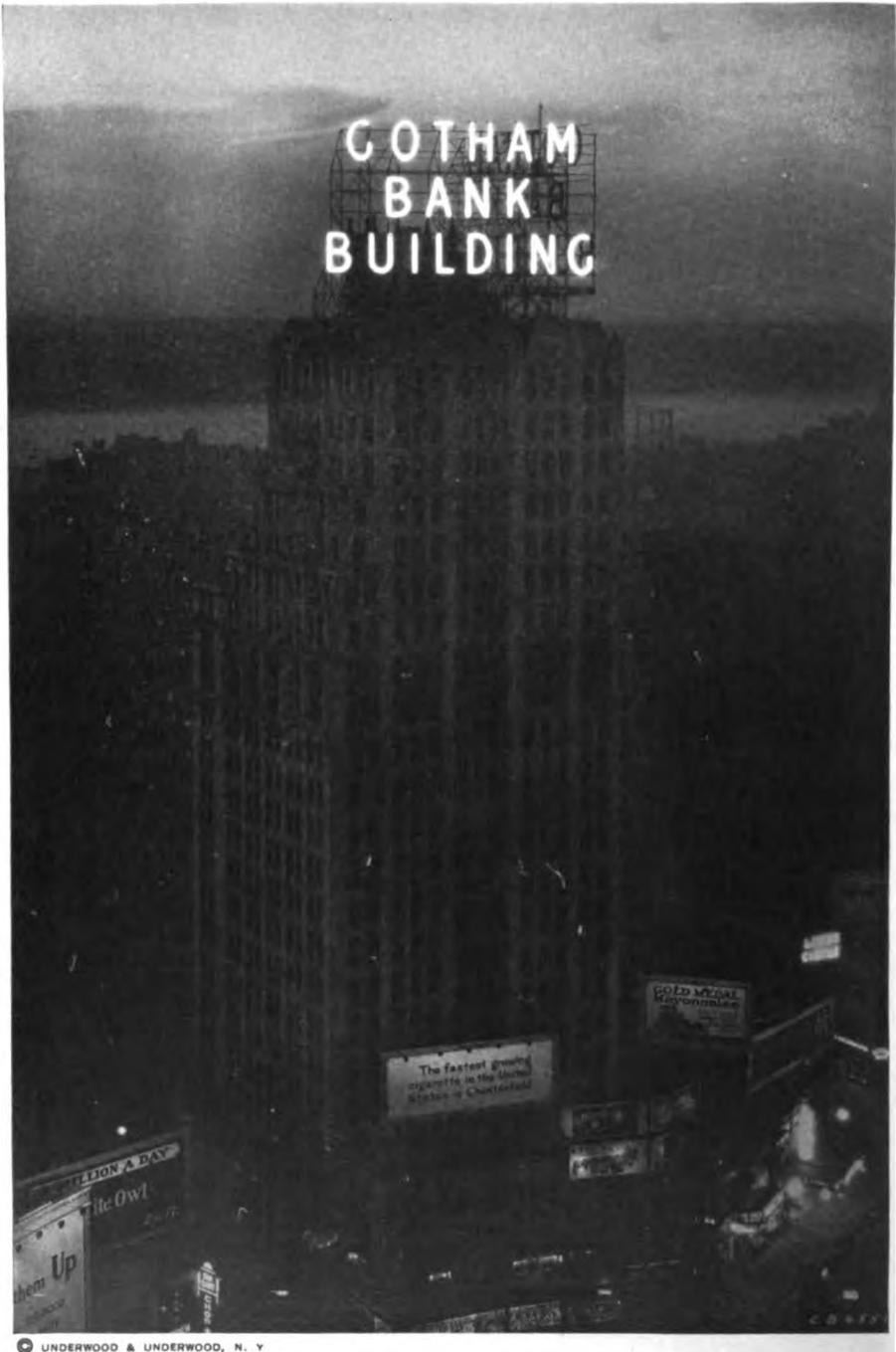
**ADDISON L. WINSHIP**

ADDISON L. WINSHIP has resigned as vice-president and director of publicity of the National Shawmut Bank, Boston. He has for several years been a well known figure in the field of financial publicity. The Indian-head symbol of the Shawmut Bank has become nationally known as a result of Mr. Winship's direction of the bank's advertising.

**CITY WIDE SERVICE**

**NORTHWESTERN NATIONAL BANK**

Another example of Minneapolis bank advertising. This group confines its attention to the facilities and phases of service offered by some of the bank's branches. Good layout and typography.



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### THE HIGHEST SIGN IN THE WORLD

Bearing the words "Gotham Bank Building", the highest electric signs on any business structure in the world, were recently flashed on for the first time 347 feet above the curb at Columbus Circle, New York. Facing north and southeast, they were seen far up the East River and for miles out on Long Island. The signs are eighty feet wide, each letter is twelve feet high, and the stroke of the letter is two feet. Each sign contains 1000 50-watt Daylo lamps. Erected directly on the steel columns of the bank building, the signs are made to withstand thirty-five pounds wind pressure to the square foot, this requiring the use of eighty tons of steel and 15,000 4-ounce bolts. The signs themselves are sixty-seven feet high.

# 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., National Shawmut Bank.  
Boston, Mass., Old Colony Trust Company.  
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, C. R. F. Wichenden, mgr. new bus. dept.  
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., Kanawha Nat'l Bank, Lee S. Trimble, tr. officer.  
Charleston, W. Va., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.  
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.  
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. Isant, 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.  
Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.  
Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.  
Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.  
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. 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.  
Flint, Mich., Genesee Co. Svgs. Bank, W. Power, mgr. new bus. dept.  
Gardner, Mass., Gardner Tr. Co., P. O. Ahlin, V. P.  
Goldsboro, N. C., Wayne Nat'l Bank, W. E. Stroud, V. P. & cash.  
Greenville, S. C., American Bk. & Tr. Co., R. Anderson, cash.  
Greenville, S. C., Woodside Nat'l Bank, J. L. Williams, V. P.  
Haverhill, Mass., 1st Nat'l Bank, C. K. Wormwood, adv. mgr.  
Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.  
Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.  
Jacksonville, Fla., Atlantic Nat'l Bank, J. M. Quincey, asst. cash.  
Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell, 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.  
Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr., pub. and new bus. mgr.  
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 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. Notling, 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'Hochelega, 112 St. James St., Léon Lorrain, dir. pub.  
Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.  
New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, secy. to pres.  
New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. B. Wisdom, adv. mgr.  
New Orleans, La., Whitney-Central Nat'l Bank, M. L. Bouden, pub. 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., Coal & Iron Nat'l Bank, M. Wheeler, pub. mgr.
- N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
- N. Y. C., The Farmers Loan & Tr. Co., I. H. Meehan, asst. V. P.
- N. Y. C., Gotham Nat'l Bank, B. W. Griffin, pub. mgr.
- N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd St., E. S. Van Leer, asst. cash.
- N. Y. C., Mfg. Tr. Co., D. Lipsky.
- N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gohle, V. P.
- N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
- N. Y. C., North Side Svgs. Bank, A. A. Eklrch, secy.
- N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
- N. Y. C., Union Bank of Canada, A. G. Sciater, adv. mgr.
- N. Y. C., Western Union Tele. Co., H. L. Hamilton, adv. 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. 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 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., Pennsylvania Tr. Co., pub. mgr.
- Pittsburgh, Pa., W. H. Siviter, 122 Dithridge St. Prague, Czechoslovakia, Bohemian Industrial Bank, head office.
- Quincy, Mass., Granite Trust Co., D. King, V. P.
- 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 Antonio, Tex., City Nat'l Bank, H. M. Hart, 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., The 1st Nat'l Bk. of Santa Rosa, J. G. Morrow, V. P. & cash.
- Schenectady, N. Y., Schenectady Svgs. Bk., Miss A. R. Waldron, director serv. dept.
- 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. Morgaa, 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.
- Sydney, Australia, Gov't Svgs. Bank of N. S. W. and Rural Bank, A. W. Turner, secy.
- Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Bize, pres.
- Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Strelcher, asst. secy-treas.
- Toronto, Canada, Canadian Bank of Commerce, A. St. L. Trigge, secy.
- Toronto, Canada, H. J. Coon, 68 Farnham Ave.
- 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., Marathon Co. Bank, H. C. Berger, cash.
- Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
- Wellsboro, Pa., 1st Nat'l Bank, 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.

©

## New Names

- Camden, Ark., Merchants & Planters Bank, P. T. Hildebrand, cash.
- Dayton, O., Dayton Svgs. & Tr. Co., A. C. Jackson, mgr. adv. dept.
- Plainfield, N. J., The Plainfield Trust Co., M. E. Schoeffel.
- St. Louis, Mo., 1st Nat'l Bank in St. Louis, M. Fuchs, pub. mgr.

# International Banking and Finance

SPECIAL

**BANKERS  
MAGAZINE**

SECTION

## BROWN BROTHERS & CO.

*Established 1818*

4th and Chestnut Sts.  
PHILADELPHIA

59 Wall Street  
NEW YORK

60 State Street  
BOSTON

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call up The Equitable”**

**A** MANUFACTURER received by telegraph a large order from a far-western company. The order was attractive, but it required acceptance or rejection that day.

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The ability of The Equitable to furnish credit information promptly is a special feature of its commercial banking service.

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OF NEW YORK  
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**COLONIAL OFFICE:** *222 Broadway*

**IMPORTERS AND TRADERS OFFICE:** *247 Broadway*

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

**DISTRICT REPRESENTATIVES**

**PHILADELPHIA:** Land Title Building  
**BALTIMORE:** Calvert and Redwood Sts.  
**CHICAGO:** 29 South La Salle St.  
**SAN FRANCISCO:** 485 California St.

# Shifting of the Ground in the European Controversy

By Elmer H. Youngman

Editor THE BANKERS MAGAZINE

[For the past fourteen months Mr. Youngman has been abroad making a careful study of the economic and financial position of Great Britain and the leading European countries. He has just returned to the United States. The accompanying article sums up his final impression of the present and probable future state of affairs abroad, with particular reference to the relations between Great Britain and France.]

**W**HETHER or not Stanley Baldwin will succeed in reconciling the sharp divergence of policy between Great Britain and France respecting the course to be followed toward Germany, he has already won a distinct triumph by shifting the discussion from a political to an economic basis. The question of security for France against future German aggression, which once bulked so largely in the diplomatic exchanges between Great Britain and France, has now disappeared altogether. France refuses to barter any of her reparation rights in exchange for an offer of future protection against Germany. The reason for this attitude may be moral, but it no doubt rests largely upon the belief that France feels quite able to take care of herself at present and for some time to come.

Bankers and men of business generally in England have been trying for some months to get the reparation question out of politics and to initiate a discussion of the problem from the economic standpoint. They have doubtless felt that the political relations between the various countries of Europe, and more specifically those relating to France, England and Germany, presented many thorny aspects impossible of being made smooth in any reasonable length of time. If attention could be diverted from these problems, with their indefinite ramifications, and fixed upon the concrete mathematical problems of reparations and inter-Allied debts, it was felt that the prospects of a fairly early settlement would be greatly improved. But the note of the

French Prime Minister, addressed to the British Government on August 20 in reply to the latter's note of August 11, shows that the shifting of the ground has not measurably reduced the difficulties of the situation.

## GERMANY'S CAPACITY TO PAY

The British Government, in the note of August 11, wished to have Germany's capacity to pay submitted to an "impartial commission of experts", in accordance with a proposal made some months ago by Mr. Hughes, the American Secretary of State, and which received the assent of the German Government. To this proposal the French Prime Minister replies, in substance, that should this committee of experts supersede the Reparation Commission this would be a contravention of the Treaty of Versailles; and that if it merely agreed with the findings of the Reparation Commission, its labors would be superfluous. The French Government, however, interposes no objection to the calling in of expert advisers, whose findings are made subject to approval by the Reparation Commission. But the French Prime Minister does protest most strongly against estimating Germany's capacity of future payment on the basis of the country's present economic situation, because in the French view Germany has deliberately followed a policy leading to bankruptcy and ruin for the express purpose of avoiding payment. France believes that Germany can pay "pretty quickly" once she has the will. And in his note of August 20 the French Prime Minister



## More Banking

**T**HIRTY-FIVE Million Dollars, approximately, is being spent in and around Detroit by the Railroads to improve their freight terminals, trackage, equipment, etc., to care for the continually growing freight traffic.

This constantly increasing flow of merchandise and materials to and from Detroit means *more Banking* with correspondents.

Your bank should have the best connection obtainable in order to serve your customers efficiently in this fast growing territory.

### **FIRST NATIONAL BANK** DETROIT MICHIGAN

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

points out that France did not go into the Ruhr with the idea of getting reparations, but to bring about Germany's will to pay. France disclaims any intention of permanent occupation of Germany or a desire to ruin that country economically. It is contended that the present occupation of the Ruhr is in strict accord with the Treaty of Versailles.

**BRITAIN'S STAND ON DEBTS**

After getting over these more or less technical matters, the discussion shifts to a consideration of reparations and inter-Allied debts. The position of the British Government was thus laid down in the note of August 11:

"Apart from the heavy material damages suffered by Great Britain, His Majesty's Government are now involved in heavy payments to meet unemployment, in respect of which they have been compelled to spend over £400,000,000 since the armistice. They alone among the Allies are paying interest on debts incurred abroad during the war, representing a capital sum due to the United States Government of £1,000,000,000 at the present rate of exchange. They alone have been deprived, in the Allied interest, of foreign securities estimated at from £700,000,000 to £800,000,000, which would otherwise substantially assist in the payment of the British debt in America. Notwithstanding these gigantic burdens, Great Britain made an offer at the Paris Conference of January last to forego her rights to reimbursement of her damages, and expressed her readiness, by reducing the debts of the Allies, to treat her share of German reparations as if it were a repayment by her Allies of their debts due to her."

It was further stated that: "The main principle of the British scheme is that Great Britain is ready, subject to the just claims of other parts of the Empire, to limit her demands for payment by the Allies and by Germany together to a net sum approximating 14.2 mil-

# The Punjab National Bank, Ltd.

Established 1895.

Head Office: Anarkall Street,  
LAHORE, INDIA

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

Capital (subscribed) .....	Rs. 50,00,000
Capital (paid-up) .....	26,75,163
Reserves (31, 12, 1922).....	20,00,408
Deposits .....	4,92,44,973
Total Resources .....	5,64,23,525

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liards of gold marks, this sum representing the present value of the recently funded British debt to the United States Government. The concessions which His Majesty's Government may be able to offer in respect of inter-Allied debts must accordingly depend largely on the percentage of this sum of 14.2 milliards which they can recover from Germany."

HOLDS UNITED STATES RESPONSIBLE  
IN PART

It will be seen that the British Government stands on the position taken in the Balfour note of last year, in which it was made clear that since Great Britain was to pay the amount owing to the United States, she was under the necessity in turn to recover either from Germany or from the Allies that were British debtors. Thus a considerable



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share of responsibility for the present situation is sought to be placed upon the shoulders of the United States; for had we been willing to forego the payment of what was owing to us by England, the amount to be recovered from Germany would have been correspondingly reduced. The same remark applies to the debt which France owes to the United States.

England, without waiting to get reparations payments or to collect on inter-Allied debts, began paying her debt to the United States, but now looks for reimbursement either to German reparations or to the payment from the Allies to Great Britain of whatever sum may be necessary to meet the British payments to America. France admits that: "It is quite legitimate that the British Government should claim from Germany what they have to pay to the United States. But if they claim from us what they do not receive from Germany, we shall naturally be obliged to maintain as far as necessary the right to recover from Germany within the limit of our admitted rights".

In concluding the French Prime Minister says:

"France has never repudiated her debts, nor will she do so, but she is convinced that no British Government will ever bring to bear on an Allied country the pressure which the London Cabinet does not think it possible to bring to bear today on the ex-enemies of France and England. We can, therefore, only repeat that we shall only be able to repay our debt to England, or even to pay interest thereon, when payments from Germany shall have placed us in a position to complete the reparation of damages caused to our country by invasion and the shock of war."

However strongly England may be opposed to the French occupation of the Ruhr, France very well understands that England is powerless to act in the matter. There would be one way of getting France out of the Ruhr, namely, by using force. But, as was

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---

recently declared in London, "war is materially impracticable and morally unthinkable."

Possibly an examination of some of the concrete proposals made by France will open further discussions that may bring about a settlement. In the note of August 20 France asks her Allies to credit her in "A" and "B" Bonds with 26 milliards (£1,800,000,000) and to reserve for her in "C" Bonds such sums as may be claimed from France under the head of Allied debts. In regard to the French indebtedness, the note of the French Prime Minister says:

"While recognizing our debt, while not dreaming of leaving it unpaid, we are compelled to say that we cannot pay it until we have received from Germany what Germany owes us. We shall claim from the latter over and above our 26 milliards in 'A' and 'B' Bonds whatever

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is claimed from ourselves. The less we are called upon to pay, the lighter will Germany's burden be."

## DIFFERENCES OF VIEW UNRECONCILED

Notwithstanding the shifting of the ground of discussion of the reparation controversy, it will be seen that the long-existing differences of view between France and England have not been reconciled. England strongly opposes the occupation of the Ruhr, while France is irrevocably committed to the occupation until Germany ceases passive resistance and begins payment of reparations, when the French occupation will be gradually and progressively diminished. It would therefore appear that so long as the Poincaré Government remains in power there will be no alteration in French policy until Germany ceases resistance and begins to pay. There are no present indications of a change in the Government of France; on the contrary, public opinion sustains with substantial unanimity the policy toward Germany.

There is a further divergence of the French and British policies with respect to the economic recovery of Germany. England finds in German prostration a strong contributing influence in her own industrial depression and unemployment. But M. Poincaré points out in his note that certain important branches of British trade have improved since the Ruhr occupation, and that unemployment has likewise decreased. The French Prime Minister, while disclaim-

ing any purpose to effect the economic ruin of Germany, admits that he does not wish this recovery to be too sudden.

Both France and England contend that their object is to secure reparations from Germany. But they differ in their methods of attaining this object. France holds that Germany could pay if she wished, and that the amount already fixed is not excessive. England thinks the reparation question should be re-examined in the light of Germany's present situation. France would put the screws on Germany, so that the government and people might be forcibly brought to a frame of mind where the will to pay would exist. England would like to see French troops quit the Ruhr, and give Germany a more or less free chance of building up her industries and trade, at the same time taking certain guaranties to ensure the payment of reparations. France bluntly declares that she is sick of promises, and wants payment, claiming that Germany's present chaotic financial and economic situation has been deliberately brought about to escape the payment of reparations.

## DIFFICULT TO PREDICT WHAT WILL HAPPEN

These are sharp divisions of policy, and if they are incapable of accommodation it is difficult to predict what will happen, although several solutions may be reached: Germany may collapse politically, breaking up into a number of small states; the present German

Government may yield to France; the deadlock may continue indefinitely, with France in the Ruhr, and the remainder of Germany existing as best it can; or if the Baldwin Government does not find a solution agreeable to British public opinion, another government may come into power that will work in harmony with France. Until it becomes definitely established that the French and British policies are incapable of being reconciled, the consideration of these various alternative solutions may be wisely postponed.

A further alternative would be some kind of separate action by the British Government, but it is not easy to see what this would mean. Should Great Britain and Germany come to a separate agreement, how would its terms be enforced without the assent of France? This assent would be certainly withheld, unless fortuitously Germany and Great Britain, acting together, should hit upon a plan that would enable France to collect the sums she demands upon reparation account. Such a miracle is hardly to be expected.

It has been seen that in the latest phase of the European controversy a considerable share of responsibility has been passed on to the United States, and there is a strong disposition to emphasize this fact. Thus the *London Times*, in its issue of August 16, says:

"We are where we are today because of a series of grave blunders and misunderstandings. We blame our former government for many shortcomings, but it would be wrong to fix the blame on them alone. It must never be forgotten that a large part of our present confusion is due to the failure of the United States to confirm the pledges given by their representative at the Peace Conference. We fully realize the causes of this failure, and we are not disposed to make complaint or to expect that the United States will take an active part in the near future in any attempts to solve our European problems. But we do know and must remember that one of the factors that have brought



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### IX

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us to our present position is the fatal misunderstanding about the United States. That is past history, and the present task for us is to solve our European problems alone."

#### OUR POLICY OF NON-INTERVENTION

The policy of non-intervention in European affairs which President Harding followed will probably be adhered to by the Coolidge administration, at least until a time comes when we can help in some effective way without combining with some special group or involving ourselves in engagements contrary to our political traditions. Whatever may be the defects of this policy, it may not be without some compensating advantages. When Europe clears up its present political and economic tangles, loans will be needed

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for restoring the currencies and for general economic development. This is a service the United States will be in a position to render, and we may do this work all the better because we have kept out of these bitter controversies of recent years. There is no doubt whatever that President Harding wished to render helpful service to Europe, based upon good will, and it is clear that Mr. Coolidge has a like disposition. How this service was to be rendered was never made plain to the late President, and his successor must expectantly await the opportune hour when his course may be revealed by events.

In making this final guess at the European riddle before sailing for New York, after an absence of more than a year, I wish to reiterate the views previously expressed in these pages: that fundamentally the problems of Europe are political in character; that in some way, to be determined by those upon whom rest the responsibilities of shap-

ing our international policies, we ought to share in helping to solve both the political and economic problems of Europe. It may be fortunate that for the time being the political aspects of these questions are less prominent than they were; but they have neither been settled nor have they permanently disappeared from the arena of controversy.

For years before the World War England had relied for her security on the balance of power in Europe—an arrangement by means of which any particular group that might be unfriendly to England was not allowed to become sufficiently powerful to become a serious menace. Under present conditions such an arrangement can not be made, either for the reason that the powers for making them no longer exist, that they are decrepit or that they are in the category of recent enemies of England—too recent to make them agreeable political bedfellows. Russia is in a position bordering on political and economic chaos;

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so is Germany; the old Austrian dual monarchy is gone; Turkey is lamely struggling back into the family of nations; Greece has been badly shaken by defeat and revolution; Italy is slowly consolidating her political and economic position, with but little disposition to make outside alliances; the new-born nations have hardly as yet shown sufficient strength to make political arrangements with them specially desirable. In short, the political Europe of pre-war days no longer exists. The League of Nations, of which so much was expected, has not as yet justified the hopes of its founders. Naturally, the World War intensified national hatreds and jealousies, giving rise to suspicions even among those fighting together. The Treaty of Versailles, whatever may be said in its justification, certainly did not tend to heal the wounds of the war, so far as the enemy countries were concerned, but rather to keep them open.

#### IMPORTANCE OF GOOD WILL IGNORED

In the midst of all these conflicting and confusing influences nations have

sought to protect themselves by weakening their late enemies politically and economically, by joining the League of Nations or by making fresh alliances. That surer form of protection—the creation of an atmosphere of good will—has been almost wholly ignored.

I have thought we should not have kept aloof from the difficulties of our European neighbors, for they are our neighbors now with our present-day means of communication, even though they may be 8000 miles and more away. However uninviting the field, I do not think we were justified in keeping out of it. Rather has it seemed to me that our duty was in proportion to Europe's need of help, which certainly is very great. I can not think of America shirking its obligations. I do not believe it means to do so, but is merely waiting to see how effective help may be given. I do not think we should wait too long, and I believe it is our duty to seek for the way and not wait to have it shown us. Conscientious statesmanship can find the way if it wishes to do so. We are spiritually and materially concerned in the restoration of Europe. To aid in this work is a duty toward the

living and toward those who died on European battlefields.

The United States of America is too great and powerful, too noble and gen-

erous in its impulses, to put forth a plea of incompetence in the face of the plain duty which Europe affords.

*London, Sept. 7, 1923.*

## The Economic Resources of Italy

By Paul Einzig

Doctor of Political and Economic Sciences, University of Paris



DR. PAUL EINZIG

Dr. Einzig was born in 1897, and received his education at the London School of Economics and the University of Paris, the latter institution conferring upon him the degree of Doctor of Political and Economic Sciences. He is a fellow of the Royal Statistical Society and of the Royal Economic Society. Dr. Einzig has contributed extensively to scientific reviews, and is at present foreign editor of *THE FINANCIAL NEWS* of London.

**T**HE great majority of articles appearing in the American press concerning the economic situation of Italy are characterized by an exag-

gerated pessimism. Their authors—like those of articles dealing with the economic conditions of other European countries—are rather inclined to base their conclusions exclusively on their impressions regarding the present economic situation, and more particularly the present financial crisis. However, if we want to know whether there is any hope for a recovery, it is not sufficient to examine merely the symptoms of the disease, it is also necessary to examine the resisting capacity of the organism of the patient. The present financial situation of Italy and many other countries may appear hopeless to the present generation, as the financial chaos of Europe after the Napoleonic wars appeared hopeless to contemporary observers. Still, the financial system of a country is merely a superstructure built upon the basis of its economic resources, and if the economic basis is sound, a complete recovery of the financial situation will sooner or later take place. The over-estimation of the importance of the present economic crisis is not only misleading, but also detrimental from a practical point of view, for it results in economic “defeatism” of the public, and this contributes, on a large scale, to the delay of recovery.

Doubtless the present economic situation of Italy has been largely deteriorated through the war and its after effects. Her huge budgetary deficit, which the successive governments have

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been unable to eliminate completely up to the present, the existence of large devastated areas, the over-industrialization in certain branches of industry, the internal and external depreciation of the national currency and the deficit of her foreign trade, are facts which ought not to be overlooked. However, before pronouncing any judgment as to the future vitality of Italy it is necessary to examine those economic resources of permanent character which constitute the country's economic basis. The task of the present article is to submit to the reader an enumeration of those resources. It has been the aim to avoid dealing with the present temporary abnormal situation, not because of an under-estimation of its importance, but merely because it has been too amply dealt with already and has given rise to a one-sided trend in public opinion, which ought to be counteracted in the interest of the rapid recovery of Italy. Its investigations are largely based on pre-war statistical data, because post-war data do not give a true picture of the permanent resources of the country. The productive forces of Italy are under the influence of temporary disturbing factors since the war, but in most cases there is much hope that the discrepancy of post-war figures from the normal averages will disap-

pear in the near future. Post-war figures have only been quoted with reference to changes which are likely to be of permanent character. Still, in order to keep the reader up to date, a short survey of the situation during the first half of 1923 is given in the conclusion of this article.

#### LIMITS OF ITALIAN TERRITORY

The territory of Italy is about 300,000 square kilometres, as compared with pre-war territory of 286,000 square kilometres. On December 1, 1921, the population numbered 38,522,694, which means an increase of nearly 4,000,000 as compared with the pre-war population. The increase is due in part to the acquisition of Austrian territory with a population of 1,765,000 and to the return of a great number of emigrants. On the other hand, war losses amounted to 560,000 men, and there was a revival in emigration after the temporary decline experienced during the war, the number of emigrants during 1919-1921 amounting to 850,000. Therefore the increase of population is largely attributable to the excess of the birth rate above the death rate, and is proof of the vitality of the Italian people. Before the war, the annual excess of births over deaths was thirteen to fourteen per thousand inhabitants, and, as the coun-

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try was unable to employ this rapidly increasing surplus, many hundreds of thousands of Italians had to leave their country every year in order to find occupation abroad. In 1918 the number of emigrants attained 900,000, 2½ per cent. of the total population, two-thirds of which went to North and South America. The number of Italians living abroad is estimated at 7,000,000. Thus the total number of Italians exceeds 45,000,000. Italy is practically the only European belligerent country the population of which has undergone a substantial increase—apart from the increase due to the acquisition of new territories—since the beginning of the war.

The Italian people are characterized by an extraordinary capacity for work. The Italian workman is strong, healthy, intelligent and sober. Without these excellent qualities it would have been impossible to conquer the natural obstacles to the expansion of agricultural production, and to create powerful industries in spite of lack of raw material.

#### THE COUNTRY'S ADVANTAGEOUS GEOGRAPHICAL SITUATION

Italy as the center of the Roman Empire acquired great economic importance several thousand years ago. This was, in part, to be ascribed to her political

power, but was also largely due to the advantageous geographical situation. Being surrounded on three sides by seas, and lying at the meeting place between east and west, the country necessarily played a rôle of great importance as an intermediary of the international trade of that age. The economic importance of several Italian cities—in the first place Venice and Genoa—survived the political power of their country. They were leading factors in the international trade throughout the Middle Ages, as their merchants penetrated into all known countries of the world, serving as connecting links between them, and their merchant fleets were of predominant importance in international shipping for many centuries. After the discovery of America and of the sea route to India, the Italian merchant cities underwent a marked decline, for the Mediterranean ceased to be the center of international trade and the main trend of sea transports took another direction. This period of decline lasted until the second half of the Nineteenth Century, when the political and economic unification of the country resulted in a considerable increase of its importance as a factor in the world's economic life. The abolition of customs barriers between the various Italian states brought with it a rapid expansion

which has only been hampered for a while by the country's lack of capital.

The acquisition of colonies has also contributed to the evolution of trade. The colonial domain of Italy is of relatively recent origin and consists mainly of African territory, with the exception of the Tien-Tsin concession and of the temporarily occupied islands in the Aegean Sea. The Italian colonies are as follows:

1. Lybia, consisting of Tripolitana and Cyrenaica, with a territory of 1,500,000 square kilometres and a population of about 1,000,000. The length of railway lines attains 200 kilometres.
2. Erythrea, 119,000 square kilometres with 880,000 inhabitants, her railway lines attaining 225 kilometres.
3. Italian Somali, 457,000 square kilometres with 375,000 inhabitants and railway lines of 450 kilometres.

#### AGRICULTURE THE MAIN RESOURCE

The most important economic resource of Italy has always been agriculture, which engages the greater part of the population. The development of agriculture has been largely hindered by unfavorable soil, and it is only after the strenuous and patient work of several centuries that the population has succeeded in conquering a great many of the natural obstacles. The progress is particularly important in regard to the work of irrigation, which during the period 1892 to 1905 enabled agricultural production to expand by 22,400 hectares per annum. At present there is hardly any productive land in Italy which is not being worked, so that in future any further expansion could only be attained through the intensification of the production instead of its extension to new territories. Modern scientific methods of production are being largely applied and are gaining popularity, as is proved by the permanent increase of the quantity of modern machinery imported and of the quantity of chemical materials used for the purpose of fertilizing the soil. This latter increased between 1906 and 1913 from



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700,000 metric tons to 1,400,000 metric tons. In 1928 the consumption of superphosphate amounted to about 11,000,000 quintals, as compared with 8,000,000 in 1913. Owing to the peculiar character of Italian soil and climate, there is a variety in agricultural products unknown in most other European countries. Even on the same land there are several different products being grown at the same time. For instance on corn-producing fields they grow grapes, olives and other fruits. Therefore it is misleading to judge the productivity of Italian land exclusively on the basis of its corn output per hectare, which is, as a rule, lower than the corresponding figures of most European countries. It is necessary also to take into calculation the value of various products grown on the same territory. The average value of the annual products of a hectare was 259 gold lire in 1910, which compares very favorably with the average of 1885, amounting to 190 lire only.

The most important agricultural product of Italy is wheat, which occupies more than one-third of the agricultural land. Before the war Italy produced about 10 per cent of the wheat grown in Europe. Nevertheless, as home consumption largely exceeded production, the importation of about 2,000,000 metric tons per annum was necessary. This deficit was covered by Rumania and Russia before the war while at present the chief wheat suppliers of Italy are the United States

and Argentina. There is a permanent progress noticeable in the wheat production, the index number of which increased from 100 to 111 between 1909 and 1919. Oats were grown on 500,000 hectares before the war and the average output during the period of 1909 to 1913 amounted to 5,000,000 quintals while home consumption attained more than 6,000,000 quintals.

Maize is a very important crop in Italy, for in many provinces the peasants consume it instead of wheat. The pre-war production amounted to 25,000,000 quintals, while the maize-growing territory of Italy was about 16 per cent. of the total maize-growing territory of Europe. In spite of this Italy had to purchase from abroad in order to meet a part of her maize requirements.

While all categories of corn are grown in every part of the country, the production of rice is restricted to the Po Valley. Italy is the most important rice-growing country of Europe, her rice fields extending over 145,000 hectares against 39,000 hectares in Spain, 28,000 hectares in European Russia and 3000 hectares in Rumania. Owing to the application of scientific methods, the average output has been increased to thirty-three quintals per hectare, which figure represented the maximum output a few decades ago. The maximum attains sometimes eighty quintals. The quality of Italian rice is particularly good. Before the war

Italy exported about 800,000 quintals per annum.

The progress of beet-root production is particularly worth noticing. In the season of 1888-1889 it was less than 5000 quintals, while in the season of 1908-1909 it reached 1,658,000 quintals. The expansion of tobacco production has also been considerable, and its territory nearly doubled between 1900 and 1910. Owing to favorable climate horticulture has advanced to a very high stage of development. Vegetables are grown on 60,000 hectares by themselves, while they are grown mixed with other agricultural products on 145,000 hectares. The pre-war value of horticultural products amounted to a billion lire per annum.

Italy has acquired an excellent reputation as a fruit grower, not only because of the good quality of her fruit, but also because, owing to her southern position, most categories of fruits ripen by several weeks earlier than in other European countries. The annexation of Trentino to Italy signifies an appreciable increase of the fruit production of the country. Though inland consumption is considerable, still Italy exports substantial quantities of nearly every kind of fruit. For instance, in 1913, apple and pear exports amounted to 1,106,000 quintals, while in the same year 1306 quintals of oranges and 3045 quintals of lemons were exported. Italy also exports large quantities of flowers.

The forests of Italy occupied about 4,000,000 hectares before the war and, although the war devastated some big forests in the Alps, still this has been more than counteracted through the gain of 500,000 hectares of forests in the newly-acquired territories. In certain kinds of timber there is an exportable surplus.

Italy is the most important wine-producing country of Europe. The wine crop attained 38,960,000 hectolitres in 1916 against 36,068,000 hectolitres in France and 23,396,000 hectolitres in Spain. The pre-war Italian wine production averaged 46,-

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000,000 hectolitres. About three-quarters of the output consists of red wines. A large quantity of wine is being exported; for instance, in 1913 more than 13,000,000 bottles of vermouth were sold abroad. Another important product of Italian agriculture is olive oil. In this respect Italy is second after Spain. Olives were one of the few agricultural products showing an increase in quantity during and after the war.

Horse breeding is making a slow but steady progress, the number of horses having increased by 34,000 to 990,000 between 1908 and 1918, despite the adverse effect of the war. The introduction of thoroughbreds has shown appreciable results. The breeding of donkeys and mules is very important in Italy and the progress attained is by far more considerable than that of horse breeding. Cattle are among the chief

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assets of Italy, their number having reached 6,239,741 in 1918. The agricultural conditions of the country are favorable to pig breeding, though there has been a slight decline during the past few years. On the other hand, the number of goats shows a rapid advance. The total number of livestock progressed from 18,186,221 to 25,874,852 between 1881 and 1918.

The quantity of eggs exported in 1913 was 248,000 quintals, while 50,000 quintals of fresh and condensed milk was sold abroad. One of the chief export products is cheese, of which more than 300,000 quintals were exported in 1913, one-third of which was Parmesan cheese, to the value of 25,000,000 gold liras. Another important foodstuff of which large quantities are being exported abroad is spaghetti and other similar pastry products; in 1913 the quantity sold abroad was above 700,000 quintals, the chief consumer being the United States, on account of the large

number of Italians residing there. The production of vegetable conserves has undergone a rapid increase, the quantity exported in 1912 attaining nearly 800,000 quintals.

#### MINERAL RESOURCES

Although Italy is, generally speaking, well provided with mineral resources, she has one weak point, i. e., her lack of coal fields. The country is entirely dependent on foreign coal imports, averaging about 10,000,000 tons per annum under normal conditions. There is hardly any coal worth mentioning being produced in the country, yet, on the other hand, Italy is very rich in fuel of inferior quality, and in the first place in lignite. The quality of lignite produced in Sardinia is very good, as its process of carbonization has arrived at a fairly advanced stage. The total output amounted to 700,000 tons before the war, while it advanced to 2,217,000 tons in 1919. The oil output amounted to

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*Branches*

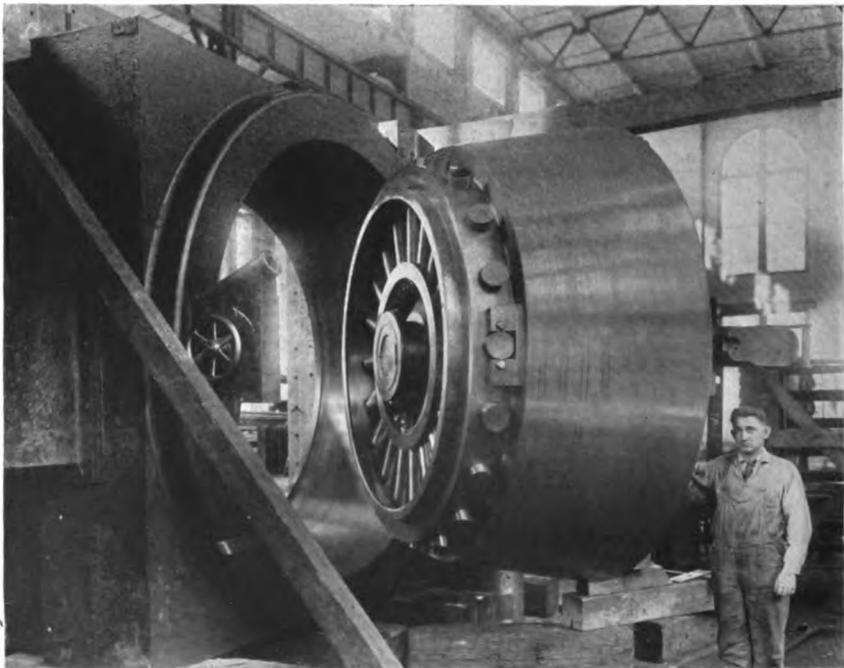
Baltimore  
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Chicago

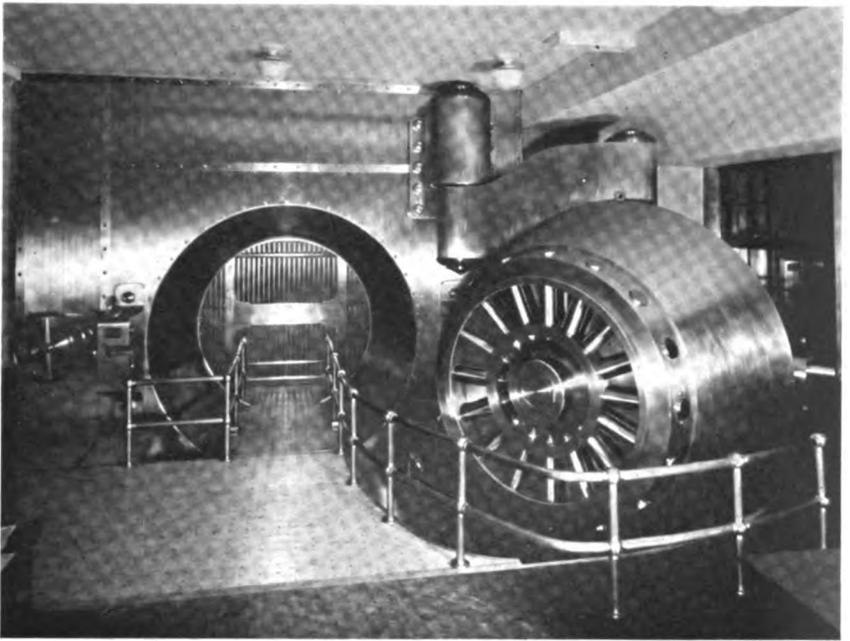
Cleveland  
San Francisco



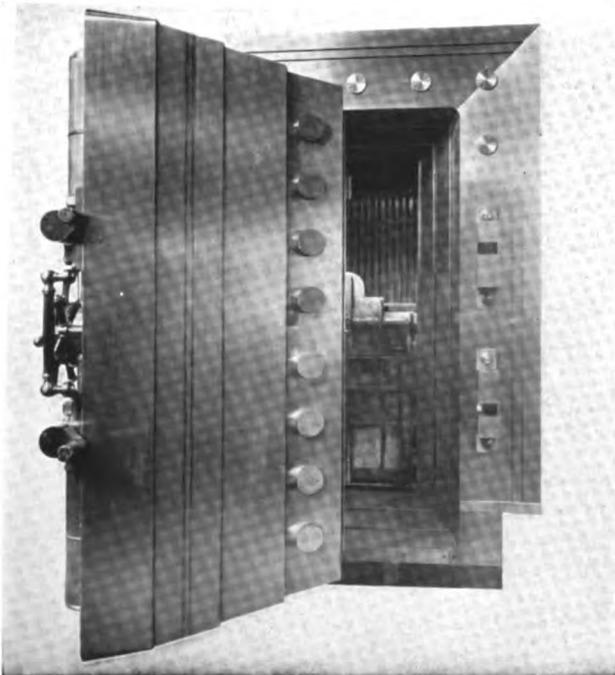
**New York Federal Reserve Bank nearing completion. Three YORK cash and security vaults under installation—new type of revolvable doors—weight of each vault entrance 265 tons or 530,000 pounds.**



**Shop view of YORK vault door installed in the Philadelphia Federal Reserve Bank—thickness of this round door 36 inches solid steel—over all thickness is five feet six inches.**



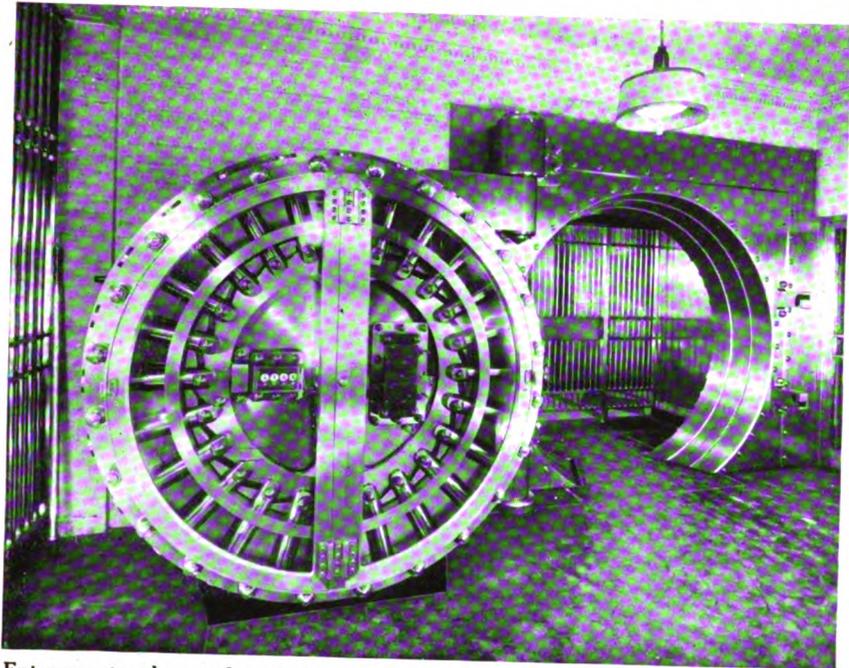
**Interior of YORK vault in the Cleveland Federal Reserve Bank—largest and heaviest vault door ever designed and constructed—48 inch thickness of solid steel—total weight of door and entrance 300 tons or 600,000 pounds.**



**Shop view of one of the rectangular 30 inch YORK main entrances for the Chicago Federal Reserve Bank.**



Exterior view of Cunard Building housing Mechanics and Metals Bank and  
WALKER vaults, at 25 Broadway, New York City.



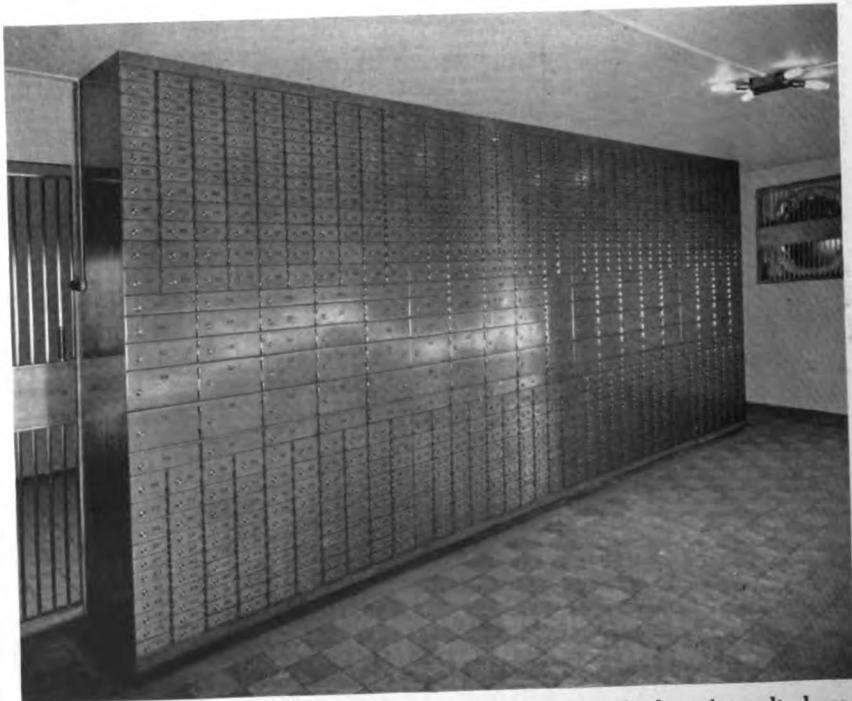
Entrance to the vaults of the Mechanics and Metals Bank showing YORK circular door 20 inches thick with newly devised bolting system.



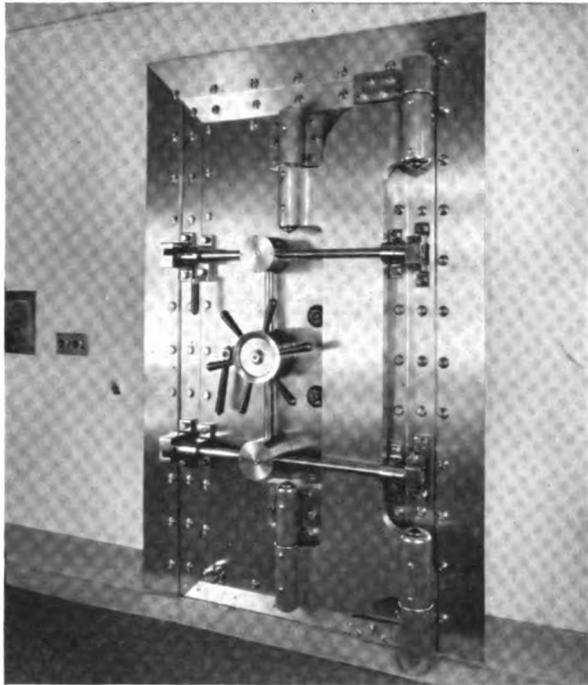
Rear entrance to the safe deposit vault of the Mechanics and Metals Bank—20 inch rectangular YORK door.



Standard 15 inch circular YORK door—entrance to safe deposit vault  
Bank of Manhattan, Jamaica Branch—security vault has rectangular door of  
same thickness.



Interior view of Bank of Manhattan, Jamaica Branch, safe deposit vault show-  
ing assorted sizes of YORK safe deposit boxes on one side.



**Main entrance to safe deposit and security vault Fidelity & International Trust Co., William & John Sts., New York showing YORK door in closed position with heavy polished steel hinge, pressure system, etc.**



**Main entrance to safe deposit and security vault Fidelity & International Trust Co., William & John Sts., New York—YORK 12 inch rectangular door of solid steel with rear emergency door of same thickness.**

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First National Bank of Jersey City, N. J.  
County Trust Co., White Plains, N. Y.  
Sag Harbor Savings Bank, Sag Harbor, N. Y.  
Somerville Trust Co., Somerville, N. J.  
Madison Trust Co., Madison, Conn.  
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4780 tons in 1921, which is far from being sufficient to cover home requirements. However, research work is being carried out in several parts of the country and there is reason to believe that within a few years the Italian oil production will acquire greater importance.

In order to reduce the dependence on foreign countries in regard to fuel, Italy endeavors to utilize her hydraulic forces for industrial purposes. The nominal amount of concessions granted for the utilization of hydraulic forces was about 1,000,000 horsepower in 1910; it amounted to 1,300,000 horsepower in 1916, and to 2,240,000 horsepower in 1919. The electrical current actually produced through hydraulic forces was estimated at 800,000 kilowatt at the beginning of 1920. There are wide possibilities of increasing this figure, as up to now only an insignificant part of the existing energy has been utilized. Italy is the richest European country in hydraulic forces; the

number of horsepower of hydraulic energy per square mile is estimated at fifty-five, against twenty-seven in France and twenty-six in Spain.

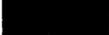
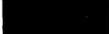
Italy is unable to produce the quantity of iron ore required by her home industries, as her total stocks are estimated at 40,000,000 tons only and her pre-war output was 600,000 tons per annum, while her consumption required 1,500,000 tons. On the other hand, there is hope that the research work being carried out in Calabria, Sicily, Sardinia, etc., will meet with success. Moreover, large quantities of iron pyrite are produced, containing about 60 per cent. of iron.

Among the other metallic products of the Italian soil the quicksilver, copper ores, zinc, lead, mangan, aluminum, bauxite, etc., are particularly worth mentioning. Since the annexation of Istria, Italy is the leading quicksilver producing country of Europe. The average quantity of copper ore pro-

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duced for some time before the war was 90,000 tons per annum, but its copper contents did not exceed 8 per cent. On the other hand, zinc production is very important in Italy. The annual output exceeds 150,000 tons. In lead Italy possessed an exportable surplus of 17,000 tons per annum before the war. Part of the lead produced contains a high percentage of silver. The output of manganite ore has undergone a rapid increase since the war. The raw material requirements of the aluminum industries are duly covered by home production.

The most important mineral resource of Italy is sulphur. Before the war the annual sulphur output exceeded 2,500,000 tons, of which the average quantity exported was about 400,000 tons, about 90 per cent. of the output originating in Sicily. Another important non-metallic mineral product of the country is marble, the output of which amounted in 1913 to 426,000 tons. The

white marble of Carrara has acquired international reputation. The pre-war exports attained 180,000 tons per annum.

### GROWTH OF ITALIAN INDUSTRIES

The rapid development of Italian industries began toward the end of the Nineteenth Century. The results attained during the past few decades are satisfactory, considering that the country possessed no industrial traditions whatever, and that lack of fuel has been a handicap to industrial development. The war has contributed, on a large scale, to the acceleration of this evolution. While before the war Italian industries were unable to compete with foreign industries—with the exception of those branches where the superior skill of Italian workmen secured an advantage — the urgent requirements created by the war and the difficulties of purchasing manufactures abroad have led to the establishment of a great num-



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ber of important enterprises, especially in the metallurgical, engineering, electrical, textile and chemical industries. It is true that the cessation of the extraordinary situation which made the creation of these enterprises necessary deprived some of them of their *raison d'être*, still the great majority were able to adapt themselves to the changed circumstances.

The metallurgical industry is one of the oldest branches of Italian industrial enterprise. In 1862 there existed forty-four blast furnaces producing 29,000 tons per annum. After the crisis in the last decade of the Nineteenth Century, there was a period of prosperity, and between 1905 and 1910 a great number of important metallurgical enterprises have been created. The cast-iron output increased from 140,000 tons in 1905 to 350,000 tons in 1910, and to 514,000 tons in 1918, and during the period 1905 to 1910 the steel output more than doubled. The number of electrical furnaces rose from twenty

in 1915 to two hundred in 1917. Simultaneously with this expansion, substantial progress has been made in the specialized production of fine qualities of steel. The total output of metallurgical industries amounted to 246,000 tons in 1895, to 731,000 tons in 1906, and to 1,821,000 tons in 1917. The aluminum industries of Italy have the great advantage over the iron and steel industries that they need not import from abroad part of their raw material requirements. Electricity is being largely used for the transformation of bauxite, and a marked progress is noticeable concerning technical perfection of the process applied. The separation of the silver contents of lead is the chief object of several important enterprises, and the silver thus gained amounted to 13,094 kilos in 1913.

Engineering industries were among the few branches of enterprise which succeeded in conquering foreign competition without any difficulty even before the war, not only in the home mar-

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kets but also abroad. For instance, Italian motor cars were sold in great numbers even in motor-car manufacturing countries. The number of hands employed in engineering industries was about 300,000 before the war, but this figure has undergone a substantial increase in consequence of war requirements, and though several works had to reduce their activity during the post-war period, nevertheless a great part of the progress attained during the war has been maintained. The concentration carried out since the war has largely contributed to the reduction of net cost and to the elimination of unsound competition.

One of the few branches of Italian industries possessing a tradition is the shipbuilding industry. The number of shipbuilding concerns was forty in 1918, but their number and producing capacity has largely increased during the war, and the annexation of Trieste has also added to the shipbuilding capacity of the country. There was an extraordinary progress in the building of airplanes. The number of motors for airplanes manufactured in 1910 was but ten and in 1915 only 950, while it attained 15,600 in 1918, and the number of airplanes produced per annum progressed during the same period from three to 450 and to 6500 respectively. The number of airplanes exported was 281 in 1920. The progress of motor-car industries since 1914 was less rapid, because Italy had already arrived in that branch at a fairly advanced stage

before the war. The number of cars sold abroad amounted to 3600 in 1912 and to 11,820 in 1920. Turin is the center of motor-car industries. The number of its motor-car factories was forty in 1911. The bicycle and motorcycle industries are also prospering; the number of bicycles exported in 1920 was 5400, that of motorcycles was nearly a thousand.

Even before the war, Italy was able to cover by her home production the rolling stock requirements of her railways. Since the war a great number of ammunition factories have been transformed into railway material factories, and though at present home requirements absorb the total products, it is to be expected that after a few years there will be a substantial surplus available for export.

Owing to the rapid development of the employment of electrical machinery in factories, the Italian electrical industries were unable, before the war, to keep pace with the growth of requirements in dynamos and other electrical machinery, and even today a substantial part of the requirement is covered by import. Still, the urgent demand of the home market has largely stimulated the development of that branch of industry. The number of electric lamps manufactured in 1912 was 4,000,000, while it attained 6,000,000 in 1918, and a similar progress has been made in the production of accumulators, telephonic and telegraphic material, electrical heating apparatus, etc. The manufac-

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turing of cables and insulated wires has attained a particularly advanced stage, and is not only able to cover home needs but also to acquire foreign markets. The value of cables and wires exported was 7,500,000 lire in 1914. In 1920 the quantity of dynamos exported was 14,600 quintals, against 9700 quintals in 1913. A similar progress is noticeable in the export of most categories of machinery, such as tractors, 13,600 quintals in 1920 against 368 quintals in 1913; agricultural machinery, 8428 and 4095 quintals respectively; textile machinery, 6552 against 4860, etc.

With the exception of certain special branches the chemical industries of Italy were in their infancy before the war, and the predominant majority of the chemical raw material, semi-product and manufacture requirements had to be imported from abroad. The extraordinary requirements of the war gave a stimulus to the expansion of the existing works and the creation of new ones, so that at present Italy is able to supply at home a great number of products purchased from Germany before the war. The progress has been particularly substantial in the manufacturing of synthetic chemical products, some of which are expected to conquer foreign markets in the near future. According to statistical data, the number of hands and of motors employed in chemical industries has doubled since 1914.

The following table shows the progress in the annual output of some of

the most important chemical products of Italy:

	In metric tons			
	1895	1905	1913	1918
Sulphuric acid ....	95,710	302,100	644,713	835,440
Nitric acid .....	1,105	1,455	13,611	85,800
Chlorhydric acid..	5,760	11,170	18,966	21,600
Copper sulphate....	3,150	26,210	44,497	100,800
Superphosphate .....	145,685	512,348	972,494	485,400

As is shown by these figures, there was a marked tendency toward progress even before the war. The decline in the superphosphate output is to be ascribed to merely temporary factors, as the vitality of that branch of industry is proved by the steady increase of its exports. The quantity of superphosphate exports was 40,000 quintals in 1920 against 1500 quintals in 1913. The manufacturing of copper sulphate is making rapid progress, still it was unable to keep pace with the increase of inland demand until 1920 when, for the first time, the quantities exported exceeded those imported. Among organic acids, the production of boric acid is showing a good progress, and the quantity exported has undergone a marked increase since 1919.

The number of soap factories increased from 300 in 1894 to 800 in 1911, and during 1911 the production exceeded 150,000 tons. Before the war soap export amounted to from 3000 to 4000 tons per annum, while in 1920 it increased to 6000 tons. Italian perfumed and medical soaps are acquiring good markets in Eastern Europe. The industrial transformation of olive oil, the production of stearine, oleine, and

glycerine show also a tendency toward rapid development. The manufacturing of essences and perfumes, on the other hand, is relatively insignificant and is unable to cover home requirements, especially as far as superior qualities are concerned. The production of drugs is much favored by local conditions and is able to compete with the best foreign products. The manufacturing of dye-stuffs and other aniline products was introduced during the war when they could not be imported from Germany.

Among the textile industries of the country the silk industry has the greatest importance in the world market. In 1911 about 2000 enterprises with 176,000 workmen were engaged in silk production, and their annual output attained 5,000,000 to 6,000,000 quintals, i. e., about one-sixth of the total silk production of the world. There is an increase of the quantities exported of most kinds of silk products. The production of artificial silk has also undergone a considerable development during the past few years, so that, while before the war Italy imported more artificial silk than she exported, at present her exports substantially exceed her imports.

The progress in the cotton industries is shown by the increase of raw cotton imports from 136,500 tons in 1900 to 291,300 tons in 1915, and it is worth noticing that this increase is mainly due to the increase of purchases from the United States, while the quantities of cotton imported from other countries remained nearly unchanged. In 1913 the quantity of cotton goods exported was 67,000 tons while the quantity imported was below 6000 tons. The unfavorable effect of the war on the exportation of cotton goods has entirely disappeared since 1920. The wool industries had developed during the two decades that preceded the war, and in 1913 there were 785 factories with 63,000 workmen. The quantity of wool transformed was 215,000 quintals in 1894 and 416,000 quintals in 1913. As the wool production of the country is on

the average 280,000 quintals per annum, part of the raw material has to be imported.

The production of flax has undergone a decline since the second half of the Nineteenth Century, owing to Russian competition. Before the war the quantity of flax used by the textile industries of the country was about 30,000 quintals. The production of hemp is far more important, as Italian hemp is of exceptionally good quality and is easily marketable abroad. Though the requirements in raw hemp for use of the home industries show a steady increase, still there is a big surplus available for export. Hemp manufactures are also being exported in increasing quantities, especially strings and cords, while the export of tissues is declining. Jute industries are in less favorable condition than hemp industries, for they have to import their raw material, still, their progress is none the less encouraging, and the export of jute manufactures showed an increasing tendency before the war.

The hide and leather industries of the country are in a prosperous state. Their raw material requirements are nearly completely covered by home products and the products of the Italian colonies. The exportation of prepared hides made rapid advance before the war. The manufacturing of boots is of quite recent origin, as in 1911 the number of such factories was only thirty.

The progress of paper manufacturing was slower than that of most other industries, and manufacturers are unable to cover the needs of home consumption. Still, the increasing figures of cellulose imports ought to be regarded as a good sign. The number of paper mills was 440 in 1913, employing 26,000 workmen and possessing machinery with 73,000 horsepower total force.

The number of cement factories was 814 in 1912, and the annual output amounted to 1,000,000 tons, which compares favorably with 300,000 tons in 1905. There were before the war 331 glass factories with 17,000 workmen,

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while in 1920 the number of workmen attained 25,000. Among industries employing the output of agriculture, the production of beer showed a rapid progress before the war, and the output increased from 567,000 hectolitres in 1900 to 721,000 hectolitres in 1910. The progress of rubber industries may be judged from the increase of raw rubber import from 684 tons in 1900 to 5867 tons in 1915, and from the fact that during the same period the value of annual exports in rubber wares has increased by 1000 per cent.

While in most other countries domestic industries and small industries are merely of local significance and their description cannot be of any particular interest to the readers of another country, the domestic and small industries of Italy have succeeded in acquiring, through their exceptional character, an international importance. Their products are beyond competition on the world market, owing to the extraordi-

nary skill—and even artistic talent—required by them. Such industries are those engaged in producing artistic glassware, furniture, ceramic ware, lace and embroidery, marble sculpture, etc. The total value of exports of these industries increased by nearly 50 per cent. between 1900 and 1910 when it approached 100,000,000 gold lire, which figure includes only the merchandise sold abroad, while there are not even approximate estimates as regards the value of artistic objects bought in Italy by foreign travelers.

### THE ITALIAN RAILWAYS

Having given an enumeration of the productive resources of Italy, let us examine another important asset of her national wealth, i. e., her transport system. Ever since the unification of the country, one of the main endeavors of the government was the completion of its railway network. The length of railway lines was 15,479 kilometres in

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Societe Anonyme

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M. Charles Petit

General Manager  
M. Eugène Carpentier

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.

1895, 15,884 kilometres in 1900, 16,247 kilometres in 1905, 16,832 kilometres in 1910, 18,614 kilometres in 1915 and 20,000 kilometres—including the railways of the newly-acquired provinces—in 1920. The income of railways per kilometre was 20,000 lire in 1895, 39,000 lire in 1910 and 45,500 lire in 1915. The annual average quantity of merchandise transported by the Italian railways was 16,000,000 tons during the period 1885 to 1894, 21,000,000 tons during the period 1895 to 1905, and 33,000,000 tons during the period 1906 to 1916. These figures may appear somewhat low as compared with the total population, yet the peculiar circumstances of the country ought not to be overlooked. The relative uniformity of the climate of the country reduces to a minimum the division of labor between the respective provinces so that each part of the country is more or less self-sufficient in most goods produced in the other parts of the country. This, as well as cheap shipping possibilities, tends to reduce the railway traffic of the country. However, Northern Italy, and especially Milan and its surrounding territory, is an exception from that rule, as its highly-developed industries necessitate a very lively traffic. During the past few decades important ameliorations have been carried out, and at present the technical perfection of Italian railways is not inferior to that of the railways of other modern countries. The rolling stock consisted of 77,300 units in 1895, 91,000 units in

1905 and 154,000 units in 1920. Several important projects of new lines will be carried out in the near future, and the work of electrification of railways, which was interrupted by the war, has been resumed after the armistice. At present the length of electrified railway lines attains 400 kilometres, and the total length of lines which are to be electrified is much above 6000 kilometres, i. e., almost one-third of the total length of the Italian railway network. The electrification of railways is all the more important as it will render the country more independent of foreign coal imports.

Originally all Italian railways were private property, but the state purchased the most important lines in 1905, so that at present all lines of national or international importance belong to the state. The state railways possess 5500 locomotives, out of which 200 are electric locomotives, 11,000 carriages and 110,000 railway trucks, and the number of its employees is 192,000. The new government intends to denationalize the state railways, and this change will probably largely contribute to their improvement, as it will eliminate red tape and replace it by individual initiative.

In consequence of her geographic situation, the great length of her coast and of the traditions of her population, navigation in Italy is highly developed. Even before the unification of the country, the various Italian states possessed important merchant fleets, but during

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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)

*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

the last three decades of the Nineteenth Century a marked decline took place. The aggregate tonnage fell from 1,044,337 in 1875 to 776,077 in 1895. After 1895 there was an improvement noticeable, owing to the growth of the foreign trade of the country. This improvement is shown by the figures of annual production of shipbuilding industries, which advanced from 23,000 for the period 1892-1902 to 26,200 for the period 1903-1913, to 30,700 for the period 1914-1918, and to 57,000 for 1919. In spite of this advance, the Italian shipbuilding industries were unable to cover the home requirements and a great part of the Italian merchant fleet has been built by foreign shipbuilders. Between 1910 and 1920 the net tonnage of steamers has more than doubled, but part of the increase is due to the substitution of steamers for sailing vessels and to the acquisition of a great part of the late Austrian merchant fleet. A considerable number of ships are under construction and it is expected that the tonnage of the Italian merchant fleet will undergo a sudden increase during the next few years.

Owing to the favorable geographical situation of the country, its ports are very important in international shipping. During the two decades that preceded the war, the traffic of the Italian ports was doubled. In 1913 the tonnage of ships that entered and left the Italian ports amounted to 114,000,000, as compared with 56,000,000 in 1895, and the temporary decline caused

by the war has been succeeded by a revival after the armistice. Important works of amelioration have been carried out in order to enable the ports to receive the biggest modern steamers. The most important commercial port is Genoa, the traffic of which is rapidly increasing, and since the armistice there is a slow but steady tendency noticeable toward the elimination of the abnormal difference between the exports and imports of Genoa—the quantity of goods imported through that port has been five to six times larger than the quantity of goods exported—which had an unfavorable influence on its freight market and hindered the development of the port.

The tonnage of goods embarked and debarked in Italian ports shows a still more substantial progress than the tonnage of ships entering and leaving those ports. In 1894 this figure was 13,640,000 tons and it increased to 29,158,000 tons in 1914. Out of the latter quantity, 14,457,442 tons were embarked or debarked through the port of Genoa.

Another important port of Italy is Venice, the goods traffic of which increased from 1,000,000 tons in 1895 to 2,500,000 in 1913. Trieste is the most significant Adriatic port, with a shipping traffic of 10,000,000 tons and a goods traffic of 3,500,000 tons, and it is in a better situation than Genoa or Venice as far as return cargo is concerned. The shipping traffic and the number of passengers of the port of Naples exceed those of any other Italian

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Limited

## Buenos Aires

Oldest and Largest Financial House in South America

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

**CORRESPONDENCE IN ALL LANGUAGES INVITED**

port, but the commercial traffic is inferior to that of the three above-mentioned ports. The future of Naples as well as Palermo, Messina and Bari depends on the success of the agricultural transformation that is being carried out in Southern Italy.

Before the war the net tonnage of Italian ships entering and leaving Italian ports grew much more rapidly than that of foreign ships. During the period 1893 to 1914 the net tonnage of Italian ships entering or leaving all Italian ports increased by 44,000,000 while that of foreign ships in Italian ports increased by 16,000,000 only.

The organization of the commercial policy of the country is being carried out by the Ministry of Industry and Commerce. The local commercial interests of particular districts are represented by the chambers of commerce and industry, the number of which is eighty-three, including those of the newly-acquired territories. There are also three chambers of commerce in the

Italian colonies, and twenty-five chambers of commerce in foreign countries. From time to time sample exhibitions are organized in the country and abroad, and since 1920 there is an international fair every year in Milan and in Trieste.

*(To be Concluded in the November Issue.)*



### International Banking Notes

The directors of Lloyds Bank, Limited declared an interim dividend for the half-year ended June 30 last of 1s. 8d. per share, being at the rate of 16 2/3 per cent. per annum, payable, less income tax, on and after July 28. This is the same as a year ago.

The statement of condition of Lloyds Bank, Limited, London, for the half-year ended June 30, 1923, shows total assets of £372,151,799; total current, deposit and other accounts of £335,594,414; paid up cap-

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## AMERICAN COLONIAL BANK OF PORTO RICO SAN JUAN

Branches: Arecibo, Mayaguez, Caguas

ital of £14,872,956; and reserve fund of £10,000,000. A condensed statement follows:

LIABILITIES		£
Current, deposit, and other accounts.....	335,594,414	
Acceptances, endorsements, guaran- tees, etc. ....	12,184,429	
Capital:—		
Authorized .....	£72,500,000	
Subscribed .....	71,864,780	
Paid up .....	14,372,956	
Reserve fund .....	10,000,000	
	£372,151,799	
ASSETS		£
Cash in hand and with the Bank of England .....	35,614,077	
Balances with, and checks in course of collection on, other banks in the British Isles .....	11,059,878	
Money at call and short notice .....	19,109,951	
Bills of exchange .....	57,894,211	
Treasury bonds and other short-term British Government securities.....	56,324,850	
Other British Government securities....	26,373,412	
Indian and Colonial Government secur- ities, corporation stocks, Eng- lish railway debenture and prefer- ence stocks, and other investments	2,482,026	
The National Bank of Scotland Lim- ited, £4,861,570 (nominal) stock (£1,069,545 8s. paid up) at £300 for each £110 paid up .....	2,916,942	
The London and River Plate Bank, Limited, 118,883 shares of £25 each (£17 paid up) at £38 per share.....	4,517,554	
Lloyds & National Provincial Foreign Bank Limited, 12,000 shares of £50 each (£20 paid up) at £20 per share	240,000	
Advances to customers and other ac- counts .....	138,004,939	
Liabilities of customers for accept- ances, endorsements, guarantees, etc., as per contra .....	12,184,429	
Bank premises .....	5,429,525	
	£372,151,799	

©

The Banque Nationale de Credit, Paris, one of the most important French financial institutions, with 420 branches in France,

has announced that on August 30 certain changes in the capitalization were decided upon.

There was formerly an authorized capital of Frs. 500,000,000, of which Frs. 261,965,750 was fully paid, but consisting of some shares fully paid and others only partly paid. So as to put all of the shareholders on the same basis the new capitalization will stand at Frs. 250,000,000, all of which will be *fully* paid. The reserves totaling upwards of Frs. 90,000,000 will remain unaffected. This modification is to be carried out in the following way. Fully paid-up shares to a total of 365,242, of Frs. 500 denomination, will receive in cash Frs. 250 each. Other shares numbering 643,758, on which so far only the previously called portion of Frs. 125 each has been paid, are now required to pay in a balance of Frs. 125. The denomination of shares will continue at Frs. 500 each.

It is expected that these changes will meet the approval of American banking circles as they have met the unqualified approval of French financiers.

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A cable was received on September 17 by the Guaranty Trust Company of New York from the Yasuda Bank, Limited, Tokio, stating that on September 10 the bank and its affiliates opened business at a new address within the limits of the moratorium. The cable also states that the bank's strong room is safe, although the office was burned. Monetary and all other conditions were reported calm and improving.

# BANKING BUSINESS WITH BELGIUM

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Capital Subscribed . . . Frs. 40,000,000  
Capital Paid Up . . . Frs. 16,884,000  
Reserve . . . . . Frs. 7,309,784

Branches :  
BRUSSELS \_\_\_\_\_ OSTEND  
CORRESPONDENTS  
AT ALL BANKING POINTS

The *Semena Financiera*, a weekly financial paper of Madrid, announces that a Spanish-Cuban bank will be created in that city with a capital of 25,000,000 pesetas.

©

The statement of account of the London Joint City and Midland Bank Limited, London, made up on June 30, 1923, compares as follows with the position shown by the bank on December 31, 1922 and June 30, 1922:

At the seventy-fifth ordinary general meeting of the shareholders of the Munster and Leinster Bank, Ltd., held July 24, 1923, at the head office, Cork, a dividend at the rate of 20 per cent. per annum for the half-year ended June 30, 1923, was declared. The bank's balance sheet for the half-year ended June 30, shows that the profits of the bank, after deducting expenses, providing for the interest on deposits, rebate on bills, and for all bad and doubtful debts, amount to

### LIABILITIES

	June 30, 1922	Dec. 31, 1922	June 30, 1923
	£	£	£
Capital paid up .....	10,860,852	10,860,852	10,860,852
Reserve fund .....	10,860,852	10,860,852	10,860,852
Current, deposit and other accounts (including balance of profit and loss account).....	368,230,832	355,928,411	347,900,203
Acceptances and engagements on account of customers .....	17,718,567	25,862,341	26,380,696
	£407,671,103	£403,512,456	£396,002,603

### ASSETS

Coin, bank and currency notes and balances with the Bank of England .....	53,325,176	54,254,534	51,886,944
Balances with, and checks in course of collection on other banks in Great Britain and Ireland .....	11,600,430	13,548,935	14,637,853
Money at call and short notice .....	16,644,306	17,187,013	20,657,595
Investments .....	67,697,021	55,454,831	38,087,428
Bills discounted .....	56,252,193	46,066,831	45,336,797
Advances to customers and other accounts.....	176,912,071	182,307,521	190,104,209
Liabilities of customers for acceptances and engagements .....	17,718,567	25,862,341	26,380,696
Bank premises .....	4,961,924	5,270,960	5,351,389
Shares of the Belfast Banking Company, Ltd., and The Clydesdale Bank Ltd. ....	3,259,415	3,259,690	3,259,690
Shares of The London City and Midland Executor and Trustee Company Ltd. ....	300,000	300,000	300,000
	£407,671,103	£403,512,456	£396,002,603

The following statement, supplementing the above figures, shows the proportion of the assets to current, deposit and other accounts (including balance of profit and loss account):

	June 30, 1922	Dec. 31, 1922	June 30, 1923
	Per cent.	Per cent.	Per cent.
Coin, bank and currency notes and balances with the Bank of England.....	14.5	15.2	14.9
Balances with, and checks in course of collection on other banks in Great Britain and Ireland .....	3.1	3.8	4.2
Money at call and short notice .....	4.2	4.8	5.9
Investments .....	18.4	15.6	10.9
Bills discounted .....	15.3	12.9	13.0
Advances to customers and other accounts .....	48.0	51.2	54.6

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# Rotterdamsche Bankvereniging

Rotterdam

Amsterdam

The Hague

Capital . . . . . *fl* 75,000,000  
Reserve . . . . . *fl* 36,500,000

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.

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Representative for the United States

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

£94,204, to which has been added from last account £41,031, making a total of £135,235. This sum has been disposed of as follows:

	£
To dividends for the half-year.....	30,000
" reserve fund .....	50,000
" reduction of premises account.....	10,000
Carried forward to next account.....	45,235

At the general meeting on July 24, the following resolutions were passed:

- (1)—That the capital of the company be increased by the creation of 50,000 new shares of £5 each, which shall be considered part of the original capital of the company, and shall be issued subject to the same provisions as to the amount to be paid up on each share, and as to the payment of calls and instalments, transfer and transmission, forfeiture, lien and otherwise, as are contained in the articles of association.
- (2)—That such new shares shall be offered in the first instance to those who were shareholders of the company on the 9th day of July, 1923, in proportion as nearly as may be to the amount of the capital held by them, and at the sum of £2 per share, being the amount which is to be paid up in respect of each such new share.
- (3)—That the payments for such new shares shall be made in such manner and at such time or times as the directors shall think fit.

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The statement of condition of the Skandinaviska Kreditaktiebolaget, Stockholm,

for the half-year ended June 30, 1923, shows total resources of Kr. 1,126,627,551; deposits of Kr. 601,209,774; paid up capital of Kr. 87,188,000; and reserve fund of Kr. 94,812,000. A condensed statement follows:

ASSETS		Kr.
Cash .....	22,463,805	
Securities .....	52,780,844	
Due from other banks .....	35,548,262	
Bills discounted .....	133,958,835	
Loans on securities .....	613,172,985	
Current accounts .....	183,357,049	
Sundry accounts .....	70,745,483	
Bank premises .....	14,600,283	
		Kr. 1,126,627,551
LIABILITIES		Kr.
Paid up capital .....	87,188,000	
Reserve fund .....	94,812,000	
Bills in circulation .....	19,508,275	
Current accounts .....	160,327,523	
Deposits .....	601,209,774	
Due to other banks .....	101,440,425	
Sundry accounts .....	62,141,552	
		Kr. 1,126,627,551

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The directors of Westminster Bank Limited, London, have declared an interim dividend of 10 per cent. for the half-year ended June 30 on the £20 shares, and the maximum dividend of 6¼ per cent. on the £1 shares

# BANK OF ROUMANIA, LIMITED

Founded 1866

(Registered in London on 17th April, 1902, 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.

for the same period. The dividends, 10/- per share and 1/3 per share respectively (both less income tax) became payable on August 1.

⊙

The Warsaw and London Bank was to have been opened in Warsaw before the end of September, according to press advices received in New York last month, with a paid-up capital of £250,000, representing 250,000,000 Polish marks, entirely subscribed in England.

The board of directors is composed of Lieut. Gen. Sir Hubert de la Poer Gough, Hugh Lawrence Fletcher Moulton and J. Henry Thomas for England; Henry Karpinski, the largest pulp manufacturer in Poland, and Emil Swida, director of the Warsaw gas plant.

The government has promised to issue a charter to the bank seven days after the capital is actually transferred from England.

⊙

The Russian State Bank has transferred certain of its credits in foreign exchanges from German correspondents to banking institutions in London and Amsterdam, according to a radio to the *New York Journal of Commerce*.

The Russian State Bank also contemplates opening accounts with banks in Paris.

⊙

Banks of the City of Prague have pooled their resources to revive three Prague institutions now insolvent, according to information received recently in New York.

The solvent institutions are the Bohemia Bank, the Land Credit Bank and the Moravo-Silesian Bank. According to the cabled dispatch, every bank will contribute to the special reconstruction fund at the rate of 2 per mille of their deposits. The amount thus to be received will be about 80,000,000 crowns per annum, and it will enable the insolvent banks to reimburse their depositors 33 per cent. in cash. The balance will be taken up through the issuance of bonds under the guarantee of the state.

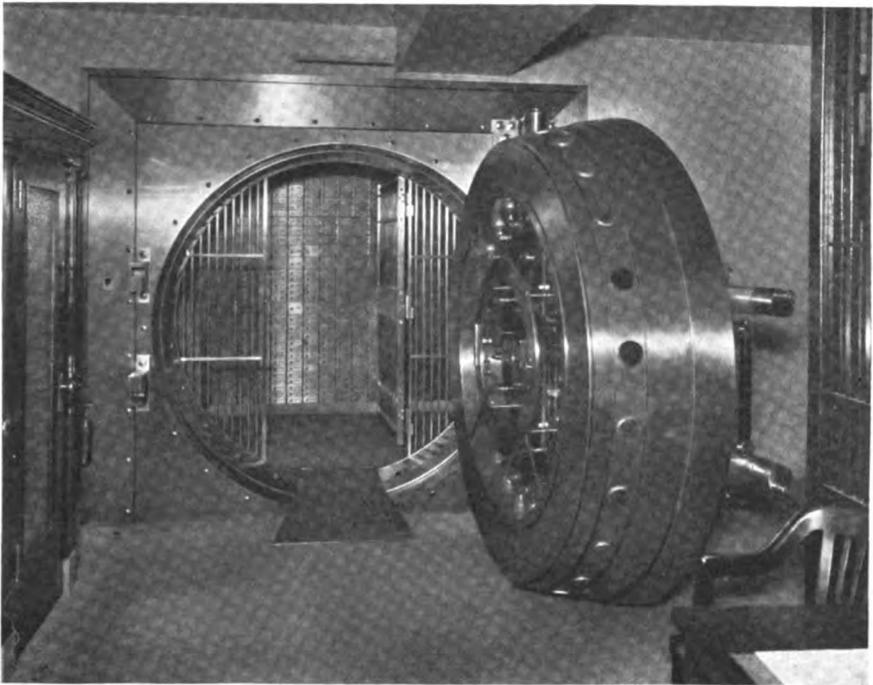
⊙

At the seventeenth annual meeting of the shareholders of Ernesto Tornquist & Co., Limited, Buenos Aires, held September 17, last, it was decided to increase the extraordinary reserve fund by \$300,000, bringing the total paid up capital, reserves and surplus to \$16,404,289. A dividend of 6 per cent. on the preferred shares, and 7 per cent. on the ordinary shares, was declared at the meeting. The statement of the bank's condition as of June 30, 1923 showed that the year's profits, after deducting amortizations, general and administrative expenses, amounted to \$1,182,328, which it was decided to distribute as follows:

Five per cent. to the legal reserve fund..	\$ 59,116
Six per cent. dividend on the \$3,000,000 preferred shares .....	180,000
Seven per cent. dividend on the \$9,000,000 ordinary shares .....	630,000
Balance of profit brought forward from the year 1921-22 .....	35,427
To the extraordinary reserve fund.....	300,000
Balance to be carried forward to new account .....	48,639

With these distributions the capital and reserves of the company stood on July 1, 1923, as follows:

Capital .....	\$12,000,000
Legal reserve fund .....	1,355,649
Extraordinary reserve fund .....	3,000,000
Balance of profit and loss account.....	48,639



Vault door open, revealing steel grille and safe deposit boxes

## Safe Deposit Vaults of the Peoples Trust Company, Brooklyn, N. Y.

**T**HE safe deposit vault recently constructed for the Peoples Trust Company of Brooklyn, N. Y., by the Herring-Hall-Marvin Safe Co., has for its main entrance a door twelve inches thick and approximately seven feet in diameter, composed of alternate layers of five-ply chrome steel, open hearth steel and special metal to guard against burning with electricity or the oxy-acetylene torch. The door is secured with twenty-four bolts, each three and one-half inches in diameter. Bolts are checked with two combination locks so arranged that they may be operated separately or together. This provides for an emergency in case one lock should get out of order. The door may be opened on either one of the combinations.

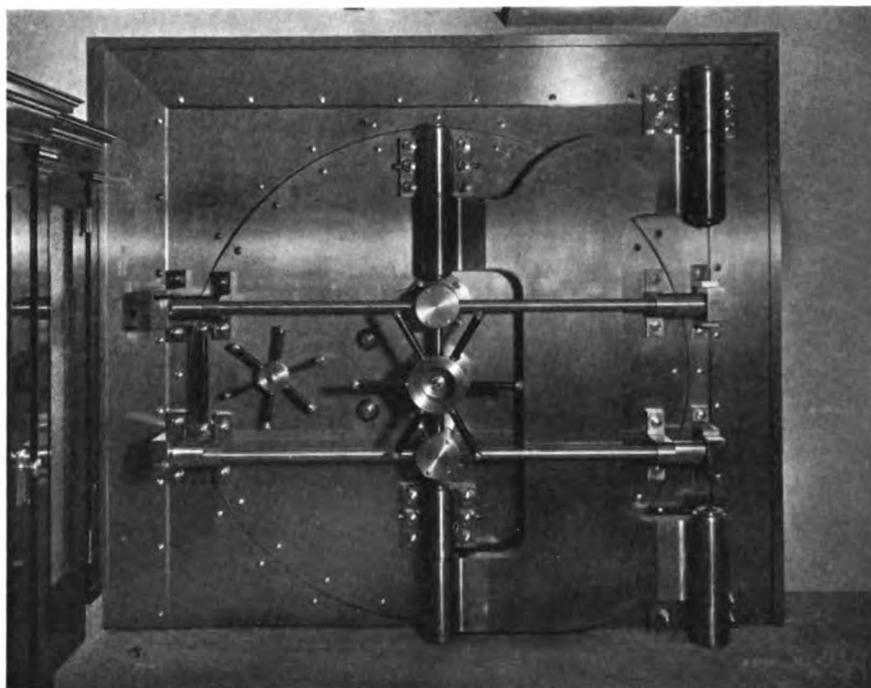
The locking mechanism is further checked with a four-movement timelock. These four movements are separate and

independent of each other. Any one of them will release the mechanism at the expiration of the time for which the time lock is wound, thus permitting the door to be opened by operating the combination locks. These four movements provide for an emergency, making it possible for the door to be opened, even though three of these movements may fail to operate.

This heavy door swings on a crane hinge which weighs 2800 pounds. These hinges are provided with both ball and roller bearings, eliminating all friction. The door swings so easily that a child can operate it. The bolt work locking mechanism is covered with plate glass in order to keep out all dust and dirt.

The entrance to the vault is further provided with a grille made of special steel bars. The weight of the door and frame is 44,000 pounds.

The steel lining of this vault is two



Vault door closed, showing combination locks and crane hinge

inches thick, and is composed of alternate layers of five-ply chrome steel and open-hearth steel. The weight of the lining is 52,000 pounds.

#### EMERGENCY ENTRANCE

The emergency entrance to this vault is made in the same manner as the main door, the only difference being that it is small, being just large enough to ventilate the vault and to permit a man to crawl through, in case of the remote possibility of failure of the locking mechanism on the main door to operate. This emergency door has a four-movement timelock and two combination locks, just the same as the main door.

#### SAFE DEPOSIT BOXES

Within the vault are several thousand

safe deposit boxes; each compartment is provided with a lock requiring the operation of two keys to open it; one key being held by the renter and the other by the bank. Neither the bank nor the renter can open the box alone. Each compartment is provided with a tin bond box with the lid secured with a hasp and staple fastener.

#### SECURITY VAULT

This vault is built in the same manner as the safe deposit vault, except that the door is rectangular instead of round.

In the interior of the cash vault, burglar-proof chests or lockers are provided for further protection to the bank's funds and securities.



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Federal Reserve Bank Kansas City, Mo. (2 vaults)	Federal Reserve Bank Nashville, Tenn.
Federal Reserve Bank Dallas, Texas (2 vaults)	Federal Reserve Bank El Paso, Texas
Federal Reserve Bank New Orleans, La.	Federal Reserve Bank Houston, Texas
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# New York Bankers Discuss Branch Ruling

**A**TORNEY General Daugherty's ruling that branch banks cannot legally be established by national banks will not affect existing branches of New York national banks, in the opinion of Charles E. Mitchell, president of the National City Bank. He expressed his views after receiving a number of opinions from Washington, none of which, however, was official. Mr. Mitchell thinks the ruling may cause the closing of many branches in the West, particularly in California.

Mr. Mitchell explained that the local branches were acquired through purchase under the provision of the National Banking and Federal Reserve Acts, whereas the branches governed by the ruling were established under authorizations from former Comptroller of the Currency Crissinger. Four national banks, the National City, the Chatham & Phenix, the Mechanics & Metals and the American Exchange have branch offices in this city. The ruling does not concern national bank branches in foreign countries.

This banker has little fear that the establishment of branch banks will tend to displace the Federal Reserve System, as such branches are restricted to the cities in which the parent bank is situated. The growth of chain banks in different cities controlled by the same interests was checked by legislation, he said.

The privilege of state banks to establish branches is an advantage which the national institutions until recently have not enjoyed. There is a tendency for national banks to become fewer because of this and other disadvantages, Mr. Mitchell said. The money circulation

privilege is growing less important steadily owing to the approaching maturity of outstanding bonds which may be pledged to secure the notes issued by national banks, he pointed out.

The uniformity of the periodical examinations of national banks gives them some advantage as customers recognize it as a standard, Mr. Mitchell said, but emphasized that he did not mean to impugn the value of examinations by state authorities.

That the advantages of having a national charter have grown less would appear to be true from the fact that recent mergers of national and state banks tend to result in the retention of the state charters. The absorption of the Importers & Traders National Bank by the Equitable Trust Company had this result, as did the merger of the Merchants National Bank with the Bank of the Manhattan Company and the Irving National Bank with the Columbia Trust Company, now the Irving Bank-Columbia Trust Company.

Officials of other national banks having branches either would not discuss the interpretation or were absent from their offices when called upon.

Mr. Daugherty's ruling provides that national banks may have branches for receiving deposits and cashing checks, but not for the making of loans or the transaction of a general banking business. It was pointed out recently that this ruling might be circumvented by having a vice-president in charge of a branch personally qualified to exercise discretion, whose decisions simply would be "rubber stamped" at the main office.



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tution of the great Central West.

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BROADWAY—LOCUST—OLIVE

**Capital and Surplus \$15,000,000.00**

# Banking and Financial Notes

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION

## Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

### SEABOARD NATIONAL ENLARGES QUARTERS

New and enlarged quarters for its officers were opened recently by The Seaboard National Bank on the second floor of its building, Broad and Beaver streets, New York.

The renovations, necessitated by the developing business of the bank, have been in progress during the summer months and have resulted in providing much extensive floor space for the executive staff. The second floor, now given over to the officers, contains approximately 5000 square feet. As a result of the changes, enlarged accommodations for the loan and tellers' departments are provided on the first floor, and the foreign department and various other departments of the bank have enlarged accommodations on the third floor, mezzanine and other floors of the building. In all, some 16,000 square feet of additional space now is utilized for the bank's purposes through the changes just completed.

The furnishings for the new quarters for the officers include an entrance of bronze and marble. The banking room is in marble and walnut, with the board room adjoining paneled in walnut. Special attention has been paid to noise-reducing features and to ventilation, as well as lighting, such artificial light as may be required being provided by a new system.

The Seaboard's building received the Downtown League's prize for the finest building constructed in 1920 in the business section of Manhattan, south of the City Hall. The bank moved into it in 1921.

### NEW BANK FOR NEW YORK CITY

The Trust Company of North America filed an organization certificate with the

New York State Department and will open for business at 93 Liberty street, New York City, about the end of October. The new bank will have a capital of \$500,000 and surplus of \$250,000. Colonel Thomas H. Birch, former U. S. Minister to Portugal, will be president, according to present advices.

The incorporators of the institution are: Joseph McCurrach, Edward I. Edwards, William J. Keeley, Charles Paul Brown, Walter J. Green, William C. Sproul, Wilson P. Tanner, Thomas H. Birch and Edward J. Noble.

### BANK DIVIDENDS

The American Exchange National Bank of New York declared a  $3\frac{1}{4}$  per cent. quarterly dividend, payable October 1 to stockholders of record Sept. 24.

The Bankers Trust Company, New York, declared a quarterly dividend of 5 per cent., payable October 1 to stockholders of record September 21.

The Central Union Trust Company, New York, declared a 6 per cent. quarterly dividend, payable October 1 to stockholders of record September 29.

The Empire Trust Company, New York, declared the regular quarterly dividend of 3 per cent., payable September 28 to stockholders of record September 22.

At the regular meeting of the board of trustees of the Equitable Trust Company of New York, held September 18, a quarterly dividend of 3 per cent. was declared, payable September 29 to stockholders of record September 20.

At a meeting of the board of directors of The Fifth Avenue Bank, New York, held September 12, the regular quarterly dividend of 6 per cent. was declared, payable

October 1 to stockholders of record September 29.

The First National Bank of Brooklyn, New York, declared a 3 per cent., quarterly dividend, payable October 1 to stockholders of record on September 21.

The board of directors of the Garfield National Bank, New York, declared a quarterly dividend of 3 per cent. on the capital stock, payable free of city and state tax, on September 29 to stockholders of record September 25.

The Greenwich Savings Bank, New York, declared the usual dividend to depositors of 4 per cent. per annum, to be credited to depositors on and after October 15.

The board of directors of the Guaranty Trust Company of New York declared a quarterly dividend of 3 per cent. on the capital stock of the company for the quarter ending September 30, payable on September 29 to stockholders of record September 14.

The Hanover National Bank, New York, declared a quarterly dividend of 6 per cent. payable October 1 to stockholders of record September 19.

The Irving Bank-Columbia Trust Company, New York, declared a quarterly dividend of \$3 a share, payable October 1 to stockholders of record September 20.

The Mechanics and Metals National Bank, New York, declared its quarterly dividend of 5 per cent., payable October 1 to stockholders of record September 22.

The Metropolitan Trust Company of New York declared a quarterly dividend of 4 per cent., payable September 29 to stockholders of record September 21.

The National Park Bank, New York, declared a 6 per cent. quarterly dividend payable October 1 to stockholders of record September 24.

The New York Trust Company declared a 5 per cent. quarterly dividend, payable September 29 to stockholders of record a week earlier.

The State Bank, New York, declared its quarterly dividend of 4 per cent. payable October 1 to stockholders of record September 18. The bank has total resources of \$100,137,044.

A quarterly dividend of 12½ per cent. on the capital stock has been declared by the United States Trust Company of New York, payable October 1 to stockholders of record September 20.

The board of directors of the United States Mortgage and Trust Company, New York, declared the regular quarterly dividend of 4 per cent., payable October 1 to stockholders of record September 28.

#### LIBERTY NATIONAL BANK FORMED BY DURANT HAS BEEN OPENED

W. C. Durant of the Durant Motors, Inc., opened the doors of his newly organized bank, known as the Liberty National Bank, on October 10. Policies which, it is claimed, will prove more or less novel in the banking world will be put in force by Mr. Durant and his associates. Among these are the bank's commitments as to interest, providing that "in no instance will interest on loans exceed the legal rate" and the declaration that "no commission, fee or bonus in money, merchandise or stock will be charged or accepted in connection with any loan made or negotiated."

Mr. Durant will serve as chairman of the board of directors and Carrol Downes will be president, with Charles S. Andrews, Jr., and Robert W. Daniel as vice-presidents.

According to officers, the bank's capital is now fully subscribed. Figures have not been made public, but it is known that the bank's stock has been spread among investors of moderate means.

#### GEORGE F. BAKER GOES ABROAD

George F. Baker, chairman of the board of the First National Bank, New York, has sailed on the Olympic for a vacation in Europe. Mr. Baker, who is 83 years old, plans, it is said, to visit several countries, starting with England.

Mr. Baker's trip will be in line with the programs of other important New York bankers who have been sailing for European countries throughout the summer.

#### CORN EXCHANGE PLANS CAPITAL INCREASE

An increase in the capital stock of the Corn Exchange Bank, New York, has been recommended by the directors, who have called a special meeting of stockholders to vote on the proposal.

The directors recommend that the capital be increased to \$10,000,000, divided into 100,000 shares of \$100 par value each. Present capitalization is \$9,075,000, divided into 90,750 shares of \$100 par value each. It is suggested that the additional stock be disposed of in a manner so that each stockholder of record on December 7, 1923, "shall have the right to subscribe at \$100 per share to an amount of the new stock equal to 10 per cent. of the stock held by him".

DOLLARS  
and  
SENSE



A wise combination of the two makes an ideal banking relationship.

In 65 years of experience, we have developed facilities for intelligent banking service—the kind that leaves no aftermath but satisfaction.

Let us know your requirements.

---

*Willing Cooperation is a Part of Our Working Capital*

---

This operation, if approved, will dispose of 9075 shares, leaving a balance of 175. "These shares," the board recommends, "and any of the 9075 shares not subscribed for, will be sold at public auction in lots as small as any bidder may wish to bid for same, and if there is no request for sale in smaller lots, the entire amount to be sold will be sold in one lot. All subscriptions shall be based on the agreement that fractional parts of shares shall not be entitled to dividends".

The present dividend rate on the stock affected is 20 per cent. a year, or \$5 a quarter. The stock in the open market was quoted yesterday at \$450 bid and none offered. The dividend rate will apply equally to the new and the old stocks, according to officials.

In bringing the bank's capitalization to an even figure of \$10,000,000, Walter E. Frew, president, said the recommendation was in line with the bank's policy of giving stockholders a chance to share in profits. Deposits under the proposed plan should be made on or before January 3, 1924, for which, it was announced, "temporary receipts shall be issued, and such temporary receipts shall be exchangeable for stock certificates" on January 5, 1924.

**APPOINTS NEW ASSISTANT  
SECRETARY**

The Guaranty Trust Company of New York announces the appointment of J. Luther Cleveland, Jr., as an assistant secretary of the company. Mr. Cleveland will assist in handling the company's business in the southwestern part of the United States.

Mr. Cleveland was formerly associated with the American National Bank of Oklahoma City as vice-president and member of the board of directors, in which capacity he was particularly identified with country bank relations.

**AUGUST EMKE MADE ASSISTANT  
TREASURER**

At a recent meeting of the board of directors of the Italian Discount and Trust Company of New York, August Emke was elected assistant treasurer of the corporation.

**USEFUL BOOKLET ON CIRCULATION  
PROFIT**

The First National Corporation of Boston, New York office, has published a booklet "Profit From Circulation of National

Bank Notes," which has recently been distributed to a large number of national banks throughout the United States, and covers very completely a subject that is of direct concern to over 8000 banks and of interest to all students of American banking practice.

#### BANKERS FORUM COMMITTEE

Romaine A. Philpot of Philpot and Cannon, Inc., New York, organizer of the Bankers Forum, New York, and chairman of the Bankers Forum Committee announces



**ROMAINE A. PHILPOT**

Chairman Bankers Forum Committee;  
partner Philpot & Cannon, New York

the following membership for this committee for the forthcoming year:

Newton D. Alling, assistant cashier Irving Bank-Columbia Trust Company; C. A. Austin, president Seaboard National Bank; Henry Billman, vice-president Manufacturers Trust Company; J. B. Birmingham, assistant cashier National City Bank; C. E. Blackford, Jr., vice-president Fidelity International Trust Company; Albert Breton, vice-president Guaranty Trust Company; J. H. Brennen, assistant cashier Bank of America; J. A. Broderick, vice-president National Bank of Commerce; Edward C. Delafield, president Bank of America;

Richard Delafield, chairman of board National Park Bank; James Dodd, vice-president New York Trust Company; Walter E. Frew, president Corn Exchange Bank; John C. Foley, assistant treasurer United States Mortgage and Trust Company; Fred W. Gehle, vice-president Mechanics & Metals National Bank; Percy H. Johnston, president Chemical National Bank; Roger P. Kavanagh, partner McArdle, Djörup & McArdle; G. P. Kennedy, vice-president Chatham & Phenix National Bank; F. I. Kent, vice-president Bankers Trust Company; George A. Kinney, trust officer Chase National Bank; H. R. Kinsey, comptroller Williamsburgh Savings Bank; Jacob C. Klinck, trust officer Metropolitan Trust Company; G. L. LeBlanc, vice-president Equitable Trust Company; V. A. Lersner, vice-president Bowery Savings Bank; Frederick C. Metz, Jr., treasurer Bank of New York & Trust Company; Gates W. McGarrah, chairman of board Mechanics & Metals National Bank; I. H. Meehan, assistant secretary Farmers' Loan & Trust Company; Charles E. Mitchell, president National City Bank; W. J. Montgomery, vice-president Bank of America; J. T. Monahan, vice-president Metropolitan Trust Company; W. H. Moorhead, assistant cashier Chase National Bank; T. B. Nichols, branch manager Mechanics & Metals National Bank; L. H. Ohlrogge, assistant cashier National Park Bank; John W. Peddie, S. W. Straus & Co.; Lewis E. Pierson, chairman of board Irving Bank-Columbia Trust Company; Horace F. Poor, vice-president Garfield National Bank; William Rosendale, vice-president Irving Bank-Columbia Trust Company; Richard W. Saunders, honorary member New York Chapter, A. I. B.; H. C. Sonne; Jerome Thralls, vice-president Discount Corporation of New York; H. L. Tompkins; Albert H. Wiggin, president Chase National Bank; George W. Wright, assistant secretary Bowery Savings Bank.

#### NEW YORK A. I. B. PLANS DINNERS

The New York Chapter of the American Institute of Banking has arranged to hold seven monthly informal business dinners at the Hotel McAlpin during the 1923-24 season. In addition a formal dinner is scheduled for December.

#### MORRIS PLAN CONVENTION

W. D. McLean and G. J. Schutz, vice-presidents; J. B. Morris, comptroller; R. H. Riddleberger, assistant secretary; and

Huger W. Jervey, Charles Jerome Edwards and Lionel Sutro, directors of the Morris Plan Company of New York, attended the fourth annual convention of banks and companies throughout the United States, that are members of the Morris Plan Bankers Association, at Atlantic City, October 15 to 17 inclusive.

Dr. John Finley, noted educator and associate editor of *The New York Times* addressed the delegates on the subject of "Thrift" on Tuesday evening, October 16. Social features of the convention were a banquet, ball and golf tournament. In the latter, Ames Higgins of New York met the bankers from all sections of the country to defend the cup he won in the 1922 tournament in New York.

Accompanying some of the officials were their wives, who sojourned during the convention at the Ambassador Hotel.



**HARRY H. POWELL**

Vice-president Equitable Trust Company, New York

**HARRY H. POWELL**

Harry H. Powell, who is vice-president of the Equitable Trust Company, New York, has been elected trustee of the Broadway Savings Institution.



Established 1889

## IMPRESSION

**T**HE first impression received is said to be a lasting one.

Our depositors tell us that it is impossible to come into the offices of this Bank without realizing the truth of our slogan "The bank where you feel at home."

Friendly, efficient service has conveyed this impression to our many correspondents, and our constant endeavor is to see that this first impression lasts.

---

## THE PEOPLES BANK OF BUFFALO

*Offices—*

Main and Seneca Streets (Head)  
Main at Tupper Street (Uptown)  
Niagara and Virginia Streets  
Michigan Avenue and Perry Street  
(Elk Street Market)

---

Resources over \$24,000,000



## A Winter Playground in a Mohammedan Paradise



ACCESSIBLE as Europe, are Algeria, Tunisia and Morocco—where you rest from the ceaseless grind of Western civilization—one day's sail from France.

Under African skies the grass is green, flowers blaze in the meadows and the soft, perfumed air is peopled with feathered minstrels. Summer stays the year-around. Further south are the cool heights of the Atlas Mountains and beyond, the sunny Sahara.

You can now make leisurely, care-free tours through lands of dead civilizations and wonderful ruins to colorful oriental cities and vividly green oases. In luxurious automobiles, over straight, smooth motor roads, with modern hotels at all cities and points of interest—a winter playground in a Mohammedan paradise.

### *Tour Rates Cover All Expenses*

All hotel, guide and transportation expenses on sea and land—even gratuities—are included. Voyages to Europe and back on the express liners *Paris, France* or *Lafayette*, a week in Paris, days in Marseilles and Bordeaux, crossing the Mediterranean, motor tours through the domains of the Prophet, return to France and home. Time table to suit your convenience—back in six weeks or three months according to tour selected.

Write for interesting descriptive literature on North Africa and rates for different tours conducted under French Line Management.

# French Line

Compagnie Générale  
Transatlantique

19 State Street, New York

*Offices and Agencies in Principal Cities of Europe and the United States.*



## North African Motor Tours Morocco · Algeria · Tunisia



**GEORGE S. LITTLE**

Vice-president in charge of Madison avenue office,  
U. S. Mortgage and Trust Company, New York



**CHARLES DIEHL**

Assistant treasurer U. S. Mortgage and Trust  
Company, New York

**U. S. MORTGAGE AND TRUST  
CHANGES**

Charles S. Andrews has resigned as vice-president in charge of the Seventy-third street branch of the U. S. Mortgage and Trust Company, New York, to become vice-president of the Liberty National Bank. John A. Hopper was elected vice-president in charge of the Seventy-third street branch and George S. Little vice-president in charge of the Madison avenue branch to succeed Mr. Hopper. Gladding B. Coit, formerly assistant secretary, has been elected assistant treasurer, as has also Charles Diehl, formerly manager of the 125th street branch.

**JOSEPH E. CHAMBERS**

Joseph E. Chambers who was recently elected assistant secretary in charge of the municipal bond division of the investment department of The Fidelity Trust Company of Buffalo, is one of the few men outside of New York City who has made a special study of municipal finance. This branch of the investment business is highly specialized and Mr. Chambers has made it a life-long study. For the past five years he has assisted, in an advisory capacity, many municipalities in their problems of finance.

Mr. Chambers was born in Scranton, Pa.,

and was educated in Buffalo. His former business connections were with the Buffalo office of Bonbright & Co. of New York and later with Stacy & Braun, a municipal bond house.

**WARBURG RETURNS FROM ABROAD**

James P. Warburg, vice-president of the International Acceptance Bank, New York, has returned after a three months' trip abroad. Mr. Warburg visited the various banks of England and on the Continent where the International Acceptance Bank has its own stockholding correspondents, and devoted his time to ascertaining business and financial conditions.

**BANK OPENS BRONX BRANCH**

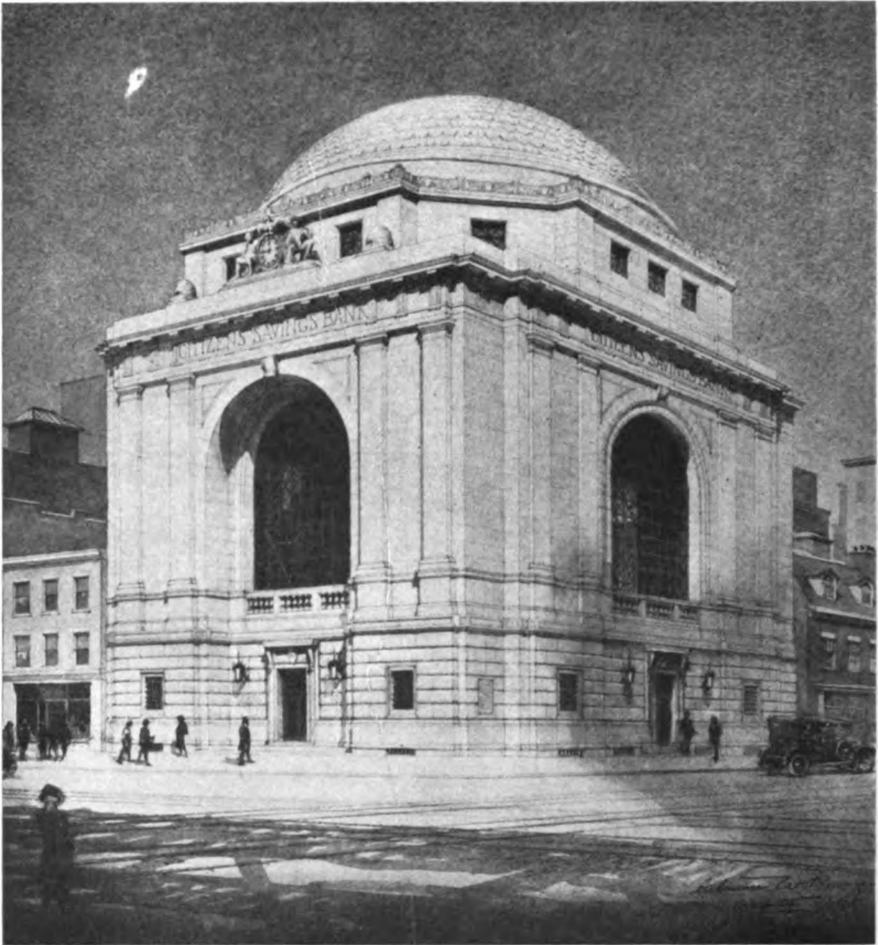
The Cosmopolitan Bank has opened a new branch at 904 Freeman street, the Bronx, New York City.

The Cosmopolitan Bank was established in June, 1906, and has \$4,848,800 in deposits.

**DISCOUNT CORPORATION OF  
NEW YORK**

The statement of condition of the Discount Corporation of New York, as of September 29, 1923, shows capital and surplus

# Citizens Savings Bank of New York



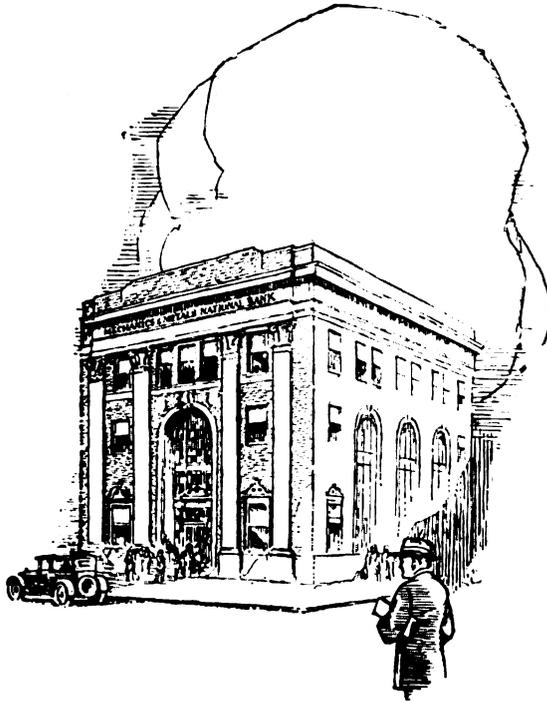
This building, vaults and equipment designed by  
**CLARENCE WILSON BRAZER, Architect**

1133 BROADWAY, NEW YORK CITY

Architect for a number of other distinctive Bank Buildings

This Building is one of the most remarkable structures now nearing completion in New York City, on a lot fronting 75 feet on the Bowery and 85 feet on Canal Street, facing the Manhattan Bridge Plaza. The old bank building still occupies a 50 foot frontage on the Bowery while the new building is being erected on a 25 foot lot adjoining. The foundations have been installed under the existing building, supporting the new building over present quarters without disturbing the old banking room, which has been occupied every day during the construction of the new building. Upon completion of the adjoining 25 foot section the Bank will move into this portion and into the top story containing the Directors' Room, Dining Rooms, etc., while the lower 20 feet on the Canal Street side is being completed. Thus at a slight additional cost, the Architect has provided a design in which the Bank might continue business on the old site, saving moving expenses, rent, etc., of temporary quarters.

The Building is constructed of Barre granite in the substantial and distinctive Florentine Renaissance style, so appropriate to strong financial institutions.



Second avenue branch Mechanics and Metals National Bank. New York City

of \$6,000,000; undivided profits of \$1,320,705; and total assets of \$59,513,667. The statement reads as follows:

ASSETS	
Acceptances discounted .....	\$34,898,808
New York State bond, at cost.....	985
United States Treasury certificates and Treasury notes at market bid prices .....	20,693,499
United States Government securities under resale and repurchase agree- ments .....	2,400,000
Cash and due from banks .....	1,439,181
Sundry debits .....	81,193
	\$59,513,667
LIABILITIES	
Capital .....	\$ 5,000,000
Surplus .....	1,000,000
Undivided profits .....	1,320,705
Reserve for dividend .....	75,000
Reserve for taxes, etc. ....	20,936
Loans payable and due to banks and customers .....	19,817,443
Acceptances rediscounted and sold with endorsement .....	29,795,961
United States Government securities repurchase and resale agreements, per contra .....	2,400,000
Unearned discount .....	44,398
Sundry credits .....	39,221
	\$59,513,667

**NEW MECHANICS AND METALS  
BRANCHES**

An evidence of the manner in which New York City banks are providing for future

expansion is the policy adopted by The Mechanics and Metals National Bank in constructing new and modern quarters for its branches. Two of them are now in the process of construction; another was formally opened on October 11 at Second avenue and Fourteenth street.

This building, which is accessibly located to all parts of the lower East Side of New York City, took a year to construct. It is of red brick with white stone columns and trim. The main banking room is spacious and particularly light and well ventilated.

A safe deposit vault of the most modern construction has been installed. The door of this vault weighs six tons and as a protective measure it is equipped with a system of time locks.

William MacCammon, who has been manager of the Stuyvesant Square branch for a number of years and has a wide acquaintanceship in the district, continues in that position.

**THE PLAINFIELD TRUST COMPANY**

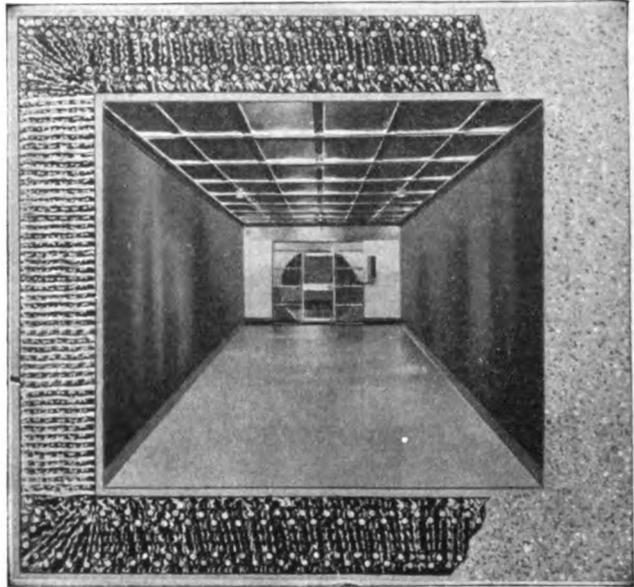
The Plainfield Trust Company, Plainfield, N. J., which began business in 1902 with deposits of \$124,000, showed, on September 14, 1923, deposits amounting to \$10,439,001.

# “STEELCRETE” ARMORED VAULTS

*AS DEVELOPED FOR FEDERAL RESERVE BANKS*

An enmeshment  
of heavy steel  
embedded in a  
thick wall  
of rich concrete

With every  
modern device  
of destruction,  
and then—



**Cross-section of Vault Showing “Steelcrete” System**

**T**IME is the element vital to burglar or mob attack upon the vaults of a bank. Each added hindrance puts the job further away from possible accomplishment.

To gain illicit entrance into a Steelcrete Armored Vault there are hundreds, literally hundreds, of heavy steel strands to be cut. Each strand would have to be individually severed.

This enmeshment of heavy steel is embedded all through a thick wall of rich concrete. This system gives a united

strength that resists cutting flame, explosives and edged tools.

To cut a hole large enough for the smallest man to wedge through would require all the skill of a most expert cracksmen aided by every modern device of destruction—and then, an allotment of time far beyond that ever in this country found available for any job of bank robbery.

The “Steelcrete” Armored Vault system has been adopted by many noteworthy financial institutions, including many Federal Reserve Banks.

## The Consolidated Expanded Metal Companies

BRADDOCK, PA.

**NEW YORK**  
537 West 35th St.

**PITTSBURGH**  
Oliver Building

**PHILADELPHIA**  
1075 Germantown Ave.

**CHICAGO**  
1234 W. Washington  
Boulevard

Considering Plainfield's close proximity to New York City banks, and the fact that four other local banks are supported by a population of less than 31,000, it is clear that the company's remarkable growth is based upon merit, service rendered and the wisdom of those to whom the guidance of the company's affairs is entrusted.

The president, Harry H. Pond, was elected last June. He has been connected with The Plainfield Trust Company since 1910, when he became secretary and treasurer. In 1913 he was elected vice-president of The Mechanics and Metals National Bank of New York, and at the same time he was elected to the vice-presidency of The Plainfield Trust Company. He is a banker of wide experience and sagacity, and is eminently fitted to guide the destinies of so progressive an institution.

The active executive management of The Plainfield Trust Company is ably directed by DeWitt Hubbell, who holds the position of vice-president, secretary and treasurer. His business acumen and rare personality have won for him, as for Mr. Pond, the confidence and high regard of the residents of Plainfield, and the loyal co-operation of the employees of the bank.

The Plainfield Trust Company has also been distinguished by the successful men of high character and ability that have been called to serve on its board of directors. The present board is composed of Charles W. McCutchen, chairman of the board, Henry M. Cleaver, Frederick Geller, Arthur M. Harris, Augustus V. Heely, DeWitt Hubbell, Edward H. Ladd, Jr., Harry H. Pond, Charles A. Reed, Frank H. Smith, John P. Stevens, Samuel Townsend, Cornelius B. Tyler, and Lewis E. Waring.

The officers of the company are Harry H. Pond, president; Augustus V. Heely, vice-president; DeWitt Hubbell, vice-president and secretary-treasurer; F. Irving Walsh, assistant secretary-treasurer; H. Douglas Davis, assistant secretary and trust officer, and Russell C. Doeringer, assistant treasurer.

#### UNION TRUST COMPANY OF ROCHESTER

A building was leased in the early part of September at Joseph and Clifford avenues, Rochester, N. Y., to house a new branch of the Union Trust Company of that city. The opening of a branch bank on this site will meet the urgent necessity of the present



**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

# C. C. SHAYNE & CO.

*Importers and Manufacturers of*  
STRICTLY RELIABLE FURS



COATS—WRAPS—SCARFS

IN EVERY DESIRABLE FUR

126 WEST 42d STREET

NEW YORK

and prospective depositors in this prosperous neighborhood.

Evidence of the steady growth of the Union Trust Company is shown in the fact that during the past year deposits have increased over \$2,000,000. The resources are over \$23,000,000.

Officers and directors are:

President, Frederick W. Zoller; vice-presidents, John C. Frankland, Allan B. Fraser, James L. Hotchkiss; vice-president and trust officer, Charles H. Moore; secretary, Deloss M. Rose; treasurer, M. G. Palmateer; assistant secretary and auditor, Charles H. Eshelman; assistant secretaries, Carl R. Snider, Edward J. Meyer, Arthur J. Meyer, William J. Hauser.

Directors, James E. Gleason, James F. Hamilton, Charles Winslow Smith, Dr. Philip Conboy, Irving S. Robeson, Thomas W. Finucane, Eugene J. Chapman, Willis A. Matson, Erickson Perkins, J. E. McKelvey, Charles F. Crandall, Arthur E. Sutherland, Gordon E. Thing, James L. Hotchkiss, W. W. Foster, Eugene J. Dwyer, Charles P. Schlegel, Allan B. Fraser, Jeremiah G. Menihan, George L. Swan, James L. Whitley, John L. Keenan, John C. Frankland, D. M. Richards, Charles F. Pond, Frederick C. Malling, Frederick W. Zoller.

#### CHARLES M. AUSTIN ELECTED CASHIER

The board of directors of The Wyoming National Bank of Wilkes-Barre, Pa., at a recent meeting elected Charles Morgan Austin cashier, to succeed the late Elmer Ellsworth Buckman, who died recently following a stroke of paralysis.

Mr. Austin has been connected with the institution for twenty-seven years, having filled every position up to senior assistant cashier, which position he held at the time of Mr. Buckman's death. He is one of the most popular and well liked bank men in this section, and is prominent in state Masonic circles.

During the last few years The Wyoming National Bank has enjoyed a remarkable growth. A continued expansion and ability for greater usefulness is predicted under the administration of Mr. Austin.

Col. Dorrance Reynolds continues as president of the institution, which office was made an active one.

The present officers are as follows: Col. Dorrance Reynolds, president; George R. Bedford, vice-president; Theodore S. Barber, vice-president; Charles M. Austin, cashier; Theodore Alexander, assistant cash-

## THE "BANK SHY" ARE DEPOSITING!

*Positive Protection*

*Brings New Accounts*

The menace of the check raiser has been removed. "Bank shy" people are opening accounts.

In thousands of banks, all over the country, the story is repeated. New accounts—new business—since positive protection became a fact.

Super-safety INSURED Checks are triply safe-guarded against the check raiser. They are made of the world's best safety paper. Each check protected by the world-famous Wm. J. Burns International Detective Agency, Inc.

And each bank and depositor insured, up to \$1,000.00—in the strong, old-line Hartford Accident & Indemnity Company — against losses through check alterations.

They protect bank and depositors. And they give the bank something definite, something tangible to "sell" to prospective depositors.

We maintain a complete advertising department and furnish advertising helps—free—to make sure that all banks providing Super-Safety Insured Bank Checks secure the maximum value from that added feature.

Get the facts—all of them. One of our representatives is near you now—write or wire.

### The Bankers Supply Company

Largest Manufacturers of Bank Checks  
in the World

New York	Chicago	San Francisco
Atlanta	Dallas	Denver

**SUPER-SAFETY  
Insured  
BANK CHECKS**

# 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

ier; Ridgway B. Espy, trust officer. William M. Sherrill is manager of the publicity and new business department.

## DR. CHARLES D. SCHAEFFER

Announcement has been made of the death, on September 2, of Dr. Charles D. Schaeffer, former vice-president of the Allentown National Bank, Allentown, Pa.

## MISS MORTON TO JOIN ASBURY PARK TRUST COMPANY

The women's department of the Asbury Park Trust Company has a new head in the person of Miss Hetty Morton, formerly of Trenton and Allenwood, who succeeded Miss Marguerite Hampton. Miss Hampton left the bank October 1 to be married.

Miss Hampton started with the Trust Company twelve years ago when it com-

menced business in temporary quarters on Mattison avenue. At that time she was secretary to President W. J. Couse and later was promoted to the banking department, where she has since served in all capacities, finally working up to the position of assistant secretary-treasurer. For the past six years she has had charge of the women's department. She has made many friends and has built up a splendid following for the trust company. In fact the women's department of the Asbury Park Trust Company has been regarded as one of the most complete and effective in the state.

Miss Morton is declared well equipped for her work in Asbury Park. For four years she has been with the Broad Street National Bank of Trenton in positions of increasing responsibility, having evidenced an unusual aptitude for accounts, and proved a real asset to the institution. She is a graduate of Rider College, Trenton, where she specialized in finance and economics while taking secretarial training, and went directly from school to the Broad Street National. Miss Morton is declared qualified by experience and has won many friends in banking circles. The bank counts itself particularly fortunate in having obtained her services.

## SUNBURY, PA., MERGER

Sunbury, Pennsylvania, boasts of the oldest and strongest bank in its part of the state, due to the merger of the First National Bank, Walter S. Rhoads, cashier, and the Sunbury National Bank, E. B. Hunter, cashier. The books show resources of \$3,839,128 and deposits \$2,572,365. The First National Bank was incorporated April 1, 1831, the records show.



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COMPANY, SEYMOUR, CONN.

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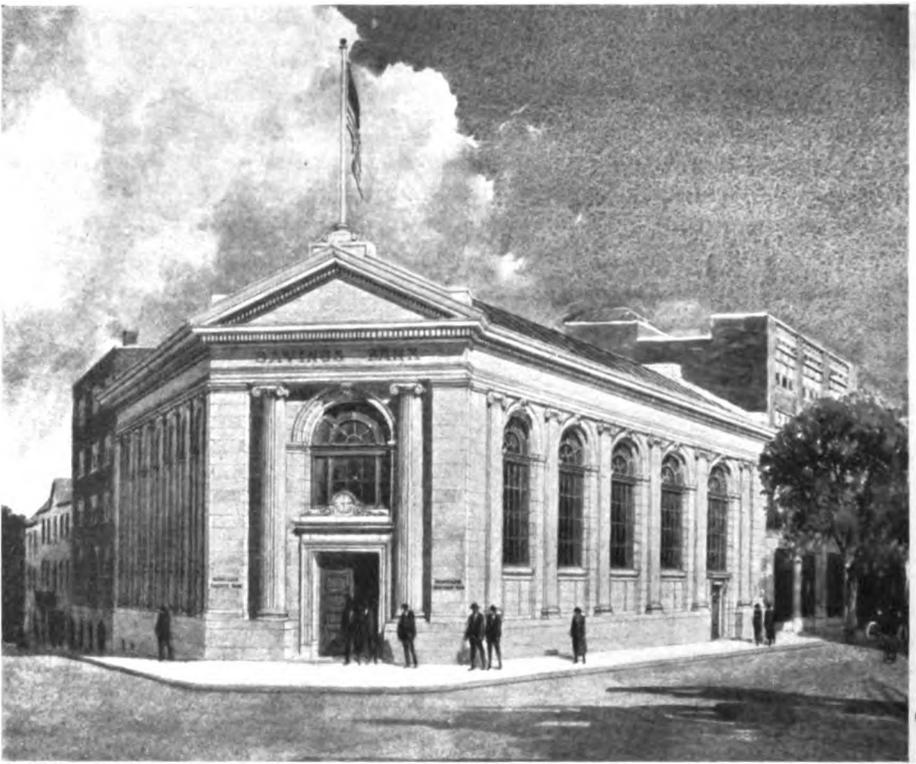
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*Specialists in Bank design and construction*



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Commonwealth-Atlantic National Bank, Boston; First National Bank, Fort Wayne, Ind.; Second National Bank, Houston, Tex.; Bank of Europe, New York City, N. Y.; Federal Land Bank, Springfield, Mass.; Industrial Trust Company, Branch, Pawtucket, R. I.; Portland Savings Bank, Portland, Me.; Rutherford National Bank, Rutherford, N. J.; Cambridge Trust Company, Chester, Pa.; Bank of Montclair, Montclair, N. J.; Beacon Trust Company, Boston.

**Thomas M. James Company**

*Architects*

**Boston and New York**

## Growth Due to New Building

**T**HE following quotations indicate in the bankers' own words how a bank housed in a building of architectural merit and enabled to give the individuals of a community a maximum service thereby assumes its proper place in the life of any community and becomes a public asset and a source of civic pride, these values being limited only by the service the institution can give the individuals of the community.

"Changes in construction are made primarily to accommodate increasing business. Such improvements result nearly always in increased deposits and a larger growing clientele."

"We easily have twice the number of people in our new quarters that we had in the old. As general conditions in town have not materially changed during the past three years, and as this bank has maintained about the same policy, I can attribute our large gain in business mostly to our new and up-to-date quarters."

"Since moving into our new quarters, we recognize these advantages gained by modern equipment and facilities, and regard the outlay as a good investment for the institution."

"The modern bank building adds to the comfort and speed with which a great volume of business can be disposed of with a thoroughly modern equipment and this is a constant source of pleasure."

"Satisfaction expressed by depositors and added interest shown by them."

"The air of strength and prosperity shown by attractive quarters gives a feeling of confidence to the bank's clients."

"The modern bank when built with due regard to architectural values is a public asset to the community in which it is located and is recognized as such."

"A new building contributes to pride and efficiency in the working force and creates a pleasanter atmosphere on both sides of the counter."

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Boston  
3 Park Street

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*Specialists in Bank design and construction*

# **New England States**

**Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut  
and Rhode Island**

# **The First National Bank of Boston**

**The leading financial institution in  
New England**

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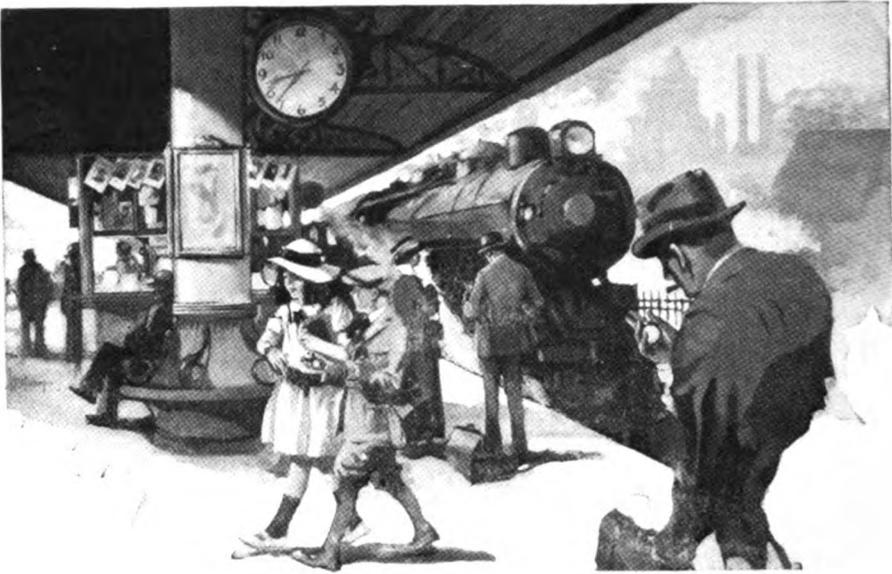
**Branch at Buenos Aires, Argentina**

**Branch at Havana, Cuba**

**Special Representative in London**

---

**Resources \$300,000,000**



## On time, thanks to New England

**W**HEN Louis XVIII said "Punctuality is the politeness of kings," perhaps he meant that only royalty could then afford accurate timepieces. That was before New England ingenuity produced reliable watches and clocks for every purse. Now, even school-boys own timekeepers that are nearly as reliable as the multi-jeweled watches their fathers carry, and both are made in New England. So, too, are most of the clocks in American homes.

Nowhere in the world are seconds measured more closely than in America. Nowhere in America is time more highly valued than in New England—

in banking, as in business. The position occupied by The National Shawmut Bank in this time-saving industrial district, evidences a swift, sure, efficient service.

For 87 years, this bank has been improving an organization that would give the utmost satisfaction to clients, whether situated in New England, and having financial business to do with distant points, or located elsewhere and interested in developing connections here. To appreciate to the full how thoroughly this service has been perfected, and how it saves the time and dollars of clients, route your next drafts on New England points via



**THE NATIONAL SHAWMUT BANK**  
*of* **BOSTON**

ECONOMIC CONDITIONS IN THE  
NEW ENGLAND STATES

**D**URING the past month there has been a material change for the better in the major New England industries. The cotton mills are in a much better position than they were a short time ago, and their only worry at the present time is that raw cotton may go so high as to put the price of finished goods beyond where consumers will buy. Just now prices are reasonable and jobbers and retailers are buying freely from the mills and are placing orders as far ahead as the price situation permits the mills to accept them. The woolen mills report a sharp increase in the volume of orders at a fair level of prices, and practically all of the mills that closed for rather lengthy "vacation" periods in the summer are now open and are rapidly increasing their output to keep up with the swelling tide of orders. The shoe factories are very busy on both standard goods and specialties, and while the report for the year may be a bit disappointing, these closing months certainly promise to go far toward overcoming the handicap put on the trade by the labor troubles of the first part of the year. The machinery and hardware trades are busy at lower prices than earlier in the year. Crop conditions have been fair throughout New England generally and the rural communities are buying much more freely than they did a year ago. Savings institutions report substantial increases, and the demand for money is more insistent than it was a month ago. There has been a sudden increase in the demand for mortgage money, much of it going into repairs, additions and alterations encouraged by the sharp drop in the price of building material.

The demand for labor is not quite as sharp as it was earlier in the season, but there are no signs of unemployment. New England industrial leaders express the belief that there will be little unemployment this winter, except possibly in the building trades, where exorbitant wages have put a damper on building activity. Low rates and a plentiful supply of money are lending new life to the real estate business, especially in the larger centers. City real estate is very active for this season of the year, while in the smaller communities the activity is taking the form of increased inquiries that promise a very busy spring. Speculative interests in both real estate and building fields have been very quiet ever since the latter part of the spring season, but they now are displaying a new interest, and will

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Djörup & McArdle**  
42 Broadway, New York

undoubtedly be prominent factors in the spring in both trades, for it is confidently predicted that both real estate and building prices will be much lower in the coming season.

The threat of a coal shortage promises, at this writing, to be removed, and while the situation is not as comfortable as it might be in this section that is so dependent on anthracite, yet there is little danger of any such experiences as were suffered last year. Thousands of commercial, manufacturing and even home buildings have been readjusted to heating by oil or other means already and more will follow, so that this "best" market for hard coal is being slowly but surely lost to the producers of that kind of fuel.

Retail business is far ahead of a month ago. The cool weather of the latter part of August brought about an early demand for fall goods, and all the large stores report a very satisfactory trade. Credit conditions are fair. Collections, which have been slow during the vacation season, now show signs



## Complete Descriptions on Remittance Letters

Every bank knows their importance. The Federal Reserve Banks have requested greater explicitness in reports from membership banks. And more banks every day recognize this necessity.

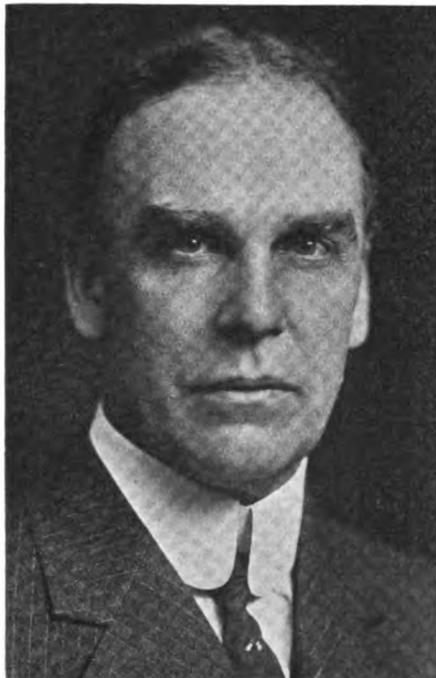
This is one reason why the use of the Remington Bank Machine is extending so rapidly. This combined writing and adding machine writes complete descriptions on remittance letters—and more. It insures the placing of every description opposite the correct amount—for both are written at the same writing. It also registers the correct total of every letter and the grand total for the day—thus furnishing a perfect accuracy check.

The Remington Bank Machine is more than a combined writing and adding machine—it is EITHER, according to your needs. It will do all the writing and all the adding the average bank requires—either combined or separately.

**Remington Typewriter Company**  
374 Broadway, New York      *Branches Everywhere*

# Remington Bank Machine

of returning to normal. Business failures are few in number and of relatively small influence. New business ventures, as reflected in the reports of new incorporations, are on the increase and seem to experience little difficulty in financing their needs.



**ALFRED L. AIKEN**

Chairman of the board of directors National Shawmut Bank, Boston

#### CHANGES IN LEADERSHIP OF SHAWMUT BANK

Colonel William A. Gaston, who since January 1, 1918, has been chairman of the board of directors of the National Shawmut Bank, Boston, has resigned. Mr. Gaston later said that he will continue active in the business of the bank and will remain as a director. He is one of the largest stockholders.

Alfred L. Aiken, who resigned the governorship of the Federal Reserve Bank of Boston to become president of the Shawmut when Colonel Gaston left that position and was elected chairman, was elected chairman to succeed Colonel Gaston.

At the same meeting the directors elected

Walter S. Bucklin, who for two years past has been a director, to succeed Mr. Aiken as the president of the bank.

Mr. Bucklin is president of the Liberty Mutual Insurance Company, one of the largest mutual liability insurance companies in the country. He participated in the organization of the company in 1912, when the workmen's compensation act became law. He was its vice-president and general manager up to 1914, when he became president.

Mr. Bucklin was born in New York City, of New England stock. He was educated in the public schools and then attended and was graduated from Colby Academy, New London, N. H.

#### ADDISON L. WINSHIP LEAVES SHAWMUT

Addison L. Winship, vice-president of the National Shawmut Bank, Boston, has resigned, and will take an extended rest be-



**ADDISON L. WINSHIP**

Who has resigned his position as vice-president of the National Shawmut Bank, Boston

fore undertaking new plans. He has been in poor health for some time.

Mr. Winship became vice-president five

**"BANKERS ATTENTION!"**

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Man in prime of life, broad banking and financial experience is open for position. Very successful in handling men. Address M. Box 557, City Hall Station, New York, N. Y.

years ago, resigning from the position of civic secretary of the Boston City Club. Through his connection with the City Club, he came into close association with the leaders of the entire country.

Prior to becoming vice-president of the bank, he was for five years head of the National Association of Civic Secretaries. He has been a resident of Melrose for a long time, and has always been identified with matters of local interest.

He was at one time a member of the schoolhouse commission, and served on the board of park commissioners for Melrose many years. He has been president of the citizens' public celebrations committee of Boston, a member of the Republican Club of Massachusetts, and is a well-known clubman.

#### WOMEN CLERKS URGED TO TAKE BANK COURSES

Robert P. Holdsworth, chairman of the educational committee of the Boston chapter, American Institute of Banking, speaking at the annual rally of the women members in Kingsley Hall on September 27, asserted that "inasmuch as girls employed in banks have to use a crowbar to get general banking information from men employees, the easiest and safest way to obtain that knowledge is through the courses provided by the chapter".

Miss Jane Stimson, director of the women's department, John Hancock Mutual Life Insurance Company, spoke of "American Women in Business"; Miss Isabel Trowbridge, last year's chairman of the women's committee, National American Institute of Bankers, with headquarters in Albany, spoke on the capabilities of women in business and why they should advance to executive positions. Joseph Morris,

president of the local chapter, also spoke, as did Miss Martha Scally and Harold Orendorff.

#### E. H. KITTREDGE GOES WITH HORNBLOWER & WEEKS

E. H. Kittredge, publicity manager of the Old Colony Trust Company, Boston, for the last six years, has resigned from that institution to accept a position with the Boston office of Hornblower & Weeks. He assumed his new duties on October 1.

Mr. Kittredge has been in the Old Colony Trust Company for twelve years, during which time he organized the statistical department, and later took charge of the publicity department. His duties in the latter



E. H. KITTREDGE

Who has resigned from the Old Colony Trust Company to go with Hornblower & Weeks

department have given him a prominent position in the financial advertising field, including membership on the committee on publicity, Trust Company Division, American Bankers Association.

Mr. Kittredge has served as secretary of the Boston Association of Stock Exchange Firms since its organization.



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### NEW PRESIDENT FOR FIRST NATIONAL BANK OF CONCORD

Burns P. Hodgman has accepted the presidency of the First National Bank of Concord, N. H. He was formerly clerk of the United States district court in New Hampshire.

### THIRD NATIONAL BANK OF SPRINGFIELD

The report of condition of the Third National Bank of Springfield, Mass., at the close of business on September 14, 1923, shows capital stock paid in, \$1,000,000; surplus and undivided profits, \$1,820,508; deposits of \$14,830,706, and total resources of \$18,489,637.

### DIVIDENDS DECLARED

Directors of The National Shawmut Bank of Boston declared a regular quarterly dividend of \$3 per share, payable October 1 to stockholders of record September 20.

Directors of the Central Trust Company of Cambridge, Mass., declared a regular quarterly dividend of 3 per cent. and an

extra dividend of 3 per cent., both payable October 1 to stockholders of record September 25.

The directors of the City Bank and Trust Company of Hartford, Conn., declared the usual quarterly dividend of 2½ per cent., payable October 2. It is expected that dividends at this rate—10 per cent. per annum—will be continued in the future.

### ASSOCIATES HONOR ALONZO P. WEEKS

In honor of his completion of fifty years of service with the Merchants' National Bank, Boston, Alonzo P. Weeks, senior vice-president of the institution, was yesterday presented with a watch by his fellow-officers and directors. The presentation took place at the bank offices, 28 State street. The presentation was made by President Alfred L. Ripley.

The watch is in a platinum case of colonial design, simply but artistically engraved. Inside the case is this inscription: "To Alonzo P. Weeks, from his associates in the Merchants' National Bank of Boston, in token of affection and esteem, 1873-1923".

# ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

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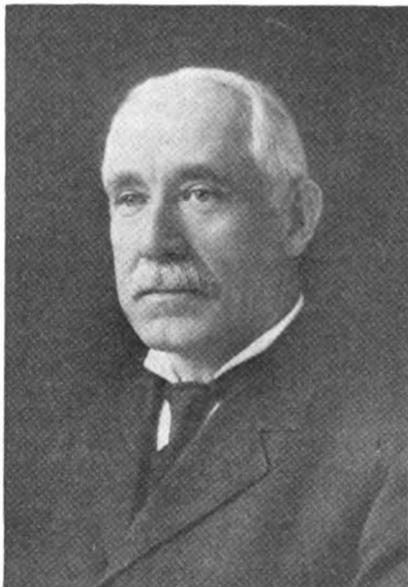
### STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

### Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

Mr. Weeks entered this bank at an early age, when it was the largest bank in New England and occupied a foremost place



ALONZO P. WEEKS

Senior vice-president Merchants National Bank,  
Boston

among all the national banks of the country. Before it was made a national bank, with its capital of \$4,000,000, it was one of the largest banks in the country. He was the cashier of the institution for a little more than twenty years and in 1908 was made vice-president, the first man ever to hold that office in the Merchants. Today Mr. Weeks is one of the best known bankers in New England.

#### 200 DELEGATES ATTEND NEW BEDFORD CONVENTION

More than 200 delegates from seventy-five banks attended the thirty-fifth annual convention of the Massachusetts Co-operative Banks League in the New Bedford Hotel on September 29, the opening day. Mayor W. H. B. Remington welcomed the members.

The secretary's report showed that of the 218 co-operative banks in the state, 179 belonged to the league. President Charles B. Bethune of Lynn, who was prevented from attending by illness sent a message in which he urged that all co-operative banks join the league.

At the annual dinner in the evening the speakers were Joseph C. Allen, bank commissioner, and Dr. Frank Crane.



# Southern States

Comprising the District of Columbia, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky and Tennessee

## ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

**B**ROAD and bright strokes continue to bring the picture of the South's economic progress into bolder and bolder relief.

Such announcements as the purchase of \$18,000,000 of cotton mills in Dixie Land; proposed hydro-electric projects in Tennessee totalling \$18,500,000; large building projects, of which the \$1,250,000 eight-story department store structure in Memphis is an example; contracts for \$600,000 of municipal improvements in Deland, Florida; new \$1,000,000 hotel for Palm Beach, Florida; concrete road building in Jackson County, Mississippi, with Alabama getting ready to fall in line, thereby giving modern highway connection between Mobile and the gulf coast as far west as Pass Christian; increased capitalization of a miscellaneous array of manufacturing and mercantile enterprises throughout the section—are bright spots of color upon the giant canvas.

As one of the representative bankers of the South said, speaking specifically for New Orleans and its territory, but backgrounding his remarks upon the general situation of the entire section and country, business throughout the dull summer months has been remarkable. New Orleans never did a better business at this time of the year—the period when in former days Canal street looked like a deserted village. Now, the thoroughfare is thronged. Department stores report about 9 per cent. better business this August than last, with collections fair.

July's business in New Orleans was about 8 per cent. better than it was in 1922. And New Orleans is at the bottom of the list, as far as percentage of improvement is concerned. Chattanooga was 28 per cent. better than last year; Birmingham 23 per cent. better; Savannah 18 per cent.; Atlanta 15 per cent.; Nashville 11 per cent.; Jackson 10 per cent.; and the average for the entire sixth Federal Reserve District 13 per cent.

In wholesale trade, the improvement was not as general as in retail. Dry goods and

farm implements alone of the principal lines showed an improvement in July over June. But of the principal lines, only dry goods and stationery showed a decrease, compared with July, 1922. Dry goods were 21 per cent. better in July than in June, but 7 per cent. poorer than last July. Stationery was 5 per cent. less in July than June, but 8 per cent. poorer than July, 1922. The furthest advance, compared with July of last year, was made by furniture, 35 per cent., with hardware second, 28 per cent., and drugs third, 21 per cent.

Improvement in wholesale groceries, compared with July 1922, averaged 20 per cent. through the district, Vicksburg being in the lead with a 32 per cent. gain. Improvement in dry goods averaged 6.8 per cent.



*The Deutch*  
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**

<b>Bank of Charleston</b>	
National Banking Association	
<b>Charleston,</b>	<b>S. C.</b>
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

down, with Knoxville making the most favorable showing, a gain of 20.3 per cent. Improvement in hardware averaged 29 per cent. better, with Montgomery leading, 44 per cent. gain. Improvement in furniture averaged 35 per cent. better, with Atlanta leading, 56 per cent. gain. Improvement in shoes averaged 15 per cent. better.

Lumber production, which began to recover from its slump in July, continued on the road to improvement through August. As September opens, production is close to normal, with the volume of takings steadily increasing. It is noted that most of the orders for Southern pine are for commercial and industrial construction. During the earlier months of the year, residential construction held the spotlight.

A forecast of 11,000,000-odd bales of cotton for the year, made by the Interstate Bank of New Orleans, whose forecasts in the past have been encouragingly accurate, seems to indicate the continuance of high prices. Certainly such a crop would not meet the consumption demands, which would have to be limited by prices.

Banks are generally optimistic. There has been a falling off in loans and discounts, but an increase in demand deposits. The volume of bills on hand held by the Federal Reserve banks was many million dollars larger in July than in June. Savings deposits show a slight drop compared with the month before, but a big gain compared with the year before. Commercial failures reached a lower ebb.

The rice industry of the South, which has been in sore straits, takes courage in the organization, plans for which were begun in late August, of an export corporation, under the Webb-Pomerene law, to con-

trol the export and price of that cereal. A meeting of rice producers and business men was recently held in New Orleans, and R. S. Hecht, president of the Hibernia Bank, summarized the situation when he said that the future of the industry was at stake. Rice exports from the United States vary from 3,500,000 to 5,000,000 bags a year, and with 70 per cent. of the movement under control the corporation would be able to stabilize the market.

The River Farm Bureau Rice Growers' Co-operative Association was recently organized in Louisiana with the expressed purpose of controlling the marketing of the entire river rice crop of Louisiana, averaging 800,000 bags. By financing the producers, the crop could be held until it is gradually disposed of, instead of being dumped upon a heavy market, according to W. P. Connell of Baton Rouge, president of the organization. The association has secured rice mills in Baton Rouge and New Orleans, so that, if the market for rough rice is off, it can sell the cleaned product. This association is affiliated with the Louisiana Farm Bureau Federation and will work in co-operation with the rice marketing association in the western part of the state.

Development of New Orleans as an air port is making progress, with the organization here of a chapter of the National Aeronautic Association, and the beginning of work upon plans for a passenger and mail service between New Orleans and Mobile. Plans are also under way to stage a flight from New Orleans around the West Indies and to Central America later in the year. The purpose of this is to focus attention upon possibilities of air service.

A new record in river transportation has been set by the Government barge line, with the transportation of 15,000 tons of wheat and assorted merchandise in one tow from Memphis to New Orleans. The previous high record was 18,000 tons. This is indicative of the increasing demand being made upon river transportation facilities, with which the destinies of the Mississippi Valley are so strongly identified.

Business men are taking much interest in the reclamation convention to be held in New Orleans November 21. The conference is led by F. H. Newell, consulting engineer of the reclamation service, U. S. Department of Agriculture, to arouse greater interest in the South in reclamation projects and the settlement of idle acres by immigrants and native sons, who are crowded out of other agricultural sections. There are

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Est. 1863

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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 throuth this  
territory :

*invites your business*

**JOHN M. MILLER, JR.**

*President*

**Resources over \$30,000,000**

millions of acres of land available for agriculture in the South, awaiting the proper encouraging impulse to blossom like the rose. Most of it needs only drainage. Some of this land is as fertile as any that can be found in the country.



## HIBERNIA BANK, NEW ORLEANS APPOINTMENT

At a recent meeting of the board of directors of the Hibernia Bank and Trust Company of New Orleans, C. Adrian Bodet was appointed assistant manager of the foreign trade department.

Mr. Bodet came to the Hibernia Bank in January 1923, and his previous experience in banking and foreign trade fits him admirably for his new position. Though only 26 years old, his career has been as colorful as it has been varied. Born in San Diego, Texas, in 1897, his education soon began to assume an international aspect. He attended schools and colleges in New Orleans, Mexico City, Paris, Madrid and Constantinople, specializing in the study of economics and languages.

In 1916 he joined the Washington Artillery and served with them in France until 1919, when he returned to New York. After his return he was employed by the Guaranty Trust Company of New York in their foreign department and after a period of eight months was sent to their Paris office, where he remained until January 1921. After traveling extensively through Europe, studying economic conditions and the effects of the war, Mr. Bodet was transferred to the Constantinople office of the Guaranty Trust Company.

In October 1922 he returned to New York and after a short stay there joined the staff of the Hibernia Bank and Trust Company in January 1923.

Mr. Bodet has made a study of all phases of international banking, which, coupled with his practical experience in this work, makes him well fitted to handle his new duties.

**JOHN W. REED MANAGER OF ST.  
CHARLES AVENUE BRANCH**

The board of directors of the Hibernia Bank and Trust Company at their regular monthly meeting appointed John W. Reed

## PAPERSHELL PECANS

The nuts that make the South famous. SUCCESS and RUSSELL pecans, extra large, running 40 to 50 the pound; exquisite flavor; thin shells; the meat comes out whole.

Order now for Thanksgiving dinner, or for Christmas presents. Will be sent direct to any address, with card enclosed.

Price, \$1 a pound, delivered. Special prices on quantities above 50 pounds.

**T. E. DABNEY**

Boscobel Orchards

Ocean Springs, Miss.

as manager of their new St. Charles avenue branch, which is located at the corner of St. Charles and Louisiana avenues, New Orleans.

Mr. Reed was born in Alabama, but received his education in New Orleans, and since 1874 has been actively identified with the banking business. He started in with the New Orleans National Bank as messenger boy, and in that institution ultimately filled every position up to that of general bookkeeper.

From 1884 to 1890 he was cashier of the Alabama National Bank of Birmingham, after which he returned to the New Orleans National Bank and was with that bank continuously until its consolidation with the Hibernia Bank and Trust Company several years ago.

Mr. Reed is well known in the up-town section of New Orleans, which the new branch is designed to serve, and his long experience in both the clerical and administrative department of the banking business adequately qualifies him for his new position.

### THREE BANKS' DEPOSITS NEARLY EQUAL

The clearing house statement of the Richmond, Virginia, banks, as of September 15, 1923, indicates an interesting state of affairs in that three of the largest banks in the city report deposits approximately the same.

The Planters National Bank shows \$15,-411,100; The Merchants National Bank \$15,383,900, and the State and City Bank and Trust Company \$15,347,900.

Total deposits of all banks are in excess of \$111,000,000.

### NATIONAL BANK OF WASHINGTON ELECTIONS

J. Frank White who was assistant cashier of the National Bank of Washington, D. C., has been elected cashier of the bank, succeeding W. Wallace Nairn, who resigned on account of ill health. Mr. White has been in the employ of the bank since 1885.

The following have been elected assistant cashiers: Edmund H. Graham, John Alden, William E. Howard and Rutherford J. Dooley.

### FOURTH NATIONAL BANK OF ATLANTA

The statement of condition of the Fourth National Bank of Atlanta, Ga., as of September 14, records resources of \$80,496,100, including \$19,540,813 of loans and discounts and \$7,183,728 in cash and funds due from banks. Deposits total \$25,629,928.

### W. VAUGHAN CROWLEY NOW VICE-PRESIDENT

W. Vaughan Crowley, formerly cashier of the Atlanta office of the Citizens and Southern Bank of Savannah, Ga., has become vice-president and director of the bank, and Henry S. Cohen has been made cashier. Mr. Crowley will have charge of the bank's newly established department of public relations.

Mr. Cohen, besides his new duties as cashier, is also vice-president of the Mitchell street office of the bank.

### HIBERNIA BANK DIVIDENDS

The board of directors of the Hibernia Bank and Trust Company of New Orleans have declared the usual quarterly dividend of 6 per cent. out of the profits of the bank for the quarter ending September 30, 1923 and payable to stockholders of record September 19, 1923.

At the same meeting an additional dividend was voted the employees. This dividend partakes of the nature of a yearly bonus, but it is based upon the length of time the employee has been with the bank, the older employees receiving sums proportionately larger than those who have been employed only a short while.

### FIDELITY TRUST COMPANY

The board of directors of the Fidelity Trust Company of Baltimore declared the regular dividend of 4½ per cent., payable September 29 to stockholders of record September 21.

# Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,  
Iowa and Missouri

## ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

**F**ALL business in the Central Western States has opened briskly and the expectation of a profitable season is general. Sentiment in the interior is much more cheerful than it was earlier in the year, with the assurance of bountiful crops and some improvement in the prices of farm products. Banks as a rule are in a comfortable position and the indications are that there will be ample funds to meet the requirements of the last quarter of the year without inconvenience.

Aside from a little closeness in money rates because of the mid-September tax payments no material change in conditions is expected during the remainder of the year. Commercial paper rules at 5 to 5¼ per cent., and while the city banks are pretty well loaned up there is an adequate outlet to country banks, especially in the Southwest. Bank loans are 5 to 5½ per cent., with a small proportion of business at 6 per cent. Some money from the Pacific Coast has been lent here recently at as low as 5 per cent. on call, but this is somewhat under the market. Borrowing demand is only moderate and there is not much evidence of expansion, industrially or commercially. Manufacturers are keeping close to the distribution by their sales forces and retailers are not disposed to depart materially from the policy they have followed for the last year or so of buying on a hand-to-mouth basis.

Rediscounts at the Federal Reserve bank are down nearly to the low figures of the year—around \$60,000,000—and the reserve ratio has risen to around 85 per cent., which leaves an unusually wide margin of credit available for member banks at this time of the year. Some good-sized loans on grain have been made in the past few weeks, but they are not yet so large as to affect the general financial situation materially. Country banks are in a better position to take care of their home demands themselves than

they have been at any other time in the last three years, and this fact will relieve the metropolitan banks and the Reserve System of much of the burden of the crop-moving season.

Wholesale orders are in larger volume than for the corresponding time last year, notwithstanding the conservative attitude of merchants toward the covering of future needs. Their purchases are of small quantities, as a rule, but are frequent, the result being a satisfactory volume of distribution of merchandise. Even in staple cotton textiles, in which there has been some temptation to stock up because of the sharp advance in the raw material in the last month or so since the reduction in official crop estimates, purchases are being made cautiously. There is no doubt that there has been considerable depletion of stocks because of the good summer turnover, but retailers evidently are resolved to keep their supplies in healthy condition. Woolen goods opened with some firmness at slight advances in prices, but buying has not maintained its initial activity and there has been some easing of the markets in these lines. Fall buying at retail started several weeks earlier than usual because of an exceptional lowering of temperatures in the latter part of August, and has kept up a good pace ever since. Orders of the large mail selling houses continue to run 25 to 50 per cent. ahead of last year. They cover a wide range and reflect confidence on the part of country buyers.

Manufacturing activity is well maintained, especially in the iron and steel industry and in the motor field. Implement makers have had only a fair season and report some irregularity in the prospects for the immediate future. In the automobile trade sales are holding up surprisingly well and it seems reasonably certain that the year will be the most profitable in the history of the business. Some of the leading makers are still behind on orders at a time of year when it is customary to begin storing cars. There has been a slight lull in production due to the shifting over to new models, but the course of production figures is again

1863



1923

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President  
First Trust and Savings Bank

upward and the trade is absorbing output in a satisfactory manner.

Steel plants of the district are operating at 80 to 85 per cent. of capacity, which is somewhat less than the peak of production in the summer, but is large considering the interruption of schedules due to the change from the twelve-hour to the eight-hour day. Buying of finished steel is again on the upgrade, although bookings are still less than shipments. Most of the principal producers have orders enough on hand to insure continuous operation at present schedules or higher well into the new year. Prices are steady, but less talk is heard of prospective advances due to the increased costs imposed by the shorter working day. The railroads continue to be the chief purchasers of materials. Rail commitments are especially heavy, and there is good demand for track accessories. Oil companies are taking large quantities of plates for tank construction, automobile requirements are heavy, and there has been an increase of late in orders for structural materials. Pig iron is firm around \$27 to \$27.50, and the trend of scrap prices is upward.

Building operations are active, but there has been a noticeable dwindling of the percentage of increase over 1922 from that maintained in the earlier months of the year. Permits for August in Chicago totaled 1440, involving an outlay of \$20,134,150, an increase of 392 permits and \$2,214,200 in construction costs over August last year, or 12.35 per cent. For eight months the number of permits was 9645 and the expenditure involved \$218,903,462, an increase of 50.3 per cent. over the corresponding part of 1922. Labor conditions are less satisfactory because of disaffection in the ranks of employers banded for the enforcement of the Landis awards, and there has been little relief in the numbers of workmen. Wages are about as high as they have been at any time.

Railroad traffic is of record proportions, but earnings of the carriers do not fully reflect their prosperity, as large sums are being used for rehabilitation of properties and the building up of equipment and charged against operating expenses. Additions to rolling stock are going ahead rapidly and the improving transportation situation as the season of heaviest carrying demands approaches is not the least of the encouraging features of the outlook for the remainder of the year.

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Country Bank Department  
F. A. CRANDALL, *Vice-President*

Bond Department  
J. B. CHRISTERSON, *Manager*

# *The* NATIONAL CITY BANK *of* CHICAGO

### CLEVELAND CLEARING HOUSE ASSOCIATION IN NEW QUARTERS

The Cleveland Clearing House Association now has its headquarters in the new Federal Reserve Bank building, Superior avenue and East Sixth street, Cleveland, Ohio, with the offices of Francis Coates, Jr., examiner, and G. A. Kelsey, secretary and manager, on the seventh floor. J. A. House, president of the Guardian Savings and Trust Company, is president of the association; C. E. Sullivan, president of the Central National Bank Savings and Trust Co., is vice-president; and A. F. Hummel is treasurer.

The Cleveland Clearing House was organized in 1858, and for sixty-five years had its headquarters in the lower Superior avenue section. The first president was T. P. Handy, head of the Commercial Branch Bank, which later merged with the Merchants Branch Bank to form the National Commercial Bank, now the Commercial office of the Guardian Savings and Trust Company.

In addition to the associate members the Clearing House has nine active members. They are the Federal Reserve Bank, the

Union Trust Company, the Cleveland Trust Company, the Guardian Savings and Trust Company, the National City Bank, the United Bank, the Pearl Street Savings and Trust Company, the Commercial office of the Guardian Bank, and the Central National Bank Savings and Trust Company.

### FIRST NATIONAL BANK IN DETROIT ELECTS WALTER L. DUNHAM

The financial and business sections of Detroit are greatly interested in the announcement of the First National Bank in Detroit that Walter L. Dunham has been elected vice-president and is to begin at once his active duties with the bank.

Mr. Dunham is one of the best known bank officials in the city. He was for many years active head of the Highland Park State Bank, and it was under his guidance that the bank became one of the prominent financial institutions of the community. Mr. Dunham retired from his position as vice-president of the Highland Park State Bank to become senior vice-president of the Dime Savings Bank, from which position he has very recently resigned.

Mr. Dunham has always been largely in-

terested in banking as applied to commercial affairs, and his election as one of the senior vice-presidents of the First National Bank in Detroit will give him an exceptional opportunity for a close and important association with the financial and commercial development of Michigan.

Emory W. Clark, president of the First National Bank, stated that the directors were gratified to be able to announce the election of Mr. Dunham as vice-president. "His qualities and experience will be a material factor in broadening and developing our contact and association with the industrial and commercial development in this region. We are all very happy to have him in our official family."

#### EDWIN K. HOOVER MADE VICE-PRESIDENT

Emory W. Clark, president of the First National Company of Detroit, the investment banking organization of the First Na-



EDWIN K. HOOVER

Vice-president First National Company of Detroit

tional Group, announces the election by the board of directors of Edwin K. Hoover as vice-president of the company. Mr. Hoover was formerly with the Harris Trust and

Savings Bank. He will now be located at the Detroit office. The company maintains branch offices in both Chicago and New York.

#### BANKS COMBINE STATEMENTS

The combined statement of condition of the Northwestern National Bank and the Minnesota Loan and Trust Company of Minneapolis as of September 14 reports total resources of \$92,315,252, including \$53,430,990 in loans and discounts, \$11,963,542 in United States and other bonds and \$21,841,238 in cash and money due from banks. Deposits total \$81,999,374.

#### CHAPPEL LEAVES FEDERAL FOR THE COMMONWEALTH

Bert V. Chappel resigned as assistant secretary of the Federal Reserve Bank, Cleveland, Ohio, on October 1 to take up the official position of assistant to the president of the Commonwealth Banking and Trust Company, located in the Hanna building, Cleveland. In this capacity he will have charge of the business development and publicity departments of the Commonwealth.

Mr. Chappel has been connected with the Federal Reserve Bank for the past four and a half years, and was in charge of the editorial department. It is from this department that the *Monthly Business Review*, which now has over 30,000 readers located in nearly every state in the United States and many foreign countries, is issued.

He has had twelve years of banking experience in both small and large institutions, interspersing his bank work with his college training. He is a graduate of the American Institute of Banking, and has taken special work in banking and law at the University of Chicago and the University of Wisconsin.

The first thing Mr. Chappel did after coming to Cleveland five years ago was to affiliate with the Cleveland Chapter of the American Institute of Banking. Since that time he has been very active in institute work, having served as secretary and vice-president, and for the past two years as chairman of the Bankers' Forum Committee.

He first received national recognition when, during his service as chairman of the National Membership Committee, 12,600 new members were brought into the American Institute of Banking in nine months' time. This number constituted over a third of the number which had joined the Institute during the previous eighteen years of its existence.



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Resources over 260 Millions

Last year he was Cleveland's candidate as a member of the executive council at the institute's annual convention held in Portland, Oregon. He was elected as one of the twelve councilmen to a three year term, and his supervision over bank institute work extends from Butler, Pa., to Saginaw, Mich., and as far south as the Ohio River.

The Commonwealth Banking and Trust Company was the second bank to locate in the fast growing section of Playhouse Square. It does a commercial, savings, and trust business and while only eighteen months old, has resources well over \$2,000,000.

**FIRST WISCONSIN NATIONAL BANK STATEMENT**

The statement of condition of the First Wisconsin National Bank of Milwaukee as of September 14, shows the following: Capital stock, \$6,000,000; surplus and undivided profits, \$5,265,174; deposits, \$83,919,894; with total resources of \$103,772,784, including \$69,378,588 in loans and discounts and \$23,398,275 in cash and money due from banks and the Treasurer of the United States.

On the same date, the First Wisconsin Trust Company statement is as follows: Capital stock, \$800,000; surplus and undivided profits, \$983,252; deposits, \$1,818,763, and total resources of \$5,798,605.

**BANK ASSOCIATION ELECTS NEW HEAD**

Guy Huston, president of the Chicago Joint Stock Land Bank, was elected president of the American Association of Joint Stock Land Banks at the closing session of the annual meeting. William B. Schiltges, Indianapolis, was elected treasurer, and W. W. Powell, Washington, secretary. The following were elected directors for their respective Federal Land Bank districts:

W. J. Murphy, New York, First District; George A. Harris, Washington, Second; Walter Howell, Louisville, Fourth; and Evans Woollen, Indianapolis, Sixth.

**BANK INCREASES DIVIDEND RATE**

On September 11 the directors of the Continental and Commercial National Bank of Chicago declared an increase in the

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annual dividend from 14 to 16 per cent. The quarterly dividend of 4 per cent. was made payable October 1 to stockholders of record September 20.

George M. Reynolds, chairman of the board of directors of the institution, is reported in the *Chicago Tribune* as saying, in connection with the increase in the dividend, "We feel that the time is ripe to give the stockholders a larger share in the bank's earnings. The bank has been earning about twice the old dividend and we have passed the troubles of the post-war period. We feel that the increased dividend is still conservative."

### BROOKLYN WOMAN BANKER TO BE ASSOCIATED WITH WILLIAM GANSON ROSE, INC.

Miss Adeline E. Leiser, for fourteen years with the Williamsburgh Savings Bank of Brooklyn, N. Y., and director of the home service department of that institution, has joined the organization of William Ganson Rose, Inc., Financial Advertising, Cleveland, Ohio.

Miss Leiser is well known throughout the country for her active work in home economics and for her promotion of the women's work in the American Institute of Banking.

She was chairman of the national women's committee of the A. I. B. in 1921 and 1922, and first chairman of the women's division of the National Association of Mutual Savings Banks.

### NEW CHICAGO BANK OPENED

A new financial institution, the Ridgeway State Bank, held its formal opening on September 30 at 3722 West Chicago avenue, Chicago, according to the *Chicago Tribune*. The new bank, it is said, has a capital of \$100,000 with surplus of \$30,000, and its officers are Henry Schrik, president; John Schrik, vice-president and William O. Conrad, vice-president and cashier.

### REPUBLIC NATIONAL BANK OF ST. LOUIS CHANGES

C. W. Bainbridge, heretofore vice-president and cashier of the Republic National Bank of St. Louis, has resigned to become the president of the Second Citizens' State Bank of Chicago.

George W. Hobbs, a vice-president of the Republic National Bank, becomes cashier as well to succeed Mr. Bainbridge, and E. C. Keyes has been appointed an assistant cashier.



# 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

WHILE President Coolidge and his advisers are reported as engaged in studying measures to improve the position of farmers, and while independent proposals for new legislation are said to be almost certain at the next Congress, the Western States are showing little interest. The agricultural states are in the same frame of mind as an individual that has been loaded down with prescriptions and talk of prescriptions for his betterment, without noticing any benefit therefrom. The agricultural West is therefore continuing to help itself and watching Federal and other efforts to improve its position. It feels that something can be done to help it, but finds greatest comfort from its own activities.

If the Western states were asked today to make an investment to give impetus to measures designed to strengthen their principal industry they would probably refuse as promptly as an individual tired of paying for prescriptions that have been of no avail. However, the Western States are still in a frame of mind that is agreeable to the acceptance of gratuitous offers of "assistance" from politicians in return only for votes. Its attitude is becoming more and more that from such offers it cannot lose and may possibly gain something. In this connection exception must be made of a few reformers who have taken some of the West's money in payment for the inauguration of relief schemes that did nothing else except teach farmers that little reliance can be placed upon panaceas. The reformers of this class, who relieved farmers of money they could have used to far better advantage, can hardly get a hearing.

General business in the Western States is of moderate volume, with decidedly mixed conditions at various points and sections. One who desires to see some buoyancy in Western business can find it in the cotton areas. There is also some buoyancy where wool and sheep are the leading products.

Heavy corn raising districts are feeling cheerful. Depression is most severe where oil is the dominating commodity. The wheat districts and the mining points are next, but about them there is irregularity. Seasonal buying gives retail trade a better tone than expected. To outfit school children and to prepare for the changed season mercantile interests report that the West has been buying in fair volume. Practically all reports emphasize economy as the watchword of the patrons of retail stores in rural communities and in cities. Even the trade in women's wear, the last to feel growing tendencies to economize, is noting demand centering more and more on the lower priced hats, suits, shoes and other articles. This merely proves that the West is helping itself—not relying on artificial measures which it is easy to talk about but from which it has learned that almost nothing may be expected.

Of all the suggestions lately made in the course of a revival of discussions of farm relief plans at Washington, two find supporters from a large number of practical men. One is the proposal that the tariff on wheat be increased under the provisions of the new law that permit an advance of 50 per cent. over existing rates by Presidential decree. This would mean an increase from 30 cents to 45 cents a bushel as the duty on wheat, and a revision from \$1.56 to \$2.34 in the duty on flour per barrel. The other proposal is to cut freight rates on agricultural products, which would be of great help to farmers notwithstanding the baseless claims of some spokesmen of the carriers that the producers themselves would not profit.

Even if President Coolidge and the United States Tariff Commission agreed to an advance of 50 per cent. in the duty on wheat, the markets of the West would not go up 15 cents a bushel, the amount of the proposed addition. The maximum change that could be counted upon immediately would be, it seems, only a few cents. There is a shortage of hard wheats in the United States, but the crop of soft wheat is large. Some surplus for export is still to be worked off. Adding another stumbling block to the

movement of Canadian wheat to the United States would temporarily halt the scattered importations now reported. The better grades of domestic wheat would then enjoy a somewhat larger demand, but the exportable surplus would still be felt. Perhaps a sharper advance in wheat prices would come later in the crop year with the absorption of more of the 1923 crop in consuming channels. After that? If 1924 sees a large crop in the United States it will be necessary to maintain markets on an international price basis. Always, however, there is some benefit in a high tariff against Canada because it preserves for American farmers the trade of more than 110,000,000 consumers who are the best buyers of wheat and flour in the world.

Some of the soundest Western business men are numbered among the advocates of reductions in freight rates. The cost of transportation is excessive to farmers, which means much to the West. This territory feels that a readjustment in prices to agricultural levels is inevitable, that sound business improvement cannot come without such a change, and thinks that the Interstate Commerce Commission could accelerate the elimination of disparities by ordering reductions on the agricultural tariffs of railroads. If the West could be convinced that the world faces a higher price era it would not favor freight rate reductions, but it is now pretty well convinced that the days of high prices are at an end and that it is necessary to operate on a sounder plane. The economy it is practicing in shopping at retail stores shows that it is sincere in this view. Of course, no little of this economy is forced.

Further sharp cuts in the market for crude oil tell a mixed story. The drastic declines in oil prices are due to over-production. It is creditable to the West to say that it is so rich in oil, but today it wishes some means could be devised to check production in order to make a better market. It deeply regrets the absence of a huge demand from foreign sources, for declines in crude have resulted in a shrinkage of millions of dollars in the income of its oil areas. Had nature not intervened with unfavorable weather, the wheat districts would be complaining as loudly about wheat prices. It happens that yields sharply below expectations brought a rise in the wheat market. Even in the case of wheat, the growers are beginning again to look to the demand, for the outlook for the next winter wheat harvest is bright with abundance of moisture in the soil. Demand conditions are the

key not only in oil, but in all of the markets for the products of the West. There is still larger than pre-war production and schemes for raising less are not gaining adherents in any volume.

Turning from crude oil to the brightest commodity from the standpoint of prices finds the observer of business in Oklahoma and other cotton sections. Cotton is extremely high. It would not be so high had nature not reduced the crop through poor growing weather. Still, there is enough cotton at the high prices to make very good business in the cotton states.

During the past month prices on live stock and grain have held well on the whole. Wheat moved upward until the big Canadian movement set in. Corn and other feed grains advanced. Lambs moved up. Cattle receded, as usual during the period of big range marketings.



#### WALTER W. HEAD MADE RAILROAD DIRECTOR

Walter W. Head, president of the Omaha National Bank and the Omaha Trust Company, Omaha, Nebraska, has been elected a director of the Chicago and Northwestern Railroad. Mr. Head is the only director residing west of Chicago.

#### APPLICATION FOR BRANCH BANK REJECTED

The Federal Reserve Board rejected an application for the establishment of a branch of the Kansas City Federal Reserve Bank at Wichita, Kan. Facilities provided by the Kansas City bank appeared ample to handle the business, members said.

#### KANSAS BANK ADMITTED TO NATIONAL SYSTEM

A press dispatch from Fort Scott, Kansas, on September 29, according to the *Topeka Capital*, stated that the Fort Scott State Bank had been admitted to the national system. The new name of the bank is the Fort Scott National Bank. It has a capital of \$100,000, surplus and undivided profits of \$75,000 and deposits in excess of \$1,000,000.

There will be no change in the personnel of the institution, it is said. The chairman of the board of directors is George W. Marble, and the president is Frank Cunningham.

# Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska

## ECONOMIC CONDITIONS IN THE PACIFIC STATES

BY ROBERT J. SEVITZ

**T**HE Pacific States region has experienced during the summer months the usual seasonal slowing down of economic activity in all lines, in comparison with figures of the early spring months, but the volume of business transacted throughout the district continues substantially larger in most lines than in the same period a year ago. It is not quite clear as yet whether the curtailment is purely seasonal or not, but reports from the larger industries indicate that they have been able without difficulty to adjust production to current demand without greatly reducing their outputs from the record levels of the spring months of this year.

Figures and reports from everywhere in the region would indicate that all business is progressing on an even keel with practically no dissatisfaction of any nature reported from any quarter. The number and the liabilities involved of business failures are now at normal levels. It is typical to note that the number of failures in July showed a falling off of 5.33 per cent. as compared with June and the amount of liabilities, although larger than in June, was less than in any other month since May 1921.

The situation in banking circles during the summer months has been indicative of good, sound progress in all lines. Debits to individual accounts, according to reports from the Federal Reserve Bank of San Francisco, were 18.4 per cent. greater in July than a year ago, despite a greater than seasonal decline as compared with the early spring months. The amount of total deposits in member banks of the Twelfth District was comparatively stable over the spring and summer months, while loans have apparently increased gradually over the same period to a new high point for the year, according to figures available at this writing. However, the ratio between total loans, discounts, and

investments, is still high and credit for worthy projects is abundant.

The crop condition in the region on the whole is more favorable than it has been for some years. This in spite of the low prices which have prevailed in the grain market and which have been the subject of so much agitation and comment throughout the country during the past few months. Reports received from the harvest fields indicate that there will be bountiful yields of all agricultural products and in many of them records will be broken.

Preliminary estimates made by the United States Department of Agriculture on the wheat crop of California and the Pacific Northwest place it at 135,430,000 bushels in the principal producing states. This is compared with 97,453,000 bushels, the final estimate of the 1922 crop.



## NEW HOME FOR CALIFORNIA BANK OF LOS ANGELES

On September 24 the elaborate new home of the California Bank of Los Angeles, California, was opened at 625 South Spring street, Los Angeles. When planning the building, the comfort and convenience of the bank's customers and depositors were given first consideration.

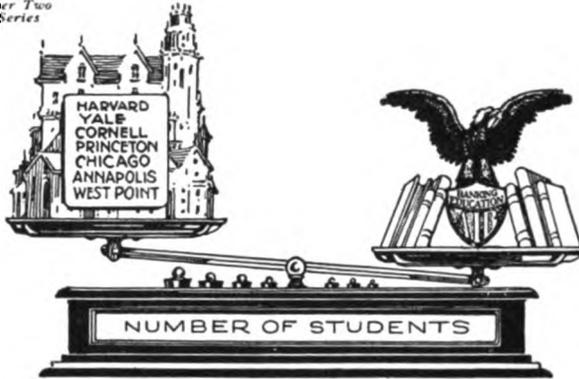
Thirty-five banking offices under the direction of the head office are located in outlying sections of Los Angeles. The depositors of the bank number 140,000, and its resources exceed \$65,000,000.

The bank is conducted under the able management of A. M. Chaffey, the president, aided by vice-presidents A. N. Kemp, George A. Howard, Leo Chandler, A. E. Huntington, G. L. Alexander and James Forsyth.

## L. M. GIANNINI RETURNS FROM YEAR'S TOUR

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returned from a year's tour of the principal trade centers of England and Continental Europe.

While in Italy, Mr. Giannini was selected as San Francisco's representative at the annual convention of the International Chamber of Commerce in Rome. Here he was influential in securing the election of an American, Willis H. Booth of New York, as president of the organization.

#### H. HOWARD PEPPER ELECTED CASHIER

H. Howard Pepper was recently elected cashier of the First National Bank of Santa Barbara, California, succeeding C. C. Cumings who resigned to take a position with the Hellman Commercial Trust and Savings Bank, Los Angeles.

Mr. Pepper began his banking career with the Third National Bank of Providence, R. I., and later became assistant treasurer and trust officer of the Industrial Trust Company of that city. He was for several years president of the Bank Officers' and Clerks' Association of Rhode Island, president of the Providence Chapter, American Institute of Banking, treasurer of the Providence Boys' Club and a member of the school board. He was instrumental in the formation of Santa Barbara Chapter, American Institute of Banking, and was its first president.

Five years ago he organized the Nature Study Club of Santa Barbara and through his affiliations with that organization has formed a large acquaintance with the tourists who visit Santa Barbara every year. He is an enthusiastic flower gardener, his hobby being roses.

#### WELLS FARGO NEVADA NATIONAL BANK STATEMENT

The statement of condition of the Wells Fargo Nevada National Bank of San Francisco as of September 14 records assets of \$91,570,805, including \$51,723,277 in loans and discounts, \$18,170,846 in cash on hand and with other banks, and \$15,182,379 in United States bonds and certificates of indebtedness. Liabilities include \$64,577,988 deposits, \$7,244,500 in rediscounts with the Federal Reserve Bank and \$5,937,200 in national bank notes outstanding.



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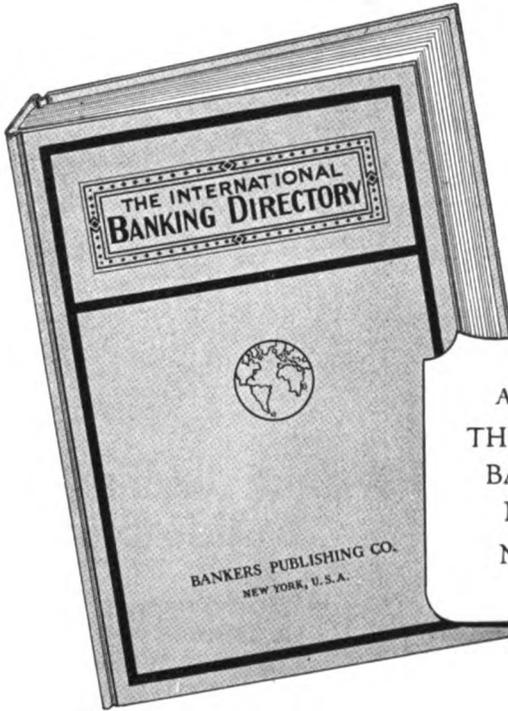
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## A REVIEW OF THE BANKING SITUATION

By A. G. SCLATER

**A**N improvement in the general position of the Canadian banks as a whole, a revision of the Canadian Bank Act, and the readjustment of the capital of two of the smaller Canadian banks may be said to have been the outstanding events of the first seven months of 1928 in Canada, so far as Canadian bankers were concerned. When it is remembered that this improvement took place in the midst of an industrial and commercial depression, which only toward the end of the period under review showed signs of passing, it is not difficult to understand why most Canadian bank officials regard the improved position of the banks as an achievement. The completion of the revision of the Canadian Bank Act and the incidental renewal of the charters of the banks for another ten years, in the face of attacks from radical elements in the Canadian House of Commons, without the making of any fundamental changes in the act, was another achievement from which the Canadian banking world derives considerable satisfaction. The virtual defeat of those radicals who would have introduced into the Canadian banking system certain more or less untried credit mechanisms, and the re-adoption of the act virtually intact, is today generally regarded in Canada, as a vindication of the Canadian banking system. In a way it may perhaps be also regarded as a reply to the critics, mainly from the Canadian West, who have insisted during the financial and commercial difficulties of the past two or three years, that the Canadian system was to blame for most of the trouble which Canada like other parts of the world has faced since the close of the war.

### TOTAL BANK ASSETS SHOW INCREASE

The readjustment of the capital of the two banks while serious enough from the point of view of the two banks themselves, did not materially change the position of the Canadian banks as a whole. For despite

the fact that some six millions were cut from the assets of the two banks concerned, the total assets of the Canadian banks as a whole were larger at the close of July than they were at the end of December 1922. Further, as the readjustment put both banks in a better financial condition than they had been in some years, the change even from their point of view had its compensations.

The chief effect of the two readjustments referred to was their effect on public opinion. On the whole, however, the two banks concerned, by their frank acknowledgement of their losses, won for themselves the approval and congratulations of the better informed portion of the public. It was more or less generally recognized that their losses had been incurred as the result of a combination of circumstances which had made difficulties for bankers in all parts of the world and that in frankly making the necessary adjustments in their capital and dividends both banks had done the only thing possible under the circumstances.

On the whole, however, the Canadian banks have come through the first half of the present year in a creditable fashion. While within the past few weeks the unfortunate suspension of the Home Bank of Canada, a small institution with a capital of two millions, has again roused those who would revise the Canadian Bank Act in certain directions and disturbed public opinion somewhat, the more important Canadian banks closed the first seven months of the current year with their prestige unimpaired. Their financial position was, in addition, distinctly stronger than it has been for years. While those who are inclined to forget the gigantic nature of the task which the Canadian banks, large and small, handled during and after the war, without making any readjustments of their capital until recent months, are somewhat more vociferous than those who are not so forgetful, there is every reason to believe that such criticism of the banks as is at present heard in Canada, is largely superficial and likely to pass. It is becoming clearer to those who are better informed in the

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Dominion that the Canadian banks during the past year or so have been going through an experience which came earlier in other parts of the world, an experience which sooner or later was unavoidable when the extent of the inflation between 1914 and 1919 is taken into consideration.

SOME INTERESTING FIGURES

The improvement which took place in the position of the Canadian banks as a whole is made clear by a detailed study of the statistics provided by the monthly statements of the chartered banks published by the Canadian Minister of Finance. These statements indicate that between January 31 and July 31, the total assets of the Canadian chartered banks despite the readjustments in the capital of two of the banks, increased from over \$2,527,000,000 to \$2,571,000,000 or about \$44,000,000.

During the same period savings deposits increased from \$1,195,000,000 to \$1,200,000,000, or over \$5,000,000, an extremely interesting fact when it is remembered that Canada is still in the grip of a depression and that at the date of the last bank report the vast sums of money the Canadian farmers receive for their crops had not yet begun to flow back into the coffers of the Canadian banks.

Demand deposits were also higher at the close of the seven months period than they were at the beginning despite the depression. The increase in these deposits, the liquid portion of the working funds of Canadian business kept on deposit in the banks, increased over \$5,000,000.

Reflecting the capital readjustments made during the period under review, by two

banks, the total capital and rest, or reserve fund of the banks as a whole, was smaller at the close of July than it was at the end of December 1922. It totalled \$247,000,000 or some \$8,900,000 less than it was at the beginning of the year.

Current loans and discounts inside Canada increased only moderately during the opening months of the year, the increase totalling for all banks only \$10,000,000.

Loans against stocks and bonds, so-called call loans within Canada, also increased only slightly. Here the increase totalled \$5,000,000, reflecting the narrowness of the trading done in the Canadian stock and bond market during the period under review.

Call loans, outside Canada, while they increased some \$28,000,000 up to the close of June, had by the end of July fallen back to \$191,000,000 the total at the end of January. As usual the Canadian bankers during July withdrew a large part of the funds they had in the New York money market, in preparation for the crop moving season in the Canadian West.

Circulation of bank notes increased during the seven months \$10,400,000 but reached a high point at the end of June, when the total was some \$22,000,000 over that of the month of January. It is interesting to note that this increase was virtually the same as that shown by commercial loans.

The bank's holdings of both gold and Dominion notes, decreased. The decrease in the case of the gold holdings was slightly over \$10,000,000. In the case of holdings of Dominion notes, it was \$15,000,000.

As against decreases in reserves of gold and legals, as the Dominion notes are called in Canada, holdings of securities increased \$42,800,000. Securities holdings reached their high point for the period under review at the end of June when they totalled \$46,800,000 more than they did at the close of January. This increase was largely due to a marked increase in holdings of provincial and municipal bonds.

LIQUID ASSETS GAIN OVER 1922

If the various items enumerated above are considered together, it will be seen that between January 31 and July 31, the liquid assets of the Canadian chartered banks increased over \$22,000,000. When it is remembered that during the first six months of the previous year, the opposite was true and liquid assets declined over \$101,000,000, the improvement in the position of the banks becomes apparent.

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While it is true, as the statistics in tabulated form which accompany this article show, that the banks' liabilities to the public in the shape of deposits and notes increased to the extent of almost \$20,000,000, the increase in liquid assets was still somewhat in excess of the increase in what may be termed "current liabilities to the public".

The relation between total assets and liquid assets at the beginning and at the end of the period under review also form an interesting exhibit. In January 1923 statement, the banks' total assets totalled \$2,527,000,000; in the July statement they totalled \$2,571,000,000. The liquid assets in January \$1,939,000,000; in July they were \$2,039,000,000.

A review of the changes in the position of the Canadian banks during the first seven months of the year would not be complete without reference to the increase of the concentration of bank assets in the hands of a few of the leading banks which took place.

In January 1923 according to the bank statements of the Minister of Finance, three of the Canadian banks, the Bank of Montreal, the Canadian Bank of Commerce and the Royal Bank of Canada, controlled 56 per cent. of the total assets of the chartered banks; four of the banks, if the Bank of Nova Scotia is added, controlled over 65 per cent.

At the end of July, the Bank of Montreal, the Canadian Bank of Commerce and the Royal Bank of Canada controlled 58 per cent., and the group of four made up, if the Bank of Nova Scotia is added, 66 per cent.

As since the end of July the Bank of

Hamilton has been absorbed by the Canadian Bank of Commerce, these percentages do not now hold good. At the time of writing with the assets of the Bank of Hamilton added to those of the Canadian Bank of Commerce, the percentage in the case of the three banks above referred to would be over 60 per cent., and in the case of the group of four, over 69 per cent.

The banks may be said to have come through a rather difficult period with some credit and at the end of it to have achieved a position strong enough to justify the belief that their resources were in shape to meet any possible eventuality.

It is hardly necessary to refer here to the readjustments of capital and reserve the Union Bank of Canada and the Standard Bank of Canada made during the period under review; these changes have already been discussed in the pages of *THE BANKERS MAGAZINE*. That they have affected the general position of the Canadian banks as a whole very little is obvious from the analysis we have just completed.

Nor is it necessary to refer in detail to the generally satisfactory reports most of the large Canadian banks issued during the early part of 1923 covering their operations in the fiscal year 1922-23. These statements while on the whole satisfactory to the banks' executives and shareholders, reflected the depressed condition of business in Canada and abroad and indicated that this condition had affected to some extent the earnings of the individual banks. The tone of the official comment on these annual reports was, however, hopeful and while advising caution on the part of Canadian business.

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men and bankers alike, may be said to have reflected the optimism with which the majority of Canadians regarded the immediate future.

#### REVISION OF BANK ACT

The decennial revision of the Canadian Bank Act, to which we have referred, took place in the late spring and the early summer. It was preceded by lengthy hearings before the House of Commons committee on banking and finance. These hearings were held in the presence of the Canadian Minister of Finance, the Canadian Cabinet Officer under whose jurisdiction the Canadian banks operate, and every effort was made to enable critics and supporters of the Canadian banking system alike to air their views. Led by a number of Progressives, representatives of the farmers of the Canadian West insisted that a number of radical changes in the bank act were necessary. Some suggested the adoption of a national banking system such as that adopted by the United States after the close of the Civil War, others would have had the banking committee make a study of the organization and method of operation of the Commonwealth Bank of Australia.

The result, however, of the hearings and the debate which ensued when the banking committee submitted its report to the House of Commons, was that no radical changes were made in the bank act. The principal changes made affected those sections of the bank act dealing with the audit system in vogue in the Canadian banks, the method of granting bank loans against merchandise in course of manufacture and the preparation of monthly statements submitted to the Minister of Finance.

The sections of the act dealing with the appointment of auditors by the shareholders of the Canadian banks, were changed so as to increase the responsibilities and powers of the auditors. The Canadian Bank Act authorized the appointment of two auditors each year to go over the affairs of each bank and report back to the shareholders at the annual meeting. In the course of the investigation of the affairs of the Merchants Bank of Canada, absorbed in 1921 by the Bank of Montreal, a condition was revealed which indicated, according to some students of banking, weakness in the section of the act dealing with the auditing system. Thus arose a demand for a removal of these apparent weaknesses. This demand was met in the revised bank act by certain changes.

#### REGARDING AUDITORS

In the original draft of the bill submitted for the consideration of the banking committee, it was provided "that no person shall be appointed for more than three years in succession to audit the affairs of any one bank, nor shall a member of any firm be appointed if any member or members of the firm have, either alone or in the aggregate, acted for three years in succession as auditor or auditors respectively of the affairs of the bank".

This clause in the proposed new act was objected to on the ground that it would deprive the banks' shareholders of the continued service of capable auditors. It was, therefore, finally decided to make this section of the act read as follows:

The shareholders shall at each annual meeting appoint two persons, not members of the same firm, to audit the affairs of the bank, but if the same two persons, or members respectively of the same two firms, have been appointed for two years in succession to audit the affairs of any one bank, one such person, or any member of one such firm shall not be again appointed to audit the affairs of such bank during the period of two years next following the term for which he was last appointed.

A further section added to the new act regarding the powers of the bank auditors reads as follows:

It shall be the duty of the auditors to report to the general manager and to the directors, in writing, any transactions and conditions affecting the well-being of the bank which are not satisfactory to them and which in their opinion require rectification, and without restricting the generality of this requirement, they shall report specifically to the general manager and to the directors from time to time upon any loans exceeding 1 per cent. of the paid-up capital of the bank which, in their judgment, are inadequately secured, but this provision shall not be construed to relieve any director from the due and proper discharge of the duties of a director.

These changes were also adopted by the banking committee partly as an answer to the demand which sprang up after the Merchants Bank of Canada disclosures for government supervision of banking operations. The Canadian Minister of Finance apparently felt that the adoption of any system of supervision by the government would involve the assumption by the government of responsibility for the security of the shareholders' capital and the depositors' savings; as this was a responsibility he did not want to have to assume, he suggested instead the above changes in the sections of the bank act and certain changes in those sections dealing with the making of reports to the Minister of Finance.

As the revised act was originally drafted,

two new requirements were enumerated in connection with the annual report to the banks' shareholders on the part of the management. One related to "appropriation account"; the other to "contingent reserves, including undistributed profits". The intent of the section dealing with "appropriation account" and that dealing with "contingent reserves" was to inform shareholders regarding the extent of the various banks' appropriations for bad and doubtful debts.

After some heated discussion, it was finally decided by the Banking Committee to abandon the use of both sections and to leave matters about where they stood.



## ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

**S**OME reassurance in regard to the general banking situation has been provided by a statement by Sir Frederick Williams-Taylor, president of the Canadian Bankers Association, to the effect that there is no reason to believe that there will be further bank mergers. The statement, however, comes as an individual opinion and not as the pronouncement of the head of the association. If the Bankers Association would conduct some inquiry within its own membership and issue an official statement along the lines of the views which Sir Frederick has expressed it would do much to restore confidence.

Regarding the Hamilton-Commerce consolidation Sir Edmund Walker, president of the Canadian Bank of Commerce, made a reassuring statement regarding the situation; he saw no reason for expecting that such an occurrence as the suspension of the Home Bank should be repeated. There had been an improvement in business conditions during the past year, he continued, and with ordinary care conditions would right themselves gradually.

Apart from developments in regard to the banks, the business situation is practically unchanged. It is generally accepted that the banks are making adjustments because

of the past rather than of the present, but there can be no doubt at the same time that the fact that business has not improved with the approach of the autumn season has been a factor in the situation. The crop will be a big one but early estimates have been considerably reduced and the situation as regards prices for farm products is anything but satisfactory from the standpoint of a country which is so extensively interested in agriculture.

The country's vast resources provide almost unlimited credit, but an adjustment between agricultural purchasing power and the cost of living will be necessary to bring a return of boom conditions. In the meantime the increase of immigration is perhaps the most encouraging indication. The following comment upon the prospects of Canadian agriculture, which appeared in a recent issue of *The Grain Growers' Guide*, the official organ of the farmers in the prairie provinces, is deserving of special notice in this connection:

"We firmly believe," says this journal, "that there is no country under the sun today where agriculture generally is in any better condition than it is here, and that this country will return to a period of agricultural prosperity as rapidly, and probably more rapidly, than any other country. We are suffering from artificial economic handicaps which is the lot of farmers in every land, yet few countries have the natural advantages which we enjoy. Slowly but steadily adjustments will be made and injustices will be righted; there can be no advantage derived from persistent pessimism. . . . We know there is considerable improvement needed in our government, financial, industrial and transportation institutions, but it is a great mistake for the people of any country to lean too much upon governments and politicians. This country will not come into its own through what governments will do. Governments and parliaments can help, but the great effort must be made by the people themselves and through self-help. We shall be glad to hear from those who believe in the country and its people, who have confidence in the ability of the people to carry on and make this country what it was intended to be, and who can discern the 'silver lining' in times of depression."



# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SEVENTH YEAR

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## Favorable Business Outlook

**A**S the year 1923 draws towards its close the business outlook in the United States continues favorable, and this fortunate situation does not appear to be much affected by the fact that for some time conditions in Europe have been growing darker and darker. Conceivably things may get so bad over there as to react unfavorably upon the situation here, but up to the present we have shown remarkable capacity for going ahead with business despite the European muddle. This fact no doubt tends to uphold the views of those who contend that we ought to keep out of the mix-up across the Atlantic. They feel that we can maintain our prosperity without much regard to what happens in Europe, and they argue further that it would be unwise to put this prosperity in jeopardy by plunging into the morass of European politics. This view represents what seems to be the policy of the Administration at Washington, and it appears also to be the prevailing sentiment of the country. One need not necessarily assent to this attitude to recognize that it is by no means destitute of much force.

It could well be wished that the European situation would soon right itself, for this would mean a larger and more certain prosperity in the United States. But such a favorable turn of affairs does not seem to be in sight. Meanwhile, although heartily wishing that affairs on the other side of the water were in better shape, or that there was some hope that they would become so within a reasonable period of time, we can rejoice that here at home we have abundant crops, active business, substantially no unemployment and generally favorable economic conditions.

This favorable state of affairs reveals the vast resources of our land and its people, and the really marvellous capacity we have of adapting ourselves to conditions by no means favorable in themselves. Perhaps one reason why we have been able to go ahead under circumstances not specially conducive to confidence has been the great faith we all have in our country and its institutions (and, incidentally, in ourselves) and the disposition of all classes and sections to pull together. If these elements go far

toward accounting for our present prosperity, we should strive to preserve them in their full vigor.

Whatever may be the cause of the existing favorable outlook for continued prosperity, it is something for which the people of the United States may be thankful.



## Constructive Work in Japan

**A**LTHOUGH the late ravages of the earthquake and fire in Japan were confined to a comparatively limited extent of territory, the damage was so heavy as practically to reach the proportions of a national calamity, so appalling was the loss of both life and property. To rebuild the devastated cities of Yokohama and Tokio and to restore the destroyed industries and commerce must prove a serious task even for a nation as resourceful and efficient as Japan. But there appears reason to believe that this rebuilding and restoration, already well under way, will continue until evidences of the great disaster will disappear and new structures take the place of those that have been destroyed. The loss of life must remain as the greatest infliction upon the people of Japan which this terrible calamity entailed, and this, unfortunately, can not be repaired.

Much new building material is being required, and quite heavy orders have been placed in the United States already. Japan has maintained her credit, and should have no difficulty in procuring foreign loans for reconstruction purposes should these be needed. Immediately following the disaster there was an outburst of sympathy for Japan in its great loss. This sympathy was general, and was especially strong in this country. It greatly helped in relieving the people of the stricken cities from the first effects of the calamity. Now must be faced the heavy task of clearing up the ruins and rebuilding the homes, public buildings, factories and commercial establishments. It is an undertaking that will call forth the high qualities of patience, resolution and energy which the Japanese people have consistently displayed in the development of their national life. The example of pluck they have already shown, in the face of a calamity of an overwhelming character, will command general admiration. If it shall be found that in the work of repairing their enormous losses they need financial co-operation in the United States, such help will no doubt be promptly forthcoming. Japan has an excellent basis for credit in the resources of the country and in the record already made for a scrupulous observance of her obligations.

## Federal Reserve Banks and Other Banks

**I**N the investigation to ascertain why the state banks do not join the Federal Reserve System some curious views are being discovered. One witness declared that the state banks kept out of the system because they felt they could rediscount with less trouble with their own city correspondents. This witness regarded this as an evidence of competition of the city banks with the Federal Reserve Banks in rediscounting, and suggested that this practice be discontinued.

If this proposal should be carried out, it would tend to destroy the really national character which many of the city banks have and relegate them to the position of local institutions solely. It is not believed that any such development was ever dreamed of by the proponents of the Federal Reserve Act.

The national and state banks of the United States perform a most important function in carrying on the credit operations of the country—a function of which they can not be deprived without great injustice to themselves and severe loss to the business community. Some of the great banks in New York, Chicago, St. Louis, Philadelphia and a number of other cities themselves perform rediscount services for thousands of correspondent banks in all parts of the country. These relations are to a considerable extent based upon long years of satisfactory service rendered, and in many cases they have grown out of personal contact between the city bank and its correspondent. The latter knows that when in need of loans it can get them without red tape, without a knowledge of and compliance with the complex regulations of the Federal Reserve Board as to paper eligible for rediscount. In return for its services the city bank gets some balances from the country correspondent, paying interest for such balances while the Federal Reserve bank does not. Should all this business be taken away from the city banks, it would destroy reciprocal relations of long standing which have worked to the satisfaction of both sides. By impairing the present size of the city banks, and by curtailing the volume of their business, the usefulness and strength of these institutions would be seriously affected.

It must not be forgotten that the Federal Reserve Banks were not designed either as antagonists or as competitors of existing banks but as their auxiliaries. The Federal Reserve Banks of the respective districts are in fact instrumentalities created by the banks of each particular district, and designed for the service of the national banks and such state banks as choose to join the system. The member banks could hardly be expected to see their ordinary banking functions usurped by the superior institution they

themselves had created. The Federal Reserve System was not created to supplant the ordinary banking system of the country, but to supplement it. Already the Federal Reserve Banks, in some of their operations, have gone further than is relished by many of the other banking institutions.

The United States has long boasted of its free banking system. If all the banks are to be coerced into joining the Federal Reserve System, and if this system is gradually to absorb the functions of ordinary banks, this boast will become an idle one.

Preservation of the Federal Reserve Banking System will be best assured by confining the operations of the Federal Reserve Banks to their original functions.

## State Indebtedness and Tax Exempt Securities

**F**ROM a compilation recently published in "The Budget," it appears that the net debt of thirteen of the states increased between the years 1914 and 1922 from \$34,273,379 to \$197,248,130, or by \$162,974,751 in the aggregate. The net per capita debt rose in the same period from \$1.20 to \$6.18.

Should this rate of increase continue unchecked indefinitely, or even for ten or twenty years, it might justly occasion alarm. But since the soldiers' bonus and highway construction have been chiefly responsible for this large augmentation of state debts, it can hardly be expected that the present ratio of increase will be maintained. Very likely all the states that intend to grant a bonus to the soldiers will have done so before the end of the next ten years. As to highway construction, the case is somewhat different, since the number of miles of bad roads compared to the total road mileage is still overwhelmingly large. If we are to go ahead with road-building on the present scale, the cost is certain to be heavy for many years to come. In view of the mounting cost of this sort of public improvement, it would no doubt be wise to limit expenditures to the construction of the most necessary highways. The present somewhat feverish pace of road-building might be moderated without any abandonment of the policy of improving the country's highways as rapidly as circumstances permit. Desirable as road improvement is, the benefits flowing from it may be impaired if not lost altogether by plunging the states into debt to an extent that would make the burden of taxation unbearable. We often hear it said that road construction can be carried on

practically without cost to the people by putting a tax on automobile and motor traffic. But the 13,000,000 owners of automobiles would hardly see the matter in that light. And it is suspected that even those who do not own automobiles would not get off so easily as they imagine. Attempts to put taxes upon any one class are usually failures.

The constant improvement of the country's highways will be promoted in the long run by a conservative policy. It would be unfortunate if, by too much haste in the matter, state debts should be piled up so rapidly as to discredit the good roads movement.

One influence tending to the easy increase of state indebtedness has been the exemption of state securities from the Federal income tax. The demand for tax-exempt securities has enabled the states readily to float their bonds on very advantageous terms. It is not improbable that in the near future this influence will be removed by the adoption of an amendment to the Constitution of the United States authorizing the Federal Government to impose a tax on the income from state securities. No doubt the present exemption of this class of income from Federal taxation operates to relieve some of the very wealthy from a large share of taxation they would otherwise have to bear and thus puts a heavier burden upon those who must meet the demands of the Government for revenue from income taxes. The demand for an abolition of tax-exemption of state securities is undoubtedly growing.



## Helping the Farmer by Lowering Prices

**N**EARLY all suggestions put forth to help the farmer begin with the assumption that the one thing most needed is to increase the price of the crops the farmer has to sell. But there are other ways, and some of them more economically sound and probably in the long run of more benefit to the farmer. For example, the production of wheat in the United States per acre is far below that of several of the old world countries. If without too much addition to the cost the production could be brought up to this higher level (amounting perhaps to double our present production per acre) there would be more wheat to sell and more net income for the farmer with no increase in the price to consumers. Very likely all too little attention has been given to this phase of the subject.

Another way, and an obvious one, to help the farmer is by reducing the price of the things for which he must, in effect, exchange what he grows on the farm. The high tariff on most

manufactures, and the high wages in the chief industrial occupations other than agriculture, tend to keep up the prices of these things. This tendency is further accelerated by the present restrictive immigration policy. As was recently said by Thomas W. Lamont:

“We find in our industrial communities a shortage of labor, due largely, of course, to our more stringent immigration laws, under which our immigration has been pulled down from an average of about 1,035,000 during the five years before the war to 523,000 during the last fiscal year. In levying very high tariffs on foreign goods our legislators explain that they are protecting our American labor from the competition of cheap foreign labor. Very good. Also, in putting up the bars against immigrant labor, our legislators are again trying to protect domestic labor. Does it not occur to you that in this double protection of our labor we are perhaps overdoing the job a bit?”

But we hear constantly that this same prescription must be administered to the farmer; that is, his wheat and other crops must be protected by high tariffs. When this is done, the natural sequence will be for the laborers in other industries to demand higher wages to reimburse them for the higher prices they must pay for food products. Is not the real remedy to reduce the tariff, to get wages in the manufacturing industries down to a reasonable basis, and perhaps to stimulate farm production by the relatively better prices that farm products would then bring? It is, of course, more popular to raise the tariff and wages, to provide fresh credit facilities that will enable the farmers to hold their wheat indefinitely for higher prices. This is the more popular way, but is it the most sound?

Recently Chicago quotations showed wheat and corn at about the same price per bushel, which is not so bad for the farmer considering that many of us remember when corn brought only 25 cents a bushel or less. As the poet remarked, “There are gains for all our losses;” and, fortunately, the farmer is no more exempt from the working of the law of compensation than are the rest of us.



## The Branch Bank Question

**B**EFORE very long, as a result of pending litigation, an authoritative decision may be expected in regard to the establishment of branches by national banks. Meanwhile the national banks desiring to open branches will have to be guided by the recent opinion of the Attorney-General of the United States, which holds that national banks may establish offices to receive

deposits and cash checks, but that these offices must be confined within the limits of the town or city in which the bank is organized. If this opinion should hereafter come to govern the matter, branch banking would be robbed of most of its terrors to its antagonists. For so confined, the big city banks could not monopolize the banking business of the whole country, which is what the opponents of branch banking evidently dread. Furthermore, where the state banks already have the power of establishing branches in the cities where their head offices are located, the national and state banks would be placed on the same basis—something greatly to be desired if the national banks are not to find themselves at a marked disadvantage in competing for local business.

The branch banking controversy could be ended in another way, namely, by denying to state banks the right to establish branches. But this would require legislative action by a number of the states, which could not be readily obtained, and to now deny this right to the state banks that have branches would be to deprive them of a privilege they have long enjoyed without question. A solution of this character can hardly be expected.

It would seem that the easiest way out of the situation is to restrict branches of both the national and state banks to the cities where the head offices may be located. This will obviate the objection of monopolistic banking, which has been urged against the branch banking system with considerable force, and at the same time would put the two classes of institutions upon an equal basis with respect to branches.

The relative merits of independent and branch banks have been exhaustively discussed in these pages from time to time, and little is to be gained by reopening the subject. It may be said, however, that the country remains committed to its system of independent banks.



## Prospective Tax Reduction

**A**CCORDING to a recent Washington dispatch, the Chairman of the Finance Committee of the Senate in the next Congress, Senator Smoot, believes that could the soldiers' bonus be sidetracked and unnecessary Federal expenditures prevented, it would be possible to cut the annual tax burden by \$500,000,000. He would effect this reduction in the following manner:

1. Reduction of the maximum surtax on incomes from 50 to 33 1-3 per cent.

2. Elimination of taxes on incomes running less than \$3000 annually.

3. Scaling off of approximately \$100,000,000 on the next bracket, embracing incomes ranging from \$3000 to \$6000, and \$50,000,000 from incomes ranging from \$6000 to \$10,000, and \$50,000,000 from larger incomes.

4. Elimination of the "nuisance taxes" and certain special taxes now netting the Government approximately \$75,000,000 annually.

The Senator is quoted as saying that he did not think it opportune, however, for the coming session of Congress to seek a revision of the Revenue Act, and that he believed the bonus bill would be passed. It therefore appears that immediate prospects of reduced taxation are not very bright. Very likely the increased receipts of the Treasury may tend to incite extravagant proposals for additional Federal outlays. This is to be regretted, for even with the greatest possible exercise of economy the tax burden is bound to be exceedingly heavy for many years to come, and you can not tax profits and income without making business enterprise more uncertain.

One reason that tends to encourage a liberal scale of public expenditure perhaps is to be found in the fact that the heaviest taxes fall, in the first instance at least, upon those having very large incomes. This class, possessed of great wealth and not very numerous, receives but little public sympathy. On the contrary, there exists a disposition to regard this heavy taxation as more or less in the nature of retributive justice, a means of making the distribution of wealth more equal and of depriving those who make undue profits or who have large incomes of some of their "easy money." So long as this view prevails, difficulty will be experienced in scaling down the taxes on large incomes.

If the tax on these incomes were merely of the nature indicated, a fair case might be made out for maintaining them at something like their present level. But it is a familiar principle of taxation that the one upon whom the burden of taxes first falls uses every possible effort to pass the load along to someone else, and that this process continues indefinitely, with a tendency to add to the original sums during the progress of their transference from one shoulder to another. Again, the heavy taxation of large incomes operates to diminish the supply of funds available for investment in agriculture, mining, railway and industrial enterprise generally. As already intimated, the ease with which large sums are obtained from this source of taxation, and the comparatively small number of those apparently affected by it, foster public extravagance.

A material reduction of Federal taxation would go far toward

assuring continued prosperity. Unfortunately, the prospects for such reduction are not promising.

## Lloyd George in the United States

**I**N his quite rapid and somewhat spectacular tour through Canada and the United States, the former British Prime Minister ably sustained his reputation as an exciter of public interest. He was everywhere received with great enthusiasm and his speeches were listened to with close attention in the hope that they might disclose a way out of the existing European tangle. It can not truthfully be said that Lloyd George offered any really fresh proposals along this line. He reiterated with approval the suggestion made by Secretary Hughes, that an expert commission be appointed to determine the capacity of Germany to make payment on reparations account. This plan after having been rejected by the Premier of France, who under existing conditions has the decisive voice in the matter, has recently been accepted in principle.

The speeches which Lloyd George made in America represent the well-known British attitude toward this vexing problem. It is the view of English statesmen that the best means of extracting the highest possible amount of reparations from Germany is to pursue a policy that will, as a preliminary to obtaining such payments, not only fix the sums at a reasonable figure, within the capacity of Germany to meet without crushing the economic life of the country, but will also give Germany a fair chance of getting on its feet industrially. The French policy of force is opposed as being unproductive. All these arguments are familiar, and Lloyd George, in his American speeches, has done little more than restate them, though with this customary force and brilliancy.

The former British Prime Minister must have been gratified by the warmth of his American welcome. It was a spontaneous and deserved tribute to the man who constituted one of the great inspiring forces, not in his own country alone, but among all the Allied Powers, in keeping up the spirit and energy essential to the winning of the war. Although he remained in office longer than any of the other statesmen of the war period, the task of unravelling the tangle which the great conflict left was too great for him, as thus far it has been for anyone else. If the counsels of moderation now urged by Lloyd George were more generally accepted, a more promising beginning toward settling the grave world problems could be made.

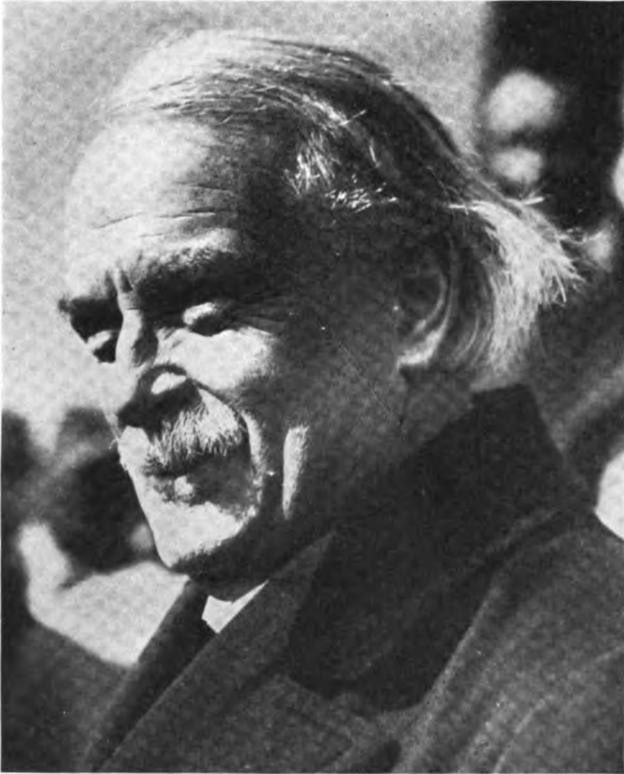
## Proposed State Reserve Banks

**O**NE point brought out in the recent investigation of the Federal Reserve System may well arouse attention. Reference is made to the suggestion for establishing a system of State Central Reserve Banks. There are several reasons which make this proposal of exceptional interest. Theoretically the states could establish central banks that would be equal in soundness and efficiency, within their limits, to the Federal Reserve Banks. But the possible forty-eight varieties of such institutions may well excite concern. No immediate alarm need be caused, however, for at present there are no such banks, nor is it at all certain that there ever will be.

Should the states ever decide on a system of central banks, which would confine their services to the state banking institutions, this would probably lead to a greater competition between the state and national banks than now exists. It might also tend to give the state banks the benefits of a central bank with fewer requirements and restrictions than are now imposed on the members of the Federal Reserve System.

As the reserves of the state banks are now quite generally in part redeposited at points most convenient, the establishment of State Central Reserve Banks, although it might bring about a considerable shifting in the location of reserves, would probably not make much difference in the sums which the state banks now hold in their own vaults and the amounts they deposit elsewhere. Financial and banking power, under the proposed arrangement, would be more concentrated, and to some extent brought more closely within state lines, although the present tendency of banking funds to accumulate at their points of natural commercial level would persist unless compulsory legislation prevented.

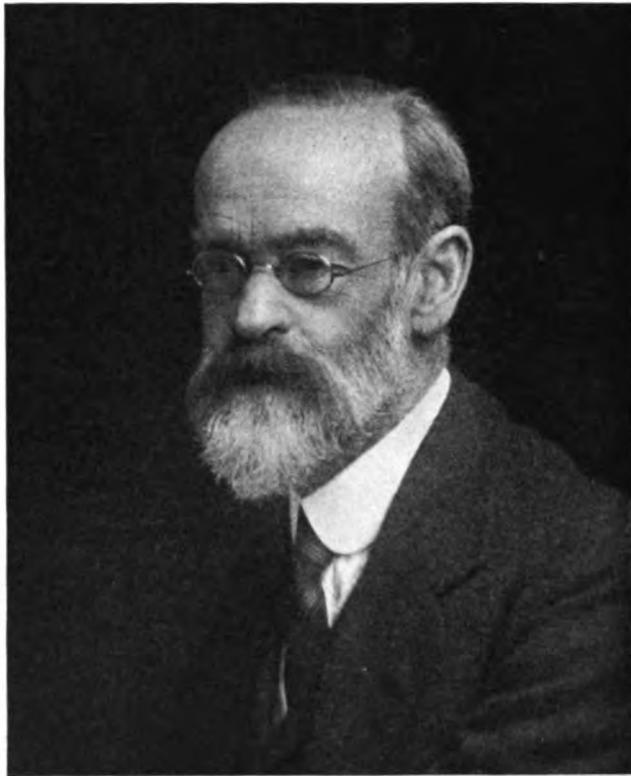
Not unlikely a system of State Central Reserve Banks, in some of the states especially, would be led into unsafe operations under the force of political pressure—a danger from which the Federal Reserve System is by no means exempt, but which would be increased by the number and variety of the state systems and their greater liability to political influence. This is not to say that in many cases they might not be able to function satisfactorily and to perform a useful service. But they would seem to afford an additional source of credit expansion, for which no present need exists. The principle of banking unity embraced in the Federal Reserve System is undoubtedly a good thing. But there can be too much of a good thing.



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**RIGHT HONORABLE DAVID LLOYD GEORGE**  
Former Premier of Great Britain

**D**AVID LLOYD GEORGE was enthusiastically welcomed in the various cities which he visited in the United States and Canada during his brief tour on this side of the Atlantic. The speeches delivered by him during the tour drew large and attentive audiences, while hundreds of thousands heard him by means of the radio.



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**DR. WALTER LEAF**

Chairman Westminster Bank, Limited, London

**W**ALTER LEAF, banker and Fellow of Trinity College, Cambridge, is not only one of Great Britain's leading financiers, but is a well known authority on Greek literature and history. He has been a recent visitor to the United States. He was guest of honor at a dinner given at the Metropolitan Club, New York, on November 1, by the American Acceptance Council. Dr. Leaf is co-author of a prose translation of Homer's "Iliad" which maintains its place as the most readable, accurate and artistic of the English versions. He was one of the founders and first members, and vice-president of the London Chamber of Commerce, later deputy chairman and then chairman. He has been president of the Hellenic Society; deputy chairman and later chairman of the Committee of London Clearing Banks; and president of the Institute of Bankers.

# The Banker's Attitude Toward the Automotive Industry

An Interview with Walter P. Chrysler

By Carl H. Getz

**N**O better index to the progress that the automotive industry has made during the past ten years can be found than in the changed attitude of bankers toward the industry in that period of time.

Bankers instinctively frown upon businesses which grow with the rapidity of mushrooms.

Bankers prefer—wisely so—to build more slowly and more soundly and to measure their steps.

Immediately after the war the automotive industry found itself facing a real depression. So it set about to place its house in order. It concluded rightfully that no longer could anything with four wheels that would run, be sold as an automobile.

In adjusting itself to the changed conditions the industry made real progress in the direction of standardization and the elimination of waste. It also eliminated a tremendous amount of extravagance. And what is equally important is that it greatly improved the quality of the products of its factories. The saving effected was passed along principally to the car purchasers and in so doing the industry won public approval and appreciation.

During this readjustment period competition was keen and the casualties among the manufacturers were high. And today the industry is on a sound basis. To be sure, there is room for improvement. But tremendous strides have been made during the past five years.

No man can better testify to the economic health of the automotive industry than Walter P. Chrysler who is universally recognized within the industry as a production man second only to Henry Ford. Mr. Chrysler in 1911 went from the general managership of



**WALTER P. CHRYSLER**

Chairman board of directors Maxwell Motor Corporation, Chalmers Motor Company

the American Locomotive Company at Pittsburgh to the Buick Motor Company, the largest of the General Motors Corporation units. From the Buick Motor Company he went to Toledo to take charge of the Willys-Overland Company at a time when that company was facing bankruptcy. From there he went to Detroit to reorganize the Maxwell Motor Corporation and the Chalmers Motor Company, two companies that were then in trouble. Chrysler's amazing success at the Buick and Willys-Overland companies is automobile history. His extraordinary progress in handling the Maxwell and

Chalmers companies is a frequent topic of conversation in the industry today.

"In analyzing the financial plan of the automotive industry it is necessary first to get rather a definite idea of the size of this great industry," said Mr. Chrysler, to THE BANKERS MAGAZINE. "Few people have any understanding of the amount of money that the industry represents. Statistics are tiresome but a few should be permissible here.

#### A FEW STATISTICS

"The capital invested in the motor vehicle business is \$1,456,649,954. That was in 1922. During the same year the cost of material bought was \$1,289,614,326. The wholesale value of the output of automotive products was \$2,558,207,389. The value of complete car and truck output was \$1,789,638,865.

"The industry last year employed 253,104 men and paid them \$895,797,581 in wages.

"The capital invested in the motor car manufacturing business is \$1,154,108,885 and in the truck manufacturing business \$802,546,620.

"The wholesale value of the accessories manufactured in 1922 was \$1,751,000,000.

"The automobile industry is the third largest of the manufacturing industries. Slaughtering and meat packing is first, petroleum second, foundry and machine shop products fourth and steel works and rolling mills fifth.

"The automobile industry is the third largest rail shipper of manufactured articles. It has been responsible for the growth of the second largest manufacturing industry—petroleum; it is also the largest rail shipper of manufactured articles, and has been instrumental in creating the largest of all construction industries—road building.

"Now it is perfectly obvious that any industry as large as this which is a creator of economic wealth and which is so closely related to all phases of our economic life—transportation, home

building, retail merchandising, suburban development—should be built upon the firmest kind of a foundation. And upon such a foundation the industry is being constructed today.

#### FINANCING THE BUSINESS

"When a man decides he wants to become an automobile dealer he usually goes to his bank and obtains help in financing his business. Whether he succeeds is determined largely by the man, what his business experience has been in the past, how large a credit he has enjoyed, what his reputation is. Another element entering in is whether the bank can satisfy itself that his territory can stand another dealer. And this last point is important because the manufacturer does the same thing. If the manufacturer is at all doubtful as to the capacity of a given market to absorb more cars, he declines to appoint another dealer. This means that the manufacturer himself sees to it that men who think they ought to be dealers in territory which has all the representation it can stand, are not running to banks asking for money to finance their motor car business.

"The dealer is asked to take a certain number of cars. It is suggested to him too what kind of cars he should take and how many of each. This quota is optional. However, it is accepted to a sufficient extent so that the manufacturer knows fairly definitely just what his production must be during a given period of time. This tends toward stabilization. At the present time the total number of cars assigned is determined largely by the capacity of the various plants to turn them out.

"If the prospective dealer succeeds in borrowing sufficient money to finance his business and is able to get his appointment from the manufacturer, he then orders his cars, which he pays for upon receipt. Note that it is a cash relationship that exists between the factory and the dealer.

"But 15 per cent. of the automobiles sold today are sold for cash. The 85 per cent. are sold on a part-payment

plan. The General Motors Corporation and the Ford Motor Company operate their own acceptance corporations and there are one or two others who do, but most of the manufacturers enter into contracts with independent finance companies which make possible the purchase of cars on a part-payment basis.

"The usual plan of part-payments is to require 25, 33 1/3, 40 or 50 per cent. down and the balance payable in six, eight or ten months. Some few run as long as a year, but none longer than that. After making his initial payment the purchaser signs notes covering the balance due. It is also the general practice for the purchaser to pay the guaranty company's charge in addition to the required down payment.

"It is the usual practice to require the purchaser to file a financial statement with the dealer and to have his credit established before the retail financing plan can be used.

"The plan is simple and sound. Motor car sales would drop off from 80 to 40 per cent. if this plan of making sales was not used. The losses from the part-payment plan are so small they are negligible.

"Now there are still a few bankers who are not quite sure of the soundness of the automotive industry. They have learned from experience that the manufacture of automobiles is a business which does not subject itself readily to diagrams and charts and graphs and curves. Things move a little bit too rapidly in the automobile business for some bankers.

"The manufacture of automobiles is partly—largely, in the manufacture of some cars—an assembly of parts. And in the manufacture of each of these parts error may take place. Suppose that a manufacturer fails to discover that he is using faulty bearings until two months after the bearings were first used. That means that two months' production of cars are on the market with faulty bearings. The wise manufacturer not only immediately stops production but he also takes steps to recall the imperfect cars.

"The vital necessity of doing this is something that a few bankers even today cannot see. They dislike to see production interrupted. They enjoy getting reports of continued net earnings. But they fail to realize that an automobile is dependent upon its reputation. If that is undermined the best financing in the world won't help the company.

"The healthy companies today are those which have been conscientious in the manufacture of their cars. They make no claims which their cars cannot live up to. When anything is wrong with a job they see to it that the fault is remedied.

"Some few bankers have the idea that the automobile industry is diverting money from what they describe as more legitimate channels. They complain too that there are people riding around in cars who cannot afford them. To be sure. And people are also buying from banks securities which they cannot afford. People are living in houses which they cannot afford. The automobile industry in this instance is no different from any other business.

#### AUTOMOBILE A CREATOR OF ECONOMIC WEALTH

"The automobile is a creator of economic wealth. This is a fact which the average person has not yet comprehended fully. To illustrate:

"The states with the highest income have the most cars. And the states which have the most cars have the highest incomes. The two are related. New York has the greatest total income and the largest number of motor vehicles, while Nevada has the smallest income and also the smallest number of automobiles.

"Cars promote home ownership. Figures are available to prove this is true. Those states which have the most automobiles in proportion to population, also have the highest percentage of homes owned by their occupants. Conversely, where rented homes are most common, the supply of motor transportation is relatively less. These facts are revealed by a study of the car regis-

tration figures of the United States Bureau of Public Roads compared with the data on homes compiled by the United States Bureau of the Census.

"The states with the fewest cars in ratio to population have the largest percentage of rented homes. That's significant.

"Think of the extent to which salesmen increase trade through the use of cars.

"Business houses today own half a million motor cars.

"Think what the motor car has done for suburban development. Try to get some idea of the contribution the automobile has made in this instance to the economic wealth of the nation.

#### GUESS ELEMENT BEING ELIMINATED

"To the satisfaction of bankers particularly, the guess element in manufacture is being eliminated more and more. The industry as an industry is getting on a firmer basis every day. Today there are 112 different makes of cars

being manufactured, which is too many. In the years to come we will see combinations of various companies, fewer makes of cars and larger companies.

"I recall a certain New York bank that was induced to loan \$11,000,000 to a certain Michigan automobile company. At the first opportunity this banking group withdrew. It was explained that the investment involved too great a risk. If that group of bankers had remained they would have realized twenty times more on their investment than they did. This particular company today is one of the most substantial in all America.

"In the years to come there will be increased efficiency and less extravagance in the industry. Less money will be spent to sell cars. Sales organizations will be much simpler.

"The industry today invites the careful scrutiny of the banker. It seeks the banker's criticisms and suggestions.

"Automobile manufactures require large sums of money for operation and the banker will always be an integral part."



## Why Invite Swindlers to Your Bank ?

**I**T would seem that banks fail to realize the significance of accepting restitution on worthless checks, says the Illinois Bankers Association. If banks continue to invite forgery and swindle they may as well leave their vaults open and allow the general public to visit their reserves at will. In the first place, many bankers are so anxious to build up their business that they accept checks from strangers, open accounts and turn over pass books and check books before they are able to determine that the checks are of any value. If the account is opened for the purpose of fraud not many days elapse before checks drawn on the bank, appear from

various points resulting in a great amount of work, protest notices and correspondence which the bank could otherwise have saved itself, with the possibility of paying and assuming a loss.

The underworld talks. If your bank prosecutes every case of crime against your institution, rest assured the underworld will leave you alone for it takes very little time to spread the word among criminals that this or that bank is "easy" or that it is best to leave it alone.

Prosecute and assist in ridding your community of crime—accept restitution and invite criminals to your bank.

# Getting New Business From Newcomers

By W. E. Walker

**I**N a growing city it is important that your bank secure its fair share of the business of newcomers, for in a few years the increasing numbers of newcomers will constitute a considerable portion of the population.

Newcomers are of two types, those who move into your community and those who are born there. It is important that the bank seeking new business consider both.

Various methods are used by banks to go after business from each of the two groups. In the cases of new residents moving to town, the most common practice is to get out a welcome letter inviting them in and placing the facilities of the bank at their disposal.

In the smaller communities where new residents are not very numerous, the banker might profitably call on each new arrival personally and pay his respects.

The most effective method I know of to reach newcomers without calling, however, is a method that can easily be used in co-operation with the newspaper in any community.

This method appeals to banks because it enables them to get more than their share of newcomers' business. It appeals to newspapers because it enables them to secure more new subscriptions from newcomers than they would ordinarily secure.

The letter you might send to new residents under this plan best explains itself:

Dear Mr. Macksay:

We always like to be among the first to say "How-do-you-do" and "Welcome" to new arrivals in our city, for we know we would appreciate a like welcome were we to move into a new town.

To give you a glimpse of our civic activities and enable you to get in touch with things in your new home town, we're having Madison's largest paper, *The Wisconsin State Journal*, sent to your home every day for one month with our compliments. We have paid for this subscription and you are under no obligation to continue with it.

Possibly there is some little service or information we can give you. We want you to feel free to call on us at any time and give us the opportunity to help.

Naturally a satisfactory banking connection is always desirable to strangers or comparative strangers and we

would esteem it a favor if you would permit us to explain why this is the proper bank for you to use.

We shall be glad to see you.

I know from experience that a letter like this one gains interest and replies and new business where many welcome letters fail to accomplish these desired results.

## WHY WELCOME LETTERS ARE EFFECTIVE

It is easy to appreciate why a welcome letter to a newcomer should be well received, for when he arrives the chances are he is not acquainted. He is probably lonely for his old home town. He is seeking new friends—social and business friends.

In selecting his new friends, however, the stranger is wary and it is a difficult matter to get down below the surface and extend to him a real cordial greet-

**T**HIS article is the first of a series to be published in *THE BANKERS MAGAZINE* which will deal with various plans and methods of increasing the business of the average sized bank.

Most of the material which has heretofore appeared on the subject of new business operations has been applicable only to the larger city banks. In these articles Mr. Walker will have in mind the average sized banks in the smaller cities.

W. E. Walker, the author, is the manager of the new business department of the First National Bank of Madison, Wis. He is the author of many articles on publicity subjects.—  
THE EDITOR.

ing that impresses him as being sincere and makes him feel right at home.

Yet there's nothing like a representative newspaper for putting strangers in touch with civic activities and other things local and for getting them worked into the spirit of the community. And so, when your welcome letter to the new arrival tells him that you are going to the trouble of seeing that he gets a paper delivered to his new home every evening so that he may become better acquainted with what's going on in town, and when night after night that paper is delivered at his doorstep with your compliments, he's going to be pretty well convinced that your tangible attempts to welcome him are from the heart and he's going to have a good opinion of your bank.

Your first reaction is probably that this plan involves too much expense. As a matter of fact, however, the only expense should be the cost of getting out a letter, for any newspaper should be willing to give such trial subscriptions without charge.

Where this plan of reaching newcomers has been worked out in cooperation with newspapers, results have demonstrated that the papers secured permanent subscriptions from about 90 per cent. of the people to whom the paper was thus introduced by the bank.

In fact, so popular is this plan with the newspapers that in several instances where the bank co-operated with but one newspaper, the other paper or papers applied to be included. In such cases the trial subscriptions can easily be divided among the papers included in the plan and the letter revised accordingly.

The only clerical work required as far as the bank is concerned is the sending of new names to the circulation departments of the newspapers each week.

#### HOW TO GET NEW NAMES

How is the bank going to secure the names of new arrivals in order to carry out this plan? This is a question that naturally arises.

Various methods are used by banks in different sections of the country. Some get the names and addresses of newcomers from gas and electric light or telephone companies, for new arrivals ordinarily come in contact with these public service organizations soon after becoming located. Other banks secure their names from real estate men, storage concerns, draymen, Y. M. C. A.s, apartment hotels and insurance men.

More and more smaller cities are enacting ordinances which require that all moving and storage concerns report to the chief of police all removals in the city and into the city. Such regulations are usually fostered by the health department. Where ordinances of this type are in force, local civic bodies usually secure the names and tabulate them for the benefit of members, or the names may be secured directly by the bank.

In every case where a bank has used this method of reaching new arrivals, results have been very satisfactory. Not only have responses by letter been gratifying, but without exception banks have secured more business from this source than they had secured before and much more than their proportionate share.

#### LETTERS TO THE NEW BABY

Then there is the other class of newcomers—those who are born in the community.

Some banks send a bank book with a one dollar credit to new babies. Some send a representative to call in person with a home bank. Some send a baby book as a gift. Some send a lucky penny. Some send a welcome letter. Some invite the parents to call for a coupon which entitles them to one free picture of their baby at some local photographer's. This should cost the bank nothing for in most cases the parents will order more pictures from the photographer and it will also mean more business for him. If no additional order for pictures is given, the photographer should bear the expense of the

one photograph as his part in this new business campaign.

Two typical baby letters that are producing results follow:

To the New Baby:

When we saw in the paper that you had come to town to stay, we made up our minds to send you this little note.

Of course, just now everybody is fussing over you, trying to make you comfortable and trying to decide whether you look like papa, mamma, or whether you are just the image of Grandpa.

But don't let the grown folks worry you. Just kick up your heels and have a good time, for there is lots of fun ahead of you.

You don't need money now, but you will some day, and so you can't start too early to save. Just tell mamma and papa the best you can by winks and blinks that the next time either of them comes down town we want a call, for we are laying aside a nice little home savings bank for you. Not only that but we are putting a **BIG ROUND DOLLAR** to the credit of your savings account. Just have dad bring in this letter and get your bank and your bank book with our dollar gift. Then have papa and mamma put in odd change for you—or better still, a dollar a week. It will count up like everything.

If papa comes home and says he forgot to call here for your bank, you set up a howl, and the next time he won't forget.

We will be watching for him, because if he isn't already a depositor here we want to show him the kind of service we give folks who do their banking business here.

Good luck to you, and may you grow up to be healthy, wealthy and wise.

To the New Baby:

This is to welcome you and to tell you we are glad you are here. All your friends and relatives are glad too, for you will grow up to be a valuable citizen, and make us all proud of you.

If your mother or daddy will give you a dollar, we will start a savings account for you, and send you a little bank book all your own, and also a toy bank to cut your teeth on, and to save your coins in, one that will make a nice rattlebox for you to play with.

When the bank gets full, tell mother to bring it to us for you, and we will add the amount to your savings account, and you can start filling the bank again. After a while we will put some of our money with it. This is what big folks call "interest."

We want you to do this because it is a good habit for you to form, and when you come to more mature years, you will have something to help you on the long road of life.

Sincerely yours.

P. S.—Because this is such a big world, with so many folks in it, we want to be sure you get the bank we have for you, so when they come to open an account, tell 'em to bring this letter, and we will know it is really you.



## Says Bankers Should Advocate Farm Fertilization

**H**ERBERT C. Brewer of the Soil Improvement Committee of the National Fertilizer Association says:

It has taken time for the banking fraternity generally to realize that its welfare depends largely upon farm prosperity. It may not be too much to say that from an attitude of indifference, the average banker has advanced to the point where he recognizes that the farmer's condition is a matter of importance to himself and to the community. Many a banker, particularly in the agricultural sections of the country, is today spending his time and money to influence farmers to adopt sound, business methods, knowing that in so doing, he is helping to stabilize the business of the community and to insure its prosperity.

In a letter issued sometime ago to its clients, the American National Bank and Trust Company of Richmond, Va., stated

certain facts, the importance of which have only been emphasized by the trend of farm conditions during recent years.

The oldest story of the farming business is still the newest and most important matter before the farmers today—the story of diversification and fertilization. One of the things which demands the serious attention of the farmer is that his feed and fertilizer purchases are sometimes out of proportion with each other. During ten years we have increased our fertilizer purchases 187 per cent. and our feed purchases 267 per cent. If reversed, these figures would tell a tremendous story. If, in another ten years, we increase our feed purchases only 150 per cent., and our fertilizer purchases 300 per cent., we will write a new story of agricultural prosperity.

This country needs more fertilizer on its plow land instead of more acres under its plow, to insure economical production.

# Loans and Discounts

## Article VIII of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, New York, Elizabeth and Hudson County (New Jersey) Chapters, American Institute of Banking

**T**HE actual lending of a bank's money is merely a matter of rather formalized clerical procedure. It is a sequel to the credit investigation and analysis—the passing upon the application. In other words, *the loan and discount department is but the book-keeping machinery for giving effect to the decisions of the loan and discount committee. That committee, in turn, bases its judgment, except where the borrower is well known by reason of previous transactions, upon the findings and recommendations of the bank's credit men.* Passing upon loan applications was the subject of our last article.

In the above outline, emphasis has been given to the differences between loans and discounts. It should be remembered, however, that the distinctions brought out are primarily of legal and bookkeeping treatment, rather than of fundamental banking. Attention has also been called to some of the more important classifications of loans and their inter-relations. In constructing these outlines, it has been necessary to make distinctions appear more rigid than will always hold in actual practice. Nevertheless, an attempt has been made to set out the significant lines of differentiation as briefly as is compatible with comprehensiveness.

This article will largely confine itself to call loans, commercial loans, and mortgage loans. The call loan market is a part of the mechanism of a stock exchange, and is the source through which brokers fill the largest part of their requirements. New York is the chief call loan center of the country, and New York banks are the most important lenders on stock exchange collateral, and margin certificates issued

by the cotton, sugar, coffee, and produce exchanges. Considerable sums are normally invested in call loans by New York banks, however, for the account of interior bank correspondents. This is especially true when the call loan rate rules higher than that for commercial paper.

### CALL LOANS

The advantage of investments in call loans is that it offers a convenient medium for surplus or temporarily idle funds, or funds which a bank desires to keep in a liquid condition. Since these funds can be converted into cash within twenty-four hours' notice, a bank can make a commitment without endangering its cash reserve position, or without losing an opportunity of investing the same funds at a higher rate on a time basis, should a favorable market eventualize. *With the exception of cash and balances on deposit with other banks, call loans usually represent a bank's most available asset.*

In New York City, call loans are negotiated by the lending banks either directly with the borrowing brokers or through the call loan desk at the stock exchange, usually the latter. The call loan renewal rate is fixed by the stock exchange money committee daily, and is transmitted over the ticker in the same manner as security quotations.

The amount which a bank can invest in call loans depends upon its immediately available uninvested surplus funds. Banks which habitually enter the call money market defer making their offerings until they can determine the amount of their other commitments for the day. The first step is to ascertain the ratio of cash reserves to net demand deposits in order to see that the

## OUTLINE OF ARTICLE VIII

## I. Loans and discounts distinguished:

## 1. Loans.

- a. A direct contract between lending bank and borrower.
- b. Money is lent to maker.
- c. Interest payable at maturity or at stated intervals.
- d. Frequently secured by collateral.
- e. Arise out of commercial, investment, speculation, mortgage, or consumptive transactions.
- f. Maturity sometimes indefinite, e. g., call loans.
- g. Rate of interest specified.

## 2. Discounts.

- a. A purchased contract.
- b. Money is lent to indorser.
- c. Interest deducted in advance, i. e., at time instrument is purchased.
- d. Not usually secured by collateral, but oftentimes by indorsement or guaranty.
- e. Usually arise out of the purchase and sale of goods moving into consumption.
- f. Maturity necessarily fixed.
- g. Interest not necessarily specified.

## II. Loans and discounts classified:

## 1. According to maturity.

## a. Time—fixed or determinable maturity.

- (1) Short-term, i. e., 30 to 180 days.
- (2) Intermediate-term, i. e., 6 months to 3 years.
- (3) Long-term, i. e., 3 to 100 years, or longer.

## b. Demand or call—terminable at option of borrower or lender.

## 2. According to purpose.

## a. Commercial—to finance purchase and sale of goods.

- (1) Mercantile.
- (2) Industrial.
- (3) Agricultural.
  - (a) Livestock.
  - (b) Grain.
  - (c) Cotton, etc.

## b. Investment—to finance durable, or fixed, assets.

## c. Mortgage—to finance purchase of real property.

## d. Speculation—to finance the carrying of securities or commodities for profits from price changes.

## e. Inter-bank.

- (1) Rediscounts with Federal Reserve bank.
- (2) Bills payable with Federal Reserve bank.
- (3) Participation loans.
- (4) Loans to correspondents and affiliations.

## 8. According to security.

## a. Collateral security.

- (1) Securities—stocks, bonds, etc.
- (2) Negotiable paper—notes, acceptances, etc.
- (3) Negotiable receipts—bills of lading, warehouse receipts, etc.
- (4) Mortgages—real estate, chattel, etc.
- (5) Assigned book receivables.
- (6) Miscellaneous—pass books, certificates of deposit, life insurance policies, etc.

## b. Personal security, e. g., indorsements, guaranties.

## c. Without security.

## 4. According to obligation.

- a. Single-name paper.
- b. Double-name paper, e. g., acceptances.
- c. Three-name paper, etc.

## III. Loan bookkeeping records:

- 1. Loan card—an original entry for loose card system.
- 2. Loan register—an original permanent entry—loans arranged chronologically.
- 3. Loan ledger (liability ledger)—loans arranged by borrowers.
- 4. Maturity tickler—loans arranged by due dates.
- 5. Rate book—loans arranged by interest rates.

legal reserve requirements are being met. This, however, will depend upon whether the clearing house balance for the day is a net debit or credit. When a bank determines what amount of money is available to lend on call, it communicates with the money desk at the stock exchange, and gives instructions to offer the sum on the board, either at the established renewal rate, or at some other specified rate.

Call loans, like all loans made to finance speculation, are, or should be, secured by collateral. Brokers' collateral consists of securities listed on the stock exchange. Unlisted securities are not acceptable as security because they are not marketable, and a high degree of marketability is necessary in order to insure the liquidity of the loan. Banks lending money at call usually require a margin of from 20 to 80 per cent. This margin must be kept continually good, otherwise the bank has the right to sell out the collateral, and to remit the excess above the face of the loan, plus charges, to the borrower.

#### COMMERCIAL LOANS AND DISCOUNTS

The great bulk of the investments of a commercial bank consists of commercial loans (and discounts). These are notes, acceptances, bills discounted, and bills of exchange, which arise out of commercial, i. e., mercantile, industrial, or agricultural transactions. In this classification may also be included what has come to be known among bankers as *commercial paper*, i. e., notes of well-known commercial houses that borrow through the open market. *The characteristics of all commercial loans, which entitle them to a high investment rating, are (1) early maturity, (2) self-liquidating character, and (3) soundness in origin and purpose of use.*

Commercial loans, if genuine, therefore, are made to finance some step or stage in the productive or distributive process—the progression of goods from producer to consumer. Most businesses are seasonal in character, and lack sufficient working capital to finance inven-

tory purchases at the time of their seasonal peaks. In order to take advantage of cash discounts, resort is had to commercial banks. A commercial loan always implies that the funds are to be, or have been, used for the purpose of moving goods directly into consumption channels. With the proceeds of sales to consumers the loans are repaid. Wherever goods do not move directly into consumption but are held for the purpose of obtaining possible profits through price appreciation, the loan can no longer be considered as a commercial loan. It then becomes a speculation loan. Banks should avoid loans of this character.

The great advantage of commercial loans is their liquidity. This is secured not only by the fact that they are of short maturity, but that they are the only class of loans which are eligible for rediscount at the Federal Reserve Banks. To be eligible, however, they must have a maturity at the time of discount, of not over ninety days. Exception is made of agricultural loans, however, which under the new Agricultural Credits Act of 1928, may be eligible with a maturity not to exceed nine months. In all cases where the loan is \$5000 or more, the Federal Reserve Bank may require the financial statement of the principal debtor.

#### MORTGAGE LOANS

Mortgage loans are those made with mortgages on real estate, whether urban or rural, or business or residential, as security. The intent of mortgage loans is to finance the purchase of, or to pay off existing indebtedness on, real property. Frequently mortgage loans are made on the amortization plan, i. e., provision is made to retire a part of the principal at each interest date. Farm mortgage loans by the joint-stock land banks and by national farm loan associations (under the Federal Farm Loan Act of 1916) can only be made under the amortization plan.

Mortgage loans are specialized in by savings banks, mortgage investment companies, building and loan associa-

tions, farm mortgage companies, and the banks organized under the Federal Farm Loan Act. Mortgage loans may also be made by national banks (except where located in a central reserve city) and by state banks and trust companies. Restrictions upon mortgage loans made by national banks, however, are more stringent than for the other banking types. For example, while New York state banks are required to have only 15 per cent. margin on first mortgage loans, a national bank may lend only to the extent of 50 per cent. of the appraised value.

In applying for a mortgage loan upon city property, the applicant fills in a blank provided by the lending institution, giving the following information: (1) amount of money desired; (2) possibility of depreciation in neighborhood values; (3) earning power of the property in rentals and the amount of their excess over taxes, insurance, repairs, and all other charges; (4) adaptability of buildings to other uses; (5) location with reference to transit facilities.

The papers incidental to a mortgage loan are: (1) note or bond (as evidence of the debt); (2) mortgage duly executed (as security for the loan); (3) certificate of appraisal (indicating the value of the mortgaged property and its excess of value over the mortgage); (4) abstract of title, or policy of title insurance, indicating that there are no prior liens against the property (in the case of the title insurance policy, guaranty of the validity of the title); and (5) insurance papers (to protect the lender against loss in case of destruction of the property by fire).

In the following table the loans supplied by the various kinds of banks are given:

**SMALL PERSONAL LOANS—**

- Personal loan brokers (companies).
- Credit unions.
- Morris Plan companies.
- National banks.
- State banks.
- Trust companies.
- Private banks.

**COMMERCIAL LOANS—**

- National banks.
- State banks.

Trust companies (in most states).

Private banks.

**LOANS ON STOCK EXCHANGE COLLATERAL—**

- National banks.
- State banks.
- Trust companies (in most states).
- Private banks.
- Credit unions.
- Savings banks (with restrictions).

**MORTGAGE LOANS—**

- National banks (except in New York and Chicago).
- State banks.
- Trust companies.
- Savings banks.
- Mortgage companies.
- Building and loan associations.
- Private banks.

**READING ASSIGNMENT**

W. H. Kniffin: *The Practical Work of a Bank*, Chap. 9. (Loan procedure and book-keeping.)

Langston & Whitney: *Banking Practice*, Chap. 17. (Short general treatment of loans and discounts.)

L. H. Langston: *Practical Bank Operation*, Chap. 10, 12. (Loan and discount operations in a large bank.)

J. T. Holdsworth: *Money and Banking*, Chap. 16. (Loans and discounts.)

T. J. Kavanaugh: *Bank Credit Methods and Practice*, Chap. 4, 6. (Commercial paper, acceptances, and lines of commercial credit.)

W. H. Kniffin: *The Business Man and His Bank*, Chap. 19. (Brief outline of kinds and characteristics of loans.)

C. A. Phillips: *Bank Credit*, Chap. 15. (Loans of banks to banks.)

W. H. Kniffin: *Commercial Paper*. (A complete treatment of the analysis of commercial paper and acceptances.)

**QUESTIONS**

1. Mention six differences between loans and discounts.
2. Are any of these differences fundamental from a banking standpoint?
3. From what sources does a commercial bank procure funds to lend?
4. Does a bank lend its deposits, or does it lend in order to create deposits? Discuss. (See Article II.)
5. Mention four important loan classifications.
6. Into what subdivision may time loans be classified?
7. Into what subdivisions may commercial loans be classified?
8. Into what subdivisions may agricultural loans be classified?
9. Name two broad classifications of security.
10. Name at least eight kinds of collateral security.
11. a. What is the function of the loan and discount department?

11. b. What is its relation to the credit department?

11. c. What is its relation to the loan and discount committee?

12. Trace the making of a commercial loan through all the loan bookkeeping records.

13. What is the maturity tickler, and its purpose?

14. What is a call loan?

15. Who are the principal borrowers of call funds?

16. What is the advantage to a bank of investing in call loans?

17. What instrument is used to evidence a call loan?

18. a. What is meant by the call loan renewal rate?

18. b. By whom is it fixed?

18. c. Are lending banks necessarily governed by it?

19. a. What kind of collateral is offered as security for call loans?

19. b. How much margin is required?

20. What are commercial loans?

21. Would a cattleman's note secured by a chattel mortgage on beef steers represent a commercial loan?

22. Would a loan to a wholesale grocer to build a warehouse be a commercial loan?

23. Would a loan to a wholesale grocer to purchase goods for resale be a commercial loan?

24. What is meant by saying that a commercial loan is self-liquidating?

25. Is a national bank limited in the amount it can lend to a single borrower if the funds are to be for a commercial purpose?

26. What is the advantage to a bank of investing in commercial loans?

27. What is commercial paper?

28. What is meant by two-name paper? Give an example.

29. Define a mortgage loan.

30. What classes of institutions may make real estate mortgage loans?

31. Up to what per cent. of the appraised value may a national bank lend with a mortgage as security?

32. May national banks lend on second mortgages?

33. What institutions lend on farm mortgages?

34. Up to what per cent. of the appraised value may a joint-stock land bank lend with a farm mortgage as security?

35. What is meant by an amortization loan?

36. What information is required by a bank from an applicant for a mortgage loan?

37. What papers are incidental to the making of a mortgage loan?

38. What factors must be considered in making an appraisal of a piece of property for loan purposes?



## Large Sums Saved By Arbitration

**T**HOUSANDS of business disputes are being settled by arbitration instead of litigation, according to Charles L. Bernheimer, chairman of the arbitration committees of the New York Board of Trade and Transportation and the Chamber of Commerce of the State of New York. Cases involving sums ranging from \$1.50 to \$2,800,000 have been settled by arbitration, according to Mr. Bernheimer.

In a recent WJZ (New York City) broadcast by radio Mr. Bernheimer said:

One morning early in 1921 I found on my desk a parcel from the Department of Commerce weighing about sixty pounds and containing 104 dispute cases between British and American merchants. The department asked us to take these cases in hand. The amounts involved were, in the aggregate, approximately over \$5,000,000. This number was swelled later to about 150 cases.

Formal vote of thanks from the Manchester and Bradford Chambers of Commerce, in England, for the successful disposition of this great task tells the result.

Arbitration is the time-honored method for the fair, speedy and inexpensive disposition of business disputes and controversies, and was recognized as such by the Father of Our Country, George Washington, when he made his last will and testament—the largest single contract he had ever made, namely, the disposition of all his earthly belongings by means of a single document. He included therein an arbitration clause which stipulated that the disputants were each to select a man "known for probity and good understanding," and these two to select a third; the will then continued: "Which three men thus chosen shall, unfettered by law or legal constructions, declare their sense of the testator's intention; and such decision is, to all intents and purposes, to be as binding on the parties as if it had been given in the Supreme Court of the United States." The will was dated July 9, 1790.

# How to Make Window Advertising Pay

By M. E. Chase

**T**HE national concensus of opinion among banks, large and small, that have used window advertising, is that it pays handsomely.

To test the pulling power of its windows, one bank raised a curtain on a display of toy airplanes one Wednesday morning at 9 o'clock. A very small display card read: "Come in kiddies and get one." In an hour and a half, the whole supply of 600 was gone.

Another bank made the test with home safes. It had never used home safes before. It advertised them in no other way. During the two weeks this display was in, over 300 savings accounts were opened in order to get the safes.

Yes, the window display in financial institutions is a comparatively new thing, but interviews with more than 100 banks and investment houses the country over show that this phase of advertising is firmly established with those who have tried it out; that many are on the verge of adapting their windows for displays; that all are interested

in what is being done in that direction, and in what are the full possibilities of window advertising. Country banks as well as city banks are alert to this medium of putting themselves before their public. In window advertising, as in anything else, there is a best way

of going about it, and of course you are interested in cutting down the high cost of experimenting by learning the experiences of the other fellow.

In this article is briefly given the sum total of what has been found to be the

elements that go toward making really successful windows, including the construction and the dressing of windows.

Then you will be given separately the opinions of advertising men in financial institutions that are utilizing their windows — with photographic reproductions of their displays.

Following this will be new and practical suggestions for featuring in windows, every department of a financial institution. As many of these suggestions are suitable for small country banks as for large city banks and investment houses.

## MAKING WINDOW DISPLAY CARDS

The large framed colored posters which are being put out by a dozen or more concerns, are not intended as units in

window displays. They are complete pictures and messages in themselves. If your windows are small, these posters make very good window advertising.

However, if you have windows suitable for displays, make your arrangement of objects form the picture, put-

**T**HIS is the first of a series of articles dealing with the why and the how of financial window advertising. These articles will show the actual experiences of financial institutions in every part of the country that have pioneered in window displays. They will help the advertising manager bridge over days when not an original idea will come to the rescue (these days do somehow come to the best of us) with a hundred and one possibilities for window displays.

In these suggestions, every branch of banking will be included. The small town has not been disregarded, for most of the material necessary for these displays may be obtained in a town of 5000.

Some of the suggestions will fit your institution and your community. Others are sure not to—but, from these others you may get ideas to put with your own, which together will produce windows that bring folks in.

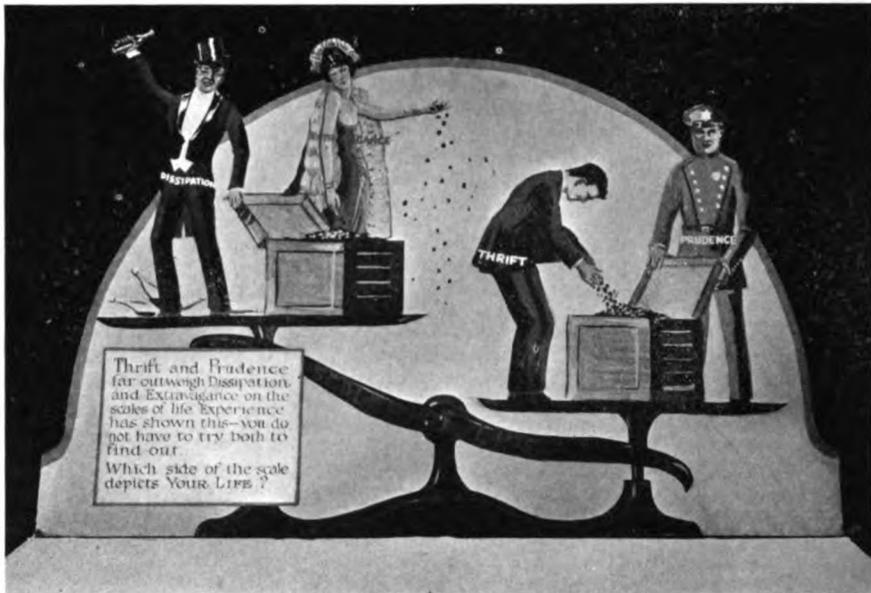
The author wishes to make grateful acknowledgment to the financial institutions that have so readily co-operated with opinions and illustrations, and to the different window display houses that have very liberally supplied data.—THE EDITOR.

ting the fewest possible words of explanation on a display card. Notice how in the "Thrift and Prudence" window, shown below, a big story is put over with very little assistance from captions.

For the best effects, your display and display card should not be equal in magnitude. In featuring a bond issue on the Toledo Edison Company, for example, a row of small lamps of the

gin as important as in your newspaper or magazine advertising. Because your card will be read from a distance, do not crowd your lettering; do not use fancy lettering and do not use all caps. Do use a strong colored ink or paint for your lettering.

If you are in one of the larger cities, you will probably go to a show card man for this work, and you will simply have to see that he produces what you want.



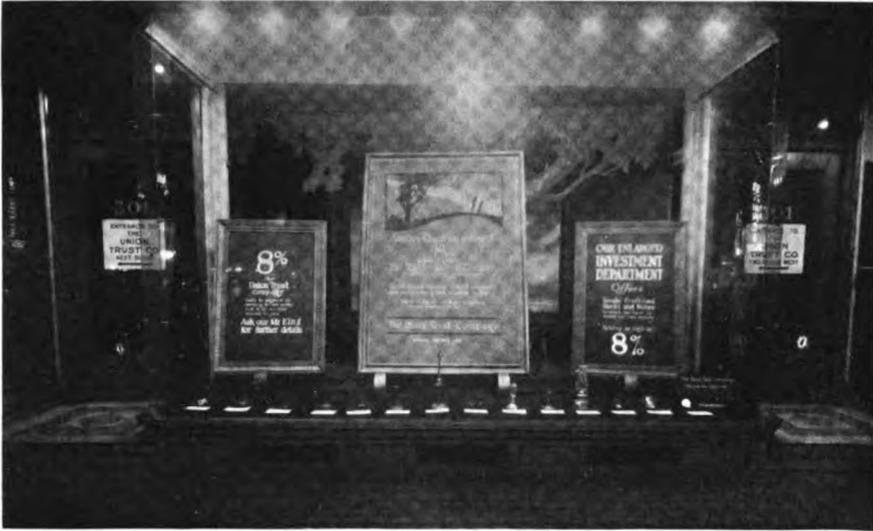
Illustrating how an idea is expressed and a story told with very little assistance from the caption

different sizes is used across the front of the window. (See illustration opposite.) The display card predominates and predominates very decidedly. It saves the window from a look of stinginess or insignificance, which it would have were the card small, and in proportion to the lamps, in this big window.

On the other hand, if you are featuring, for example, the idea of travelers' checks being a part of the vacationist's paraphernalia, then give paraphernalia magnitude, with your card only large enough to carry the short explanation needed to get your idea across. Whatever the size of your card, regard mar-

#### MAKING YOUR OWN

But if you make your own cards—and many advertising managers do make their own—do not give up trying to get attractive stock because your printing office hasn't it. To keep your windows interesting, you need to keep your cards looking different all the while by varying them in size, in color and in amount of text. It is these little things that give finish to your work. Try your picture store, your book store, your art store. If you have no luck, send to the bigger cities for samples to select from. For your larger cards, you will want a ten ply board; for the



In this window the display card predominates. It saves the window from a look of stinginess and insignificance, which it would have were the card small, and in proportion to the lamps in this big window

smaller ones, six or eight ply. As a rule, have your cards light colored—now and then throw in a mottled tint for variety.

Watch your color combinations when you add your lettering—have contrasts, but keep them pleasing. Sometimes, use a color harmony—a dark blue on a blue tint stock will be attractive when your display has considerable contrasting color.

If you are picking up a mottled card for your next display, reason whether there is to be much lettering or little. If much, take a plain card, for your lettering will show up better. For a small amount of lettering a mottled card would be good—the mottled effect would keep the card from looking lonesome with its few words.

#### PEN AND PAINTS

Many advertising managers regard the Speed Ball pen a happy find for lettering on smooth stock. For rough stock, use water color paints, as even a Speed Ball pen will catch on rough stock. No, not the water colors we used to work with in school—but the show card writer's own moist water colors which come in twenty-four colors in-

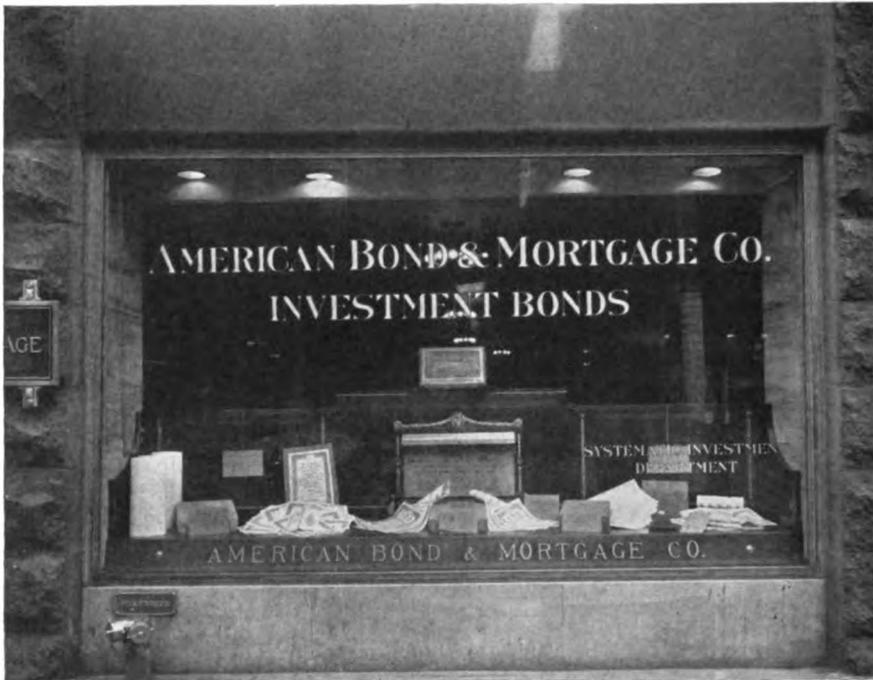
cluding gold, silver and bronze. They are put up in two ounce bottles at 20 or 25 cents a bottle. You will find a Red Sable rigger show card brush easy to work with because it works to a chisel point, whereas camel's hair brushes do not so readily. On smooth stock, it is effective to mix ink and paint, doing the larger letters in paint. In putting on your text, group your phrasing to make the reading of it easier—clearer. One thought in each group.

#### FRAME YOUR CARDS

If you are doing things up right, you will have frames for your cards, matching the style of your background. Have several sizes of frames to take care of your different sized cards.

Omit polycrome trim or any kind of gee-gaw. Have your frames narrow, remembering it is your message you wish folks to look at, and not your frames. But do not forget that a frame of cheap material and poorly made, even though plain, will show up poorly, killing your message.

Because light against a glass over your caption will blur your message, it is better to leave your caption cards uncovered. You change your cards often



Some banks vary the height of their window backgrounds to suit different displays by pegging on an additional center piece. The center piece may be flat and serve as a shelf as in the display above

enough that you do not need a glass to keep them clean.

#### PROPER CONSTRUCTION OF WINDOWS

If you are about to build new windows, or adapt your present windows for displays, such questions will arise as, what height is most effective for a bank or investment house display window? Should, or should not financial institutions have full height backgrounds to their windows? How should windows be lighted?

#### HEIGHT OF WINDOW

According to the best authorities, the floor of your window should be within easy range of your vision when standing three feet from the window on the sidewalk. Twelve inches above the sidewalk is too low. On a level with the eye is too high. Tests have shown that about twenty-seven inches above the sidewalk is the most satisfactory height

for such displays as financial institutions use.

#### BACKGROUND

A solid window background twenty-four inches high serves to frame in your display and at the same time allows the passersby to lift their gaze and look into your institution—a very desirable thing in creating the open-and-above-board air, for which all financial houses strive. And, from the standpoint of your own comfort, such a background shuts out practically no light. Most bank and investment house window backgrounds are not enclosed, but several advertising managers have voiced the opinion that if they were building windows again, they would have them glassed in above the wood background to keep out the dust. Some financial houses vary the height of their window backgrounds to suit different displays by pegging on an additional center piece. The center piece may be flat



A slightly rounded window horizon is less severe and more pleasing. Curves suggest ease; angles express severity

and serve as a shelf, as in the display, "Making of a Bond," shown opposite.

#### DEPTH OF WINDOW

A window depth of twenty inches will allow for a very decent display arrangement. However, some institutions have a window depth of thirty inches. Others have their backgrounds adjustable, so that when a deeper floor is desirable, a shelf may be added and the background pegged into it. From the inside the shelf arrangement is not unsightly, for shapely little legs may hold up the shelf. It does cut off that much working space. In one institution such a shelf has the corners cut off—for two reasons: it is nicer for those inside not to have sharp corners to dodge, and the corner space inside the window is space wasted, as the extreme corners are out of vision except from the very center position. Then too, a slightly rounded window horizon is less severe and more pleasing. For illustration, see the construction of the window,

"Automatic Recording Safes" reproduced above. Always, curves suggest ease; angles express severity. The function of your window is to invite, so you want the lines not so severe—just pleasingly easy.

#### PANELLED BACKGROUND

Your windows of course should be constructed of the same material as your inside woodwork. Backgrounds are most effective when panelled off into three sections, with the center panel the largest because it sets off and emphasizes the attention getter in your display, which most often will hold center position. Then too, having this center panel larger than the others breaks monotony.

By way of further breaking the monotony of your window, it is effective now and then to use neutral colored drapes of silk, velvet, etc., over your built-in background. A neutral color is recommended because it will set off your display rather than overshadow



Every day hundreds of people pass your bank. Are you making the most of the advertising possibilities of your windows? The Bankers Trust Company of Indianapolis is bringing in new business by its effective displays

it. In a draped background give a thought to what shade will be most complimentary to a particular display. For instance, a dull purple was used with splendid results behind a turquoise blue book. American Beauty would have contrasted nicely too, but it would have overshadowed the blue book being displayed. Have your drapes of good quality. Because they may be cleaned and used from time to time over a long period, the expense will not be too great.

#### PARQUETRY FLOORING

If you want the floor of your window to suggest dignity and refinement, have it of parquetry. A simple design suitable for windows would cost around \$1.50 to \$2.00 per square foot, and its wearing qualities are excellent. Less costly flooring is to be had in plain mahogany, if that matches your woodwork. Then, there is a wood carpet. However, it is to the advantage of concerns occupying the position of banks and investment houses, to give heed to

such little refinements as parquetry floors and well panelled backgrounds. They serve as the "18K" of substantiality.

#### YOUR NAME

It is desirable to have the name of your institution a part of your window picture, either painted on the window pane, or lettered on the bevel front of your window floor. A bond house wished to heighten its window floor, so had a box effect built with the front bevelled, on which bevel its name was placed in gold lettering. It was easily readable to the passerby standing close to the window, or a few feet away. The back of this box effect opens to receive frames and window fixtures not in use.

#### ELECTRIC FLOOR CONNECTIONS

While you are building the floor of your window is the time to install most economically an electric connection such as you will want for lighting your

Christmas tree at holiday time, or for motion power in certain displays. The center back of the window floor is an advantageous position for this plug.

Directly underneath the window floor is an excellent place for a small motor, as needed in some displays.

#### LIGHTING

The lighting of your window should be from the top front, with the lights wholly concealed by having them above the window line. If that is not possible, use a heavy valance. By wholly concealing your lighting, you throw the reflection on your display and not a glare into the passerby's eyes, making it difficult for him to see your display. Haven't you had the experience of having to shade your eyes against a window to see the display? And, of course, that is not good business.

If the distance between your lighting and your window floor is seven feet, you need less light than if the distance is eight or nine feet, for the reason that less light has opportunity to filter out of the window and off your display. And again, if your street outside is brilliantly lighted, your window needs to be more brilliantly lighted. Your problem is to keep your window the brighter place.

#### COLORED LIGHTING

If you are endeavoring to put special emphasis on some window so that it

stands out from any of your own previous windows, and from other windows along the street, it can be inexpensively done by the use of a colored gelatine film of red, blue, green or amber over your lights. But have a care for what color will bring out the character of your window to the best advantage.

If a red book, for instance, were placed in light that does not contain red rays, its appearance to the eye would not be red, but black. A red light, on the other hand, would greatly increase the richness of the book's color.

It is worth remembering that light tinged with yellow, orange or red will add to the richness and warmth of red, brown and golden hues, which suffer under artificial illumination. To emphasize whiteness, or to bring out blues, use a blue-green light. If lay figures are used in the window, a green or blue light would be unwise, unless you wished to give the human features a ghastly appearance.

The novel and beautiful effects to be had by varying the colored lighting are many. Winter settings may be flooded with a blue-green light to suggest zero weather. A yellow light with a touch of blue, will best illuminate a summer beach scene. A window filled with a blaze of red light holds the passerby far more successfully than does a window full of red objects.

*(The next article on Window Display will appear in an early issue.)*



Attention is called to the complete Table of Contents, describing the various features of this number, which appears on page II of the front advertising section.

# Investment Bankers Gather at Washington

Coolidge Welcomes Investment Association at Twelfth Annual Convention. Bankers Want Uniform Laws on Public Utilities. Federal Blue Sky Law Urged. Prentiss Made New President of Organization

**A**DVOACACY of uniform state laws regulating public utilities securities, and of Federal legislation designed to help check the sale of fraudulent securities, received a prominent place in the proceedings of the twelfth annual convention of the Investment Bankers Association of America, held October 28 to 31 at Washington, D. C. The investment bankers also centered their attention on reports submitted by committees on four groups of securities: real estate, railroad, marine, and industrial, and unanimously adopted the recommendations set forth in these reports.

John W. Prentiss, a partner of Hornblower & Weeks, was elected the new president of the association. He graduated from Harvard in 1898, and in October of that year entered upon his business career, starting out as a messenger boy for a Boston Stock Exchange house at a salary of \$3 a week. He remained in Boston until 1904, when he came to New York as one of the employees in the New York Stock Exchange firm of Hornblower & Weeks. In 1906 he was admitted to the firm and still continues to be one of its partners. He has been a director of many industrial corporations, owing to the activities of his firm in industrial financing. He was one of the early presidents of the Association of Stock Exchange firms.

## COOLIDGE LAUDS WORK OF BANKERS

On the opening day of the convention the delegates were received by President Coolidge who delivered an address to them. The President lauded the work of the investment bankers, and stressed the country's dependence upon their co-operation in weeding out the

undesirable element among securities promoters. "You provide," said the President to the delegates, "an opportunity to those of our citizens who are of a thrifty and saving disposition, and that in itself warrants your business activities. But you do more than that. You provide for a gathering together of the resources of our nation, putting them in order for the purpose of supporting the industries and commerce of our nation." The President continued:

"You have your responsibilities. It is necessary that you should exercise sound judgment and discretion; it is necessary that you should always provide a fair and safe background on which your customers may rely.

"If there is anybody interested in honesty in the transaction of business it is those who are engaged in making the investments of the nation, and it is a great pleasure to commend with an almost universal commendation the honesty and the character of those who are engaged in this great enterprise.

"It is almost impossible to weed out every undesirable element, but the country has come to know that it can rely upon the honesty of the representations made by its investment bankers. More than that, here is an additional service you can render: The country is coming to realize it must depend upon your assistance and your help to weed out those who are not desirable by reason of not maintaining a high standard of ability and honesty. It is that opportunity especially I want to leave with you—the opportunity to render this public service, a public service to yourselves and to protect them against any wrongdoing in all places and at all times."

The desirability of participation by the United States in efforts to solve the

reparations problem, developments in the domestic agricultural situation and the necessity for definite action to defeat the operations of promoters of fake securities, were topics of major importance at the opening session of the association.

In a discussion of the outlook for an adjustment of economic affairs abroad, John A. Prescott, retiring president of the association, predicted that the latest movement to get the allied powers together and bring America into the conferences would be successful.

"While disorders and dangers still lurk in world affairs and momentous problems remain unsettled," Mr. Prescott said, "there appears a growing disposition to caution and moderation and a greater realization that political expediency must be subordinate to human and economic necessity."

#### UNIFORM LAWS FOR PUBLIC UTILITIES

Uniformity of state laws regulating public utilities was advocated in a report submitted to the convention by the committee on public service securities. The committee's report also urged that all state commissions be vested with authority over valuation, rates, services and capitalization of privately owned utility plants and that they be required to publish full financial reports of their operations.

"When administered with the broadest powers and in a judicial manner," the report said, "statewide regulation of public utilities has been conclusively proved in the opinion of the committee to afford a maintenance of that integrity of investment necessary for a ready flow of money into the business."

Pointing out that investors are disposed to withhold funds from business affected by "purely political" agitations, the committee said that such a situation "cramps a utility and the public is eventually not adequately served."

"It has become more evident," the report added, "that a development of local sales of investment securities by operating companies direct to users of

service will be helpful in preventing such unfair political attacks."

The report outlined the expansion of the public utility business in the last year and pointed to the sale within the last two and one-half years of nearly \$2,500,000,000 bonds, notes and stocks.



JOHN W. PRENTISS

Partner Hornblower & Weeks, New York,  
President Investment Bankers Association of America

This expansion, it said, was continuing. The task of raising funds for public utilities, the committee found, "has been made difficult because of the general systems of taxation throughout the country."

#### KRECH SPEAKS ON TRANSPORTATION ACT

Alvin W. Krech, chairman of the board of the Equitable Trust Company of New York, in his address referred to the Transportation Act, saying:

"The Transportation Act contains in it a limitation which will, in my opinion, if unchanged, defeat the primary

purpose of the Act. I refer to the provision by which, in substance, railroad security-holders are limited to a return of 6 per cent., and income over and above this amount is subjected to the control of the Government, either through recapture or through the creation of restrictive reserve funds.

"The fact that the stocks of the best and most successful railroads—stocks which, if that success endures, are entitled under the Transportation Act to a return of more than 6 per cent. (this on account of appreciation in value of the property)—are selling in the market on a basis more profitable to the investor than 6 per cent., in my opinion demonstrates that the framers of the Transportation Act have missed the mark, and that unless economic conditions as they exist are recognized by our legislators, new capital cannot be recruited, and the Act will fail of its purpose."

The bankers received a message from Postmaster General New asking for their co-operation with the Government to check sale of fraudulent securities, in the purchase of which, it was estimated by Government officials, the American public wasted \$1,000,000,000 during the year.

Mr. New discussed the various operations of the Post Office Department and predicted that by the fiscal year 1925 the budget of the department would be made to balance, whereas in the past it had shown a deficit. He then took up the Government's efforts to check the sale of worthless securities. He said he had found stock swindlers "more rapacious" and "equally without conscience of anything you will find in the zoo."

#### CO-OPERATION IN STAMPING OUT SWINDLERS URGED

Horace J. Donnelly, senior assistant solicitor for the Post Office Department, urged the co-operation of the Investment Bankers Association, the National Vigilance Committee of the Associated Advertising Clubs of the World and its affiliated Better Business Bureaus

throughout the country, with a view to stamping out the mail swindlers and diverting to legitimate business \$1,000,000,000 now collected annually as a tribute by the schemers.

"A million gullable Americans yearly lose \$1,000,000,000 in money and property in mail fraud schemes," declared Mr. Donnelly, adding that these figures were not extravagant.

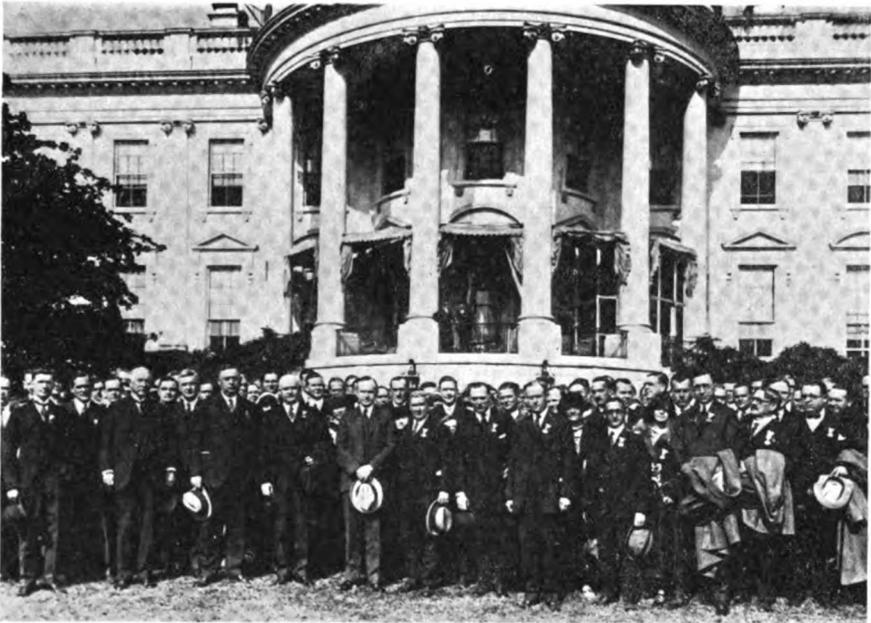
Describing the drive inaugurated by Postmaster General New, aimed particularly at oil stock promoters, Mr. Donnelly said that already fraud orders have been issued against the names of 168 persons and concerns, of which 111 were against oil stock promoters. Hundreds of other promoters abandoned operations before they could be reached with fraud orders, he said.

#### ASSOCIATION APPROVES TRANSPORTATION ACT

The association went on record as endorsing the fundamental principles of the Transportation Act, including the valuation provisions and the so-called "guaranty" clause known as section 15A, which radical elements in Congress have threatened to repeal.

The following resolution was adopted unanimously:

"RESOLVED, That the Investment Bankers Association of America expresses confidence in the fundamental principles underlying the Transportation Act of 1920. The association believes that, while the act contains certain imperfections, it has nevertheless proved to be a long step in the direction of the solution of the American railroad problem, and that, subject to such improvements in operation as experience may suggest, it should stand as an expression of the cardinal principles involved in the complex relationship between the Government, the shipper and the private owner of railroad securities. Unless these principles are clearly formulated and fairly administered, it is obvious that private capital cannot be collected to provide extensions and betterments to the transportation systems



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President Coolidge receiving at the White House the delegates to the twelfth annual convention of the Investment Bankers Association of America

which are so vital to the adequate development of the country."

The report of the committee on real estate securities also was a center of interest, as there had been a division of opinion in committee and it was recognized that real estate bonds in recent years had found great popularity among small investors.

#### HIGHER REAL ESTATE LOANS OPPOSED

The committee made this recommendation on the question of the practice of lending more than 60 to 66-2/3 per cent. of the value of improved property:

"Your committee has given consideration to the widespread discussion concerning a more liberal allowance of loan to appraisal than has obtained in the past, but is strongly inclined to the belief that, in view of the fact of greatly increased building and labor costs of recent years, it would be most inadvisable to recommend a departure from the conservative rules which have gov-

erned the investment of savings banks and trust funds in the past, and have been the practice by conservative lenders of long experience.

"The great majority of the committee therefore believes that 50 per cent. of the present costs should be the standard, with 60 per cent. as a maximum. In arriving at this conclusion we are not unmindful of the viewpoint of those who maintain that, with the application of modern methods, rapid serial reductions in principal, periodical deposits of income, and with the added watchfulness of the investment dealer, a higher percentage may be loaned on first-class income producing property with safety. This could only be countenanced, however, if the investor is compensated for the added hazard by way of an interest return above the normal and knows what he is actually getting as security.

"It is conceivable that many real estate mortgage bonds are being offered today which, in fact, encompass bonds, preferred and common stock and founders' shares, all in one, without the

investor knowing what he is really getting. An honest set-up of a new building corporate enterprise which suggests itself would be to base the mortgage bond issue on 50 per cent. of sound value as determined by methods heretofore mentioned, let the balance of the sound value be represented by preferred stock, and let any capitalization of superior earning power be represented by common shares of no par value.

"The same principles recommend themselves, with slight modification, in the case of a privately owned enterprise."

#### SAFEGUARDS NEEDED AGAINST HIGH COSTS

The committee also called attention to the high level of costs of materials and labor, and its recommendations were accepted, not as prediction of a heavy slump in building activities and in values, but as urging that caution be exercised and every safeguard possible and consistent with sound business methods be erected.

According to the report, less than 1 per cent. of farm mortgages were foreclosed during the last year. From this the committee drew the conclusion:

"It seems that the average farmer is not as near bankruptcy as many of his self-appointed protectors would lead the general public to believe."

A minority report was rendered dissenting from "the portion of the majority report which fixes the criterion for the percentage of loan and savings bank and trust fund basis of 50 per cent. with 60 per cent. as a maximum."

The Committee on Marine Securities

recommended that the Government should drop the shipping business as soon as it could do so without disturbing present needs of trade. This report was adopted.

The association went on record as opposed to a Federal bonus for former soldiers, but advocating liberal relief for all wounded or otherwise disabled veterans.

#### ELECTION OF OFFICERS

The Association elected the following officers: President, John W. Prentiss of Hornblower & Weeks; vice-presidents, Eugene F. Thompson of Crane, Harris & Co., Washington; Walter S. Brewster of Russell, Brewster & Co., Chicago; Philip S. Dalton, of Coffin & Burr, Inc., Boston; J. A. Fraser of the Dominion Securities Corporation, Ltd., Toronto, and Arthur Sinclair, Jr., of Estabrook & Co., New York; secretary, Frederick R. Fenton of Fenton, Davis & Boyle, Chicago; treasurer, John G. Brogden of Strother, Brogden & Co., Baltimore; governors, terms expiring 1926, Robert Stevenson, Jr., of Stevenson Brothers & Perry, Chicago; Richard E. Norton of W. H. Newbold's Son & Co., Philadelphia; Robert H. Moulton of R. H. Moulton & Co., Los Angeles; George A. Colston of Colston & Co., Baltimore; C. O. Kalman of Kalman, Gates, White & Co., St. Paul; C. H. Moore of Union Trust Company, Detroit; Joel E. Ferris of Ferris & Hardgrove, Spokane; B. A. Tomkins of Bankers Trust Company, New York; Barrett Wendell, Jr., of Lee, Higginson & Co., Chicago; and Henry R. Hayes of Stone & Webster, Inc., New York.



# Protecting Vaults From Air Attack

An Interview with Alfred C. Bossom

By Carl H. Getz

**W**ILL the people of the United States some morning wake up to read in their morning newspaper how burglars effected an entrance into some bank vault by dropping high explosive bombs from the air?

It will be recalled that it was not so long ago that a dirigible collapsed while passing over the business district of Chicago and that it landed on the roof of a bank, resulting in injury to body and property and causing serious confusion.

Alfred C. Bossom, New York architect, who specializes in bank building construction all over America and who has made a particular study of means of vault protection, recently went to Europe to see whether the banks of the Continent had learned anything about protection which was unknown to this country. Mr. Bossom knew that France had seen the possibilities of attack from the air and he wondered whether the banks were prepared against such a danger.

Mr. Bossom found that the banks of France are fortifying themselves against the possibilities of air attack. While in Paris Mr. Bossom inspected the new quarters of the Bank of France, which is housed in a palace once occupied by the Duke of Orleans. In this bank Mr. Bossom found a vault that is like the castle of the middle ages.

"It is built entirely within the exterior of the old building," explained Mr. Bossom, to *THE BANKERS MAGAZINE*. "The security vault, which is two stories in height, is protected on top by a tremendous roof of reinforced concrete, many feet thick, the great weight of which is supported by heavy columns inside the vault that are carried right down to the foundations of the build-

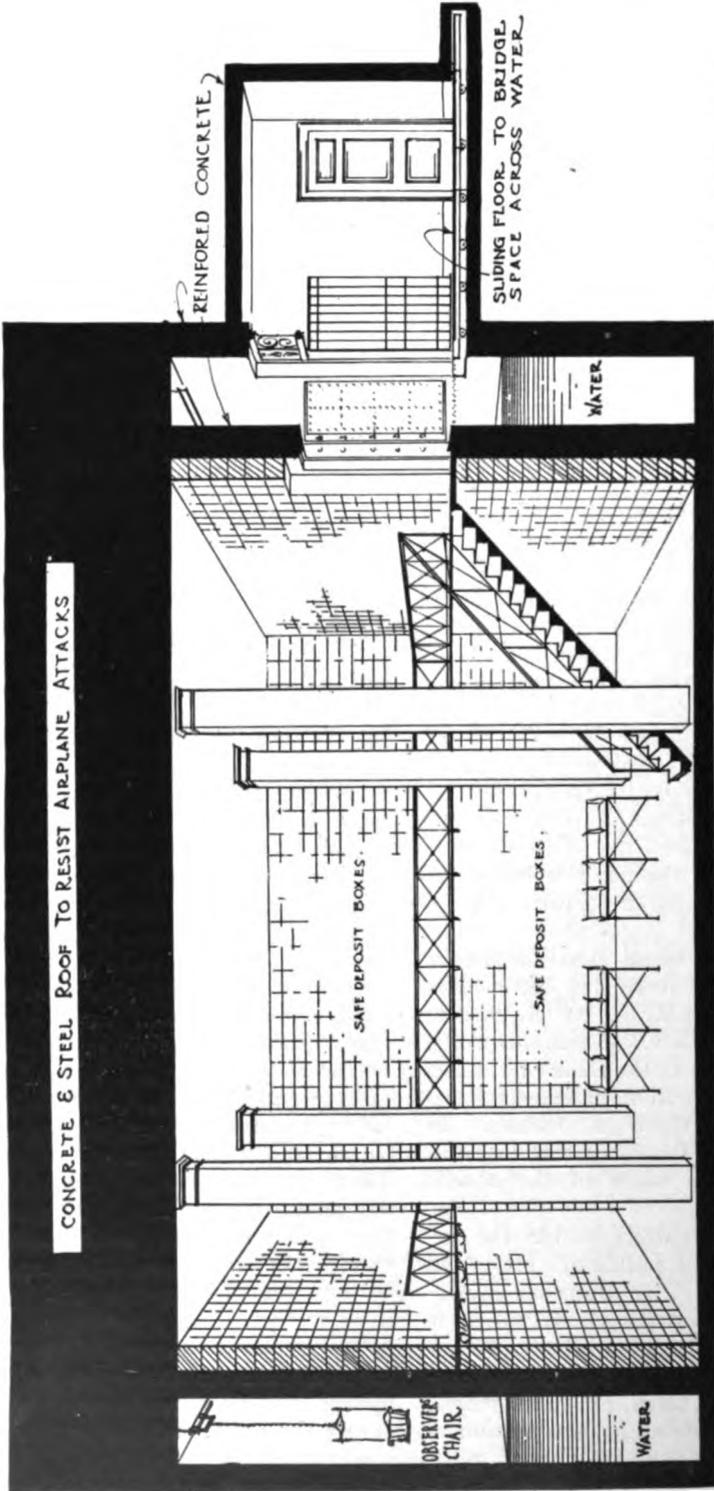
ing. It is contended that this great slab on the top of the vault is sufficiently strong to resist the attack of any bombing plane.

"Surrounding this vault is a ditch or moat of water, between ten and twelve feet deep and four feet wide. This entirely encloses the vault. The mass of water is retained by two entirely separate concrete walls, about a foot and a half thick.

"The great citadel can be entered only by crossing a drawbridge which is thrust forward or slid from the upper vestibule to the inner wall at the upper story level of the vault. When the bank is closed for the night the bridge is withdrawn automatically by electricity, the wrought iron doors on the bank side of the bridge close, and the doors on the outer wall are like a portcullis made of steel bars and glass, very similar to those still existing in many of the finest chateaux of France today.

"The great inner steel doors across this water chasm which swing to by electricity, automatically cause the two walls to be sealed entirely. When these vault doors are shut one trained to observe such things notices that there are no handles or pulls or projections of any kind. The doors are flush with the wall and it is practically impossible to see where the frames are located. There are no sill ledges at the bottom, nor marks of any kind. The sides of the vault are smooth in its entire circumference, so it would be impossible for any human being to find a hold for hand or foot.

"When the bank opens, the portcullis or iron gates in the outer walls are opened, the floor or drawbridge slides across the moat, and the greater inner steel vault doors swing open. The bank custodians and visitors can then enter



CONCRETE & STEEL ROOF TO RESIST AIRPLANE ATTACKS

REINFORCED CONCRETE

SLIDING FLOOR TO BRIDGE SPACE ACROSS WATER

SAFE DEPOSIT BOXES

SAFE DEPOSIT BOXES

OBSERVER'S CHAIR

WATER

WATER

ALFRED C. BOSSOM  
ARCHITECT.  
680 FIFTH AVE., N.Y. C.

LATEST BANK VAULT DESIGN IN FRANCE  
IT IS ENTIRELY SURROUNDED BY A MOAT FILLED WITH  
WATER AND PROTECTED ON TOP AGAINST AIRPLANE ATTACK

the vault at a gallery level from which they descend by a staircase to the floor of the vault itself.

"The Bank of France has hundreds of branches and it is the intention of the officers to use this form of protection in most of them."

Mr. Bossom said that most of the American banks are better protected against possible burglary than are the banks of Europe. However, he believes this new form of defense is well worth

considering. Mr. Bossom believes that the day is not far distant when traffic in air will be developed to such an extent that air accidents will not be unknown. Banks must be prepared against the possibility of such accidents, Mr. Bossom believes.

The vault of the Bank of France has no metallic lining which Mr. Bossom believes is unnecessary under the circumstances. Instead, reinforced concrete affords adequate protection.



## Predicts Railway Expansion

**I**N the November number of "Lisman's" published by the New York Stock Exchange house of F. J. Lisman & Co., F. J. Lisman predicts an era of railroad expansion which will have a favorable effect upon other industries. He writes:

In practically every line of business endeavor throughout the country we have witnessed during the past seven years an enormous expansion. Industries have been built up to war-time trade; crop plantings have been tremendously increased, and all this has been done on the basis of high costs for land, buildings, labor, etc. These expansions have been accompanied by tremendous volumes of new securities.

In the necessity which faces us of getting back to "normalcy" in domestic and world trade, we shall undoubtedly find that the readjustment period will bear heavily in many quarters; particularly will this apply in the cases where expansion has been financed by funded debt borrowings.

In the case of the railroads we face no

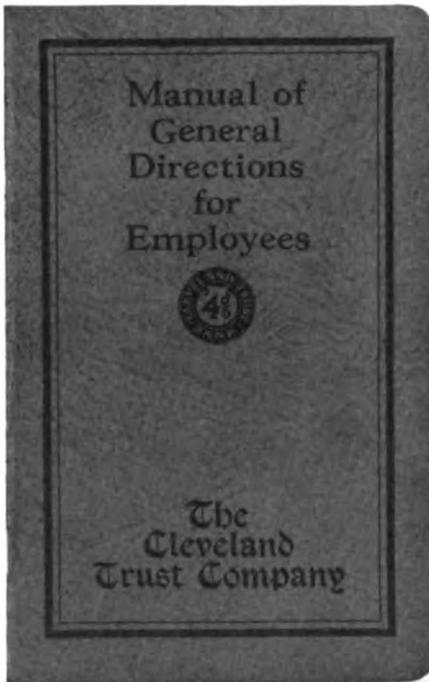
such problem as overexpansion. On the other hand, there are now presented to the railroads numerous opportunities for normal and profitable expansion and consolidations. It is a fortunate thing for the industries of this country that there will be available the business resulting from the catching up in railroad construction. This should be a substantial factor in taking up the slack which would otherwise occur in many lines.

The position of the railroads today, therefore is a strong one, for this delayed expansion can now be undertaken on a normal basis at reasonable costs both for the improvements to be made and the financing necessary to carry them out.

We can look forward during the coming year to the carrying out of this program in a satisfactory way. We can unhesitatingly direct the investor to the purchase of good underlying railroad bonds. The large amount of moneys which will be spent on new construction will in the main be represented by new securities in the way of junior bonds and preferred and common stocks—all of which will combine to increase the equities behind these bonds.

# Cleveland Bank Issues a Book of Advice for Its Employees

**I**F you are a young man or woman about to start your banking career with The Cleveland Trust Company you will have handed to you on the day your service begins a little booklet which will be your friend and guide in meeting all of the perplexing problems of a new job. It will tell you what your privileges are and what your duties are.



Every new employee of the Cleveland Trust Company is handed one of these booklets

It will tell you what the bank expects of you and what you may expect of the bank. In short, it will supply an answer to almost any question that may arise in the mind of the banking neophyte.

This book is entitled a "Manual of General Directions for Employees" and is issued by the personnel department of the bank. It starts in with a foreword written by the president who says:

Your employment by The Cleveland Trust Company makes you an active representative of the bank, and as such you are directly charged with certain definite responsibilities. The public forms its opinion of the bank through its contact with you. That opinion will depend largely on the loyalty, courtesy, tact, intelligence and service to its needs which it finds in you as a representative of the bank. It is necessary that you appreciate this fact for upon it depends in a large measure your success, and the success of the bank. The bank demands the best effort you can give, and in return opens to you all the opportunities that banking can offer. Your ability combined with the loyalty and enthusiasm which you show will be recognized, and you will find the bank interested in you, your success and advancement.

Then follows a history of the bank and a paragraph on "bank geography" which emphasizes the importance of every employee becoming conversant with the location of every department and their functions. Under the heading of "Responsibility" the manual says:

The bank is judged by the result of the personal contact which the public has with bank employees. It is essential, therefore, that your conduct both inside and outside the bank be above reproach. Keeping of excessively late hours, frequenting of places of questionable character, speculation and betting not only lower working efficiency but endanger the reputation of the bank. You are advised against incurring debts, but if once incurred you should meet them promptly. Keep your credit good. Do not overdraw your account. Do not borrow from your fellow employees or from loan agents. If you are in need of financial assistance, talk it over with your department head or the head of the personnel department.

#### EVERY NEW EMPLOYEE ON TRIAL

The manual explains that every new employee is on trial for the first few weeks, and says:

The bank considers your employment for the first few weeks as a trial period. It is to the advantage of both the bank and yourself that you be retained only if you are able to adjust yourself quickly to your work.

You have been employed on the basis of apparent general fitness for the work you are to do. If after a fair trial you fail to show adaptability to your work, you will be informed of this by your department head.

#### PERSONAL DIFFICULTIES

Employees who look upon banks as cold blooded, heartless corporations must have been surprised to read the following:

You may meet some difficulties and discouragements in becoming accustomed to

Courtesy, pleasant manners, prompt and intelligent service to the needs of customers are absolutely essential on the part of every employee. The bank exists to serve the public and any discourtesy or unpleasantness destroys that service. In all your dealings with the bank's patrons you must show the greatest courtesy and tactfulness. As nearly as possible you must treat each customer as though he were always right. Do not argue. If you cannot satisfy complaints, take them immediately to your chief.

Several pages are devoted to describing the various services for employees



Employees of the Cleveland Trust Company get their lunches in this well equipped cafeteria

your work. Even after you have been in the employ of the bank for a considerable time and are thoroughly acquainted with your job, things may not always run smoothly. Minor misunderstandings with fellow employees may arise. You may have financial or other trouble at home. Any one of a number of difficulties may confront you and lower your efficiency. When such troubles, financial or otherwise, arise and you need assistance remember that your immediate chief, the head of the personnel department, or an officer will be glad to try to help you. Do not hesitate to talk the matter over with one of them. They are never too busy to discuss such matters with employees, and the subject will be treated as strictly confidential.

#### COURTESY TO THE PUBLIC

The importance of courtesy in all dealings with the public is emphasized in the following words:

that are maintained by the bank, such as a cafeteria, a health department, group insurance, pensions, trust fund and the Cleveland Trust Club. The Cleveland Trust Company makes awards regularly to employees for new business obtained through their efforts, and the manual describes the workings of this plan. The educational facilities available to employees are also outlined.

This manual is a splendid piece of work and should be a most effective means of starting employees along the right path. While manuals of this sort are best adaptable to the problems of the larger banks, many of the smaller banks would profit by preparing a written outline of rules for the conduct of employees.

# 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 is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-78 Murray Street, New York.—EDITOR.

**QUESTION:** I occasionally see on balance sheets items called "Reserve for General Contingencies," "General Reserves," etc. These usually represent a lumping-together of all reserves in a general provision to cover depreciation, bad debts, inventory fluctuations, and sometimes even taxes. Do you consider it important that reserves be separated according to the assets which they cover?—D.A.

**Answer:** We consider it very important that specific reserves be set up on balance sheets according to the assets to which they apply. A reserve for taxes is a quick liability—it is obvious that it should never be concealed under some such general heading as "Reserve for Contingencies." If reserves for bad debts are not applied to the receivables the latter will represent an inflation of their true worth and give a false impression. Consequently it is essential that reserves covering current assets be so stated in order that the quick position of the company in question may not be misconstrued. Likewise reserves for depreciation on buildings, plant, machinery, etc., should always be specifically named in order to give an accurate conception of the value of fixed assets. A "General Reserve" might mean almost anything and always calls for an explanation.

**QUESTION:** In analyzing a mercantile statement will you kindly tell me how to treat the following: Reserves for taxes; reserves for bad debts. Are these quick liabilities?—S. T. B.

**ANSWER:** Reserves for taxes are quick liabilities. They represent reserves to cover obligations that will come due during the

current year and consequently are in the same class as reserves for dividends, accounts payable, notes payable, etc. On the other hand, reserves for bad debts cannot technically be classed as liabilities at all, since no money will ever be paid out because of them. They really represent an inflation of assets and should be treated as a reduction of the offsetting receivables rather than as a quick debt. The proper way to show them is as follows:

Accounts receivable .....	\$150,000
Less reserve for bad debts....	1,500
	<hr/>
	\$148,500

**QUESTION:** Will you please explain to me what is meant by a "deferred asset?" Kindly give examples.—W. N.

**ANSWER:** In figuring profit and loss for any given period of time all expenses incurred in that period are charged to the income account. It very often happens, however, that certain expenditures have been made which apply to the benefit of future periods and which do not reflect to that of the period in question. Such expenditures may, for instance, be in the nature of rent or taxes paid in advance; it is obvious that these should not be charged to the present period but should be proportionately borne by the periods which enjoy the benefits. In making up the balance sheet, expenditures of this sort are carried as deferred assets and charged off over a period of time. For example, if a concern has a monthly rental of \$1000 and on January 1 pays this rental six months in advance, then it would show on its balance sheet of January 31 a deferred asset of \$6000, having absorbed the \$1000 in the January expense account. Other examples of deferred assets are prepaid interest, discounts on bonds and stocks, etc.

# Banking and Commercial Law

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



Established 1810

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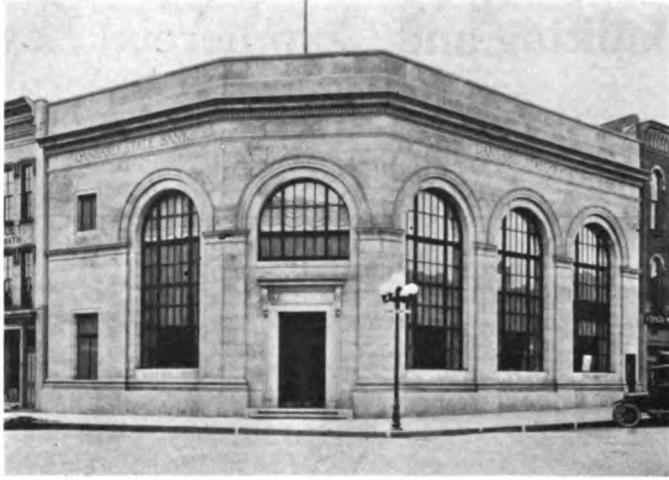
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**A** simple, dignified, building especially suited to banks of moderate size. Note particularly the imposing entrance feature, the large window openings, and the beautifully lighted interior. Full information as to the cost of the building and its general planning will be sent upon request.

## **WEARY AND ALFORD COMPANY**

**Bank and Office Buildings  
1923 Calumet Avenue, Chicago**

# Banking and Commercial Law

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

## Contents of Safe Deposit Box Not Covered by Burglar Policy

First National Bank of St. Mary's at  
Leonardtown v. Maryland Casualty  
Company, Court of Appeals of  
Maryland, 121 Atl. Rep. 879.

**T**HE plaintiff bank took out two policies of burglary insurance with the defendant insurance company. One of the policies was for the sum of \$40,000 and the other for the sum of \$20,000.

The policies were in the form known as the American Bankers Association standard form of bank burglary and robbery policy. In each policy there was a clause to the effect that the insurance company would not be responsible for property stolen, which did not belong to the bank, or with reference to which the bank kept no books of account. Burglars forcibly entered the bank and broke open its vault. After unsuccessfully undertaking to enter the burglarproof safe therein, they broke open the safety deposit boxes, which were in the vault outside of the safe, and feloniously abstracted the contents of the boxes.

It was held that, under the provisions of the policies referred to, the bank could not hold the insurance company liable for the loss, notwithstanding the fact that the bank was liable to the renters of the boxes for their respective losses.

### OPINION

Action by the First National Bank of St. Mary's at Leonardtown against the Maryland Casualty Company. Judgment for defendant, and plaintiff appeals. Affirmed.

PATTISON, J.—The appeal in this case is from a judgment entered in the Baltimore city court, in favor of the appellee, the Maryland Casualty Company, against the appellant, the First

National Bank of St. Mary's at Leonardtown, Md., in a special case stated under article 75, §§ 52-55, of the Code.

The action was brought by the appellant against the appellee upon two burglary insurance policies, one for \$40,000, and the other for \$20,000, issued to it by the appellant, to recover the value of the contents of safe deposit boxes belonging to others to whom the boxes were rented, which were stolen from the boxes by burglars who in November, 1920, broke open and entered the vault of the bank in which the boxes were kept.

The form of the policies is known as "the American Bankers Association standard form bank burglary and robbery policy," which was devised and drafted by the American Bankers Association, of which the appellant is a member.

The larger policy has attached to it two riders or indorsements. The smaller one is without riders. The form of each policy, however, is the same, and they differ only in the date and the amounts of premium and insurance. The riders on the larger policy, which do not appear on the smaller ones, were regarded and treated by the parties in the submission of the case below as unimportant in their operation and effect upon the case on trial. Therefore, as the policies are in all other respects alike, we will hereafter speak of them as one, and in referring to the appellant we will call it the "bank," and in speaking of the appellee we will refer to it as the "insurance company."

The policy provided that in consideration of the premises therein stated, the insurer, the insurance company, agrees to indemnify the insured, the bank, in the amount named and for the length of time therein mentioned:

#### GENERAL AGREEMENTS

A. For all loss of money and securities from within any safe or vault to which in-

insurance under this policy applies, caused by the felonious abstraction of the same during the day or night by such persons after forcible entry by such person or persons or any accomplice thereof into the safe or vault while duly closed and locked, located in the banking room described in the schedule.

The policy then provides that—

The foregoing general agreements are made subject to the following special agreements which shall be construed as conditions precedent to any recovery hereunder:

#### SPECIAL AGREEMENTS

##### Definitions.

No. 1. The term "money" as used in this policy shall be deemed to mean currency, coin, bank notes (signed and unsigned), bullion, and uncanceled United States postage and revenue stamps. The term "securities" as used in this policy shall be deemed to mean express, postal, pension and bank money orders, bonds, debentures, checks, coupons, demand and time drafts, bills of exchange, acceptances, promissory notes, certificates of deposit, certificates of stock, warehouse receipts, bills of lading, and all other instruments of a negotiable character as respects which, if negotiated by any holder, the assured would have no recourse against the innocent holder thereof.

##### When Company Not Liable.

No. 2. The company shall not be liable: (a) For loss of money and securities, unless they belong to the assured, or are held by assured in trust or as collateral for indebtedness to assured, or are held by assured in any other capacity as respects which assured would be liable to the owner for their loss. \* \* \* (c) If the books and accounts of the assured are not so kept that the loss may be accurately determined therefrom by the company.

Other subdivisions of section 1 follow, and these are followed by other "Special Agreements;" but of these none need be mentioned for the purposes of this case until we reach section 5, in which it is provided that in the event of a claim or loss under the policy, the bank shall furnish to the insurance company under oath "a statement in detail of the property on account of the loss or damage to which claim is made, a statement clearly defining the assured's interest in such property. \* \* \* The assured shall, if requested, facilitate the adjustment of any claim for loss made hereunder by producing

at the place of loss any and all books, papers and, vouchers, bearing in any way upon the claim made, and such other evidence as may be reasonably required to substantiate the claim."

It is set out in the special case stated that before and at the time of issuing the policies, the assured was a member of the American Bankers Association, and had at such time, as a part of their business, or in connection therewith, a number of safe deposit boxes which it rented to its depositors, who alone had access thereto, and that on the night of November 12, 1920, while the policies were still in force, burglars forcibly entered the bank, and broke open its vault, and after unsuccessfully undertaking to enter the burglarproof safe therein, broke open the boxes that were in the vault on the outside of the safe, and feloniously abstracted the contents therefrom.

The agreed statement of facts contains the admission:

That the plaintiff (the bank) kept no book or record of the contents of said safe deposit boxes, and that it had no way of accurately determining from its books or records the pecuniary losses suffered and sustained by the said renters of said safe deposit boxes, but which said losses were actually ascertained by the plaintiff from affidavits from the box renters and otherwise, in which said affidavits the box renters make oath that as a result of said burglary they have lost securities, other than registered bonds, amounting in the aggregate to \$11,164.55 at the market value at the time of the loss.

In the record is found a letter, dated November 15, 1920, to the bank's cashier, from an employee of the insurance company, A. B. Nickerson, "examiner of claims," which was admitted as a part of the case stated, in which it is said:

Answering your inquiry over the 'phone, I beg to advise you that the company is not liable for the contents of the safety deposit boxes, which were rented and which property is not the property of the bank. I refer you to special agreement 2, section 2.

It is admitted that the bank is liable to the renters of the boxes for the pecuniary losses sustained by them, re-

sulting from said burglary, and that such losses the bank has for the purposes of this case paid and satisfied.

It was also admitted that all things had been done by the bank that it should have done to entitle it to recover against the insurance company for the loss of the contents of the boxes, should the court determine that the insurance company was liable therefor under said policies issued by it; and it was agreed that if the court held that the insurance company was liable, it should enter a verdict and judgment for the amount of its liability with costs. But if the court should find that the insurance company was not liable, it should then enter a judgment in its favor for costs. The court found that the insurance company was not liable, and a judgment for defendant's costs was accordingly entered. It is from that judgment that the appeal in this case was taken. As stated in the brief of the appellant, the sole question involved in this appeal is whether the appellant is entitled to recover from the appellee under its burglary policies for the contents of the boxes burglarized. This depends upon the proper construction of the language employed in the policy.

As stated in 14 R. C. L. 981, § 108, it is a well-settled rule "that contracts of insurance, like other contracts, are to be construed according to the sense and meaning of the terms which the parties have used, and if they are clear and unambiguous, their terms are to be taken and understood in their plain, ordinary, and popular sense." They "like other contracts must receive a reasonable interpretation consonant with the apparent object and plain intent of the parties." . . .

We will first determine in this case whether by a proper construction of the contract of insurance, the contents of the safe deposit boxes were covered by the terms and provisions of the policy. To determine this question, we must ascertain the intention of the parties, gathered from the language employed by them, and in ascertaining that intention we are to consider the

character of the contract, its object and purpose, and the facts and circumstances surrounding the parties at the time of its execution by which they would ordinarily be influenced in making it.

The policy in this case was obtained by the bank and was issued to indemnify it "for all loss of money and securities from within any safe or vault to which insurance under this policy applies, caused by the felonious abstraction of the same \* \* \* by any person or persons after forcible entry \* \* \* into the safe or vault while duly closed and locked, located in the banking room described in the schedules." By reference to the schedules, the banking room and vault mentioned in the policy are those of the appellant at Leonardtown, Md. And to ascertain what "money and securities" are meant, precedent to the right to recover under the policy.

In the policy are found certain provisions, designated "Special Agreements," to which the "General Agreements" are made subject, which, as stated in the policy, shall be construed to be conditions precedent to the right to recover under the policy.

The first of these "Special Agreements" defines what is meant by "money" and "securities." These definitions we have already fully set out, and for the purposes of this case we need not further allude to them.

The second "Special Agreement" states for what "money and securities" the insurer, the insurance company, shall not be liable under the policy.

These are stated to be:

First. Those which do not belong to assured.

Second. Those which are not held by the assured in trust.

Third. Those which are not held as collateral for indebtedness to the insured.

Fourth. Those which are not held by the assured in any other capacity as respects which the assured would be liable to the owner for their loss, and

Fifth. Those in connection with which no books and accounts of the assured are so kept that the loss may be accurately determined therefrom by the insurer.

The meaning and effect intended by the parties to be given to the above provisions of the policy was, we think, that the "money and securities" therein mentioned were not to be covered by the policy.

It is expressly admitted that no books whatever were kept by the insured, or in fact by any one, by which the loss resulting from the felonious abstraction of the contents of the boxes may be determined, and we think that it may be safely stated that it was known to both the insurer and the insured, at the time of the issuance of the policy, that books are not kept by banks in respect to boxes so rented to depositors, who alone have access to them, by which the contents of the boxes may in case of loss be ascertained. The provision, we think, was inserted in the policy for the very purpose of excluding therefrom the contents of such boxes and like property, in connection with which no books are so kept from which in case of loss the amount thereof may be accurately ascertained.

That it was the intention of the parties that the contents of the boxes should not be covered by the policy is further shown by the provisions therein that, in case of loss, the insured was to render under oath a detailed statement of the property "on account of the loss of which claim is made" and, if requested, facilitate the adjustment of the claim for loss, by producing any and all books, papers, and vouchers bearing in any way upon the claim made.

It was or should have been known to both parties, as we have said, that no books are kept by banks in such cases,

and because of this they, under oath, could not have rendered a detailed statement of the contents of the boxes, on account of the loss or damage to which claim is made, and as no books are kept, none could be produced as required by the policy to facilitate the adjustment of the claim. The law, as we have said, presumes that "the parties understand the contract they make." If so, it does not seem reasonable that they intended to include within the provisions of the policy property in respect to which it was impossible, as known to the parties, for the assured to do that which under the policy he was required to do in order to recover thereunder.

It may also be said that it is difficult to conceive that an indemnity insurance company, interested in its own welfare and reasonably thoughtful as to the risks assumed by it, would insure by a policy of this character, issued to the bank, the contents of rented safe deposit boxes, of which not only the insurer but the insured has no knowledge and can obtain none, except through the holders of the boxes, who alone have access to them, and upon whose truthfulness and honesty both the insurer and the insured must entirely depend therefor, at a time when they are strongly tempted to exaggerate the amount of loss, knowing they alone have knowledge of the contents of the boxes and are in a position where they cannot be contradicted.

As in our opinion, the contents of the safe deposit boxes were not covered by the policy, the question of waiver involved in the contention of the appellant is not presented or does not arise.

The learned judge, we think, was right in the conclusion he reached, and therefore we will affirm the judgment entered by him.

Judgment affirmed, with costs.



# Owning Oneself

From the Rectorial Address of Rudyard Kipling, at St. Andrews University

**A**MONG the generations that have preceded you at this university were men of your own blood—many and many—who did their work on the traditional sack of peas-meal or oatmeal behind the door—weighed out and measured with their own hands against the cravings of their natural appetites.

These were men who intended to own themselves, in obedience to some dream, leading, or word which had come to them. They knew that it would be a hard and long task, so they set about it with their own iron rations on their own backs, and they walked along the sands to pick up driftwood to keep the fire going in their lodgings.

Now, what in this world or the next, can the world, or any tribe in it, do with or to people of this temper? Bribe them by good dinners to take larger views on life? They would probably see their hosts under the table first, and argue their heads off afterwards. Offer them money to shed a conviction or two? A man doesn't lightly sell what he has paid for with his hide. Stampede them or coax them or threaten them into countenancing the issue of false weights and measures? It is a little hard to liberalize persons who have done their own weighing and measuring with broken teacups by the light of tallow candles. No! Those thrifty souls must have been a narrow and an unfractious breed to handle; but, by their God, in whose word they walked, they owned themselves. And their ownership was based upon the truth that if you have not your own rations you must feed out of your tribe's hands, with all that that implies.

## THOSE FIRST TEN YEARS

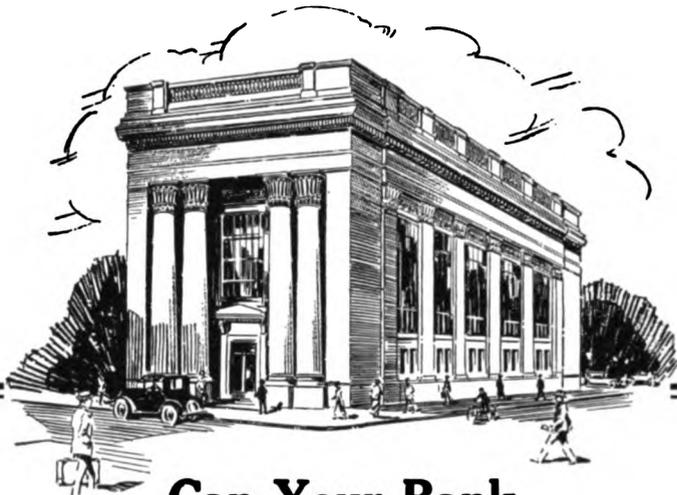
Should any of you care to own yourselves on these lines, your insurance ought to be effected in those first ten years of a young man's life when he is neither seen nor heard. This is the

period—one mostly spends it in lodgings alone—that corresponds to the time when man in the making began to realize that he was himself and not another.

The post-war world which discusses so fluently and frankly the universality and cogency of sex, as the dominant factor of life, has adopted a reserved and modest attitude in its handling of the imperious and inevitable details of mere living and working. I will respect that attitude.

The initial payments on the policy of one's independence, then, must be financed, by no means for publication, but as a guarantee of good faith towards oneself, primarily out of the drinks that one does not to continuously take; the maidens in whom one does not too extravagantly rejoice; the entertainments that one does not too systematically attend or conduct; the transportation one does not too magnificently employ; the bets one does not too generally place, and the objects of beauty and desire that one does not too generously buy. Secondly, those revenues can be added to by extra work undertaken at hours before or after one's regular work, when one would infinitely rather rest or play. That involves the question of how far you can drive yourself without breaking down, and if you do break down, how soon you can recover and carry on again. This is for you to judge, and to act accordingly.

Bit by bit, one builds up and digs oneself into a base whence one can move in any direction, and fall back upon in any need. The need may be merely to sit still and consider, as did our first ancestors, what manner of animal we are, or it may be to cut loose at a minute's notice from a situation which has become intolerable or unworthy; but, whatever it may be, it is one's own need, and the opportunity of meeting it has been made by one's own self.



## Can Your Bank Go On Without You?

**D**URING 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

NOVEMBER 1923

## Getting New Business Through Employees

By J. V. Corrigan

Manager Publicity and Purchasing Department, Liberty Central Trust Company of St. Louis

THE THIRD employees' contest has recently been brought to a successful close at the Liberty Central Trust Company of St. Louis.

The contest was called a "Vacation Trip Contest," the purpose of which was to encourage the "travel spirit" and a race to a set destination which the employee chose himself. Various trips from St. Louis were outlined such as, Los Angeles, San Francisco, San Diego, Portland, Yellowstone Park, Colorado points, Michigan points, and others, showing the number of boxes required in order to secure free transportation. It was emphatically stated that in case an employee desired to remain at home and use the money for some other purpose, he could do so.

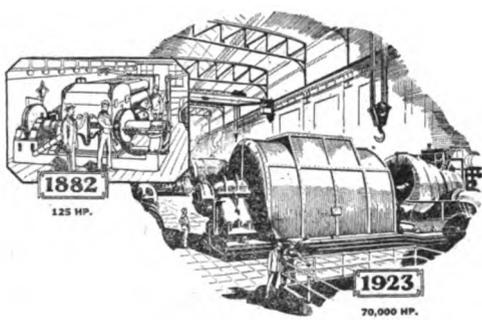
The purpose of this contest, unlike the two previous contests staged by the Liberty Central, was to secure only safe deposit business, including boxes and storage.

A total of 161 safe deposit customers was secured in the contest, bringing the grand total of safe deposit customers secured in three contests within a period of about eighteen months to 813. Anyone realizing the difficulty in securing this class of business will agree that this record of close to a thousand, is very gratifying. The cost of securing these 813 boxes averaged less than \$1.50.

The first contest which was put on at the Liberty Central included savings, checking, safe

deposit, bond and certificate of deposit business. In this contest a total of 3023 accounts was secured. The total amount

(Continued on page 759)



**Forty-one Years of Progress**

Forty-one years ago—on September 4, 1882—electric current was turned on at the central station in New York City, 237 Pearl Street. This station began with fifty-nine customers, who were at first so skeptical that current was supplied them free for nearly five months. The Pearl Street central station contained six generators, nicknamed "jumbos", and it was mentioned with awe that each one of these dynamo-electric machines had a capacity of 175 horsepower—now the capacity of the modern dynamo is from 40,000 to 70,000 horsepower.

From this small beginning, there has grown a wonderful industry. The service performed by Electric Light and Power Companies extends today throughout the entire length and breadth of the land. Industrially speaking, electricity has all but turned night into day. It has improved working conditions, added to increasing production, and in hundreds of other ways woven itself into the very fibre of the country's existence in farm, factory and home, aiding the people in their business activities, their pleasures, and their duties.

That original list of fifty-nine customers has grown during four decades until today, in homes alone—without taking into consideration shops, factories, public buildings, churches and theatres—just in homes alone, more than thirty-five million people are being served with electric light and with power for labor-saving devices.

The Bonds of Electric Light and Power Companies are, as a class, entitled to a high investment rating. They are obligations of an established industry which not only supplies a service indispensable to the social and commercial life of the nation, but occupies the enviable position of facing a constantly growing demand for the service. Earnings are unusually stable, being little affected by periods of prosperity or depression, and increasing from year to year with the increase in the population of the country. The securities of these companies possess the further important advantage of offering a highly attractive interest return combined with safety.

Harris, Forbes & Company was organized in 1882, the same year which witnessed the birth of the electric lighting industry. We were one of the first large investment bond houses to purchase original issues of Electric Light and Power Bonds. We have aided in the financing and development of many of the largest Electric Light and Power Companies in the country, and have at all times an extensive assortment of such securities which we offer with our recommendation.

Upon request for Circular A-111 we shall be pleased to send a copy of our Free Bond Offering

**Harris, Forbes & Company**  
Plus Street, Corner William, New York

Harris, Forbes & Company  
Bondsmen

Harris, Forbes & Company  
Bondsmen

Harris Trust and Savings Bank  
Bondsmen

It has been said that investors want "facts, not pretty pictures." Yet what investor could object to the illustration and layout in the above advertisement. A pleasing appearance has never in itself hurt any advertisement. People like pictures, and even hardened investors are no exception. So long as the copy is pertinent, and straight from the shoulder—as it is here—an investment ad is strengthened, rather than weakened, by the proper use of an illustration combined with a pleasing layout.

## Banking Publicity

RICHARD F. DURHAM, Editor  
Monthly Publicity Section

THE BANKERS MAGAZINE  
71-73 Murray St., New York

NOVEMBER 1923

**H**OW often does your bank's name appear in the news columns of your daily paper or papers? Not as often, it's a safe guess, as you would like it to. And whose fault is this anyway, yours or the editors'?

The trouble with most items that banks send in to editors is that they are just items and not *news* items.

Not a day passes but that some incident occurs in your bank that has in it the element of *news*. If your bank has a publicity manager it is an important part of his business to be constantly on the alert for anything relating directly or indirectly to your bank having in it the substance of news which can appropriately be sent in to editors. If you have no publicity manager, it should be made the duty of someone in your bank with a facility for writing to seize upon any incident or event relating in any way to your bank which can be translated into terms of news and sent in to editors.

Some of the officers in your bank are identified in some way with the civic activities of your community. Your bank itself, of course, should be identified definitely with activities in behalf of the welfare of your com-

munity. Speeches by your officers, suggestions for civic improvement, constructive plans for the betterment of some phase of community welfare and efforts to help carry them out—these are a few things that offer a fertile source of real news. Properly handled they will get the right sort of reception from the average editor.



A BANKER wrote in to us a few days ago, inclosing proofs of some of the advertisements which his bank had published. He asked if we thought they were in keeping with the principles of sound banking practice, if they upheld the dignity of a long established banking institution, and if they were sufficiently conservative. We have had other letters of a very similar nature.

All three of the questions which this banker asked us concerning his advertisements, are important and not to be overlooked.

There are two other questions which he did not ask, and which are of very obvious and primary importance. They apply to bank advertisements and all other advertisements. They have been harped on and hammered into a bromidic triteness, and still they are neglected. These questions are: 1. Will they be read? 2. Will they accomplish something of a positive nature?

Any advertisement that can pass these two tests is very apt to contain the ingredients which go to make up an advertisement both good and appropriate to the purpose for which it is written. If they fall short on these two counts your advertisements will fail, not probably but surely.



THERE ARE more loopholes of escape open to bank advertisers when they generalize regarding Service, Courtesy and Personal Attention than there are when they get down to brass tacks.

When you talk about some definite banking service in specific terms, you have taken upon yourself an obligation to fulfill which cannot be side-stepped.

Whether specific or general—mean what you say. But wherever and whenever you can, be specific, and when you are specific take *particular* care not to be misleading. Don't forget that you are firing at a limited class of persons rather than the banking public at large. These persons are apt to take what you say quite literally, and to be rather definitely disturbed if, upon investigation, they chance to feel that what you promise and what you perform are two different things. A misleading advertisement can become more of a liability than several bad debts.

## Getting New Business Through Employees

(Continued from page 757)

of business approximated \$800,000 of which almost \$150,000 was savings, representing 1957 accounts, averaging \$74.71 each at an average cost of \$1.36. In the first contest also, a total of 472 safe deposit boxes was secured at a cost of \$1.03 each. The large number of boxes secured in the first contest as compared with the third contest is accounted for by the fact that the safe deposit department was installed only about one month previous to the first contest. Therefore, employees had an unusual opportunity of soliciting customers of the bank who, heretofore, had no opportunity of renting a safe deposit box with the institution. All in all, we considered this good business because we feel that while employees secured credit for some boxes which would have come to our safe deposit department on their own initiative, nevertheless, we secured many more boxes which would not have, at a very small average cost.

The second contest was limited strictly to savings accounts and safe deposit boxes. By concentrating, a total of 2813 savings accounts was secured, representing an increase of almost a thousand accounts more than the first contest in a shorter period of time. This contest was divided into teams, the captains of which were picked from the high leaders in the first contest. A total of 180 safe deposit boxes was also secured in this contest. The average cost per account was about \$1.30.

There has been much discussion as to the relative value of employees' contests; as to the type of business, particularly savings business, that employees secure from their friends. At the time when we were considering our second contest we



### When Will You Arrive?

A traveler once asked Aesop how long it would take to get to Athens. Aesop said that he didn't know, and the traveler stalked off exasperated.

After he had walked for a few moments, Aesop hailed him. "It will take you one hour to reach Athens," he said.

"Why didn't you say so in the first place?" demanded the traveler.

"Because," said Aesop, "I had to see how fast you could walk."

There are travelers on the road to "Financial Independence" who probably would like to know when they will reach their goal. According to Aesop, it will depend on the amount and regularity of the deposits they make.

Why not start on your way to financial independence today? All deposits made in our Special Interest Department between now and October tenth will receive interest from the first.

## The Fidelity Trust Company of Buffalo

Main at Swan Street

Main at Utica Street  
Kensington at Bailey Avenue



Delaware at Chippewa Street  
Harold at Parkside Avenue

Effective dialogue based on a page from Aesop. An unusually good savings advertisement.

made a thorough analysis of the status of the savings business secured in our first contest. The result was a very pleasant surprise by an increase of from \$144,000 to \$184,000, or an approximate 30 per cent. increase in eight months.

This analysis knocks the argument in the head that employees secure too much business simply as accommodation accounts, which will remain inactive, or possibly be withdrawn. On the other hand, we believe that employee's friends would feel guilty in closing an account opened for the credit of an employee in a contest, in that it

might be a reflection on the employee as to his method in securing such business.

Any banking institution which has not as yet taken advantage of the opportunity of securing new business through its employees, should do so. The first thing to determine is the class of business the bank desires. Many banks will find savings and safe deposit business to be the most practical in employees' contests. Of course, they cannot expect to secure nearly the number of safe deposit customers as they do savings accounts. Almost any employee can jolt a friend of his



Here is the letter:

Dear Sir:

We believe that we understand thoroughly the problems of commuters. We know that yours is not an easy life. We know that expenses are high and that there never seems to be any let-up.

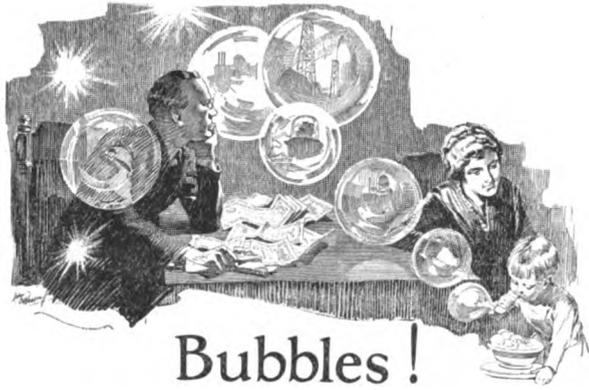
But we also know that money in the bank is a cure for many troubles and that is why we have set out to be the financial doctor for the people of this community.

We have an interest department where we open accounts with deposits of from one dollar up and pay interest at the rate of..... per cent, compounded semi-annually. Your money here is protected by all the assets of this strong and fast-growing national bank which is a member of the Federal Reserve System and operates under the strict supervision of the United States Government.

Moreover, we will give you a personal welcome as a depositor. We are here to help you in any way possible.

Yours truly,  
(Signed) President.

Of course we will revise this letter. Since it closes the series it should be the best. Instead, it is probably the weakest of the four. Without changing the thought to any great extent,



# Bubbles!

If the task of every man to secure a comfortable and happy life is to be accomplished, it is necessary that he should have a certain amount of money to invest in a safe and profitable manner. The following are some of the best investments available to the average man.

- "Bubble" investments which should be carefully selected generally bear some of the following characteristics:
1. Low margin purchase of stock
  2. Series of installment payments of well established companies
  3. Future of company based on the past record of production
  4. Reasonable selling price
  5. Adequate to carry sale
  6. Company in expanding line of business
  7. Reasonable rate of production
  8. The assurance of complete control by management and stockholders

Always remember the fact that if you are a member of a bank or trust company you are all interested, stable, secure, honest, and making an investment.

When you invest in a bank or trust company, you are investing in a safe and profitable manner. The following are some of the best investments available to the average man.

Remember that the main body of the copy is too much to plough through can quickly and readily get the story of what it's all about in condensed form through a glance at the outline inclosed in the box.

## Union Trust Company

Telephone Main 4470

First trust company in Detroit

Grand old Congress

Excellent full page newspaper copy on "bubble" investments. Those who feel that the main body of the copy is too much to plough through can quickly and readily get the story of what it's all about in condensed form through a glance at the outline inclosed in the box.

we will seek to strengthen the letter by placing the bank's interests second, instead of first.

Dear Mr. Brown:

Commuters have a hard life. Expenses are high with no let-up in sight. With this kind of a prospect, laying aside money every week is difficult. But surely you will agree that it is well worth while—the guarantee of a broader, brighter future.

Your deposits here are protected by all the assets of this strong, fast growing bank—a member of the Federal Reserve System and operating under strict supervision of the United States Government. Interest deposits earn \_\_\_ per cent, compounded semi-annually.

Get the habit of depositing regularly and success will be yours in increasing measure with every passing year. The writer will be glad to meet you personally when you call.

Cordially yours,

My what a difference! Don't you think so? The "we" habit is one that all of us can break

if we will but write and rewrite. What a wonderful improvement this will make in bank correspondence. Worth trying, isn't it?

## How Banks Are Advertising

THE ILLINOIS Merchants Bank, Chicago, publishes a series of six well planned folders describing concisely, but adequately, the services rendered by six different departments of the bank. These folders bear the following titles: Foreign Banking Service; A Capable and Conscientious Trust Service; Inviting You to Join Our Family of 200,000 Savers; A Complete Service for Buyers

Why is London's "Wall Street" called Lombard?

The Seaboard National Bank

Main Office: 110 MAD AND DEAPER STREETS  
 Monthly Branch: 111 BROADWAY  
 General Branch: 21 EAST 43RD STREET

The copy here gives an interesting bit of banking history, which most of us should know but perhaps don't. This type of copy is obviously rather difficult to tie up to present day banking. Its principal strength lies in its very historical interest. It helps the bank that runs it if, after you have read it, you can associate the bank's name with it.



In America, the NEW YORK TRIBUNE recently stated: "... In the world of affairs a fortune is but a weapon, ineffective save as there is an all powerful arm to seize it."

The truth of this statement is borne out in an impressive manner when a family loses control of a great industry with which its name has been associated. In a less spectacular manner it is confirmed in connection with thousands of moderate estates which are built up by able men, but which by reason of falling into unskilled hands dwindle away and fall to accomplish the purposes for which they were created.

Where the support of dependents is the purpose in view, the man who provides the "weapon" may if he choose provide also "the all powerful arm," for if his loved ones are themselves inexperienced in financial matters he may place the management and control of his estate in the hands of a powerful financial institution which will act as trustee and wield the weapon in their behalf.

Banks and trust companies are the outstanding fiduciary experts and the logical trustee for a man's estate is that bank or trust company in whose integrity and ability he has the greatest confidence. An institution's record, tested in the light of intimate knowledge of its policies and personnel, should be the deciding factor.

For more than a century The Bank of America has been establishing its record and as a customer of this bank you have had an opportunity to form an opinion of our methods. We invite you to consider our record and offer to serve as your trustee.

UNDER the head-line "Diversification," the front cover of an investment booklet issued by the Hibernia Securities Company, Inc., New Orleans, contains the following copy:

Andrew Carnegie once said, "Put all your eggs in one basket, but first be sure it's a good basket."

All of which was good enough for Andrew Carnegie, but for the average investor of moderate means such a policy would be full of risk. He might make one wrong selection and lose all, whereas by placing his funds in a number of different issues it is hardly likely that he could lose very much, particularly if he consults a responsible investment house in making his choice.

Safety should always be the first consideration in making an investment, and the surest way to minimize risk and enhance safety is by diversification; by selecting safe as well as profitable investments; by selecting several, not one.

There is an infinite variety of

## Who's Who in Bank Advertising



JULIAN M. CASE

Manager business extension department of the Dime Savings Bank, Detroit, Michigan

THE advent of Julian Case in the financial new business field a year ago is particularly interesting, because of the fact that he has tackled his job entirely without previous financial experience, yet with a broad record of advertising and merchandising training. The attitude which Mr. Case has adopted toward the advertising of his institution is that banks in general ought to get much more in the way of direct results from their paid publicity than they are now securing. His policy is to strive for direct results from every advertisement. Generalities are eliminated from the copy and definite things only are discussed which are offered the public with the same persuasion and opportunity for immediate action that is the sum and substance of most other advertising.

Another requirement of his advertisements as explained by Mr. Case, is that they must be so pertinent to his own institution that the copy could not apply if the signature of any but the Dime Savings Bank were used. Several exclusive features of service were added by the bank which has made this possible. He has completed several campaigns, all aiming for direct results, and all have proved productive.



Using human letters to urge the world to save. Members of the Progress Club, an organization for employees of the First Wisconsin Group, Milwaukee, posed for the above photograph recently. Every employee has the privilege of depositing one-tenth of his salary each pay day. Each year since the organization of the club the directors of the institutions have made a contribution to its reserve fund so that now the reserve fund practically equals the total savings of the employees. In addition to receiving interest yearly on their deposits, the employees earn a right to a share in the reserve fund under certain restrictions.

good bonds from which to choose—Government, municipal, industrial, railroad, corporation, etc. Our services are at your disposal at any time and we shall be glad to discuss with you the planning of your investments.

A THIRTY-TWO page booklet is published by The Geo. D. Harter Bank of Canton, Ohio, showing twenty-four photographic views of the interior and exterior of the banking structure, reproduced in sepia tint through a rotogravure process.

A feature of the booklet is the reproduction of the twelve panels decorating the walls of the banking room, each one containing an extract from one of the speeches of William Mc-

Kinley, twenty-fifth president of the United States and one of the organizers of The Geo. D. Harter Bank.

**VARIED SERVICES** offered as custodian of securities are well outlined in "The Custody and Care of Your Securities," a booklet published by the United States Mortgage and Trust Company, New York. Under the sub-head of "What We Do," the booklet lists the following services:

1. We accept the custody of your securities, listing them and receipting to you.
2. Collect incomes from all securities—as well as the principal of maturing investments.
3. Place the income to the credit of your account or remit by check or draft to any address.

4. On order, sell your securities—attending to the transfer and crediting your account or reinvesting, as you instruct.

5. Buy securities as directed.

6. Make delivery of your securities—as collateral or for any other purpose.

7. Execute income tax ownership certificates.

8. Advise you in advance of maturing holdings—so that you may consider reinvestment.

9. On request, obtain reports on the condition of corporations in which you are financially interested.

10. Watch and check financial news from many sources, endeavoring to notify you when such affects your holdings.

11. Furnish statements of your securities and income received.

12. Confer with you—furnishing information and valuable statistical data.

13. Assist in preparing your income tax returns.

# 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., National Shawmut Bank.
- Boston, Mass., Old Colony Trust Company.
- 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, C. R. F. Wichen- den, mgr. new bus. dept.
- 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., Kanawha Nat'l Bank, Lee S. Trimble, tr. officer.
- Charleston, W. Va., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.
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- 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. Mac- Nab, 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. ext. mgr.
- Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
- Denver, Colo., Denver Nat'l Bank, G. T. Wells, asst. cash.
- Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.
- Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
- Detroit, Mich., Security Tr. Co., H. E. Grimm, mgr. bus. ext. dept.
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- 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.
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- Flint, Mich., Genesee Co. Svgs. Bank, W. Power, mgr. new bus. dept.
- Gardner, Mass., Gardner Tr. Co., P. O. Ahlin, V. P.
- Goldboro, N. C., Wayne Nat'l Bank, W. E. Stroud, V. P. & cash.
- 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. A. Rath- bone, V. P.
- Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
- Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
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- 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.
- Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr., pub. and new bus. mgr.
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- 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. Ham- sher, 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'Hochelaga, 112 St. James St., Léon Lorrain, dir. pub.
- Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
- New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, secy. to pres.
- New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. B. Wisdom, adv. mgr.
- New Orleans, La., Whitney-Central Nat'l Bank, M. L. Bouden, pub. mgr.

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- N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
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- N. Y. C., Union Bank of Canada, A. G. Sciater, adv. mgr.
- N. Y. C., Western Union Tele. Co., H. L. Hamilton, adv. mgr.
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- Oak Park, Ill., Oak Park Tr. & Svgs. Bank, L. A. Clarahan, mgr. new bus. dept.
- Orizaba, Ver., Mex., J. C. Gutierrez, Apartado 146.
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- 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 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., Pennsylvania Tr. Co., pub. mgr.
- Pittsburgh, Pa., W. H. Siviter, 122 Dithridge St.
- Prague, Czechoslovakia, Industrial and Agricultural Bank of Bohemia.
- Quincy, Mass., Granite Trust Co., D. King, V. P.
- 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 Antonio, Tex., City Nat'l Bank, H. M. Hart, 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., The 1st Nat'l Bk. of Santa Rosa, J. G. Morrow, V. P. & cash.
- Schenectady, N. Y., Schenectady Svgs. Bk., Miss A. R. Waldron, director serv. dept.
- 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.
- Sydney, Australia, Gov't Svgs. Bank of N. S. W. and Rural Bank, A. W. Turner, secy.
- Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Bize, pres.
- Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Strelcher, asst. secy-treas.
- Toronto, Canada, Canadian Bank of Commerce, A. St. L. Trigge, secy.
- Toronto, Canada, H. J. Coon, 63 Farnham Ave.
- 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., Marathon Co. Bank, H. C. Berger, cash.
- Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
- Wellsboro, Pa., 1st Nat'l Bank, 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 Suissees, H. de Muralt, sub-mgr.

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## New Names

- Camden, Ark., Merchants & Planters Bank, P. T. Hildebrand, cash.
- Dayton, O., Dayton Svgs. & Tr. Co., A. C. Jackson, mgr. adv. dept.
- Plainfield, N. J., The Plainfield Trust Co., M. E. Schoeffel.
- St. Louis, Mo., 1st Nat'l Bank in St. Louis, M. Fuchs, pub. mgr.

# International Banking and Finance

SPECIAL

**BANKERS  
MAGAZINE**

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## BROWN BROTHERS & CO.

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**CHICAGO:** 29 South LaSalle St.  
**SAN FRANCISCO:** 485 California St.

# The Financial Reconstruction of China

**U**NDER the above heading there has been published at Peking a comprehensive survey of the present financial situation of China, accompanied by proposals for a fresh loan of \$1,204,000,000, to be secured by the new 5 per cent. tariff and the 2½ per cent. surtax. The author of these proposals is Chang Ying-Hua, Director General of the Bureau of the Currency, former Minister of Finance and Chairman of the National Commission for the Study of Financial Problems. He introduces his proposals with the following observations:

"Students of Chinese financial conditions are almost unanimous in asserting that the unification of the country and the disbandment of troops are fundamental prerequisites to a sound system of financial reorganization. Those advancing this theory are of the opinion that the present financial difficulties and well-nigh impossible situation are the evil but natural consequences of the practice of the provinces in withholding national revenues and appropriating them for their own purposes. When the provincial authorities not only retain revenues which should properly go to support the central government but, to make matters even worse and more hopeless, continually vie with each other in pressing the government for funds, it is but natural that the national treasury should be depleted and defaults in the payment of loan obligations should take place one after another. As long as this practice continues, it is said that no effective remedy can be found to relieve the situation.

## SOUND FINANCIAL SYSTEM PRIMARY NEED

"While all this may be true, yet, from another point of view, the unification of the country and the disbandment of troops are themselves dependent upon the straightening out of the financial difficulties and complications. In other words, while the present financial

distress cannot be relieved without the unification of the country and the disbandment of troops, yet, unification and disbandment cannot be successfully carried out without a sound financial system having been first evolved. It thus appears that the financial problem is more important and requires even more urgent attention than the problem of the unification of the country and the disbandment of troops."

Summarizing the receipts and expenditures for the years 1919, 1920 and 1921, we get the following results:

### CUSTOMS REVENUES

Average annual receipts.....	\$88,473,000
Average annual disbursements.....	82,545,000
Balance of receipts .....	\$ 5,928,000

### SALT REVENUE

Average annual receipts .....	\$91,898,000
Average annual disbursements .....	91,898,000
Balance of receipts .....	.....

This indicates an annual average surplus, based on the figures of these three years, from the sources named, of \$5,928,000.

Wine and tobacco taxes for the same period produced \$14,664,000, from which \$1,938,000 is to be deducted for administrative expenses, leaving a balance of \$12,726,000. But of this amount only \$6,036,000 went to Peking, the remaining \$6,690,000 having been appropriated for provincial uses.

The revenue from stamp duties for the three years averaged \$2,955,000, and after deducting \$394,000 for administrative expenses, there was left a surplus of \$2,561,000, of which Peking got only \$680,000, the remaining \$1,881,000 going to the provinces. It is explained that certain provinces, supposed to remit a portion of this revenue to the central government, retained all of it, amounting to about \$1,000,000, for local uses.

The land tax revenue for the years 1919, 1920 and 1921 showed an annual average of \$80,090,000, but of



## BEANS

**M**ICHIGAN has this year grown about 6,506,000 bushels of white beans. This will be fully 65 per cent of the white beans grown in the United States.

As business men from coast to coast eat their favorite noon-day soup, and New Englanders their week end dinner of beans, they seldom think of Michigan as the "Bean State."

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

## FIRST NATIONAL BANK

DETROIT MICHIGAN

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

this there was remitted \$1,480,000 on account of flood, famine, etc., and \$16,990,000 was retained by the south-western provinces, leaving the balance of annual collections \$61,620,000. It is explained, however, that this balance is not at present available to the central government, but can only be considered as the amount appropriated for provincial uses.

For the same period the Peking octroi produced an annual average of \$1,842,000, and after deducting \$381,000 for expenses, there was left \$1,461,000.

The receipts and disbursements are summarized below.

Another table shows the present financial situation of the government, from which it appears that the revenue receivable each month is \$1,198,000 and the disbursements \$9,005,000, leaving a monthly deficit of \$7,807,000, or in excess of \$93,000,000 annually. In addition to this heavy deficit, the central government has a further debt in the form of arrears of payments for administrative, military and police expenses, which have been steadily accumulating since 1915, and which at the end of August last amounted to \$198,643,000. A sufficient explanation of this state of affairs is found in the fact that while these arrears stand at \$198,643,000, the total revenue retained by the provinces for a single year was \$187,191,000, or almost enough to wipe out the unpaid sums.

A compilation of the secured and un-

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secured domestic and foreign debts of China shows that the loans secured on the customs revenue amount to \$1,410,000,000 and on the customs surplus \$250,270,000, making the aggregate of the secured loans \$1,660,270,000. In the class of unsecured loans there are of foreign loans \$266,043,000, and

GENERAL STATEMENT OF REVENUE COLLECTED AND DISBURSEMENTS MADE DURING 1919-1921

Designations	Receipts	Disbursements	Balance
Customs revenue .....	\$ 88,473,000	\$ 82,545,000	\$ 5,928,000
Salt revenue .....	91,893,000	91,893,000	.....
Land tax .....	80,090,000	80,090,000	.....
Regular and miscellaneous duties .....	50,000,000	50,000,000	.....
Peking octroi .....	1,842,000	381,000	1,461,000
Tobacco and wine taxes .....	14,664,000	8,628,000	6,036,000
Stamp tax revenue .....	2,955,000	2,275,000	680,000
Mining duty .....	256,000	.....	256,000
Income from public properties .....	3,000	.....	3,000
Income tax .....	14,000	.....	14,000
<b>Total .....</b>	<b>\$330,190,000</b>	<b>\$315,812,000</b>	<b>\$14,378,000</b>
Monthly average .....			\$ 1,198,000

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domestic obligations \$228,481,000, and overdue interest \$82,450,000, making a total of \$576,974,000 unsecured loans. Combining the two classes of loans, it is found that the grand total of the principal and overdue interest of the secured and unsecured loans is \$2,237,-244,000. This represents the loans as they stood at the end of September 1922, but with the interest calculated to the end of 1923. Of the unsecured loans, some are already overdue, others will soon mature, while still others have considerable time to run. It is declared impossible to meet all these obligations of principal and interest as they fall due, in accordance with the original terms of the agreements.

#### NEW BILLION DOLLAR LOAN SUGGESTED

As "an adequate remedy, comprehensive enough to work a fundamental solution of the Chinese financial problem as a whole," the author of these proposals suggests the flotation of a new loan of \$1,200,000,000, with the increased revenue from the enforcement of the 2½ per cent. surtax as security, first devoting the proceeds to the consolidation of the domestic and foreign debts, and then to making provision for administrative expenses and the disbandment of troops.

Examining the security for the proposed loan, it is found that there is already charged upon the customs revenue and surplus a sum of \$1,665,000,000 for the payment of principal and interest of the secured domestic and foreign loans, the payments spreading over a period of years ending with 1960. The basis of calculating the future sufficiency of the customs revenue is thus set forth:

"After finding out the annual charges upon the customs receipts for the service of the foreign and domestic loan obligations our next subject of inquiry is the total amount of customs revenue which can be realized on the basis of the effective 5 per cent. and the increase that will accrue to it through the putting into effect of the 2½ per cent. surtax so that by striking the balance

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between the total receipts and total charges we may find out how much will be available each year for the service of the new loan under consideration.

"The total amount of the customs revenue for the year 1922 was about \$77,000,000. Taking that as a basis let us figure out the estimated amount of revenue for the year 1923. First, adding to the above mentioned sum of \$77,000,000 a sum of \$8,000,000 as the increase of revenue due to the putting into force of the new effective 5 per cent. tariff we get a sum of \$85,000,000 for the present year. To this sum may be also added the increase of revenue due to the growth of trade which has been going on at the rate of more than \$3,000,000 per year. Even taking the conservative estimate of \$3,000,000, it will bring the customs receipts for the year to \$88,000,000.

"Now, assuming that the Special

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Tariff Conference provided for by the Washington Treaty will take place sometime this year and the surtax can be put into force by March 1924, the total customs revenue for next year should considerably exceed the amount collected for this year. First, taking the estimate for 1923 (\$88,000,000) as the starting point, there should be added a sum of \$2,000,000 for increase due to the effective 5 per cent. from January to March. Secondly, there is the increase of revenue due to the putting into force of the surtax from April 1924, to the end of the year. Theoretically this should be calculated at half the amount receivable under the 5 per cent. tariff, of \$42,500,000. When, however, the surtax is first put into force it may not bring in the amount expected. Let us therefore take the very conservative estimate and allow only \$28,000,000 as the amount of increase due to the surtax. These two items of increase, plus an allowance of \$3,000,000 for the normal growth of trade, will bring the total customs revenue for the year 1924 to \$121,000,000. In the same way the customs revenue for succeeding years can also be calculated.

It should be noted that the  $2\frac{1}{2}$  per cent. surtax is authorized to be imposed before the abolition of likin. When the likin is abolished the tariff will be raised to  $12\frac{1}{2}$  per cent. So the proceeds from the surtax can be disposed of without reference to the abolition of likin, and such disposal will not retard the progress of its abolition."

As to the details of the \$1,200,000,000 loan, it is proposed that the interest rate be fixed at 6 per cent. (a rate deemed reasonable in view of the special security offered, that the term of the loan be thirty years, interest to begin with the present year, and redemption of principal to start with 1932, the entire loan to be paid off in thirty years, the proceeds of the loan to be devoted entirely to the consolidation of the unsecured foreign and domestic loans, the requirements of administrative expenses for one year, and the disbandment of the troops and the unification of the country.

Assuming that \$100 face value of the new bonds will be exchange for \$90 of the old bonds, the total amount of consolidated bonds to be issued is figured at \$644,000,000.

From the computations of the customs revenue and the requirements for the service of the new consolidated loan, it appears that for the first eight years there will be a deficiency aggregating \$218,000,000, which is to be provided for by setting aside that amount from the proceeds of the loan, to be entrusted to the Loan Commission. The new loan is to be thus apportioned: In redemption of outstanding unsecured loans with interest calculated to the end of the present year, \$644,000,000; amount to be deducted at time of issue and set aside to guarantee payment of interest, \$218,000,000; administrative expenses, July 1923, to June 1924, \$92,000,000; for disbanding troops and unifying the country, \$250,000,000.

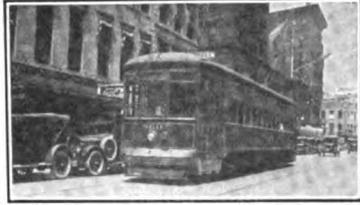
## AN OBJECTION DISPOSED OF

The author of these proposals thus disposes of one objection that will be raised to his plan:

"The objection may be raised that as some outstanding loans are already overdue or about to mature, while others have considerable time to run, yet it may be difficult to enforce a uniform system upon them. In reply it may be said that while all this may be true, we must bear in mind, first of all, that all outstanding loans, whether matured or about to mature, will all have to be extended in any case. Between an uncertainty of payment or rather certainty of non-payment when the loans mature under the present arrangement, and the certainty of payment whenever the bonds are drawn, though it may possibly mean a little delay according to the original terms, it will not be difficult to show that the latter arrangement is preferable to the creditors."

As to the sum allocated for the disbandment of the troops, he says:

"The question may also be raised as to the sufficiency or insufficiency of an appropriation of \$250,000,000 for the purpose of the disbandment of troops. As the exact number of troops and the exact amount of arrears due to the army are not known we can only make our estimate on the basis of the nominal figure of 1,200,000 men. Assuming that 400,000 men will be disbanded out of the total of 1,200,000 and assuming again that these soldiers are all paid at the rate of \$10 per month and the arrears are all of one year, an amount of \$192,000,000 is required to clear up all the arrears. If these soldiers be paid two months bonus at the time of the disbandment an additional amount of \$32,000,000 will be required. This would leave a balance of \$20,000,000 for contingent extraordinary expenses and \$6,000,000 for administrative expenses\*in connection with disbandment of troops. On the basis of the above figures the estimate seems to be within reasonable bounds."



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For the life of the loan, thirty years, the customs surplus available for the service of the new loan is estimated at \$2,710,550,000. Total requirements for principal and interest are \$2,836,810,000. The deficit for the first eight years, and a slight deficit in 1935, aggregates \$217,560,000, against which is to be offset \$91,300,000 net available balances to the government after paying all charges, in the other years. The net deficit is therefore \$126,260,000.

This thorough study of Chinese finance, and the suggestions made for improvement, afford a basis upon which this subject may be intelligently examined. The estimated customs receipts, while fairly calculated, can not be realized unless conditions improve, or at least get no worse than they now are. The calculations are, in fact, based upon an expectation of improvement.

# The Economic Resources of Italy

By Paul Einzig

Doctor of Political and Economic Sciences, University of Paris

(Continued from the October issue)

THE evolution of the foreign trade of the country began at the end of the last century, after a period of slackness which lasted from 1887 to 1896. The commercial treaties concluded in 1891 and 1892 have largely contributed to the revival of foreign trade, which showed a steady increase until the outbreak of the war. The value of Italian foreign trade, which was 2,232,000,000 lire in 1896, increased to 4,420,000,000 in 1906, to 5,326,000,000 in 1910, and to 7,237,000,000 in 1915. The value of raw materials imported for the purpose of industrial transformation was 685,000,000 in 1895, 1,006,000,000 in 1901, 1,707,000,000 in 1907 and 2,092,000,000 in 1913. During the same period, the value of semi-products and manufactures exported increased from 552,000,000 to 1,389,000,000, and the value of agricultural products exported progressed from 447,000,000 in 1901 to 954,000,000 in 1913. In 1910, which was the last normal year before the outbreak of the Turkish-Italian war, the United States occupied the third place among the countries exporting to Italy—the first two being Germany and Great Britain—while she occupied the second place among the countries importing from Italy, the most important purchaser of Italian goods being Germany. The most important articles of import trade were corn, raw cotton, coal, timber, machinery, livestock, wool, etc. The most important articles exported were silk, fruits and vegetables, textiles, wines, cheese, vegetable oil, eggs, etc.

In 1913 the value of exports was 2,512,000,000 lire, and that of imports was 3,646,000,000 lire. Thus there was a substantial excess of imports. Nevertheless, the value of invisible exports

has more than compensated the trade deficit. In the first place, the natural beauties, climatic advantages, artistic treasures and historical associations of the country tempt every year a great number of foreign visitors whose expenditures are an important item in the balance of payments of the country. There are a great number of fashionable winter resorts: at the Genoa Bay—Genoa, San Remo, Nervi, Rapallo Bordighera, etc.; in the vicinity of Naples—Sorrento, Capri, etc., and in Sicilia. These are regularly frequented by the inhabitants of Northern Europe as well as by Americans during the winter months. At the Adriatic Sea there are several popular summer resorts, such as the Lido of Venice, Rimini, Grado, Abbazia, etc. The internal part of the peninsula is exceedingly rich in picturesque sights which attract from abroad the admirers of natural beauty. The northern frontier districts especially are by no means behind Switzerland in this respect. The remains of the arts and architecture of the Roman Empire, well preserved in the ruins of Pompeii and other places, the magnificent works of art of the Middle Ages and of the Renaissance are the center of interest of hundreds of thousands of foreigners. Moreover, a great number of Catholics from each part of the world endeavor to see Rome, "the city of saints and martyrs" at least once in their life.

The expenditures of these travelers reach a very substantial amount in the aggregate every year, and form an important part of the railway revenue, keeping up thousands of hotels and restaurants, and furnishing employment to hundreds of thousands of hands. The existence of artistic small industries is largely based on the purchases of for-

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foreign travelers who are unable to resist the particularly able Italian salesmen, and leave the country loaded with souvenirs and artistic objects. According to approximate valuations the amount spent by foreign travelers in Italy was in 1897 800,000,000 lire, and 450,000,000 lire in 1910. It is expected that the improvement of transport conditions and the establishment of a great number of modern and comfortable hotels will largely increase the number of visitors in the near future.

Another important item of the balance of payment is the savings of emigrants and of Italian workmen temporarily employed abroad. It is very difficult to give even approximate figures as regards the annual amount sent home by Italians living abroad, and estimates of different authors vary between half a billion and 900,000,000 lire per annum. Moreover, as Italians usually form compact groups in foreign countries, they are able to order from their country

the goods they are accustomed to consume, and thus contribute to the increase of Italian exports. The amounts sent by the emigrants through the intermediary of the Banco di Napoli totalled 72,000,000 lire in 1912 of which 51,000,000 had been sent from the United States, and 981,000,000 in 1920, of which 878,000,000 originated from the United States. Even if we make allowances for the depreciation of the lire, there is a real and marked progress in the support contributed by the emigrants to Italian invisible exports.

As the transport capacity of the Italian merchant fleet is much above the needs of its own country, there is a considerable surplus in freights received from abroad over freights paid by Italian importers and exporters to foreign shipping companies. The religious gifts collected among Catholics of foreign countries are also an appreciable item in the balance of payments. Interest on Italian capital invested abroad

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in 1913 was estimated at 70,000,000 per annum, but on the other hand the payment of interest by Italy to her foreign creditors totaled more than double that amount.

Though the deficit in the balance of trade has always been considerable (it was 1,149,000,000 in 1910 and 1,134,000,000 in 1913) still the items of the "invisible exports" were able not only to counteract the trade deficit, but also to create a surplus available for the purpose of paying off the debts of the country and of investing Italian capital abroad. According to the valuation of *L'Italie Economique* (Credito Italiano, Milan, 1920) the surplus of the balance of payments in 1913 amounted to 50,000,000 lire. The amount of Italian state bonds held abroad underwent a rapid decline before the war, as is shown by the total interest paid by the Italian Treasury for foreign bondholders which declined from 131,000,000 in the fiscal year of 1894-1895 to 102,-

000,000 in 1901-1902, to 57,000,000 in 1908-1909, and to something less than 10,000,000 in the fiscal year of 1915-1916. While a few decades ago a great number of enterprises were controlled by foreign capital, during the last few pre-war years the participation of foreign investors in the economic life of Italy has substantially diminished.

The development of the Italian colonies will in future considerably affect the foreign trade of Italy. The colonies are able to supply a great number of those articles in which Italy is not self-sufficient, and through the introduction of modern methods the agricultural production of the colonies may be increased to such an extent that they will be able to cover the whole requirements of the motherland in the articles concerned. On the other hand, the buying capacity of the colonies shows a steady increase and Italian manufactures dominate the market. The amount of foreign trade between Libya and the motherland in-



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creased from 26,000,000 lire in 1911 to 82,000,000 in 1915.

The acquisition of Italian colonies is of relatively recent date. The first colony, i. e., Erythrea, was occupied in 1880. Her chief export goods are cotton and tobacco, and her pearl trade has very promising prospects. Fishing and breeding of oysters are the chief source of revenue of a great part of the population. The other Italian colony in Eastern Africa is Somali, which is much richer in natural resources than Erythrea. Her forests contain large areas of ebony trees and other valuable timber; rubber growing is also in progress. The breeding of animals is increasing and is expected to attain substantial results in the near future. Although modern agricultural machinery is almost entirely unknown, still, owing to the natural fertility of the soil, there are two or even three harvests every

year. At present the population does not work more land than is absolutely necessary in order to cover their own requirements. Nevertheless, their contact with Europeans tends to develop their requirements for manufacture, and in order to be able to acquire them, they will have to increase their production. Maize, vegetable oils, cotton and tobacco are the chief agricultural products of Somali, while her chief export articles are hides, wool, butter, ivory, etc. The economic condition of Libya at the moment of her occupation by Italy in 1911 was very bad, but during the last decade a marked improvement has taken place, in spite of the war which prevented Italy from concentrating much attention on the development of her newly-acquired colony. Modern agricultural machinery has been introduced and transport conditions have been improved. The government endeavors to direct emigration to the colonies as this is the safest way of attaching the latter to the mother country and of improving their economic condition.

In consequence of the immigration restrictions in the United States and other countries, Italy is endeavoring to place the surplus population in the colonies. For this purpose a bank is being established, with the participation of the government, charged with the task of financing colonial enterprises which give employment to Italians.

#### ITALIAN THRIFT

The rapid economic evolution of Italy has been largely due to the thrift of the population. Between 1909 and 1914 the total bank deposits increased from 5,296,000,000 to 7,600,000,000 although the country's economic life was troubled by the Italian-Turkish war. Among the particular categories of bank deposits, the most important increase was registered in postal savings bank deposits which progressed from 1,492,000,000 to 2,121,000,000, and in deposits of ordinary savings banks, which attained the high figure of 2,800,000,000 in 1914. It is well known that depositors in sav-

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ings banks are mostly members of the lower middle and working classes; these data prove that the classes of the population with moderate incomes are largely inclined to save.

The banking system of Italy takes due account of the thrift of the lower classes and encourages that virtue by the creation of institutes accessible to those classes. There are in Italy more than 3000 so-called "rural banks" which collect the savings of the rural population and grant advances to freeholders. These banks are based on a co-operative system and include 34 per cent. of the population of more than ten years of age. With an aggregate capital of less than 6,000,000, these rural banks succeeded in accumulating savings deposits amounting to 282,000,000. The so-called "popular banks" are also collecting places of small savings, and their deposits amounted to 703,000,000 in 1914. The total deposits held by the

various categories of savings banks, rural banks, popular banks and co-operative banks increased, during the period of 1909 to 1914, from 4,066,000,000 to 6,109,000,000. The co-operative banks have a central organization which facilitates their activity and increases their resisting capacity during periods of crisis.

Even the establishment of the big banks is largely to be ascribed to small savings, for the nominal value of the shares of most banks is very low, so that their acquisition is possible for the lower classes. The deposits held by these banks substantially exceed their own resources and this disproportion tends to increase steadily, which is also a proof of the thrift of the nation and of the confidence of the public in the banks. The following table shows the figures of the balance sheets of the Italian "Big Four" during the period of 1913 to 1919:

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1918	129	1,085	751	702	971	470	77
1914	171	986	672	546	1,026	496	91
1915	270	988	720	483	1,086	451	75
1916	287	2,081	987	766	2,285	376	73
1917	408	3,171	1,861	1,164	3,833	446	80
1918	518	4,500	2,796	1,973	5,514	638	186
1919	981	7,335	4,910	2,561	9,466	925	214
1920	1,308	9,034	5,945	3,229	12,572	1,077	—
1921	2,207	8,445	6,004	3,336	12,540	1,113	—
1922*	982	8,032	3,467	2,151	10,145	850	304

\*Excluding Banca Italiana di Sconto.

Of course, this comparison is vitiated by the depreciation of the monetary unit, nevertheless it clearly shows the increasing disproportion between the joint-stock capital and reserves of the banks, which merely doubled during the period concerned, and deposits which were in 1919 three and one-half times higher than in 1913, and current creditors which increased by nearly 1000 per cent.

There is a tendency toward specialization in the Italian banking system, as far as financing the industries is concerned. Each bank specializes in a certain branch of industry, or in a group of branches of industry. Since the war, the activity of the big banks outside the frontiers of the country has undergone a substantial increase. Italian capital penetrated into the succession states of

the late Austro-Hungarian Empire, the Balkans and Germany, acquiring important participations in the banks and industrial undertakings of these countries.

The issue of bank notes is monopolized by three banks, viz., the Banca d'Italia, the Banco di Napoli and the Banco di Sicilia. The Banca d'Italia is a joint-stock company with a capital of 180,000,000, while the other two banks of issue are state institutions with a patrimony of 50,000,000 and 12,000,000 respectively. The importance of the Banca d'Italia is predominant; its discounts amounted to 510,000,000 in July, 1914, while those of the Banco di Napoli were 145,00,000 and those of the Banco di Sicilia were 60,000,000 only. The discounts of the three note issuing banks increased from 343,000,-

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000 in 1871 to 888,000,000 in 1910, and during the same period their reserves increased from 807,000,000 to 1,411,000,000, and their deposits advanced from 61,000,000 to 108,000,000. The Banca d'Italia plays a prominent rôle not only as the biggest note-issuing bank of the country, but also as the treasurer of the state, and there is no important transaction of Italian public finance without the mediation of the Banca d'Italia. Moreover, that bank supports the utilization of colonies and subsidizes certain public works, and thus plays a more active part in the economic life of its country than do the note-issuing banks of other countries.

Apart from their rôle in the banking of the country, the savings of the population largely support the economic evolution through the creation of joint-stock companies. According to statistical data published by the Ministry for Industry and Commerce, the number of joint-stock companies was 407 in 1887, with an aggregate capital of 1,229,000,000, while these numbers increased by 1897 to 514,000,000 and 1,374,000,000 respectively. The progress was much more rapid during the first decade of the present century, so that on December 31, 1918, the number of joint-stock companies attained 3065 and their capital totalled 5,322,000,000. The

chief item was that of transport enterprises, which possessed a nominal capital of 1,140,000,000. Among the particular branches of industry, the leading category was that of metallurgical industries with 595,000,000, while textile industries figured with 478,000,000 and electrical industries with 549,000,000. In 1920 there were 5425 joint-stock companies with 17,685,000,000, but of course the increase of the latter figure has been largely due to the depreciation of the monetary unit. Still, the advance in the number of companies shows a real progress and the increase of the figures of some particular groups exceeds the proportion of the depreciation of the lire. For instance, the capital of metallurgical and engineering enterprises was in 1920 about six times as high as in 1918.

Statistical data available since 1898 show that the annual net amount of new investments during the period of 1898 to 1918 varied between 14,000,000 in 1902 and 714,000,000 in 1905, and that in normal years they were in the vicinity of 150,000,000. The crisis of 1900 resulted in a sharp decline in new issues during the two years that followed it, but it was succeeded by a boom which attained its culminating point in 1905 to 1907, which in turn provoked another period of depression, but dur-

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ing the African war there was another slight revival.

The co-operative movement has a favorable ground in Italy. We have seen its importance in the banking organization of the country, and the movement shows a similar development in other domains of economic life. In agriculture there are a great number of co-operative societies, the most important of which are those of milk products, wine cellars, tobacco producers, etc. The number of co-operative societies (excluding those engaged in banking) increased from 1203 in 1897 to 4042 in 1906, and to 8421 in 1916. On December 31, 1917, the number of agricultural co-operative societies was 1386.

The thrift and prudence of the Italian people is shown by the rapid development of insurance as is shown by the following table:

Branches of insurance	Capital insured (millions of lire)	
	1908	1912
Life insurance .....	1,069	1,796
Fire insurance .....	28,196	41,989
Transport insurance .....	2,636	3,485
Other branches .....	4,316	9,671

The sphere of activity of foreign insurance companies in Italy has been largely reduced by the competition of Italian companies, the total capital of which increased from 105,000,000 to 134,000,000 between 1908 and 1916.

Through the annexation of Trieste to Italy, the country gained two very old and well-established insurance com-

panies which have important connections with the succession states of the Austro-Hungarian monarchy and with the Balkans. Before the war these two companies represented the greater part of insurance business transacted by foreign companies in Italy, and their acquisition by Italy signifies an important step toward the elimination of foreign insurance companies.

#### ITALIAN FINANCE

In order to be able to form an idea concerning the basis of Italian public finance it is necessary to survey the situation apart from that created through the war. Inflation and extensive issue of loans were the only possible means of carrying on war, and the state of Italian public finance, just as that of every other European beligerent country, has largely deteriorated in consequence. Still, there is no reason to give up hope for a recovery, as this is not the first case in the financial history of the country when extraordinary war expenses created a difficult situation for the treasury. In consequence of the Independence War of 1866, the budgetary deficit amounted to 721,000,000 in 1866, while it had been reduced to 149,000,000 in 1869, to 47,000,000 in 1871, and it entirely disappeared in 1875, when the budget showed a surplus of 14,000,000. Similarly, the deficit of 100,000,000 created by the African campaign of 1893 in the budget for the fiscal year of 1893-1894,

had been reduced to 30,000,000 in the next fiscal year, to 9,000,000 two years later and in the fiscal year of 1898-1899 there was a surplus of 33,000,000. The rate of the 5 per cent. consolidated which had fallen to fifty-three in 1867 attained to ninety-three in 1880, and five years after the African Campaign of 1894 it exceeded parity. Of course, the present difficulties are incomparably greater than those brought about by the previous wars, still, on the other hand, the resisting capacity of the country has also undergone a substantial increase.

Public revenue amounted to 1,578,000,000 in 1893-1894, to 1,672,000,000 in 1899-1900, to 2,152,000,000 in 1909-1910, and to 2,524,000,000 in 1913-1914. However, public expenditure increased to a still greater extent, with the result that the amount of public debt showed a steady increase, and attained 15,718,000,000 in 1914 as compared with 3,103,000,000 in 1861. However, the increase in public debt that has taken place between the date of the unification of the country and the outbreak of the World War has been compensated in great part through a corresponding increase in the public wealth represented by railways, roads, ports and other public works. The increase in the national wealth of Italy was before the war much greater than the increase of the amount of public debt. In 1890 the private and public wealth of the country was estimated at 55,000,000,000, against 62,000,000,000 in 1900 and 90,000,000,000 in 1910. In 1920 it was estimated at 110,000,000,000 pre-war gold lire, for the devastations of the war have been more than compensated through the acquisition of new provinces and through the industrialization that has taken place during the war. Thus Italy possesses a sufficient taxation capacity to face the huge burdens represented by the increase of public debts during the war. The decree laws of 1919 which brought about a complete transformation of the old fiscal system enabled the treasury

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Established 1895.

Head Office: Anarkali Street,

LAHORE, INDIA

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

Capital (subscribed) .....	Rs. 50,00,000
Capital (paid-up) .....	26,75,162
Reserves (31, 12, 1922) .....	20,00,408
Deposits .....	4,92,44,072
Total Resources .....	5,64,33,525

LONDON AGENTS—London Joint City & Midland Bank, Ltd., 5, Threadneedle St., London E. C. 2.

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

to take advantage of the increased taxation capacity of the Italian people.

### HOPEFUL OUTLOOK FOR THE FUTURE

Summarizing what has been said above, it is evident that in spite of the present difficulties of the country there is no reason for pessimism as Italy will doubtlessly conquer, sooner or later, all obstacles to her recovery. Her present situation is by far less unfavorable than is generally believed, and the country possesses all the elements to enable her to repair the ravages of war and attain a high degree of prosperity. Agricultural production has not suffered in consequence of the war, and industrial production has made substantial progress, taking advantage of the absence of foreign competition. The transport system has been disorganized, to a certain extent, yet considerable progress

# The Bank of the Philippine Islands

Capital fully paid-up .  
Reserve Funds . . .

(Pesos) 6,750,000.00  
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J. M. Browne ..... *Mgr. Zamboanga*



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D. Garcia ..... *Cashier*  
E. Byron Ford ..... *Chief For. Dept.*  
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has been attained in this respect since the armistice, and it is hoped that the denationalization of the railways will raise transport conditions to above their pre-war level.

The excess of imports over exports, which was 15,047,000,000 lire in 1920, has been reduced to 8,996,000,000 lire in 1921 and 6,431,000,000 lire in 1922, and there is every reason to believe that the present deficit of the trade balance will be reduced to normal level within a few years and the increase of invisible exports will create a surplus, enabling Italy to attain her complete financial independence and in time even to become a creditor nation. The over-industrialization which brought about a banking crisis in 1921 has been nearly completely liquidated and a consolidation of the economic condition has been arrived at through the elimination of unsound expansion. The sudden growth of industries provoked an increase in the demand for factory hands, and this

again stimulated the exaggerated claims of industrial workmen with the result that a dangerous labor crisis came about which attained its culminating point during the post-war boom. Fortunately, the patriotic elements of the country succeeded in counteracting the activities of extremists, and at present the political aspect of the labor crisis may be considered as competely eliminated.

In regard to the reduction of expenditure and the increase of revenue the result obtained up to now is quite satisfactory. The reduction of the number of public servants and railway employees is in progress, and the abolition of superfluous government departments will contribute to cut down expenditure. Part of the deficit has been due to the participation of the state in private enterprises working at a loss. The denationalization of such enterprises has taken place in part and will soon be completely achieved. The number of taxpayers has been increased through

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the introduction of new kinds of taxes and much energy is displayed in the repression of fiscal fraud.

The re-establishment of discipline in production has already shown its favorable effect on output, and the figures for 1923 are expected to be much superior to those of 1922. The work of reconstruction of devastated areas

has been accelerated and the revival of nationalism serves as a stimulus for the work of restoration. Considering the immense natural resources of the country, and the fine qualities of the population, there is much reason to hope that Italy will be among the first European countries which will succeed in eliminating all traces of the war.



## Forty Billion Copper Coins in China

Cents and "Cash" With a Hole in the Center Still the Circulating Medium of the Celestial Republic's Masses

By A. W. Ferrin

Formerly American Trade Commissioner in the Orient

**E**CONOMIC experts who write thick tomes on Chinese currency and talk learnedly of Shanghai silver market and of putting the celestial republic on a gold or gold exchange basis say very little about the round Chinese copper coin with the square hole in the center which goes by the attractive name of "cash." But this ancient, picturesque and picayune purchasing agent has not been entirely relegated to the lids of work baskets or to use as counters in Mahjong by persons too impecunious to play for a cent a point. They are still extensively used in China, though they have been superseded to a considerable degree by large round coppers without the hole, nominally

worth ten cash but more frequently called a cent, of which forty billions are recently reported to be in active circulation.

#### COPPER IS COIN OF CHINESE MASSES

Silver, it is true, is the money of Shanghai, and of international Chinese trade, and customs and other government transactions are in terms of silver taels, or ounces of silver. It is true also that some thirteen varieties of silver dollars circulate in the coastal cities and railway centers, and that the use of paper money is spreading, but copper is the coin of the Chinese masses and travelers into the interior have to get their silver changed into copper before it is

# 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 69,000,000

(\$0.60=1 Yen)

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Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tuluan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Sourabaya	Tsingtan
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much good to them locally. The vast majority of the 400,000,000 inhabitants of the Chinese republic never see any other coin than copper and to many of them a double handful is wealth.

China, like all other countries, in its infancy bartered goods, then used such money as sea-shells, or measured the value of different commodities by another as common denominator as silk and other cloth, knives, and other implements, afterwards by metal substitutes, whence the iron "pu" (spade) coins, and "knife money," but the history of the "cash" goes back far beyond B. C. For two thousand, if not for three thousand, years its appearance has undergone practically no change. H. B. Morse, an authority on Chinese commerce, dates cash with round holes in the middle from 660 years before the Christian era, and those with square holes from 221 B. C. Visserring puts the square holed "cash" back to 1022 B. C. Some of the little coins still in use bear the superscription of emperors

of the Sung dynasty, which perished a thousand years ago.

"Old custom" is an excuse for many things in China, and "old custom" certainly endorses the copper cash.

The cost of living in interior China is nominally low, and the number of things which can be bought with a single "cash" (worth normally less than a twentieth of a cent in exchange for American money) is almost incredible. A "string" of cash, nominally 1000, worth around five American cents, will support a coolie for days.

The square hole in the coin fulfills the same purposes as a fish's gills, and through 1000 of them a cord is drawn, the resulting rosary being a sort of Chinese copper dollar, though I doubt if any one has ever called it that.

### THE PURCHASING POWER OF "CASH"

The apparently miraculous purchasing power of the "cash," when obtained in exchange for foreign funds, is less



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**W. M. GEHMANN, JR.**  
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**M. D. REINHOLD**  
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Surplus and Profits . . . . .	5,600,000

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NEW YORK AGENCY, Woolworth Building  
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astonishing when compared with the wage of the Chinese artisan and the income of the agriculturist. If he buys much with a few "cash," the Chinese also receives few "cash" for his goods and services. The fact that a "cash" is equivalent to only a small fraction of an American cent really means little, for American relations are almost all with the treaty ports, and have a silver status.

The fluctuating value of silver in terms of gold, the basis of currency of all important countries trading with China, is what troubles the economist, and makes commerce with China a speculative enterprise. Among themselves the Chinese have got along some thirty centuries with copper, and can conceivably continue to do so, though domestic business would be much improved by a stabilization of "cash." At present a string of cash may be 1000 in one province, 980 in another, 1020 in a third, and a silver tael, which is not a coin but an ounce of silver

"99/100ths pure" like Ivory soap, or nearly so, sometimes and in some places exchanges for 1500 at other times or in other places for 2000 or some other number of "cash," though theoretically a tael should equal 1000. There is no universally standard "cash," or universally standard tael, or silver dollar, though the republic is trying to make the so-called Yuan a national dollar. By 399,000,000 of the 400,000,000 estimated population of China, gold and the central government's paper currency are considered an "academic question" and, as such, condemned as any abstraction is by the "hardboiled" business man of America. The Chinese countryman knows copper, and he doesn't care a copper about any other kind of money. He doesn't even worry greatly because ten "cash" do not always make a "copper" or penny, of the new Chinese decimal currency, of which 100 are supposed to make a dollar, "small money," and a constantly changing number to a dollar "big

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money." In August, 1923, a Peking dollar exchanged for 196 coppers, owing, it was said to an over issue of copper notes. He rather likes the sporting element which the varying value of his favorite coin contributes to his life. A standard, gold or silver based, Chinese currency, which will include a tael or dollar always and everywhere of the same value is as imminent as the establishment of universal, permanent peace on earth. In the meantime the inhabitants of the heart of China will go on using "cash," and copper multiples of "cash" in the bliss of ignorance that any other medium of exchange exists.

#### SUBSTITUTES FOR COPPER IN LARGE TRANSACTIONS

The use of actual copper in large transactions would be obviously cumbersome. Substitutes have therefore been invented, including clearing operations, which require metal only to settle balances and the employment of paper "copper notes," sometimes a simple certificate, stating on its face that a certain number of copper coins have been deposited somewhere, payable to the bearer on demand, sometimes a real note, which the issuer promises to redeem on presentation and which is backed chiefly by his own credit. A great banking system, with bills of exchange as well as "cash" and copper notes, has operated in interior China for centuries, successfully. The present paper money of the Chinese Govern-

ment banks and of the foreign banks in the treaty ports, based on silver reserves, is but a development of the paper money system which was in existence in China long before Europe discovered the advantages and disadvantages of "flying money." It was used in China even before paper, imperial promises to pay being printed on the dried inner bark of mulberry trees, according to Marco Polo.

"Cash" not only contented ancient merchants of China, but also of Korea and Japan, into which it was introduced from Chinese sources. Travelers have wondered over the Korean chests, great and beautiful wooden boxes trimmed with brass, which now figure at high prices in curio auctions in America. They were originally money chests, not necessarily a millionaire's, for a thousand strings of "cash," worth less than fifty American dollars in exchange would fill them to bursting. Wheelbarrows had to be used when going shopping in those days, before substitutes for the hard money were found.

#### "CASH" SUBJECT TO COMMON ILLS

Insignificant as an individual "cash" may appear, "cash" currency suffers from all the diseases of moneys of greater unit denominations. In 1917-18 its intrinsic value rose so far above its value as money that seventy million pounds were exported as metal, despite an edict forbidding such export. At

some ports the edict was evaded by covering masses of "cash" with a coating of copper and calling the result an ingot, though cracks in the coating immodestly revealed the contents. This year, again, there is fear of the export of "cash," since the 40,000,000,000 copers in circulation approach the point of redundancy. Nor have these little coins been proof against counterfeiting when copper becomes more valuable than copper money. The ancient annals

of the empire are filled with accounts of punishments of false coiners, who put out short weight or adulterated "cash," the penalties ranging from nose-slitting to boiling in oil, according to the extent of the offense.

Finally, "cash" does not mean cash, as we use the word. It is a corruption of a Sansent word, Karsha or Karshpana, which means "a small coin." The Chinese term for "cash" is ts'ien and a string of cash is called a tiao.



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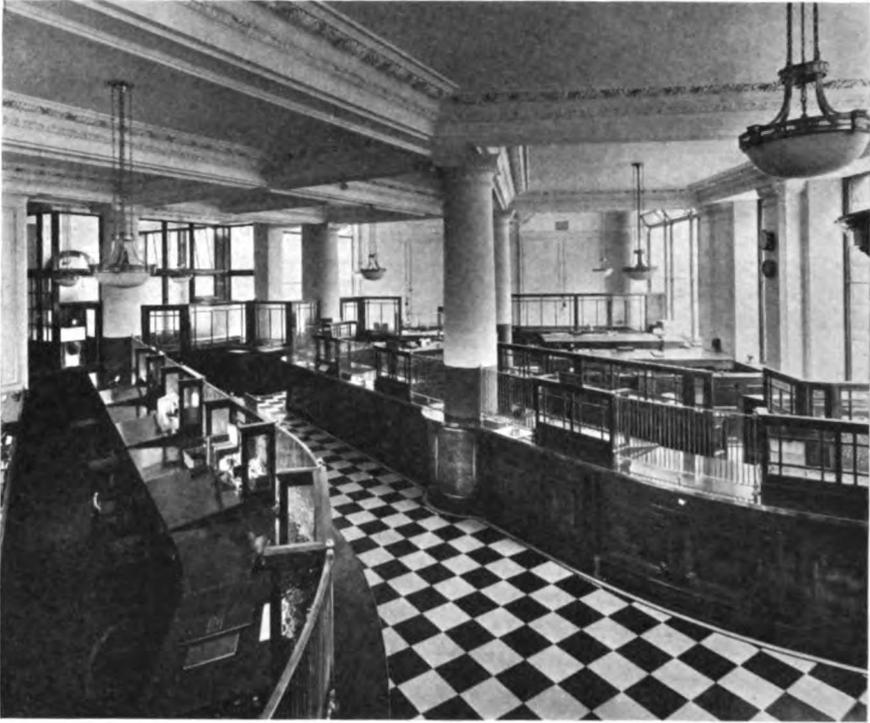
Bank of Australasia, head office, London

## The Bank of Australasia

**T**HE Bank of Australasia, London, has extensively altered and enlarged within the last year the building in which its head office has been located since 1856. On premises adjoining the old building, which has

itself been modernized, a new building has been erected. The floor space in the old building has been materially increased by the erection of three additional stories.

The Bank of Australasia was in-



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Main banking room, head office



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Board room, head office



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## Chartered Bank of India Australia and China

Head Office  
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New York Agency, 44 Beaver Street  
William Baxter, Agent

Capital and Reserve  
Over \$30,000,000

incorporated by royal charter in 1835. The original capital was £200,000, divided into 5000 shares of £40 each, and the responsibility of the shareholders was limited to double the

amount in the succeeding year. By 1840 the capital had been doubled. The following table shows the progress of the bank's resources, etc., set forth in decades:

	Note circ- lation £	Deposits £	Paid-up capital £	Reserve funds £	Net profits £	Dividend and bonus per cent.
1840	.....	.....	400,000	.....	68,910	12
1850	.....119,650	596,424	900,000	86,255	64,422	8
1860	.....461,821	2,301,212	900,000	200,000	104,914	13¾
1870	.....295,435	2,953,179	1,200,000	210,247	95,823	10
1880	.....324,701	5,803,895	1,200,000	295,710	155,754	12½
1890	.....435,350	13,657,509	1,600,000	800,000	224,495	12½
1900	.....482,985	13,650,881	1,600,000	925,000	299,887	10
1910	.....564,886	16,896,475	1,600,000	1,810,000	392,252	16
1920	.....571,205	27,018,081	3,500,000	3,075,000	573,051	18*

\*In 1920 £1,000,000 of reserves was capitalized, the dividend for the year was, therefore, equivalent to approximately 18 per cent. on the amount of capital before capitalization.

amount of their respective shares. At the end of the first year's trading, the bank was able to show a profit of £14,728 and declared a dividend at the rate of 4 per cent. per annum, which

The years of the "hungry forties" were lean years for the bank and other institutions in Australia as indeed they were for the British Isles, but the discovery of gold in the Antipodes in

# Banque Nationale Francaise Du Commerce Extérieur

Societe Anonyme

Organized under French Law of October 23, 1919

HEAD OFFICE: 21 BOULEVARD HAUSMANN, 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
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

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

the early fifties quickly restored prosperity to the bank and from 1855 to 1859, dividends of 20 per cent. per

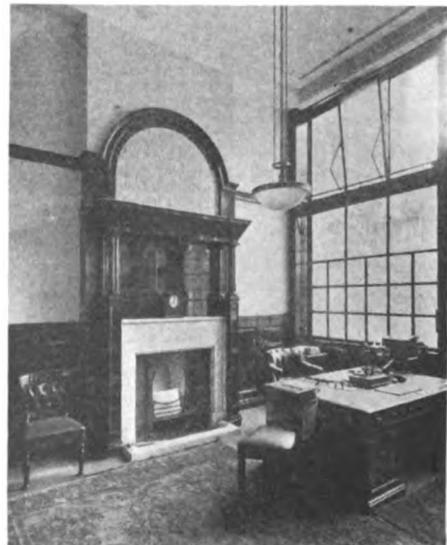


● BEDFORD LEMERE & CO.

Office of the manager

dends as a consequence of this crisis and also as the result of serious droughts, dropped temporarily to 5 per cent.

The tide turned in 1897 and since then the profits of the bank have shown steady and consistent progress. Today the paid-up capital is £4,000,000, divided into 800,000 shares of £5 each upon which there is a reserve liability of a similar amount, and the reserve



● BEDFORD LEMERE & CO.

Office of the secretary

annum were paid. The panic in England of 1866 reflected itself in Australasian business, while the boom that followed the Franco-German War benefited Australia. In 1893, following a land boom, there was a very serious financial crisis particularly in Melbourne and Sydney, but the Bank of Australasia was one of the very few banks which kept their doors open throughout the "run." The bank's divi-

fund stands at £3,525,000. The bank has now 205 branches throughout Australasia, nearly all of them built on its

# The Corn Exchange National Bank

OF CHICAGO

Capital ..... \$5,000,000  
 Surplus and Profits.....\$11,700,000

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 J. Edward Maass..... Vice-President  
 Norman J. Ford..... Vice-President  
 James G. Wakefield..... Vice-President  
 Edward F. Schoeneck..... Cashier  
 Lewis E. Gary..... Assistant Cashier  
 James A. Walker..... Assistant Cashier  
 C. Ray Phillips..... Assistant Cashier  
 Frank F. Splegier..... Assistant Cashier  
 William E. Walker..... Assistant Cashier

## DIRECTORS

Watson F. Blair	Charles H. Hulburd
Chauncey B. Borland	Charles L. Hutchinson
Edward B. Butler	John J. Mitchell
Benjamin Carpenter	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

freehold property, and its office in Sydney, one of the finest buildings in that city, is erected upon the most highly rated land in Australia. As these 205 branches stand in the balance sheet at only £18,055, it is evident that a large additional reserve has been created under this heading.

The present directors are: Rt. Hon. Lord Aldenham, a director of the Guardian Assurance Co.; Charles E. Barnett, Esq., director of Lloyds Bank Ltd., and chairman of the Alliance Assurance Co., Ltd.; Rt. Hon. Viscount Chelmsford, G. C. S. I., G. C. M. G., Governor of Queensland and New South Wales at different times and afterwards Viceroy of India; C. G. Hamilton, Esq., a director of the National Provincial and Union Bank of England Ltd., and of the London and Lancashire Fire Insurance Co., also governor of the Australian Agricultural Co.; Rt. Hon. Lord George Hamilton,

G. C. S. I., a director of the Chartered Bank of India, Australia and China, the Phoenix Assurance Co., and the Underground Electric Railways of London; Sir Walter Jeans, formerly general manager of the bank; Tom Richard Johnson, Esq., a director of the Australian Agricultural Co.; Frederick V. C. Livingstone-Learmonth, D. S. O., a director of the Australian Agricultural Co.; Rt. Hon. The Earl of Middleton, K. P., a director of the London and Lancashire Fire Insurance Co.; Harold Nelson, Esq., of Nelson Bros. Ltd.; Horace Peel, Esq., a director of the Standard Bank of South Africa Ltd. and of the Eagle Star and British Dominions Insurance Co. Ltd.; Arthur Whitworth, Esq., a director of the Bank of England.

The Bank of Australasia is represented throughout the United States by many of the principal banks.



# 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)

*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

## International Banking Notes

An authorization certificate has been granted the J. Henry Schroder Banking Corporation, New York, by the New York State Superintendent of Banks. This corporation, an affiliation of the banking house of J. Henry Schroder & Co. of London, has been organized with an initial capital of \$2,000,000 and surplus of \$500,000, both fully paid.

As soon as the first board meeting has been held it is intended to increase the capital by a further \$2,000,000, of which 10 per cent. will be paid in, with an addition to the surplus of \$500,000 fully paid, so that the total paid-up capital and surplus will be \$3,200,000. There will still be an uncalled

capitalization account liability of \$1,800,000.

Names of directors will be announced at an early date. The officers are: Baron Burno Schroder, chairman of the board; Prentiss N. Gray, president; Stephen Paul, vice-president; F. Seaton Pemberton, secretary, and Gerald F. Beal, treasurer. Offices have been opened at 25 South William street, New York.

The establishment of the J. Henry Schroder Banking Corporation here is motivated primarily by the demands of clients of the parent house for services in New York similar to those rendered in London, such as financing the movement of goods, either by means of cash payments or by acceptance of long drafts, making loans against merchandise and securities, granting dollar or sterling reimbursement credits, effecting the collection of documentary drafts, the purchase and sale of securities and dealings in foreign exchange, etc. The banking corporation will also act as New York agents for the London house in connection with sterling drafts granted by J. Henry Schroder & Co. to American clients.

J. Henry Schroder & Co. is one of the oldest merchant banking houses in London. It was organized in 1804. Present senior partner is Baron Bruno Schroder, grandson of the original J. Henry Schroder. The other partner is Frank C. Tiarks, a director of the Bank of England and of the Anglo-Persia Oil Co. The firm today is one of the largest issuing houses in London for foreign, government, municipal, railroad and public utility loans. As fiscal agents for the State of Sao Paulo, Brazil, it was chiefly instrumental in placing the first coffee valorization loan of £15,000,000 for that state. Recently the firm issued, in conjunction with other leading banks in London and New York, the Federal Government of Brazil's valorization coffee loan



Imperial Bank of India, Rangoon branch

## \$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

---

of £9,000,000. J. Henry Schroder & Co. have also financed numerous railroad enterprises, including the United Railroad of Havana.

©

Announcement has been made of the merger of the London & Brazilian Bank with the London & River Plate Bank, in order to strengthen and extend the services rendered by the two banks. The London & River Plate Bank is controlled by Lloyds Bank, the latter holding over 90 per cent.

of its capital. London & Brazilian Bank shareholders will receive one River Plate share for every two Brazilian shares. The paid-up capital of the London & Brazilian is £1,500,000 and of the London & River Plate £2,040,000. The combined assets are £80,000,000.

©

The Anglo-Austrian Bank, formerly an Austrian company carrying on a banking business in the old Austro-Hungarian Empire, but now controlled by a new English



Imperial Bank of India, Calcutta. Head office, Bengal Circle

# Ernesto Tornquist & Co.

Limited

## Buenos Aires

Oldest and Largest Financial House in South America

*Established in 1830*

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

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

### Money on Mortgages Placed Direct

**BANKING TRANSACTIONS OF ALL KINDS**

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

Administration of Real and Personal Property

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

**CORRESPONDENCE IN ALL LANGUAGES INVITED**

company, which was formed to reconstitute the Austrian company as an English concern, was registered on March 27, 1922, and permission to commence business was granted on March 31, 1922. The London office was opened for banking business on July 1, 1922.

The net profit for the year ending December 31, 1922, amounted to £70,776, 11s. 2d. Of this sum a proportion has to be capitalized, representing the profit attributable to the period prior to the date of commencement of business by the new English company. This amount, which has been transferred to an opening reserve account, is £25,156, 5s., 2d. This left a balance representing the profit for the nine months ending December 31, 1922, of £45,620, 6s. Out of this amount payment has been made of a dividend of 6d. per share, free of British income tax, on the ordinary shares, which involved a payment to the shareholders of £25,000, leaving a balance carried forward of £20,620 6s.

During the year additional capital was provided by the issue for cash at par of 400,000 6 per cent. non-cumulative participating preference shares of £1 each. These

shares, however, only rank for dividend as from January 1, 1923.

The list of branches of the bank indicate the countries in which it operates. The principal branches are situated in Austria and Hungary, but through the bank's large, and in some cases, controlling shareholdings in other banking institutions, its interests extend to Czecho-Slovakia and Jugo-Slavia, and, in fact, practically cover all the territory of the old Austro-Hungarian Empire.

The year under review was one of considerable difficulty in all the Central European countries in which the bank is interested. The violent fluctuations in exchange were the cause of great industrial and financial uncertainty.

The position in Austria, which at the beginning of 1922 seemed most serious, has now greatly improved, and the rate of exchange has practically remained stable since September 1922. The confidence thereby engendered has been reflected in a steady increase of deposits, and in the number of new accounts opened with the bank by Austrian and other clients.

The position in Hungary has not yet been readjusted, though efforts are being made

# Rotterdamsche Bankvereniging

Rotterdam

Amsterdam

The Hague

Capital . . . . . *fl* 75,000,000  
Reserve . . . . . *fl* 36,500,000

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**

to cope with the situation on lines similar to those adopted for Austria, which it is hoped will also prove successful.

In spite of the conditions referred to above, the bank has been able to consolidate its position, and taking all circumstances into account, to earn reasonable profits on its capital. There is still much to be done, and it must be borne in mind that the beneficial effects of the bank's reconstitution particularly as to the development of the relations of the London financial market with Central Europe, must be gradual and cannot be fully realized for a considerable time.

◎

At the regular meeting of the board of directors of the Equitable Eastern Banking Corporation, New York, held on October 4, last, a quarterly dividend of 2 per cent. was declared on the capital stock of the corporation payable October 10, to stockholders of record October 4.

◎

Sakio Imamura, formerly New York agent at 149 Broadway of the Sumitomo

Bank, Limited, Osaka, has been appointed chief manager of the bank's head office, and has been succeeded by Giichi Higashi, formerly assistant agent. Chozo Shirai, formerly assistant agent at the New York office, has been transferred to the head office, and Shogo Ihara and Shuzo Hirasa have been appointed assistant agents at the New York office.

◎

The Bank of Commerce and Industry in Warsaw has recently opened an agency in London. This agency will carry out banking operations of every authorized description, and will devote itself especially to the development of commercial relations between Poland and Great Britain. The bank has ninety-four branches in Poland and also has branches in Paris, Brussels, Antwerp and Rotterdam.

◎

Whereas the traveler check of the big international banks was introduced with a view to providing the traveler with an instrument readily negotiable all over the world, the Union Bank of Switzerland has

## 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. 7,309,784

*Branches:*  
**BRUSSELS**      **OSTEND**  
**CORRESPONDENTS**  
**AT ALL BANKING POINTS**

gone one step further and has just originated and placed at the disposal of its correspondents and other banks of the whole world a new service called circular checks, which is destined to greatly facilitate not only private, but essentially commercial remittances to Switzerland. The books containing such circular checks are only issued to first class banks and bankers, and the novelty consists in that such a check is not payable at any given place in Switzerland, but will be honored immediately upon first presentation at more than forty of the most important places in the country, no deduction being made by the paying banks. These circular checks, for which banks have to apply to the head office of the Union Bank of Switzerland, in Zurich, are provided in advance with the visa of said bank up to a fixed maximum amount, and, on condition of their face amount not exceeding said limit, recipients in most commercial centers of Switzerland will be able at shortest possible notice and without cost to collect same. This system seems to do away effectually with the often cumbersome issuing, on the part of the banks, of checks on small places in Switzerland, with all the natural delay and expense that are generally incurred thereby. Of course, such circular checks may also be used as travelers' checks.

©

The directors of Lloyds Bank Limited, London, have authorized the announcement that, if the dividend paid to the shareholders of the bank for the current half-year is at the rate of not less than 16 2/3 per cent., an amount equivalent to one-half of the difference between such dividend and 15

per cent. will be set aside for distribution to the staff. The calculation will be made in respect of the gross amount of the dividend, and income tax will be payable by the recipients, as in the case of the shareholders.

The sum available will be paid over to the staff representative committee, and the central committee has been asked to prepare a scheme for the disposal of it, subject to the approval of the board.

The above arrangement will be continued for the year 1924, except that the allocation will not be made half-yearly but after the end of the year. It may be abrogated or varied subsequently, but the directors hope that circumstances will permit of its continuance, and even extension. They desire, by it, to give the members of the staff a direct personal interest in improving the earnings of the bank.

©

Hallgarten & Co. and E. F. Hutton & Co., underwriting bankers of the 100,000 American shares of the Mercurbank Austria issue, announce that subscriptions to the bank stock have been received from all over the country. Foreign born investors in this country as well as Americans are represented, attracted by the economic recovery of Austria in the past few years.

The Mercurbank, established in Vienna in 1887, has a number of offices in that city and branches in other Austrian cities. It also has interests in a large number of banks in Hungary, Poland, Czechoslovakia and Roumania. This wide-spread banking representation in Central Europe appeals to investors in the United States who migrated from these countries.

The popularity of Austrian investments in

# BANK OF ROUMANIA, LIMITED

Founded 1866

(Registered in London on 17th April, 1902, under the Companies Act, 1862-1900)

Head Office: 64, CORNHILL, LONDON, E. C. 3.

Branch: 11, CALEA, VICTORIEI, BUCAREST.

Directors:

R. W. H. BARRY, Esq.      C. DE CERJAT, Esq.      THE VISCOUNT GOSCHEN  
GENERAL THE HON. SIR H. A. LAWRENCE, K. C. B.  
LIEUT.-COL. SIR ALBERT STERN, K. B. E. C. M. G.

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

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

the United States was revealed in the large over-subscription of new Austrian issues, recent examples being the Austrian Government guaranteed loan and the Mercurbank stock offering. This investment response is largely due to the country's financial and industrial stability, under a conservative governmental policy. Economists believe Austrian exchange has been stabilized.

©

The Chilean Minister of Finance has presented to the Chilean Congress a proposed measure for the establishment of a central bank to regulate Chilean currency, act as fiscal agent for the government, and stabilize credit. The measure in principle meets with the approval of public opinion and of the congress, although there is a feeling that deliberate attention should be given by the legislators and all sides of the present situation be considered, in order that all the interests of the nation may be consulted.

In general, the measure is similar to that which was near to realization when the war broke out in Europe in 1914. It provides for an institution designed primarily to take over the banking functions now being exercised by the government in connection with the issue of paper currency and the dealing in foreign exchange necessarily connected with the government's foreign obligations. In place of the present inflexible provisions for the issue of paper money by the government to banks against gold deposits, deposits of public bonds, and the discounted bills representing advances to the favored nitrate industry, the Central

Bank is to be permitted to rediscount commercial bills for banks organized under the Chilean laws whose capital is not less than 1,000,000 pesos, and to purchase or discount bills of foreign exchange, likewise presented by qualified banks. Currency notes may be issued by the Central Bank to enable it to perform the above operations should it so desire.

Among other functions of the proposed Central Bank are the following: To receive deposits without interest; to draw bills of foreign exchange; to serve as a clearing house for other banks; and to control and administer the present gold conversion fund held by the government against the circulation of paper money.

The Central Bank is to be governed by a council of seven members, including the managing director appointed by the President of the Chilean Republic; four councillors nominated by the Chilean Senate; the director of the Caja de Credito Hipotecario—the semi-official land-mortgage bank—and a councillor named by the Chilean banks. The profits, after allowing for all necessary expenses, are to be divided between the bank's reserve fund and the public treasury.

The approval of this project would mean that the present system of paper currency would be replaced by one depending upon the needs of trade. While the project contains no provisions for fixing or otherwise stabilizing the exchange value of the Chilean peso, it is presumed that the operation of the Central Bank in accordance with the law would automatically insure a relative stability without the possible disturbance of business resulting from the attempt to maintain an arbitrary value.

# New Banking Code Serves Also as Automatic Translator

By a Combination of English and Spanish in One Volume of 65,000 Code Words a Decided Time-saving Feature is Introduced in the Second Edition of Peterson's International Code

By Arnold Hoffman

**T**HE use of a general banking code for the exchange of telegraphic and cable messages has become so indispensable to the modern banking business that special interest attaches to the forthcoming revised and enlarged edition of the "Peterson International Code," published by the Peterson Cipher Code Corporation, New York.

E. F. Peterson, founder of the firm, with his original volume of 340 pages containing about 27,000 code words issued twelve years ago, was the first to introduce an efficient general banking code.

In his new volume of approximately 800 pages and 65,000 code words he again comes forward in the light of a pioneer, this time by introducing an automatic translating system.

In this he has provided what might be termed the Rosetta stone of modern banking communication. The Rosetta stone, as everybody knows, bore inscriptions in both Greek and hieroglyphics and thus supplied the key for the reading of ancient Egyptian inscriptions which up to the time of the finding of

this stone, had been a mystery to Egyptologists.

That such a comparison is not amiss will perhaps be more readily conceded when it is explained that in his new volume Mr. Peterson has linked the English and Spanish languages in such

a manner that a person not familiar with the Spanish language can send a coded message to a bank, firm or individual in Spain, South America, Mexico, and all Spanish-speaking countries, and this same message will be decoded there directly in Spanish without the necessity of writing it out first in English and then translating it into Spanish. In the same manner banks, firms or individuals in Spanish-speaking



ERNEST E. PETERSON  
President Peterson Cipher Code Corporation

countries can communicate with American or British banks, firms or individuals in their own language, the advantages of which will be immediately apparent.

The reproduction showing part of a page from the new edition of the "Peterson International Code" illustrates just how the book serves at once as a code guide and translator.

606—WIRE

MYPUP—MYWAJ

MYPUP...Are we to understand from your wire (that)  
 MYPYU...As per our wire (of)  
 MYRAU...As per our wire of to-day  
 MYREY...As you did not wire  
 MYRGA...Await our wire  
 MYRIC...Before receipt of your wire (we had)  
 MYRKE...By wire  
 MYROI...Can wire  
 MYRUN...Can you wire us  
 MYRVO...Cancel previous wire  
 MYSAS...Cancel previous wire and substitute  
 MYSQU...Cancel that portion of our wire (relating to)  
 MYSEW...Cannot answer your wire (until)  
 MYSLA...Cannot decipher your wire (of)  
 MYSME...Cannot explain in wire (about)  
 MYSOG...Cannot wire (because)  
 MYSRI...Confirm wire (of)  
 MYSUL...Consider the information in this wire as strictly confidential  
 MYSXO...Contents of this wire  
 MYTAP...Continue to wire  
 MYTEU...Correspondent advises us by wire (that)  
 MYTIY...Cost of wire  
 MYTKA...Could not wire sooner (as)  
 MYTOE...Date of wire (from)  
 MYTTI...Date of your last wire (to)  
 MYTUJ...Did not wire (because)(to)  
 MYTZO...Did not receive our wire (because)

MYPUP...Debemos comprender por telegrama de Ustedes (qué?)  
 MYPYU...Según nuestro telegrama (de)  
 MYRAU...Según nuestro telegrama de hoy  
 MYREY...Como Ustedes no telegrafaron  
 MYRGA...Esperen nuestro telegrama  
 MYRIC...Antes del recibo de su telegrama (habíamos)  
 MYRKE...Por telegrama  
 MYROI...Podemos (pueden) telegrafar  
 MYRUN...Pueden Ustedes telegrafarnos?  
 MYRVO...Anulen telegrama anterior  
 MYSAS...Anulen telegrama anterior y sustituyan  
 MYSQU...Anulen aquella parte de nuestro telegrama (relativa á)  
 MYSEW...No podemos contestar telegrama de Ustedes (hasta)  
 MYSLA...No podemos descifrar telegrama de Ustedes (de)  
 MYSME...No podemos explicar en telegrama (sobre)  
 MYSOG...No podemos telegrafar (porque)  
 MYSRI...Confir(m)amos (en) (an) telegrama (de)  
 MYSUL...Consideren informacion en este telegrama estrictamente confidencial  
 MYSXO...Contenido de este telegrama  
 MYTAP...Continúen telegrafando  
 MYTEU...Corresponsal nos avisa por telegrama (que)  
 MYTIY...Costo de telegrama  
 MYTKA...No pudimos telegrafar más pronto (porque)  
 MYTOE...Fecha de telegrama (de)  
 MYTTI...Fecha del último telegrama de Ustedes (á)  
 MYTUJ...No telegrafamos (porque) (á)  
 MYTZO...Resistencia de nuestro telegrama (sobre)

Reproduction from Peterson International Code

It has been mentioned that the first edition of "Peterson's International Banking Code" was issued twelve years ago. That this code has indeed become an international institution used by banks in every country on the globe where modern banking is carried on is thoroughly well known, but the story of how Peterson's banking code came to be, and how Mr. Peterson in less than a decade established an international reputation among the most conservative fraternity in the world, is told here for the first time.

Such an achievement naturally suggests the question: How was it done?

"It wasn't done. It did itself," was the simple answer which Ernest E. Peterson, president and founder of the Peterson Cipher Code Corporation, gave to that question. "We simply supplied something which filled a genuine need and the demand grew as the usefulness of the code demonstrated itself."

Mr. Peterson might easily have used the pronoun "I" in speaking of this, for it was he who originated the code, who is constantly adding to it and who also works out private banking codes

for which there is a great demand. To say in the same breath that Mr. Peterson has been working on codes for a quarter of a century and that he is still in his thirties may seem puzzling until it is explained that he began his business career at an age when most boys are out playing ball and thinking only of tomorrow's fun.

He entered the services of Swift & Company in the Union Stock Yards at Chicago at thirteen as a stenographer. One day he delivered a personal message to L. F. Swift. Mr. Swift, always a keen judge of men, saw possibilities in the lad and had him transferred to the code department where he "took" to the work so readily that after a time he was assigned to handling private codes. He did more than that, however; he invented his own private code system which was so well liked by Swift & Company that this and others he worked out later, were adopted by the firm. Young Peterson very soon became head of the department and might have remained there for the rest of his life, but other commercial concerns noticed that Swift &

Company had exceptionally efficient codes that saved them thousands of dollars yearly, and they wanted to know who compiled them. A demand for similar codes was created, with the result that Mr. Peterson received so many orders for private codes that he saw the advantages of devoting his time exclusively to this work. That was the beginning of the Peterson Cipher Code Corporation.

Next came Mr. Peterson's idea of originating a general banking code. Banks at that time used their own private codes, which meant that every bank had to keep a large number of code books—one for each correspondent bank. Mr. Peterson believed that a comprehensive general code, designed especially for banking, would simplify matters considerably and bring about a great saving of time and a very large reduction in cable and telegraph charges.

He had gone far with this work when one day a well-known banker told him frankly that he was wasting his efforts. "If you knew banks as well as I do you would realize that a general banking code would never be used." He said, "Banks have become accustomed to their own codes and you will find it next to impossible to persuade them to change."

Mr. Peterson, however, was not discouraged. The thought occurred to him that before the telegraph instrument had been invented the world had seemed to get along very nicely without it, and that telegraph operators also had seemed to get along very nicely before it was discovered that more than one message could be sent simultaneously over one wire, and he came to the conclusion that the banking world was getting along without a general banking code only because none that could stand the test of international usefulness had been provided.

So he continued with his work until finally the first edition came off the press. That achieved, the next question was how to induce the banks

throughout the world to adopt it, a task to cause even the most sanguine salesman to have his doubts. Nevertheless this seemingly tremendous problem was solved by the very simple expedient of allowing the book to be its own salesman. Mr. Peterson believed that the code itself would be more convincing than any advance opinions. He sent a copy, therefore, to most of the important banks and asked them to hold it for ninety days. If at the end of that time it had not proved satisfactory, all he asked was that it be returned.

Although a few returned the book, it is a highly significant fact that each and every bank approached at that time today carries a copy of Peterson's banking code. Foreign banks especially were quick to see the advantages of the international code for banking, and the more they used it the more they recognized that it had come to stay, with the natural result that its adoption became international.

That is what Mr. Peterson meant when he said that "it did itself." The original edition convinced bankers that the most practical code was a general one to which additions could be made for their own special requirements. That was a big step forward, and these special requirements gave Mr. Peterson a new line to work on for the amplification of his code. Thus the code covers the widest range of banking requirements in both tabular and phrase form. The greatest care has been taken so that nothing in the general code conflicts with any of the private codes for banks and commercial houses also compiled by the Peterson Cipher Code Corporation.

An outstanding feature of the new volume is that a general code is furnished *both in English and Spanish* which is a decided innovation destined to prove of the widest possible value because of the extensive use of Spanish in general transactions.

Peterson's idea was prompted by the many requests received from Central and South American banks for Spanish

translations of the original international code. His new volume, therefore, contains an enlarged code in both languages.

It is possible that a Spanish edition of Peterson's code might have partially met the demand, but this would have required that all banks supply themselves with the Spanish edition so as to be able to exchange messages with their Spanish correspondents. Moreover, when the message from a South American bank had been received and decoded here the service of a translator would be required, since an expert

code clerk is not necessarily a linguist. But Mr. Peterson's excellent idea of publishing the code in both languages in the same volume has literally provided the Rosetta stone in code communication.

The Peterson service includes a copy of Peterson's "International Code Directory" which lists banks and firms in all parts of the world using the Peterson code, together with the cable address of each. A new edition of the directory will be issued shortly, in which will be included all the subscribers to the new edition of the code.

### *Specimen message from Peterson International Code*

CLASS OF SERVICE DESIRED	 <p><b>WESTERN UNION</b> <b>CABLEGRAM</b></p> <p><small>NEWCOMB CARLTON, PRESIDENT      GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT</small></p>	Number
Full Rate		Number of Words
Half Rate Deferred		Time Filled
Cable Letter		
Week End Letter		
<small>Patrons should mark an X opposite the class of service desired; OTHERWISE THE CABLEGRAM WILL BE TRANSMITTED AT FULL RATES.</small>		

Send the following Cablegram, subject to the terms on back hereof, which are hereby agreed to

**BANKERSCO**

**New York**

**MADRID (Spain)**

**NUHORUAWUT**

**SOBYULEZME**

**IRASMDAGAL**

*These 3 Code words are translated as follows:*

#### **ENGLISH TRANSLATION**

**Nuhor**.. This is our Cable Number 69, sent Friday  
**Uawut**.. We have received for your account (\$ ) 8,000  
**Sobyu**... At what rate will you sell us Cable Transfer Montevideo  
**Lezme**... Have received your letter of 9th  
**Irasmd**... Further remittance will be made shortly  
**Dagal**... Impossible to give full details by cable. Writing today about same

#### **SPANISH TRANSLATION**

**Nuhor**.. Este es nuestro telegrama (Cable) número 69 enviado el Viernes  
**Uawut**.. Hemos recibido por cuenta de Ustedes (\$ ) 8,000  
**Sobyu**.. ¿A qué tipo nos venderán Ustedes Transferecia Cablegráfica Montevideo?  
**Lezme**... Hemos (han) recibido carta de Ustedes del 9  
**Irasmd**... Se hará en breve nueva remesa  
**Dagal**... Impossible dar detalles completos por cable. Escribiendo hoy sobre los mismos

# FIRST NATIONAL BANK

## IN ST. LOUIS

A big factor in the business life of St.  
Louis and the great Central West.

Recognized by the banking world as one of  
America's Leading Financial Institutions.

*MAKE IT YOUR CORRESPONDENT*



BROADWAY—LOCUST—OLIVE

*Largest National Bank West of the  
Mississippi*

# 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

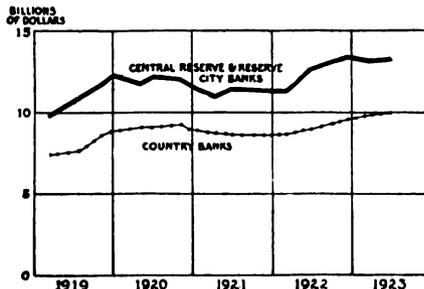
**W**HILE the deposits of banks in central reserve and reserve cities remained practically stationary for the first six months of 1923, deposits of banks outside these cities, the *Monthly Review* of the New York Federal Reserve Bank points out, increased \$461,000,000. There was an increase nearly equal to this amount in the deposits of all member banks. The review of the New York Federal Reserve Bank says that:

Statistics of all member banks recently made available for the quarter ended June 30, indicate important changes in bank deposits that have not been clear from figures of the 800 weekly reporting member banks located chiefly in the principal cities. The figures show that while deposits of banks in central reserve and reserve cities remained practically stationary between December 29 of last year and June 30 of this year, deposits of banks outside these cities which

are termed country banks in the reports increased from \$9,534,000,000 to \$9,995,000,000 or \$461,000,000, and there was a nearly equivalent increase in the deposits of all member banks.

The accompanying diagram compares the changes in deposits of city and country banks since 1919, and indicates that the pause in the increase of deposits of city banks during the first half of this year followed an unusually large increase last year which carried them temporarily out of proportion to deposits for the country as a whole. Both city and country deposits, however, on June 30 were much above the highest levels of 1920, and together well over two billions higher.

While figures for all member banks are not yet available for the late summer, the following table comparing changes in deposits in different classes of cities in the Second District alone between June 27 and August 29 indicates that so far as this district is concerned such losses of deposits as occurred during the summer were confined to banks in the larger cities, where the declines were accompanied by extensive liquidation in securities.



Total of demand, time and government deposits in all member country banks and all member banks in central reserve and reserve cities

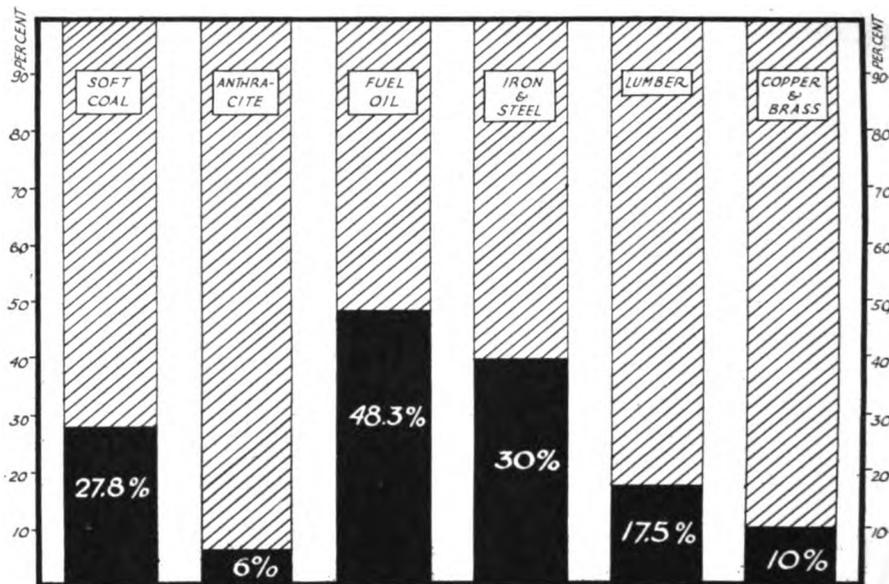
#### CHANGES IN DEPOSITS OF ALL MEMBER BANKS—SECOND DISTRICT JUNE 27 TO AUGUST 29, 1923

(In millions of dollars)

Cities with population of	Time deposits	Net demand deposits
Less than 5,000.....	- 7	+ 11
5,000 to 15,000.....	+ 1	+ 6
15,000 to 100,000.....	+ 17	0
Over 100,000.....	- 3	- 218
Total .....	+ 8	- 201

#### HOW MUCH THE RAILROADS BUY

A study undertaken by the Bureau of Railway Economics, and its findings,



The black portions in the above chart show the percentage of the total output of raw materials and the products of basic industries consumed by the railroads annually. The figures are based on the reports of a study made by the Bureau of Railway Economics for 1922

recently made public, show the extent to which the railroads are among the largest purchasers of raw materials in the country's basic industries.

They buy annually 27.8 per cent. of the bituminous coal output and about 6 per cent. of the anthracite production. Directly they consume between 12 and 15 per cent. of the annual iron and steel output and indirectly about 30 per cent. through their orders for all kinds of equipment to equipment manufacturing concerns. In the lumber industry they purchase directly 17.5 per cent. of the total cut, and indirectly through equipment orders about 25 per cent. of the total output.

In the copper industry the railroads consume annually about 10 per cent. of the copper and brass produced. In addition they also buy large amounts of tin, lead and zinc, and considerable cotton in the form of cotton waste. Figures indicating their use of cement are not complete, but a few years ago they were using more than 5 per cent. of the output and at the present time are using a larger proportion.

#### SUPPLIES COST \$1,668,000,000 IN 1922

The report of the bureau shows that in 1922 the class I railroads used materials and supplies costing \$1,668,000,000. This amount and the percentages enumerated above do not include the capital expenditures of the railroads, with the exception of equipment, such as in new construction, the improvement of lines and tracks, new buildings, new shops and other structures. They include only the amounts expended in process of current operations. The purchases of the railroads per capital account, however, sometimes amount to a sum probably almost as great as that from current operations. In 1922, for example, the railroads spent more than \$400,000,000 for capital purchases and this year the amount authorized is in excess of \$1,200,000,000. The amounts purchased for capital account are largely determined by the condition of railroad finances generally.

#### THE SEASONAL DEMAND FOR CREDIT

In commenting on the seasonal demand on Federal Reserve Banks and

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and  
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banks which are members of the Federal Reserve System for accommodation, the *Federal Reserve Bulletin* notes that the demand comes at a time when the banking situation differs from that of a year ago in that the volume of loans after a year of growth is at a much higher level.

“Loans of member banks in the larger cities,” says the bulletin, “have increased by nearly \$1,000,000, the additional borrowing being chiefly for commercial and industrial purposes. Member banks have met this growing demand for credit out of the addition of about \$440,000,000 to their time deposits, through an increase of a similar amount in accommodation at the Reserve Banks and through the use of gold imported from abroad.” The bulletin goes on to say:

While most of the increase of bank loans for the year occurred in the industrial districts, during the past two months there has been an increased demand for credit at the banks in the agricultural districts, and these banks have met this demand in part by re-

ducing their balances carried with correspondents in financial centers.

**RESERVE BANK ACCOMMODATIONS**

During the current year the chief demand for Reserve Bank accommodation has come from the member banks in the agricultural districts. From the middle of January to the middle of September, out of a total increase of over \$260,000,000 in Reserve Bank discounts, about three-fourths represents an increase in borrowings from the Reserve Banks in the cotton and in the wheat growing districts. In the Dallas district the early marketing of cotton has recently reduced the volume of borrowing at the Reserve Banks. The increase in discounts at Reserve Banks in some of the agricultural districts since the first of the year has been accompanied by a reduction in their open-market holdings, so that the total volume of their earning assets has increased much less than their discounts.

**THE DEMAND FOR CURRENCY**

The Reserve Banks, particularly those in the agricultural districts, have recently felt the seasonal demand for Federal Reserve notes. The demand for currency, which has increased throughout the year and has recently reflected the crop-moving require-



*Chartered 1836*

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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>	. . .	\$10,000,000
<i>Resources</i>	. . .	60,000,000
<i>Individual Trust Funds</i>	. . .	340,000,000
<i>Corporate Trust Funds</i>	. . .	1,450,000,000

# GIRARD TRUST COMPANY

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PHILADELPHIA



Capital and Surplus  
\$10,000,000

EFFINGHAM B. MORRIS  
*President*

Member Federal Reserve  
System

ments, has chiefly been met, however, by other forms of currency than the Federal Reserve note. The following table shows the different classes of money in circulation on September 1, 1922, and September 1, 1923:

## MONEY IN CIRCULATION

	Sept. 1, 1923	Sept. 1, 1922
Gold and gold certificates .....	\$838,496,751	\$610,375,435
Silver and silver certificates .....	683,446,364	564,954,874
United States notes.....	304,576,800	285,000,737
Federal Reserve notes.....	2,204,824,450	2,141,305,949
Federal Reserve Bank notes .....	17,612,842	60,158,812
National-bank notes.....	728,949,604	731,711,120
<b>Total .....</b>	<b>4,777,906,811</b>	<b>4,393,506,927</b>

## IMPORTED GOLD IN CIRCULATION

Of the total increase, \$228,000,000, or about 60 per cent., was in gold and gold certificates, which corresponds approximately with the net gold imports for the year. Thus the imported gold has not been added to the reserves of the Reserve Banks, but has gone into circulation to meet the currency demand. The large increase in silver certificates and United States notes is accounted for in part by the retirement of Federal Reserve Bank notes and in larger part by the demand for currency of low denominations. The growth in Federal Reserve notes has constituted only about 17 per cent. of the total increase of money in circulation.

Since the currency demand has been largely met by the use of gold certificates representing additions to the country's gold stock, and since the growth in discounts during the year has been accompanied by a reduction in open-market holdings, the total volume of Reserve Bank credit in use has not thus far shown the usual seasonal increase. In the agricultural districts, however there has been an increased use of Federal Reserve Bank credit and currency in response to the requirements of crop moving.

TWO DOLLARS FOR MOTORS TO THREE  
FOR BUILDINGS

"The American people are spending two dollars for automobiles for very three dollars of outlay for new buildings," says the Cleveland Trust Company in its *Midmonth Business Bulletin*. "During the past four years motor expenditures have amounted to about \$6,600,000,000 and those for new building about \$10,000,000,000," according to the bank's computations.

"Whether or not these relative proportions are for the best good of the na-



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**I**N 1900 there was one Bell telephone to every ninety persons in the United States. Today there is one to less than every eight.

Over the wires of the Bell System (which is the American Telephone and Telegraph Company and Associated Companies) more than thirty-five million telephone conversations daily take place.

Day and night, the service of A.T. & T. is continuous; for forty-one years the company has an unbroken dividend record; and back of each share of its stock there is an unusual stockholders' equity which has resulted from a sound and conservative policy.

In the growth and record of the Bell System service lie the reasons for the security of A. T. & T. stock as an investment. And this security, in turn, accounts for the fact that there are more than 270,000 holders of this stock.

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D.F. Houston, President  
195 Broadway NEW YORK

tion, and whether or not they will be substantially maintained in the future, are questions which it seems impossible to answer now," says the bulletin. "What seems clear is that the peaks of production records have been reached, and that declining volumes of output are to be expected in both industries in the coming months." The bulletin says further:

The period of business recovery that got well under way in 1922 and reached its peak of prosperity in the early months of 1923, had as its most important elements the building boom and the great activity of automobile plants. The prospective declines in these activities will be more than seasonable.

They will represent the recession from high levels that could only be reached in a time of great business prosperity and that were too high to be maintained. As these volumes of output shrink, the effect will be felt in scores of related lines of manufacturing. In both lines high relative activity is to be expected for a long time to come, but not of the sort that was in evidence last spring.

#### THE ECONOMIC HORIZON

"While the economic horizon is undoubtedly hazy, there are as yet no really threatening clouds above us," says President J. L. Johnston of the Liberty Central Trust Company, St. Louis, in his monthly review of business. "Conditions during the past thirty days have been characterized by a reasonable stability, with no remarkable developments one way or the other. A record movement of freight by the railroads, retail trade in exceptional volume, a somewhat improved buying power in the agricultural sections, sustained activity in various industries, including building, are among the noticeably good points in the situation. As to conditions at the present time, in fact, there is little dispute; in their sum total, they are satisfactory. This is the verdict arrived at, from the evidence furnished by tangible factors." Mr. Johnston continues:

When it comes to an examination of the future, we find a somewhat greater diver-



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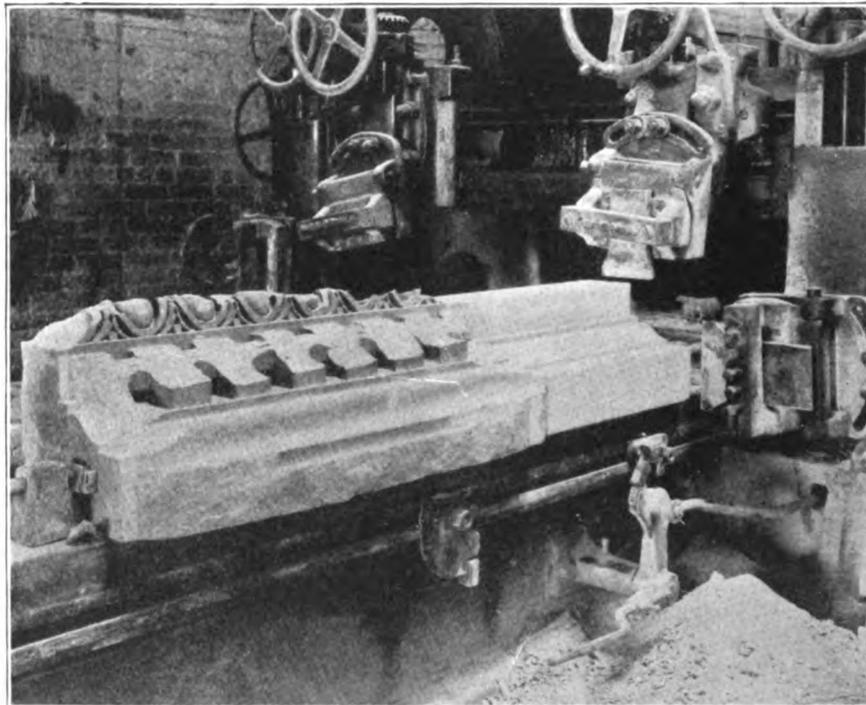
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**INDIANA**  
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*The* NATION'S BUILDING STONE

gence of opinion than has recently been the case. In surveying the months to come there are various intangible elements to consider, and the importance that should be given to these is a matter over which authorities disagree. The concrete data moreover, relating to the present, are susceptible of various interpretations in their bearing upon the future. The result is that while we have many optimistic forecasts, there are also some rather gloomy pictures thrown upon the economic screen, showing the "major depression" that we must expect in 1924.

The present condition of the financial markets is one cause for looking at the future in a less rosy light. The statistical position of the steel industry, relatively high wages paid to labor, and the lack of European markets, are others that at present receive particular consideration. Especially worthy of mention is the growing apprehension as to what Congress will do.

It will be seen that those who take the more pessimistic view are basing their conclusions not only upon some things that have happened, but also upon others that may happen. For our own part, we will refrain from making any long-term prediction. No human being can forecast the actions of a legislative body. It is difficult, however, to speak of the future in mournful accents when we take stock of the conservatism and good sense that has characterized business developments in 1923, in contrast to the feverish boom of 1920.

#### THE BUSINESS OUTLOOK

Discussing the business outlook, The Mechanics and Metals National Bank of New York in its October letter to customers, says:

A feeling of conservatism marks the business situation in the United States at the present time, yet the buying of goods is large and steady, prices for the most part are well maintained, and production continues on an active scale. The underlying base for a continuation of good business is still firm, and one favorable aspect contributing to insure continued activity of production is the absence of any undue accumulations of unsold goods on sellers' shelves. This does not mean that there is any notable dearth, but it does signify that output in the immediate future will not be interfered with by reason of unsold stocks of previous production.

It is far better, all things considered, that the quickening in autumn trade should not now be at a notable pace, for, coming on the top of the boom which occurred in the spring and early summer, any attempt to

## WANTED

### Back Numbers of *The Bankers Magazine*



A Japanese bank whose library was destroyed in the recent disaster wishes to obtain copies of the following numbers:

1914—January, July, August, September, October November.

1915—February, May.

1917—March, April, May, August, September December.

1918—January, July.

1919—June, August, September, October.

1920—January, February, March, September, December.

1921—January, March, June, July, October, November.



Subscribers having copies of the above numbers which they would be willing to sell at 50 cents per copy, kindly notify the following address:

*Subscription Department*

**Bankers Publishing Co.**  
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**Capital, Surplus and Reserves \$20,000,000**

force a rapid expansion would create an abnormal situation that would have to be corrected, perhaps painfully, later on. So far as the labor situation is concerned, that is more satisfactory, from the standpoint of the general welfare, than it was in the spring and early summer. Competition for workmen, and wholesale shifting of labor from one shop to another and from one city to another because of the lure of higher wages, has about ended. So far as wage scales are concerned, there has not been any let-down, although industries which are paying high wages and at the same time high prices for raw materials are not in the most favorable position when it comes to matching their expenses against income. One feature of the industrial situation in the United States throughout 1928, and one that has an important bearing on the out-

look, is the comparatively small margin of profit left to the producer, manufacturer and distributor, after their expenses are taken care of. Business has operated, and is operating, under the handicap of excessive labor costs, and though it has been possible to pass a part of the burden on to the consuming public, through the general rise in prices, the margin of profits among the country's industries has been measurably curtailed. The problem of expenses geared up high, with prices possibly working to lower standards, is something to consider for the future, particularly if there is any pronounced decline in consumers' demand. Wage scales are always flexible on the up-grade, but on the down-grade there is a marked resistance to adjustment, which leads to strikes and needless costs and hardships.



# Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

## CONVENTION DATES

Trust companies mid-winter conference—  
at New York City, February 14.

National Association of Credit Men—at  
Buffalo, N. Y., June 10-13.

## SPRING MEETING OF EXECUTIVE COUNCIL, A. B. A.

The next annual spring meeting of the Executive Council of the American Bankers Association will be held at the Bon Air-Vanderbilt Hotel, Augusta, Georgia, April 28 to May 1, 1924, inclusive, it is announced by F. N. Shepherd, executive manager of the association.

The entire first day of the meeting, Monday, April 28, will be taken up by meetings of the committees and commissions of the association. Among these are the administrative committee, finance committee, agricultural commission, commerce and marine commission, economic policy commission, public relations commission, committee on Federal legislation, committee on membership, committee on public education, committee on state taxation, special committee on taxation, insurance committee, protective committee, committee on branch banking and committee on state legislation.

The sessions of the executive council will be held on Tuesday, April 29, forenoon and evening, and on the forenoons of Wednesday, April 30, and Thursday, May 1. The Executive Council, which is the governing body of the association in the interim between the general conventions, is representative of every state in the Union, its members being elected by the membership of the association in each state.

The meetings of the council are second in importance only to the annual conventions of the association as a whole. They are usually attended by from 150 to 200 representatives of bank members composing the Executive Council and the chief committees and commissions of the organization. The meeting is made the occasion not only of conducting the routine business of the association and receiving reports of its

various activities, but also for considering business problems of national importance and listening to prominent speakers on outstanding questions of the day.

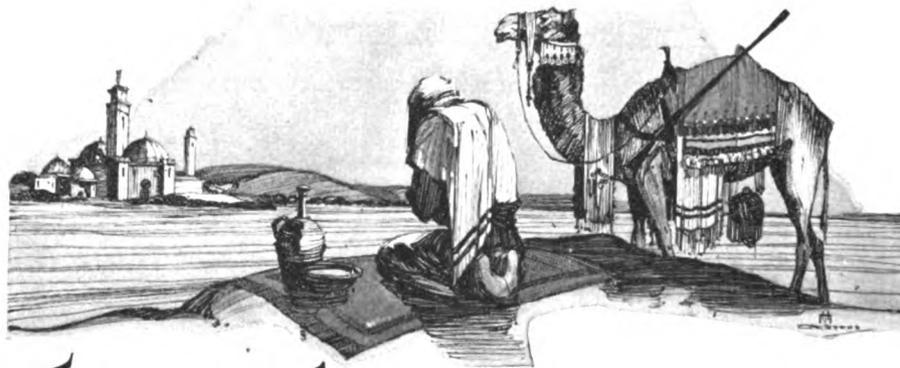
## SPECIAL COMMITTEE ON TAXATION APPOINTED

Willis G. Nash, vice-president of the Irving Bank-Columbia Trust Company, New York, as president of the New York State Bankers Association, has appointed the chairmen of the eight groups of the association, with the president as chairman and Vice-president C. E. Treman of Ithaca as deputy chairman, of a special committee on taxation, to formulate plans to secure the passage of a state law to bring the financial institutions of the state into the class with manufacturing and business corporations whereby they will be taxed on their annual income instead of on the ad valorem basis; that is, the 1 per cent. tax under the present statute. The chairman of group 8, which comprises the state banks of Manhattan, is Jackson E. Reynolds, president of the First National Bank. The chairman of group 7, comprising the banks of Brooklyn and Long Island, is William K. Swartz, vice-president of the Lawyers Title and Trust Company.

## CHEMICAL NATIONAL TO OPEN BRANCH

The Chemical National Bank, New York, known as "Old Bullion," announced on November 1, that it would open a Fifth avenue office within a short time in the Burton Building at Fifth avenue and twenty-ninth street. This will be the Chemical's first office outside of its main location which is at 270 Broadway facing City Hall, where it has been for seventy-three years. The Chemical opened as the first bank on Broadway just ninety-nine years ago at 216 Broadway, facing St. Paul's church.

The opening of this office marks a significant step in the Chemical's pioneering but conservative policy, and will be a fitting part of the bank's celebration next year of its one hundredth anniversary.



# Visit Vibrant Islam a day from France



CROSS the blue Mediterranean, just a day's sail from France—lie lands of veiled women and stately sheiks, of domed and minarretted Moorish cities gleaming like alabaster. Orange groves bloom, feathery date palms wave in the soft, perfumed air under African skies—a Mohammedan paradise as accessible as Europe.

In flower-decked gardens feathered minstrels carol the year around. The serenity of the calm, wise-eyed East envelops and rests you as you explore oriental Algiers, Tunis, Fez, Biskra, and visit destroyed Carthage and wonderful, ruinous Roman cities.

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From New York on the de luxe liner *Paris, France* or *Lafayette*. A week in Paris. Next Marseilles. The following day Algiers. Then luxurious automobile tours over straight, smooth roads to famous cities of Islam, excursions into the Sahara sand ocean—a land of mediaeval peoples and customs. Everywhere comfortable hotel accommodations. A tour where every item of sea and land transportation and hotel expense is covered by the rate charged for the tour from the time you leave New York till you return home.

Extremely interesting literature further detailing these tours may be had by writing to the nearest French Line office—or 19 State Street, New York.

The exact date of the opening of the Fifth avenue office is not fixed but it will probably be early in 1924. This Fifth avenue office will be in charge of Wilbur F. Crook, vice-president, who will be assisted by other officers and a competent staff.

The Chemical Bank was given the name "Old Bullion" in 1857 when it was the only bank to continue specie payments.

#### NEW COMPTROLLER FOR UNITED STATES TRUST COMPANY

Frederick W. Robbert, formerly assistant secretary, has been elected comptroller of the United States Trust Company, New York.

#### ANNUAL RED CROSS ROLL CALL

Prominent bankers of New York City are co-operating actively with the Red Cross in its annual roll call, which opened Armistice Day, November 11, and will continue until Thanksgiving, for the enlistment of new memberships to maintain the organization's manifold peace-time program of relief and public health work.

Louis L. Clarke, president of the American Exchange and National Bank, heads as general chairman a special banking division functioning in the campaign organization of the city to facilitate the roll call effort. Acting with Mr. Clarke within the banking division are a number of individual groups, each under its own chairman, in order to secure the maximum response to the roll call, and plans are already under way to

	1922	1923	Gain
New York .....	\$3,556,358,518	\$3,931,340,448	\$374,983,930
Pennsylvania .....	1,563,473,528	1,832,326,397	268,852,869
Illinois .....	1,263,537,383	1,390,964,012	127,426,629
California .....	879,831,752	1,200,895,428	321,063,676
Ohio .....	970,773,773	1,133,962,485	163,188,712

reach every person directly with the Red Cross appeal.

The chairmen heading the banking division groups are: G. Edwin Gregory, vice-president National City Bank, heading the national banks group; James H. Perkins, president Farmer's Loan and Trust Company, heading the trust companies group; Harold C. Richards, president State Bank, heading the state banks group; E. P. Hungerford, agent Bank of Montreal, heading the foreign banks group; Deputy Governor Edwin R. Kenzel, heading the federal reserve group; and Victor Lersner, vice-president Bowery Savings Bank, heading the savings banks group.

## 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

#### SOME TRUST COMPANY FIGURES

Nearly fourteen and one-half billions of dollars is the impressive total of resources held by the trust companies of the country, according to "Trust Companies of the United States" just published by the United States Mortgage and Trust Company of New York. Institutions reporting numbered 2478 as compared with 2372 a year ago.

The actual figures for the year ending June 30, last, are \$14,441,460,650, as compared with \$12,739,620,733 in 1922, representing a gain of \$1,701,839,917. Deposits climbed from \$10,470,475,000 to \$11,828,983,000. California and Ohio for the first time report trust company assets in excess of a billion dollars each. The figures for the five leading states are as follows:

Due to the steady and consistent increase in those states, the Middle Atlantic, East North Central, and Pacific Coast groups easily lead other sections of the country.

Commenting on the excellent showing as set forth, John W. Platten, president United States Mortgage and Trust Company, says:

"These figures speak for themselves. They also testify in no uncertain manner to the growing popularity and added appreciation of the helpful service being rendered by the trust companies to their respective communities throughout the United States. Such concrete evidence of confidence can only lead to an ever widening and deepening influence on the part of these institutions."

### JAMES S. ALEXANDER HEADS CLEARING HOUSE

James S. Alexander, chairman of the National Bank of Commerce in New York, was elected president of the New York Clearing House Association at the recent annual meeting. He succeeds Walter E. Frew, president of the Corn Exchange National Bank, New York.

William Woodward, president of the Hanover National Bank, was chosen chair-



**JAMES S. ALEXANDER**

Chairman of the board, National Bank of Commerce New York; president New York Clearing House Association

man of the Clearing House Committee in succession to Stephen Baker, president of the Bank of the Manhattan Company.

Clearings during the year ended September 30, 1923, amounted to \$214,621,430,806. This compares with clearings of \$213,326,385,751 in 1922. Record clearings were made in 1920, when the total was \$252,338,249,466.

The Clearing House is seventy years old, and during that period has cleared \$4,202,187,518,523, and balances settled amount to \$272,443,840,849.

Largest clearings on any one day in the past year were \$1,253,117,991, on May 1. The largest daily clearing transaction on record was \$1,423,063,788, on January 8, 1921.

Total balances during the past year amounted to \$23,281,765,357. This compares with total of \$21,032,674,951 in 1922.

The largest balance on any one day during the past year was \$122,893,681, October 18, 1922. The record daily balance was \$157,020,486 for June 17, 1920.

The association is now composed of sixteen national banks, ten state banks and twelve trust companies. The Federal Reserve Bank of New York and the Clearing House City Collection Department also make exchanges at the Clearing House, making forty institutions clearing direct.

The names of chairmen of other committees follow: Conference committee, Lewis E. Pierson; nominating committee, John W. Platten; committee on admissions, J. Howard Ardrey; arbitration committee, H. Ward Ford.

Dunham B. Sherer, vice-president Corn Exchange Bank, was elected secretary of the association, succeeding Lewis L. Clarke, president American Exchange National Bank.

William J. Gilpin was re-elected manager and Clarence E. Bacon assistant manager of the association.

### ARTHUR R. JONES RESIGNS

Arthur R. Jones, assistant vice-president of the Guaranty Trust Company, New York, has resigned to become general partner with McClure, Jones & Reed. He has been with the Guaranty twelve years.

### HAROLD E. RILEY ASSISTANT CASHIER

The board of directors of the Seaboard National Bank, New York, have appointed Harold E. Riley an assistant cashier.

### BANK ACCRUAL ACCOUNTING DIVISION EXPANDS

The Bankers Development Corporation of New York has expanded its accrual division to require an executive in charge, and Park Mathewson has been made a vice-president for that position. This system is now successfully operating in two Federal Reserve and over 100 other banking units in the United States, and is growing rapidly with the appreciation of bankers of the benefits

to the bank which result from operating its records on an accrual basis. Mr. Mathewson's books on acceptances, budgets and finance are standard on these subjects.

#### D. C. BORDEN JOINS NATIONAL CITY BANK

D. C. Borden has been appointed assistant comptroller of the National City Bank, New York. He will take up his new position, to which he comes after eight years in the Government service, on December 1. Mr. Borden has served as chief national bank examiner for the Second Federal Reserve District at New York for two years, and before that was chief examiner for the Federal Reserve District at Chicago. He has served in like capacities in Cleveland, Philadelphia and Atlanta, and before going into the Federal Government service was state bank examiner for Tennessee.

Other recent appointments to the personnel of the bank are DeWitt A. Forward, assistant vice-president, and Alfred Mullen, assistant cashier.

#### DIVIDENDS DECLARED

The Trademens National Bank of Philadelphia has declared the regular quarterly dividend of \$3.50 per share, at the rate of 14 per cent. per annum, payable November 1 to stockholders of record at the close of business October 31.

The Third National Bank of Philadelphia has declared a regular semi-annual dividend of 7 per cent., payable November 1, to stock of record October 29. The previous rate had been 6 per cent. regular and 1 per cent. extra.

#### COMBINED STATEMENT OF JERSEY BANKS

Trust companies, savings banks and state banks, under jurisdiction of the State Department of Banking and Insurance of New Jersey as of September 14, had total resources of \$1,072,816,265 and deposits of \$921,043,242. As compared with September 15, 1922, this is an increase of \$91,276,508 in resources and \$65,475,050 in deposits.

#### MANUFACTURERS TRUST COMPANY

The statement of condition of the Manufacturers' Trust Company, New York, as of October 1 shows resources totaling \$119,852,090, including \$76,492,373 in loans and \$21,012,853 in cash on hand and deposits in



**T**HE teller at the window—the bookkeeper—the clerk at the adding machine—the careful bank executive—all will welcome Dixon's Eldorado pencils. They ease and quicken the day's exacting tasks.

**DIXON'S  
ELDORADO**

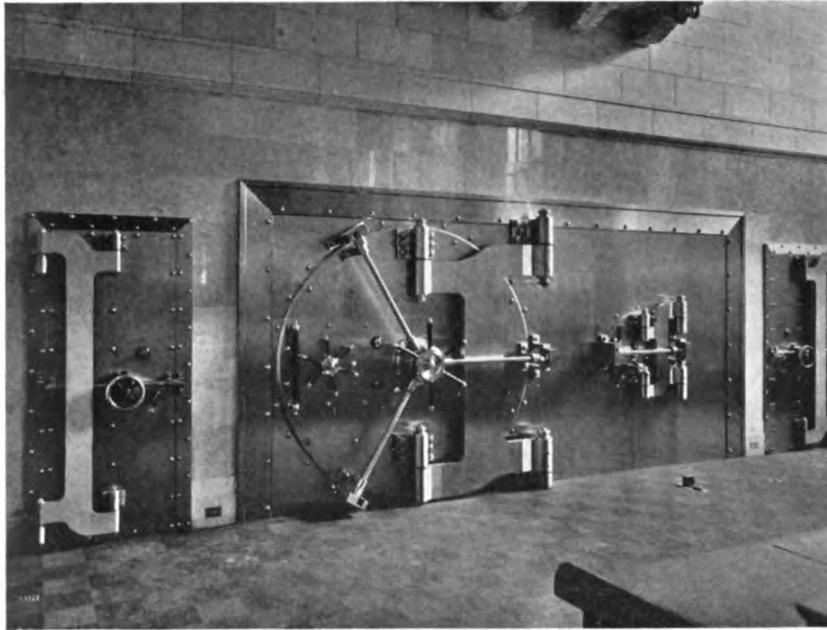
*"the master pencil"*

**SEND FOR  
FREE SAMPLES**

Write for full-length free samples of DIXON'S ELDORADO and full-length free samples of Dixon's "BEST" COLORED PENCILS. Both are supreme in their field.

**JOSEPH DIXON CRUCIBLE COMPANY**  
Pencil Dept. 168-J, Jersey City, N. J.

*Canadian Distributors:*  
A. R. MacDougall & Co., Ltd., Toronto



**T**ODAY, more than ever before, the public is demanding absolute protection for valuables left in the custody of banking institutions. The bank whose service includes modern vault protection is the one that wins the patronage of the public. For years we have specialized in the installation of modern vault equipment. Herring-Hall-Marvin vaults always include the most efficient devices which science has discovered for the protection of valuables against fire and theft.

## HERRING-HALL-MARVIN SAFE CO.

Factory—Hamilton, Ohio, U. S. A.

### BRANCHES

400 Broadway, New York, N. Y.      165 Devonshire St., Boston, Mass.  
225 W. Lake St., Chicago, Ill.      214 California St., San Francisco, Cal.  
1805 First Ave., N., Birmingham, Ala.

Cable Address—"Fireproof" New York

other banks. Deposits aggregate \$97,676,911. The second largest liability item is \$11,075,500, due the Federal Reserve Bank of New York.

**OWEN T. REEVES, JR., APPOINTED  
EXAMINER**

Owen T. Reeves, Jr., vice-president of the Corn Exchange National Bank of Chicago, has been appointed chief national bank examiner for the Second Federal Reserve District, with headquarters in New York City, in place of D. C. Borden, who has resigned to accept a banking position.

Mr. Reeves was at one time in the office of the Comptroller of the Currency at Washington, and later served as a national bank examiner in the New York, Pennsylvania and Washington (D. C.) districts.

**NEW LABOR BANK FOR NEW YORK**

The International Ladies' Garment Workers' Union will open a bank with a paid up capital of \$250,000 and a surplus of the same amount, at Fifth avenue and Twenty-first street, New York, according to an announcement by officials of the union. Deposits sufficient to bring the bank's resources up to \$1,500,000, at the end of the first week's business, have been assured, according to those in charge of the enterprise. The new organization will follow the general lines of other labor banks.

The International Ladies' Garment Workers' Union is one of the richest units affiliated with the American Federation of Labor, according to a survey made by Philip Kaplowitz, secretary-treasurer of the joint board of the cloak and dressmakers' unions. The union owns real estate in New York City to the value of more than \$1,000,000, all acquired during the past ten years. There are 80,000 members in the metropolitan district. They pay from \$7,000,000 to \$8,000,000 annually in dues.

**BANK PLANS ALTERATIONS**

Alterations have been planned by the Bank of New York and Trust Company in its building at 52 Wall street, New York. The work will require until next spring for completion.

The offices occupied by the Bank of Nova Scotia and the Discount Corporation, together with the old office of the New York Life Insurance and Trust Company, will be thrown into one office occupying the entire banking floor of the building, with an area

## Audits and Systems for Banks

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

**McArdle,  
Djörup & McArdle**  
42 Broadway, New York

of about 14,000 square feet. It is also expected that the rooms at 48 Wall street, now described as the banking office of the company, will be taken over by some of its foreign department branches.

**BANK TO DOUBLE CAPITAL**

A plan to double the capital of the National Butchers & Drovers Bank, New York, will be considered by stockholders who have been called to a special meeting for that purpose on November 27. The present capital stock is \$500,000 and the proposed additional stock, under the plan of the directors, would be offered to present stockholders at \$150 a share to the extent of 100 per cent. of their holdings. According to information obtained at the office of the bank it is proposed to maintain the present 8 per cent. annual dividend rate on the new stock.

The reason for the increase, it was said, lay in increased profits and the fact that national banks under the law are restricted

to lend not more than 10 per cent. of their capital and surplus.

#### MANUFACTURERS TRUST COMPANY ENLARGES QUARTERS

The Manufacturers Trust Company, New York, located at the corner of Thirty-fourth street and Eighth avenue, has opened additional quarters on Thirty-fourth street to provide further space for its officers and the general development of the banking activities which have increased so markedly in this section.

Alfred C. Bossom, specialist in bank architecture, was in charge of the work.

#### S. D. TOWNSEND RETURNS TO WILMINGTON TRUST CO.

Some twenty years ago, S. D. Townsend entered the service of the Wilmington Trust Company of Wilmington, Delaware, as treasurer, and advanced to the position of vice-president.

Four years ago he left to become a member of the firm of Laird, Bissell & Meeds,



S. D. TOWNSEND  
Vice-president Wilmington Trust Company

but he has now been induced, by the present management of the Wilmington Trust Company, to return to its employ as vice-president.

Mr. Townsend has been welcomed back to his position very heartily by his many friends. His training and natural ability

are of a distinctly high order, and the Wilmington Trust Company is to be congratulated upon again securing his services.

#### WILLIS H. BOOTH TO ATTEND INTERNATIONAL CHAMBER OF COMMERCE MEETING

Willis H. Booth, vice-president of the Guaranty Trust Company, New York, has sailed for Paris to attend the meeting of



WILLIS H. BOOTH  
Vice-president Guaranty Trust Company, New York;  
president International Chamber of Commerce

the executive committee of the International Chamber of Commerce of which he is president.

#### HAMILTON NATIONAL BANK CHANGES

James R. Postal, formerly vice-president of the Salts Textile Manufacturing Company, has been elected vice-president and cashier of the Hamilton National Bank, New York. Mr. Postal was for several years a country banker in Michigan. His appointment follows other changes at the Hamilton National Bank. Edmund D. Fisher, at one time deputy comptroller of

the city and one of organizing this bank its first president. It now been made president becomes vice-president New York Hamilton affiliation for handling was also one of the formerly chairman committee.

#### MICHAEL F. BAUM

Michael F. Baum, assistant cashier Phenix National Bank, has made his office at the street branch of the

#### MIDWOOD TRUST

The Midwood Trust's principal office is at its Dorchester road, opening a special investment means that the ranks of the business companies of Brooklyn savings deposits.

#### NEW BRANCH

The Bank of America expects to open a new branch at New York on January 1.

#### GEORGE

Gerald F. Ives, treasurer of the New York, to Schroder Bank, incorporated in American business Co. of London, associated with since 1919. He was elected early last year.

#### TROY BANK

The Mayor of Troy, N. Y., has issued the first step in the People's Bank of Troy, N. Y.

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# CHECKS NOW

where it used to be money-orders

Miss S..... works in the city. Frequently she executes small commissions for an elderly aunt, who lives in a small town in the middle west.

For many years this lady has been fearful of banking . . . . checks, particularly. She has insisted upon sending funds for these small purchases, to her niece, by money-order.

Until recently. A letter containing a check . . . . signed by her aunt! Wonder of wonders! In part the letter said:

"Checks are so much nicer. But I never felt safe, until our bank announced that it was furnishing these remarkable SUPER-SAFETY INSURED BANK CHECKS. They insure me for \$1,000.00 against loss if my check should be raised or altered. And Mr. Burns, the famous detective, protects each check. In addition, every one of the checks is made of the world's safest check paper."

The interest in this little story, for the banker, is in the fact that it is true—and, more important, that it is being repeated *daily* in thousands of banks.

SUPER-SAFETY INSURED BANK CHECKS do give you a powerful, new argument to the "bank shy" ones of your territory, do give you a tangible new hold upon present depositors. And they cost no more than checks of a similar quality. Get the facts!

**SUPER-SAFETY  
Insured  
BANK CHECKS**

**The Bankers Supply Company**

World's Largest Manufacturers of  
Bank Checks

New York      Chicago      San Francisco  
Atlanta      Dallas      Denver

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the city and one of the moving spirits in organizing this bank in January last, was its first president. Archibald C. Emery has now been made president while Mr. Fisher becomes vice-president and president of the New York Hamilton Corporation, the bank's affiliation for handling securities. Mr. Emery was also one of the organizers. He was formerly chairman of the executive committee.

#### MICHAEL F. BAUER ASSISTANT CASHIER

Michael F. Bauer has been appointed assistant cashier of the Chatham and Phenix National Bank, New York, and will make his office at the Broadway and Howard street branch of that institution.

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**NCH TO OPEN**

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**LD F. BEAL**

has resigned as assistant  
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Mr. Beal has been asso-  
Discount Corporation since  
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**INCREASES CAPITAL**

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**CHECKS NOW**

where it used to be money-orders

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**SUPER-SAFETY  
Insured  
BANK CHECKS**

**The Bankers Supply Company**

World's Largest Manufacturers of  
Bank Checks

New York Chicago San Francisco  
Atlanta Dallas Denver

# 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

## MERGED PENNSYLVANIA BANKS IN NEW BUILDING

The United States National Bank of  
Johnstown, Pa., has recently opened bank-

year: William C. Heppenheimer, president;  
Spencer Marsh, vice-president, and W. A.  
Conway, secretary. Walter Gardiner, Henry  
J. Gordon and Williard M. Brown were  
elected to the nominating committee, H. H.  
Frank W. Ferguson to the

## New England

Comprising Maine, New Hampshire, Vermont,  
and Rhode Island

# The

# First National

## **ew England States**

**, New Hampshire, Vermont, Massachusetts, Connecticut  
and Rhode Island**

# **The National Bank of Boston**

**g financial institution in  
New England**

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**Buenos Aires, Argentina  
at Havana, Cuba  
representative in London**

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**es \$300,000,000**

ECONOMIC CONDITIONS IN THE  
NEW ENGLAND STATES

THE manufacturing interests of New England are in a much more comfortable frame of mind than they were a year ago at this time. The outlook now, as analyzed by close observers, is entirely favorable to a gradual increase in productive activity, with full assurance of a good market for all goods, at prices that will yield a small but moderately sure margin of profit. The price situation has been watched very closely by manufacturers of cotton goods, and sudden shifts in raw cotton prices have, to a certain degree, clouded the future a bit, but on the other hand there is a very steady demand for cotton goods on the part of consumers, and the efforts of manufacturers are now directed toward keeping prices within reason. If they can do this, they feel assured of a good business, but Southern competition, high wages and a rising price for cotton brings about complications that

England are really recorded to be attributed one industry. The barometer as it was, is a bit poor, but right for financial money on the whole, a rather part of the largely "so. The country there is no age, but have raised, reflected in oil burning. Real estate new life of labor.

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England are steadily on the decrease and are really at a very low level. Among the recorded failures there are none that can be attributed to any special strain in any one industry or locality.

The banking situation shows little change. The demand for money is not quite as brisk as it was, and to some extent this situation is a bit puzzling, for all conditions seem to be right for a sharper demand for commercial money. Savings accounts are increasing on the whole although withdrawals showed a rather sharp increase during the early part of October. These withdrawals are largely "seasonal" however.

The coal situation has improved in that there is no longer any fear of a fuel shortage, but the various increases in prices have raised a storm of protest that is reflected in a greatly increased demand for oil burning and other heating devices.

Real estate and building suddenly took on new life during September and early October, the volume of real estate transactions being almost of record proportions for this time of year. This is due in part to the plentiful supply of mortgage money, and in part to an insistent belief that building costs will be lower in the early spring. Building material prices have gradually shaken down to a fair level, and as labor has been released from some of the larger jobs started earlier in the season there has been a sharp and rather unexpected increase in smaller construction work at this late time of year. The outlook for a busy spring in both building and real estate has improved quite materially.

The farming sections of New England have had a fairly good season, judging from the increased volume of buying orders reported from those sections.



### HOME SAVINGS BANK, BOSTON, ELECTIONS

H. Wendell Prout has been elected treasurer of the Home Savings Bank, Boston, to fill the vacancy caused by the promotion of Carl M. Spencer to the position of president.

In addition, Nelson J. Bowers and Lindley A. Bond were elected assistant treasurers and, together with Robert F. Nutting, now holding that office, complete the official organization of the bank.



### *Operating Under Technical*

Peabody's Service is based on large scale. The maintenance cost of our tract of experts is spread over a large number which one mine or a small group of mine. Peabody Coal Mine Management covers coal production and distribution.

# PEABODY



# COAL COMPANY

CHICAGO

(FOUNDED 1890)

THE LARGEST PRODUCERS AND DISTRIBUTORS

## Operating Under Technical Experts

My Service is based on large scale operating. Maintenance cost of our trained staff of mechanical is spread over a large number of mines—services one mine or a small group of mines could not afford. My Coal Mine Management covers the whole field of production and distribution.

# EABODY



## COAL COMPANY

CHICAGO

(FOUNDED 1883)

BEST PRODUCERS AND DISTRIBUTORS OF COAL IN AMERICA

### FOR HARTFORD BANK

10,000 building for the  
bank of Hartford, Conn.,  
next spring on Pearl

### FOR FEDERAL INTERMEDIATE CREDIT BANK

for the past five years  
president of the National  
York, has been elected  
Federal Intermediate Credit  
Mass.

### BANK N. B. A.

Redfield, vice-president and  
New Haven Bank N. B. A.,  
has been chosen as  
president, succeeding E.  
Redfield. Mr. Redfield started  
the old New Haven County  
bank and became vice-president  
of the New Haven Bank upon  
the merger of the New Haven  
County, City banks. George J. Bassett  
president; Charles E. Corn-  
wall, and trust officer; Abel  
Redfield, and George R.

### HARTFORD BANK INCREASES CAPITAL

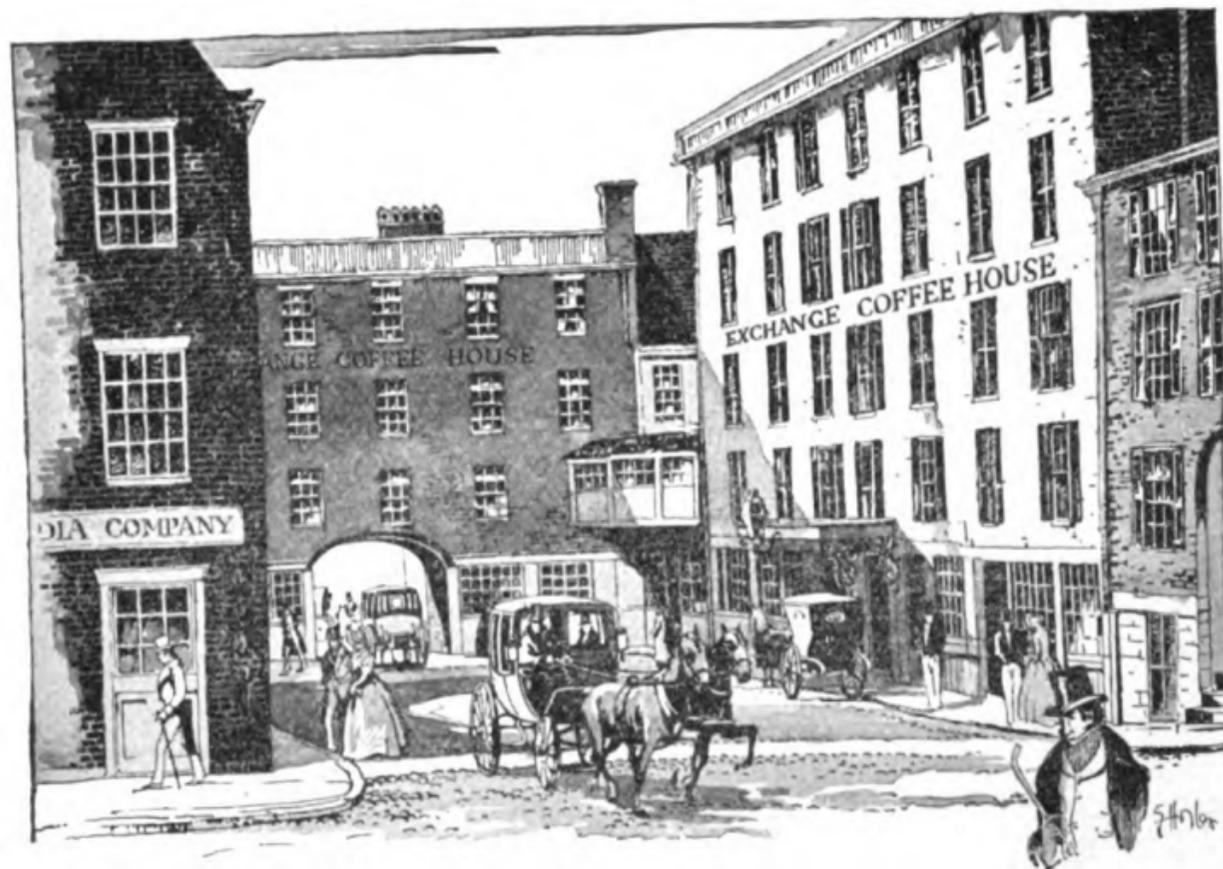
Stockholders of the City Bank and Trust  
Company, Hartford, Conn., have voted an  
increase of \$100,000 in the capital stock  
of the bank, making the capital \$700,000.  
The new stock is to be issued at par in the  
early part of January 1924, and will be  
offered to stockholders of record as of Sep-  
tember 19, in the proportion of one share  
of new stock for each six shares of old.

Henry A. Hoadley, president of the bank  
has resigned, to take effect January 1, 1924.  
No successor has been appointed as yet.

### TWO SPRINGFIELD BANKS TO MERGE

The prospective merger of the Atlas Trust  
Company of Springfield, Mass., with the  
Chapin National Bank was announced re-  
cently by Harry A. Woodward, president  
of the Chapin bank. A committee acting  
for the Chapin bank has acquired control  
of more than two-thirds of the \$300,000  
capital stock of the Atlas, the only out-  
standing large block being the McKnight's  
interest of about 300 shares.

The Atlas directors applied for a national  
bank charter preliminary to the merger.  
Ultimately the Chapin bank will operate two  
local Atlas branches. Charles A. Frazer,  
president of the Atlas, will become a vice-  
president of the Chapin.



## Southern States

Comprising the District of Columbia, Maryland, North Carolina, South Carolina, Georgia, Florida, Mississippi, Louisiana, Texas, Arkansas, Kentucky

### ECONOMIC CONDITIONS IN THE SOUTHERN STATES

BY THOMAS EWING DABNEY

WITH the weather turning good in time for harvest, after weeks of almost uninterrupted rain that caused considerable crop deterioration; with the prices of farm produce high; with business far in advance of what it was at this time last year, and prospects for the fall and winter better; and finally, with executives keeping their heads in spite of the prosperous conditions, and buying carefully, only for current needs—“watchful and cautious”—the

taken so far-seeing is on the The special economic years to most im lower ru pi below especially matter. ness ente lishing danger debate

## ern States

olumbia, Maryland, Virginia, West Virginia,  
olina, Georgia, Florida, Alabama, Missis-  
sippi, Arkansas, Kentucky and Tennessee

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taken shortly. This safeguard, for which  
far-seeing men have been working for years,  
is on the road to realization.

The spillway should be one of the leading  
economic factors of the section for some  
years to come. While it is true that the  
most immediate benefits will be felt by the  
lower river section—that is, the Mississip-  
pi below Red River—and New Orleans  
especially, it is not by any means a local  
matter, for many manufacturing and busi-  
ness enterprises have been kept from estab-  
lishing at New Orleans because of the  
danger from floods—a very real danger,  
despite the concealments of the past. The  
multiplication of such factories and business  
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enterprises, working up the raw materials  
of the tropics and the interior United



*Rufus D. 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



# NATIONAL BANK MONROE, VIRGINIA

with

**EXPERIENCE**—Over fifty-seven  
years

**STRENGTH**—Capital and Surplus  
\$4,000,000.00

**OFFICERS**—Experienced, capable and  
well versed on conditions  
and credits throuout this  
territory:

*invites your business*

JOHN M. MILLER, JR.  
President

*Resources over \$30,000,000*

the finished prod-  
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hout the district averaged

12 per cent. better in August than during  
the same month last year. September's  
showing will be still more favorable, judging  
from informal comments by representative  
merchants. Chattanooga led the field in  
August, with an increase of 53 per cent.;  
then came Jackson and Birmingham, 17 per  
cent.; New Orleans and Savannah, 10 per  
cent.; and Atlanta, 1 per cent.

In the wholesale trade, the effects of sea-  
sonal buying are being felt. With one ex-  
ception, the principal lines showed a larger  
business in August than in July. That ex-  
ception was agricultural implements. The  
decline during the month was 18 per cent.  
Groceries were 9 per cent. better than  
July and 5 per cent. better than August  
1922; drugs 13 and 26 per cent. better,  
respectively; hardware 16 and 17 per cent.,  
respectively; stationery, 31 per cent. better  
than July but 5 per cent. poorer than  
August last year; furniture 32 and 25 per  
cent. better, respectively; shoes 45 and 3  
per cent. better, respectively; dry goods 48  
and 8 per cent. better, respectively.

Financial reports are satisfactory. Bank  
deposits throughout the South are holding  
up well, though there is a small decline in  
demand deposits and in savings deposits





**JOHN SCHOENEWOLF**  
President National Bank of Baltimore

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to the original agree-  
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After fifty years of  
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ort Worth National

through all the various stages and periods  
of its growth from its modest beginning up  
to the modern, fully equipped banking in-  
stitution of today.

#### JOHN SCHOENEWOLF HEADS BALTIMORE NATIONAL BANK

John Schoenewolf has been unanimously  
chosen president of the National Bank of  
Baltimore, Baltimore, Md., to succeed the  
late T. Rowland Thomas. Mr. Schoene-  
wolf's name was the only one presented to  
the board of directors. He assumed the  
management of the bank immediately.

The new head of the bank has been  
actively connected with its management  
since 1906, when he was elected a member  
of the board of directors of the Third Na-  
tional Bank, which absorbed the National  
Bank of Baltimore, the merged institutions  
retaining the name of the latter.

In 1919, when the business of the bank



# Middle States

Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,  
Iowa and Missouri

## MEMORIAL DATE

Chicago, May 20-21.

## REACHES FIFTIETH BANK CAREER

Employees of the Illinois  
Bank and the Illinois  
elected John J. Mitchell,  
a silver loving cup and



MITCHELL  
and Savings Bank and  
chants Bank

for of his fifty years

as a messenger for  
Savings bank fifty  
president of the bank

in 1886 and held the helm until he was  
made chairman of the board two years ago,  
with the late Edmund D. Hulbert, then  
president of the Merchants Loan and Trust  
Company, becoming president of the in-  
terests that were merged to make the  
present institution. At Mr. Hulbert's death  
Mr. Mitchell returned to the presidency of  
the newly merged banks.

## CENTRAL MANUFACTURING DISTRICT BANK, CHICAGO

The Central Manufacturing District Bank  
of Chicago has transferred \$100,000 from the  
undivided profits account to the surplus ac-  
count, bringing the latter to \$500,000. The  
capital stock now shows \$500,000, making  
the capital and surplus \$1,000,000. Re-  
maining undivided profits amount to ap-  
proximately \$80,000.

The Central Manufacturing District  
Bank opened for business in 1912 with a  
capital stock of \$250,000. Since its organ-  
ization the bank's business has shown a  
steady increase, resources now being in ex-  
cess of \$8,000,000.

## FIRST WISCONSIN TRUST COMPANY PROMOTIONS

Walter H. Dietz and Leon F. Reed have  
been appointed assistant treasurers of the  
First Wisconsin Trust Company of Mil-  
waukee. Mr. Dietz was promoted from the  
safe keeping and individual trust depart-  
ments. Mr. Reed has been trust auditor of  
the company.

## CINCINNATI BANKS MERGE

The merger of the Fourth National Bank  
and the Central Trust Company, two of  
Cincinnati's oldest banks, has been an-  
nounced. The new organization will be  
known as the Fourth and Central Trust  
Company.

## COMPARATIVE STATEMENT OF MICHIGAN BANKS

An abstract of the reports of condition  
of the 572 state banks, two industrial banks



## COMMERCIAL PAPER ACCEPTANCES

Based on request for our correspondent banks.  
Services of our Banks and Bankers Department  
The advice of the Officers in charge of it are at  
the disposal of our correspondents.

# NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

*Banks and Bankers Department*

FRED A. CRANDALL, *Vice President*

W. H. WILSON, *Ass't Cashier*

R. V. KELLEY, *Ass't Cashier*

Richard W. Hill, na-  
merican Institute of  
7-second street, New  
an January 1, 1924.  
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banker.

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te pioneers' dinner  
oman has been for  
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### STUDEBAKER 'S

om New York and  
for South Bend,

Ind., where they will visit the Studebaker  
plant and make a first-hand study of the  
system now used by Studebaker dealers in  
financing deferred payment sales. The New  
York bankers include W. S. Lambie, vice-  
president and W. W. Hoffman, trust officer  
of the National City Bank; C. J. Schmidlapp,  
vice-president Chase National Bank; F. H.  
Clarkson, vice-president Irving Bank-  
Columbia Trust Company; Theodore G.  
Smith, vice-president Central Union Trust  
Company; C. R. Parker, vice-president  
Guaranty Trust Company; Robert D. Scott,  
vice-president Chemical National Bank; S.  
Sloan Colt, vice-president Farmers Loan and  
Trust Company; F. T. Walker, New York  
managing agent of Royal Bank of Canada;  
W. T. Perkins, vice-president Chatham and  
Phenix National Bank, and R. L. Cerero,  
vice-president National Park Bank.

The bankers are making this visit at the  
invitation of John Markle, president and  
Arthur J. Morris, vice-president of the In-  
dustrial Finance Corporation of New York  
and South Bend, which conducts the financ-  
ing plan. The party will be the guests of  
President E. R. Erskine and other officials  
of the corporation.



**QUICKENING CAPITAL TURNOVER**  
 Over half a century of Service to our fellow bankers has given this organization a fine appreciation of what our colleagues require.  
 Today more than 800 banks call us their direct "correspondent" in Cleveland. To you this means exceptional collection facilities, a directness which eliminates demurrage charges for your customers and "float" for you.  
 In short—a quicker "turnover" of your invested capital.

**The UNION TRUST Co.**  
 CLEVELAND  
 Resources over 260 Millions

**BANK FOR**

Higginsport, Ohio, has been changed to the First National Bank of Winchester, Ohio.

the Brother-  
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 0,000.

**CHICAGO BANK INCREASES  
 CAPITAL**

**OPENED**

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A resolution has been adopted by the stockholders of the Boulevard Bridge Bank of Chicago to increase the capital of the bank from \$200,000 to \$400,000 and the surplus from \$50,000 to \$100,000. The new capital becomes effective November 25. The additional stock (par value \$100) will be disposed of at \$150 per share.

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 id T. L.

**W. R. GREEN ELECTED CHAIRMAN  
 OF COUNCIL OF ADMINISTRATION**

**OF**

by the  
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W. R. Green, vice-president and controller of The Guardian Savings and Trust Company, Cleveland, Ohio, was elected chairman of the Council of Administration of the Ohio Bankers Association on November 15, in Columbus, succeeding B. G. Huntington, vice-president of the Huntington National Bank, who was elected vice-president of the Ohio Bankers Association at the annual convention held in Toledo last June.



## Western States

North Dakota, South Dakota, Nebraska, Kansas, Montana,  
Wyoming, Colorado, New Mexico and Oklahoma

### CONDITIONS IN THE STATES

#### SOSLAND

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wheat is being seeded for the 1924 harvest as a year ago. Thanks to abundant moisture, soil conditions are excellent, and the crop is going into the ground in the best shape in years. The prospect is for a large 1924 wheat harvest in these states, seeded at a minimum of expense.

In surveying economic conditions in the Western States today the observation that stands out as most encouraging is the start that has been made toward a large harvest of wheat in 1924. A year ago dry weather hindered seeding and gave seeded fields a poor start. The soil conditions today are so favorable that many acres are going into wheat because the outlook for the production of a crop is very stimulating to seeding. "You cannot cheat Western Kansas out of a wheat crop in 1924, with the brilliant start being made this fall," a veteran Kansas miller told the writer after a trip of inspection over that great wheat producing territory. Here the 1923 harvest was poor, a failure on many farms; and it is here that farmers' hopes are now high because of fine weather, not because of the feigned sleeplessness of various politicians. But for the generosity of nature in providing a great abundance of moisture to give the 1924 crops a great start, many wheat growing localities in the Western States would be very pessimistic. Today, however, though many are pinched financially because of a low yield this year, they are looking forward to 1924, counting on a better year. Not only are farmers encouraged, but bankers in the winter wheat states and merchants, too, are more hopeful. Coupled with the bright new winter wheat outlook is the fact that not a dollar was wasted in seeding.

There is a feeling in some quarters that, with a national election near, something drastic, possibly the setting-up of a Government wheat price control corporation, may be undertaken at Washington. However, the prevailing feeling is that nothing will be done. One thing is certain, and that is that there will be a lot of resentment expressed by the farmers themselves especially toward the politicians who are



6



1923

## *Complete Financial Service*

The Omaha National Bank  
The Omaha Trust Company  
OMAHA, NEBRASKA

Resources over - - \$35,000,000

Marketing of fat stock over a year ago. This demand will be necessary. Some allowance in this connection for weight of hogs, and satisfactory prices tend to be satisfactory. Cotton is showing the best showing on live stock of breeding cows. Loan liquidation. Foreign sales mean a short future, but anything in the immediate positions are favorable for the winter, roughage supply. Flockmasters in the sale of lambs are holding large sales.

Feeling is developing. Recent changes in the direction of the stock market have been in the direction of depression in markets.

Money is firmer. Probably the next two months will see some easing, for the ideal soil conditions have tended to reduce sales of wheat pending extensive seeding operations. Then, too, the next two months will bring fat cattle, hog and sheep marketings. There will be more corn to sell. The influence of the fat stock sales will depend on the prices feeders receive. Bankers continue to anticipate that this crop year will end with reduced deposits in the aggregate but with a relatively larger reduction in loans. The reduction in deposits will be determined by the range of prices and the demand on grain and live stock markets. The better producers fare, the better the showing in the banking situation, but the outlook now does not point to any development that will increase bank deposits. There is not enough wheat and the live stock situation lacks sufficient strength. The best showing probably will be in the parts of Oklahoma that have generous harvests of cotton, which is commanding an extraordinary price. In connection with the money situation, it is interesting to note that the Western States are absorbing fewer bonds; capital is not





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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.

**Mount & Robertson, Inc.**

41 Beaver St., New York

Phone Broad 1957

days when farmers

master and introduced the speakers. The gathering at the table was one of the most representative of American business life ever assembled at the Omaha Chamber of Commerce.

### ON DATES

ur, May 27-28.  
uron, June 17-18.

### AD HONORED

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Kennedy, president  
l Bank, was toast-

### NEW OFFICERS OF NEBRASKA BANKERS ASSOCIATION

C. A. Minick, cashier of the First National Bank of Crawford, Neb., was elected president of the Nebraska Bankers Association at the twenty-sixth annual convention of this organization, held in Omaha, October 24-25. H. C. Nicholson vice-president of the Packers National Bank of Omaha, was elected treasurer, and W. B. Hughes was re-elected secretary.

### FIRST NATIONAL BANK, EUREKA, KANSAS, REORGANIZED

Reorganization of the First National Bank of Eureka, Kan., through the addition of capital and the advent of new stockholders and directors, has been perfected. New officers and directors are: Cyrus Brookover, president; Charles E. Moore, chairman of the board of directors; E. L.



V. Moore, vice-president, Morgan, cashier. These  
rall, James A. Henley,  
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#### D., BANK ELECTS HIER

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#### NATIONALIZES

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#### 5 IN DENVER

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satisfactory for the first year's results, as  
most of the savings are in pennies, nickels  
and dimes. The school savings system, al-  
though started in 1889 at Chester, Pa., is  
only entering upon its fifth year under su-  
pervision of the American Bankers Associa-  
tion, and its total deposits, according to the  
fourth annual report, are \$11,844,941.

Statement of the ownership, management, cir-  
culation, etc., required by the Act of Congress  
of August 24, 1912, of The Bankers Magazine,  
published monthly at New York, N. Y., for  
Oct. 1, 1923.

State of New York, County of New York. Be-  
fore me, a notary public in and for the State  
and County aforesaid, personally appeared J. R.  
Duffield, who having been duly sworn according  
to law, deposes and says that he is the busi-  
ness manager of The Bankers Magazine and  
that the following is, to the best of his knowl-  
edge and belief, a true statement of the own-  
ership, management (and if a daily paper, the  
circulation), etc., of the aforesaid publication  
for the date shown in the above caption, re-  
quired by the Act of August 24, 1912, em-  
bodied in section 443, Postal Laws and Regu-  
lations:

1. That the names and addresses of the pub-  
lisher, editor, managing editor, and business  
managers are: Publisher, Bankers Publishing  
Co., 71 Murray street, New York; editor, E. H.  
Youngman, 71 Murray street, New York; man-  
aging editor, E. H. Youngman, 71 Murray  
street, New York; business manager, J. R.  
Duffield, 71 Murray street, New York.

2. That the owners are: (Give names and  
addresses of individual owners, or, if a corpora-  
tion, give its name and the names and addresses  
of stockholders owning or holding one per cent.  
or more of the total amount of stock.) Bankers  
Publishing Co., 71 Murray street, New York;  
W. C. Warren, 71 Murray street, New York;  
W. H. Butt, 71 Murray street, New York; E.  
H. Youngman, 71 Murray street, New York;  
J. R. Duffield, 71 Murray street, New York;  
K. F. Warren, 71 Murray street, New York.

3. That the known bondholders, mortgagees,  
and other security holders owning or holding 1  
per cent. or more of total amount of bonds,  
mortgages, or other securities are: (If there  
are none, so state.) None.

4. That the two paragraphs next above, giv-  
ing the names of the owners, stockholders, and  
security holders, if any, contain not only the  
list of stockholders and security holders as  
they appear upon the books of the company,  
but also, in cases where the stockholders or se-  
curity holder appears upon the books of the  
company as trustee or in any other fiduciary  
relation, the name of the person or corporation  
for whom such trustee is acting, is given;  
also that the said two paragraphs contain  
statements embracing affiant's full knowledge  
and belief as to the circumstances and condi-  
tions, under which stockholders and security  
holders who do not appear upon the books of  
the company as trustees, hold stock and securi-  
ties in a capacity other than that of a bona  
fide owner and this affiant has no reason to  
believe that any other person, association or  
corporation has any interest direct or indirect  
in the said stock, bonds, or other securities than  
as so stated by him.

5. That the average number of copies of each  
issue of this publication sold or distributed,  
through the mails or otherwise, to paid sub-  
scribers during the six months preceding the  
date shown above is..... (This information  
is required from ..)

J. R. DUFFIELD.

Sworn to and subscribed before  
me this 24th day of Sept., 1923.

JOHN EDSON BRADY,

Notary Public.

My Commission expires March,  
30, 1924.



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**“Hand them a letter  
to this Bank”**

**Y**our patrons and  
friends visiting  
*California* will be ex-  
tended every courtesy  
and consideration at  
the *Security Bank* if  
they bear a letter of  
introduction from you.

*Resources Exceed*

**\$195,000,000**

*Over 260,000*

*Accounts*

**SECURITY TRUST**  
**S**AVINGS BANK  
SAVINGS COMMERCIAL TRUST

Capital and Surplus \$10,525,000

*Twenty-nine Banking Offices in*

Los Angeles

Hollywood - Long Beach - Pasadena - Glendale  
South Pasadena - Highland Park - Eagle Rock  
San Pedro - Huntington Beach - Burbank  
Lankershim - Santa Monica - Montebello



# Dominion of Canada

with Brunswick, Quebec, Ontario, Manitoba, Saskatchewan,  
British Columbia, Newfoundland, Prince Edward  
Island and Yukon

## IN CANADA

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Advices from Alberta indicate that the benefit of the distribution of goods through the spending of the big sum in harvesters wages paid by the farmers is in evidence. As a matter of fact the spending of these wages will probably have as much influence on retail business as a whole in the cities as the spending of the funds realized by farmers themselves. In addition to what is spent with merchants, however, the farmers are expected to make substantial payments to the banks, mortgage companies and distributing houses. Improvement in other western provinces is not so marked as in Alberta, but a gradual betterment is reported.

Implement companies like the Massey Harris Company are looking for better returns all around than last year. The price for wheat is regarded as satisfactory in view of the size of the crop. Reports on actual collections are not yet available, but it is anticipated that the big crop in Alberta will mean more satisfactory returns than for some years. Prospects in Saskatchewan and Manitoba are regarded as fair to good. Reports from the mortgage institutions are likewise satisfactory and the returns should be better than last year, when collections were a great deal larger than for some years preceding.

New construction valued at \$50,779,000 was reported in Canada during September, which is nearly \$12,000,000 higher than last year. There has been pronounced activity this year in the construction of public works and utilities. During the first nine months of the year contracts were awarded for bridges costing \$3,730,000, dams and wharves \$3,379,000, sewer and water systems \$3,677,000, and road contracts \$28,000,000. This represents a total of \$76,629,000 expended on engineering developments, or \$24,630,000 more than during the same period in 1922.

The following summary indicates in a comparative way the estimated returns from crops and other fundamental industries for 1922 and 1923:



MEMORY OF BUSINESS—LEDGER-PAPER

AVOID ACID-EAT

Executive who values permanent rec-  
think about this:

Papers are made from wood pulp  
and rags. This mixture is bleached  
acid-eat is used. This acid-eat takes  
out of the rags, but itself stays in. It  
takes the color out of your ink—to eat  
your binding—to eat all strength out  
of it. Sometimes, the damage starts in  
a few months, sometimes, longer.

Our Linen Ledger, the memory of  
the past, is safe from acid-eat. Brown's is  
made of 100% pure all-white rags. Needs  
only seventy-three years, it has never  
been ruined a binding, or gone yellow-  
ish, or faded, specify Brown's Linen  
Ledger when you order.



*Also makers  
of Advance Bond  
the high-grade  
business paper*

LINEN LEDGER PAPERS

W. B. BROWN & CO., ADAMS, MASS. ESTABLISHED 1849



## Why? The Story of a Name

interesting than  
name? Our  
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place, intending to go over the meadows,  
was prevented by the villagers; they  
apprehending that the ground over  
which a king passed was forever after  
to become a public road. The king,  
incensed by their proceedings, sent  
from his court some of his servants to  
inquire of them the reason of their  
incivility and ill-treatment, that he  
might punish them by way of fine. The  
villagers, hearing of the approach of  
the king's servants, thought of an ex-  
pedient to turn away their majesty's  
displeasure. When the messengers ar-  
rived at Gotham they found some of the  
inhabitants engaged in trying to drown  
an eel in a pool of water; some were  
employed in dragging carts upon a large  
barn to shade the roof from the sun;  
others were tumbling their cheeses down  
a hill that they might find a way to  
Nottingham for sale, and some were em-  
ployed in hedging in a cuckoo, which  
had perched upon an old bush which  
stood where the present one now stands;  
in short, they were all employed in  
some foolish way or other, which con-  
vinced the king's servants that it was a  
village of fools. Whence arose the old  
adage of the "Wise Men of Gotham."

Hence it will be seen that the  
Gothamites of old were true diplomats,  
and early showed that shrewdness for  
which their half-brothers on the other  
side of the Atlantic became famous long  
years after. From this celebrated rebuff  
to a British monarch grew many other  
tales of the "Wise Men of Gotham"  
which, if all gathered together, would  
form a volume.

But the English, it seems, are not al-  
lowed full title to the name of Gotham.  
As far back as 1807, which is pretty  
far back in American history, Wash-  
ington Irving, writing on his beloved  
New York, relates the "Chronicles of



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recite, says, "He rode on an white ass,"  
 of its record it may chiefly be said that  
 its growth has been so easy, normal,  
 and continuous that it would be difficult  
 indeed to pick out the high lights of its  
 progress. Voltaire wrote, "Happy is  
 the country that has no history." Al-  
 lowing for the Frenchman's exaggera-  
 tion, the history of the Gotham National  
 Bank is typical of all sane and forward-  
 looking financial institutions, with em-  
 phasis on the fact that in a growing,  
 vital section of a great city, it has not  
 only grown, too, but actually lead in  
 developing that region which is so often  
 called "the heart of the town."

Figures? Figures are living things  
 to a banker, so let them here tell their  
 own graphic story.

Building:

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	Capital	Deposits	Total resources
1910	\$ 200,000.00	\$1,042,858.60	\$1,396,201.07
1911	200,000.00	1,522,159.55	1,944,178.33
1912	200,000.00	1,787,408.49	2,326,890.86
1913	200,000.00	2,243,847.39	2,820,686.93
1914	200,000.00	2,543,158.78	3,292,189.96
1915	200,000.00	4,596,190.92	5,165,990.94
1916	200,000.00	4,860,008.26	5,487,825.92
1917	200,000.00	5,788,736.95	6,867,533.36
1918	200,000.00	6,490,675.17	8,414,038.42
1919	500,000.00	10,820,775.13	15,208,455.54
1920	500,000.00	11,690,636.14	15,745,040.35
1921	1,500,000.00	14,491,630.23	19,821,372.69
1922	1,500,000.00	15,775,179.18	20,495,406.16

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The tale is also told architecturally  
 in the pictures.

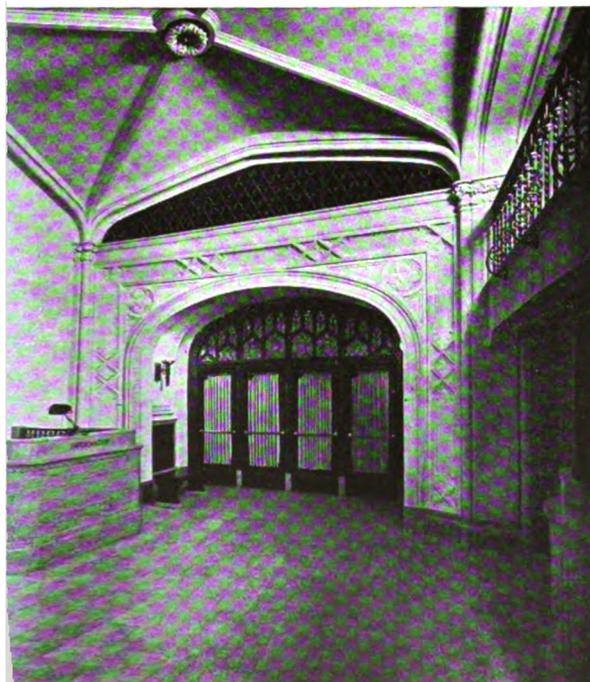
Probably never has any bank moved  
 directly from such a small building as  
 the one which now comprises its en-  
 trance, into such a towering structure  
 as the Gotham National Bank Building  
 of New York. Starting only thirteen  
 years ago, the bank soon became so  
 popular that the lines which extended  
 out on Broadway, particularly on Sat-  
 urday, interfered with traffic at its  
 busy corner, and the increasing clientele  
 of the bank necessitated the larger  
 building.

Thus has been indicated in brief out-  
 line an outstanding instance of what  
 sound banking, based on methods at  
 once democratic and conservative, can  
 accomplish in the first city of the  
 great republic.





Entrance to main banking room



Desk at entrance to main banking room





from Broadway entrance to main banking room



Ham Bank Building showing elevators





American Bank of Washington

## in Bank of Washington

ederal of unusual features inasmuch as there  
n, D. will be no wickets in the counters be-  
Four- tween the customers and the tellers.  
n, D. The divisions between the cages will be  
very low and of glass instead of the  
usual form of wire cage work. Meet-  
ing rooms will be provided in which the  
bank can give lectures to its customers  
and interested friends.

bank The architects on the building are  
f its Alfred C. Bossom of New York, and  
oun- J. H. DeSibour, Washington, D. C., his  
by associate.  
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# ogressive Southern Bank

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## D RESOURCES

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Today the resources of the National Bank of Commerce have increased from the small beginning of \$50,000.00 to the imposing figure of \$22,000,000.00, an increase of 44,000 per cent. It is Norfolk's largest financial institution and is one of the largest banks south of Philadelphia.

## THE NEW BUILDING AND LATER IMPROVEMENTS

The thirteen story building of the National Bank of Commerce was erected in 1906 and was hailed as one of the most commodious banking structures in the South. Before the entrance of the United States into the recent war, in 1917, it was realized that the large growth of the bank necessitated the provision of additional space for the transaction of the business of its customers. The outbreak of the war, however, made impossible the provision of the additional facilities which were desired, and immediately after the war, the inflated costs of building operations and the impossibility of securing adequate labor made another delay necessary. In consequence, when conditions finally justified the enlargement of the banking house, it was determined that the customers should be provided with a place in which to transact their business which would, in appointments, facilities and appearance be second to none.

The addition to the building provides more than twice the amount of lobby space for the use of customers, and in addition, provides a large lobby for the exclusive use of savings depositors. The space for the clerical force of the bank has been more than doubled. The bank occupies the entire ground floor, and in addition the basement, the front and rear mezzanine floors, a balcony, and a part of the second floor.

The officers' space has been greatly enlarged and occupies over half of the length of the bank on the west side.

Windows for eleven paying and receiving tellers are provided on the east side of the lobby, the largest number to



South. This room and is located across the rear of  
insure the the main lobby.

immediate It is interesting to note that the Na-  
their bank- tional Bank of Commerce building is  
t's delay. entirely an independent plant. It  
vice to the operates its own electrical generators  
ellers has and supplies itself with electrical  
modern and power and lights. There are three large  
both pays generators in the basement, and one of

This ar- them is sufficient to supply all light and  
e annoy- power normally needed in the entire  
dow and building. It also operates an ice-water  
drawals. plant from which extend pipes carry-  
new bank- ing ice-water for drinking purposes  
deposit throughout the building. The building

These is cleaned by means of a large vacuum  
marble cleaning plant located in the basement  
n. The with pipes running throughout the  
of Eng- building. Large water pumps in the  
ths are basement force water to the stationary  
may re- wash-stands found in each office, and  
air safe additional large pumps are available  
modern for fire protection for nearby buildings.  
concrete The engine room force consists of six  
men.

The building committee that has had  
charge of the remodelling plans and the  
erection of the building consists of  
Robert P. Beaman, vice-president of the  
bank, and F. R. Barrett, S. L. Slover  
and J. H. Schlegel, members of the  
board of directors.

The officers and directors of the bank  
are:

Officers—R. S. Cohoon, president;  
Tazewell Taylor and Robert P. Beaman,  
vice-presidents; A. E. Wharton, cashier;  
R. C. Taylor, Jr., R. Cornelius Taylor,  
and Z. A. Gay, assistant vice-presidents;  
C. S. Phillips, and F. J. Schmoele,  
assistant cashiers; J. H. Fanshaw,  
auditor.

Directors—John H. Rodgers, W. R.  
Martin, Tazewell Taylor, W. T.  
Simcoe, J. H. Schlegel, J. T. B. Hyslop,  
R. D. Cooke, B. D. White, Thomas H.  
Willcox, John E. Wales, R. S. Cohoon,  
Robert P. Beaman, J. Watts Martin,  
C. S. Carr, S. L. Slover, T. S. South-  
gate, R. C. Taylor, Jr., R. B. Tucker,  
F. R. Barrett, James A. Ridgwell, W.  
B. Baldwin, W. J. Stanworth, Jefferson  
D. Hofheimer, G. R. Loyall, R. S.  
Voight.



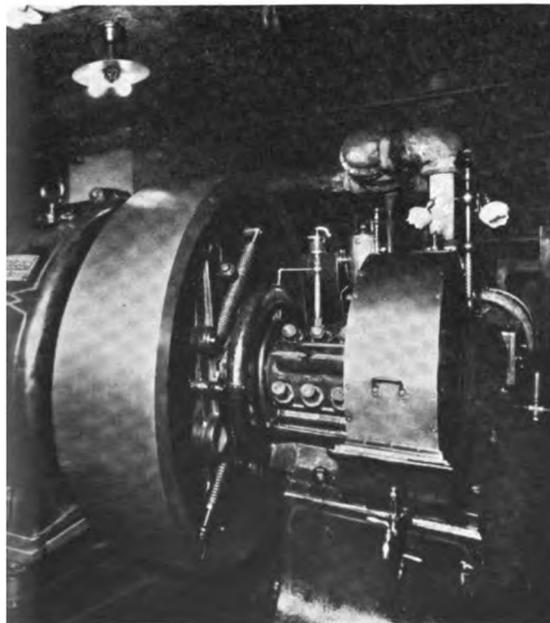


Directors' room





ner in the employees' dining room



all power and light for the building





Trust Company, Asbury Park, N. J., recently remodelled

## Trust Company in New Home

company, with new electrical wiring, plumbing and heating equipment.

ormally approved . It is building re-e institution of

ding to er, but e busi-ducted nience. open pants never

ilding ay in-bank ; the econd arble e for pper ising iteen two

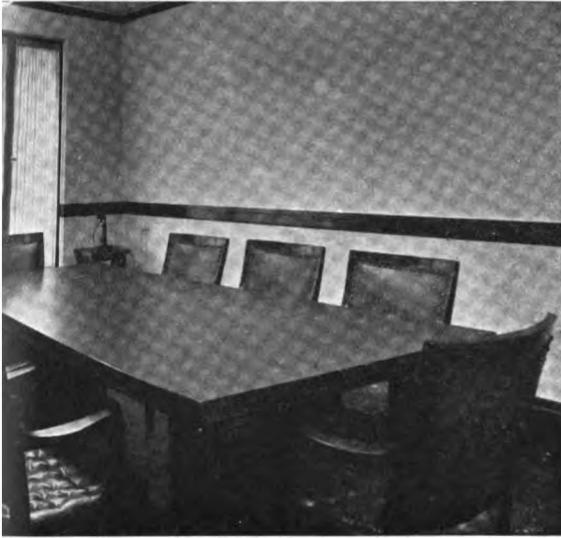
ment ens, ges, ther

As originally constructed, the bank building had both inside and outside walls carried to the foundation for sup-



WILLIAM J. COUSE  
President Asbury Park Trust Company





Board of directors' room

n Levanto  
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The vault's  
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fe deposit  
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rates lower than are available on any other type of construction. The Asbury Park Trust Company is the first in its section to provide this type of protection for its safe deposit department.

To the left of the vault are coupon booths and conference rooms for safe deposit customers. In the basement are

ED

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View of officers' quarters





**HETTY A. MORTON**  
Manager ladies' department

**JEFFERSON B. FOGAL**  
Assistant secretary-treasurer

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Cork tile has been used as flooring in officers' space, ladies' department and working space, and rubber tile in the safe deposit vault itself.

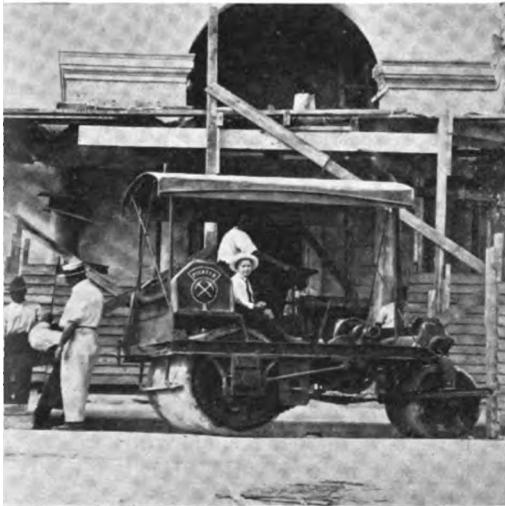
Pedestals for the support of counters, filing cabinets and all shelving through the banking rooms are of steel. The plaster walls are scored and lined off and are finished with Craftex to represent a light buff stone. Throughout the banking room there are no chandeliers—instead the light is softly diffused by indirect lighting from a trough in the cornice of the counterscreen. This same



s showing safe deposit boxes



tel, Asbury Forsyth, assistant secretary-treasurer.  
 d treasurer The directors include William J.  
 at Asbury Couse, Lee W. Berry, Frank Durand,  
 and read- counsellor-at-law; J. Lyle Kinmouth,  
 d progress editor and publisher Asbury Park  
 met the Press; John C. Palmateer, retired; L.  
 tors. Carberry Ritchie, president Coast Gas  
 dition to Company; Albert Robbins, real estate  
 been its and insurance; George A. Smock, re-  
 rry, vice- tired; and William Winans, president  
 nt of the C. G. Winans Company.  
 Railroad; The Asbury Park Trust Company  
 reasurer, was the thirtieth banking institution in  
 , having Monmouth County at the time it com-  
 ver since menced business, July 1, 1911. It has  
 assistant made steady progress until now there  
 Morton, are only four banks in the county that  
 l James have deposits in excess of this in-  
 stitution.



entrance arrives from steamer

## ld & Son, Ltd., Hamilton, rmuda

l Company who are installing the vault,  
 were compelled to use the local steam  
 roller to draw the heavy eight-ton door  
 through the streets.

Three complete York vaults have  
 been installed in this building.





# Grandfather's Bank

*of his funds.*

*of your financial interests.*

*of your children's heritage.*

*of your money—acting in every  
of every trust capacity.*

*of your Business on Our Record*

**THE  
EMICAL  
TIONAL  
ANK  
EW YORK**

**ounded 1824**

**AMBERS, FACING CITY HALL**



# Bank of New York & Trust Co.

Capital, Surplus and Undivided Profits  
over \$16,000,000

*Banking Office*  
48 Wall Street

*Madison Avenue Office*  
at 63rd Street

*Trust Office*  
52 Wall Street

100 Years of Commercial Banking

THE  
**CHATHAM**  
AND  
**PHENIX**

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Established 1846

# Bankers Magazine

Published Monthly by

BANKERS PUBLISHING COMPANY

1-73 Murray Street, New York, N. Y. CHICAGO  
601 No. Michigan Avenue

CABLE ADDRESS: "BANKMAG," NEW YORK

DECEMBER 1923

No. 6

THE POST-OFFICE AT NEW YORK AS SECOND-CLASS MATTER

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Proposed Investigation of Germany's Capacity to Pay  
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Public Indifference to Extravagance—Seeing Things

Program Approved by Leading Bankers..... 901

For the benefit of its readers a consensus of banking  
experts, Secretary Mellon that the nation's tax bill for  
1923, THE BANKERS MAGAZINE requested repre-  
sentatives of the country to summarize their views with  
authority. Replies received in time for publication in  
this issue.

Banker.....By John N. Eaton 906

Banking, in the opinion of the writer of this article,  
is a business which concerns those figures in the financial state-  
ments so condensed that they make proper analysis  
difficult. The Bankers' Associates, of which Mr. Eaton is president,  
are working toward improving conditions in this  
business. It is much to be done. In this article the belief  
is expressed that the banker is partly to blame for a situation, existing all  
over the country, which never wants his banker to know as little as  
possible. Mr. Eaton stresses the need for closer  
contact between banker and borrower, and makes some very constructive  
suggestions to be brought about.

Banking.....By W. H. Steiner 907

A clear and pertinent discussion of such matters  
as the content of the analysis, fundamental  
standards. The author points out that while  
in recent years to the analysis of financial  
statements has been made, the work has, unfortunately,  
been superficial. This article shows that, though there  
are many factors that there is a sharp conflict between  
the older or traditional ones, the same  
factors never represent merely an extension of the

Week.....By J. H. Puelicher 910

Children secure the opportunity to visit  
the city on Bank Day, is known to everyone  
as Bank Day Activities. This article describes the way  
in which we have co-operated to make Bank Day  
a day for the children of that city.

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A BANK with a record for having served its correspondents faithfully and intelligently since its organization in 1856.

THE  
NATIONAL PARK

BANK

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<p>ifornia, there is a banker who is using psycho-analysis ness for his bank. The peculiar kink in human nature turning to his benefit is called "identification" by the this characteristic human trait has been made use of in o build bank business, is interestingly told in this article.</p>	
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<p>hod of visual education the public libraries make up ng educational pictures relating to important industries it them on handsome mats and lend them to school onnection with their studies. To date almost every iness or individual endeavor except banking is covered f cards. In this article a practical plan is outlined, e banks and libraries can work together to present to i interesting fashion valuable educational material banking.</p>	
<b>ting.....By Carl H. Getz</b>	<b>918</b>
<p>ip of Pacific Coast wheat growers started the first keting association, based on the pooling principle— orth Idaho Wheat Growers Association. In 1921 ere put under way in Oregon, Southern Idaho and rganizations joined under one head, known as the rs, Associated, and in 1921 marketed a pool of about 1923 the movement had spread through all the of the Far West, Northwest and Middle West, l in practically every one of them. Recently the rs, Associated, expanded into what is known as wers, Associated, which includes associations in ten tion operates, what it has done, its policy in the other important matters in connection with its very comprehensively in this article.</p>	
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<p>eral discussion of provisions for safe keeping of les through the rental of safe deposit boxes and ie advantages of custodianships are outlined, and sit company records and custodianship records by the author.</p>	
	<b>929</b>
<p>y feature which many banks find indispensable. es of the month involving points that concern ider to keep in touch with the general trend natters. Many a banker has obtained informa- which has saved his bank hundreds, perhaps</p>	
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<b>.....By Richard W. Saunders</b>	<b>951</b>
<p>ome to the notice of a former banker during</p>	
	<b>953</b>
<p>ors are in a position to avail themselves ve answers to varied current problems of —questions of general interest to all credit</p>	
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Established 1851

# OFFICERS

WILLIAM WOODWARD  
PRESIDENT

E. HAYWARD FERRY  
VICE PRESIDENT

HENRY P. TURNBULL  
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WILLIAM B. SMITH  
ASST. CASHIER

## International Banking

To meet the growth  
established some time

## Chile's Economic and

This article, written  
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will deserve serious

## Economic Position of

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rapidly developing

## Review of Countries

A monthly résumé  
countries of the w

## International Banking

Facts and figures  
ments in banking

## Good Ventilation a S

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## Hundreds of Bills on

Five hundred bills  
in the last session

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Up to the  
Minute Bank  
Corn Exchange National  
Philadelphia

*Of Course*

your business, but we want it

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# HER'S PAGE

## S MAGAZINE

ary 1924

solve the distressing problems confronting the industry.

### The Part of the Automobile Financing Company in our Credit Structure

banks for their funds. Through experience the people have come to consider the banks an excellent place for a certain amount of their funds, but all banks do not as yet regard automobile finance companies as an excellent place for a certain amount of their funds. EMLÉN S. HARE, vice-president of Hare & Chase, Inc., one of the best known automobile finance companies in the field today points out in an interesting and timely article in what ways the automobile finance company presents a real opportunity for service to commercial banks. Mr. Hare explains how the automobile finance company—in matters pertaining to automobile finance—supplements our commercial banking system just as branches of a large bank, through enabling the bank to expand and handle efficiently business comprised of smaller units, supplement the work of the bank's main office.

### The Banker and the Stock Exchange

THE stock exchange, an essential prop in our financial structure, suffers much criticism which is directly traceable to the fact that the fundamental purpose for which it functions is not properly understood. Its activities are so often misinterpreted and misconstrued. The president of the New York Stock Exchange, SEYMOUR L. CROMWELL, tells you in this article what the purpose of the stock exchange is. He tells you what it does and what it does not do. He explains by what methods the stock exchange, while it has no direct interest in the matter of the issue of fraudulent securities, has fought this evil consistently and effectively. Mr. Cromwell's treatment of his subject is direct and outspoken. He wastes no words. What he has to say is readable, illuminating and always to the point.

BANKS are largely dependent on the deposits of the people for their funds and automobile finance companies are largely dependent on the

Through experience the people have come to consider the banks an excellent place for a certain amount of their funds, but all banks do not as yet regard automobile finance companies as an excellent place for a certain amount of their funds. EMLÉN S. HARE, vice-president of Hare & Chase, Inc., one of the best known automobile finance companies in the field today points out in an interesting and timely article in what ways the automobile finance company presents a real opportunity for service to commercial banks. Mr. Hare explains how the automobile finance company—in matters pertaining to automobile finance—supplements our commercial banking system just as branches of a large bank, through enabling the bank to expand and handle efficiently business comprised of smaller units, supplement the work of the bank's main office.

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In strength of resources, in volume of business, in widening of business friendships, our progress has been consistent and constant.

While mindful of the best traditions of the past, our present management and Trustees are in complete accord with the needs of the present.

We invite you, if you feel the need of an institution of this character, to use the complete facilities of our banking and trust service.

*Acts as  
Executor  
and  
Adminis-  
trator*

*Acts as  
Trustee  
Under  
Mortgages*

*Acts as Transfer Agent or Registrar*

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# paper into Gold”

*Merchant's amazing discovery*

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credit, “good paper” has become the currency of commerce.

The extension of credit—today the specialized function of banking institutions—calls for the services of experts, experienced in industry, commerce and finance. It calls for conservative business judgment, as well as for “business imagination” of the highest order.

On this phase of banking—commercial banking—the Seaboard has a definite policy. Above all else, the Seaboard is a commercial bank which seeks to do business only with concerns whose “paper” is as good as gold. To such clients the Seaboard proves itself more than a fair-weather friend sailing familiar seas. It can be and is the staunchest kind of all-weather partner on well-planned voyages for the discovery of more business and better business.

## 1 National Bank

CITY OF NEW YORK

OFFICE  
AVER STREETS



Uptown Branch  
20 EAST 45TH STREET  
near Madison Avenue

## ment of Facilities

bank is not only indicated by the  
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cial Banking, since 1812  
oreign Banking, since 1814  
partment, Organized 1888

principal financial, wholesale, and  
anhattan and Brooklyn bring to the  
own banks that close and constant  
in no other way.

## THE BANK OF AMERICA

ESTABLISHED 1612

NEW YORK CITY

## L & IRON ATIONAL BANK

THE CITY OF NEW YORK

with this Bank carries with it  
assurance that its services as  
ork Correspondent will be

modern methods are here sup-  
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growth and success of your

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# NECESSITY A VIRTUE

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LPHIA, PA.

# 1864—SERVICE—1923

FOR fifty-eight years the First National Bank of Jersey City has striven continuously for the attainment of the highest ideals in banking SERVICE.

Public appreciation constantly increased the demands made on this institution until it became necessary to greatly increase facilities.

This new building, the last word in bank construction, provides these additional facilities so that a still broader and more efficient banking service will be rendered.

## First National Bank of Jersey City

Jersey City, N. J.

WARD I. EDWARDS, President

President JACOB R. WORTENDYKE . Asst. Cashier  
Cashier CLIFFORD A. SPOERL . . Asst. Cashier

## HARRIS, FORBES & CO

N. W. HARRIS & CO. New York

100 Broadway, Corner William  
NEW YORK

## FOR INVESTMENT

Company Harris Trust & Savings Bank  
Bond Department  
Chicago

# The C

THE ability  
credit is  
as of June 30  
in this vast  
branches in  
Manchester,  
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Barclays' b  
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## BAI

Sir Herbert

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BARCLAY  
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Malr.

# of Service at Bank

to supply present day demands for deposits in excess of \$1,479,500,000, a wide range of banking services generated and conducted through more than 1700 branches, including foreign branches in London, New York and other cities which are completely equipped for business.

Communications from London to all of the principal continents, of Asia, Africa and Australia, are provided for enterprise. American banks are connected with our facilities for their overseas re-

June 30, 1923

Capital.....	\$100,000,000
Reserve Fund.....	77,961,860
Surplus.....	41,250,000
Total.....	1,635,737,591

(converted at \$5.00)

## BANK LIMITED

John D. Goodenough, *Chairman*

Edmund Henry Parker, *Vice-Chairman*

15, MARK LANE, LONDON, E. C. 3

8, FENCHURCH STREET, LONDON, E. C. 3

### FILIATED BANKS

London: Offices in Paris, Bordeaux, Boulogne, Havre, Lyons, Marseilles, Monte-Carlo, Nice and other Continental cities,

Edinburgh: Offices in Scotland.

Manchester: 149 offices in Lancashire, Cheshire, and the West

London: Branches in Egypt and Palestine; also at Gibraltar,

San Francisco: Office in America—H. Poe Alton

111 WALL STREET, NEW YORK CITY



CAPITAL and SURPLUS  
\$7,000,000.00

GOVERNED  
BY  
SOUND  
PRINCIPLES

**CENTRAL TRUST**  
COMPANY OF ILLINOIS  
CHICAGO

Capital and Surplus \$16,800,000

**I**NTERNATIONAL  
IMPORTS AND EXPORTS FINANCED  
INDIVIDUAL ATTENTION

**A**CCCEPTANCE  
ARBITRAGE AND FOREIGN EXCHANGE  
ADVICE AND INFORMATION

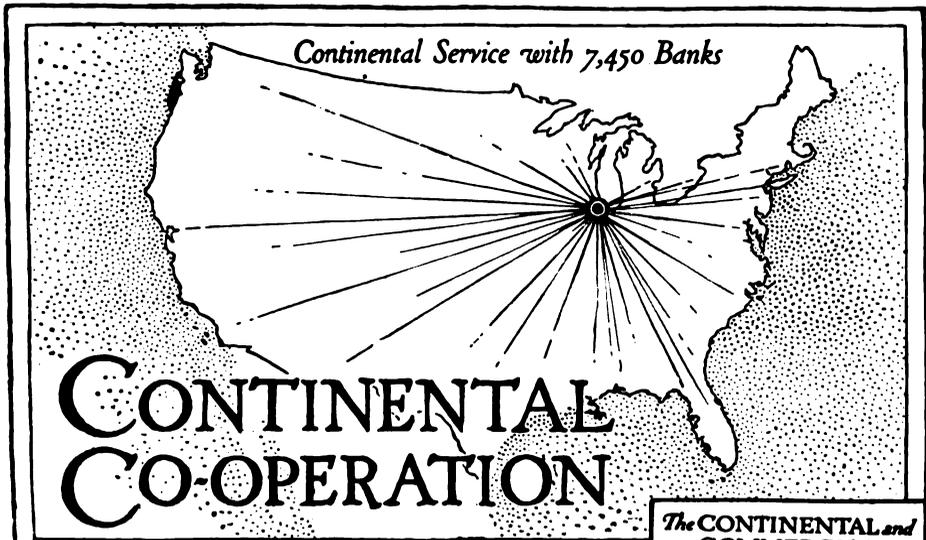
**B**ANK, INC.  
BONDS AND SECURITIES  
GULLION AND METALS

*"Old World Experience and New World Enterprise"*

PAUL M. WARBURG  
Chairman

F. ABBOT GOODHUE  
President

31 Pine Street, New York



*The* **CONTINENTAL and  
COMMERCIAL  
BANKS**

CHICAGO

*Resources more than \$500,000,000*

Through the individual and collective co-operation of 7,450 banks there has been developed the Continental and Commercial system of nationwide banking co-operation. This enables us to handle business for a great number of correspondents with the same precision and dispatch as though we were serving only one.

Each correspondent bank has contributed to this effective system. Each institution has helped us in various ways to increase the usefulness of our service. For this reason each correspondent has won the appreciation and loyalty of the

**CONTINENTAL and COMMERCIAL  
NATIONAL BANK of CHICAGO**

*"An Extra Measure of Service"*



# The First National Corporation

OF BOSTON

Dealers in  
BANKERS' ACCEPTANCES AND  
UNITED STATES GOVERNMENT OBLIGATIONS

Act as Agents in the  
Purchase and Sale, in All Markets, of  
FOREIGN GOVERNMENT AND  
DOMESTIC SECURITIES

30 FEDERAL STREET  
BOSTON

100 Broadway  
NEW YORK

111 W. Monroe St.  
CHICAGO

## Let Us Serve Your Massachusetts Fiduciary Interests

This Company offers its special training and experience to individuals and corporations having fiduciary business in Massachusetts.

We are versed in the estate and Trust laws and practices of the State of Massachusetts, experienced in banking and modern methods of accounting, and keep in close contact with new developments affecting fiduciary matters.



We render expert service as Agent, Attorney, Custodian of Property, Executor and Trustee under will and Trust agreements. You are invited to correspond with the president or other officers of the Company.

*Charles E. Rogerson, President*

### BOSTON SAFE DEPOSIT & TRUST COMPANY

100 FRANKLIN STREET

*At ARCH and DEVONSHIRE STREETS*

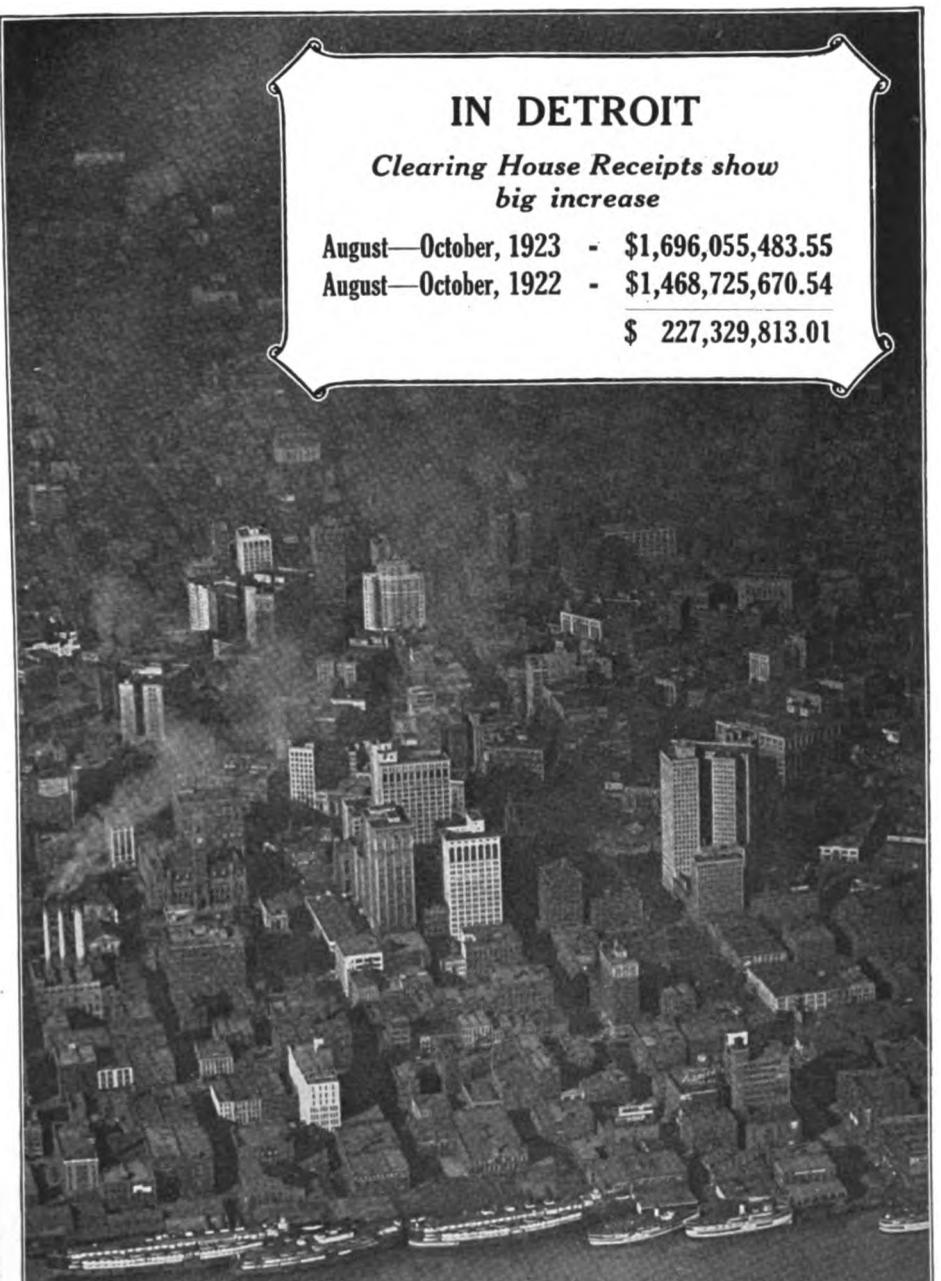
Boston 6

*We have over 800 Personal Trust Estates aggregating \$73,000,000, the result of our 45 years' experience in managing Trust business.*

## IN DETROIT

*Clearing House Receipts show  
big increase*

August—October, 1923	-	\$1,696,055,483.55
August—October, 1922	-	\$1,468,725,670.54
		<hr/>
		\$ 227,329,813.01



**THE PEOPLES STATE BANK**

MEMBER FEDERAL RESERVE BANK

RESOURCES OVER ONE HUNDRED MILLION DOLLARS



PRESENTED TO THE CORPORATION OF  
NORFOLK BY J. GUY ROBERT DINWIDDIE  
IN 1783

Organized 1885

UNITED STATES DEPOSITORY

Capital . . . . \$1,000,000  
Surplus and Profits . \$1,190,000

- W. A. GODWIN.....President
- A. B. SCHWARZKOPF.....Vice President
- J. B. DEY, Jr.....Cashier
- C. S. WHITEHURST.....Asst. Cashier
- I. T. VAN PATTEN.....Asst. Cashier
- E. D. DENBY.....Asst. Cashier
- B. H. MOORE.....Asst. Cashier

*The Oldest National Bank  
in Eastern Virginia*

CORRESPONDENTS — National City Bank, New York; National Bank of Commerce, New York; Fourth Street National Bank, Philadelphia; National Shawmut Bank, Boston; Merchants National Bank, Baltimore.

Our growth is the direct result of the confidence of the business world in our bank—a bank that has cultivated an intimate appreciation of business problems and has tried to be helpful in up-building vital business interests of our country

## The Gateway

—to the “Inland Empire” is always open when you send your business to The Old National Bank in Spokane. This district comprises eastern Washington and Oregon, northern Idaho, and western Montana.

Strategic location, complete organization and efficient service makes a connection with this bank of maximum value to you.



The  
**Old National Bank**

Spokane, Washington

# A PROGRESSIVE SOUTHERN BANK



With resources of over \$22,000,000 we offer to bankers, merchants and shippers a thoroughly organized Collection Department, exceptionally equipped for prompt, efficient and economical service in connection with the collection of drafts, checks, or foreign bills of exchange.

## OFFICERS

	R. S. COHOON, President	
TAZEWELL TAYLOR, Vice-Pres.	ROBERT P. BEAMAN, Vice-Pres.	A. E. WHARTON, Cashier
R. C. TAYLOR, Asst. Vice-Pres.	R. CORNELIUS TAYLOR, Asst. Vice-Pres.	Z. A. GAY, Asst. Vice-Pres.
C. S. PHILLIPS, Asst. Cashier	F. J. SCHMOELE, Asst. Cashier	J. H. FANSHAW, Auditor

*Norfolk's Largest Bank*

## The National Bank of Commerce of Norfolk

NORFOLK, VIRGINIA

# Citizens-American Bank & Trust Co.

TAMPA, FLA.

Member Federal Reserve System



Capital	- - -	\$1,000,000.00
Surplus	- - -	300,000.00

DR. L. A. BIZE . . . . .	President
W. W. TRICE . . . . .	Vice-President
ISAAC MAAS . . . . .	Vice-President
L. L. BUCHANAN . . . . .	Vice-President
D. H. LANEY . . . . .	Cashier
W. W. BLOUNT . . . . .	Assistant Cashier
EUGENE KNIGHT . . . . .	Assistant Cashier
C. E. HESTER . . . . .	Auditor

Our extensive connections and complete facilities enable us to handle all branches of foreign and domestic banking with the highest degree of efficiency

*Collections given special attention, and prompt remittances made*



ESTABLISHED 1832

## Banking Service in Canada, Newfoundland and West Indies

With 280 branches in Canada, 22 in Newfoundland, 11 in Jamaica and 8 in Cuba, Porto Rico and the Dominican Republic, we are well equipped to handle the accounts of banks and corporations wishing to do business with these points.

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

# The Bank of Nova Scotia

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

NEW YORK AGENCY - - - 49 WALL STREET  
H. V. CANN and F. W. MURRAY, Agents

LONDON BRANCH: 55 Old Broad St., E.C. 2

### CORRESPONDENTS

LONDON, ENG.—London Joint City & Midland Bank, Ltd.,  
Bank of England

NEW YORK—Bank of New York & Trust Co.  
National Bank of Commerce in New York



**Capital**  
**\$5,000,000**

**Reserves**  
**\$7,000,000**

**Head Office—TORONTO, CANADA**

**CANADIAN COLLECTIONS—**

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

**CANADIAN ACCOUNTS AND BALANCES—**

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

**THE BANK OF TORONTO**

**INCORPORATED**  
**1855**

**JOHN E. LAMB**  
**General Manager**

**THE MOLSONS BANK**

Incorporated by Act of Parliament 1855

**HEAD OFFICE: MONTREAL, CANADA**

**Capital Paid Up, \$4,000,000**      **Reserve Fund, \$5,000,000**  
**Resources Over, \$70,000,000**

**BOARD OF DIRECTORS**

**F. W. MOLSON, President**      **WM. MOLSON MACPHERSON, Honorary President**      **W. A. BLACK, Vice-President**  
**S. H. EWING**      **WM. M. BIRKS**      **JOHN W. BOSS**      **J. M. McINTYRE**

**EDWARD C. PRATT, General Manager**  
**H. A. HARRIES, Superintendent of Branches**      **T. CARLISLE, Chief Inspector**  
**E. HABERER, Inspector**

**Agents in Great Britain and Colonies**

**LONDON and LIVERPOOL—Westminster Bank, Limited.**  
**IRELAND—Munster and Leinster Bank, Limited.**      **AUSTRALIA and NEW ZEALAND**  
**—The Union Bank of Australia, Limited.**      **SOUTH AFRICA—The Standard Bank of South Africa, Limited.**

**Foreign Agents**

**FRANCE—Société Générale.**      **BELGIUM, Antwerp—La Banque D'Anvers.**  
**Brussels—Société Générale de Belgique.**      **CHINA and JAPAN—Hong Kong and Shanghai Banking Corporation.**

**128 Branches throughout the Dominion of Canada**

*Agents in all the Principal Cities of the United States*

Collections made in all parts of the Dominion and returns promptly remitted at lowest rates of exchange. Commercial letters of credit and travellers' circular letters issued, available in all parts of the world.



1869  
A Local Institution

1923  
An International Force

**B**ORN over fifty years ago in the City of Halifax and during the distracting period following the American Civil War, The Royal Bank of Canada, then known as the Merchants' Bank of Halifax, started in a very modest way, but through sound business principles, foresight, faith in the Dominion and in its own development, it has today a history of phenomenal growth to its credit.

The Royal Bank of Canada now stands in the forefront of Canadian Chartered Banks. It has 700 branches within the Dominion and abroad, and it is recognized as one of the world's largest financial institutions.

# THE ROYAL BANK OF CANADA

*Total Resources \$551,000,000*

Established 1875

# Imperial Bank of Canada

HEAD OFFICE, TORONTO

Capital (Paid Up) . . . \$7,000,000

Reserve Fund . . . . . 7,500,000

PELEG HOWLAND, PRESIDENT

WM. HAMILTON MERRITT, M.D., (St. Catherines), VICE-PRESIDENT

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

H. T. JAFFRAY, ASST. GEN. MANAGER

### Agents and Correspondents

#### UNITED STATES

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

#### GREAT BRITAIN and IRELAND

England—Lloyds Bank, Limited.  
Scotland—The Commercial Bank of Scot-  
land.  
Ireland—Northern Banking Co., Limited,  
Belfast, and Branches.

#### FRANCE, BELGIUM and SWITZERLAND

Lloyds & National Provincial Foreign  
Bank, Ltd.

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

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

# Austin National Bank

AUSTIN, TEXAS

Capital \$300,000

Surplus and Profits \$766,812

Resources \$7,374,400

WM. H. FOLTS, President

JOHN H. OHILES, Vice-President

T. H. DAVIS, Vice-President

S. B. ROBERDEAU, Asst. Cashier

MORRIS HIRSHFELD, Vice-President

C. M. BARTHOLOMEW, Cashier

LEFFLER CORBITT, Asst. Cashier

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

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

H. A. WROE, President

R. C. ROBERDEAU, Vice-Pres.

A. D. THOMPSON, Vice-Pres.

H. PFAEFFLIN, Asst. Cashier

L. J. SCHNEIDER, Vice-Pres.

L. D. WILLIAMS, Cashier

D. H. HART, Jr., Asst. Cashier

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

# American National Bank

AUSTIN, TEXAS

Capital, \$300,000

Surplus, \$800,000

Directors Responsibility Over \$3,000,000 United States Government Depository

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





## The A B C

of international banking is provided through our 62 branches and offices distributed as follows:

**Argentina Brazil Chile**

**ENGLAND  
GUATEMALA  
URUGUAY**

**FRANCE  
MEXICO  
VENEZUELA  
SAN FRANCISCO, U. S.**

**SPAIN  
PERU  
COLOMBIA**

**NICARAGUA  
ECUADOR  
SALVADOR**

## ANGLO-SOUTH AMERICAN BANK, LIMITED

and its affiliations

**British Bank of South America**

and

**Commercial Bank of Spanish America**

Represented by

**THE ANGLO-SOUTH AMERICAN  
TRUST COMPANY**

Incorporated under the laws of the State of New York  
**49 Broadway, New York**

## Bank of Liverpool & Martins Limited.

**Head Office: 7 WATER STREET, LIVERPOOL.**

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

<b>Capital Subscribed</b> .....	<sup>\$5-£1</sup> <b>\$93,955,600</b>
<b>Capital Paid Up</b> .....	<b>11,744,450</b>
<b>Reserve Fund and Surplus Profits</b> .....	<b>8,130,495</b>
<b>Deposits, etc., at 30th June, 1923</b> .....	<b>319,671,980</b>

**350 BRANCHES AND SUB-BRANCHES.**

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

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

*Established 1833*

---

# THE NATIONAL PROVINCIAL AND UNION BANK OF ENGLAND, LTD.

---

(\$5 = £1)

Subscribed Capital -	<b>\$217,235,400</b>
Paid-up Capital -	<b>46,547,080</b>
Reserve Fund - -	<b>45,000,000</b>

---

**HEAD OFFICE : 15, BISHOPSGATE, LONDON, E.C.2.**

OVER 1000 OFFICES in ENGLAND and WALES.

---

**Every Description of Banking Business Transacted.**

**The Agency of COLONIAL and  
FOREIGN BANKS undertaken.**

---

**PRINCES STREET OFFICE : 2, Princes Street, London, E.C. 2.**

The Foreign Department at this Office is specially organized for the conduct of the  
Accounts of the Colonial and Foreign Correspondents of the Bank.

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## **COUTTS & CO.**

Established 1892, is affiliated with this Bank

LONDON: 440 Strand, W.C. 2. 15 Lombard Street, E.C. 3. 1 Park Lane, W. 1

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AUXILIARY

**LLOYDS & NATIONAL PROVINCIAL FOREIGN BANK LTD.**

Principal Offices: London and Paris.

# In Every Important Italian Market

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



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

## FOREIGN BRANCHES

**New York**

**London**

**Constantinople**

## AFFILIATED INSTITUTIONS

Banca Commerciale Italiana (France): MARSEILLES, NICE, and other important cities.

Banca Commerciale Italiana e Bulgara: SOFIA and branches.

Banca Commerciale Italiana e Romana: BUCHAREST and branches.

Banca Ungara Italiana: BUDAPEST

Banque Francaise et Italienne pour l'Amérique du Sud: PARIS, BUENOS AIRES, SAO PAULO, RIO de JANEIRO, WALPARAISO, and other important cities in Argentine, Brazil and Chile.

Boehmische Union Bank: PRAGUE and branches.

Banca della Svizzera Italiana: LUGANO and branches.

Credit Anversois: ANVERS, BRUXELLES and branches.

Società Italiana di Credito Commerciale: VIENNA, and branches.

Banca Italiana: LIMA and branches.

Banco Francés de Chile: SANTIAGO.

Banco Francés e Italiana de Colombia: BOGOTA.

# Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital \$80,000,000      Surplus . . . \$36,000,000  
 Capital fully paid \$69,757,200      Resources . . . \$1,345,547,956  
 Five Lire = One Dollar

**NEW YORK AGENCY, 62-64 WILLIAM STREET**

Telephone—John 1000

Giovanni Costa  
 John Stewart Durland

Siro Fusi  
 Edoardo Roffi

**AGENTS**

# THE BANK OF CANTON LTD

New York Agency Established January 9th, 1922

1 WALL STREET

HEW FAN UN, Agent

An institution equipped to render an exceptional banking service to American Bankers and business men, because of its native personnel, whose training gives them a most comprehensive knowledge of business conditions in the Far East.

Valuable information is available at all times to those interested. We invite your inquiries and correspondence.

HEAD OFFICE, HONG KONG

Branches: HANKOW SHANGHAI CANTON BANGKOK

The Banker and Tradesman has for over fifty years been the representative financial and business weekly of Boston and New England.

465 Main Street - - Cambridge 39, Mass.

A Native Bank in Peru  
for all Banking Operations

## BANCO ITALIANO

LIMA, PERU

Established 1889

Capital Fully Paid Lp. 400,000 Surplus Lp. 401,585

BRANCHES

Callao—Arequipa—Chincha Alta—Mollendo—Trujillo

Representatives for the U. S. A.

**Banca Commerciale Italiana**

62-64 William Street, N. Y.

Phone: John 1000



## In Rhode Island —the Industrial Trust

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

**INDUSTRIAL TRUST COMPANY**

Member of Federal Reserve System

Main Offices: Providence, Rhode Island

Number Four  
of a Series



## Bankers of Tomorrow

¶ With the advancement of science, the development of the nation's resources, and the growth of industry and commerce, bankers of tomorrow will face even bigger and harder problems than you face today.

¶ Men developed by forty years of plodding will not fill the need. The banker of tomorrow must learn in his youth the broader principles of finance, credit, economics, law, and international trade. Upon this fundamental knowledge, experience will build minds able to meet the demands of their day.

¶ One hundred and fifty-seven chapters of the American Institute of Banking are teaching thirty thousand bank men and women Elementary Banking, Commercial Law, Standard Banking, Negotiable Instruments, Economics and other kindred subjects. These courses are also available to correspondence students.

¶ Your bankers of tomorrow should take advantage of this wonderful road to success.

*The American Institute of Banking is  
the world's greatest trainer of bank  
men and women. Are you actively  
supporting it?*



CHAPTERS IN PRINCIPAL CITIES  
COURSES BY MAIL

National Office: 110 East Forty-Second Street, New York

Space Donated to  
National Publicity Committee

# Banca Nazionale di Credito

**Capital Paid up - - Lit. 250,000,000**

**HEAD OFFICE: ROME, ITALY**

---

**Over 70 Branches and Agencies Throughout Italy**  
**Correspondents**  
**in all the Principal Cities of the Kingdom**

---

**Every Description of Domestic and International**  
**Banking Business Transacted**

**Special Travelers' Letters of Credit and**  
**Money Order Departments**

---

***Inquiries and Correspondence Solicited***

---

**AFFILIATED BANKS**

**Banque Italo-Francaise de Crédit**

**PARIS                      MARSEILLES                      TUNIS**

**Capital Paid up - - Frs. 15,000,000**

**Italian Discount & Trust Co.**

**NEW YORK CITY**

**Capital and Surplus - - \$1,500,000**

# Banca Nazionale del Reduce

(ITALIAN VETERANS BANK)

ESTABLISHED 1919

Capital Subscribed ..... Lire 30,000,000.  
 Capital Paid-up ..... " 11,344,300.  
 Reserve Fund (Dec. 31, 1922)..... " 2,000,000.

HEAD OFFICE: ROMA, ITALY

GR. UFF. ALFREDO CALORO, President

NEW YORK AGENCY—231 East 14th St., New York City.

Telephone: Lexington 5860-5861-5862-5863

HOME OFFICES—Roma, Milano, Genoa, Tivoli

FOREIGN BRANCHES—New York, Paris

Affiliated Banks: First State Bank, Boston, Mass.; South Philadelphia  
 State Bank, Philadelphia, Pa.

3,000 Correspondents in Italy: Correspondents all over the world.

Cable Transfers; Drafts; Letters of Credits; Bonds; and etc.

# Nederlandsche Handel-Maatschappij

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824

Capital Paid up..... f.80,000,000 Neth. Currency (£6,666,666)  
 Statutory Reserve Fund..... f.19,769,180 " " (£1,647,432)  
 Extraordinary Reserve Fund f.22,660,000 " " (£1,888,333)

Head Office: AMSTERDAM

Branches: ROTTERDAM, THE HAGUE.

Branches in the NETHERLANDS INDIES: BATAVIA, SOURA-  
 BAYA, SAMARANG, MEDAN, and further Principal Ports.

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

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

LONDON CORRESPONDENTS: The National Provincial and Union  
 Bank of England, Ltd., LONDON.



## Guarding the Treasure of the Incas

The precautions taken to ensure the safety of the Treasure of the Incas were, considering the period in the world's history, extremely ingenious and complete. Approach to the secret hiding place on an island was concealed by a maze of mysterious contrivances, surrounded by a massive stone structure, on the threshold of which picked guards maintained an unceasing vigil.

The marvels of one age are the commonplaces of the next. But the methods men used in the past are not to be derided because they have been superseded. Our forefathers did the best they knew.

The stout oaken chest, hewn from a tree with an axe, bound with iron bands and cumbrous hinges and held with ponderous locks—ridiculous as it seems to us today—was good enough until the saw was invented and severed in a few minutes that which the axe had taken weeks to fashion.

The ironclad was a power until a gun and shell were produced which penetrated it, this in turn being followed inevitably by armour-plate which resisted the shell.

The poison is invariably followed by the antidote; and the antidote to the modern burglar armed with the most formidable safe-breaking implements is The Chatwood Safe.

# THE CHATWOOD SAFE

Since 1858

*"Achievement is but another milestone along the highway of progress—the end of the journey lies ever beyond."*

THE CHATWOOD TRADITION

SINCE 1858	<b>THE CHATWOOD SAFE CO. LTD.</b> <i>Bankers' Engineers</i> <b>Head Offices and Works: Bolton, England.</b> <i>Branches: London—58 Gracechurch St. E. C.</i> <i>Glasgow—12 Greenlodge Terrace, Greenhead.</i> <i>Manchester—Royal Exchange.</i>	SINCE 1858
---------------	--	---------------

# The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

Capital Authorized and Issued.....	£9,000,000
Capital Paid-Up .....	£3,000,000
Reserve Fund .....	£3,350,000
Reserve Liability of Proprietors	£6,000,000

Head Office—71, CORNHILL, LONDON, E. C. 3

Manager—W. J. ESSAME      Assistant Manager—W. A. LAING  
Secretary—F. H. McINTYRE

187 Branches throughout Australia and New Zealand, viz.:—  
In Victoria, 43; In South Australia, 14; In New South Wales, 42; In Western Australia, 20  
In Queensland, 19; In Tasmania, 3; In New Zealand, 46.

*Agents and Correspondents in all parts of the World*

The Bank offers facilities for the transaction of every description of Banking business in Australia and New Zealand.

Bills negotiated or sent for collection. Commercial and Circular Credits issued available throughout the World.

# The Anglo-Egyptian Bank, Limited

(Affiliated with Barclays Bank, Ltd.)

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

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

## BRANCHES

**EGYPT.** Alexandria, Cairo, Port-Said, Suez, Tantah, Zagazig, Mansourah, Assiut, Beni-Suef, Minieh.  
**SUDAN.** Omdurman, Khartoum, Port Sudan, Makwar, Wad Medani.  
**PALESTINE.** Haifa, Jaffa, Jerusalem, Ramallah, Nazareth.  
**MEDITERRANEAN.** Malta, Gibraltar.  
**TRANS-JORDANIA.** Amman.

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

# THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

Head Office: **TAIPEH, JAPAN**

<b>Capital Subscribed</b> .....		..... <b>Yen 60,000,000</b>
<b>Capital Paid Up</b> .....		..... <b>Yen 52,500,000</b>
<b>Reserve Funds</b> .....		..... <b>Yen 12,580,000</b>

**KOJURO NAKAGAWA, Esq.**  
President

**HIROZO MORI, Esq.**  
Vice-president

**Directors**

**GUNJI KAWASAKI, Esq.**

**MASUMI ESAKI, Esq.**

**TADASU HISAMUNE, Esq.**

**DENKICHI TAKITA, Esq.**

**BRANCHES:**

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

**TAIWAN**—Giran, Heito, Kagi, Karenko, Keelung, Mako, Nanto, Shinchiku, Taichu, Tainan, Takao, Tamsui, Taito, Toyen.

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

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

**New York Office: 165 Broadway**

**MASAJIRO ARAKI, Agent**

**London Office: 25 Old Broad Street**

**New York Correspondents:**

<b>CHASE NATIONAL BANK</b>	<b>HANOVER NATIONAL BANK</b>
<b>NATIONAL CITY BANK</b>	<b>GUARANTY TRUST COMPANY</b>
<b>NATIONAL BANK OF COMMERCE</b>	<b>BANKERS TRUST COMPANY</b>
<b>IRVING BANK-COLUMBIA TRUST CO.</b>	<b>THE EQUITABLE TRUST COMPANY</b>
<b>CENTRAL UNION TRUST COMPANY</b>	<b>BANK OF THE MANHATTAN COMPANY</b>
<b>NEW YORK TRUST COMPANY</b>	<b>FARMERS LOAN &amp; TRUST COMPANY</b>

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

# The Sumitomo Bank, Limited

ESTABLISHED 1912

(Successors to The Sumitomo Bank)

Capital Subscribed . . .		Yen 70,000,000
Capital Paid up . . .		" 50,000,000
Reserve Fund . . .		" 26,100,000
Deposits (June 30, 1923)		" 334,600,000

**Head Office : OSAKA, JAPAN**

**BARON K. SUMITOMO, President**

**K. YUKAWA, Esq., Managing Director**      **S. YOSHIDA, Esq., Managing Director**  
**N. YATSUSHIRO, Esq., Managing Director**

**New York Agency, 149 Broadway, New York**

**G. HIGASHI, Agent**

**HOME OFFICES**

Osaka (11)	Tokyo (7)	Yokohama	Kobe	Kyoto (2)	Nagoya
Shimonoseki	Moji	Hiroshima (2)	Hakata	Hyogo	Niigata
Kurume	Kure	Wakamatsu	Kokura	Yanai	Onomichi

**Foreign Branches—Shanghai, New York, London, Hankow, San Francisco, Bombay**

**Affiliated Banks—The Sumitomo Bank of Hawaii, Ltd., Honolulu, T. H.; The Sumitomo Bank of Seattle, Seattle Wash.**

**Chief Bankers in New York and London—National City Bank of New York, New York; Lloyds Bank, Ltd., London**

**Correspondents in All Important Places at Home and Abroad**

**The Bank buys, sells and receives for collection drafts and telegraphic transfers; issues Commercial and Travellers Letters of Credit available in all important parts of the world, besides doing general banking business**

# THE MITSUI BANK, LTD.

Capital Subscribed . . .		Yen 100,000,000.00
Capital Paid-Up . . .		Yen 60,000,000.00
Reserve Fund (Aug. 1922).		Yen 33,900,000.00

**HEAD OFFICE**

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

**TOKIO**

**BRANCHES**

**Nihombashi (Tokio), Otaru, Yokohama, Nagoya, Kyoto, Osaka, Nakanoshima (Osaka), Nishi (Osaka), Kawaguchi (Osaka), Kobe, Hiroshima, Shimonoseki, Moji, Wakamatsu (Kyushu), Fukuoka, Nagasaki, Shanghai, New York**

**Foreign Agents**

**London—Barclays Bank, Ltd.; London Joint City & Midland Bank, Ltd.**

**Paris—Banque de l'Union Parisienne; Comptoir National d'Escompte de Paris**

**Hamburg—Commerz und Privat Bank**

**Bombay—National Bank of India, Ltd.; Lloyds Bank, Ltd., Cox Branch**

# The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 80,000,000
Capital Paid-Up . . .		Yen 50,000,000
Total Resources . . .		Yen 600,000,000

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

Governor, S. MINOBE

Deputy Governor, S. SUZUKI

*Directors*

S. KAKEI

Y. KATAYAMA

I. IUCHI

### FOREIGN DEPARTMENT: TOKYO

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

### *Principal Branches:*

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

## New York Agency, 165 Broadway

H. YAMASHITA, Agent

# The Kajima Bank, Limited

Established in 1888

CAPITAL PAID UP . . .		Yen 15,100,000.00
RESERVE FUND . . .		4,700,000.00
DEPOSITS (June 30, 1923) . . .		140,319,014.96

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

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

## Head Office, Osaka, Japan

*Principal Branches*

Tokyo

Kobe

Okayama

Hiroshima

Fukuyama

Tokuyama

**Transacts General Banking, Foreign Exchange and Trust  
 Company Business**

*New York Correspondents*

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

*London Correspondents*

Yokohama Specie Bank, Ltd.  
 Bank of Taiwan, Ltd.  
 London Joint City & Midland Bank, Ltd.

# SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG      STOCKHOLM      MALMÖ

Branches  
In All Parts of Sweden

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

Telegraphic Address: Kreditbolaget

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

## Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

*Head Office: Athens*

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

*ASSOCIATED BANK in LONDON*

## The Commercial Bank of The Near East, Ltd.

1 Broad Street Place, E. C. 2

: *with branch in CONSTANTINOPLE*

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

**GENERAL BANKING BUSINESS TRANSACTED**

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

Capital . . . . . Dr. 25,000,000.00

Reserves . . . . . 18,103,997.79

of the above Dr. 20,000,000 are represented by assets of £800,000 evaluated at Dr. 25

# The National Bank of New Zealand, Ltd.

Authorized Capital, \$22,500,000  
 Subscribed Capital, \$18,750,000  
 Paid-up Capital, \$ 6,250,000  
 Reserve Fund, \$ 6,250,000



Head Office

8 Moorgate Street, London, E.C. 2

Manager, ARTHUR WILLIS

Chief Office

In New Zealand at Wellington

General Manager, ALFRED JOLLY

73 Branches and Agencies Throughout New Zealand.

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

## Industrial and Agricultural Bank of Bohemia

(Česká průmyslová a hospodářská banka)

Prague, Czechoslovakia

Paid up Capital Kč 210,000,000.00 (\$6,300,000.00)  
 Reserves over . Kč 70,000,000.00 (\$2,100,000.00)  
 Resources over . Kč 2,650,000,000.00 (\$79,500,000.00)  
(Kč 100.00 = \$3.00)

**65 Branches and Sub-Branches in Czechoslovakia**

Correspondents in every town of the Republic

Foreign Branch:—LJUBLJANA, Yugoslavia

FOREIGN AFFILIATIONS:

Hungarian-Bohemian Industrial Bank, Budapest, Hungary.

Anglo-Roumanian Bank, Bucarest, Roumania.

Prva Hrvatska Obrtna Banka, Zagreb, Yugoslavia.

**Special Facilities for Foreign Banking Business**



# Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

## HEAD OFFICE, SYDNEY



Head Office  
Sydney, N. S. W.

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

A Savings Bank Department at all Branches and 3,249 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

***Agents and Correspondents throughout the World***

**Banking and Exchange Business**

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

June 30th, 1923

General Bank Deposits	-	-	\$175,496,176.00
Other Items	-	-	35,017,632.40
Savings Bank Deposits	-	-	200,754,449.04
Note Issue Department	-	-	280,510,127.40
			<u>\$671,778,384.84</u>

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

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened Interest on Fixed Deposits

Advances made against approved Securities

**JAMES KELL, Esq., Acting Governor**

# Bank of New Zealand

ESTABLISHED IN 1861

Bankers to the Government of New Zealand, which holds Preference Shares in the Bank for \$5,474,812, and guarantees its Redeemable Stock \$2,579,186

Paid-up Capital .....	\$19,003,624
Reserve Fund and Undivided Profits.....	10,934,816
Aggregate Assets at 31st March, 1923.....	220,482,213

**Head Office:**  
**WELLINGTON, NEW ZEALAND**

General Manager: H. BUCKLETON

**London Office:**  
**1 QUEEN VICTORIA STREET, E. C. 4**

Manager: ROBERT MILL



Head Office, Wellington

**THE BANK OF NEW ZEALAND** has Branches at Auckland, Blenheim, Christchurch, Dannevirke, Dunedin, Gisborne, Hamilton, Hastings, Invercargill, Masterton, Napier, Nelson, New Plymouth, Oamaru, Palmerston North, Queenstown, Rotorua, Timaru, Wanganui and Wellington, and has also Branches or Agencies at 190 other towns in New Zealand, at Melbourne and Sydney in Australia, Suva and Levuka in Fiji, and Apia in Samoa, also Agents in all the principal Cities in the World.

The Bank has facilities for conducting every description of Banking Business.

It is prepared to negotiate at any of its Branches, Bills drawn in Dollars or Sterling under Credits established by its American Agents, and to issue Drafts or Credits, either in Dollars or Sterling, on any of the principal Cities in North America.

Chief Agents in New York: IRVING BANK-COLUMBIA TRUST COMPANY

Chief Agents in San Francisco: FIRST NATIONAL BANK OF SAN FRANCISCO

### *Other Agents and Correspondents in United States:*

Adams Express Company, New York  
American Exchange National Bank, New York  
American Express Company  
American Foreign Banking Corp., N. Y. C.  
Bankers Trust Company, New York  
Bank of Italy, California  
Brown Brother & Co., Boston  
Chase National Bank, New York  
Commercial Bank of Spanish America, Ltd.  
Crocker National Bank of San Francisco  
Drexel & Co., Philadelphia  
Equitable Trust Company of New York  
Farmers & Merchants National Bank, Los Angeles  
Farmers' Loan & Trust Company, N. Y.  
First National Bank of Boston  
First National Bank of Chicago  
Guaranty Trust Company of New York

Hanover National Bank of the City of New York  
Hongkong & Shanghai Banking Corp.  
Illinois Merchants Trust Co., Chicago  
International Acceptance Bank, Inc., New York  
International Banking Corporation  
Lee, Higginson and Company, Boston  
Merchants National Bank of Boston  
Morgan & Co., J. P., New York  
National Bank of Commerce, St. Louis  
National City Bank of New York  
National Shawmut Bank, Boston  
Northern Trust Company, Chicago  
Philadelphia National Bank  
Riggs National Bank of Washington, D. C.  
Standard Bank of South Africa, Ltd., New York

### *Chief Agents in Canada:*

CANADIAN BANK OF COMMERCE

BANK OF MONTREAL

### *Other Agents and Correspondents in Canada:*

American Express Company  
Bank of Nova Scotia  
Dominion Bank

Dominion Express Company, Toronto  
Imperial Bank of Canada  
Royal Bank of Canada

# National Bank of Australasia, Ltd.

ESTABLISHED 1858  
Head Office: MELBOURNE

Authorized Capital	.....	\$25,000,000
Capital Paid Up	.....	13,625,000
Reserve Fund	.....	8,625,000
Reserve Liability	.....	6,315,000

Total Assets on 31st March, 1923, \$176,426,740.

## DIRECTORS

Sir JOHN GRICE, Chairman  
EDWARD TRENCHARD, Esq., Vice-Chairman  
J. NEWMAN BARKER, Esq.

HON. F. G. CLARKE, M.L.C.  
BOWEN KELLY, Esq.  
HUGH M. STRACHAN, Esq.

Auditors: JOHN BISHOP, F.C.P.A. S. J. WARNOCK, F.C.P.A.  
Solicitors: MALLESON, STEWART, STAWELL and NANKIVELL

Chief Manager:  
E. H. WREFFORD

Deputy Chief Manager:  
JAMES WILSON

Chief Inspector:  
J. A. G. HADLEY

## OFFICES

VICTORIA, Head Office and 136 Branches NEW SOUTH WALES, Sydney and 21 Branches  
S. AUSTRALIA, Adelaide and 42 Branches QUEENSLAND, Brisbane and 38 Branches  
WEST AUSTRALIA, Perth and 29 Branches TASMANIA, Hobart and Launceston.

Agents in all important towns in New Zealand.

LONDON OFFICE, 7 Lothbury, E. C.  
Sub-Branch—Australia House

AGENTS AND CORRESPONDENTS THROUGHOUT THE WORLD

Trade Bills discounted or collected. Foreign Bills bought or collected. Moneys remitted to all parts by Drafts, Telegraphic or Cable Transfers. Circular and other Letters of Credit issued, available in Australasia and Abroad for Touring and Commercial needs.

## English, Scottish & Australian Bank, Limited

Authorized Capital	.....	\$15,000,000
Subscribed Capital	.....	\$15,000,000
Paid-up Capital	.....	\$7,500,000
Further Liability of Shareholders	.....	\$7,500,000
Reserve Fund	.....	\$8,100,000

HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3  
and 325 Branches and Agencies in Australia

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

### Chief Agents in United States

NEW YORK—Guaranty Trust Company of New York.

CHICAGO—First National Bank.

SAN FRANCISCO—Crocker National Bank.

E. M. JANION, Manager.



# THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

**Paid-up Capital . . . . . £4,000,000**  
**Reserve Fund . . . . . £3,525,000**  
**Reserve Liability of Proprietors**  
**under the Charter . . . . . £4,000,000**  
**£11,525,000**

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

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

**EDMUND GODWARD, Manager**

**Branches in Australia**

**VICTORIA**

Melbourne: 394 & 396 Collins St.: 384  
 Elizabeth St.  
 Brunswick  
 Burnley  
 Coburg  
 Collingwood  
 Elsternwick  
 Malvern  
 Middle Brighton  
 Port Melbourne  
 Prahran  
 St. Kilda  
 Williamstown  
 Bairnsdale  
 Ballarat  
 Benalla  
 Bendigo  
 Bright  
 Castlemaine  
 Charlton  
 Chiltern  
 Cobram  
 Corryong  
 Drouin  
 Euroa  
 Fish Creek  
 Foster  
 Geelong  
 Katamatite  
 Kingston  
 Koroit  
 Korong Vale  
 Korumburra  
 Leonatha  
 Mirboo North  
 Mooroopna  
 Morwell  
 Nathalia  
 Numurkah  
 Port Fairy (Belfast)  
 Rutherglen  
 St. James  
 Sale

**Victoria, Contd.**

Shepparton  
 Stawell  
 Stony Creek  
 Strathmerton  
 Tallangatta  
 Terang  
 Trairagon  
 Tungamah  
 Walwa  
 Warragul  
 Warrnambool  
 Wedderburn  
 Welshpool  
 Wycheproof  
 Yackandandah  
 Yarram-Yarram  
 Yarrawonga

**NEW SOUTH WALES**

Sydney: Martin Place: 64 Pitt St.: 533 (George St. South)  
 Wentworth Avenue  
 William Street  
 Bondi Junction  
 Hurstville  
 Kogarah  
 Leichhardt  
 Marrickville  
 Newtown  
 Petersham  
 Albury  
 Ballina  
 Bathurst  
 Bega  
 Bellington  
 Berrigan  
 Blayney  
 Broken Hill  
 Cootamundra  
 Corowa  
 Crookwell  
 Dorrigo

**N. S. Wales, Contd.**

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

**QUEENSLAND**

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

**Queensland, Contd.**

Richmond  
 Rockhampton  
 Roma  
 Toogoolawan  
 Toowoomba  
 Townsville

**SOUTH AUSTRALIA**

Adelaide  
 Kooronga  
 Mount Barker  
 Port Lincoln  
 Port Pirie  
 Wirrabarra

**WESTERN AUSTRALIA**

Perth  
 Albany  
 Beverley  
 Bunbury  
 Fremantle  
 Gnowangerup  
 Kalgoorlie  
 Moora  
 Northam  
 Pingelly  
 Wagin  
 Wickepin

**TASMANIA**

Hobart  
 Burnie  
 Deloraine  
 Devonport  
 Fingal  
 Latrobe  
 Launceston  
 Sheffield  
 Stanley  
 Ulverstone  
 Wynyard

**Branches in New Zealand**

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

Hastings  
 Hawera  
 Invercargill  
 Kaitiaki  
 Levin  
 Manakau  
 Mangonui  
 Marton  
 Masterton  
 Matamata  
 Morrinsville  
 Motu

Napier  
 New Plymouth  
 Otaki  
 Palmerston (Nth.)  
 Patea  
 Raetihi  
 Rotorua  
 Stratford  
 Taihape  
 Taumarunui  
 Tauranga  
 Te Aroha

Te Kuiti  
 Temuka  
 Te Puke  
 Timaru  
 Waipawa  
 Waipukurua  
 Waioa  
 Wanganni  
 Waverley  
 Whakatane  
 Whangarei

**Principal Correspondents in North America**

**CANADA:**

Bank of Montreal  
 Canadian Bank of Commerce

**UNITED STATES:**

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

**UNITED STATES:**

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

Offer facilities for the transaction of every description of Banking Business in Australia and New Zealand. Negotiate or Collect Bills. Issue Telegraphic Transfers, Letters of Credit and Drafts, also Circular Notes and Circular Credits, in all parts of the world.

# THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the  
AFRICAN BANKING CORPORATION, LIMITED)

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

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

**BANKING BUSINESS TRANSACTED  
IN ALL PARTS OF THE WORLD**

**HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.**

London Wall Branch : 63, London Wall, E. C. 2

West End Branch : 9 Northumberland Avenue, W. C. 2 (Opposite the Royal Colonial Institute)

Rotterdam Branch : 15, Coolingsel

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

**Branches and Agencies Throughout  
SOUTH and EAST AFRICA**

**New York Agency: 67 Wall Street**

ROWLAND SMITH and R. GIBSON, Agents

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

**The New York Agency**

offers to Bankers and Merchants throughout the United States and  
Canada its unsurpassed service for facilitating trade with  
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

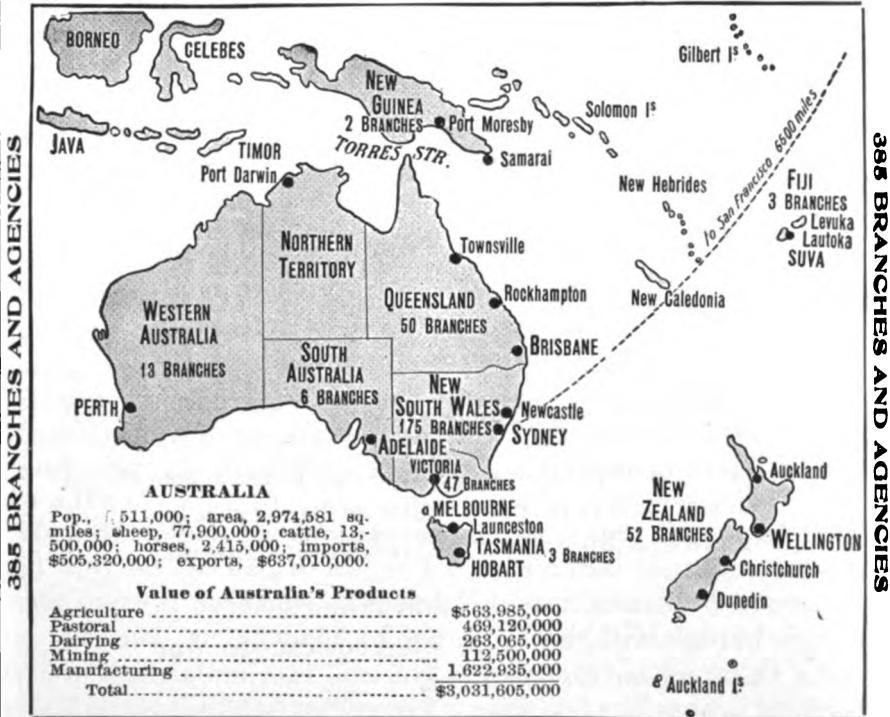
# BANK OF NEW SOUTH WALES

## AUSTRALIA

Paid-up Capital . . .		\$30,000,000
Reserve Fund . . .		19,000,000
Reserve Liability of Proprietors . . .		30,000,000
		\$79,000,000

**Aggregate Assets, 31st March, 1923, \$396,102,130**

**OSCAR LINES, General Manager**



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

## 385 BRANCHES AND AGENCIES

In all the Australian States, New Zealand, Fiji, Papua (New Guinea) and London

Cable remittances made to and drafts drawn on Foreign Places **DIRECT**

*Foreign Bills Negotiated and Collected.*

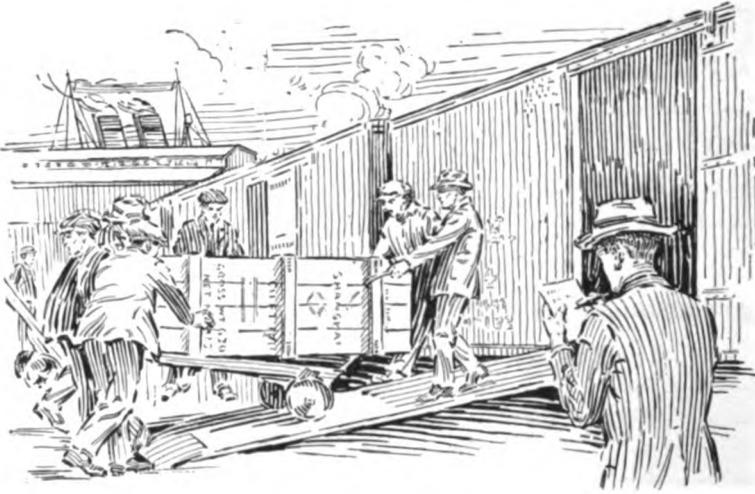
*Letters of Credit Issued.*

**NEGOTIABLE THROUGHOUT THE WORLD**

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

**Agents in New York:** Standard Bank of South Africa, Ltd.  
National City Bank of New York.

Agents in San Francisco, Bank of California National Association, Crocker National Bank and Anglo and London Paris National Bank



## Exports from the Interior

**T**HE financing of shipments from the interior to foreign ports is often facilitated through this Company's service in exchanging railroad documents for ocean documents. We undertake to make such exchange through the shipper's forwarding agent or representative in New York, a service which is often of value to bankers who finance transactions on initial documents.

Full details of this and other services to banks will be sent on request to our Collection Department.

## Guaranty Trust Company of New York

MAIN OFFICE: 140 BROADWAY, NEW YORK

LONDON    PARIS    BRUSSELS    LIVERPOOL    HAVRE    ANTWERP

# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SEVENTH YEAR

DECEMBER 1923

VOLUME CVII, NO. 6

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## At the End of the Year

**I**N taking an account of the situation at the end of the year, the people of this country may congratulate themselves on a prosperous economic condition. Labor is well employed, crops generally are good, and industry and trade, with few exceptions, are active. Speculation is not being carried on to an extent likely to endanger our sound economic position. There is even a faint hope that the burden of taxation is to be lightened. This hope may be disappointed if the bonus measure becomes a law.

Just in the offing two political crafts may be descried, one labelled "Republican" and the other "Democrat." Other crafts, of lesser size, have not yet come sufficiently near to enable one to see under what appellations they are sailing. The two big ships, at this distance, bear a striking resemblance to one another, whatever differences a closer inspection may disclose. It is suspected, as both are making for the same port, and each trying to meet the wants of the same market, that their respective political cargoes will be found much alike.

However much the average citizen (granting that such persons exist) may be inclined to rail at the substantial identity of the two leading parties, their lack of real differences actually constitutes, in some respects, an element of safety. For, whichever wins, the course of legislation and administration will not be much altered. The real element of danger lies in the possibility of radical tendencies developing in both parties. At present, these tendencies appear to be held fairly well in check by the exceedingly prosperous state of the country. It seems reasonable to assume that in the election to be held next year neither of the leading parties will propose anything of a very radical character.

Conditions here in America are such as to justify a confident outlook for the year ahead. And while the situation in Europe has not yet righted itself, time, which does so much to heal wounds of all kinds, is performing its beneficent work in that quarter of the world.

## Secretary Mellon's Proposals to Reduce Taxation

**I**N a letter addressed to the acting chairman of the House Committee on Ways and Means, the Secretary of the Treasury has proposed to make important reductions in Federal taxes. The Secretary says that for this fiscal year and for the next four or five years there should be an annual surplus of something over \$300,000,000, which gives a reasonable margin not merely for tax revision but for tax reduction. His recommendations are thus summarized:

1. Make a 25 per cent. reduction in the tax on earned income.
2. Where the present normal tax is 4 per cent. reduce it to 3 per cent., and where the present normal tax is 8 per cent. reduce it to 6 per cent.
3. Reduce the surtax rates by commencing their application at \$10,000 instead of \$6000, and scaling them progressively upward to 25 per cent. at \$100,000.
4. Limit the deduction of capital losses to 12½ per cent. of the loss.
5. Limit the deductions from gross income for interest paid during the year and for losses not of a business character to the amount the sum of these items exceeds tax exempt income of the taxpayer.
6. Tax community property income to the spouse having control of the income.
7. Repeal the tax on telegrams, telephones, and leased wires.
8. Repeal the tax on admissions.
9. Miscellaneous nuisance taxes.

Speaking of the course of the Government in keeping the budget balanced, Secretary Mellon says:

“What has been done during the two years since the establishment of the budget system shows clearly what united effort can accomplish, and gives every reason for hope that the task to which the Administration has set itself for this fiscal year can be successfully performed, namely, the reduction of the ordinary expenditures of the Government to a total of not more than \$3,500,000,000, of which about \$500,000,000 will be fixed charges on account of the sinking fund and other retirements of the debt. To do this means reductions of about \$170,000,000 in the estimates of expenditures submitted by the spending departments and establishments and the exercise of continued pressure all along the line for the utmost economy and efficiency in the operations of the Government.”

The Secretary recommends that application of the surtax rates should start at \$10,000 instead of \$6000 and that they be progressively scaled upwards to 25 per cent. at \$100,000. His arguments in favor of this proposal are:

“This will readjust the surtax rates all along the line, and the Treasury recommends the readjustment not in order to reduce the revenues but as a means of saving the productivity of the surtaxes. In the long run it will mean higher rather than lower revenues from the surtaxes. At the outset it may involve a temporary loss in revenue, but the Government Actuary estimates that even during the first year, if the revision is made early enough, the net loss in revenue from all the changes in the surtaxes would be only about \$100,000,000, and that in all probability the revenue from the reduced rates will soon equal or exceed what would accrue at the present rates, because of the encouragement which the changes will give to productive business.

“The readjustment of the surtaxes, moreover, is not in any sense a partisan measure. It has been recommended, on substantially this basis, by every Secretary of the Treasury since the end of the war, irrespective of party. The present system is a failure. It was an emergency measure, adopted under the pressure of war necessity and not to be counted upon as a permanent part of our revenue structure. For a short period the surtaxes yielded much revenue, but their productivity has been constantly shrinking and the Treasury's experience shows that the high rates now in effect are progressively becoming less productive of revenue. The high rates put pressure on taxpayers to reduce their taxable income, tend to destroy individual initiative and enterprise, and seriously impede the development of productive business. Taxpayers subject to the higher rates can not afford, for example, to invest in American railroads or industries or embark upon new enterprises in the face of taxes that will take 50 per cent. or more of any return that may be realized. These taxpayers are withdrawing their capital from productive business and investing it instead in tax-exempt securities and adopting other lawful methods of avoiding the realization of taxable income. The result is to stop business transactions that would normally go through, and to discourage men of wealth from taking the risks which are incidental to the development of new business. Ways will always be found to avoid taxes so destructive in their nature, and the only way to save the situation is to put the taxes on a reasonable basis that will permit business to go on and industry to develop. This, I believe, the readjustment herein recommended will accomplish, and it will not only produce larger revenues but at the same time establish industry and trade on a

healthier basis throughout the country. The alternative is a gradual breakdown in the system, and a perversion of industry that stifles our progress as a nation.

“The growth of tax-exempt securities, which has resulted directly from the high rates of surtax, is at the same time encouraging extravagance and reckless expenditure on the part of local authorities. These state and local securities will ultimately have to be paid, principal and interest, out of taxes, thus contributing directly to the heavy local taxation which bears so hard on the farmers and small property owners. There is no immediate remedy for this within the power of Congress except the readjustment of the surtaxes on a basis that will permit capital to seek productive employment and keep it from exhausting itself in tax-exempt securities. The productive use of capital in our railroads and industries will also tend to bring lower costs for transportation and manufactured products, thus helping to relieve the farmer from the maladjustment from which he now suffers.”

In concluding his letter, Secretary Mellon says:

“The present burden of taxation is heavy. The revenues of the Government are sufficient to justify substantial reductions and the people of the country should receive the benefits. No program, however, is feasible if the Government is to be committed to new and extraordinary expenditures. The recommendations for tax reduction set forth in this letter are only possible if the Government keeps within the program of expenditure which the Bureau of the Budget has laid down at the direction of the President. New or enlarged expenditures would quickly eat up the margin of revenue which now appears to be available for reducing the burden of taxation, and to embark on any soldiers' bonus such as was considered in the last Congress or any other program calling for similarly large expenditure would make it necessary to drop all consideration of tax reduction and consider instead ways and means for providing additional revenue. A soldiers' bonus would postpone tax reduction not for one but for many years to come. It would mean an increase rather than a decrease in taxes, for in the long run it could be paid only out of moneys collected by the Government from the people in the form of taxes. Throughout its consideration of the problem the Treasury has proceeded on the theory that the country would prefer a substantial reduction of taxation to the increased taxes that would necessarily follow from a soldiers' bonus, and I have faith to believe that it is justified in that understanding. Certainly there is nothing better calculated to promote the well-being and happiness of the whole country than a measure that will

lift, in some degree, the burden of taxation that now weighs so heavily on all."

In this issue are presented opinions from a number of representative bankers in support of Secretary Mellon's recommendations. The proposal to reduce taxation is receiving wide approval from bankers and business men generally.



## Failure of Plan for Proposed Investigation of Germany's Capacity to Pay Reparations

**R**ESPONDING to inquiries addressed to the American Government by the British Government, under date of October 13, Mr. Hughes, the Secretary of State, declared, on October 15, that "the Secretary of State desires again to express the deep interest of the United States in the economic situation in Europe, and its readiness to aid in any practicable way to promote recuperation and a re-establishment of economic stability." The Secretary of State goes on to say that "present conditions make it imperative that a suitable financial plan be evolved to prevent economic disaster in Europe, the consequences of which would be world-wide." After expressing the hope that existing circumstances are propitious for the consideration of such a plan, Mr. Hughes makes this important statement:

"The Government of the United States is, therefore, entirely willing to take part in an economic conference in which all the European Allies chiefly concerned in German reparations participated, for the purpose of considering the question of the capacity of Germany to make reparations payments and an appropriate financial plan for securing such payments."

Both Mr. Hughes and Lord Curzon, the British Secretary of State for Foreign Affairs, state that lack of unanimity among the interested powers has heretofore prevented an earlier move of this character.

In his memorandum Mr. Hughes declares that "the Government of the United States has no desire to see Germany relieved of her responsibility for the war or of her just obligations. There should be no ground for the impression that a conference, if called, should have any such aim, or that resistance to the fulfillment of Germany's

obligations has any support. It should be evident that in the effort to attain the ends in view, regard must be had to the capacity of Germany to pay and to the fundamental condition of Germany's recuperation, without which reparations payments will be impossible." As to the nature of such a conference, Mr. Hughes says that it should be advisory and not binding on any of the governments, "but to assure appropriate recommendations by a thoroughly informed and impartial body intent upon the solution of the difficult pending problems upon their merits."

Lord Curzon in his note to the American Government said that the European problem is of direct and vital interest to the United States "if for no other reason because the question of the inter-Allied debt is involved therein." Mr. Hughes rejects this view, contending that Germany's capacity to pay is not affected by the indebtedness of the Allies to this country. He also points out that the adjustment of these debts has not been committed to the Executive, but to a debt-funding commission created by act of Congress, whose powers are closely limited. But Mr. Hughes adds this significant observation:

"It is hardly necessary to add, as it has frequently been stated by the Government of the United States, that while the American people do not favor cancellation of the debts of the Allies to the United States or of the transfer to the people of the United States of the burden of Germany's obligations, directly or indirectly, the Government of the United States has no desire to be oppressive or to refuse to make reasonable settlements as to time and terms of payment, in full consideration of the circumstances of the Allied debtors. It may be added that the establishment of sound economic conditions in Europe, the serious reduction of military outlays and the demonstration of a disposition of European peoples to work together to achieve the aims of peace and justice will not fail to have their proper influence upon American thought and purpose in connection with such adjustments."

To these joint proposals of the British and American Governments France has replied that any consideration of the subject must be made under the direction of the Reparation Commission, and that neither the amount of Germany's obligations on account of reparations nor the French occupation of the Ruhr are to be discussed. The French Government also insisted that consideration of Germany's capacity to pay must be limited to the present or to the next few years.

As will be seen, the different viewpoints of the United States on the one hand and of Great Britain and France on the other in regard to the interdependence of reparations and inter-Allied debts remain

unreconciled; and, from the note of Mr. Hughes, it appears that the question of payment of Allied debts to this country is to be left out of the discussion.

Notwithstanding these sharp differences of opinion, which seemed to foredoom to failure the proposed negotiations, it was hoped, both in Europe and in this country, that this move would constitute a most important step in settling the reparations controversy, and it was regarded as of especial significance that the United States, Great Britain, Belgium, and Italy had all signified their willingness to participate in the discussions even with some limitations. This hope was not realized, as the limitations which France placed upon the proposed inquiry caused the Governments of Great Britain and the United States to regard it as fruitless.

Despite the failure of this most recent attempt of the United States to participate in the settlement of Europe's difficulties, the hope is entertained that in the near future a plenary conference may be assembled at Washington to consider political and economic problems of joint interest to the United States and Europe. Such an event would be a source of especial satisfaction to THE BANKERS MAGAZINE, which has continuously urged upon our people the desirability of a closer relation to European affairs. As long ago as November, 1922, in an article on America's Relation to European Affairs, it was said:

"We ought to have an international political and economic conference convoked at Washington, whose members should be clothed with power, as were those who participated in the Disarmament Conference, so that something may be achieved. Whatever the form or method employed to render our voice in European affairs effectual, urgency for such action exists in some definite way."

This statement was not made offhand, but after careful personal observation of the situation made in Europe. The preliminary plan offered by Mr. Hughes to bring about our effective help in settling Europe's serious problems, had it been carried out, might have proved of far-reaching importance; for, whatever may be the need of a "financial plan" for settling the reparations problem, there are a number of grave political and economic matters demanding attention, and in which our help is greatly desired. The efforts of the Administration to get this country back in the line of duty toward Europe are worthy of the united support of the people, irrespective of party.

## Further Work for the Capitalistic System

The capitalistic system has brought to all the people more comfort and greater leisure than has any other system thus far tried. Its higher evolution demands that, with the further development of the machine, there must be given greater consideration to the development of the man.—JOHN H. PUELICHER, ex-president American Bankers Association.

**T**HAT under the capitalistic system material comforts have been greatly multiplied and widely distributed, as Mr. Puelicher says, will hardly be questioned by anybody. It is also true that the people have more leisure from work than they ever had before. Whether this increase of comfort and leisure has brought correspondingly increased satisfaction, is a question more difficult to answer. Material comforts, while generally desired, are probably less satisfying than the almost universal desire for them would seem to indicate. The more of them we have, the more we seem to want. Nevertheless, while these material comforts do not of themselves afford content, few of us would be willing to surrender our share of them.

It is a fortunate circumstance that the wise use of capital, and the many improvements introduced by science and invention, have sensibly diminished the hours of labor. Particularly is it a source of rejoicing where this reduction of working hours has lessened the burdens of those engaged in the most laborious forms of employment. But it is at least an open question whether many of us have learned to make a wise use of this leisure. This freedom was thrust upon us rather suddenly by the rapid growth of invention and the increase of capital. Most of us had heretofore been so busy trying to make a living, that when we found a lot of extra time on our hands, we did not know what to do with it. Few of us know how wisely to employ surplus money, and fewer still how to use surplus time. Doubtless we shall gain this knowledge by experience.

Thus far the directors of the capitalistic system have been chiefly employed in developing their plants and in making use of the best forms of machinery. Their purpose has been to increase the output of their establishment and to add to the efficiency of the labor employed. All this was necessary in bringing about that high degree of efficiency, speed and cheapness of production which have made American manufacturing establishments an example to the world. Does the higher evolution of the capitalistic system demand, as Mr. Puelicher says, that there must be greater development of the man? It might be plausibly argued that this is something outside the province of capitalistic effort, and is something pertaining to the domain of morals. But there is a very powerful movement, already well organized, whose purpose is to upset the capitalistic system. The charge is made that this system has used men, women and children almost as it has used materials in reaching

its present state of efficiency. Perhaps the feverish haste which the directors of capitalistic enterprise have displayed in getting ahead has justly laid them open to this imputation. But it is a charge they are now eager to relieve themselves of, and perhaps they could do this in no better way than to show that interest in the development of the man which Mr. Puelicher suggests. If the capitalistic system has been generally beneficial, to the public, to the directors of industry and to employees, it would be a great misfortune if through lack of proper information the latter should rend the system that has conferred such great benefits upon us all. No doubt the development of the man, which Mr. Puelicher has in mind, contemplates a dissemination of more accurate information respecting the benefits of capitalism, and also an effort so to elevate the mental and spiritual outlook of the workers as to render them capable of deriving greater enjoyment and satisfaction from the added leisure and increased material comforts which the capitalistic system has made possible.



## The Reserve Board and Branch Banking

**B**RANCH banking by state banks, outside the limits of the town or city where the parent bank is located, will be prohibited to state banks that are members of the Federal Reserve System, after the first of next February. This decision was embodied in a ruling of the Federal Reserve Board promulgated on November 7. The resolution adopted provides as follows:

“That the Board continue hereafter as heretofore to require state banks applying for admission to the Federal Reserve System to agree as a condition of membership that they will establish no branches except with the permission of the Federal Reserve Board;

“That as a general principle state banks with branches or additional offices outside of the corporate limits of the city or town in which the parent banks are located, or territory contiguous thereto, ought not to be admitted to the Federal Reserve System except upon condition that they relinquish such branches or additional offices;

“That in acting upon individual applications of state banks for admission to the Federal Reserve System, and in acting upon individual applications of state banks which are members of the Federal Reserve System for permission to establish branches or additional offices, the Board, on and after February 1, 1924, will be guided generally by the above principles.”

It is explained that in putting this resolution into effect it is not intended to affect the status of any branches or additional offices established prior to February 1, either those of banks at present members of the system or those of banks subsequently applying for membership.

This decision was based upon the conclusion reached by the Federal Reserve Board that if state banks may establish branches throughout the states where they are located, while this privilege is denied to the national banks, the two classes of institutions can not exist within the Federal Reserve System on a fair basis. It represents another attempt to reconcile the inequality of the national banks as compared to state banks in the matter of branches. Probably the immediate effect of the action will not tend much in this direction, but will further discourage the entrance of state banks into the Federal Reserve System. There were, it would seem from the comparatively small number of such members in the system, already sufficient obstacles to their membership.

It is a significant fact that the branch banking question is at present attracting more attention than perhaps at any time in our banking history.



## Public Indifference to Extravagance

**S**TUDYING some recent election results, where huge majorities were piled up for a large increase in public expenditures for more or less indefensible purposes, one can not escape the conclusion that the people are indifferent to the increase of taxation which these enlarged outlays must make necessary. It can hardly be supposed that if the average voter understood that he himself must pay more taxes to meet these additional expenditures, that he would be so ready to vote them. Evidently, he does not understand this fact, but believes that the bulk of the taxes will be paid, not by him, but by the very rich who have large incomes. On account of the heavy taxes on large incomes and profits, this belief receives apparent confirmation. The average voter seemingly fails to realize that the rich who pay these heavy taxes in the first instance manage to pass the greater share of them along to the community, made up in large part by these average voters who so carelessly vote away hundreds of millions. The remedy is to lay the rod of direct taxation more heavily upon the backs of all the people, which does not mean that the average person would actually pay any more taxes than at present; but it does mean that the fact would be brought feelingly home to him, that after all he is the fellow upon

whom the burden of taxation chiefly falls, and that, realizing this fact, he would be careful to see that this burden be made as light as possible. He would therefore think twice before voting away hundreds of millions for questionable purposes, realizing that he himself must bear a large share of the increased taxation which such extravagant expenditures necessarily entail.

This is not a plea for heavier taxes on the poor or on those in moderate circumstances. Much less is it a plea for the abatement of taxes now imposed upon the rich. But it is a plea in favor of making the taxes that are now really paid by the masses come upon them in a way to make them understand that they, after all, are the real taxpayers.

It is demoralizing for people to fool themselves into the belief that they can vote huge sums out of the public treasury without suffering increased taxation. They should be cured of this belief, even though the necessary remedy should have the appearance of harshness. In the long run it would, by promoting public economy, prove a general blessing.



## Seeing Things and Not Seeing Things

"Where there is no vision, the people perish."—BIBLE.

**A**DDRESSING the bankers convention at Atlantic City, Melvin A. Traylor, president of the First Trust and Savings Bank of Chicago, sharply called the doubters and pessimists to account. Considering the complaints of various kinds that are being raised, he said he thought that maybe after all, things were not so bad as they were pictured, and began earnestly to try to discover why all the agitation, the unrest, the turmoil, the bickerings, and the arguments. "My quest for the answer," said Mr. Traylor, "has led me pretty definitely to the conclusion that the greatest part of our trouble is purely mental. \* \* \* In short, we are seeing things." Mr. Traylor then carefully analyzed our present situation and drew a true picture of the wonderful material progress the country has made. This material progress constitutes a favorite theme of most public speakers of the time, and with good reason; for it is one of the astounding facts in the recent history of the country, and is a just source of individual and national pride. We need not decry progress nor wish for the "good old days" when we question the lack of satisfaction which this progress affords. It is, sure enough, an era of bath-tubs, motion pictures, gramophones, radios, airplanes, automobiles, telephones, etc., etc. All these things

enable us to go faster, keep cleaner, do more work in a given time, and divert our idle hours. The interesting question is, why, with all these multiplied and ever-multiplying material comforts, human restlessness and strife correspondingly increase? Is there some latent capacity in the soul of man that the bath-tub, the motion picture and the radio fail to satisfy? So to conclude can not be considered as altogether rash in view of the ever-growing restlessness as these varied concomitants of civilization and progress increase.

Mr. Traylor was entirely right in challenging the pessimists and in taking a cheerful and hopeful view of things. Those who take this view are the ones who really go ahead with the great constructive work of society, and who make the wheels of enterprise revolve. "Seeing things"—imagining difficulties which have no real basis—is a grave fault, which Mr. Traylor ascribed, in part, to "a certain accompaniment of accumulating years." No doubt many who have passed life's meridian sigh for the "good old days," who yet would miss many a modern comfort should those days suddenly return. But, on the other hand, some who fail to see certain things that do exist may owe their lack of discernment to the wider vision which the accumulating years often bring, along with a tendency to indulge in some delusions. And while we can all take the keenest satisfaction in the many evidences of progress, prosperity and happiness which our country affords at the present time, there are many tendencies which can not but give us concern. Here are a few of them:

The growth of divorce, the disregard for human life, sensational and degrading use of the motion picture, trivial character of the press, the greedy insistence of groups upon what they call their rights, the decline in manners, lack of spirituality, the growth of frivolity of mind, contempt for the Constitution of the United States, usurpation of law enforcement by mobs, extravagance in municipal expenditures—the list might be made much longer, but need not be.

Happily, there are many offsetting factors which might be cited to lighten the darkness of this picture. But thoughtful observers, whether having a "certain accompaniment of accumulating years" or not, must regard these unfavorable tendencies in American life as of sufficient importance to excite serious attention. The soundness of our institutions, or their generally beneficent character, is not brought into question. But we need to inquire whether our rapid rate of material progress has not brought in its train some evils that we should seek to avoid or at least to minimize as far as possible. Failing to see things that are, may be fraught with equal peril as seeing things which are not.

## England Rejects Protection

**E**XCEPTIONAL interest attached to a recent statement of Stanley Baldwin, the British Prime Minister, advocating the return of Great Britain to the policy of protection. Before this proposal could become effective, a general election had to be held at which the adoption of protection was passed on by the voters. At the elections, held in December, the protective policy was rejected. If protection had carried it would have represented a reversal of the policy which has interruptedly prevailed since the time when Sir Robert Peel came into office in 1841. But in quite recent years there was put into effect a modified form of protection under the designation of the "Safeguarding of Industries Act." This was legislation somewhat resembling our anti-dumping laws, and the object of it was to protect certain manufacturers from undue competition from countries having real or supposed advantages from depreciated currencies or low cost of labor.

It is stated that England adopted free trade under compulsion, because trade languished, widespread unemployment existed, and shipping was tied up in the harbors. For almost exactly the same reasons, it was recently proposed that the country turn from free trade to protection.

England substantially abandoned protection on manufactures in 1842, and by 1846 had made further removal of restrictions on food products and on shipping. It is stated that the total increase of British imports and exports during the last thirty years of the full protective system was about \$340,000,000. In the like period under free trade the increase was \$2,400,000,000. This may not prove that free trade caused the increase, but it is evidence of the fact that the country was not hindered in its economic position by the abandonment of protection, but rather the contrary.

That an opposite policy was proposed to remedy conditions almost alike is probably less illogical than appears on the surface. For while conditions in England—so far as relates to unemployment, stagnation in manufacturing and shipping—may be similar to those existing in 1842, the fiscal situation of the country and the competition in industry are widely different. It is because of these differences, and in despair of remedying them in any other way, that Mr. Baldwin proposed a protective tariff as a remedy.

The United States, being wedded to protection, must of course have rejoiced had England seen the error of her way, and finally accepted the doctrine of the saints. Still, this rejoicing might have been somewhat dampened when certain manufacturers awakened to the realization that the protective dose they have been so joyously administering to others must now be swallowed by themselves.

The war has given birth to several small nations, and has increased the economic friction among others, with a result tending to erect new tariff walls and to build still higher those already in existence. This is to be regretted, for the world needs greater freedom of commercial communication rather than severer restrictions. It may seem insincere to say this, in view of the example given by the United States in adhering to a high protective policy. But for some time this publication has urged upon our Government a modification of this policy, especially in view of the country's changed economic situation since the war.

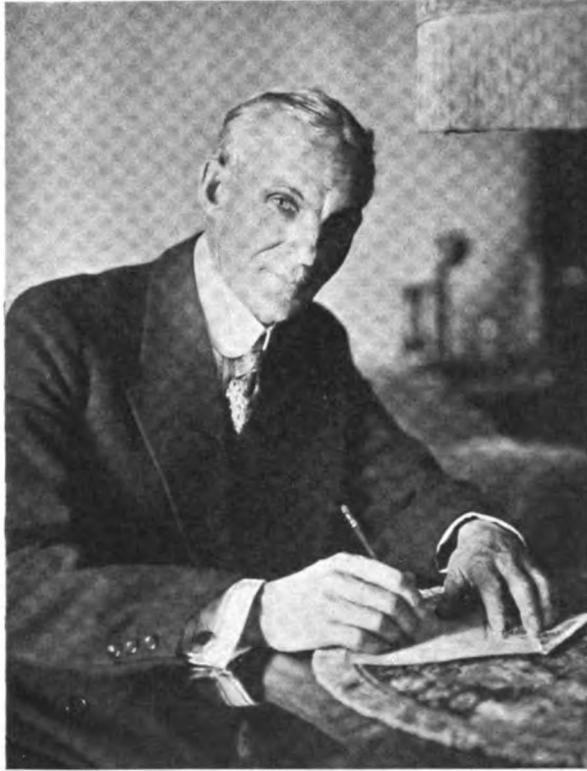
A leading British banker recently made the statement that with free trade and prohibition the United States would become the economic master of the world. Prohibition we have, legally, but we have rejected the other supposed indispensable condition to our economic leadership. England declines to accept prohibition, and is not disposed to adopt protection.



### NATIONAL THRIFT WEEK

January 17th-23rd, 1924

<b>Thursday,</b>	<b>January 17th</b>	<b>Thrift Day</b>
<b>Friday,</b>	<b>January 18th</b>	<b>Budget Day</b>
<b>Saturday,</b>	<b>January 19th</b>	<b>Pay Bills Day</b>
<b>Sunday,</b>	<b>January 20th</b>	<b>Share With Others Day</b>
<b>Monday,</b>	<b>January 21st</b>	<b>Life Insurance Day</b>
<b>Tuesday,</b>	<b>January 22nd</b>	<b>Own Your Home Day</b>
<b>Wednesday,</b>	<b>January 23rd</b>	<b>Make a Will Day</b>

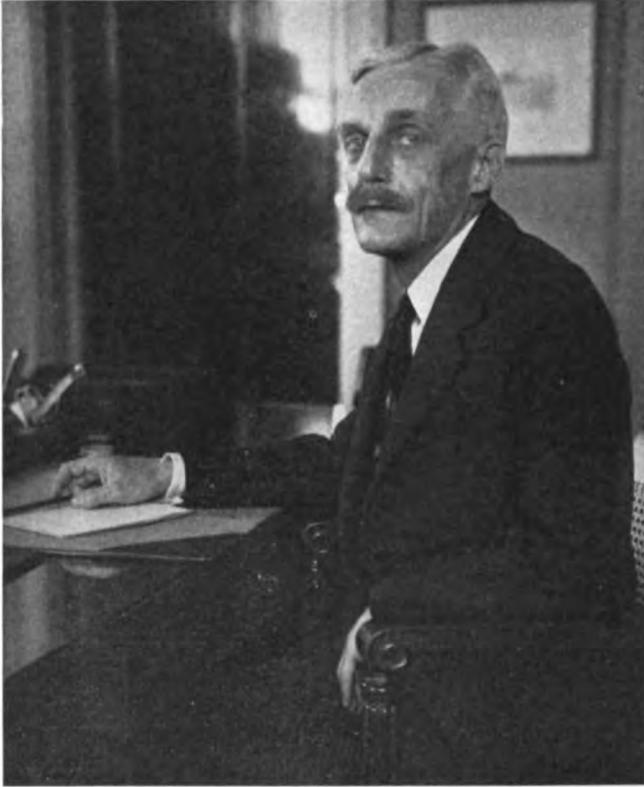


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#### HENRY FORD

Who expects to produce 10,000 cars a day in 1924

**H**ENRY FORD recently telegraphed requests to manufacturers from whom he buys large quantities of automobile accessories to speed up production to the extent that he may have enough materials available to enable him to produce 3,000,000 cars in 1924. It is said that one reason for this order to accessory manufacturers to increase production is that so many people who are purchasing Ford cars on the weekly payment plan have now deposited sufficient funds in banks to enable them to secure delivery of their cars. In the New England district alone it is estimated that there will be a call for approximately 200,000 cars purchased on the basis of weekly payments deposited with banks.



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**ANDREW W. MELLON**  
Secretary of the Treasury

Whose tax reduction plan has received widespread public acclaim

**T**HE plan presented on November 10 by the Secretary of the Treasury in a letter to the acting chairman of the House Committee on Ways and Means, whereby taxation would be reduced by an amount aggregating \$323,000,000 has the approval and commendation not only of bankers and business men, but of the American public at large.

# Mellon's Tax Reduction Program Approved by Leading Bankers

**T**HE recently announced proposal of Secretary Mellon that the nation's tax bill be cut next year by \$320,000,000 has been received with approval and enthusiasm by business men and bankers in all parts of the country. Following are Mr. Mellon's recommendations, which he proposes should become effective next January 1:

(1) Make a 25 per cent. reduction in the tax on earned income (meaning wages, salaries or fees from professional services).

(2) Where present normal tax is 4 per cent. make it 3 per cent. and where 8 per cent. make it 6 per cent.

(3) Reduce surtax rates by commencing their application at \$10,000 instead of \$6000, and having the highest rate 25 per cent. which will apply to all net income in excess of \$100,000.

(4) Limit the deduction of capital losses to 12½ per cent. of the loss.

(5) Limit the deduction for interest paid and for losses not of a business character to the amount that the sum of these items exceeds the tax-exempt income of the taxpayer.

(6) Tax community property income to the spouse having control of the income.

(7) Repeal the tax on telegrams, telephones and leased wires.

(8) Repeal the tax on admissions.

(9) Revision of the "nuisance taxes."

In order to publish for the benefit of its readers a consensus of banking opinion on the above proposals, THE BANKERS MAGAZINE has requested representative bankers in all parts of the country to summarize their views with regard to this important topic.

Following are the replies which were received in time for publication in this number:

*Walter W. Head, president The American Bankers Association:*

It is unnecessary for a business man to express his opinion as to the necessity of reducing income and other Federal taxes. We are all agreed that a reduction is desirable. The plan proposed by Secretary Mellon will at least partly relieve the burden which now rests upon productive industry, and to that

extent would reduce the large amount of capital now being transferred from productive to non-productive investment. It is proper that there should be a distinction between earned and unearned income. However, careful provision must be made for its detailed administration, as it will be difficult in many cases to draw the line equitably.

*Emory W. Clark, president First National Bank, Detroit:*

Under the guidance and direction of Secretary Mellon, the Federal Government has met its heavy obligations of 1923 with practically no disturbance of the financial waters.

The Secretary now presents a plan contemplating a substantial reduction in the Federal taxes. That such a reduction is desirable and necessary if business is to be fostered and developed, is accepted by all who have given the subject serious thought.

The heavy taxes have not only retarded business, but have taken the zest out of the game to an extent that is not appreciated. Capital must be attracted into business channels to an extent that is not possible under our present tax burden.

Mr. Mellon's plan, with possibly some modification, should be adopted, and I hope that President Coolidge will feel that he can adopt it as his program.

*F. O. Watts, president First National Bank in St. Louis:*

Secretary Mellon's proposal for tax reduction should commend itself to all business interests. The heavy burden of taxes throughout the war years, the enormous expenditures and growth of debts by Federal, state and local governments cannot continue without producing its effect on industrial progress. His plan is to be approved not only because of the actual reduction proposed, but also because of the readjustment of taxes which will produce greater equity among tax payers, and at the same time, not produce less revenue, in some cases, for the Treasury. This is especially true in regard to the surtaxes.

One of the best tests of democracy and representative government is coming to be the way in which the governments will spend the increasing proportion of the people's income which it takes to meet the increasing expenses of the nation. There are some reasons to doubt whether our

Federal, state and local governments are as wise in spending money as they are resourceful in devising new ways to get it.

*Waldo Newcomer, president National Exchange Bank, Baltimore:*

The suggestion of Secretary Mellon for a radical reduction in the high taxes on corporations and large incomes is meeting with deserved commendation throughout the country. This approval comes not merely from the selfish standpoint of the individual or corporation who wishes to have less taxes to pay, but is based on several very sensible considerations.

First, that a lowering of the taxes will decrease the tremendous demand for tax exempt securities and make it possible for more people to invest in productive enterprises and still receive a reasonable return on their investment; and, secondly, that a considerable cutting down of the rate can be accomplished without materially reducing the revenues of the Government.

About the only serious objection to it appears to come from those who fear that it will interfere with the passage of a soldiers' bonus bill. Surely the advisability of the latter, to say the least, is open to most serious question. When we consider that it has always been recognized as utterly impossible to fix adequate payment for a man who risks his life in a service, and that, therefore, all nations have found it necessary to depend on patriotism at such times, and not on the amount of pay; when we further realize that the Government provided a liberal plan of life insurance for all the men who went into the war, is making strong endeavors to take proper care of all who were wounded or whose health was ruined by reason of that service, that there will undoubtedly be a large amount of pensions eventually to be paid, it does seem that there is nothing gained by loading the American people with a debt running into billions for the purpose of paying a moderate sum of money to every man who went into the war regardless of whether he suffered thereby or not.

Surely, if such a consideration is to stand in the way of a reduction of the tax burden on the whole people, and of an incentive to general business which will be for the benefit of the entire population, including the very men who would receive the bonus, it is inconceivable how any sensible man can use this as an argument against Secretary Mellon's plan, and it is sincerely to be hoped that the plan will receive such unanimous and strong approval throughout the country that our weak-kneed legislators will be compelled to vote in favor of what they know to be right and against a move which

it is difficult to describe without calling it a raid on the United States Treasury.

*George M. Reynolds, chairman of the board Continental and Commercial National Bank, Chicago:*

I am glad to have an opportunity to endorse the recommendation made by Secretary of the Treasury Mellon, regarding taxation. I should like to make my endorsement of the plan emphatic. If business is continuously hampered, we will get to the point where it will be difficult for the Government to raise necessary revenues. There is no question in my mind but that the excessive tax charges are hampering business at the present time and they will continue to do so until there is a modification of the law.

It is unfortunate that the subject has been beclouded by being linked with the proposition to pay a bonus. You have not asked me to express an opinion upon the desirability of a bonus, but in any statement relative to Federal taxes, I cannot refrain from saying that the two questions, taxation and soldiers' bonus, should stand apart. They should be settled independently of each other.

*Edward W. Decker, president The Northwestern National Bank, Minneapolis:*

I am heartily in accord with Secretary Mellon's proposed reduction of income taxes. I believe it would do more to stimulate business in this country than almost anything else that could be done at this time. If our people only knew it, it would be just as much in the interest of the farmer and laboring man as it would be in the interest of the larger capitalist. What helps one helps all, providing general business is encouraged and supported.

A reasonable reduction which would encourage men to invest their money in new enterprises to employ more labor and furnish more mouths to eat the farmers products would benefit every one. A bonus bill passed at this time would be, in my opinion, a bad thing for every one in the United States, including the ex-service men. Most of the northern states have already paid bonuses and are not especially interested in helping to pay the bonus for the southern states.

*E. H. Pringle, chairman Bank of Charleston, S. C.:*

The elimination of a surplus of revenues from the present heavy taxes, if accomplished, would remove a temptation from

the advocates of the bonus, whose success would place in the hands of three or four million young men a substantial sum of cash, which would tend to increase temporarily their unwillingness to work, and accentuate the shortage of labor from which the country is now suffering. Particularly is it probable that this would be the case with colored soldiers, who belong to a race notoriously unwilling to think of the morrow, and to work when they have money in their pockets.

Secondly, the proposed reduction in the taxes upon individual incomes, which would bring down the maximum amount exacted from large incomes from a percentage just less than 58 per cent., to a proportion slightly less than 31 per cent., 25 per cent. surtax and 6 per cent. normal tax, would seem likely to give an opportunity for actual proof of the contention made by Secretary Mellon and a number of others, that the very high taxes now and heretofore prevalent upon large incomes, have the effect of actually reducing the amount of dollars received in taxes by the Government from these incomes.

Those who agree with this reasoning, of whom I am one, believe that with lower taxes upon large incomes wealthy men will feel more free to invest in business enterprises, and will feel a lesser degree of compulsion to purchase only tax exempt securities, so that a larger supply of capital will become increasingly available for the repair and expansion of the country's industrial machinery, thus tending to create more work, more jobs and cheaper goods.

The reduction in taxes on small incomes and the elimination of telegraph and telephone taxes and of admission taxes, are probably necessary, in order to create popular enthusiasm for the reform sufficient to obtain support in Congress for the major features of the program, which would seem to be the defeat of the bonus, and the moderation of the severe toll heretofore taken from large incomes.

*J. P. Harris, vice-president The Union Trust Company, Cleveland, Ohio:*

To any sound thinking individual the clear and concise recommendations of the Secretary of the Treasury, looking to a reduction in Federal taxes, must inevitably appeal as one of the most constructive pronouncements that has issued from a Government office in many years. It is equally courageous and deserves the cordial endorsement of every right-minded citizen, whether he be a payer of the heaviest income surtaxes or the most poorly paid day laborer. Both are equally and vitally interested. One does not need to argue that the entire world, including America, is still

suffering from the huge destruction and cost of war, which now finds itself translated into taxes which reach, in some form, to the last individual in the community. So long as this abnormal tax burden has to be carried, just so long, and to that extent, will the necessary funds for the development of industry be withheld and diverted into this non-productive channel of Government waste and expenditure. If industry is denied its required capital resources production must inevitably decline, and the present high cost of living mount still higher, whereas if the capital resources of the country, whether they represent the wealth of the rich or the small savings of the poor—and both are equally involved here—can be directed into channels of national development, as they should be, there would inevitably follow increasing health and material well-being to the entire country.

I feel, therefore, that the utmost influence should be brought to bear to make Secretary Mellon's recommendations effective at the earliest possible date, and as for the proposed bonus measure, it is to our minds morally indefensible and it is, therefore, not a question of whether the country is able to pay the bonus or not. It is not only morally wrong, but utterly debasing to all high standards of patriotism, upon which our national security must ultimately rest.

*Charles A. Hinsch, president Fifth-Third National Bank of Cincinnati:*

I am thoroughly in accord with the suggestions made by the Secretary of the Treasury, believing that a material reduction in the surtaxes is absolutely essential if business is to be restored to anything like a stable or normal condition. The present taxes are confiscatory and destroy initiative.

I was especially pleased to note the suggestion that earned income be placed in a different classification than that derived from real estate or securities of any character. Many of our salaried men throughout the nation, who are fairly well-to-do, find that their salaries are in reality placed on the top of their other income, and in many cases practically confiscated and the initiative, therefore, to continue to labor is more or less destroyed.

As a matter of fact, I feel that our Government has undertaken to reduce the national debt too fast, and in so doing has crippled business. Many concerns find it difficult to show any progress owing to the high price of labor, and the keen competition which now exists. My own thought is that the debt should be systematically distributed over fifty to sixty years, that being the period fixed for the liquidation of the British debt to this country. There is no reason why the present generation should stand the

entire burden of the Great War; part of it should be passed on to posterity.

I should like very much indeed to see the income tax further amended so that profits derived from the sale of real estate, and securities in the hands of other than a dealer be treated as an accretion to capital, and not treated as income. If I am correctly informed, profits derived from sales of this nature are classified in Great Britain, as stated above, an accretion to capital, and not treated as income. Our present laws impede the progress and growth of the nation. I know of a great many real estate trades that would probably be consummated at once were it not for the fact that a large portion of the profit must necessarily be turned over to the Government. This means that many old shacks will remain as they are instead of being supplanted by up-to-date modern structures, which would mean, of course, additional income, so that in the long run, I am satisfied the Government would be the gainer by removing this restriction to progress.

I was pleased to note the elimination of many nuisance taxes. This to my mind is a splendid thing.

I am thoroughly opposed to the soldiers' bonus, and I see no reason why our politicians should be afraid of the soldiers' bonus. In my opinion, it is a bugaboo. At heart, I do not believe the average able-bodied soldier desires a pension, especially when it would result in such a tremendous burden to a country already taxed to the limit. I am in full sympathy with going the limit in taking care of soldiers who were wounded, or whose health has been impaired in the service of their country, and believe that ample assistance should be extended to the families of those who lost their lives, provided they are in need, but I do not believe that our able-bodied soldiers who have been improved physically and mentally in serving their country should receive any compensation. It seems to me that it cheapens the great service that they have rendered to their country. Attention has been called to the fact that foreign governments extended a bonus, but in this connection it should be borne in mind that the difference in pay was very material. Furthermore, many of the states have extended the bonus to their brave sons, and I see no need, therefore, for the Federal Government to duplicate this action.

*F. B. Anderson, president The Bank of California, San Francisco:*

I am in accord with Secretary Mellon's plan for reduction of income taxes, although I believe it would be sounder to eliminate profits and losses since they represent gain or loss of capital and not income.

It is my opinion that the present law is vicious in that it destroys initiative and is a serious drain on the small pocketbooks it pretends to help.

I find there is a bitter resentment against the present law amongst all classes of society and a strong feeling that it is becoming more and more difficult to get investors to go into new enterprise.

In this connection, it occurs to me that the interests of our ex-soldiers could be much more intelligently served by seeking to bring about conditions which would give the young men an opportunity to earn a competence during the twenty-five years, say, of active life ahead of them, than by meeting the demand for a bonus—a demand that comes from a very small percentage of the men themselves.

The income tax law as it stands encourages extravagance, increases the cost of living, penalizes success and thrift and discourages new enterprise, thus narrowing the field of remunerative employment.

*Oscar Wells, president The First National Bank, Birmingham, Ala.:*

Judging from the expressions of many bankers through the columns of the daily press, there seems to be but one point of view on the subject of the desirability of the reduction of Federal taxes by Governmental policy and the probable effect of such a reduction, if secured, on the business of the country. I need not tell you that the bankers have all along been in favor of a course which would lead to a reduction in the surtaxes and in the taxes on industry imposed by our National Government, and have so stated in the various resolutions passed at conventions of bankers assembled in the states or in national conventions in one form and another, and the reasons given have always had to do, of course, with the matter of productivity; so it is not strange to find so many bankers now agreeing so heartily with the suggestions made by the Secretary of the Treasury, Mr. Mellon, for a reduction of taxes.

The American Bankers Association has not only shown some concern about the continuation of high tax rates but it has even gone to the extent of passing a resolution against proposals for the creation of a bonus to be paid to able ex-soldiers because of the burden that such payments would put upon the Treasury of our Government.

*W. S. McClucas, president Commerce Trust Company, Kansas City, Mo.\**

Secretary Mellon's plan to reduce income taxes and abandon the proposed soldier

\*Mr. McClucas writes under date of November 22, 1923.

bonus involves two major questions—one of economics and mathematics, and the other of morals.

A revision of income taxes seems imperative. The salaried and wage earning incomes have borne a burden of war obligations without a serious murmur, while surtaxable incomes have quietly taken refuge in tax exempt securities—obviously a clever business move for the individual, but in the aggregate, none the less far reaching in its effects as a business deterrent. Nothing can be economically sound which is economically unfair. A \$900,000,000 margin between Government income and expenditure becomes a "hastening ill" when that margin is created through inequitable tax levy.

A general downward revision of income tax would, I believe, initiate a cycle of four economic operations—

First—By easing the burden on all classes of incomes improve the national mental attitude.

Second—Induce a conversion of heavy tax exempt investments into commercial channels, thereby

Third—Increasing the general public's income, resulting in ultimate

Fourth—Partial restoration of the Government's income, possibly even to its present proportions.

To my mind, the moral question involved is simply this—would the proposed tax revision be accomplished at the sacrifice of our duty to ex-service men? Or perhaps more directly to the point—is a soldier bonus our moral obligation?

One's sense of moral obligation is inherent, and is never susceptible of debate. But his *application* of that sense to any given question is distinctly a mental operation.

The American body politic does not differ in this respect from an individual. Our *National* sense of moral obligation takes a firm position in saying: "If we owe the service men a bonus, we will pay it regardless of economic consequences." But the debatable point is—Do we owe the obligation?

Some three years ago when agitation for a state bonus was at its height, I took occasion to inquire of scores of ex-service men how they felt about the proposal. To their eternal credit the vast majority of them took a position which is best summed up in the words of one of their buddies, a buck private who went through the two major offensives in France. He said: "With rare exceptions, men of the prescribed military age asked no quarter and received no favors. They went over there, and did the job laid out for them as Americans. It wasn't any different from any other job—it was our *business* for the time being. Lady

Luck tagged along with me, and I came home without a scratch. I don't figure Uncle Sam owes me anything for soldiering."

And he added, with all the vigor and spirit of a typical American, "But I *do* want to see Uncle Sam take darn good care of my buddies that 'got theirs' and the families of those that 'went west.'"

Isn't that the whole answer to our moral question in a nut shell?

Finally—What is the soldiers' economic equation?

The future financial prospects of young men in America are vastly improved because of the impetus given to business as a result of the war. Not for a moment do I consider that impetus worth the price of bloodshed, but from a purely matter of fact point of view—the war occurred, and one of the results was commercial growth of the United States.

That impetus to business presents possibilities to young men which are of far greater economic value than could be reckoned in terms of a money bonus.

*George F. Baker, chairman, First National Bank, New York:*

In a newspaper interview, Mr. Baker recently stated:

I am strongly in favor of Secretary Mellon's plan of a tax revision. A reduction of taxes would give the people an incentive to make more money and the Government would collect more. If you give 58 per cent. of what you make to the Government, there will be very little left for you, but with the revision there will be more incentive to work. Better business will also result from this revision of taxes. I haven't studied the question of tax revision carefully, but I certainly think that high surtaxes should be discontinued. I think everyone, both rich and poor alike, should share taxes and help pay Government expenses, because the Government needs the money.

I am not in favor of the bonus, and I don't believe that thinking soldiers are either.

*H. Martin Brown, president Industrial Trust Company, Providence, Rhode Island:*

I fully approve of the proposed reduction of income and Federal taxes as outlined by the Secretary of the Treasury, Hon. Andrew W. Mellon, and believe that it would be a great benefit to business generally in this country.

# The Borrower in Relation to His Banker\*

By John N. Eaton

Manager Credit Department Merchants National Bank of Boston

**P**REVIOUS to twenty-five years ago banks loaned a great deal of money without requiring even financial statements. The Robert Morris Associates have accomplished much in improving conditions in this respect, but I venture to say there are few banks, if any, represented here today, which are not loaning substantial amounts to concerns whose figures are so condensed that they make proper analysis impossible. Even when complete audits have been made, we frequently find cases where a company has its accountant prepare a condensed balance sheet for his bankers, containing much less information than appears in the balance sheet which accompanies the audit. Usually these are useless in assisting the banker to analyze a company's position, and many times they are positively misleading.

Leading accountants are glad to have banks receive all the information which the ethics of their profession will allow. I believe many of them wish they were never called upon to make simply a condensed balance sheet for the banks. They would prefer that the banks should see the complete result of their work. Unfortunately, though, it is usually the borrower and not the accountant who passes the information along to the bank. Altogether too often the borrower wants the bank to know as little as possible regarding his business. He does not seem to realize that when a banker knows some unfavorable features regarding his customer and he does not know all the facts, he naturally suspects that there may be other unfavorable things which are not disclosed. In such cases, of course, one is especially careful in making loans. When one is sure that he has all the facts, he is more willing to give favorable consideration to requests for credit, even though there may be some weak points in the situation.

## NEED FOR CO-OPERATION

I cannot help feeling that the banker may be somewhat to blame for this situation. In too many cases the banker does not make it clear to the borrower that his attitude is one of genuine co-operation. Under such conditions the borrower feels that the bank is regarding the matter entirely from its own standpoint and consequently his attitude too frequently shows a lack of frankness. The banker, and particularly the loaning officer or credit executive, should strive to make the relationship one of mutual confidence. This can be promoted best by a study of the customer's needs and by absolute frankness in the frequent interchange of opinion. Where the banker does his part in promoting such relations there is little hesitation on the part of the borrower in submitting all the facts.

In cases where the customer furnishes the bank with full financial information there are possibilities which we are just beginning to develop, of using that information to the common advantage of both. The ratio analyses, to which much time and study has been devoted, frequently reveal danger points which cannot be detected by the usual examination of statements and the consideration only of the current ratio. They may show that a company is pursuing policies which, if continued, will place it in a position where its solvency is threatened. When these ratio studies are made before a company has progressed too far in an unfavorable direction, it is frequently possible to correct the trouble and prevent serious loss to both the bank and the company itself.

\*From an address delivered before the fall meeting of the Robert Morris Associates, held in Boston on November 16, 1923. Mr. Eaton is president of that organization.

# The Theory of Statement Analysis

By W. H. Steiner

[The author acknowledges indebtedness to the American Institute of Banking for permitting the use of certain material which he gathered in preparing its text on Credits.—THE EDITOR.]

**I**N recent years, much attention has been given to the analysis of financial statements, and great progress has been made, in particular by bank credit men. Unfortunately, however, this work has given rise to some misunderstanding. There has been a sharp conflict between the newer methods of analysis and the older or traditional methods. Yet the same ideas underlie both, and the newer represent merely an extension of the older methods. This is readily evident when we examine the theory underlying statement analysis and the methods by which it is carried on.

## KINDS OF ANALYSIS

Two questions arise in judging a statement: (1) Does the statement, item by item, give an accurate picture of the condition of the business; and, (2) assuming that it does, is the condition of the business it shows satisfactory or unsatisfactory?

Each item in the balance sheet must be considered in succession, and subjected to careful analysis. In this process, the basis on which the inventory is valued is ascertained, past due receivables are separated from "live" ones, etc. When each item has been verified, so that the statement is known to afford a true picture of the concern's condition, the second kind of analysis can be made. The changes occurring in the various items over a series of years are considered, in addition to the relations existing between certain leading items. In this way, the concern's business methods, liquidity, etc., are ascertained. The banker must decide whether the showing is satisfactory for the particular kind of business and territory. If the answer is favorable, the loan officer can proceed to fix the amount of

the line of credit and the terms on which it is extended.

These two problems are fundamentally distinct in nature, and the differences between them cannot be too strongly emphasized. The fact that in actual practice the two kinds of analysis are often made concurrently should not be permitted to obscure this truth. The analyst, while running his eye down the statement, is consciously or unconsciously considering each individual item in the two ways just mentioned. Usually, of course, the test appears rather cursory to the layman, for the credit man, trained by long experience, merely examines an item in detail if it appears "out of line," and passes by the remaining items with a glance. This means a great economy of effort, but it does not mean that analysis of either kind is neglected.

While credit analysis thus involves two aspects, essentially distinct in nature, neither one can be neglected. The one involves in large measure accounting considerations, and much attention has been given to it. Yet the second, which is on the whole of more recent development, raises a far wider range of questions, and holds forth much promise for the future. A clear statement of its aims and content will therefore be desirable.

## CONTENT OF THE ANALYSIS

The bank as credit grantor considers a borrower from two points of view: First, as a going concern, and second, in dissolution. That is to say, it considers both the immediate liquidity and the ultimate solvency. The immediate liquidity is of primary interest, for it is the belief that the concern will continue to prosper that underlies an advance of funds. But the possibility of a forced liquidation is always present,

and hence the second point must not be neglected. In his analysis, the credit man centers his attention upon the financial features and the position of the concern, and considers its business operations only for the indication they give of its liquidity and solvency. As a rule, he does not try to project the various asset and liability items into the future so as to discover what the financial position of the borrower will be when the loan matures. This is usually done only where concerns present a statement which does not afford a satisfactory basis for an extension of credit. When this is the case, the probable financial result of the operations that would be undertaken were the loan granted is shown in some detail in a so-called financial budget. This has been customary since 1920. The applicant whose present condition satisfies the banker is generally assumed to be competent to handle his affairs and the funds he receives, so that in most cases he will probably be asked merely to indicate to the bank the general purpose for which he desires the loan.

As already indicated, the credit man devotes his attention primarily to the proportion which the statement before him shows. A well-rounded statement has the various items in proper proportion to each other. Plant investment, for example, is not too heavy for the current operations indicated by sales, merchandise and receivables. A series of comparisons or tests has become more or less recognized by means of which each of the principal items may be scrutinized, and is used by the credit man in his daily work.

#### FUNDAMENTAL COMPARISONS

The fundamental comparison which is generally made is between the current assets and the current liabilities, and the difference between these two items—variously called the margin of current assets, excess quick, or net working capital—is calculated. This shows the current financial position,

and indicates the ability of the concern to meet its shortly maturing debts. The credit man may supplement the examination of the current assets and current liabilities by comparing cash and receivables with the current liabilities—the so-called “acid test.” While the current ratio is basic, it is insufficient, so that it must be supplemented in a number of ways in order to understand its real significance. The credit man must examine the constituent parts of the current assets so as to ascertain their quality or liquidating power, for obviously the size of a satisfactory current ratio varies with their quality. While a ratio of one and one-half to one is sufficient in a stable business like meat packing, three to one may be low in a seasonal line, like millinery, which is subject to style influence. Two to one, the old popular rule of thumb, is by no means universal. In making the analysis, receivables must be compared with sales, to ascertain promptness of collections; and merchandise with sales, to ascertain rapidity of turnover. In this way the credit man may discover the liquidity of receivables and merchandise.

From a longer run point of view, however, the credit man must consider other factors which, while they do not immediately affect the current position, may ultimately undermine it. One of these factors is total debt. Before passing judgment, the credit man must determine whether the concern carries too heavy a load (by comparing debt with net worth); whether net worth suffices to care for plant and supply some working capital in addition; and finally, whether the concern does a satisfactory volume of business (from earnings and growth in surplus arising from earnings retained in the business). A favorable showing on all these matters serves to establish an element of continuity in the concern's operations.

The comparisons just indicated may be summarized briefly in tabular form as follows:

Comparison of	Shows
<b>Current:</b>	
Quick assets with current liabilities.....	Current position
Receivables with sales .....	Collections
Merchandise with sales .....	Turnover of inventory
<b>Long-run:</b>	
Total debt with net worth .....	} Size of indebtedness
Plant with net worth .....	
Sales with net worth } .....	} Plant investment
Sales with plant } .....	

FINANCIAL STANDARDS

The credit man may make his analysis in one of two ways. Most banks actually calculate the current ratio, but otherwise they rely entirely upon mental calculations by the credit man analyzing the statement. Moreover, the analysis is largely negative in character, only items which are "out of line" being scrutinized. Some institutions, however, are more systematic in their analysis, and actually compute ratios similar to the current ratio, between other selected items. On the whole, these ratios serve merely to express in figures these comparisons which the credit man usually makes when he examines a statement. They may be expressed in percentages, but this method often yields results which do not correspond to business usage. The average merchant or credit man tests merchandise on hand by the number of times it turns over per annum, or by the number of months' sales on hand. It is intelligible to him to say that inventory turns over five times per annum, so that, except in a highly seasonable business, slightly less than two and one-half months' sales are on hand at any one time, but he has to become used to the fact that saying cost of sales equals 500 per cent. of merchandise means the same thing. Percentages, while convenient to work with, are on the whole unfamiliar.

The general run of statements supply the data used in judging any individual statement. The credit man derives norms or standards for each comparison, either consciously or unconsciously, from the statements which have come to his attention. In obtaining

these norms, he has an alternative similar to that which exists when he judges the individual statement. He may rely entirely upon general impressions, or else he may refer to calculations which he or others have made from groups of actual statements. Much pioneer work in assembling data and calculating ratios has been done by Alexander Wall and the Robert Morris Associates. He uses eight ratios, seven of which make the comparisons indicated above. He has calculated ratios for a large number of lines and localities, over a period of years, and scattered computations by others have also appeared.

The theory upon which this computation of type ratios is based may be briefly indicated. The result of the law of averages or large numbers is a type which represents the entire lot of statements. But the group must be fairly homogeneous. It would be inaccurate to compute ratios designed to apply to all lines and classes of business, as well as for all sections of the country. The situation of the millinery manufacturer differs radically from that of the packer. The former has a highly seasonal business, so that his sales, merchandise and receivables fluctuate greatly; his stock may depreciate greatly if style changes occur; and he sells on long time. The reverse holds for the packer. In the same way, a New England concern cannot be compared with a Pacific Coast concern, nor can a wholesaler be compared with a retailer. A separate type ratio must be computed for each line of business and each section of the country. In so doing, all the statements in any one group should be taken for approximately the same date, in order to avoid seasonal differences.

Most statements are taken at the close of the season, when inventory, receivables and debt are at a low point, although for tax purposes there has been an increasing tendency to make them at the close of the calendar year.

An ever increasing body of financial standards is becoming available. While they are not mechanical in the sense that they can be used as yardsticks and thus dispense with applications of judgment by the credit man, it is nevertheless true that they are of distinct

value to him. They give him a more definite indication—based upon actual data, in place of general impressions—to guide his actions. And, for the community as a whole, they make available a definite body of knowledge as to credit conditions. In particular, as these figures are continued and cover a series of years, they afford an indication of change in credit conditions as business conditions change—in short, an indication of credit conditions in relation to the business cycle.



## Bank Day During National Thrift Week

By J. H. Puelicher

Chairman Milwaukee Thrift Week Committee and president Marshall and Illsley Bank, Milwaukee, Wis.

**E**VERYONE interested in the National Thrift Week activities, has read of the Detroit Plan, whereby school children secure the opportunity to visit the banking institutions of the city on Bank Day.

There is much need for the future American to understand the fundamentals of banking, so that he will feel an acquaintanceship with its purposes and its functions that will serve him when he is through with his schooling and becomes an adult member of the community and this commonwealth. Only through such knowledge can he make use of the institution which strives to help all members of its community to succeed in life. The opportunity to visit the banking institutions of Milwaukee has been given to the Milwaukee school children on Bank Day of National Thrift Week and whenever desired throughout the year.

Realizing, however, that not merely the future American, but many adult Americans, especially among the new Americans who have so great a timidity and misunderstanding with regard to banking institutions that many have never even been inside of a bank, needed

this knowledge, classes in English for new Americans in the social centers and night schools of the Milwaukee educational system, were invited to devote one evening to visiting banks.

The banks belonging to the Clearing House Association voted to hold open house from 8 to 10 o'clock one evening. The students met at their respective schools and went with their teachers to the bank assigned them. About 500 adults took advantage of these field trips.

At each bank a general talk was given to the group as a whole on the relation of the bank to the community and the services of its different departments. The group was then divided into smaller parties which were personally ushered through the departments by bank officers, thus permitting these new Americans to feel a personal acquaintanceship with the officers of the bank.

The visits seemed to mean much to these new Americans. Many of them had never been inside of a bank before. Many of those who were acquainted with banks, knew only of the savings department.

# A Little Psycho-Analysis May be Good For Your Bank

This California Banker is Using Some, Even Though That's Not  
What He Calls It

By O. R. Johnson

**O**UT in Fillmore, California, there is a banker who is using psycho-analysis to create new business for his bank. Of course, if he were accused of it he would deny the fact, for he doesn't call it psycho-analysis at all. He calls it "community spirit" and "good business." But regardless of the name we give his activities, they are building business for him and for his bank.

The peculiar kink in human nature that he is turning to his benefit is called "identification"—that is, by the psychologists. Although the thing it describes is as old as Adam, it is as useful and important today as ever, so it may pay us to examine it a bit and learn how to turn it to our advantage, as did this Fillmore banker, in creating new business for our banks.

We are at all times unconsciously projecting ourselves into the people and things about us, the psychologists say, and taking unto ourselves the qualities in them which we consider desirable. That is what they mean when they use the term "identification." We are, they say, identifying ourselves with other things.

For instance, every business man identifies himself with his business, so that as it grows, so does he; and as it takes on dignity and prestige, so does his own ego. Through constant association with the same things and the same people it may happen that we are compelled to identify ourselves with unpleasant and undesirable things. We must, for example, identify ourselves with our relatives—not because we admire them, necessarily, but because, unlike our acquisition of friends, we have obtained these as "an act of God." If

they behave in ways strange and unpleasant to us, we feel angry, embarrassed or mortified, depending upon circumstances. Afterwards, when we get them alone, we usually attempt to make them see themselves as we saw them, so that they will in the future act more in harmony with our own ideals and standards. Sometimes we succeed—but not often.

To a lesser degree we identify ourselves with our home town and its baseball team, and with our country and its army and navy. Any infringement upon the rights of these, or aspersions cast upon them, are reacted to precisely as if they were infringements upon *our* rights, and aspersions directed against *us*.

Now, our behavior is influenced considerably by the identifications we make, and many otherwise inexplicable actions become clear when we discover what these identifications are. In creating new business for your bank, it will pay you to take advantage of the influence that can be exerted for or against it by the identifications that your patrons and prospective patrons make.

Obviously, the ideal condition to be attained is that of having all the people of your community identify themselves and their interests with your institution. This is partially accomplished when each new patron is acquired, and the longer your customers remain with you, the stronger and more complete is the identification.

## ESTABLISHING AN IDENTITY OF INTERESTS

To assist the development of this feeling of identification is the object of most of the more familiar methods of in-



Display of Fillmore Citrus Fruit Association in Fillmore State Bank

creasing business. The banker sends out letters congratulating people upon engagements, graduations, births and marriages, and in many other ways implies a community of interests between himself and the recipient. By identifying himself with things of interest and importance to his patrons, the banker is attempting to be included within the magic circle of what the prospect considers "him and his" and is, therefore, especially favored.

In the examples given there is a more or less conscious feeling that the banker is an interloper—that he is straining to imply, or to create, a relationship where none normally exists. To state it more familiarly, there is a feeling of lack of sincerity upon the banker's part, and no matter how well he does it, there is an effort apparent to which we are very sensitive.

There are, however, other ways in which the bankers can accomplish the same purpose more completely because more sincerely. There are enterprises whose prosperity and advancement are equally the concern of both the banker and his customer, and one of these is

the prosperity of the community in which they both reside, and upon whose growth they are both in a measure dependent for their own prosperity.

When a community or section is noted for one cause or another, say for the character of its crops or the quality of its cattle or its manufactured products, it will pay any business man, and especially the banker, to identify himself and his business with that product, for by so doing he is identifying himself and his bank with something dear to his customers, something that is part of them, and something which is a factor of influence in their actions and decisions.

Some sections of the country are exclusively devoted to the raising or production of a particular product for which they are more or less famous. In such instances the towns in that section and the people in those towns take a particular pride in their work—they identify themselves with it very completely. Like a mother with her child, the way to their heart is through that which they hold dear. At the same time, being also a member of the com-



Lobby display in Fillmore State Bank during Fillmore Orange Show

munity, a banker's interest and support of that specialty is considered only natural and proper. He is quite entitled to his share of the glory, so to speak, and is not suspected of emulating those salesmen who, wishing to sell the mother something, interest themselves in her child.

The work of the Fillmore State Bank, of Fillmore, California, is a splendid example of the proper use of this principle in creating new business for a bank. Fillmore is in the heart of the citrus fruit area of California, and it has, figuratively speaking, taken citrus fruit to its heart, lemons and all.

George W. Tighe, president of the bank, decided three years ago to stage an annual orange and avocado show, at which would be shown the best examples of citrus fruits raised in his territory, and he has done so for three years now with considerable success. His bank lobby is given over to the exhibit every year, and the show continues for one week, the middle week of March usually being selected for the occasion.

#### BANK GIVES PRIZES FOR BEST EXHIBITS

Many prizes are offered for the best exhibits, and ribbons of different colors are awarded to the best displays. The bank pays for the prizes and manages the exhibit from start to finish. Yet so well has the project been managed, and so completely has the bank identified itself with the community in this work, that the attitude of the whole community, and its newspapers, is that "this is our show and we're proud of it."

A few newspaper clippings indicate this clearly. Here is a paragraph from one paper: "Let it be remembered that there is another orange show besides that at San Bernardino. This is at Fillmore. This, too, will last a week, from Saturday, March 11, to Saturday, March 18. Not only oranges but also avocados will be shown in all their splendor, as grown in Ventura County." Another paper said: "The Fillmore show is an exhibition of county-wide interest, showing, as it does, the great value of the citrus crops in that most favored section."

All of the papers in the section give

full publicity to the terms of the contests, the prizes offered, and all other information necessary. At the conclusion of the show they publish complete lists of the prizes awarded, and the prize and honor winners. One of the newspapers, the *Fillmore Herald*, donates a silver loving cup each year to the grower making the best individual display.

Altogether, at this time of the year the bank is in the enviable position of being the focal point of public interest, and there is no doubt that it benefits considerably in a business way through thus being taken to the heart of the community one week out of the year.

Tangible evidence of its success in this work is afforded by the following letter from the Fillmore Chamber of Commerce, in "Fortune Favored Fillmore," Ventura County, California:

George W. Tighe, President,  
Fillmore State Bank,  
Fillmore, Cal.

Dear Mr. Tighe:

Of the many duties coming before the secretary, none gives him greater pleasure in the doing than that of writing a letter conveying appreciation from the members of the Fillmore Chamber of Commerce for your public-spirited endeavor.

I am, therefore, glad to extend to you, on behalf of the members of the Fillmore Chamber of Commerce, congratulations for the progressive spirit as represented by the Second Annual Orange and Avocado Show held at the Fillmore State Bank from March 11 to 18, and the bringing of same to such a successful culmination.

Also appreciation of the valuable advertising and good it has done this community.

Yours very truly,

FILLMORE CHAMBER  
OF COMMERCE.

(Signed) W. J. Goodacre,  
Secretary.

Apparently the Californians regard the boosting of their communities in the light of personal favors.

One of the contestants and prize winners expressed something of the feeling of the whole town when he said: "We growers all feel the great good you are doing in this yearly event, and I,

for one, can assure you of my future hearty co-operation to a greater extent than in the past." The reader can judge for himself whether this is good business or not.

Bankers considering the feasibility of doing something of the same thing themselves may be interested in the following selection from the exhibits called for and the prizes awarded:

\$25 for best feature exhibit.  
\$10 for best commercial pack oranges.  
\$10 for best commercial pack lemons.

These commercial packs are limited to displays of not less than two boxes, nor more than five. Other displays and prizes are:

\$2 for best plate display of navel oranges.  
\$2 for best plate display of Valencia oranges.  
\$2 for best plate display of tangerines.  
\$2 for best plate display of grape fruit.  
\$2 for best plate display of avocados.

Second prizes of \$1 each are offered for each of the above, and exhibits are also requested of flowering shrubs, sweet peas, and flowering bulbs. Fruits for the exhibit are accepted up until the day of the show, which opens usually at 7 in the evening of the first day, and closes at 9. During the week the exhibit is open only during banking hours. The prizes and awards are made on the Monday of the week of the show, and are indicated at each display.

The slogan of the Fillmore State Bank is "The Bank of Helpful Service." This is not by any means a new slogan, but there are probably few banks in the country that demonstrate so well as this what they mean by such a slogan. There's no copyright on the idea, and it is one that practically any bank can use to advantage, adapting it, of course, to local requirements.

When you're talking about service, don't forget that actions speak louder than words, and that one such attempt as this convinces more people of your sincerity than a thousand words of copy.

# Educating School Children About Banks Through Library Cards

Public Libraries Could Use Pictures and Facts Regarding Banks to Supply to Public School Pupils

By Frank Hilton Madison

**“W**HY can't the banks help too?—the public libraries seem to be getting educational pictures from all other industries and businesses and lending them to the pupils of the public schools.”

The writer asked this question of Miss Viola M. Bough, a member of the staff at the Hamilton Park Library in Chicago, who had been summing up the fields covered by a new method of visual education. This new method is a practically overnight development. Through it the public libraries make up collections of interesting pictures, mount them on handsome art mats, and school children borrow them to use in connection with their studies.

“Well,” replied Miss Bough, “there is a big demand for pictures of coins, money, money-making in ancient times, odd coins from foreign countries and all those novel things.

“Then banks frequently get out illustrated booklets that show scenes in the earlier days of a community. A public library always wants all the historical pictures it can get.”

But these things did not exactly cover the field I had in mind. The main question was: “What kind of pictures could the banks furnish that would educate the coming generation as to the services that banks supply, and would implant in the minds of the children the fact that the bank plays its important part in carrying on all the other industries which the children study?”

Apparently none. If there is any phase of banking that can be pictured interestingly it did not occur to several librarians. Some of the more novel phases were suggested, such as the unique means taken to prevent rob-

beries, interesting vehicles for the transport of money, unusually large vaults and the like. But as for the functions of the bank, they seemed to resolve themselves into a succession of counters, cages and listing machines.

What child would become interested in such dull pictures of a bank?

If a bank can prove that there are interesting scenes in its field it will find an efficient channel for disseminating information. And these scenes need not be actual photographs—good half-tones on durable paper will be sufficient in most cases. As an example of the effectiveness of such channels, Miss Bough gave a glimpse of her work.

## HOW PICTURES ARE DISTRIBUTED

“This branch lends picture collections to ten large schools which have a total enrollment of between twelve and fifteen thousand pupils. In addition the collections are borrowed by the students from the Cook County Normal School—the future teachers of the public and parochial schools.

“I spend a great deal of my time visiting these ten schools, checking up on the work and seeking new ideas. The interest of the children is remarkable. One large school has already begun to make its own permanent picture collection of industrial, travel, nature, art and other subjects. The principal there recently told me that he believed that it was but a question of time until almost all schools would have their own picture collections. It was his idea that this was bound to develop into one of the big things of school work.”

But a question arose. Perhaps this system was only used in the forty-odd branches in Chicago? Perhaps it could

not be used in the smaller places? Miss Bernadine McLaughlin, librarian at Hamilton Park, dispelled the doubt. Assurance was also given by Miss Alberta McDermott, librarian of the Blackstone Branch, that the plan was used generally throughout the country.

As to its use in smaller cities, Miss McLaughlin told how she had recently been in an Iowa city of only 28,000 where there was a main library and two branches. The main library, and at least one branch were circulating these pictures to the schools. It was this very recent development of the branch library plan, she pointed out, that made it possible for libraries, schools and business concerns to work together. Children could go to a branch library for material when they could not travel to the main library.

Any pictures that a bank would supply would be mounted on 10 by 15 inch brown art mats, captions would be placed under the pictures, and they would be indexed and cross-indexed under all possible headings. Actual photographs are preferred, but printed material is also used. In fact, trained workers go through magazines of science, nature, travel, art, building and trade papers in search of material. Even advertising booklets are used whenever possible. If a picture is interesting the only thing that could prevent its being used would be that it was on newsprint.

"You see," said Miss McLaughlin, "the art mats cost 6 cents each in large quantities. When you consider the cost of mounting and the time of a trained cataloger, it does not pay to attempt to circulate anything that is not strong enough to withstand the wear and tear of circulation and handling in the classroom. Otherwise anything that is durable enough is not only acceptable but is eagerly welcomed."

#### COULD USE OTHER MATERIAL TOO

Aside from the plan of using pictures, the public libraries could use other material from the banks, suggested Miss

Bough. She emphasized that the library circulates other material, issuing it on the library cards just as it does the pictures.

As an example she cited what she would do if she were a bank that had issued a booklet or other piece of advertising matter describing the services of the bank—in short telling some real facts about banking.

"I would mail at least two copies to each branch of a library or two to the main library if it were in a small town. These would be indexed under the subject of banking, where they would be handy for children studying the subject of banking in school, for club-women preparing papers, for the college student, and for anybody else interested in the subject.

"But if the booklet contained pictures I would send more copies. The library will want to cut it up. The bank building itself might be mentioned as of a particular style of architecture or it might be an excellent example of the use of a certain kind of building material. It might contain pictures of the first bank building in the town erected—say three quarters of a century ago. That would go under historical pictures. There is no telling what uses the librarian might find for it."

#### HOW BANK HOUSE ORGANS CAN BE USED

A bank house organ that publishes illustrated articles about the industries in its field is especially valuable to the library. During the conversation Miss Bough took from a drawer, where it was being preserved, a magazine started as a bank house organ but later taken over by an investment house. It contained thirty-three excellent half-tone illustrations that the library could use, in addition to the information about several important industries. But as the library received only one copy, it was preserved intact, so that the information and educational pictures did not receive the circulation they deserved.

This suggests that banks having many industrial accounts could supply

libraries with pictures of scenes from the different factories, the raw materials, and the like, and by so doing establish the function of the bank in the minds of the community. Here is the way it could be worked out, without having the library appear to be an exclusive advertising medium for any particular bank.

Let the bank collect from its industrial patrons, scenes relating to their industries—either actual photographs or half-tones. Get two sets from each customer. Then let the bank present one set to the library, of course, after finding out if such pictures are desired, and use the other set for a window display with a card explaining that this is a duplicate of a set supplied by the bank to the library and public schools for the purpose of teaching the facts about the iron, shoe or other industry, as the case may be. This could also be utilized as the basis for a newspaper or some form of direct mail advertisement. Naturally the bank will not neglect to explain that the industries pictured are its customers, and that the bank plays an important part in the industrial life of the community.

#### PACKAGE LIBRARIES

Even if the town has no library, the bank could follow the examples of the Michigan Agricultural College and the State Library Commission of North Carolina and make up for itself what are called "package libraries" on subjects on which the bank wants to educate the people in its territory. The nature of these collections is explained in a sentence: "These packages are made up of a collection of the best bulletins, pamphlets and clippings that can be obtained on a given subject."

Some of the subjects which the Michigan school has found popular have a natural interest for the bank, such as agricultural credits, farm accounting and household accounts. A collection

could be made of information relating to the services of the bank, another on ways women have found to effect economies (these could be clipped from household and farm papers)—and in fact upon any subject of interest in the community and which, when fully developed, meant more business for the bank.

"Package libraries" are lent by the state organizations to farmers' clubs, women's societies, boys' and girls' clubs, and any other responsible organization or person for a period of two weeks. Where they must be sent by mail the postage is paid by the sender. But the bank could make the service without cost to customers or prospective customers living on rural routes.

If a bank adopts a plan like this the importance of notifying the different schools that "package libraries" on timely subjects are available should not be forgotten. The growth of the consolidated schools makes it possible to reach larger numbers of pupils (representing families in the community) at one time. Last year 1838 were established, bringing the total to 12,500.

As an indication of the interest in the "package library," in North Carolina nearly 80,000 books, pamphlets, and magazine articles were mailed out in nineteen months. Does not that suggest that the bank can use it profitably on a smaller scale in order to get its ideas to the public?

The machinery of the public library is available for the banks; its ideas for disseminating information are easy to adapt. Both the library and the bank have a common aim—to acquaint the child with the facts that will enable him to make the best of life. And even the older folks today will not escape learning some of the things he finds out. The youngster of today is heard as well as seen. As John Adams says in his new book "Modern Development in Educational Practice": "The present is the time of the child."

# Co-operative Wheat Marketing

By Carl H. Getz

**W**HILE Congress was debating just what were the necessary steps to take to relieve the farmer in his economic plight, there was one agricultural group which resolved to work out its own salvation. It cannot be denied that this group was just a bit impatient with Congress over the innumerable delays, but the reason it decided it must solve its own problems pretty largely by utilizing existing means of helping itself, was that little faith was placed in the efficacy of the contemplated farmer legislation.

Three years ago a group of Pacific Coast wheat growers started the first co-operative wheat marketing association, based on the pooling principle—the Washington and North Idaho Wheat Growers Association. In 1920 that organization, comprising a pool of 2,000,000 bushels, marketed with such success that the next selling season, 1921, found the original association grown to include a contract volume of more than 6,000,000 bushels of wheat. In addition similar organizations were put under way by wheat producers in Oregon, Southern Idaho and Montana.

So the marketing season of 1921 found wheat growers in four Pacific Northwest states marketing their own crops through the new co-operative associations. These four organizations joined in the establishment of a central sales agency to open offices and coordinate the actual marketing under one head, and to assist in financing members and to provide statistical and publicity assistance—the Northwest Wheat Growers, Associated. The 1921 pool in the four states amounted to about 15,000,000 bushels.

The 1922 marketing year brought even greater development in co-operative wheat marketing than its predecessor had shown. Growth continued in the four original states; a million bushels were added in Oregon, a similar

amount in Idaho, and the Montana association increased sixfold, from a pool of 1,000,000 to 6,000,000 bushels. A newly organized association started operations in North Dakota as a part of the Northwest Wheat Growers, Associated group with prospects of a 5,000,000 bushel pool in its first year.

Other sections of the country by this time had learned the advantages obtained in the Pacific Coast states through co-operative wheat marketing. As a result the 1923 season found organizations active in Kansas, Nebraska, Colorado, Texas and Oklahoma. Some of them still are small in scope, as were the earlier organizations during their first years, the state pools ranging from 250,000 to 4,000,000 bushels. But everywhere the movement is growing until the present time finds it firmly installed in practically every large wheat-producing state of the Middle West, Northwest and Far West.

Throughout these three years of growth for the wheat marketing movement, the eyes of producers throughout the nation have been turned toward the Pacific Coast states for evidence of what it has been able to accomplish for the farmer.

Fortunately, for purposes of comparison to determine just what the result of co-operative marketing in the West has been, the Pacific Coast market is distinctly separated from those of the Middle West and East. Wheat from west of the Rocky Mountains—that grown in Washington, Oregon, Idaho and part of Montana—flows westward to mills and for export. Thus its course and price range can be clearly traced in comparison with that raised elsewhere in the nation and moving to the East or South.

Statistics of the United States Department of Agriculture form the basis for the price comparisons below, which show what orderly, co-operative mar-

keting has meant to Pacific Coast farmers.

#### SOME COMPARISONS

In making comparisons between Pacific Coast markets and Chicago options, it has been assumed that the Chicago prices, for each year, amount to 100 per cent. Figuring from this basis, the Pacific Coast wheat prices in pre-war years, before the marketing associations were in operation, averaged only 90 per cent. of the prices in Chicago. But for the season of 1921-22 the coast prices had increased until they amounted to 95 per cent. of Chicago prices.

During the selling season of 1922-23, from July 1 to January 1, coast prices have been 108 per cent. of Chicago options.

Pacific Coast markets, then, since the advent of the farmers' organizations, have increased 18 per cent.—to the farmer; the price to the consumer has remained unchanged—as compared with Chicago options. With wheat at \$1.00 a bushel in Chicago, that would mean 18 cents a bushel more on the coast than in pre-war years.

During this same time wheat producers in Washington, Oregon, Idaho and Montana in pre-war years received, on the average, 88 per cent. of the prices received by Middle West farmers. During the 1921-22 season, however, farmers in the four far western states received 95 per cent. of the prices paid in the Middle West.

During the 1922-23 season, from July 1 to January 1, coast farm prices were 102 per cent. of middle west farm prices.

Pacific Coast farmers, since they organized their own marketing institutions, have been receiving 14 per cent. more for their wheat, as compared with the Middle West. Fourteen cents a bushel, with prices at \$1.

The one cause for the better prices received by Pacific Coast wheat growers during the past two years has been the co-operative marketing associations. The relative costs for shipping wheat

grown in the two sections of the country have not changed. Handling charges, comparatively, are the same. The quality of Pacific Coast wheat now, as compared with before the war, is no better. Here are some of the things it has done to get better prices for farmers:

#### HAVE PREVENTED DUMPING

The associations have prevented dumping of the crops immediately after harvest, thus holding up prices in the fall. Instead of being forced to sell as soon as they have finished harvesting, members of the marketing organizations turn their wheat in to their state headquarters and receive an "advance" on it amounting to approximately three-fourths of the market price. This advance is used to meet current obligations and to finance the members until the pool is sold.

The wheat thus held out of early markets is sold throughout the year, as demand arises. There may be a good demand for a certain quality of grain in September, and for a quite different quality in the next March. Through a statistical service, and accurate information in regard to future milling and export requirements, the farmers' organizations fit their sales to meet these requirements.

Purchasers of Pacific Coast wheat have learned that they now must pay for the real value in each lot of wheat they buy. Competent graders and chemists test the crops of members of the associations, and sales are made on the basis of their findings.

The competition of the marketing associations has cut the profits formerly taken by the grain trade. Whenever a miller is in the market for wheat, at a satisfactory price, the associations have it to sell. If a grain dealer also has wheat to sell he must offer it at a small margin over the price he paid for it. The time has gone when the grain trade can buy at a low price and sell at a high one.

Recently the Northwest Wheat Growers, Associated, expanded into what is

known as the American Wheat Growers, Associated, which includes wheat growers' associations in Washington, Oregon, Idaho, Montana, South Dakota, North Dakota, Minnesota, Kansas, Nebraska and Colorado. And it is only a matter of months before associations in Oklahoma and Texas will be included. This organization is incorporated in the State of Delaware for \$1,000,000. There are two classes of preferred stock. The first, intended for open sale, is what is known as investment stock. It carries 6 per cent. interest and is issued in the form of certificates of indebtedness. The second is issued in a similar form and is returned to state associations to the extent of one-fourth of a cent a bushel on wheat pooled by each association.

#### HOW THE ASSOCIATION OPERATES

This is how the association operates:

Each of the state associations is duly incorporated in accordance with the provisions of the statutes of their respective states. They operate as a non-profit, non-capital selling agency, serving wheat growers who have entered into a contract by which they agree to deliver to their association all the wheat they raise for market, for a period of five or six years' duration, and take for same as the selling price the average amount for which the association has sold the wheat less the expense of operation and a small reserve fund, which the contract provides for. On delivery to the state association the title passes to that organization and the right to sell, store or hypothecate vests in the association absolutely and complete in every respect, which title and right is revested in the American Wheat Growers, Associated, on moving the wheat to terminal markets.

Each state association has its board of directors, its own corps of officers and employees, maintains its own complete organization, has to do with all transactions that arise within its respective state, and handles the wheat in

every detail until it is moved from the state to terminals.

The plan of the organization is built on the foundation laid down by California fruit growers associations and provides for a 100 per cent. pooling of the commodity handled, and the payment of an average price, each member receiving the same price with due allowance in the way of a differential as to the value of varieties and grades and territorial premiums, the average price being based on terminal values and a deduction made for payment of freight from point of origination to terminal. In this manner an equitable settlement is provided for between all members.

The state associations at the present time do not control or operate any elevators or warehouses, but make use of elevators and warehouses licensed and bonded in accordance with the laws of their respective states, each member being permitted to deliver his wheat to the elevator most convenient for him and the one of his own choosing except in cases where special arrangements are made for service. He receives a regular negotiable storage ticket and this ticket duly endorsed and delivered to his association constitutes the actual and physical delivery of the wheat to the association. The plan of operation necessarily provides that each grower is financed at the time of delivery of his wheat in an amount approximating 75 per cent. of the current market value of the wheat delivered. This advance is paid the grower on delivery of the storage tickets to his state association, and the state association in turn uses the tickets as collateral in borrowing funds from which the advance is made.

When the wheat is moved from the interior to the terminal, the loan for which the storage tickets were used as collateral, is retired, the tickets are delivered to the elevator company, and the financing thereafter is taken care of by the American Wheat Growers, Associated. Funds are secured from banks located at the points of delivery, banks located within the larger cities in the respective states and banks located

at terminal markets. The War Finance Corporation has also been used extensively for the past two years and has rendered a valuable service. The respective state organizations, likewise the selling agency, are in a position to furnish satisfactory security, that of a non-perishable, readily marketable commodity, held in store by licensed and bonded warehousemen. The credit of the various associations has been thoroughly established, as shown by the fact that banks of the Northwest offered commitments to handle the 1922 crop of more than \$20,000,000, to which there was added commitments by New York banks of more than \$2,000,000. The organization's paper as used in various forms is eligible for rediscount with the Federal Reserve System.

#### POLICY IN HANDLING SALES

The policy of the organization in handling its sales is to do that which will bring the highest prices at all times. In the carrying out of this policy it duly recognizes the legitimate grain trade and the various facilities that have been established through long years of operation for the better handling of wheat as it moves to and through our various markets. Its purpose is, however, to sell as directly as possible, thereby reaching the ultimate consumer at as low a spread between producer and consumer as it is possible to bring about.

The fundamentals of the movement are orderly marketing; a merchandising of the product; the meeting of consumptive demand as it develops. Through the orderly marketing of a large volume of wheat, which the associations expect to acquire, it is hoped that a stabilized market may be established and cost plus a fair profit secured. It is not the thought of those furthering the movement that the economic laws of supply and demand may be overcome, but it is their thought that the supply can be so regulated to demand that the highest efficiency will be maintained and a fair and proper price secured.

The contract which each grower signs provides the relationship between the grower and his association, and the conditions under which the wheat is delivered and handled, and it also establishes the movement for a period sufficiently long in duration to permit the building of a complete organization so organized and equipped that it can operate to the very best advantage to prove the benefits and soundness of the plan.

Banks in the ten states where the American Wheat Growers, Associated, have state associations as members, have looked with favor on the growth of the co-operative marketing plan because it has meant increased prosperity for the farmer. And better times for the farmer mean better times for the banks. In Montana, North and South Dakota and in Minnesota, too, there are literally hundreds of bankers who are willing to testify that it is not possible to continue in the banking business with the agricultural population of the state bankrupt and demoralized.

The American Wheat Growers, Associated, has not been without its problems. But so far it has survived them all. Economists who have examined the plan have said it was sound and would prove practical provided competent leadership was always assured.

#### A TARGET FOR CRITICISM

Within the past few months the wheat farmers have been subjected to the severest kind of criticism because it is charged that the skill which the grain growers have displayed in getting their story before the American people has resulted in the public getting a distorted picture of the whole farmer situation. It has been pointed out that but one in seven farmers are wheat farmers and that cotton, corn and hay are all more important money crops. It has been charged, too, that the wheat farmer is a poor farmer in that he gambles entirely in wheat, that he has not learned the lesson of diversified farming. Finally the reports of the Department of Agriculture are quoted to show that the

farmer is really in better condition today than he has been for years. To be sure, the plight of the wheat farmer is serious, but he occupies but a small part of the picture, it is claimed.

The American Wheat Growers, Associated, is charged with being principally responsible for this public point of view.

#### WHY WHEAT FARMER IS ONE CROP MAN

In reply it should be pointed out that diversified farming is practically impossible in the wheat belt. The wheat farmer is a single crop man because he is compelled to be such. What would happen to the North Dakota farmer who went into dairying or stock raising? It simply can't be done.

It must also be remembered that wheat is the farmer's cash crop. Corn is a more important money crop but the farmer doesn't sell his corn; he feeds it to his stock. It is from his wheat that he gets his money.

Minnesota is a state which has demonstrated that a single group of dissatisfied farmers—Minnesota grows but 20,000,000 bushels of wheat a year—can exercise a radical influence upon

the entire state. The political upheaval in Minnesota was largely due to the troubles of the wheat farmers.

Wheat is altogether too important a grain crop to be subjected to the attempts that have been made to minimize its importance. Travel from Minnesota through the Dakotas, into Montana, Idaho, Washington and Oregon and back through Nebraska, Kansas and Colorado, and finally through Oklahoma and Texas, and anyone will conclude that if that many states are in sore distress because of a low price for wheat, something must be done about it.

The wheat farmer is not getting enough for his grain. In comparison he pays too much for what he buys, and finally he has no control over the price of his product.

To meet these difficulties is the principal reason for the rapid spread of the co-operative movement. And for proof that it is spreading rapidly all one has to do is to examine the books of the American Wheat Growers, Associated, which show that its membership has increased from 25,000 to 60,000 since May 1 and that instead of marketing 25,000,000 bushels, which were the May 1 figures, the association will market 60,000,000 bushels.

“FOR seven years the people have borne with uncomplaining courage the tremendous burden of national and local taxation. These must both be reduced. The taxes of the nation must be reduced now as much as prudence will permit, and expenditures must be reduced accordingly. High taxes reach everywhere and burden everybody. They bear most heavily upon the poor. They diminish industry and commerce. They make agriculture unprofitable. They increase the rates on transportation. They are a charge on every necessary of life.

“Of all services which the Congress can render to the country, I have no hesitation in declaring this one to be paramount.”—CALVIN COOLIDGE.

# Safe Deposit and Custodian Accounts

## Article IX of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, New York, Elizabeth and Hudson County (New Jersey) Chapters, American Institute of Banking

### OUTLINE OF ARTICLE IX

#### I. General:

1. Two means of providing for the safe-keeping of securities and other valuable papers, etc., namely, safe-deposit boxes and custodianships.
2. Legally, property so deposited is called a "special deposit"; the special depositor being a *bailor*, and the bank or safe deposit company, a *bailee*.
3. Special deposits appear neither as assets nor liabilities on the statement of a bank. As *bailee*, however, the bank or safe deposit company is responsible.
4. Deposits in safe deposit boxes remain solely under the control of the depositor or an accredited representative; in a custodianship, the deposit remains in the physical possession of the bank or trust company, but subject to the owner's orders.

#### II. Advantages of custodianships:

1. Protection against physical loss or destruction; a bank's vaults are fire, water, burglar, and mob-proof.
2. Income, i. e., dividends on stocks, and interest on bonds, notes and mortgages, is promptly collected; thereby, loss of income through delay in collection is avoided.

3. Securities are always immediately available and subject to the owner's instructions, i. e., can be sold, exchanged, converted, or new securities can be bought through the bank's trading facilities.
4. Securities are available for use as security for loans.
5. Financial advice from custodian institution.
6. Notification to owner of important developments, e. g., rights to subscribe, conversion privileges, privileges to sell to sinking funds, redemption prior to obligatory maturity, and the reduction, passing, or increasing of dividends.

#### III. Safe deposit company records:

1. Signature identification card.
2. Appointment of deputy card.
3. Safe deposit register.
4. Safe deposit cash book.
5. Visitors' register.

#### IV. Custodianship records:

1. "Control" or special deposit register (in which transactions are arranged in chronological order).
2. Vault deposit and withdrawal slips.
3. Special deposit customers' ledger (in which transactions are arranged in order of customers' names).
4. Special deposit securities ledger (in which transactions are arranged alphabetically by names of securities).

**T**HERE are two main ways of providing for the safe keeping of securities and other valuables. One is to rent a safe deposit box or vault. The other is to place them in the custody of a bank or trust company. The

latter is known as a custodianship account, or as a safe keeping account. Some institutions also refer to them as "agency" or "financial secretary" accounts.

When one places his valuable papers

in a safe deposit box, the property remains under the depositor's exclusive supervision and control. Access to the box can only be gained by the owner of the property, or his accredited deputy.

As defined by the New York bank law, a safe deposit company is "a corporation for the purpose of taking and receiving upon deposit as bailee for safe keeping and storage, jewelry, plate, money, specie, bullion, stocks, bonds, securities and valuable papers of any kind and other valuable personal property, and guaranteeing their safety upon such terms and for such compensation as may be agreed upon by the company and the respective bailors thereof, and to rent vaults and safes and other receptacles for the purpose of such safe keeping and storage."

Thus a safe deposit company is organized to provide facilities for the systematic safe keeping of securities, contracts, wills, insurance policies, jewelry, plate, and other valuables, either as a separate institution, or in connection with a bank or trust company. While there is no specific provision in the national bank laws or in the Federal Reserve Act empowering national banks to maintain safe deposit boxes, the Comptroller of the Currency has ruled that the directors of a national bank may, at their discretion, invest a moderate sum in the construction of safe deposit vaults for the use of customers. In most states, moreover, state banks and trust companies have power to make limited investments in the stock of safe deposit companies.

The modern construction of safe deposit vaults, together with police and special detective agency protection secured by electrically controlled signal systems, offer too many obstacles for the operation of even the most scientific burglars and safe-crackers. For all practical purposes these vaults are fire, water, and burglar proof. No such guaranties are provided by an ordinary home or office safe, many of which will even fail to provide protection against fire.

#### A FINANCIAL WAREHOUSE

A safe deposit company may be described as a *financial warehouse*. As such, its premises are usually located in the basement of a fire-proof building. The vault itself is usually constructed of armor steel heavily encased in brick or concrete. The double doors, outer and inner, are equipped with complicated locks, and frequently with time clocks and special emergency alarm apparatus. The doors are sometimes so huge that they are swung open by electrical power. The combination locks on the outer and inner doors are subject to joint control and access is impossible without the independent working of two sets of combinations by two persons. Among the larger companies special watchmen are placed on duty day and night as a further safeguard. Inside the vault are separate steel compartments of various sizes, each with a separate door and lock for rental to customers.

Safe deposit boxes vary in capacity and shape from a small drawer to a moderate-sized safe, the rental charge being in proportion to the space occupied. Access can be gained only by the renter in person, or a duly accredited deputy. No box can be unlocked, of course, without the joint action of the renter and the vault attendant, and although each is provided with a key, neither key alone will unlock the door of the box or vault. In other words, no renter can enter the vault unless accompanied by the vault attendant, who has possession of a master key to each box. This must be inserted before the renter himself can unlock the door of his box. Within the locked compartment is a separate box, usually of sheet steel, with a lock of its own. This is withdrawn by the renter. Frequently private rooms are furnished so that the owner may clip his coupons, examine his valuables, or otherwise administer his affairs in privacy.

#### STATUS OF THE RENTER

A renter of a safe deposit box is a general depositor. The relation between

a safe deposit company and the box renter is that of bailee and bailor, and like that of landlord and tenant. The renter is entitled to the identical deposit entrusted with the safe deposit company, while the latter is responsible for the renter's possessions. The renter is bound only to pay his rent and to submit to regulations necessary for the safety of his own property and that of his fellow renters. The safe deposit company has a lien upon the contents of a box, when the renter fails to pay the rental charges.

Safe deposit renters should keep at home a list of the securities and other valuables deposited in their safe deposit boxes. Such a list will be found useful on many occasions, and perhaps save many trips to the bank. This will be true especially when the depositor wishes to know dividend or interest dates, or numbers of bonds in case they are called for redemption. It is also advisable to keep a list of the contents of a safe deposit box in the box itself.

A custodianship differs somewhat from a safe deposit account. In the former, the customer's valuables are kept in the possession of the bank or trust company but always subject to the customer's orders. The legal relation between the depositor and bank is the same as in the case of a safe deposit account, i. e., bailor and bailee. Any bank or trust company is allowed to accept custodianships, national banks having the specific power to hold securities in custody for customers with or without compensation.

A custodianship involves care of the following sort: (1) to keep the property intact; (2) to collect the income—interest, dividends, etc., and to disburse it in accordance with instructions; (3) to redeem bonds called at or before maturity; (4) to receive rights or other privileges which may accrue on stocks; and (5) to transmit instructions for purchase and sale of securities through a broker.

Custodianships differ from voluntary trusts in that in the former the bank or trust company is an agent, whereas in

the latter, it is a trustee. As agent, the bank or trust company is responsible for the safe keeping of the *property as a physical unit or units*, but as trustee is responsible for maintaining the *value* of the property intact.

#### ADVANTAGES OF CUSTODIAN ACCOUNT

To those who are interested in providing the utmost safety and convenience in keeping their valuable papers, the advantages of a custodian account over a safe deposit box are: (1) In addition to protection provided by the vault, the customer has a receipt of the bank or trust company for the property deposited, thereby clearly setting forth what property has been deposited; (2) income is collected promptly, whereas if securities are deposited in a safe deposit box, collection is frequently delayed with a consequent loss of income; (3) orders to buy or sell securities may be left for execution at any time; (4) financial advice is available, and customers are automatically advised of the calling of bonds; the right to convert bonds into stocks, and to subscribe to new issues; the privilege of selling to sinking funds; of the increase, reduction, or passing of dividends; of the reorganization, recapitalization, or merger plans of the respective companies whose securities are held; and of any other pertinent facts with regard to the investments.

As expressed by the Guardian Savings and Trust Company of Cleveland, securities placed in custody are "as well protected as in a safe deposit box, and as readily available by order as cash is by check."

#### READING ASSIGNMENT

Clay Herrick: Trust Companies, Chap. 7. (Forms and records used in the safe deposit department.)

Langston & Whitney: Banking Practice, pp. 358-361. (Care and safe-keeping of securities.)

L. H. Langston: Practical Bank Operation, Vol. 2, pp. 499-507. (The customers' securities department.)

#### SUPPLEMENTARY READING

For those who wish to undertake a more thorough study of the subject:

J. P. Carter: In the Cave of Aladdin (a narrative of the safe deposit vault.)

Morgan & Parker: New York Banking Law, Art. VIII.

### QUESTIONS

1. In what two ways may a bank provide for the safekeeping of its customers' securities?

2. Do all securities and valuable papers require to be deposited in a bank in order to protect the owner against loss?

3. Is it necessary for the owner of registered bonds to provide for their physical safety?

4. Is the owner of coupon bonds in any way protected against loss in case of their theft?

5. Is it advisable to place life insurance policies in a safe deposit box? A will? A mortgage?

6. Valuables placed in a safe deposit box or in a custodian account are known as "special" deposits. Mention three ways in which special deposits differ from general deposits.

7. What is the legal relation between a safe deposit box renter and a safe deposit company?

8. How far does the responsibility of a safe deposit company extend?

9. What obligations does a safe deposit box renter assume?

10. If your bank should contemplate the establishment of a safe deposit department, where would it find information on the subject?

11. What is meant by a custodianship ac-

count, i. e., what service does it include for the customer?

12. By what other names is a custodianship account known?

13. What are the advantages of a custodianship account over a safe deposit box from the standpoint of the customer?

14. Which is the more profitable to the bank, the safe deposit account or the custodianship account?

15. What are the principal records of a safe deposit company?

16. What are the principal records of a customers' securities department?

17. May any bank open a safe deposit department? A customers' securities department?

18. (a) May a national bank invest in the stock of a safe deposit company? (b) May a state bank? (c) May a trust company?

19. Describe the construction of the vault of a safe deposit company.

20. Describe how a safe deposit company safeguards its renters from theft by other renters.

21. In case of death of a safe deposit box renter, how is access to the decedent's property in the box, gained?

22. What is the difference between a custodianship and a trusteeship?

23. May a safe deposit company do a banking business?

24. What are the duties of the customers' securities department?

25. Why should a bank desire to build up its custodian accounts?

26. Describe how a "control" of the securities deposited and withdrawn by customers having custodian accounts is secured.

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# Banking and Commercial Law

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# Banking and Commercial Law

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

## Stopping Payment of Check by Telephone

Hewitt v. First National Bank of San Angelo, Commission of Appeals of Texas, 252 S. W. Rep. 161.

**T**HE plaintiff, Hewitt, kept his checking account in the defendant bank. He drew a check against the account in the sum of \$700, payable to the order of one Robinson and delivered it to Robinson on Saturday evening.

On the next morning, Sunday, the plaintiff, for some reason, desired to stop payment of the check. He called up the cashier of the bank on the telephone at his residence and requested him to have the check stopped. This the cashier agreed to do.

The bank's hours of business, as fixed by its by-laws, were from 9 to 8. It was the bank's custom, however, to open at 8 a. m. and to receive deposits and pay checks after that hour.

On Monday morning, the cashier was delayed by illness at his home and did not arrive at the bank until 8.40 a. m. The check in question had been presented by the payee and paid a few minutes earlier.

It was held that the bank was liable to the plaintiff depositor for the amount of the check. The notice to stop payment was valid, though given to the cashier at his home and on Sunday. And it was not invalidated by a statute making it unlawful to labor on Sunday.

### OPINION

Action by T. E. Hewitt against the First National Bank of San Angelo. Judgment for defendant was reversed by the Court of Civil Appeals, a rehearing granted, and question certified to the Supreme Court. Question answered.

POWELL, J.—This cause is before

the Supreme Court upon the following certificate from the Honorable Court of Civil Appeals of the Third District:

This suit was brought by appellant to recover from the appellee the sum of \$700, paid by appellee upon a check given by appellant, the payment of which appellant had attempted to stop by notifying the cashier of appellee, by 'phone at his residence, on Sunday, not to pay the same.

The case was tried in the court below without a jury, and judgment was rendered for the defendant, appellee herein. Upon appeal to this court, we reversed the judgment of the trial court, and rendered judgment for appellant. A certified copy of our opinion herein accompanies this certificate, to which reference is here made. This cause is now pending in this court upon motion for rehearing.

The undisputed facts are:

(1) The appellee is a national bank, and its place of business is fixed by its by-laws at 102 South Chadbourne street, San Angelo, Tex., where it has its banking house.

(2) Its hours of business, as fixed by its by-laws, are from 9 a. m. to 8 p. m., but it has been its custom for many years, as is the custom of all other banks in San Angelo, to unlock its doors at 8 a. m., and, while the doors are not open, deposits will be received and checks paid from and after that hour, when customers enter the bank and so demand.

(3) Appellant was a customer of the bank. He lived in an adjoining county, and is not shown to have had actual knowledge of this custom of the bank.

(4) Appellant had on deposit with appellee, on Saturday, May 19, 1917, an amount in excess of \$700. On that night he drew a check in favor of Luke Robinson for \$700, and delivered same to Robinson.

(5) At this time C. H. Powell was, and for a long time prior thereto had been, the cashier of appellee, having the general management of the affairs of the bank and full control over all of its employees.

(6) At this time N. S. Rives was, and for a long time theretofore had been, the paying teller in said bank, which fact was known to appellant.

(7) On Sunday following the giving of the check referred to, appellant called Powell over the 'phone at his residence in San Angelo, which was about a half mile from the bank, and told him not to pay the check referred to. Powell replied that he would make a written memorandum of the

matter, and attend to it when he returned to the bank.

(8) On Monday morning Powell was detained at his home by sickness in the family, and did not arrive at the bank until 8.40 a. m. Upon arriving at the bank, he instructed Rives not to pay the check referred to, and then learned from Rives that Robinson presented the check a few minutes before, and that the same had been paid.

By reason of the novelty and importance of the issue of law here involved, the Supreme Court not having jurisdiction to grant a writ of error by reason of the amount involved, and being requested by appellee to certify such issue, we here submit to your honorable court the following question:

Under the facts of this case, was the notice given by appellant to the cashier of appellee notice to appellee?

In this connection, we beg to call your honor's attention to the fact that we did not assert, as contended by appellee in its motion for a rehearing, the general proposition that notice to the cashier of a bank not to pay a check, given when the cashier was not at the bank, was notice to the bank, but only that such notice under the facts of this case was notice to the bank.

It will be seen that the opinion of the Court of Civil Appeals herein, as well as the certificate, confines the rules of law discussed to the facts of this particular case. No effort is made to reach a conclusion applicable in any general sense. Therefore the answer we shall recommend will be confined to similar limits.

We have carefully considered the extensive briefs filed by each of the parties hereto and made considerable independent investigation. We have reached the conclusion that the Court of Civil Appeals, in an able opinion by Justice Jenkins, has itself correctly answered the question now under consideration. We think the latter opinion concisely, clearly, and correctly answers the various contentions urged by counsel for the bank. We have read the authorities cited by Judge Jenkins and are of the view that they sustain his conclusions in every instance. We feel that we cannot present these matters to the Supreme Court in any more helpful way than to quote as follows from the opinion of the Court of Civil Appeals:

When money is deposited in a bank, the relation of debtor and creditor is thereby created. *Bank v. Shannon*, 159 S. W. 396.

A check drawn on a bank is not an assignment of any part of the fund against which it is drawn until it is presented and accepted as paid. *Bank v. Shannon*, supra; *Bullard v. Randall*, 1 Gray, 606; 61 Am. Dec. 433; *House v. Kountze*, 43 S. W. 561.

If the bank, in the instant case, paid the check after it was notified not to do so, it is liable to appellant. The only issue is: Was notice to the cashier, under the circumstances stated in the findings of fact herein, notice to the bank?

The cashier of a bank is usually its chief executive officer, and within the scope of his official duty he is the bank. *Bank v. Douglas*, 161 S. W. 607; *Bank v. Bank*, 149 S. W. 495.

We do not think that there is any merit in appellee's contention that the notice to Powell was ineffectual because the same was given on Sunday. It is true that Sunday is a legal holiday, and, with certain exceptions, it is unlawful to labor on that day. R. S. art. 4606; Penal Code, art. 299. But Powell was not asked to perform any labor on Sunday. Certain information was imparted to him, upon which he was requested to act the next day.

Nor do we think the legal principle, that information obtained by an agent in the prosecution of his private business is not imputable to his principal, has any application to the facts of this case. Stopping the payment was not the cashier's private business but the business of the bank, and notice to him was notice to the bank. *Bank v. Ledbetter*, 84 S. W. 1043; 1 Morse on Banking, pp. 369, 370.

Even if we regard the cashier as only an agent, and not the alter ego of the bank, still as such agent, it was his duty to act upon the information he had received; and his knowledge that the drawer of the check desired that it be not paid was the knowledge of the bank. *Bank v. Ford*, 152 S. W. 700; *Bank v. Douglas*, 161 S. W. 602.

It is the contention of appellee that the notice given to Powell was not binding on him for the reason that he was not at the bank when the same was given. "For some purposes, the cashier is clothed with official character only at the banking house and in banking hours; for other purposes he remains clothed with it at all times and at all places." 1 Morse on Banking, p. 378, § 168. Notice as warning may be given elsewhere. *Id.*, p. 379.

There are some transactions which a bank can properly attend to only at its place of business. Thus a bank has vaults and safes in which to safely keep its money, and books, in which it is necessary to enter its transactions with its customers, in order that it may know the state of their accounts. These

being kept in the bank, an officer has no right to receive deposits at a place other than in the banking house, and should he do so, he will be held to be the agent of the party delivering the funds to him, and not of the bank. The same is true as to a check presented to a cashier at a place other than in the bank. He has no authority to accept it. He may have known that the customer had funds in the bank when he left it, but they may have been drawn out within five minutes thereafter. It is for these obvious reasons that the law requires national banks to have a place of business, and that they are not authorized to transact their business elsewhere. U. S. R. S. §§ 5136 and 5190; *Autry v. Bank*, 38 Fed. 868; *I Morse on Banking*, § 168; *Bullard v. Randell*, supra.

In the instant case the cashier was not required to transact any business away from the bank, but, acting upon the information which he had received, to stop the payment of the check at the bank. Though there were some things that he could not do, as cashier, except at the bank and within banking hours, he was as much the cashier at home on Sunday as he was when he was in the bank transacting its business on any other day of the week. The information which was received by him at his house on Sunday was given to him, not only because he was cashier, but as cashier, and was binding on him on Monday or any other day of the week.

Appellee, reasoning from analogy, says that as the cashier could not receive deposits, or pay or accept checks in behalf of the bank at any place other than in the banking house, for the reason that the vaults, safes and books are kept there, so, as the evidence shows that the bank is compelled to keep a stop-check register for the orderly conduct of its business, and that entries therein must be made at the bank where the same is kept, notice to the cashier to stop the payment of a check, given at a place other than at its place of business, is not binding on the bank. We concede that such would be the case, until the cashier, by the use of reasonable diligence, was able to communicate such information to those in charge of the bank's business during his absence, whose duty it would be, upon receiving such information, to make the proper entry in such register.

In the instant case, no reason is shown why the cashier, if he knew that he would not be at the bank when it was opened Monday morning, should not have communicated the information which he had received to the paying teller.

In support of its contention that notice to an agent of a corporation must be given at his place of business, appellee cites *Ry. Co. v. Belcher*, 88 Tex. 549. In that case, notice was given to a local agent at Gaines-

ville as to facts which if known to the agent at Sherman would have rendered the railway company liable. It was no part of the duty and not within the apparent scope of the duty of the local agent at Gainesville to instruct the local agent at Sherman with reference to shipments to be made from that point. Had the facts been communicated to the general manager of the road, the case would have been different; or had such notice been given to the local agent at Sherman, at a place other than at his office, the fact that he was not in his office when he received the information would not have excused him from using reasonable diligence to prevent the injury.

We do not think it can be seriously contended, in view of the authorities, that notice to stop payment of a check, when served upon a bank cashier, is ineffectual simply because not served in the banking house and during banking hours. On page 379, vol. 1, 5th Edition of *Morse on Banks & Banking*, we read:

So, if any person wishes to impart information so as to warn the bank or to affect it with notice, it would be absurd to say that he could do so effectually only if he should make his communication to the cashier actually within the walls of the banking house, and before it was closed to the public for the day. There would be no reason in such restrictions, and there is no law in their support. But if information be sought from the cashier, it should be sought at the banking rooms, where he can have access to the books, papers, and records.

Nor do we think it can be said that it is unlawful for a bank cashier to receive information of this kind on Sunday. If so, he could not lawfully receive a telegram or special delivery letter. In the case at bar, the communication happened to be by telephone. We have not found any court decision holding it unlawful to receive information of this kind on Sunday. We do not think this would constitute working on Sunday within the purview of our statutes.

In this case, the bank undertakes to escape liability, so far as this notice was concerned, because of an alleged infraction of its by-laws fixing its home office within certain hours as its place of business, and yet the record further

shows that payment of this check would have been stopped had the bank, itself, observed its own by-laws and not opened for business before 9 o'clock on Monday morning. In the same suit it invokes one infraction to excuse itself and condemns another.

There is an equitable phase to this case which appeals to us most strongly, and we think to hold this notice ineffectual would work grave injustice. When the cashier was called over the telephone, he made no objection to talking this much bank business on Sunday, or when away from the bank. On the contrary, he seems to have accepted the notice without any protest, promising to make a written memorandum and attend to it next morning. It was natural, therefore, for Hewitt to conclude that he could rely upon this promise of the cashier and make no further efforts himself to save his money. Had the cashier objected to the notice for any reason and refused to accept it, the drawer of the check would, at least, have had an opportunity to go to the bank in person by the time it opened on Monday morning and serve the notice there. We do not say whether or not, as a matter of law, a cashier could refuse to receive this notice over the telephone at his home on Sunday. That question is not before us. But we do say that the action of the cashier in the case at bar, in receiving the notice as he did, very naturally lulled Hewitt into a sense of security and kept him from acting further in his own behalf in person.

Hewitt had given this check on Saturday night. He naturally feared it would be presented at the bank Monday morning, as it was, and before office hours at that. Confronted with that emergency, he called the cashier on Sunday to give him notice at once in order that the bank might know of his wishes immediately upon opening Monday morning. This cashier had in his hands "the general management of the affairs of the bank and full control of all of its employees." He knew the custom of the bank to open at 8 o'clock in the morning. Hewitt had a right to

expect him to execute diligently the promise he had given and to stop the payment of this check at the bank when it opened on Monday morning, either in person or by message to the proper employee.

Under the facts of this case, we are clearly of the view that this notice to the cashier was notice to the bank.

Therefore we recommend that the certified question herein be answered in the affirmative.

CURETON, C. J.—The opinion of the Commission of Appeals answering certified questions is adopted, and ordered certified to the Court of Civil Appeals.

### Bank Liable in Paying Forged Checks Though Depositor Neglects to Call For Monthly Statements

Coleman Drilling Co. v. First National Bank of Burkburnett, Court of Civil Appeals of Texas, 252 S. W. Rep. 215.

The defendant bank in this case followed the custom of making up monthly statements of its customers' accounts. These statements were not sent to the customers but were held by the bank until called for.

The Coleman Drilling Company kept its deposit in the bank. The company had knowledge of the bank's custom in regard to making up statements of account. It neglected to call for the statements, however, for a period of eight months. And during that time, a series of forged checks, purporting to be drawn against the company's account, were paid by the bank. If the company had called for the monthly statement covering the first of the eight months, at the time when it was ready, the first forgeries would have been discovered and subsequent forgeries would have been prevented.

In an action by the company to recover the amount paid out on the forged

checks, it was held that the bank was liable notwithstanding the company's failure to call for its statements.

### OPINION

Action by the Coleman Drilling Company, a copartnership, against the First National Bank of Burkburnett. From judgment for plaintiff in amount less than petitioned for, it appeals. Reformed and rendered.

BOYCE, J.—This suit was brought by the Coleman Drilling Company, a partnership, against the First National Bank of Burkburnett, to recover funds deposited with the bank and paid out by it on forged checks. The bank pleaded negligence and estoppel on the part of the plaintiffs in that they failed to examine the monthly statements made up by it, which were accompanied by checks charged against the account, thus permitting the continuance of the forgeries, which would have been otherwise detected. To this the plaintiffs in turn answered that the bank was negligent in not detecting the forgeries in the first instance.

The plaintiffs deposited a large amount of money with the bank, and drew checks against their account from time to time. It was the bank's custom to make up monthly statements of its accounts with its customers, and place these in charge of a special clerk in the bank for delivery when called for by the customers. The bank followed this custom in handling the plaintiffs' account. The plaintiffs knew of the custom, and that they could get their statements by calling for them, but neglected to do this for a period of eight months. When they did get the statements plaintiff Coleman, who was managing the business, discovered at once that forged checks amounting to something over \$4000 had been paid by the bank and charged to plaintiff's account. These forgeries were easily detected, and would have been discovered upon examination of the first monthly statement. The forgeries continued through the entire period of eight months, and were committed by an employee of

plaintiffs. This employee disappeared, and became a fugitive from justice when the forgeries were exposed. The forged checks paid and appearing in the first monthly statement amounted to the sum of \$268.80.

The jury found, and there is no attack on their findings, that forged checks to the amount of \$4011 had been paid by the bank; that the officers and employees of the bank were guilty of negligence in the payment of such checks, and could have discovered the forgeries before payment by "exercising ordinary care and skill"; that the plaintiff Coleman was "guilty of negligence in failing to call for and secure his monthly statements and examine the same and discover the forgeries among his canceled checks." The court rendered judgment for the plaintiffs for \$268.80, the amount of forged checks included in the first statement. The only question on appeal is whether on the verdict the plaintiffs were entitled to judgment for \$4011 instead of the amount awarded them.

The Supreme Court of this state held in the case of *Weinstein v. National Bank*, 69 Tex. 88, 6 S. W. 171, 5 Am. St. Rep. 28, that it is the duty of the depositor to examine statements of accounts with vouchers furnished him by the bank "to the end that he may verify it, if it be correct, or detect the errors if it be found erroneous," and that, should the depositor "negligently fail to make the examination and consequent discovery where he could have discovered it," he is estopped from denying the correctness of the account, where to permit him to do so would entail loss on the bank that it would not otherwise have sustained. The court cites with approval the case of *Bank v. Morgan*, 117 U. S. 96, Sup. Ct. 657, 29 L. Ed. 811, where the question is elaborately considered. There is a fact in this case now for decision that was not discussed and probably did not appear in the case of *Weinstein v. Bank*, supra, to wit, that the bank's employees were guilty of negligence in failing to discover the forgery before payment of

the checks. As to the law with this additional fact shown, the Supreme Court of the United States said, in the case of *Bank v. Morgan*, *supra*:

Of course, if the defendant's officers, before paying the altered checks, could by proper care and skill have detected the forgeries, then it cannot receive a credit for the amount of those checks, even if the depositor omitted all examination of his account.

In this connection, see, also, *New York Produce Exchange Bank v. Houston*, 169 Fed. 785, 95 C. C. A. 251; *National Dredging Co. v. Bank*, 6 Pennewill, 580, 69 Atl. 607, 16 L. R. A. (N. S.) 599, 180 Am. St. Rep. 158; *Merchants' National Bank v. Nichols & Shepard Co.*, 228 Ill. 41, 79 N. E. 41, 7 L. R. A. (N. S.) 752; *Critten v. Chemical National Bank*, 171 N. Y. 219, 68 N. E. 969, 57 L. R. A. 529; *First National Bank v. Allen*, 100 Ala. 476, 14 South. 385, 27 L. R. A. 426, 46 Am. St. Rep. 80; 3 R. C. L. pp. 538, 539, § 168; note, 17 Ann. Cas. 125; note, L. R. A. 1915D, 758. In *Weinstein v. Bank*, and *Bank v. Morgan*, *supra*, the right of the banks to defend on account of the failure of the customer to examine his account and report to the bank was allowed on application of the principles of estoppel. Now one principle of estoppel, as stated by Pomeroy in his work on Equity Jurisprudence (section 813), is that—

The party who claims the benefit of an estopped must not only have been free from fraud in the transaction, but must have acted with good faith and reasonable diligence; otherwise no equity will arise in his favor.

We assume that the recognition of this principle led the Supreme Court of the United States to announce the law as above quoted.

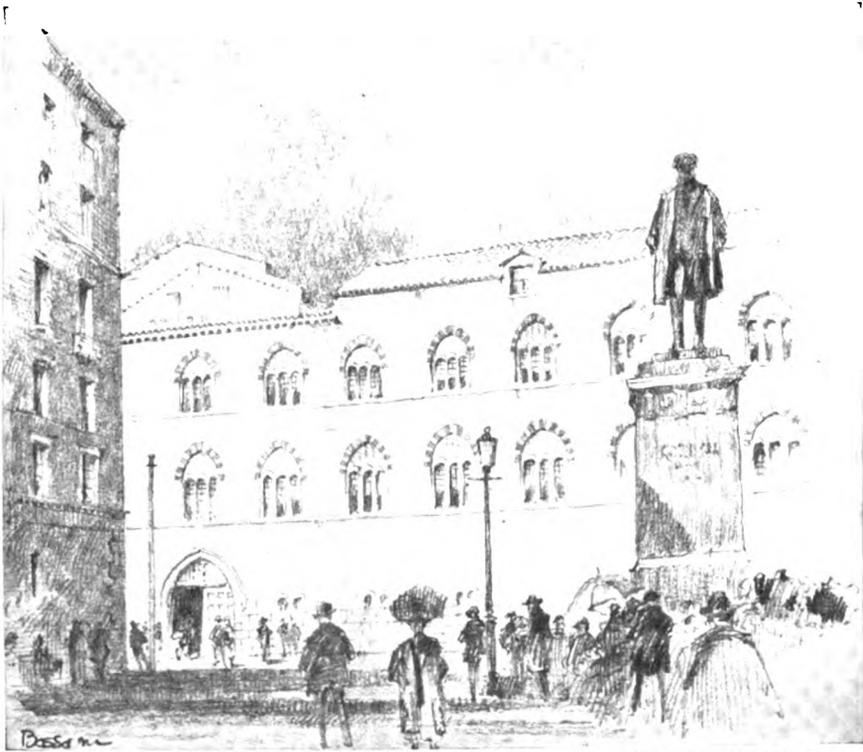
The New York Court of Appeals, in

the case of *Critten v. Chemical National Bank*, *supra*, denied the applicability of the principles of estoppel to a case such as we have been discussing, but held, in effect, that the depositor would be liable to the bank for the damages sustained by it for his negligence in failing to detect the forgeries and give notice to the bank. But the rule announced by the New York court will lead to the same result in this case, as will appear from the following quotation from that decision:

Since \* \* \* the liability of the plaintiffs (the depositors) to the bank was solely for the loss caused by their negligence, it is a complete answer to the defendant's claim that its own negligence contributed to the loss. \* \* \* The action unquestionably was brought on contract, and it remained such. The plaintiffs sue for a debt to which the defendant answers: We have paid the money, true, not according to your directions, but in compliance with what we believed to be your directions, and your negligent conduct and your duty towards us led us into that error. To which the plaintiffs rejoined: Your own negligence contributed to the loss. All this may be true yet the plaintiffs recovered not in tort but on contract, for the allegation of negligence on the part of the defendant is used only to defeat its claim for relief on account of the plaintiffs' negligence.

Several of the other cases cited, to wit, *National Dredging Co. v. Bank*, *Merchants' National Bank v. Nichols*, and *First National Bank v. Allen*, follow the reasoning of the New York court. But, as we have already stated, the result in this case will be the same whether we accept the reasoning in the case of *Bank v. Morgan*, *supra*, or that announced in the other cases. In either event, the plaintiff was, in our opinion, entitled under the verdict of the jury to recover the \$4011; and judgment will be rendered accordingly.





Oldest Bank in the World  
Genoa, Italy

Sketch by Alfred C. Bossom

## Famous Banks of the World

By Alfred C. Bossom

**W**E in America naturally think that we have the finest bank buildings in the world, but the more I have studied this subject the more I have found worth the deepest consideration and respect in the older countries.

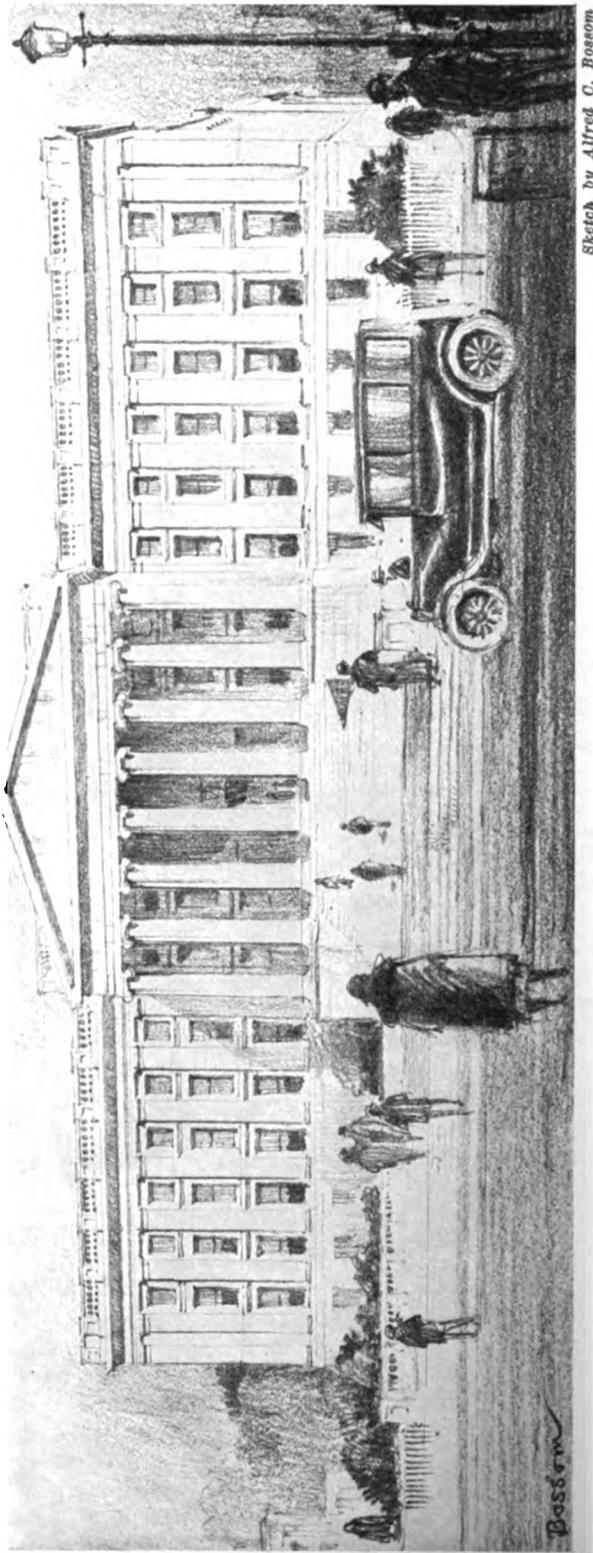
As I stood in London looking at the "Old Lady in Threadneedle Street," I could not imagine this venerable structure ever being used for anything but an English treasure-house. Heavy, almost ponderous, with no light tower such as any Latin would give to its building, it portrayed exactly the Englishman's idea of what his Bank of England should be.

When its tall office structure has been built inside of it, it will be just as true to the accepted type of Englishman that has developed since the World War.

The oldest bank of all, at Genoa, is what you would expect on the shores of the sunny Mediterranean, where the ships from Venice rub sides against boats from Constantinople and Alexandria.

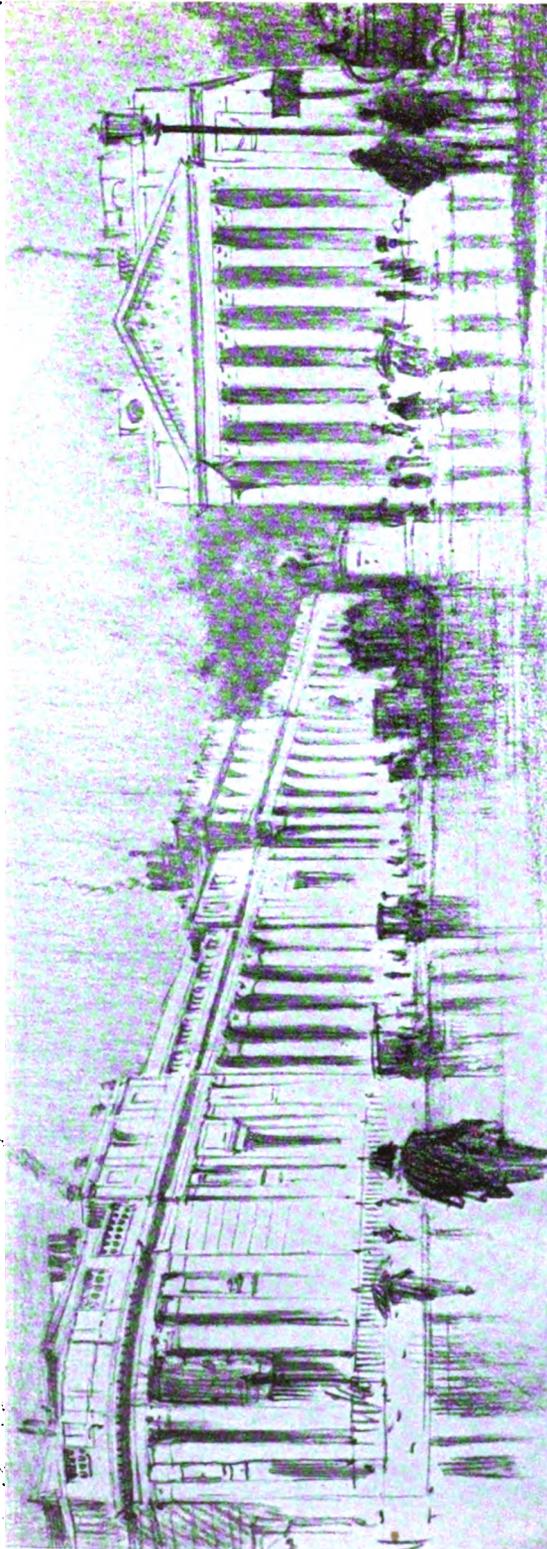
What play for the imagination here! Think of the men in far-off places who had handled the money that ultimately passed within these walls, to emerge again to pass on to perhaps some new romance in other distant lands.

Most of the countries, in their bank buildings, have drawn their inspiration from the classics for their national strongholds of wealth, but they each can give us some points that we may well think about when we design those homes of finance in which, without undue egotism, America may easily claim to be leading the world today.



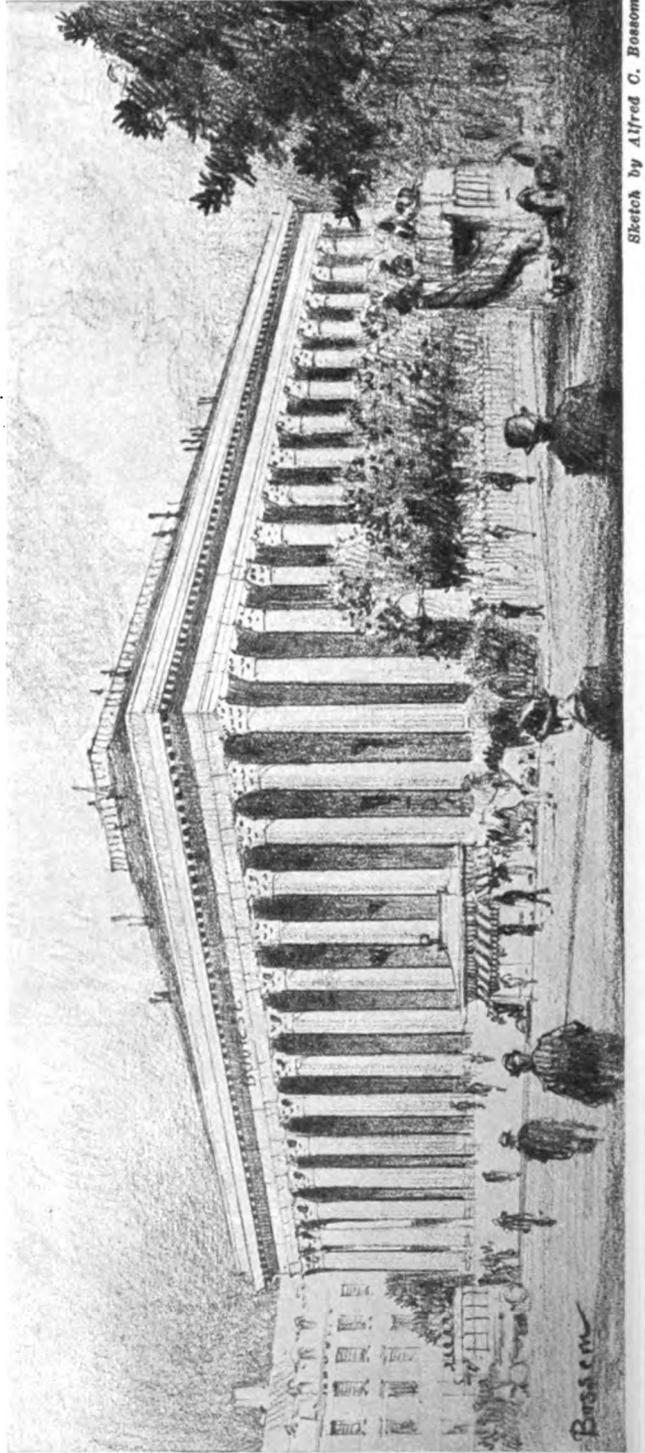
U. S. Treasury, Washington, D. C.

Sketch by Alfred C. Bosom



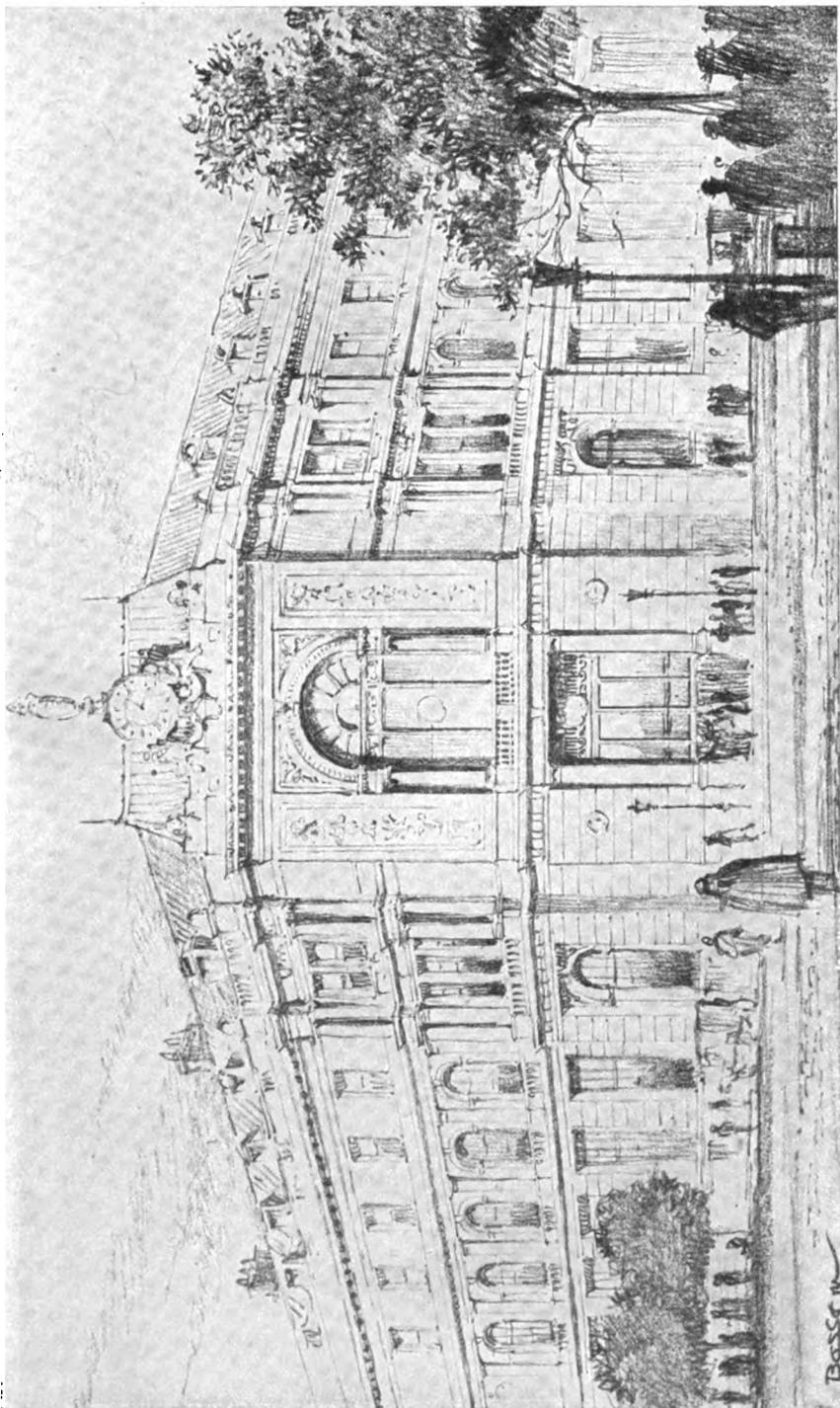
Sketch by Alfred C. Bosson

**Bank of England and Royal Exchange  
London**



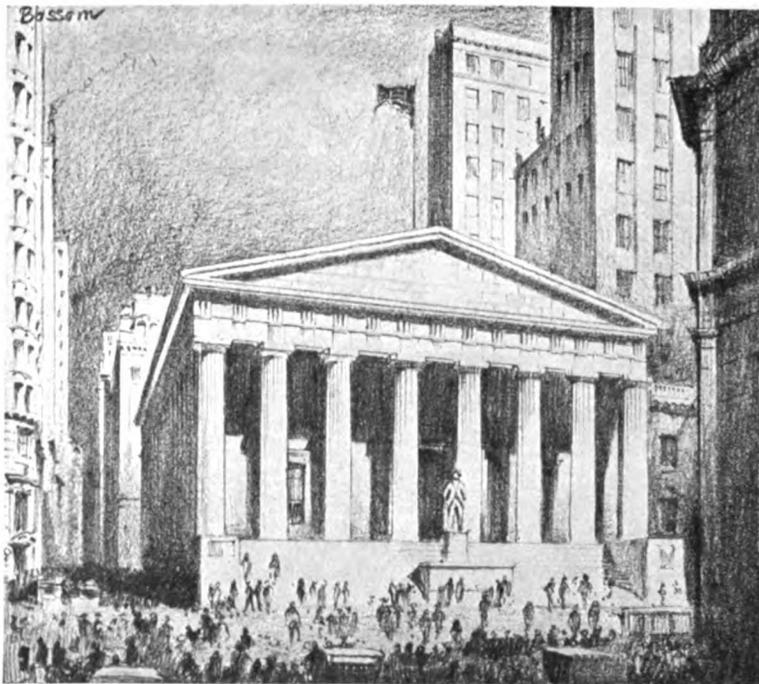
Sketch by Alfred C. Bossom

The Bourse, Paris



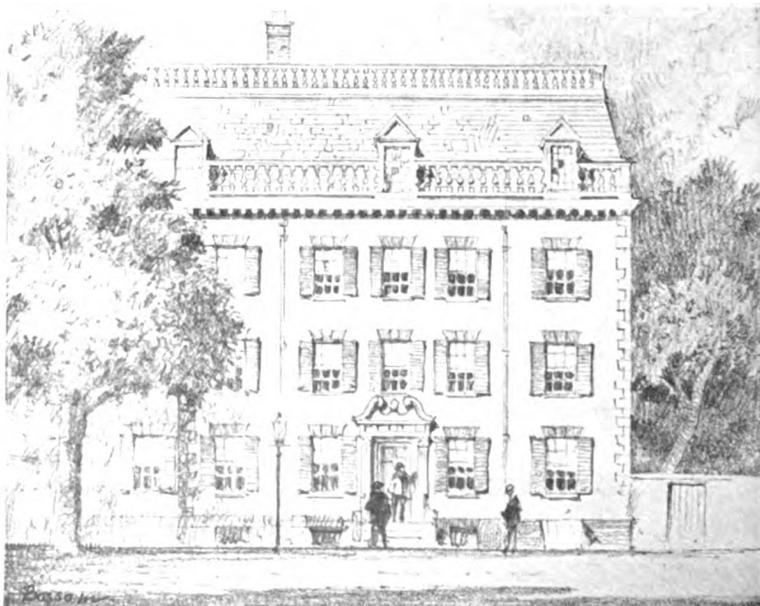
Sketch by Alfred C. Bosson

Bank of Spain  
Madrid



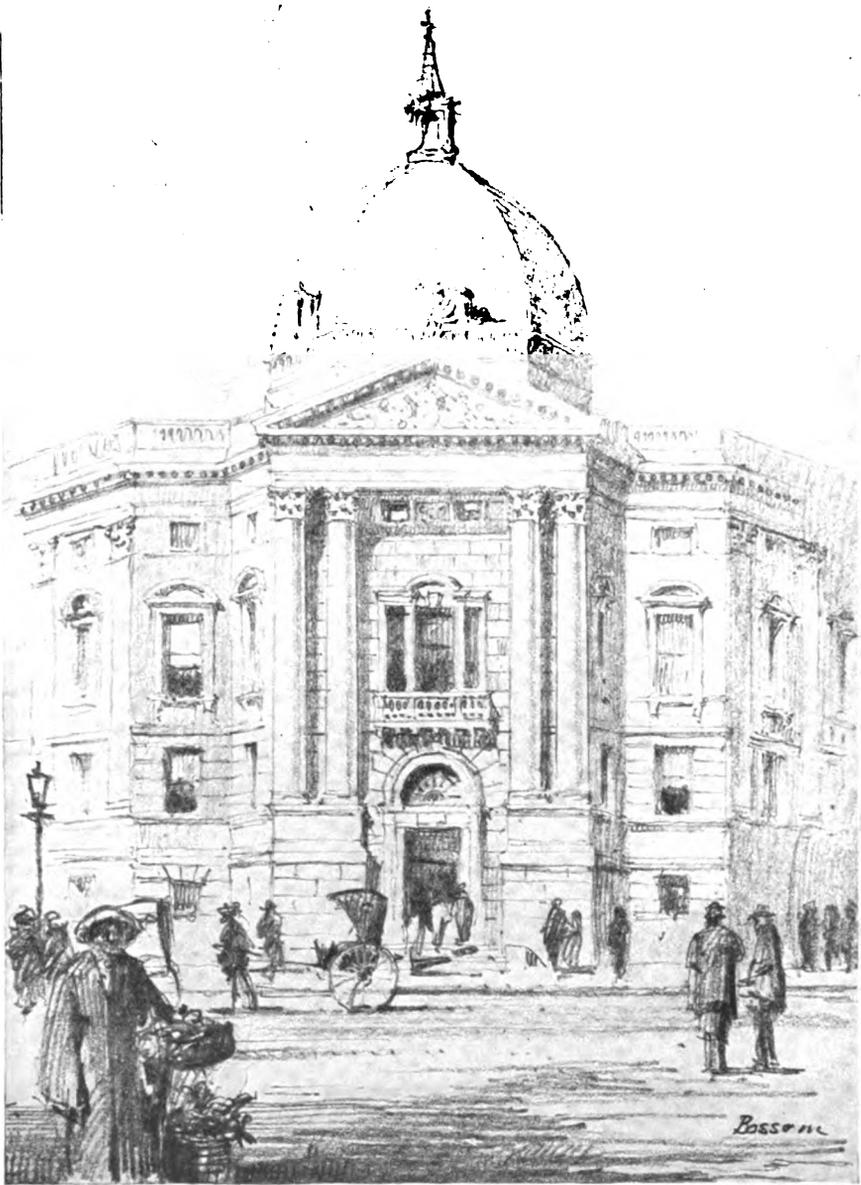
*Sketch by Alfred O. Bosson*

**Sub Treasury  
New York**



*Sketch by Alfred O. Bosson*

**First Bank in New York City  
1784**



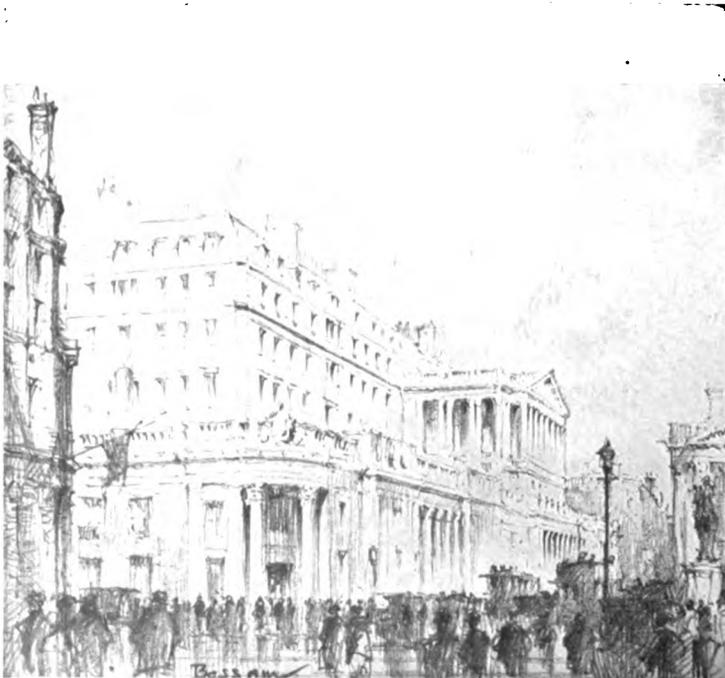
Yokohama Specie Bank

Sketch by Alfred C. Bossone



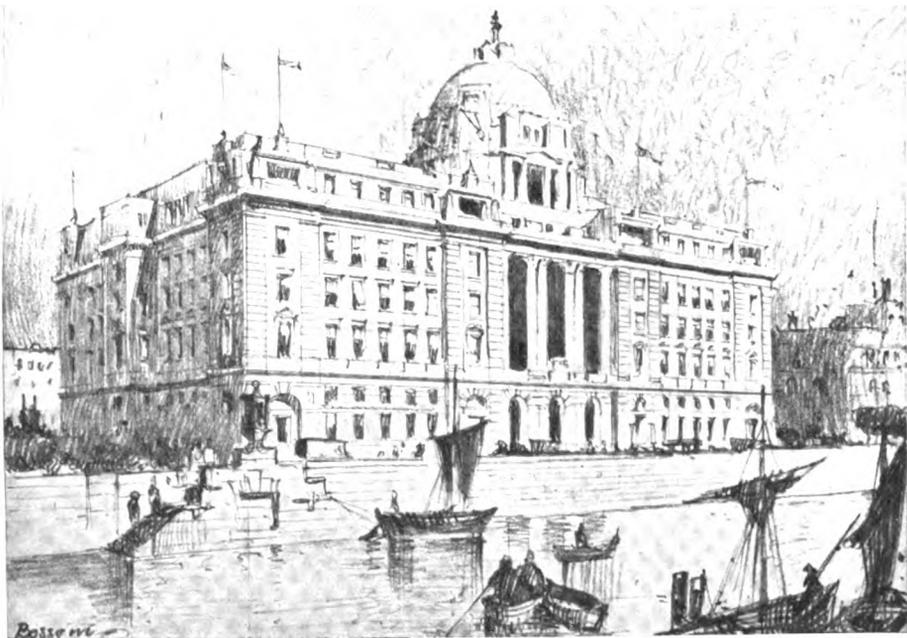
**Bank of France  
Paris**

*Sketch by Alfred C. Bossom*



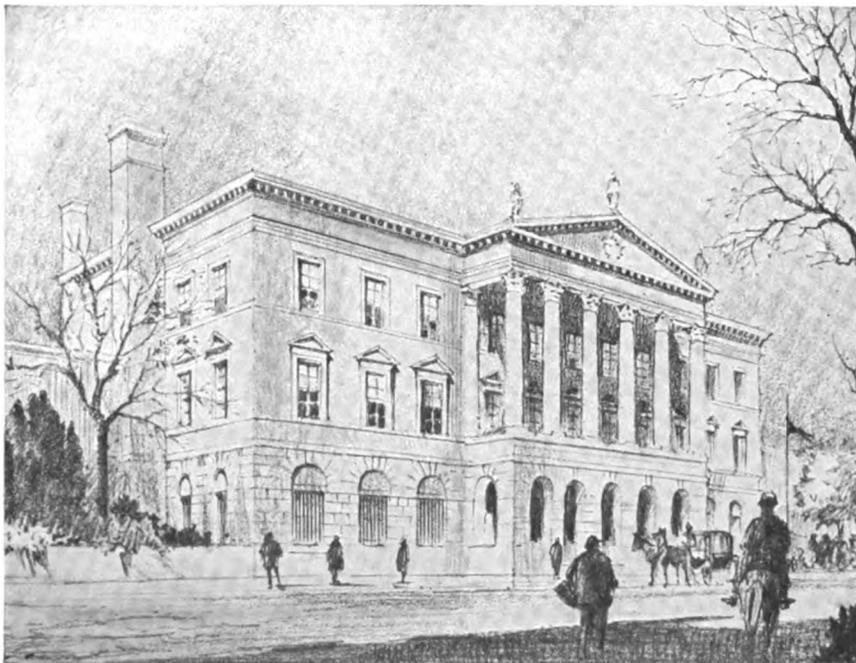
**The Bank of England as it will be when the contemplated enlargement is completed**

*Sketch by Alfred C. Bossom*



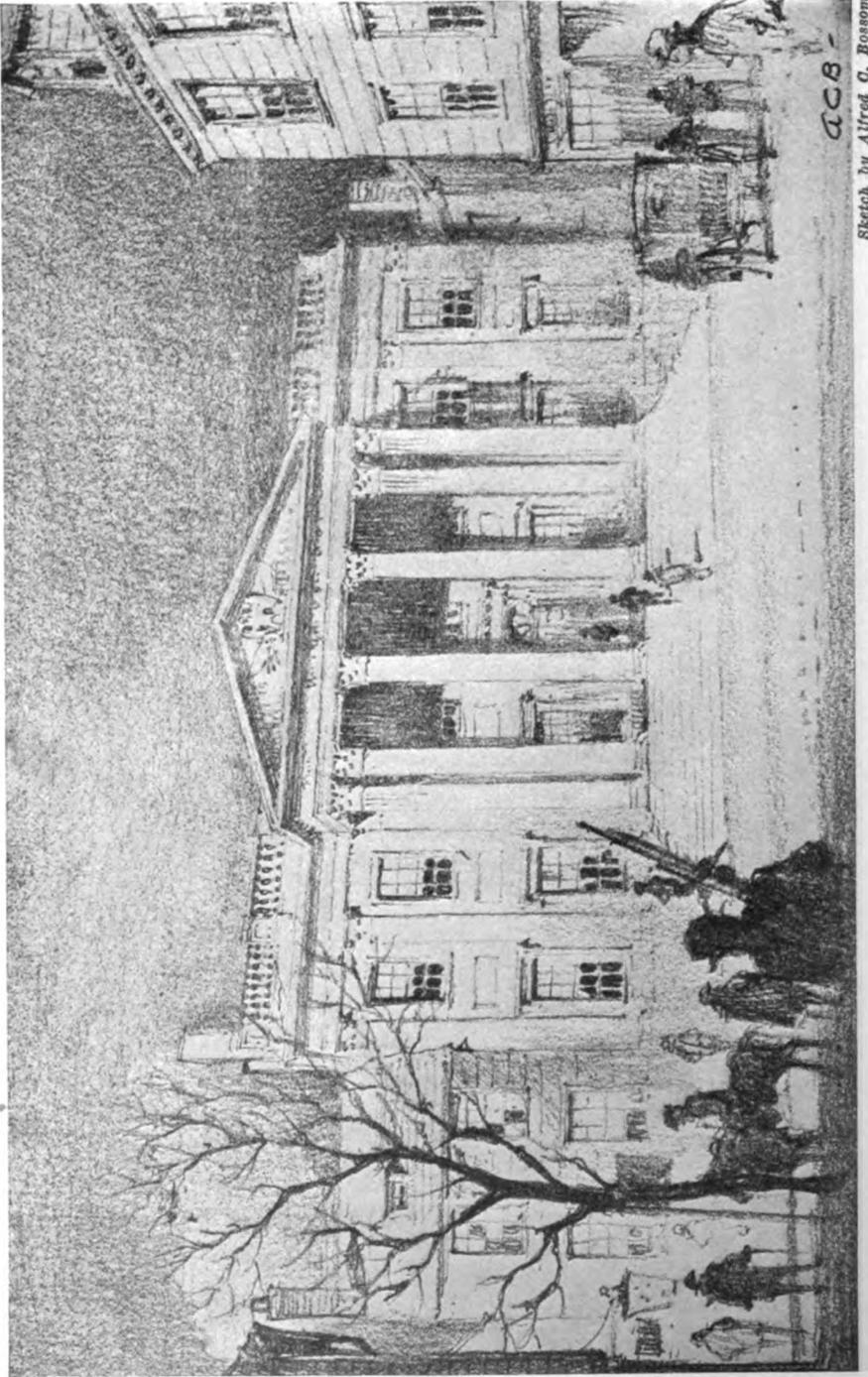
Sketch by Alfred C. Bossom

**Hong Kong & Shanghai Banking Corporation  
Shanghai, China**



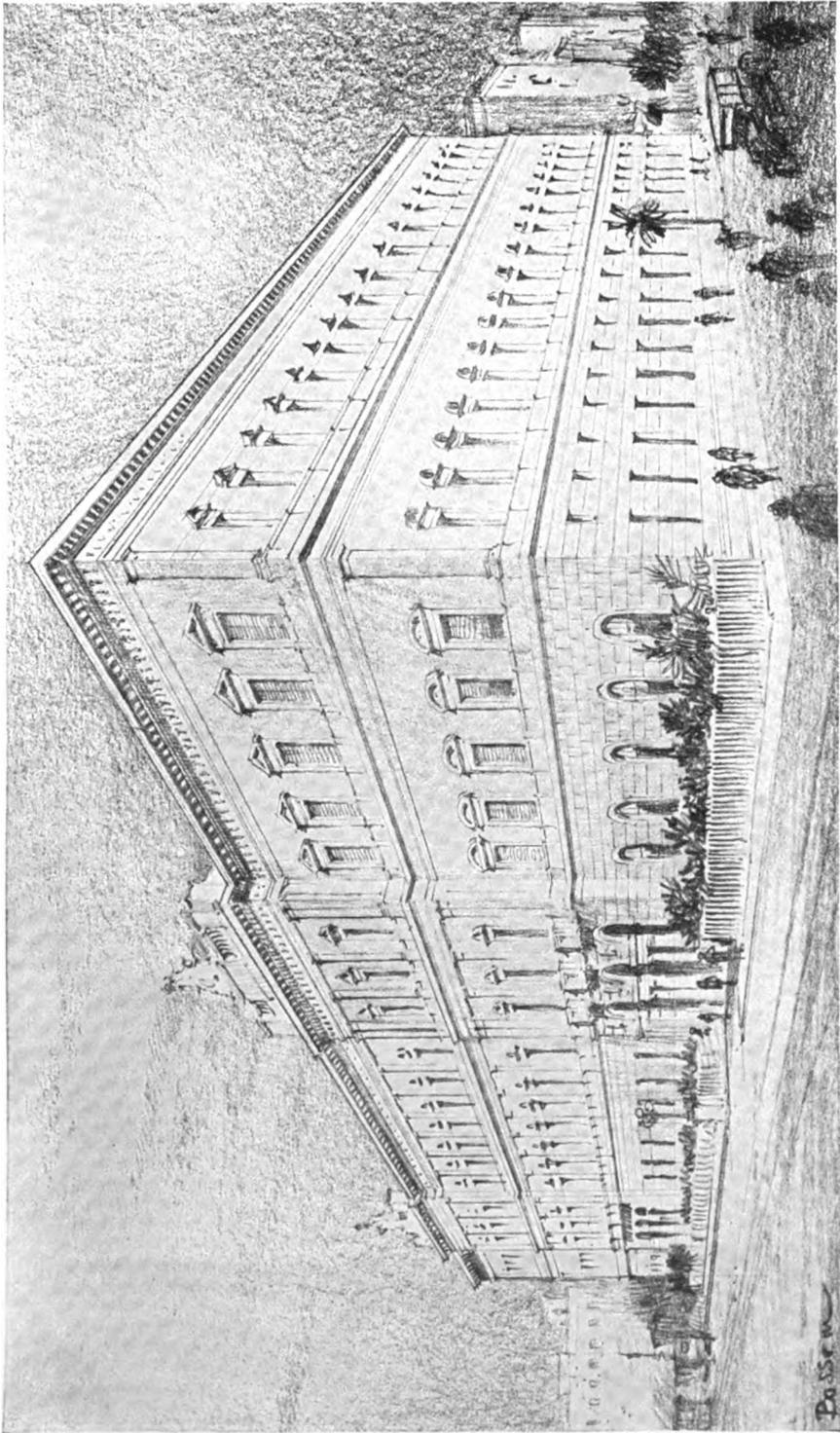
Sketch by Alfred C. Bossom

**Bank of Russia  
Petrograd**



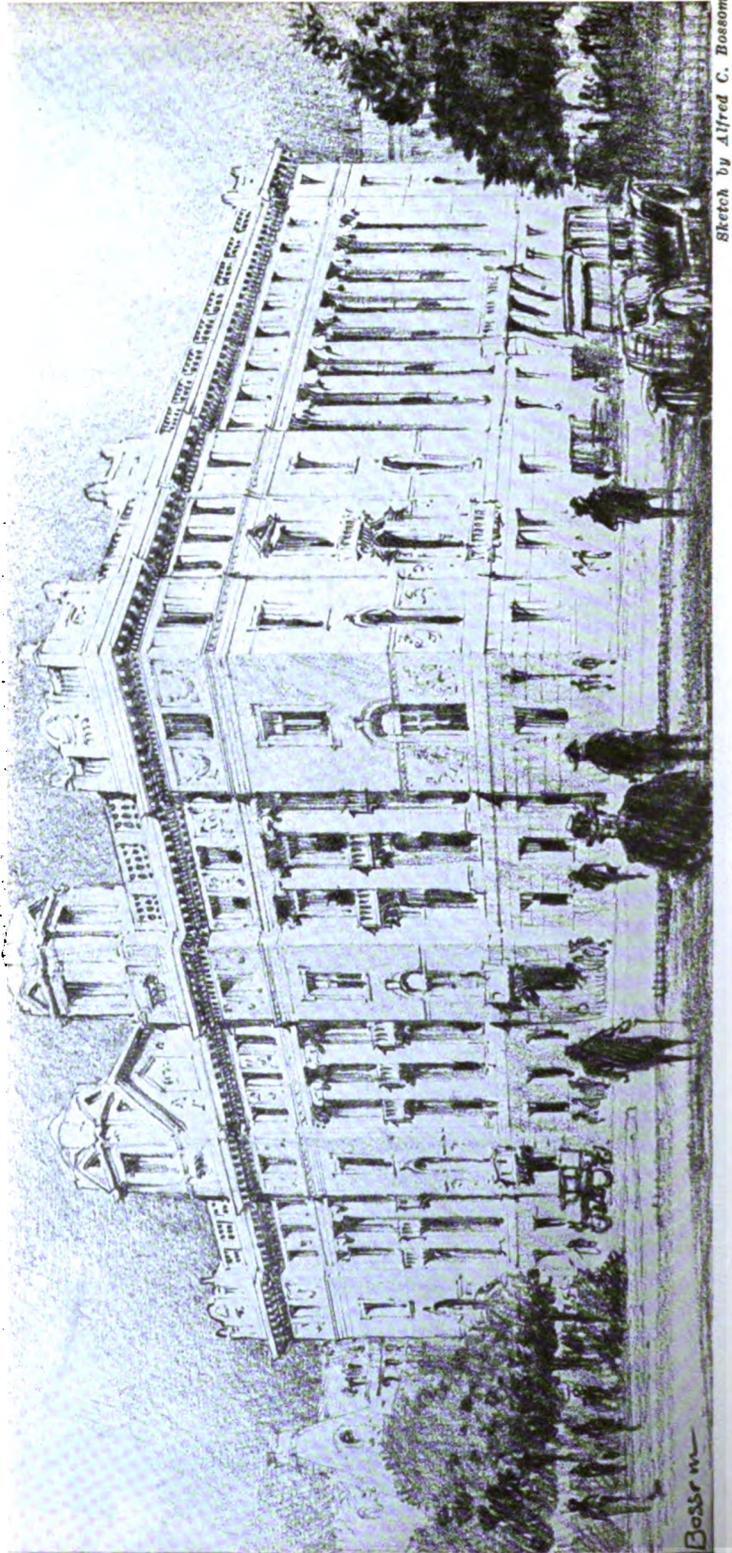
Sketch by Alfred C. Bosom

**First Bank in America  
Bank of the United States  
Philadelphia, Pa.**



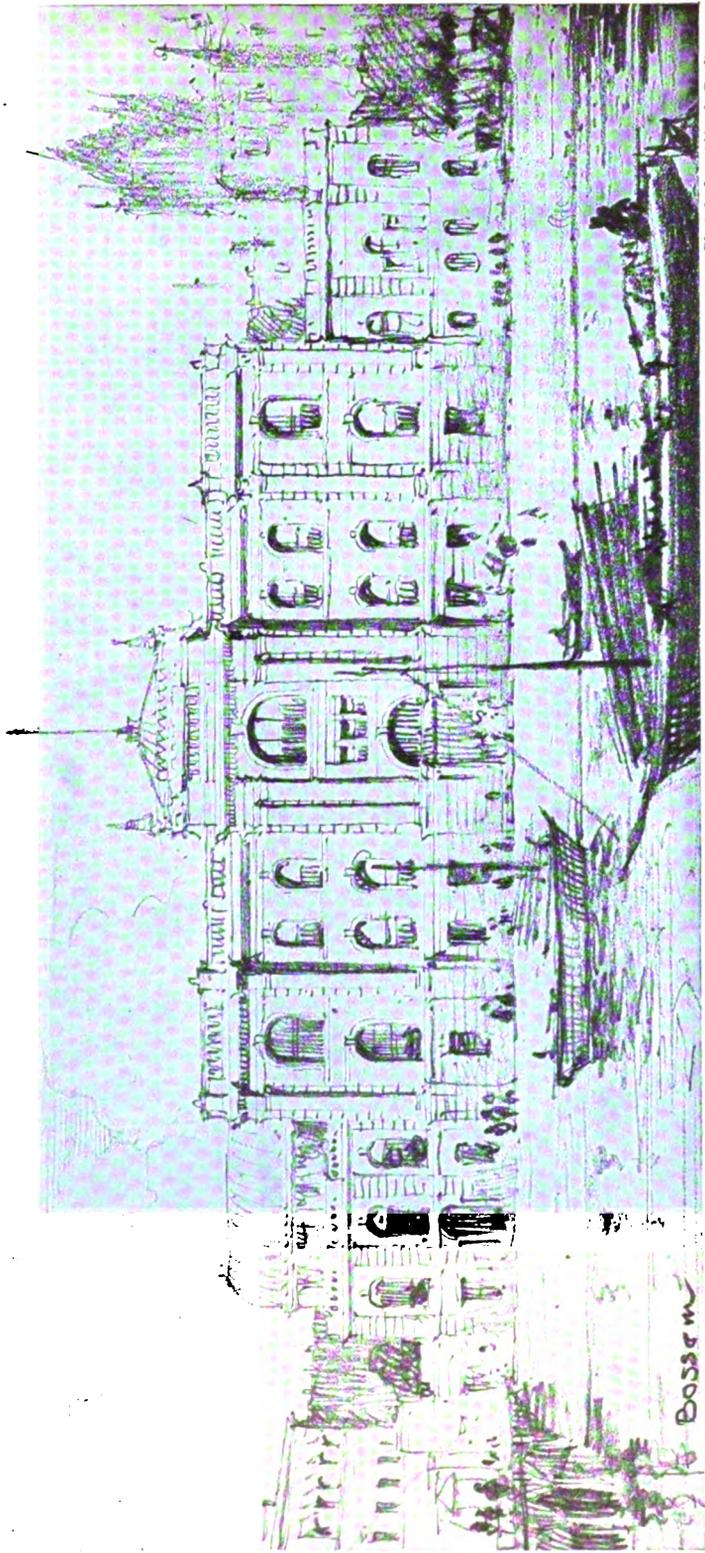
Sketch by Alfred C. Bossom

Bank of Italy  
Rome



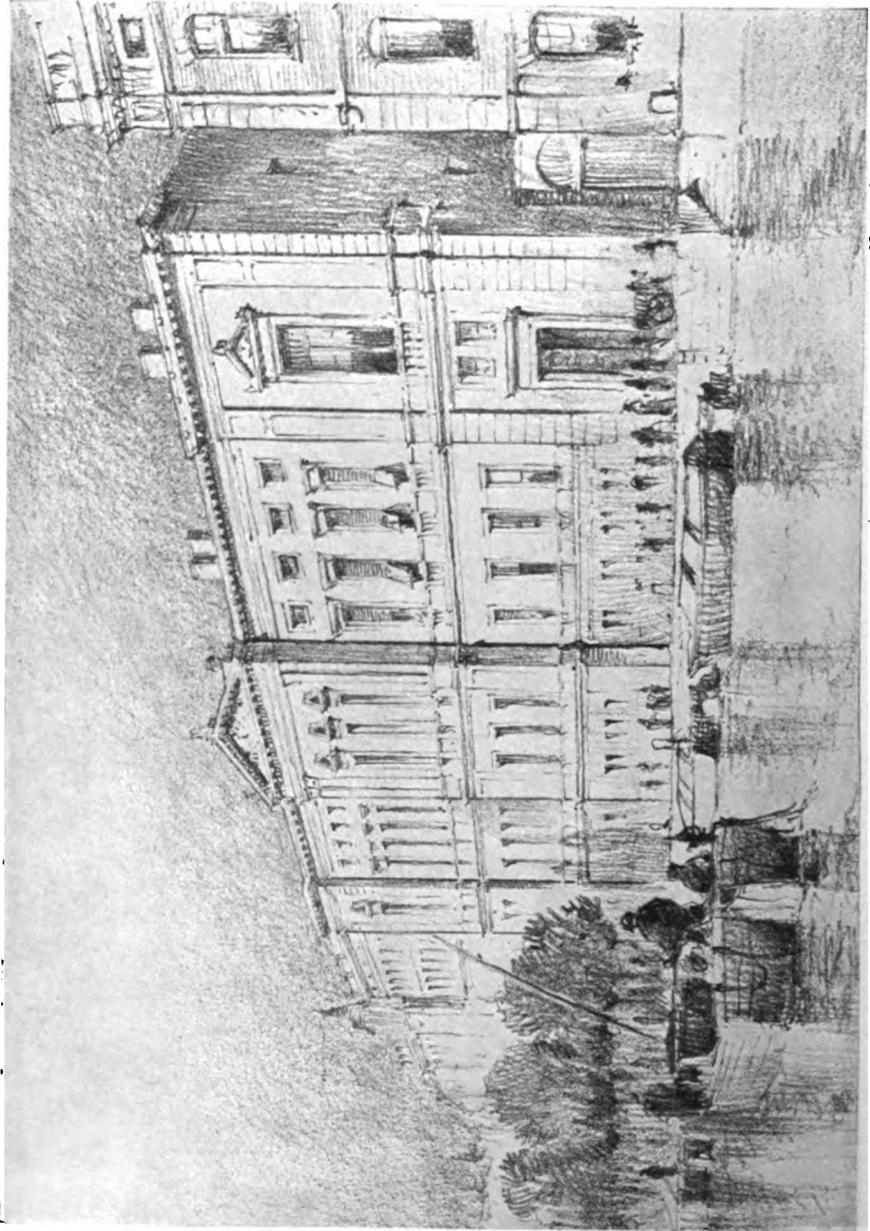
Sketch by Alfred C. Bossm

Bank of Austria-Hungary  
Budapest



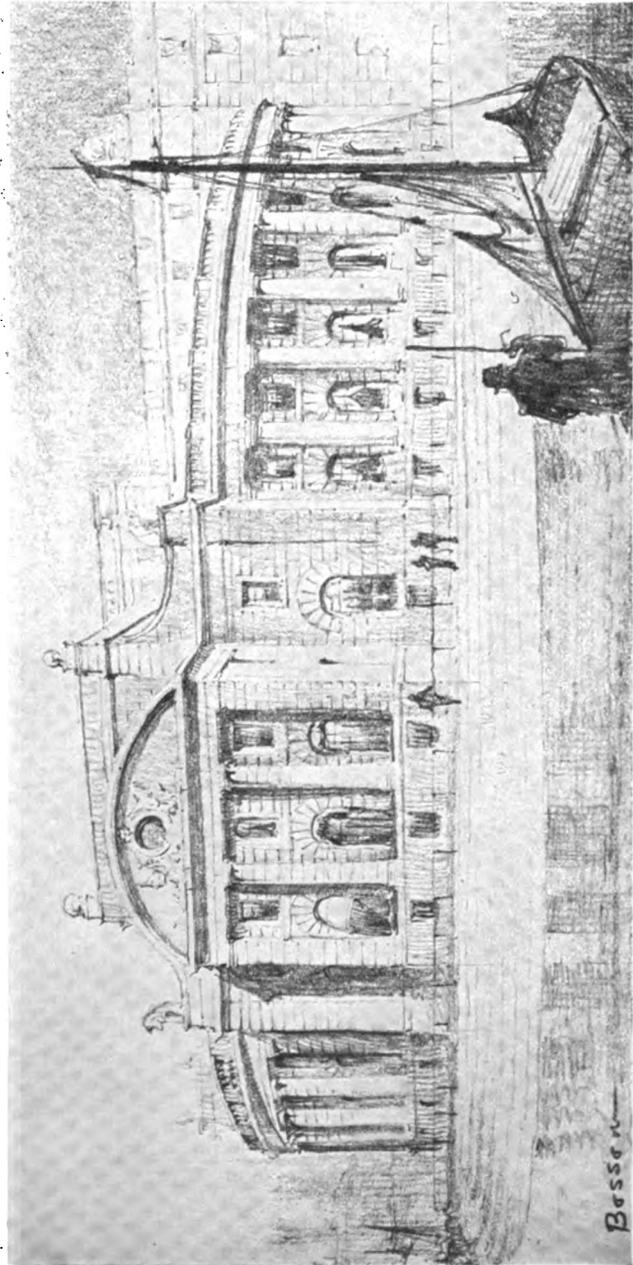
Sketch by Alfred C. Bossom

Bank of Bengal  
Calcutta, India



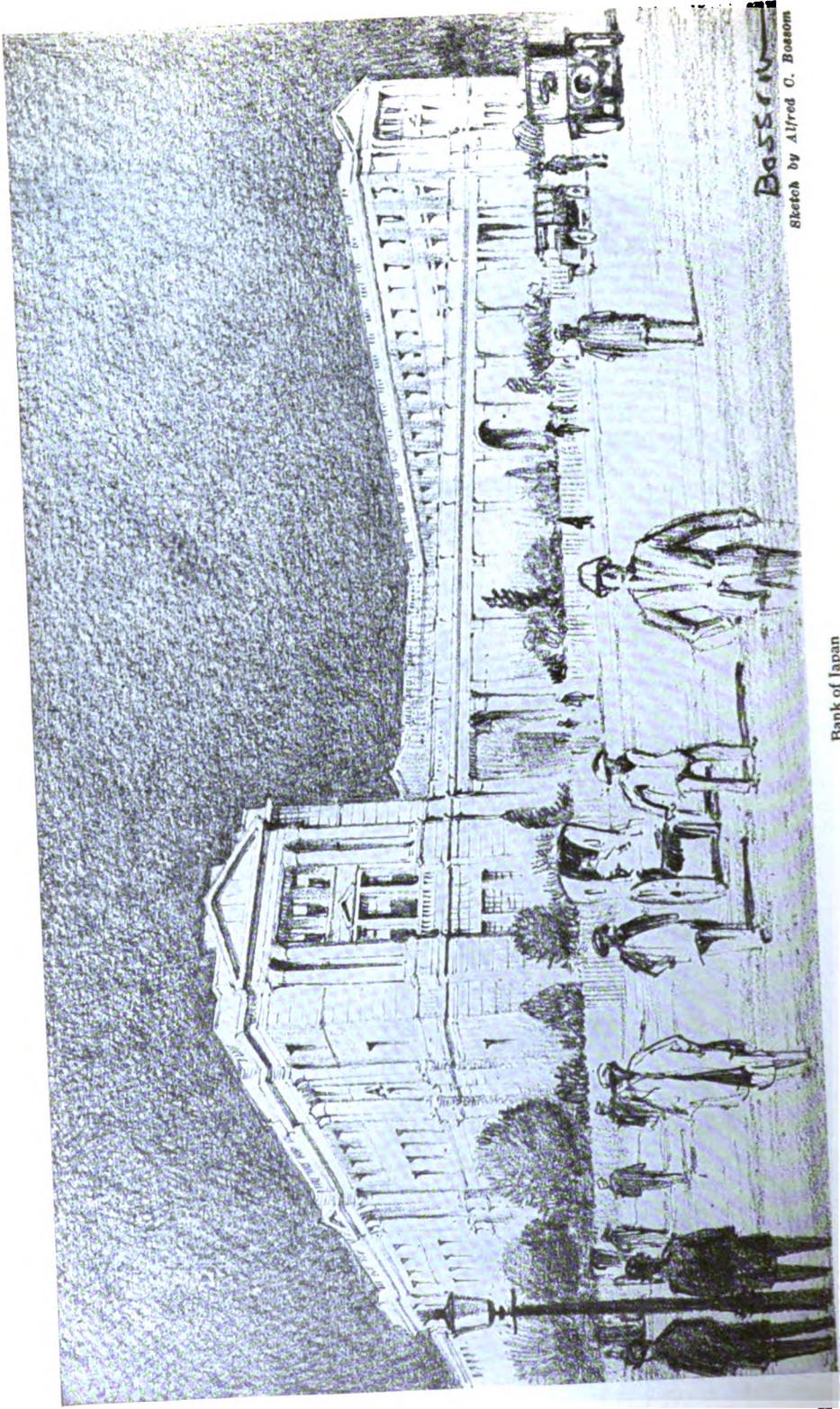
Sketch by Alfred C. Bosson

Bank of the Netherlands  
Amsterdam



Sketch by Alfred C. Bossom

Bank of Sweden  
Copenhagen



Bassini  
Sketch by Alfred C. Bassini

Bank of Japan  
Tokio

# High Points

By Richard W. Saunders

## THE BANKER IN LITERATURE

THE editor of THE BANKERS MAGAZINE has requested that from time to time, we send in under the above title, some of the interesting things that come to notice during a somewhat wide course of reading. He states that if possible, they be of a kind of especial signification to bankers but that this need not exclude particularly choice quotations of purely literary value, bankers being but human beings after all.

Of course there are all kinds of human beings, but, letting that pass, we hope you will find some interesting bits here and there. For example, in glancing over "The Oldest Code of Laws in the World" being those of Hammurabi, King of Babylon B. C. 2285-2242 translated by Johns we wondered if by chance there might be some allusion to bankers and found the following—Laws 122 and 123.

"If a man shall give silver, gold or anything whatever, to a man on deposit, all whatever he shall give he shall shew to witnesses and fix bonds and shall give on deposit."

"If without witness and bonds he has given on deposit, and where he has deposited they keep disputing him, this case has no remedy."

The absence of any reference to a pass book will be noticed.

It is a somewhat amazing fact that notwithstanding all that financial or moneyed men have done throughout the ages, to help along the cause of progress and civilization, there should be so few allusions to them in the writings of the past and even of the present. In spite of their many great services, men of wealth have always, as they are

today, been looked at askance by the poets and writers of the ages. There has always been the feeling that the accumulation of wealth and the consequent power that it brings, has for its basis a high degree of selfishness. It is only when such a man, through benefactions such as those of say Stephen Girard, is looked upon from the standpoint of a philanthropist, that an interest is taken in them from a literary or artistic point of view.

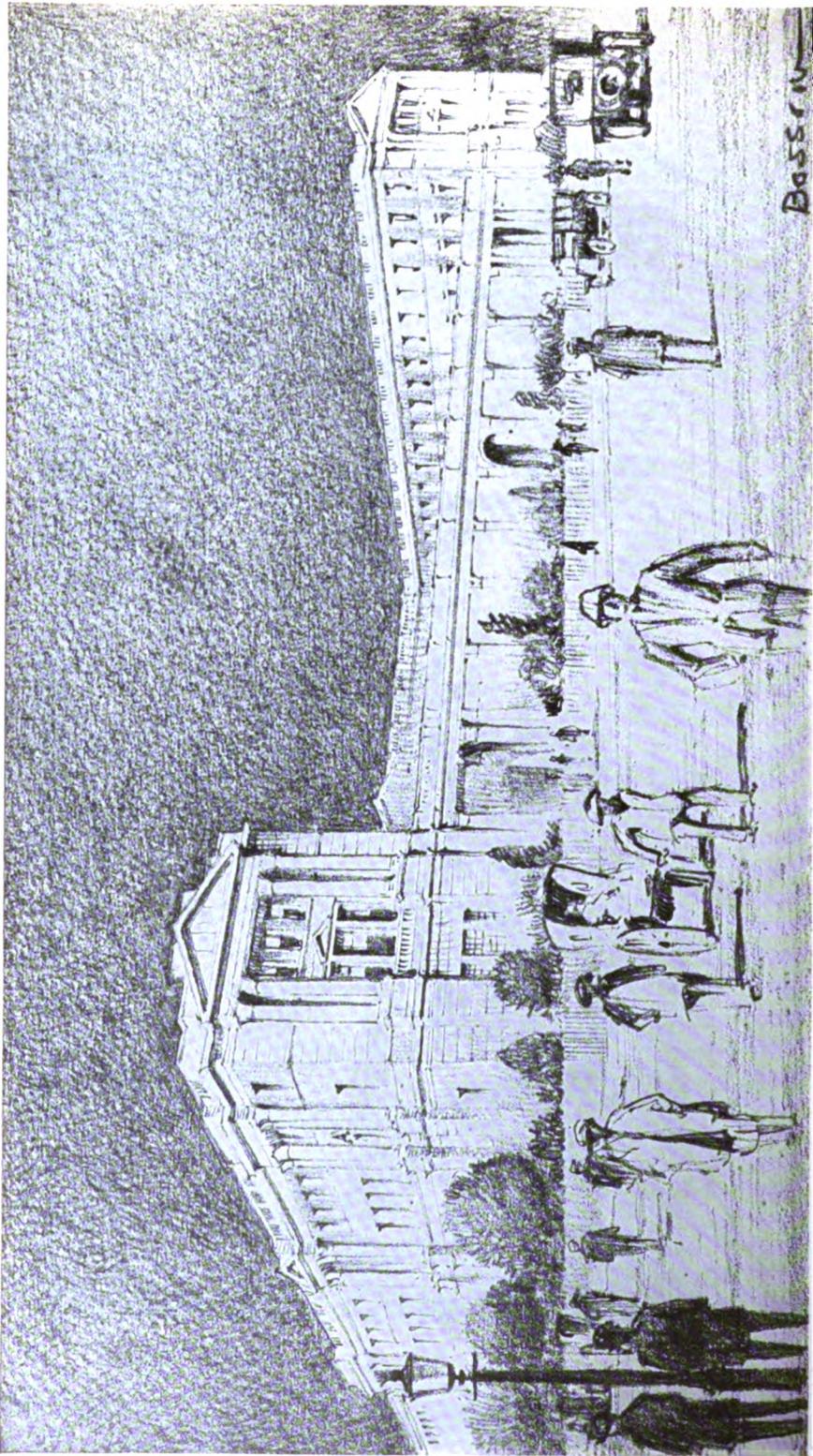
When the village banker is found in fiction, it is generally as the hard and crusty old soul who is about to foreclose the mortgage on the widow's property. Some day this will be changed and the real sterling qualities of the bankers and their tremendous benefit to the world will be embodied in song and story.

Meanwhile, we may well include a poem, printing the one that stands almost alone in its description of our great medium of exchange "Gold." Truly Thomas Hood portrays it in its good and bad aspects and that it can be a medium of great good or great evil we all well understand and agree upon.

Gold! Gold! Gold! Gold!  
Bright and yellow, hard and cold,  
Molten, graven, hammer'd, and roll'd;  
Heavy to get, and light to hold;  
Hoarded, barter'd, bought, and sold,  
Stolen, borrow'd, squander'd, doled;  
Spurn'd by the young, but hugg'd by the old  
To the very verge of the churchyard mould;  
Price of many a crime untold;  
Gold! Gold! Gold! Gold!  
Good or bad a thousand fold!

How widely its agencies vary—  
To save—to ruin—to curse—to bless—  
As even its minted coins express,  
Now stamp'd with the image of Good Queen  
Bess,

And now of a Bloody Mary!



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Bank of Japan  
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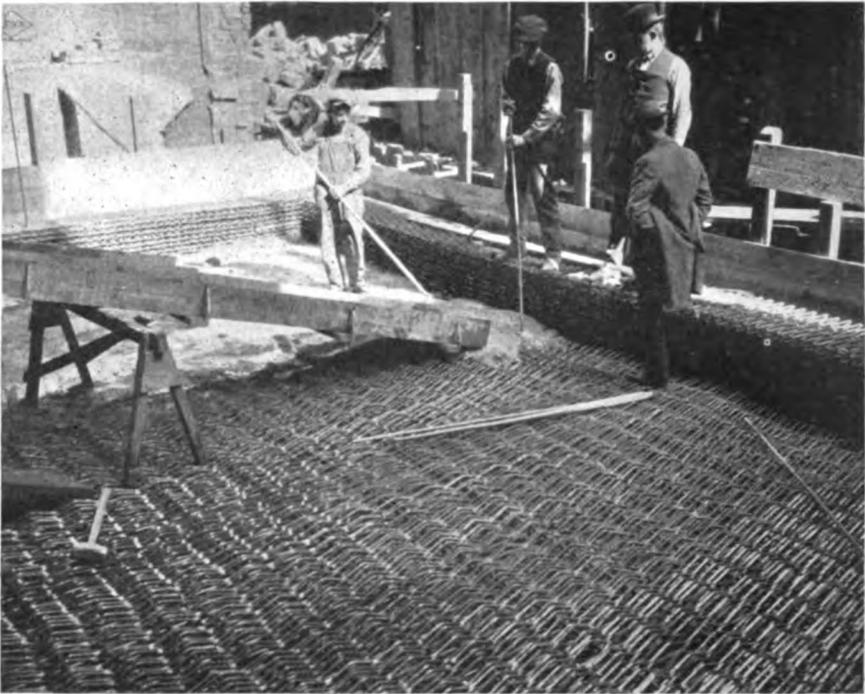
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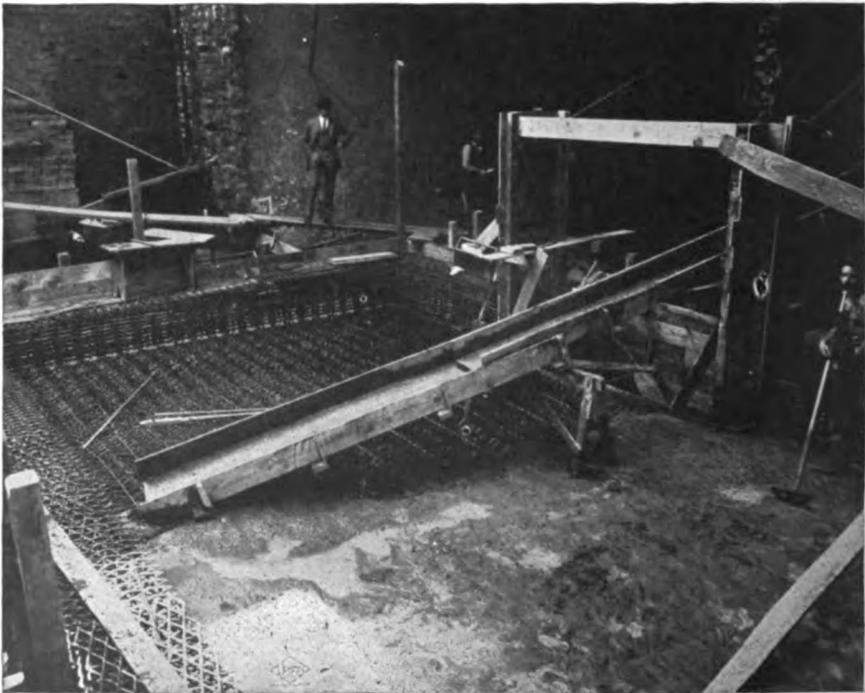
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As even its minted coins express,  
Now stamp'd with the image of Good Queen  
Bess,  
And now of a Bloody Mary!



**This is what Uncle Sam taught the bank builders of the country about vault construction. Here is seen in the process of construction the bank vault of the new Citizens Mutual Trust Company of Wheeling, West Va. This picture shows a part of the wall as well as the floor mat. The metal used is known as "Steel-crete" and is manufactured by the Consolidated Expanded Metal Companies of Braddock, Pa.**



**Another view of the vault of the Citizens Mutual Trust Company of Wheeling. After the steel mat is placed into position it is thoroughly imbedded in concrete. Note that the principle of entanglement is employed. No drill or flame can penetrate.**

# 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 is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-78 Murray Street, New York.—EDITOR.

**QUESTION:** I wish you would explain to me the proper method of showing on a consolidated balance sheet the minority interest of stockholders in a subsidiary company. For instance, suppose we have two companies, a parent corporation called "A," and a subsidiary corporation called "B." We will assume that these two companies' statements show up roughly as follows:

## "A" COMPANY

<b>Assets:</b>	
Cash, mdse., rec., etc. _____	\$110,000
Investment in "B" Company _____	90,000
<b>Total assets</b> _____	<b>\$200,000</b>
<b>Liabilities:</b>	
Capital stock _____	\$190,000
Surplus _____	10,000
<b>Total liabilities</b> _____	<b>\$200,000</b>

## "B" COMPANY

<b>Total assets:</b>	
Cash, mdse., rec., etc. _____	\$125,000
<b>Liabilities:</b>	
Capital stock _____	\$100,000
Surplus _____	25,000
<b>Total liabilities</b> _____	<b>\$125,000</b>

Will you kindly make up for me a consolidated balance sheet of these two companies, indicating the way you would show the interest of the minority stockholders in "B" Company. The "Investment in B Company" shown on A's statement of course represents \$90,000 of B's stock, carried at par value, indicating a 90 per cent. control.—S. T. A.

**ANSWER:** In the above problem "A" Company owns 90 per cent. of the stock of "B," and the remaining \$10,000, or 10 per cent., represents the interest of the minority

stockholders. In consolidating these two balance sheets we will of course have to show the minority interest on the liability side of the consolidated statement. This will consist of the \$10,000 in stock owned by the minority interests as well as a 10 per cent. interest in the \$25,000 surplus of "B" Company, i. e. \$2500. The \$90,000 investment in B Company (carried on A's statement) will cancel \$90,000 of B Company's capital stock. The consolidated balance sheet will then appear as follows:

## Consolidated Balance Sheet "A" and "B" Corporations

<b>Total assets:</b>	
Cash, mdse., receipts, etc. _____	\$235,000
<b>Liabilities:</b>	
Capital stock _____	\$190,000
Minority interest in B Company _____	\$ 12,500
Surplus _____	\$2,500
<b>Total liabilities</b> _____	<b>\$235,000</b>

**QUESTION:** In a recent number of THE BANKERS MAGAZINE there was an article on factors, in the course of which it was stated that a mill dealing with a factor does not have to worry about any problems except the manufacture of the goods, as the factor takes care of sales, credits, etc. It has always been my impression that a factor cashes sales, guarantees credits, advances against merchandise, etc., but that it does not sell. On the other hand, a commission house has a selling organization, disposing of the products of its mills.

I would be interested to have your reaction on this.—R. H. M., Jr.,

**ANSWER:** The terms "factor" and "commission house" are often used almost synonymously. Frequently a factor will do a commission business with several of the mills it factors, whereas the commission

house usually factors the mills for which it is selling agent. As a general rule, however, R. H. M., Jr., is correct. The common procedure for the "factor" is to cash sales, guarantee credits and advance against merchandise, but not to act as selling agent. The mill usually has its own selling agent with offices at the headquarters of the factor. On the other hand, the commission house usually acts as both banker and selling agent for the mill, i. e., it cashes sales, guarantees credits, etc., and sells the goods as well; practically all the mill does is to consign the goods to the commission house and allow it to take charge of their disposition from then on. In our discussion of the relationship between the factor and the mill we perhaps adhered too closely to the procedure followed in one or two cases with which we are particularly familiar; in these the factor acts as selling agent as well as banker. As a matter of fact, in New York City there is not any fine line drawn between the various types of houses of this sort. A factor may factor a mill which has selling agents of its own; or it may factor selling agents who represent various mills; or it may both factor and act as selling agent for a mill (in this case the mill is practically regarded as a "department" of the factor). It was this latter type which we discussed particularly in our previous article.

**QUESTION:** Not long ago I noticed on the statement of a publishing house

the item "Unexpired Subscriptions," representing subscriptions paid in advance of the actual mailing of the issues. Is this a slow or a quick liability? Could a portion of it be termed a quick liability, in view of the fact that in order to fulfill the contract of the subscriptions the publishing house will undoubtedly have to buy a certain amount of paper, ink, etc., to make up the issue—W. V.

**ANSWER:** The item of "Unexpired Subscriptions" is a deferred liability and as such is slow. It is in the same class as unearned interest, unearned rent, etc., and is not a "dollars and cents" liability in the sense that it is a matter of bookkeeping and no money will be paid out to meet it. It should not be treated, either in whole or in part, as a current liability. Legally, perhaps, a subscriber cancelling his subscription could demand a refund of the unexpired portion of it; or a bankrupt publishing house might legally be liable for the unfilled portion of its subscription lists. Practically, however, the instances of such procedure are so few as to make the possibility negligible. Any liabilities for paper, ink, etc. which the publishing house may have to incur in order to fulfill its subscriptions will of course show up in the item of "Accounts Payable." These have nothing to do with a deferred liability such as "Unexpired Subscriptions."



## 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.

### MORE CHRISTMAS CLUB BUSINESS WITHOUT INCREASED OVERHEAD

Editor THE BANKERS MAGAZINE:

Just now when the Christmas savings departments are about to open their coffers wide and let out the golden stream, a method has occurred to me for expanding the Christmas fund department into a household budget department, which would be of benefit to the bank and the community as well.

Practically every man has definite payments to meet during the year at specific dates known in advance. For instance—rent, interest on a mortgage, insurance, club dues, children's schooling, holiday expenses, etc.

There would be no difficulty in handling

this if he could go to his banker and explain all of these items and tell the dates they fall due, as the banker could show him exactly how much per week he must deposit so as to be ready on each payment date.

A Christmas fund department could handle this without any difficulty or additional overhead, and it would collect a lot of money for the purpose in a great many cases.

In my experience in designing banks all over the country with Christmas fund departments, I have often thought very seriously that this department could be made to function more profitably and more constantly.

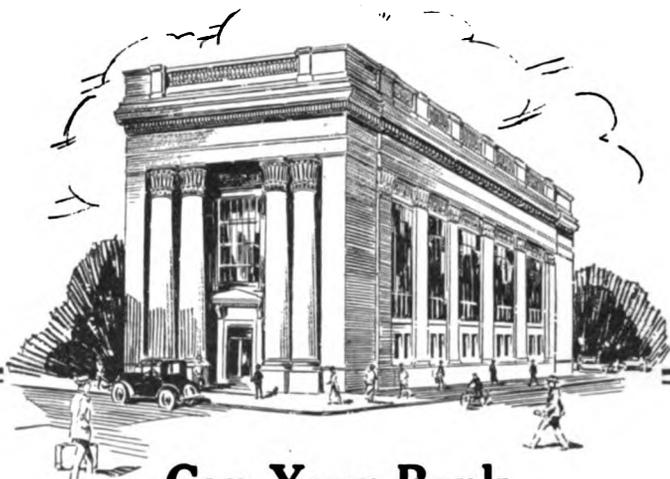
ALFRED C. BOSSOM.

New York, N. Y.



ARCHITECTS' DRAWING OF THE NEW WESTINGHOUSE BUILDING, NEW YORK

This building is to be completed May 1, 1924. The Westinghouse interests, including the Electric Brake Company, International Company, Lamp Company, and Airbrake Company, will occupy the upper half of the building. It is being erected by Fred. T. Ley & Co., from plans of Starrett and Van Vleck, architects. S. W. Straus & Co. have underwritten a 6 per cent. first mortgage serial bond issue of \$1,500,000 on the property.



## Can Your Bank Go On Without You?

**D**URING 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

DECEMBER 1923

## Winning New Depositors at Christmas Time

By Charles H. Smith

**DURING THE** holiday season when the business of nearly every retailer is booming, showing the stimulation of the Yule-season, the banker is experiencing a shrinkage in the accounts of his smaller depositors. Indeed, a great many accounts are closed at this time of year due, of course, in many cases to Christmas spending. This condition affects only the smaller depositors usually and is due, in some measure, to the maturing of many Christmas Club accounts.

There can be no good reason, however, for the banker not sharing some of the abundance of prosperity prevalent among all businesses at this time of year—provided he goes after his share. This can be done by effective advertising and special features and attractions which will cause people to desire to open accounts. Of course the advertising, special features and attractions will have to be unusual—for the holiday is a season of spending rather than of saving—but with extra effort on the part of the bank some of the money which is handled so freely during the weeks preceding Christmas may be diverted to savings accounts, and the new depositors may be made to greatly outnumber the closed accounts.

Nearly all banks now have Christmas Clubs through which the members may save a certain sum by weekly or monthly payments, the object being to defray the next year's Christmas expenses, and so when most bankers think of new holiday

accounts their thoughts turn to the Christmas Club membership. This is, of course, a very good plan for securing new accounts and the total of them in many banks reaches an amazing amount. Depositors in these clubs show a surprising regularity in meeting their weekly or monthly payments and many banks disburse at Christmas time hundreds of thousands of dollars which have been accumulated by the members during the year.

To advertise its Christmas

Club one bank—The Dime Savings Bank located at Fort and Griswold streets, Detroit, Michigan—last year used radio. By means of *The Detroit Free Press* broadcasting station, "WWJ," this bank delivered its message regarding Christmas Clubs to thousands of people who were listening in. On the day that the bank sent its message it published advertisements regarding it.

"LISTEN IN"  
On the Radio  
Tonight

If you want a bigger and happier Christmas next year "Listen In" tonight. You will learn how five million people in the United States (not read on page 3.5)

COURTESY—EFFICIENCY—SERVICE

### A Banking Service That "Follows Through"

THE banking service of Manufacturers Trust Company "follows through." . . . In the textile trade, for example, our service starts with raw materials and continues through the various stages of manufacture to marketing of piece goods—woolens, silks or cottons . . . Thence our service proceeds through the cutting-up trades to wholesaling and retailing the finished garments . . . At each stage we heartily co-operate for the promotion of sound business . . . Two of our offices are conveniently located in the Mid-Manhattan textile trade district,—4th Avenue and 27th Street, 8th Avenue and 34th Street . . . Consultation invited.

Nathan S. Jones, President

## Manufacturers Trust Company

**MADISON**  
130 Broadway, at Cedar Street  
4th Eighth Ave., corner 14th St.  
145 Fourth Ave., corner 27th St.

**BROOKLYN**  
776 Broadway, corner Sumner Ave.  
84 Broadway, corner Berry Street  
215 Hester Street, near Broadway  
710 Canal St., near Graham Ave.

**QUEENS**  
1661 Myrtle Ave., corner Cypress Ave., Ridgewood

This New York bank gives, in copy that runs short of a hundred words, a good verbal picture of the way in which its service "follows through" in the various stages of a given trade from raw materials to the retailing of the finished article.

## Banking Publicity

RICHARD F. DURHAM, Editor  
Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

DECEMBER 1923

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

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

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

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

lots of good books on the subject.

No up-to-the-minute financial ad man's bag of tools is complete without several sets of encyclopedias and divers histories of the United States, Egypt and other countries.

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

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

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

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

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

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

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

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

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

Thomas P. Kane's book "The Romance and Tragedy of Banking" contains plenty of material in refutation of any belief that banking is a dry-as-dust subject. We would recommend a perusal of this book to any writer of financial advertising copy who feels that he can't talk banking and be interesting at the same time.

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

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

Capital @ Surplus \$1,000,000



Member National Reserve Bank  
Member Chicago Clearing House

**For a Comfortable Future, Plan Now!**

Do your plans contemplate a future when you'll have time and money for things that business men value most? If not—then make such plans.

Choose a Guardian Living Trust to help you.

You need a Living Trust with a number of securities, and assets. This property will be added to the trust. The accumulating interest will be added to the principal. And from time to time you will receive more as you see open.

Keep your living Trust growing until it is large enough to pay you a comfortable income. The same amount, if anything, may cover your living expenses. In fact, you can for a most part, cover your cost of maintenance in a very desirable manner.

Get the full facts from our booklet.

**The Guardian Savings & Trust Co.**  
421 South American, Cleveland

1000 North Collins, Cleveland, O.  
1000 North Collins, Cleveland, O.  
1000 North Collins, Cleveland, O.

Capital @ Surplus \$1,000,000



Member National Reserve Bank  
Member Chicago Clearing House

**A New Savings Idea**

A YOUNG man living in a Cleveland club mentioned the idea of an "Auxiliary Savings Account," as he himself named it.

After talking the matter over and allowing a few days for thought, he was an adherent to this new method and put it into a formal savings account.

He paid the club his "tuition" but he was not there to receive any tuition.

He paid the club his "tuition" but he was not there to receive any tuition. One of these savings accounts is a great alternative to normal savings, and to any and all banks in your vicinity. Open it—Auxiliary Savings Account.

**The Guardian Savings & Trust Co.**  
421 South American, Cleveland

1000 North Collins, Cleveland, O.  
1000 North Collins, Cleveland, O.  
1000 North Collins, Cleveland, O.

Capital @ Surplus \$1,000,000



Member National Reserve Bank  
Member Chicago Clearing House

**Get Ahead—and Keep Ahead**

My savings program has been increasing gradually since I started work—but I'm not a bit behind!

How often you have heard that one? One to apply to you, too?

Pay yourself regularly! Set aside a part of your earnings weekly! As your savings increase, and every business a coming tide, you will be able to see all your work, and see a more steady.

Get a Guardian Savings Account today!

**The Guardian Savings & Trust Co.**  
421 South American, Cleveland

1000 North Collins, Cleveland, O.  
1000 North Collins, Cleveland, O.  
1000 North Collins, Cleveland, O.

Capital @ Surplus \$1,000,000



Member National Reserve Bank  
Member Chicago Clearing House

**Turn Your Wishes Into Action**

I ALLOWED all my high wages to get away from me, and then to find that I had no money!

"That's pretty much my story, too!"

"The story is not that you have no money, but that you are going to the difficulty. We're going to see you through."

"We aren't saving for some to go back," said Burton. "We're helping to see you right now. It's only a little that we can give—but every thing you save every week, every single penny. We're used to our banking plan."

Get the full facts from our booklet.

**The Guardian Savings & Trust Co.**  
421 South American, Cleveland

1000 North Collins, Cleveland, O.  
1000 North Collins, Cleveland, O.  
1000 North Collins, Cleveland, O.

A group of advertisements of a Cleveland bank. At the extreme left, good copy on the advantages of a living trust, then three examples of well presented savings copy. A very effective layout has been used in these advertisements.

**Winning New Depositors at Christmas Time**

(Continued from page 957)

States are receiving Christmas checks this week amounting to the staggering total of a quarter of a billion dollars.

"WVWJ"

Tonight "WVWJ" will broadcast the remarkable story of this new idea that has literally swept the country in so short a time. You will learn how very easy it has been for these millions of men and women to shake off the burden of Christmas bills through a membership in a Christmas Thrift Club.

This bank is distributing thousands of these Christmas checks at this time. If you are not one of the fortunate Club members this year make up your mind to enroll this week and be in line for a check next Christmas. "Listen In" tonight and you will realize how easy it is to join

The Christmas Savings Club  
The Dime Savings Bank.

This somewhat unusual method of advertising Christmas Clubs by radio has the advantage of reaching a vast audience by a novel method and as the radio receiving outfit is becoming well-nigh universal it should be increasingly effective.

Some banks offer small premiums to members joining the Christmas Clubs as an added incentive to open an account. One of these—The Peoples Savings Bank of Grand Rapids, Michigan—offered a child's bank filled with candy to each member. Their offer read:

Join our 1923 CHRISTMAS CLUB

And get a Child's Savings Bank Filled With Candy

FREE

Our 1923 Club now Open for Membership  
Make a Small Deposit

Out of your earnings each week, or monthly from now until the maturity of the club, and you will receive the full amount due next December, several weeks before Christmas, just at a time when a little ready money will come in handy.

You will never miss the small weekly deposit, and will be agreeably surprised to see how easily you will have accumulated a nice sum of money for Christmas or for any other purpose. This Club is open to everybody. All that is necessary is to call at our bank and make your first club deposit. Classes offered to suit all purposes.

THE PEOPLES SAVINGS BANK

But banks need not confine their efforts merely to increasing the membership of their Christmas Clubs—important as



**The Man Who Paid for the Brooklyn Bridge**

After one hundred thousand people and two million dollars, the bridge was built. It was the first of its kind in the world. It was the first of its kind in the world.

There the Brooklyn Bridge was built. It was the first of its kind in the world. It was the first of its kind in the world.

It is the first of its kind in the world. It is the first of its kind in the world.

It is the first of its kind in the world. It is the first of its kind in the world.

**The Fidelity Trust Company of Buffalo**  
1000 North Collins, Buffalo, N.Y.



**When You Were Married**

Did you make a will before you were married? If not, you may be surprised to find that you have no one to take care of your property in case of death.

The result of some that you have someone take care of your property in case of death.

We can provide an excellent will for you. It is the first of its kind in the world. It is the first of its kind in the world.

It is the first of its kind in the world. It is the first of its kind in the world.

**The Fidelity Trust Company of Buffalo**  
1000 North Collins, Buffalo, N.Y.



**To Him Who Moves the Stone**

The stone is heavy, but the man who moves it is strong. He is the first of its kind in the world. He is the first of its kind in the world.

He is the first of its kind in the world. He is the first of its kind in the world.

He is the first of its kind in the world. He is the first of its kind in the world.

**The Fidelity Trust Company of Buffalo**  
1000 North Collins, Buffalo, N.Y.



**The Spirit of Accomplishment**

One of the most important accomplishments in life is to be able to do what you set your mind to do. It is the first of its kind in the world. It is the first of its kind in the world.

It is the first of its kind in the world. It is the first of its kind in the world.

It is the first of its kind in the world. It is the first of its kind in the world.

**The Fidelity Trust Company of Buffalo**  
1000 North Collins, Buffalo, N.Y.

Statistics regarding Brooklyn Bridge, marriage, a fable and the moving impulse of an idea, furnish subject matter for this group of interesting advertisements of a Buffalo bank.

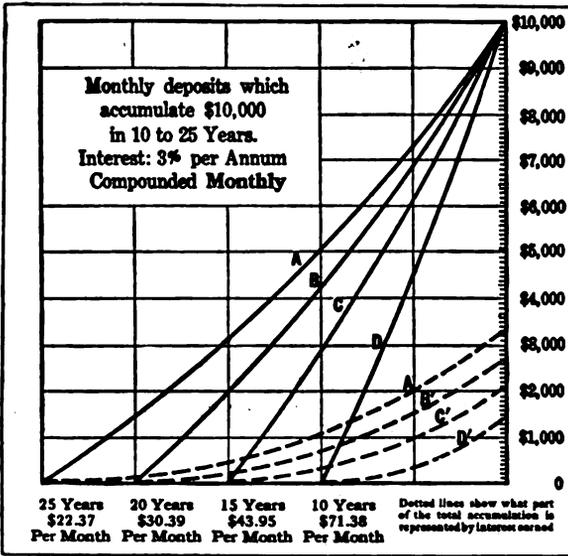


Chart showing how \$10,000 may be accumulated in from ten to twenty-five years through monthly deposits drawing interest at 3 per cent. compounded monthly. This chart was prepared by the compound interest department of the National City Bank, New York.

this may be. They should seek other depositors as well. By a generous offer made by large-sized newspaper advertisements The Dime Savings Bank announced that it had a "Christmas Dollar for every boy and girl in Detroit." In the offer addressed to fathers and mothers the bank's copy reads:

**A CHRISTMAS DOLLAR**  
For  
Every Boy and Girl in  
Detroit.

**To MOTHERS AND FATHERS:**  
—Of course, you are eagerly planning and spending so that your little ones will have a wonderfully happy Christmas. But have you thought of a gift of truly lasting benefit—something that will help the development of the youngsters into just the kind of "grown-ups" you want them to be? A Dime Bank Savings account opened in the children's name will be remembered and valued long after all other gifts are forgotten. A savings account will not only teach your boy or girl thrift—so indispensable to their future success and happiness—but it will prove of ever-increasing value.

**GIVE THEM A DOLLAR**  
**WE WILL MAKE IT TWO**

While it is the duty of every parent to teach their children to save a part of what they have, we feel it is also the duty of this insti-

tution to assist in the development of the coming generation. We therefore will deposit One Dollar to the credit of every boy and girl in Detroit who opens a savings account or has an account opened for them in this bank, between this date and Christmas. The account to remain on deposit for one year and to be added to at least three times. \$5.00—\$10.00—even as little as \$1.00 will open a savings account here. This is an opportunity for mothers, fathers and friends to give the kiddies something really worth while. It is an inexpensive gift and yet one that carries with it untold possibilities for the development, education and future happiness of the children.

Take advantage of our Christmas offer. Drop in today at our main office or at any one of our sixteen branches and start one or more little children on the road to happiness and success.

**TEACH YOUR CHILDREN**  
**TO SAVE**  
**THE DIME SAVINGS BANK.**

This appeal is primarily for the accounts of children—with the probable addition of savings accounts of the elders at a later date. But many banks advertise extensively putting forth the attractive features of a savings account as a Christmas present. As a last minute gift the Home State Bank For

Savings, of Grand Rapids, Michigan made it exceptionally easy for folks to give a savings account. The bank advised:

Give a 4 per cent. savings account. Here's a fine last minute gift for the children, young folks and everybody that will help form the priceless habit of saving and spread its influence over many, many Christmases to come. Just write on your card or letter head. Merry Christmas from.....

A \$..... 4 per cent. Savings Account at the Home State Bank for Savings.

Fill in your name and the amount, \$10, \$25 or more, and slip into the stocking or hang on the tree. Mail us the checks with the names of the lucky recipients the first of the week.

Thus not even a trip to the bank was necessary to do this

# Purchase a Future

When you go shopping today, you will no doubt take a list of the things you wish to purchase.

Be sure your list is complete—and decide to purchase for future needs as well as for the present.

Opening a Savings Account is the way to do so, and your money will earn 4%. The little sums you save by shopping wisely are not safe in your purse and they earn no interest there. Put them in the bank and watch your account grow.

One of our offices is convenient to you—and it takes but a minute to start your Savings Account. You may do so daily—from 9:30 A. M. until Midnight.

**FRANKLIN TRUST**  
Company

215 Olive Street St. Louis, Mo.  
10th & Market St. Philadelphia, Pa.  
1000 Chestnut St. New York, N. Y.  
The Bank That Cares Philadelphia Day and Night Service

Talking to the housewife about a savings account. This advertisement of a Philadelphia bank starts out by talking about the day's shopping, a good point of contact with the readers it is designed to reach, and then very skillfully leads up to the subject of a savings account.

Christmas "shopping." In the usual rush of Christmas buying this feature is appreciated by many people.

The above plans are a few of the most suggestive methods used last Christmas by progressive banks in Michigan. The attractive features and exceptional advertising appeal are worthy of the notice of bankers in other communities.

## How Banks Are Advertising

"THE FIELD We Cover," a booklet published by the First National Bank of Lincoln, Nebraska, presents, in extremely pleasing typographical form, an outline of the facilities of the bank's various departments that is specific, easily understandable and very readable.

"OX WILD Cat Stocks" is the title of an attractive little pamphlet issued by the Wyoming National Bank, Wilkes-Barre, Pa. The pamphlet tells the story of a certain man who went to his banker for information regarding an investment proposition, and what happened.

A WELL illustrated booklet entitled, "Twenty Years of Growth," has been issued by the Citizens Trust Company of Utica, New York, dedicated to "the citizens of Utica whose friendly interest has made possible the growth of this institution during its first twenty years."

The booklet shows illustrations of the company's handsome and commodious quarters erected in 1915, "a banking home that should typify the ideals of the institution, a landmark and a monument of service, of strength, of integrity and of success."

## Who's Who in Bank Advertising



WILLIAM M. SHERRILL

Manager publicity and new business department The Wyoming National Bank, Wilkes-Barre, Pa.

THE institutional copy prepared by Mr. Sherrill since his connection with The Wyoming National Bank, beginning in 1921, has attracted wide attention and much favorable comment for its interest and originality. His training and experience have been such as to qualify him especially for financial advertising and new business work. As reporter on the NASHVILLE BANNER, Nashville, Tennessee, and later as assistant to the manager of the Nashville COMMERCIAL DAILY, he gained much valuable experience in the handling of news and advertising matter. Mr. Sherrill was for two years bursar and head of the business department in Tennessee Polytechnic Institute, Cookeville. He installed the accounting system used in this institution and organized the business department. When the U. S. Army schools were established he was appointed supervisor of the business schools of the First Army Division and served in that capacity at Camp Taylor, Kentucky, and Camp Dix, New Jersey. Mr. Sherrill has had experience in general bank work with The City National Bank, Johnson City, Tennessee. He was educated at Peabody College and Vanderbilt University, Nashville. He is a charter member of the Wilkes-Barre Advertising Club, and chairman of the finance committee. He is also a strong believer in and supporter of the work of the Financial Advertisers Association.

## 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

The story tells how in 1903 the Citizens Trust Company was organized and relates the history of the growth of the institution.

THE LIBERTY Trust and Savings Bank, Chicago, publishes two folders which it has distributed by direct mail to 25,000 customers, and which the bank says have produced exceptional results.

These two folders are entitled "Two Kinds of Dollars," and "Our Partial Payment Plan." The former portrays the advantages of sound investment, while the latter outlines a systematic plan of saving and investing.

THE EQUITABLE Trust Company of New York publishes a booklet describing its service, which combines effective layout and good typography with a high degree of skill. Every important phase of the bank's service is described adequately, yet concisely and without any superfluous words or phrases.

THE GUARANTY Trust Company of New York has issued two new booklets, "Some Things to Consider in Having Your Lawyer Draw Your Will," which outlines some of the practical business considerations for the individual to have in mind in planning a will or in renewing an old one, and "Trusteeing Your Insurance," which discusses the advantages of placing in trust the proceeds of life insurance policies.

THE UNION Trust Company of Chicago publishes a portfolio "Selecting a Chicago Correspondent Bank" which gives a well presented and interesting insight into the services which the bank renders to correspondent banks, and the plans which the bank places at their disposal for handling their requirements so that turnover is speeded up.

# 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., National Shawmut Bank.
- Boston, Mass., Old Colony Trust Company.
- 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, C. R. F. Wichenden, mgr. new bus. dept.
- Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
- Camden, Ark., Merchants & Planters Bank, P. T. Hildebrand, cash.
- Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Auracher, adv. mgr.
- Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman, V. P.
- Charleston, W. Va., Kanawha Nat'l Bank, Lee S. Trimble, tr. officer.
- Charleston, W. Va., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.
- Chattanooga, Tenn., American Tr. & Bkg. Co., E. L. Smith, asst. cash.
- Chattanooga, Tenn., Chatanooga Svgs. Bank, J. V. Holdam, asst. tr. off.
- Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
- Chicago, Ill., Bauder-Baker, 738 S. Michigan Ave., R. E. Bauder, pres.
- Chicago, Ill., Critchfield & Co., L. E. Nelson, finan. adv. mgr.
- Chicago, Ill., Liberty Tr. & Svgs. Bank, M. Rosenthal, asst. cash.
- 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, O., Dayton Svgs. & Tr. Co., A. C. Jackson, mgr. adv. dept.
- Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
- Denver, Colo., Denver Nat'l Bank, G. T. Wells, asst. cash.
- Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.
- Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
- Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
- 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. Mal-lory, 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., Genesee Co. Svgs. Bank, W. Power, mgr. new bus. dept.
- Gardner, Mass., Gardner Tr. Co., P. O. Ahlin, V. P.
- Goldboro, N. C., Wayne Nat'l Bank, W. E. Stroud, V. P. & cash.
- 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. A. Rath-bone, V. P.
- Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buenagel, 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. Haskill, 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.
- Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr., pub. and new bus. mgr.
- 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.
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# Chile's Economic and Industrial Problems

By Francisco Rivas Vicuña

Representative of Chile to the League of Nations, and Chilean Ambassador to Switzerland

[The following article of the Representative of Chile to the League of Nations is of considerable importance, not only because it was written by one of the foremost men of Chile, whose field of activities has not been confined alone to the diplomatic service of his country, but also to the reformation of social and economic conditions in Chile, at times to the detriment of his own wealth; it is also important because it concerns the agricultural people of the United States particularly, since the price and supply of Chilean fertilizer is or will become in the future a subject which will deserve paramount attention.]

Mr. Vicuña holds that the American farmers would be able to obtain nitrate from Chile at a cost considerably lower than that which prevails at present, if the means could be found to simplify the present methods of extraction and elaboration. It seems that while at the present time nitrate extraction is highly profitable not only for the English companies that control the mines, but also for an American company engaged in Chile in the manufacture of explosives, little attention has been paid to improving the methods of production, with the result that about 35 per cent. of the nitrate contents of the original product goes to waste. The method of nitrate extraction at present employed in Chile is still that of hand shovelling the product from the soil into the conveyances which carry it to the elaboration plants. This system, besides being expensive in the extreme, entails a considerable waste of time which might be avoided if up-to-date means of excavating were employed. The steam shovels used at present for excavating purposes in this country would not serve the purpose, since nitrate is found in surface veins of varying depth. The field is therefore open, as Mr. Vicuña states, for American mechanical genius to study the problem, under the moral support of the Government of Chile, in order to design and build appropriate machinery for the mining of nitrate on the most efficient basis.

The Government of Chile would also welcome a body of American chemists to study the problem of nitrate elaboration, with a view to saving for the world's consumers the 35 per cent. of nitrate contents which go to waste at present on account of the antiquated methods employed in its treatment. In order to give an idea of the amount of money that this saving would represent, it suffices to state that about 750,000,000 tons of nitrate are calculated to be available for extraction in the deserts of Chile. But outside of the merely dollars and cents interest that this matter would awake, it is more important to consider that the 35 per cent. wasted is fertilizer which is knowingly taken away from the agricultural fields of the world in need of it. It is the contention of Mr. Vicuña that the farmers of this country and those of the world in general would be able to obtain nitrate at half its present cost if only the extraction and treatment processes were improved, and it is indeed encouraging that Chile and its prominent men are looking upon men of this country to bring about such an improvement, which will mean so much for the world's welfare and for those who will undertake the task of reformation.—  
THE EDITOR.]

**T**HE criticism of Chile's economic system by G. Butler Sherwell in his article "Banking Evolution in Chile" in the August issue of *THE BANKERS MAGAZINE* is just, and will, I believe, be well appreciated in Chile. I think it is necessary, however, to make certain observations derived from an intimate knowledge of the situation. In discussing the expenditures and receipts of the Chilean Republic Mr. Sherwell did not take into consideration the figures of a normal year, such as 1913, which show that our budget is equitably divided among the different administrative branches as follows:

	Per cent.
Department of the interior.....	15.4
Department of foreign affairs .....	2.5
Department of justice .....	4.0
Public instruction .....	13.7
General administration of public revenue .....	6.1
Service of the total debt .....	10.2
War department .....	13.7
Navy department .....	12.3
Public works and railroads .....	22.1
	100.0

The total income from ordinary revenues, amounting to about \$60,000,000 in 1913, was distributed as follows:

	Per cent.
Taxes on the exportation of nitrate and iodine .....	54.1
Indirect and consumption taxes, such as the tariff, taxes on tobacco and alcohol .....	37.6
Taxes on capital, such as insurance, banks and other businesses .....	3.0
Revenue from the services of the state, from the post office, telegraph, etc., .....	5.8
	100.0

The defects of the taxation system of Chile, as may be noted from the above table, resulted in a campaign which I may term one of social justice, seeking to bring about reforms calling for an equitable tax on capital, in order to relieve the heavy burden weighing upon labor. The effectiveness of this campaign was soon apparent and a law was passed whereby a proportionate tax was placed on all urban and farm property of the country, the maximum and the minimum of which tax was stipulated.

Taxation on products injurious to health was likewise increased, and at the present time a considerably higher income is obtained from tobacco and alcohol than prior to 1913. The modification of our taxation system resulted in a decrease of revenue derived from the nitrate industry. On the other hand,



FRANCISCO RIVAS VICUÑA

Representative of Chile to the League of Nations  
and Chilean Ambassador to Switzerland

the world's demand for nitrate increases daily, due to the constant increase in the number of consumers of bread, meat and other products the essential base of which is nitrogen, which is furnished to the soil by efficient farmers in the form of Chilean nitrate or other similar fertilizers. Increase in revenue is thus obtained from increased production.

I have used the word revenue in speaking of the income derived from the exportation of nitrate. This term is not proper, since that which the government collects is only part of the sale price of the nitrate deposits, under the form of participation in the industrial

benefits, known as the "exportation tax." Without entering into details, I shall outline the nitrate problem in the following paragraphs:

Under our old legislation, the nitrate mines, as they are called, were turned over to private individuals by simply obtaining from the proper authority the necessary permit to exploit the nitrate deposit after the mineral had been discovered. The expenditures connected with this part of the transaction were small, but then other disbursements had to be made, incidental to the surveying of the property, the determining of the amount of the mineral, the exploration in the desert to find the necessary water for industrial exploitation, means of communication, etc., which were considerable.

This system of concessions has been discontinued and all nitrate deposits without previously constituted titles, after the enactment of the respective law, became the property of the Government of Chile. At the present time, all explorations and studies for the exploitation of the "pampas," as nitrate mines are called, are undertaken by government engineers. A complete plan and survey are made, so that future industrialists will be in possession of all the necessary data to build their "oficina," a name given in Chile to the system of machinery and buildings which are necessary for the exploitation of nitrate mines.

The government offers periodically at public auction a certain number of nitrate deposits, to satisfy the demands of the industry. It has always shown itself disposed to sell as much land as is asked of it, without ever attempting to restrict offers in order to obtain higher prices.

#### PROFITS OF THE EXPLOITERS

The profits of the exploiters of these mines average from \$10 to \$11 per ton of nitrate, and the government's share is practically equal to that amount. It might be concluded that the profit of the Chilean Government is excessive, but it must be considered that the price of

the sales of nitrate mines is regulated on the basis of 50 to 75 cents per ton of nitrate which may be exploited. Thus, my government is scarcely reimbursed for the expenditures relative to exploration expenses, inspection of warehouses, plans of communication and other outlays which the owner would be obliged to make.

The first payment made to the government is, therefore, simply a reimbursement of the expenditures incidental to the establishment of the plant. The value of the property itself is paid subsequently by means of industrial participation collected in the form of an export tax. The advantages of this system are better understood by means of an example. Let us suppose that an American capitalist desires to buy a nitrate mine in which there are 1,000,000 tons of nitrate. He plans to extract 50,000 tons per year; in other words, he intends to exhaust his mine in twenty years. In accordance with the present system of production, and basing calculations on averages, his outlay of capital would be as follows:

For the purchase of the nitrate mine at 75 cents per ton of nitrate exploitable _____	\$ 750,000
Capital for the installation of the "oficina" and advances for exploitation _____	750,000
Total investment _____	\$1,500,000

The capitalist would obtain a very good remuneration for his effort, besides the interest on his capital invested, and funds for amortization and for the repair of his machinery. Under such conditions, the nitrate industry of Chile can develop and fulfil its fundamental object: to provide humanity with the nitrogen needed for its nourishment.

Let us suppose now that the Chilean Republic should desire to collect the price of sale in cash. I have stated that the benefits derived by the industrialist and by the government are practically equal. The exploitation of 50,000 tons, according to the nitrate law, would pro-

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duce an income for the national treasury of about \$500,000.

Under the present conditions of interest and amortization, necessary to produce the above income, the industrialist would be obliged to contract an obligation of at least \$4,000,000 to pay the government and free himself of the export tax. If the amount of \$1,500,000 previously calculated is added to the \$4,000,000, a total of \$5,500,000 is obtained, which would be the total expenditures and obligations of the industrialist in case Chile demanded the payment of the price of nitrate mines instead of a participation in the profits, as is the case at present. Under these conditions, the industrialist would not obtain even 7 per cent. interest on his capital. The Chilean law has been very prudent, and its application, being of benefit to our country, is yet of greater advantage to the world consumer. Any



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variation whatever of the present system would amount to the spoliation of its property.

ASSOCIATION OF NITRATE PRODUCERS

This point established, I shall now take up that relative to the so-called Association of Nitrate Producers, an industrial corporation to which a monopolistic tendency has been attributed with the purpose of raising prices. This tendency is foreign to its organization or to the practice of its business.

Several years ago, Chile supplied the world with a greater amount of nitrate than any other country. This was due to two reasons. First, the consumption of mineral fertilizers in agriculture was relatively small, due to the lack of scientific agricultural knowledge on the part of the farmers of both continents. Special schools have improved this situation. Secondly, the elaboration of substitutes was not much advanced. The scarcity of substitutes was later remedied, due to chemical progress, which has permitted, in the manufacture of the latter, the use of secondary products of coke blast-furnaces and other industries, and use has been made of even the nitrogen of the air we breathe.

The increase in the use of fertilizer, on the one hand, and that of the production of substitutes, on the other, have resulted in a decrease of the proportion of our fertilizer in world consumption. Moreover, before the war Chile's quota in world consumption of nitrogen did not amount to 40 per cent. It is therefore impossible for the Chilean producers to fix the price of a fertilizer over which their competitors have the supremacy in world trade.

The Association of Producers was formed not with the purpose of raising prices, but with that of placing nitrate, at the lowest possible cost, in all the markets of the world. This organization offers the great advantage of eliminating intermediaries wherever possible, suppressing speculation and the remunerations accruing to middlemen

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who connect the producer with the ultimate consumer. The policy of the association is to sell at the lowest possible price and under the most economical conditions possible an article of prime necessity, as is our nitrogen fertilizer.

Following another order of ideas, with regard to production costs, let us consider first the proportion of expenditures as follows:

	Per cent.
Extraction of mineral (saltpeter) _____	40
Elaboration _____	20
Fuel _____	25
General expenses _____	15

An artificial decrease in the quantity of nitrate produced annually does not alter any of the expenses relative to extraction, elaboration and fuel. On the other hand, general expenses remain identical as a round sum, and, consequently, tend to increase costs in case of

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restricted production. Therefore, the association has no interest in limiting production, and any restrictive measures which may be undertaken have no other purpose than that of regularizing the annual elaboration and of bringing about harmony between the industrialists, preventing ruinous competition among themselves.

#### NITRATE INDUSTRY DEVELOPED IN DESERT

It is important to set forth the fact that the nitrate industry is developed in a desert, since nature has placed there nothing but sand and salt. All that is needed to support the men working at the mines, as well as forage for the animals, must be brought from cur territories to the south. In order to obtain water, it has been necessary to lay long pipes from the *cordillera* of the Andes.

Up to the present, little progress has been made in industrial machinery in the nitrate plants. Each fifty tons of nitrate extracted requires the employment of one laborer annually. On this basis, every increase of 1 per cent. in the actual production of 2,500,000 tons necessitates an immigration to the desert of 500 men. Due to the working standards and family arrangements of our population, an actual immigration of 1500 persons would be required. This is only an approximate figure. If I should refer to the type of mining family working in our coal mines, which is more or less analogous to that which goes to the nitrate region, four persons should be counted for each worker. Reverting to our case, an increase of 1 per cent. in the production of nitrate would entail an immigration of 2000 persons.

The internal effort of the Nitrate Association is to regularize the movements of workers and their families, eliminating needless expenses; to bring about accord among nitrate owners for the joint purchase of articles of consumption needed by the laborers; in one word, to reduce the cost of production. The external effort of the Association, as previously explained, has



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been to reduce the cost of the distribution of the fertilizer. In the development of this program, the association finds its advantages in the proper regulation of the industry, a circumstance of paramount importance for the safe investment of capital.

The association could do still more along the lines of its policy if it counted upon the co-operation of scientific and technical men and capitalists for the improvement of the industrial process of elaboration of nitrate. This is a matter of considerable importance which will appeal particularly to American genius.

Let us suppose that the amount of saltpeter (the amount of exploitable nitrate contained in the mineral) is 20 per cent. and that the residue, or *ripios*, which contains a certain amount of nitrate varying according to the kind of

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machinery used and to the refinement process followed, from 5 to 1 per cent.; applying the same percentages to minerals of 15 per cent. and 10 per cent., the following table will be obtained:

Percentage of mineral	20	15	10
<i>Ripios</i> of 5 per cent. product	0.79	0.70	0.52
" " 4 " " "	0.83	0.76	0.63
" " 3 " " "	0.87	0.82	0.73
" " 2 " " "	0.92	0.88	0.82
" " 1 " " "	0.96	0.95	0.90

Our industry is in such a backward condition that the *ripios* generally have 5 per cent. nitrate and, since the salt-peter commonly exploited contains about 15 per cent. of that substance, only 70 per cent. of raw material is obtained, according to the above table. There is no theoretical difficulty which would prevent obtaining *ripios* containing only 1 per cent. nitrate, and there is no reason why a process or some mechanism could not be invented to bring about that result. When this is achieved, a yield of 95 per cent. will

be obtained. This means that instead of obtaining only 105 kilograms of nitrate for each ton of mineral containing 150 kilograms, we shall be able to extract 142½ kilograms, or, in round figures, 35 per cent. more. In other words, instead of selling 2,500,000 tons to the world as we are now doing, we shall be able to sell, at the same cost of production, 3,750,000 tons, with a reduction of 35 per cent. in the market price.

### NEED AMERICAN CO-OPERATION

In order to achieve this result, we need the co-operation of American intelligence. We shall furnish the knowledge of our problem, and the United States must contribute the co-operation of its research schools and its great industrial system. In addition, I believe it possible for American technical men through mechanical means to reduce the cost of extracting the mineral, which we have seen figures at about 20 per

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cent. of the cost of exploitation, by 50 per cent.

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Under the liberal regime of our laws, our industry has made tremendous progress, but there is still a long way to go. It would afford the Chileans much pleasure to obtain the co-operation of American capital and intelligence. The advantages would be reciprocal: technical experts would gain honors, capitalists good investments and American farmers nitrate at a low price.

With regard to Chile, her wealth would be greatly increased, permitting the utilization of poor mines with 10 per

cent. more nitrate, or sometimes less, according to the industrial progress attained; her income would be increased and the capitalization of other industries would become possible; private owners would see the life of their mines prolonged and they would therefore be satisfied with less yearly profit. And humanity as a whole would profit by obtaining at most economical prices the nourishment for the soil which in turn produces nourishment for man.

All this may be achieved through American-Chilean co-operation that would bring to us innumerable blessings. You have seen the significance of co-operation among nitrate owners, and you can calculate what would be the result of a great Chilean-American association for the definite regularization of the industry and the greater advancement of agriculture and of humanity, which nourishes itself with bread, meat and sugar, products for the growth of which the land which produces them must be nourished with nitrogen.

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# Economic Position of Jugoslavia

By D. F. Andricevic

Of the Jadranska Banka (Adriatic Bank), Belgrade

**B**EFORE giving a general economic survey of Jugoslavia, it might be well to explain what this new post-armistice country consists of, in view of the extraordinary geographical ignorance of post-armistice Europe existing even among many enlightened Europeans.

Out of the tiny pre-war Serbia there has arisen a large Jugoslavia comprising in the main three peoples, the Serbs, Croats, and Slovenes, with the old Serbian capital, Belgrade, as their chief political city, while Zagreb is considered as their chief commercial center. The component parts of the new kingdom are Serbia, Croatia, Slavonia, Dalmatia, Bosnia, Hercegovina, Montenegro and the provinces north of the Danube, Banat, Bačka and Srem.

Its position on the Adriatic gives Jugoslavia a large strip of coast line with a number of undeveloped ports. Even with the question of Fiume still unsettled and in any case not likely to be settled to the complete satisfaction of the Jugoslavs, there seems little doubt that the development of modern ports on the Adriatic coast will be an important factor in the economic development of the country.

Jugoslavia is eminently an agricultural country. Of its population of close on 13,000,000, 84 per cent. are employed in agriculture. In most parts of the country the system of tillage is primitive, and since neither modern implements nor scientific methods for the cultivation of the soil are in use to any considerable extent, its yield is far below what it would be if more modern methods of cultivation were employed. Even so, it is the largest corn growing country in Europe, the second largest in the world, and the eighth largest producer of wheat in the world. After these grains, in the order of output come rye, barley, and oats.

## A FRUIT GROWING COUNTRY

Next to grain growing, comes fruit farming, and in particular, plum growing. In the production of plums, Jugoslavia occupies the first place in the world. The whole of the United States and France together produce 240,000 tons of plums a year, whereas the annual production of Jugoslavia is nearly 600,000 tons. Of the total production, two-fifths are dried into prunes and exported, and in recent years local production has benefited by more modern methods of scientific drying, grading, and packing in small cases, thus catering to the requirements of the western world. Although the Jugoslav prune is considerably smaller than the California product, it is sweeter, and therefore preferred by many people. This prune business is a very great asset to the country, and with added transport facilities to enable producers to export with greater ease than at present, it is going to be an important contributory factor toward economic development.

Among the country's other riches are its immense forests, with which a great industry in the making is associated. The total forest area exceeds 18,000,000 acres, and consists chiefly of oak, beech and pine. Slavonic oak is demanded the world over, and for many decades before the war the Austro-Hungarians did an important export business to Europe and trans-oceanic countries in this commodity. However, here, even more so than in the case of grain and prunes, the vexed question of inadequate transport enters.

Mineralogically, Jugoslavia is considered by experts to be extremely wealthy. There is a very rich copper mine at Bor in Northeastern Serbia, which for years has been exploited by a French company. In pre-war days its yearly output was 7000 tons of cop-

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per. In Slovenia there is the largest lead mine in Southern Europe, and at Luvia in Bosnia there are iron deposits of immense extent, which since the Armistice have been eagerly sought after by some of the most important mining groups in England and France. Coal occurs and is mined in many parts of Jugoslavia, but for the most part it is of low grade, principally of the lignite, or brown coal variety. In Croatia, oil is being prospected for by some of the large international groups, but beyond the finding of considerable quantities of natural gas, no actual oil has been found yet, and prospecting continues.

Industrially, Jugoslavia is in its infancy. There are beginnings in a young leather, textile and silk industry, but in relation to local requirements, the local production is negligible, and fully 90 per cent. of the requirements in manufactured goods have to be imported.

## TWO VITAL PROBLEMS

The two problems vital to Jugoslavia's economic welfare are the questions of transport and exchange. As to the former, it is hoped that by the aid of the recently contracted American loan, of which \$70,000,000 are earmarked for the construction of new railways and for the improvement of old lines, great strides will be made toward the solution of what must be considered the country's most vital economic problem.

Regarding the question of exchange, there is no reason to be pessimistic. The amount of paper money in circulation works out at no more than 400 dinars, at the prevailing rate of \$6.25 per head of the population. For several months now the government has stopped printing notes and, most important of all, a serious and honest effort is being made to balance the budget. The estimates provide for a revenue and expenditure equal at, approximately, six billions of dinars, which in these days of extravagant governments throughout Europe, must be considered a moderate figure. The crux of the financial problem in this country is undoubtedly the taxation of the agricultural population. At the existing rate, the peasant pays a totally inadequate contribution to the national income, and as yet there has been no political party strong enough to introduce and enforce a measure providing for his increased taxation. However, that must be purely a matter of time, and as it is so obviously the solution to the problem of the budget, one assumes that the time is not far distant.

Once these two matters have been dealt with efficiently, there seems to be no obstacle to the comparatively rapid economic progress of Jugoslavia and, given normal times politically, there is little doubt that the country will be among the first to approach that economic rehabilitation and consolidation for which the whole world is striving.

## JUGOSLAVIA'S MERCANTILE MARINE

By virtue of the Peace Conference, Jugoslavia acquired a coast-line of 600

kilometers in length, accessible to navigation at every point, and provided with useful, though small and modest harbors. The available tonnage, however, is, for the most part, wanting. The merchant navy of Jugoslavia hardly numbers fifty bottoms, the bulk of the former Austro-Hungarian commercial fleet having been acquired by the Italians as a result of the conferences at Spa and other places. The following figures may serve to give an idea of the Jugoslavian merchant vessels now afloat: The Dubrovacka Paroplovida Co., Ltd., of Dubronik, owns thirteen steamers with a tonnage of 20,000; the Racinh Ivo Co., Ltd., formerly of Trieste, but now situated at Dubrovnik, possesses six steamers with a tonnage of 24,000; the Oceania Navigation Co., of Trieste, which will shortly transfer its seat to Susak, the most important navigating concern of Jugoslavia, owns thirteen ships with an aggregate tonnage of 28,500. The last named company has taken over three steamers from the fleet of the Hungarian Croatian Navigation Co., of Fiume, with a tonnage of 4200. Besides these, the Jadranska Plovidba Co., Ltd., owns some small steamers with a total tonnage of 28,000. This company, which was established last winter, is a combination of five small shipping companies, with their head office at Susak. There are two more, quite small and unimportant concerns, the Vesna Co., Ltd., of Bakar, and the Transatlantic Co., Ltd. The former is eager to buy suitable ships in order to be able to undertake passenger traffic on the lines of the late Adria Company, viz., about Italy, France, Spain, and Northern Africa. The chief Jugoslav harbors are at present Split (late Spalato), Sibenik (Sebenica), and Gruz (Gravosa), which can be used by foreign ships, such as those of the Cunard Line and Italian Cosulich Line (formerly the Austro-Americana), which latter company, by the way, competes rather keenly with the English companies, especially with regard to emigration traffic.



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## Great Britain

The most significant factor in the British trade situation is the Prime Minister's declaration in favor of some form of protection of the home market as a measure of relief for unemployment. The whole question of protection or free trade has created a political situation the outcome of which will not be known until after the coming general election. It is interesting to note that protection is now being advocated for almost exactly the same reasons that free trade was recommended by Sir Robert Peel in 1841.

The October figures of Great Britain's foreign trade are considered encouraging, imports being the largest since January, 1921. Figures for the first nine months of the year show that English imports from the United States were £141,200,000 as against £157,700,000 in 1922, while exports to the United States were £65,200,000 against £54,800,000. This represents a substantial reduction in the adverse "visible balance of trade" with the United States as compared with last year.

Much satisfaction was expressed in financial circles over the Prime Minister's definite commitment of the government to a sound and conservative fiscal policy. In a recent speech Mr. Baldwin categorically denies any intention of promoting inflation. He says:

But let me just say, in passing, there is one weapon, about which suggestions have been made in some quarters, which the gov-

ernment is not going to use. You will, no doubt, have seen, as I have, suggestions for creating out of nothing artificial money to finance this, that and the other. It is not in that way that the problem of unemployment is to be tackled. There is no truth whatever in any stories that you may hear from any quarter that any government of which I am a member will depart from what is understood in this country to be sound financial policy. It is well that this should be understood clearly at home and abroad, as great harm is being done to British credit, on which so much depends, by loose talk about inflation. We are not in present circumstances, any more than we have been for many months, pursuing a policy of active deflation, and we certainly do not propose to proceed in the direction of inflation. *No such project has ever been considered.*

Commenting on the decline in deposits at the London banks, *The London Economist* in its Banking Supplement says:

We pointed out a year ago that the small decrease in deposits then recorded had been brought about during a year in which a rapid reduction had taken place in the bank rate—from 6 to 3½ per cent.—thus seeming to suggest caution in accepting the doctrine that movements in the official rate can be counted on to produce a prompt effect on the volume of banking credit. According to this theory, the lower bank rate should have been expected to stimulate expansion of credit, whereas it had been accompanied by slight contraction.

During the year that we are now reviewing the theory has been contradicted with equal emphasis, though in a different way. Bank rate was again reduced, from 3½ to 3 per cent. in July, 1922, and remained throughout the rest of the year at this low level, but deposits instead of ex-

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panding were contracted by £115,000,000. These facts, taken with the previous record, which showed deposits continuing to expand long after the 1919 and 1920 rises in bank rate had, if the theory so eloquently expounded by Professor Cassel and Mr. Hawtrey were to be relied on literally, demanded their contraction, seem to justify the skepticism with which it is usually received by practical bankers.

## France

A writer of authority in one of the French financial papers recently stated that France is ever confronted with the same choice between (1) a solvent Germany without security for France and ultimately also without reparations, because the desire to pay must disappear as Germany recovers strength, and (2) security for France without reparations and ultimately also without tranquility, because there can not be tranquility with anarchy at the gates. This may be an unduly pessimistic view of the situation, but it states in graphic terms, at any rate, the two horns of the French dilemma.

A substantial increase in the revenue derived from taxation during the first ten months of 1923 is reported. Total income from taxation for 1923 is estimated at 21,000,000,000 as compared with 14,000,000,000 in 1920. The Finance Ministry estimates 24,000,000,000 as the total amount which the

treasury will still have to pay out for reparations and reconstruction work.

It is reported that in 1924 the Credit National and various groups in the devastated regions will be authorized to issue loans amounting to 6,000,000 francs. This is 5,000,000,000 francs below the 1923 figures, the reduction being due to the necessity for slowing down the pace of reconstruction owing to the increased strain on the money markets and the rising costs of borrowing.

The current issue of *Commerce Monthly*, published by the National Bank of Commerce in New York, contains a study of the remarkable revival of French wool manufacture and the marked competition which it is offering the wool industry of Great Britain. A petition from the Bradford Chamber of Commerce has been laid before the British Board of Trade looking to the establishment of some sort of tariff barrier as a protection against this competition.

A study of comparative conversion costs on wool fabrics in France and Bradford shows a distinct advantage in favor of France. Probably the most important reason for this advantage is the low franc exchange rate, although it is pointed out that there are other reasons such as heavy taxation and local municipal charges in England, large

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differentials between mill and retail prices for goods and garments, higher wages and shorter working hours.

French foreign trade at present is near equality in value of exports and imports, according to official statistics cabled to the Department of Commerce at Washington.

Exports for the nine months of 1923 ended with September were valued at 21,562,000,000 francs, and imports at 22,552,000,000 francs. Figures for the corresponding months of 1922 were: Exports, 14,219,000,000 francs; imports, 16,520,000,000 francs. Exports for the nine months of 1923 consisted of foodstuffs valued at 2,238,000,000 francs; raw materials, 6,552,000,000 francs; manufactured goods, 11,623,000,000 francs; and parcels post, 1,147,000,000 francs. Imports for the first nine months of 1923 amounted to 40,421,000 metric tons, of which coal constituted 23,000,000 tons. Foodstuffs in ports were valued at 5,228,000,000 francs; raw materials, at 14,166,000,000 francs; and manufactured goods, at 3,157,000,000 francs.

## Italy

The Association of Italian Corporations, in its November report on Italian trade and industry, calls attention to Italy's celebration at the end of October of the first anniversary of the recovery from the post-war crisis with the formation of the national government presided over by Mussolini. During this year, according to the report, inflation

has been stopped, important and effective economies have been made in public expenditures, definite steps have been taken toward funding the public debt, revenue returns have been satisfactory and the railway deficit has been substantially reduced. The industrial situation is reported to be satisfactory and unemployment is being gradually decreased, standing at 183,144 on July 31 as compared with 216,287 on the same date the previous year.

A feature of Italy's foreign trade is the rapid growth in transactions with the United States. Imports from the United States for the first half of this year have increased 42 per cent. as compared with the corresponding period last year, and exports to the United States have increased 62 per cent. It is expected that the big harvest of this year will help to reduce greatly Italy's adverse balance of trade.

It is estimated that expenditures by foreign tourists in Italy during 1922 amounted to in the neighborhood of 2,500,000,000 lire. Remittances from emigrants in foreign countries sent into Italy through banks, postal orders, registered letters, and from sums brought in by those who return home are calculated at about 2,800,000,000 for 1922. This makes a total of approximately 5,500,000,000 from these two sources as an offset to the adverse trade balance in 1922 of 6,400,000,000.

According to cable advices to the Department of Commerce, in Washington, the combined statement of the issue banks for September 20, gave note cir-



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culuation as 16,900,000,000 lire, a decrease of 46,000,000 lire from August 19; discounts amounted to 6,842,000,000 lire compared with 6,779,000,000 lire on August 19; the metallic reserve stood at 1,249,000,000 lire.

Deposits in the principal private banks of Italy amounted to 2,261,000,000 lire compared with 2,268,000,000 lire on July 31; discounts and loans totaled 7,945,000,000 lire compared with 7,983,000,000 lire.

## Germany

Germany's new bank of issue (Rentenbank) is now in operation, its functions being to take over the old mark debts and to enable the Reichsbank to cease the issue of the old paper marks. Behind this new bank is the security of a mortgage on all German real property, which is neither gold nor convertible into gold. Its capital is 3,200,000,000 property marks. The bank is permitted to issue currency up to the amount of its capital. This new currency will be accepted by the state and will be an authorized currency but not a compulsory legal tender. Behind it is a mortgage claim to 4 per cent. of the real property of the farmers, and to an equivalent amount to be assessed against banking, industry and trade. On this 4 per cent. mortgage which constitutes a first lien the debtor must pay 6 per cent. interest. He can pay in the new rentenmarks, but must pay at the gold rate on the date the interest falls due. If he wishes to avoid a mortgage he may do so by making a payment in foreign currency.

Commenting on the above plan the *Neue Freie Presse* of Vienna states:

"The success of the plan depends entirely on how much of its requirements Germany provides with newly issued paper money. It is absolutely dangerous to have different currencies circulating side by side, for experience shows that a bad currency inevitably absorbs the good currency."

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blatt that 4,500,000 persons are now receiving unemployment support in Germany, 2,000,000 of this number being in the occupied territory. It is estimated that gold prices in Berlin are 60 per cent. above those prevailing in 1914. According to latest reports the German automobile industry is now turning out 800 cars a month. There are ninety German automobile works employing 10,000 men.

According to a cable to the Department of Commerce in Washington, German imports show a decided decrease during the third quarter of this year, as will be seen from the following table (in metric tons):

	July	August	September
Imports .....	4,150,000	4,120,000	3,410,000
Exports .....	1,050,000	1,070,000	1,140,000
Total .....	5,200,000	5,190,000	4,550,000

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The figures in individual groups indicate decreased activity in practically all lines. Details are not yet all available, but a drop of 865,000 tons is reported in imports of coal and coke, the most important key commodity required by Germany, August figures being 2,525,000 tons, while in September only 1,660,000 tons were brought in.

Foodstuffs imports have increased, and were in September 281,000 tons. Coupled with the reports of the domestic harvest which, though better than last year, will be considerably under that of pre-war years, there is an indication that underfeeding in industrial centers is probably very general, aggravated by the widespread unemployment of recent months.

Iron ore imports increased from 120,000 tons in August to 260,000 tons in September, but this higher amount is only 29 per cent. of last year's monthly average consumption of imported ores. Naturally exports of rolling mill and

finished goods have suffered in proportion.

## Switzerland

It is estimated that the 1924 Swiss budget will show a net deficit of 2,150,000 francs as compared with a deficit of 84,000,000 francs in 1923 and 79,000,000 in 1922. In the budget for the current year expenses have been reduced 17,200,000 francs, of which 7,400,000 francs is due to reduced personnel.

Tourist trade is reported to have been better this last summer than the previous year, especially in the case of American, English and Dutch tourists. Tourists from low exchange countries are still few in numbers because of the unfavorable exchange rate.

Commenting on the business situation in Switzerland, *Lloyds Bank Monthly* says:

Orders came in well during the early part of 1923 for machinery, but during the



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NEW YORK, U. S. A.

summer there was a marked falling off. Notwithstanding this, however, unemployment figures gave a better showing. Here again the Swiss manufacturer has had to be content with a very small margin for himself, and in many cases he has supplied the market at factory prices. Those countries which compete so closely with Switzerland for the supply of machinery can produce at cutting rates through the lower wages which they pay for labor.

Before the war Switzerland can be said to have actually possessed certain foreign markets, and her supply to these markets met with little serious competition. During the war, however, these countries, who were such good clients of Switzerland, found the necessity of supplying themselves with the machinery which previously came from Switzerland, and it is now only natural that they should continue doing this. Thus it would appear that these markets have been permanently, or at least for a considerable number of years, lost to Switzerland. Not only is Switzerland affected in this manner as regards her foreign market, but the same would apply with regard to the home consumption were it not for the fact that she protects herself by a high import tariff. It is realized that Switzerland can no longer rely on her previous reputation to regain her former markets, but she will have to increase production by being able to sell on competitive lines; this can only come by a reduction in the cost of production.

## Scandinavia

According to the Svenska Kreditaktiebolaget, during the period from 1914 to 1922 Sweden, although she acquired an unfavorable trade balance of more than \$208,000,000, materially reduced her foreign indebtedness, and in the same period brought back from other

countries a surplus of at least \$215,000,000 in securities.

An interesting change of markets for Swedish staple products which has taken place since the war, according to the bank's statement, is the change from near-by countries with low purchasing power to distant lands where the purchasing power is high. Consequently it is stated that Swedish trade is now better known in North and South America and in the Far East.

In Norway unemployment is said to be increasing, largely due to unsettled labor conditions involving many strikes and lockouts. Norway's foreign trade is growing, exports for the first nine months of the year being valued at 598,000,000 crowns as against 550,000,000 for the same period in 1922. Shipping is reported slightly improved.

The general business situation in Denmark is said to be good in spite of depressed financial conditions. All of the country's industries are active with the exception of the textile factories which are reducing operations on account of the high prices now prevailing for cotton. The price index is rising. The total unfavorable trade balance for the first nine months of this year is said to be 295,000,000. Principal exports this year are packing products, dairy products, eggs and livestock.

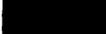
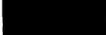
## Poland

Continued currency depression and credit stringency are having a de-

# The Yokohama Specie Bank, Ltd.

(Yokohama Shohin Ginko)

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed . . . . .		.. Yen	100,000,000
Capital paid up . . . . .		.. Yen	100,000,000
Reserve Fund . . . . .		.. Yen	69,000,000

(\$0.50=1 Yen)

## Branches and Agencies

Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Hankow	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsinan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Sourabaya	Tsingtau
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This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

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

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pressing effect on Polish business, which is still further aggravated by unsettled conditions in Germany. Rediscounts by the state bank are restricted to from three to four weeks and the rediscount rate has been raised. Currency in circulation was more than doubled in October, in spite of which complaints of currency shortage are common as prices are increasing even faster than inflation. On October 31 the Polish mark was quoted at 1,575,000 to the dollar. Revenues so far this year are only 66.4 per cent. compared with the same period last year. It is reported, however, that the preliminary budget for 1924 shows a surplus of 28,779,696 gold francs with estimated revenue at 1,112,269,312 gold francs and expenditures at 1,088,589,616. Poland will have this year an excellent crop. During the first half of 1923 Poland had a favorable trade balance of 38,000,000 gold francs.

## Czechoslovakia

It is reported that the iron and steel industry and the timber trade of Czechoslovakia have been adversely affected by the German situation, which has brought about a sharp decline in the market for these industries in that country. Largely due to this situation the September favorable trade balance declined to 6,500,000 crowns.

Unemployment is said to be decreasing, an official estimate giving the amount of unemployed on October 1 as 180,000 as compared with 198,000 in September. The 1924 budget indicates a deficit of 603,000,000 crowns as compared with a deficit of 565,000,000 crowns in 1923. No provision is made in this budget for the service on the debt to the United States. Note circulation is increasing slightly and savings deposits continue to gain, as they have for the past six months. Money is plentiful. In the foreign ex-



NEW YORK AGENCY, Woolworth Building  
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# The CHINESE MERCHANTS BANK LTD.

OF HONGKONG



The value of banking service is determined, in the last analysis—by the informalities of care and courtesy that are extended over and above the routine attention which every customer has a right to expect matter-of-course.

Such service, available through the Chinese Merchants Bank, Ltd., cannot help but facilitate your introduction to trade in the Far East.

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change market the crown stood at 34.50 to the dollar on October 30.

## Austria

The process of deflation continues in Austria, and on October 7 the Austrian National Bank put out a statement indicating that 52 per cent. of its outstanding notes were covered by gold or by drafts and foreign currencies. The crown remains steady in the foreign exchange markets and does not appear to be unfavorably affected by the performance of the German mark.

High interest rates still prevail, and it is said that Austrian agriculture and industry are paying as high as 25 and 50 per cent. according to the amount of risk involved. This condition is naturally attracting foreign funds which will in time alleviate the scarcity of capital and tend to reduce interest rates. Meantime the Austrian banks are said to be prospering and are making very satisfactory profits.

Government finances are being rapidly improved. In 1922 the budget deficit was 60 per cent. During the first half of 1923 this had been reduced to 20 per cent. and it is expected that the budget will be balanced in the first half of 1925. Particular attention is being given to the problem of reviving the prosperity of Austrian agriculture. The latter is improving, but is far from attaining its pre-war proportions. It is said that before the war two-thirds of the entire population was engaged in agriculture while today this is reduced to one-third. It is estimated that Austrian agriculture ought to be able to provide for the needs of the entire population.

Additional capital is being sought for the building of water-power works and the electrifying of railroads.

## Roumania

THE BANKERS MAGAZINE is indebted to the New York agency of Banque

# BANCO DI ROMA

Established 1880

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

Chrissoveloni, head office Bucharest, for the following statement on the consolidation of the Roumanian external floating debt:

Immediately after the Armistice the Roumanian Government was obliged to make heavy purchases abroad to relieve the needs of the country. These purchases were completed through a so called supply commission in Paris which paid for the merchandise in short term Roumanian treasury notes that were issued in the currency of the country where the purchases were made.

These treasury notes had a maturity of from one to four years. The following Roumanian treasury notes payable in foreign currencies were issued in payment of said purchases:

Pound sterling .....	10,800,000
Dollars (American and Canadian).....	32,000,000
French francs .....	240,000,000
Italian lire .....	110,000,000
Pesetas .....	1,400,000
Czecho kronen .....	280,000,000
Escudos Portuguese .....	940,000
Swedish kronen .....	6,000,000
Belgian francs .....	40,000,000
German marks .....	217,000,000

When these various treasury notes arrived at maturity the Roumanian Government did not find itself able to pay them off. It therefore negotiated with the great majority of the holders of these notes, about the middle of June 1922, for the refunding of these short term treasury notes into a long term bond issue.

All the treasury notes had to be exchanged against bonds payable in pounds sterling, bearing an interest of 4 per cent. per annum and maturing in forty years. The rates of exchange at which the exchange of the treasury notes against the new bonds were completed are as follows:

Pound sterling .....	Par		
French francs .....	50	francs	to fl
Belgian francs .....	53	francs	" "
Italian lire .....	33	lire	" "
Spanish pesetas .....	25.50	pesetas	" "
Swedish kroner .....	16.70	kroner	" "
Portuguese escudos .....	60	escudos	" "

The treasury notes issued in American or Canadian dollars were to be exchanged against bonds payable in American or Canadian dollars respectively.

Interest on the bonds was to be paid on April and October 1 in sterling, and the coupons of the dollar bonds are also payable in sterling at current rate of exchange.

The total amount of the so called consolidation bonds which were issued in exchange of the above mentioned various treasury notes is about £80,000,000.

The first interest payment was made on April 1 and the second interest payment was made on October 1 of this year.

Beginning with April 1, 1928, the Roumanian Government will make available semi-annually, besides the necessary sums for the interest payments, a sum to be paid in a sinking fund computed so as to pay off all bonds of this issue not later than April 1, 1968.

The great majority of the foreign holders of the Roumanian treasury notes issued in foreign currencies have agreed to exchange the notes they were holding against the new consolidation bonds.

As already mentioned, interest on the new bonds has been paid promptly on April 1 and October 1 of this year, and the export taxes which have been pledged for the service of the consolidation bonds issue have made available amounts far in excess of the necessary yearly payments.

This funding of the Roumanian external floating debt is one of the first steps toward establishing normal financial conditions. The only difficulty encountered by the Roumanian Government was in Italy where Italian holders of treasury notes have refused, up to the present moment, to exchange same for the new consolidation



# Banking Service in the Far East

## BRANCHES

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Rangoon  
Tavoy

**CEYLON**  
Colombo

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Canton  
Hankow  
Hongkong  
Peking  
Shanghai  
Tientsin

**FRENCH  
INDO-CHINA**  
Haiphong  
Saigon

**INDIA**  
Amritsar  
Bombay  
Calcutta  
Cawnpore  
Delhi  
Karachi  
Madras

**JAPAN**  
Kobe  
Yokohama

**JAVA**  
Batavia  
Samarang  
Sourabaya

**SIAM**  
Bangkok

**SUMATRA**  
Medan

## PHILIPPINES

Cebu  
Iloilo  
Manila  
Zamboanga

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Ipoh  
Klang  
Kuala Lumpur  
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Singapore  
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# Chartered Bank of India Australia and China

Head Office  
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Capital and Reserve  
Over \$30,000,000

bonds. However, negotiations are pending and it is expected that a solution will soon be found.

## Japan

A recent bulletin of the Swiss Bank Corporation contains a very complete study of the financial and economic condition of Japan.

Regarding the effect of the earthquake on public finance, the bulletin quotes a statement made by the Finance Minister in which he foresees a certain falling off in the revenue, while on the other hand large sums would be required for relief and reconstruction. In order to be able to cope with this task, he has decided to introduce the strictest economy and in particular to stop all new government works even if already started, and to postpone all new projects.

As for the currency needs, the Bank of Japan, which has already granted a moratorium to all debtors in devastated

regions and rendered great service by the discounting of commercial bills, is fully equipped to collaborate with the Finance Minister in his task and should be able to do so without unduly straining the currency or the bank's resources, which is of the greatest importance for the maintenance of the exchange. In this connection the bulletin refers to the balance of payments. During the war Japan had a very considerable export balance in her favor, while her invisible exports from shipping, etc., brought in large sums. Her investments abroad probably brought in more than the interest which she had to pay on her foreign debt. Subsequently, however, the situation changed, and though recent foreign loans for the South Manchurian Railway Co., the Oriental Development Co. and the Tokio Electric Railway provided the country for the time being with important foreign resources, the amount of interest to be paid abroad will be considerably increased. It is to

# 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)

*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

be expected that the deficit in the balance of payments will grow in the next few years since the work to be undertaken in reconstruction will require large quantities of material from abroad. To sum up, it would, therefore, appear that in spite of the crisis since 1920, Japan's position has remained sound and it is well known that the government has large balances in London and New York. It is, however, likely that to meet the work of reconstruction without unduly upsetting the money market at home and the exchange, foreign assistance will be required in the form of new loans.

The bulletin is illustrated by a large number of tables both in the text and in an appendix dealing with financial, economic and commercial questions in Japan.

## South America

The president of Ernesto Tornquist & Co., Buenos Aires, Senor Carlos A. Tornquist, has just published his estimate of the Argentine "balance of payments" covering the two-year period ending September 30, 1923. In his balance sheet Senor Tornquist has listed all international transactions involving the transfer of payments either in or out of Argentina. His figures show an adverse balance of \$270,000,000 gold. The balance of trade is adverse to the extent of \$122,715,000 gold in 1920-1921 and to the extent of \$115,300,000 gold for the two-year period of 1920-1922.

An external loan of \$150,000,000 gold at 6 per cent. interest and 1 per cent. amortization has been authorized by the Argentine Parliament and will be floated in New York. National rev-

## 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 . . . . .

'60,000,000 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

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

# The Corn Exchange National Bank

OF CHICAGO

Capital ..... \$5,000,000  
Surplus and Profits.....\$11,700,000

## OFFICERS

Ernest A. Hamill.....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  
C. Ray Phillips.....Assistant Cashier  
Frank F. Spiegler.....Assistant Cashier  
William E. Walker.....Assistant Cashier

## DIRECTORS

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



Foreign Exchange

Letters of Credit

Cable Transfers

enue both from the customs and internal sources shows a satisfactory increase compared with the same period a year ago. Argentine exports are growing in volume, satisfactory increase being shown in corn, linseed and quebracho. Much concern is felt in the Argentine over the possibility of Great Britain imposing a tariff on meat imports, which would have an adverse effect upon the chief source of Argentine prosperity. Any such action on the part of Great Britain would undoubtedly be met by retaliatory measures against British manufactured products entering Argentina.

The Buenos Aires branch of the First National Bank of Boston cables that October bank clearings were \$8,280,000,000 as against \$2,780,000,000 in September. The October increase is said to be due to large movement of banks gathering reserves and heavy selling on the stock exchange.

## International Banking Notes

The report of the Anglo-Polish Bank, Limited, of Warsaw, for the year ending December 31, 1922, has been received, showing net profits of P.M.79,860,762.49. Dividends were paid to the shareholders amounting to P.M.80,000,000 which is at the rate of 80 per cent. per annum. At the third annual meeting held August 7, 1923, it was decided to increase the joint capital of the bank to P.M.1,000,000,000.

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The thirty-first ordinary general meeting of the English, Scottish & Australian Bank, Limited, the head office of which is in London, was held November 14. At the meeting the directors announced profits for the year ending June 30, 1923, after making provision for bad and doubtful debts, amounting to £1,251,197 10s. 6d. Expenses of management for the year amounted to £557,088 14s. 1d., and income and other taxes to £223,311 1s. An interim dividend of 5 per cent., free of income tax, was paid,

## BANKING BUSINESS WITH BELGIUM

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for their business in Belgium

Capital Subscribed . . Frs. 40,000,000

Capital Paid Up . . Frs. 16,884,000

Reserve . . . . Frs. 7,309,784

*Branches:*  
**BRUSSELS**      **OSTEND**  
**CORRESPONDENTS**  
**AT ALL BANKING POINTS**

amounting to £65,994 7s. 6d. The sum of £15,000 was placed in the reserve fund.

Further appropriations were made as follows:

	£	s. d.
To reserve fund, additional, making with £18,150 1s. 9d. the premium on issue of new shares, £170,000 for the year, when the fund will stand at £1,620,000.....	136,849	18 3
To the E. S. & A. bank officers' guarantee and provident fund ....	35,000	0 0
To the payment of a further 7½ per cent., making a dividend of 12½ per cent. for the year, free of income tax .....	112,500	0 0
To the purchase and cancellation of deferred inscribed deposit stock in accordance with the articles of association .....	59,492	2 6
To the payment of a bonus to the staff as at June 30, 1923, of 10 per cent. on their salaries.....	40,500	0 0
	384,348	0 9

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The ninety-seventh ordinary general meeting of the proprietors of the Queensland National Bank, Limited, was held in Bris-

bane on August 16, 1923. The report and balance sheet for the year ending June 30, 1923, was submitted. The chairman, James Milne, in moving the adoption of the report stated:

"The net profits are £20,531 14s. 6d. better than the previous year, and we feel justified in recommending a bonus of 2s. 6d. per share, making, in all, 12½ per cent. for the year paid to shareholders. We are maintaining our strong position; liquid assets held to meet liabilities show a percentage of 50.02. During the period under review, our advances to customers have increased by £762,050 0s. 8d., and our deposits by £620,563 11s. 4d., though I wish to mention that included in the deposits is an amount, approximately £200,000, on account of realization of wool awaiting distribution. With the object of furthering the progression of the bank, the directors have issued a circular offering a 50 per cent. increase in your holding of shares. We are satisfied

## 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.

# Ernesto Tornquist & Co.

Limited

## Buenos Aires

Oldest and Largest Financial House in South America

*Established in 1830*

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

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

### Money on Mortgages Placed Direct

#### BANKING TRANSACTIONS OF ALL KINDS

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

Administration of Real and Personal Property

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

**CORRESPONDENCE IN ALL LANGUAGES INVITED**

that the issue is wise and justified—applications for the new shares commenced to come in immediately after the notices were sent out, and the rights are now quoted on the exchange at approximately 27s. 6d.”

©

The Northern Banking Company, Limited, whose head office is located in Belfast, held its ninety-ninth annual general meeting on October 25, 1928. At this meeting net profits were announced amounting to £153,279 4s. 1d. A bonus to the bank's officers amounting to £19,844 5s. 9d. was deducted from this sum, leaving a balance of £133,434 18s. 4d. to which was added £50,042 12s., brought forward from last year, and a special profit on realization of government securities of £100,958 5s. 8d., making a total for disposal of £284,435 16s.

Dividends at the rate of 17½ per cent. on the “A” shares and 8¼ per cent. on the “B” shares, were paid to the shareholders, amounting in all to £91,875, less income tax, £22,028 4s. 3d. The sum of £14,841 16s. was applied in reduction of bank buildings account, £50,000 was transferred to reserve and £100,000 to contingency account, leav-

ing a balance of £50,247 4s. 8d. undivided profits to be carried to next account.

©

The annual meeting of the shareholders of the North of Scotland Bank, Limited, whose head office is in Aberdeen, was held on November 2, 1928, at which time the report and balance sheet for the year ending September 29, 1928, was submitted. The report reveals that net profits for the year were earned amounting to £206,061 12s. 6d. Dividends for the year amounting to 18 per cent. were paid. The reserve fund was increased to £800,000.

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The half-yearly general meeting of the Colonial Bank was held at the head office in London on October 11, 1928. The Colonial Bank has branches in the West Indies, British Guiana and West Africa. At the meeting net profits for the half-year ended June 30, 1928, were reported as £42,615 2s. 6d. A dividend at the rate of 8 per cent. per annum less income tax was paid for the half year ending June 30, amounting to £27,450. A provision of £15,000 was

# Rotterdamsche Bankvereniging

Rotterdam

Amsterdam

The Hague

Capital . . . . . *fl* 75,000,000  
Reserve . . . . . *fl* 36,500,000

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

made for bad and doubtful debts, and £28,905 8s. 7d. was carried forward.

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Hallgarten & Co. and E. F. Hutton & Co., New York, offered on November 8, 100,000 American shares of the Mercurbank, Vienna, at \$15 per share. This bank has a capital stock of 3,833,334 Austrian shares at a par value of Kr.8000 each. The shares are fully paid and non-assessable, and no extra liability attaches to their ownership. They are also free from all Austrian taxes now in force. The statement of the general manager, Ernst Schwarz, is summarized as follows:

The Mercurbank, established in Vienna in 1887, ranks today as one of the large Austrian banks. It maintains a number of offices in Vienna and numerous branches in other Austrian cities. Prior to the war it had branches throughout what are now Hungary, Poland, Czechoslovakia and a part of Roumania. These are now operated as independent banks, in which, however, the Mercurbank still holds a substantial and influential interest, with representation on the respective directorates.

In addition to its commercial banking business, it is also a holding company which, through stock ownership, controls and is interested in many industrial corporations covering the leading economic fields in Austria and adjoining countries. Aside from its possibilities of banking revenue, therefore, the shares of the

Mercurbank constitute a diversified industrial investment in coal, oil, sugar, glass, paper, textiles, machinery, railroad equipment, electricity and chemicals. The blocks of shares in industries which are held by the bank are valued on the books at low prices, although they are practically all in prosperous condition and paying dividends.

In view of its geographical position and as a result of the existence of long established financial and industrial organizations, Austria is and always will remain the commercial and industrial center of Central Europe. The events following the close of the late war, with the creation of the various "Succession States" formed in part from the old Austro-Hungarian Empire, have only served to emphasize this.

©

Profits of the Commonwealth Bank of Australia, head office Sydney, for the half-year ending June 30, 1923, were £205,021 7s. 2d., half of which sum was appropriated to the reserve fund and half to the redemption fund. The reserve fund now amounts to £2,201,993 11s. 4d. and the redemption fund to the same amount. The note issue department reported notes in circulation on June 30, 1923, amounting to £52,102,025 10s. against which it held in gold coin and bullion £24,448,980, debentures and other securities £25,266,856, and other assets £2,391,689 10s.

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

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Branches: Arecibo, Mayaguez, Caguas, Ponce

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## Obligation of Depositors to Banks

**I**N the race that has been going on for some years between banks for large figures, the public has been led to believe by the published invitations to open accounts, that banks were a sort of philanthropic institution, and to a considerable extent, all they had to do was walk in and help themselves. For this ignorance the bankers have only themselves to blame. Competition has led to rates of interest being paid that have proved a heavy burden for many institutions to bear—this is especially true when times of industrial depression occur, when a plethora of loanable funds leads naturally to a lower earning capacity. It is suggested that banks in their advertisements incorporate briefly the obligations that a depositor owes to the bank where he decides to carry an account: That it is up to him to maintain a good character, as a citizen and business man; that he must believe in the sanctity of contracts; that it is up to him to maintain a creditable balance, at least such a balance that will permit the bank to earn enough to break even in doing its part for him. He should also be informed that the

banking business is conducted under great expense, usually with a large investment in building and vaults, in a desirable location; good salaries for the officers, who must be able men, if the bank is to be managed successfully; suitable and sufficient salaries for employees; expenses of management, stationery, books, heat, light and other items; that the bank must earn dividends for its stockholders and that it is not safe to attempt to do this by speculation, etc. Try it—and see the favorable reaction on the part of the public, who will quickly realize that high rates of interest paid for deposits do not necessarily mean safety for their principal. It was our good fortune to have this impressed on our mind again recently, by a new director of a National bank who called our attention to the fact that he had yet to find a line in the advertisements of his own or any other bank, regarding the obligation that a depositor owes to a bank.—Think it over.

\*From the bulletin of the New York State Bankers Association.



A section of the officers' quarters, Seaboard National Bank, New York, showing distributing air ducts which are at the ceiling between the interior columns and which have the appearance of ceiling beams. The nozzles or air outlets are on the side of the ducts

## Good Ventilation a Sanitary and Economic Necessity

[Without a proper system of ventilation in its lobbies and offices, a bank is violating a basic principle of sanitation and paving the way to disease and economic waste. **THE BANKERS MAGAZINE** believes that its readers will be interested in the following presentation of a subject that is both timely and important—the necessity of good ventilation.—**THE EDITOR.**]

**S**CIENTISTS have stated new facts of great and general interest on the results of breathing bad air. The Smithsonian Institution at Washington, the scientific and research department of our Government, has carefully considered ventilation and is authority for the deductions quoted below:

"About one-third of all the deaths in the United States are due to respiratory diseases."

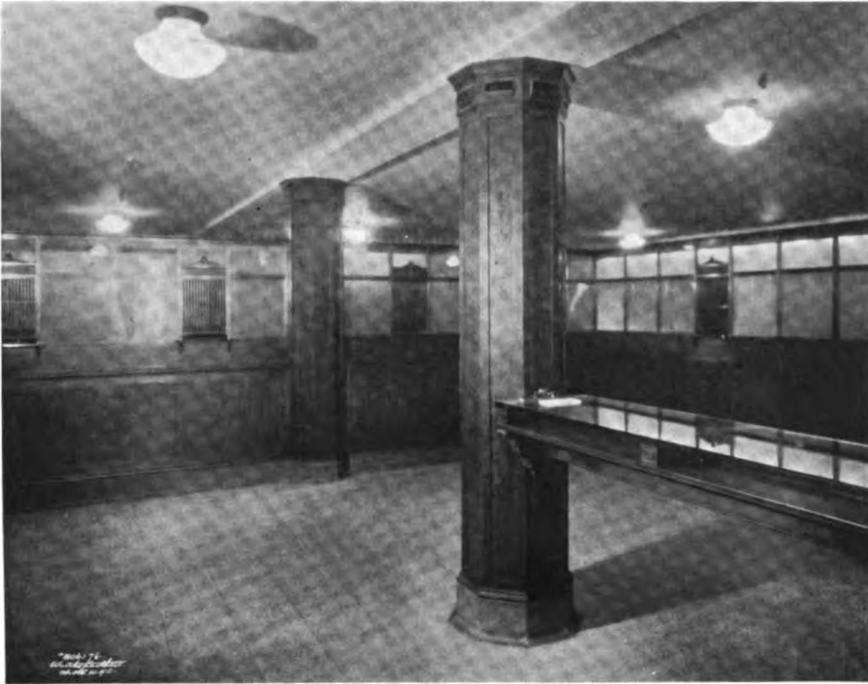
"In the last fifty years, practically all other forms of bacterially caused diseases have been brought under control while the respiratory diseases have increased."

"The seasonal cycle of pneumonia, where house heating is necessary, is

startling. Of the total annual deaths about 40 per cent. occur during the winter months, 24 per cent. during the fall and spring quarters and 10 per cent. during the summer. That is, the highest death rate occurs during the heating seasons.

"This is believed to be due to lowering of vitality on account of improper heating and ventilation."

When confronted by such a condition those responsible for the well being of others must lay aside complacency and give consideration to means for correcting the deadly condition. Comprehensive thought on the subject causes one to realize how great is the need for pure air in banks and commercial offices as



A corner of the banking floor The Mechanics & Metals National Bank, New York, showing collections, telegraph, cable and redemption department windows. The octagonal column in the foreground in this illustration is a dummy having nozzles or air outlets on the upper surfaces

a means of promoting health and maintaining efficiency. The indictment of scientists is directed not only against unventilated spaces but primarily against ventilation based on fallacious theory such as has been applied during the past, and, because of crass ignorance, is still being applied. Whether considered relative to health, or economically, with an eye to increased efficiency and earnings, pure air to breathe is a necessity.

The New York State Ventilation Commission of which Prof. C. E. A. Winslow of Yale is chairman, reported its findings last March. The outstanding fact stated by them was that ventilation with great volumes of heated air as heretofore used was not only unnecessary, but positively detrimental, and that ventilation should be done with much lessened volumes of cool, fresh air. The scientist, Rankin, gave it as his opinion that a cool atmosphere made bearable by radiant heat was the best.

Prof. Huntington of Yale University showed that during the cold season we should recuperate from the exhaustive effects of the summer and should be doing our best work. All indications as well as results already achieved, indicate that ventilation will hereafter be done by diffusing a reasonable volume of fresh air into the interior atmosphere.

Being of such primary importance that its pursuit is constitutionally recognized as an inherent and natural right, it is obvious that happiness, in so far as it may be secured from continuous perfect health, is a desirability worthy of great effort. Ventilation is but a branch of sanitation. We are all conscious of the pleasure, comfort and happiness that is ours due to the sanitary conveniences that science and engineering have made common property. Kitchens and bathrooms have now become examples of sanitary perfection. Absolute purity of outdoor air should be considered as of as great and fun-



Ceiling of the council room, London, Liverpool & Globe Insurance Co., New York. Two ceiling outlet boxes are shown in this illustration, each fitted with three swivel nozzles. The lighting fixtures are a part of the same units

damental importance as absolute purity of food and water. Means for maintaining interior atmospheres healthful and invigorating are as necessary as sanitary kitchens and bathrooms.

It is puzzling to many how cold, fresh air can be introduced into a room without causing draught and chill. Many will agree that it cannot be done. It is done, however, and done under a guarantee that greater comfort will be maintained indoors on the coldest day, by the diffusion of cold air, than if the ventilator is not operated. On a cold day the temperature under the high ceiling of a monumental bank may be twenty-five degrees warmer than on the main floor. All the heated air rises by gravity to the ceiling. All the cold air, whether chilled by the windows or coming in through the doors, sinks to the floor. If cold fresh air is diffused into the heated air at the ceiling, the mixture slowly falls to the floor, turning over the entire air-content and equaliz-

ing the temperature with consequent higher temperature on the floor level. Costly, overheated air which has just risen from the radiators is not exhausted by fans or through open windows, but is used to make possible the diffusion of healthful, cold, fresh air. Ventilation by this method actually saves fuel when compared with ventilation by open windows or exhaust systems. Dust and soot are eliminated from the incoming fresh air in its passage through treated wood fibre that is renewed about once a month.

Mezzanine floors are frequently installed in banking offices having high ceilings. The temperature on the mezzanine floor during the heating season is about ten degrees higher than on the main floor. This is a negative condition requiring attention, for serious sickness is the result of working under such conditions. Scientists find that sixty-eight degrees is a critical temperature that should not be raised if ef-

fective work and good health are to be maintained. If ventilation is done with cold, fresh air, an even temperature is maintained from floor to ceiling and employees on mezzanine floors are breathing air of the same purity as those on the main floor.

It is not necessary to rebuild an existing building in order to apply to it a cold air ventilation system. The distributing ducts are relatively small in area and when installed are inconspicuous. The size of the apparatus varies from small, self-contained window units for private offices or small offices, to large systems having extensive distributing duct systems.

One great hindrance to the installation of ventilation systems has been the notion that artistic effect is ruined by ducts and outlets. The accompanying illustrations refute this notion. General clerical offices, however, do not need the refinement of design shown in the illustrations. Fresh air is a fundamental necessity and can be secured at moderate cost. The functioning of the system should be considered of more importance than its appearance. Readers should note that the nozzles shown in the accompanying illustrations can be deflected during the warm season to secure increased agitation in the air of the occupied zone.



## Hundreds of Bills on Banking

**F**IVE hundred bills more or less directly affecting banking were introduced in the last session of Congress among the 19,000 measures presented in all, it is pointed out by Thomas B. Paton, general counsel of the American Bankers Association, in his annual report recently made public. In addition, he points out, there were in session in 1923 forty-three state legislatures which considered many laws relative to banks. Mr. Paton describes the work of the association in examining, digesting and watching the progress of all this legislation affecting banking.

One of the measures particularly vital to banking, he points out, was Federal legislation sought by the tax commissioners of a number of states to amend the United States revised statutes so as to permit the states to place banks in a class by themselves for purposes of taxation. The amendment advocated by the tax commissioners was rejected by Congress following hearings in Washington at which the association was represented.

In regard to the efforts of the association to promote uniformity in banking law, the general counsel says:

"In our country, with its forty-eight separate law-making bodies, there is a great tendency to diversity of rule, judicial and statutory, and to counteract this the states have created Commissioners on Uniform State Laws. The Uniform Acts on negotiable instruments, warehouse receipts, bills of lading and stock transfers, which have been recommended and their enactment materially aided by the American Bankers Association, have been the production of these commissioners.

"Uniformity of rule should be retained. It is regrettable that the Negotiable Instrument Act has been amended by the legislatures of a number of states and is gradually losing its uniform character. The amendments may be beneficial, but their application is only local. It will probably be a task confronting the law office of the association to draft a supplemental amendatory act bringing in the good in all existing amendments of the Negotiable Instrument Act and containing such new amendments as experience indicates are needed and urge its universal enactment in all the states.

# *It Is Sufficient—*

to say our service is satisfactory in every respect, and well worth your consideration.

The First National Bank in St. Louis serves more than 2000 banks throughout the United States.

***MAKE IT YOUR CORRESPONDENT***



**BROADWAY—LOCUST—OLIVE**

***Largest National Bank West of the  
Mississippi***

# Banking and Financial Notes

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION

## Review of the Month

### A Survey of Current Banking and Business Developments

**T**HE statistical department of the Western Electric Company has made an analysis of the various business services as of November 1, and classifies their findings as "neutral," "moderately pessimistic," "moderately optimistic," and "optimistic." The reviews issued by the Harvard Economic Service, Moody's, Babson, Standard Daily Trade Service, Brookmire, Gibson, Federal Reserve Board, Guaranty Trust Company, National City Bank, National Bank of Commerce and the Cleveland Trust Company are dissected and their discussions divided as follows: Present conditions, general forecast, financial conditions, stock market, prices, production, agriculture, building, transportation, domestic trade, foreign trade, and labor conditions. Of the eleven services quoted, six are "neutral," two "moderately pessimistic," two "moderately optimistic" and one "optimistic."

The opinions set forth are actual quotations wherever possible, and without making any deductions the Western Electric Company leaves the reader to draw his own conclusions as to the present state of business and trade. Under the heading of "present conditions," for example, the following quotations are cited from the various services used in the tabulation:

**Harvard Economic Service**—Outstanding feature is the cautious temper of the business community.

**Moody's**—Just now the moderately downward main trend is temporarily interrupted by less than normal autumn trade.

**Babson**—We have all the conditions prevalent in a major business readjustment, except tight money.

**Standard Daily Trade**—We do not believe that business in this country is in any sense in a major decline.

**Brookmire**—Present situation is due to hesitancy and timidity rather than to unfavorable economic factors.

**Gibson**—The majority fear (groundlessly) an approaching depression.

**Federal Reserve Board**—New York Federal Reserve indices of activity were lower in September than in August, but still close to normal.

**Guaranty Trust Company**—Developments have reflected the irregularity of the situation, divergences among industries being especially marked.

**National City Bank**—The general business situation has not shown the pronounced change to greater activity that some people expected.

**National Bank of Commerce**—In spots business is poor and in others bad, but as a whole business is in fair volume.

**Cleveland Trust Company**—As we enter the final quarter, it seems certain that generally active trade and production will last through this year.

## THE GENERAL FORECAST

Under the heading "general forecast," the tabulated analysis compares the following statements:

**Harvard Economic Service**—The recent recession is a temporary readjustment rather than the beginning of general depression.

**Moody's**—The first half or three-quarters of 1924 is to be a time of trade reaction, or mild depression, but nothing worse.

**Babson**—Because of easy money it is unlikely that the present reaction in business will be a major one.

**Standard Daily Trade**—We look merely for a slowing down from the high-pressure activity of this year, not for a pronounced reaction.

**Brookmire**—Business activity on the average for next six months will not decrease, but show considerable rebound from present levels.

**Gibson**—We continue to hold that neither boom nor depression is in prospect.

**Federal Reserve Board**—(Blank).

**Guaranty Trust Company**—Prevailing conditions justify a moderately optimistic outlook for domestic business as a whole.

**National City Bank**—Tangible factors of importance seem to be in favor of the continuance of high volume of production and trade.

**National Bank of Commerce**—The outlook is for better business, not worse.

**Cleveland Trust Company**—We are not headed for drastic depression, but 1924 activity will run far below the May, 1923, peak.

## VIEWS UPON THE PRICE TREND

Under "prices" the analysis presents these varying views:

**Harvard Economic Service**—Prices have moved toward stability and better adjustments among commodities.

**Moody's**—A premature weakening of commodity prices has developed; normally they advance from summer to January.

**Babson**—Stiffening in prices is primarily seasonal and there is no basis for a broad bull movement.

**Standard Daily Trade**—We think higher prices quite likely, but no steep upturn soon; rather, relative stability.

**Brookmire**—While September average was up, many commodities went down.

**Gibson**—The long-time trend of commodity prices will be down, with many specific readjustments.

**Federal Reserve Board**—Wholesale prices increased over 2 per cent. during September.

**National Bank of Commerce**—Price levels must not rise beyond the point of maximum consumption.

## COMMENTS ON PRODUCTION

As to production, the various services summed up conditions as follows:

**Harvard Economic Service**—Manufacturing is spotty, high output through summer having cut down unfilled orders rapidly, and in some cases built up inventory.

**Babson**—Physical volume of production is holding above the summer average.

**Standard Daily Trade**—Production has been running 20 per cent. above 1919.

**Brookmire**—Production has tended to decline, but will soon speed up to care for consistently high consumption.

**Gibson**—Pig iron production this year, considered as an index of conditions, has been somewhat above normal.

**Federal Reserve Board**—Production of basic commodities declined in September.

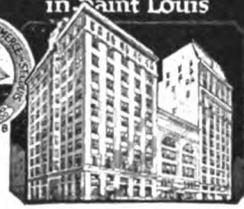
**Guaranty Trust Company**—No increase in volume of production is in immediate prospect, nor is it necessary for continued prosperity.

**National City Bank**—The situation seems to point to continued high production.

**National Bank of Commerce**—The manufacturing industries in which genuinely unsatisfactory conditions prevail are very few.

The NATIONAL BANK of COMMERCE  
in Saint Louis

DOLLARS  
and  
SENSE



A wise combination of the two makes an ideal banking relationship.

In 65 years of experience, we have developed facilities for intelligent banking service—the kind that leaves no aftermath but satisfaction.

Let us know your requirements.

*Willing Cooperation is a Part of Our Working Capital*

Cleveland Trust Company—Industrial production in the most fundamental industries has fallen rather rapidly from the May peak.

#### LABOR CONDITIONS SURVEYED

Eight of the eleven services which had something to say of the labor situation are quoted as follows:

Moody's—Unemployment has gone further since April than was realized, and after October is likely to increase faster.

Babson—Rise in wages is all out of proportion to rise in commodity and selling prices.

Standard Daily Trade—Practically full employment still obtains.

Gibson—Purchasing power of the masses is at a high level and bids fair to remain there.

Federal Reserve Board—September showed no reduction of unemployment at industrial establishments.

#### \$32,000,000 LOANED FOR FARM FINANCING

Approximately \$32,000,000 has been loaned by the Federal intermediate credit banks to aid the farmers in financing the production and marketing of this year's crops.

Farm Loan Board officials, in announcing the figures last month, said that they failed to show that the wheat growers had taken full advantage of the Government's latest credit facilities, although appeals for financial assistance recently have come from these wheat-growing areas. Of the total loans made direct to farmer organizations, only \$2,408,896 had been loaned on wheat, they said. There was no explanation for this at the Farm Loan Board, and Commissioner Cooper declared that the credit banks had taken care of all applications for wheat loans.

The board's figures disclosed that \$24,000,000 of the total amount advanced was in the form of loans made

# The Trust Officer and the Advertising Manager Are Agreed

**U**NLESS trust officer and advertising manager are agreed in approving it without reservation—

Unless the trust officer considers it a real explanation of the functions of his department, based on actual experience in serving trust customers, dignified in matter and manner, professional in tone—

Unless the advertising manager approves it as an attention getter, a thing of class and distinction, a readable piece of copy from start to finish, and a real example of printed salesmanship—

Unless every item of a trust advertising plan deserves and gets this double OK,—it does not solve the new business problem of your trust department.

**W**ould you like to see two plans that *have* solved this problem for many representative institutions? Plan A is for selected lists of high quality. Plan B is for wide distribution at low cost. ~~██████████~~

**W**e will send you complete details and samples of either or both of these on request.

## The Bankers Service Corporation

19 and 21 WARREN STREET  
NEW YORK!

directly to co-operative and other farmer associations. The remainder went to agricultural credit corporations and to banks which rediscounted agricultural paper with the credit banks.

Included in the loans to farmer organizations were advances of \$12,652,485 on cotton, \$5,316,444 on tobacco, \$1,800,000 on raisins, \$252,964 on rice, \$50,000 on broom corn, \$1,307,278 on canned fruit, \$193,902 on wool and \$25,800 on red-top seed.

AMERICANS OF MODERATE MEANS  
INCREASING THEIR INVESTMENTS

*The Wall Street Journal* has made a study of the statistics of the holdings of U. S. Steel common stock and finds that only 20.83 per cent. of the total issue of this stock is now in brokers' hands, the balance being held by the investing public. The floating supply of this stock is being gradually depleted. It is pointed out that this condition is an illustration of the awakening interest in good investments on the part of Americans of moderate means who before the war were not interested. This is also true in the case of many public utility securities, which are being widely distributed among consumers of public utility services.

ANTHRACITE FIELDS VALUED AT  
\$989,900,000

The Engineers Advisory Valuation Committee has reported to the United States Coal Commission that it estimates the total value of the anthracite fields, all of which are situated in Pennsylvania, at \$989,900,000. This contrasts with a valuation of \$640,000,000 shown on the books of the companies. The committee estimates the total amount of recoverable coal remaining in the anthracite fields as 8,979,474,000 tons. For the northern fields a life of fifty years is estimated, for the eastern middle fields thirty-five years, for the western middle one hundred years and for the southern fields one hundred and ten years. The engineers estimate that by 1925 gross production can be



Established 1889

**T**HE degree of activity in a Bank may rightly be said to define its value to the community in which it is located.

A prominent visitor to Buffalo recently remarked as follows:

—"The Peoples Bank seems to be a hive of industry, the lobby is always full, the Officers are busy from opening hour until long after closing time, the clerks are running from one department to another with an air of responsibility, in fact the whole institution seems to realize that it represents an important cog in the business wheel of Buffalo."

This gentleman noticed, so he told us, the happy spirit which pervaded the atmosphere at our *four offices*.

**THE PEOPLES BANK  
OF BUFFALO**

is what its name implies—

"*The bank where you feel  
at home*"

# The State Bank

7 Branches in Greater New York

Member of the New York Clearing House Association

Condensed Statement as of the Close of Business,  
November 15, 1928

## Resources

Loans and Discounts .....	\$68,164,799.96
Public Securities .....	9,048,349.28
Private Securities .....	16,792,285.88
Banking Houses .....	1,440,598.24
Real Estate (Other than Banking Houses).....	65,750.00
Cash and Exchanges .....	13,269,078.57
Customers' Liability, Account of Acceptances, etc. ....	1,759,267.97
	<hr/>
	\$105,540,129.40

## Liabilities

Capital Stock .....	\$2,500,000.00
Surplus and Undivided Profits .....	5,048,948.29
Reserved for Taxes and Contingencies.....	738,488.84
Due Depositors .....	95,831,142.37
Acceptances, Letters of Credit, etc. ....	1,921,559.90
	<hr/>
	\$105,540,129.40

HAROLD C. RICHARD, *President*

## Vice-Presidents

ALBERT I. VOORHIS  
JOHN KNEISEL  
WILLIAM B. ROTH

CHARLES A. SMITH  
HARRY W. VOGEL  
JAMES A. ALLIS

increased to 100,000,000 tons per year and that this average production can be maintained for forty years.

**NATIONAL BANKS SHOW GAIN OF  
\$500,000,000**

The growing strength of the country's national banking system is reflected in a composite statement of the condition of the national banks as of September 14, made public last month by the Comptroller of the Currency. The statement disclosed that although there were 8239 national banks in operation on that date—one fewer than a year ago—almost every item in their combined resources showed increases over the bank call of September 15 last year.

Total resources of \$21,712,876,000 included loans and discounts of \$11,984,556,000, or an increase of about \$700,000,000 in the latter item alone. Holdings of Government securities were also larger by about \$200,000,000 than in September, 1922, although the entire volume of Government securities outstanding has decreased materially in the year covered by the statistics. There was, moreover, an increase of about \$100,000,000 in the value of securities other than those issued by the Government, which were held by banks.

The total deposits of September 14 of \$17,040,530,000 represent an increase of nearly half a billion dollars over the deposits reported in the call of September 15, 1922.

Reserves of the national banks, held in the twelve Federal Reserve Banks, however, had fallen slightly from the amounts of a year ago. The latest figures show the reserves at \$1,169,000,000, while in September of last year they were reported above \$1,200,000,000.

**OCTOBER EXPORTS OVER THE  
\$400,000,000 MARK**

According to preliminary figures exports from the United States during October were valued at approximately \$402,000,000, the largest monthly total since February, 1921. This is an in-



**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*

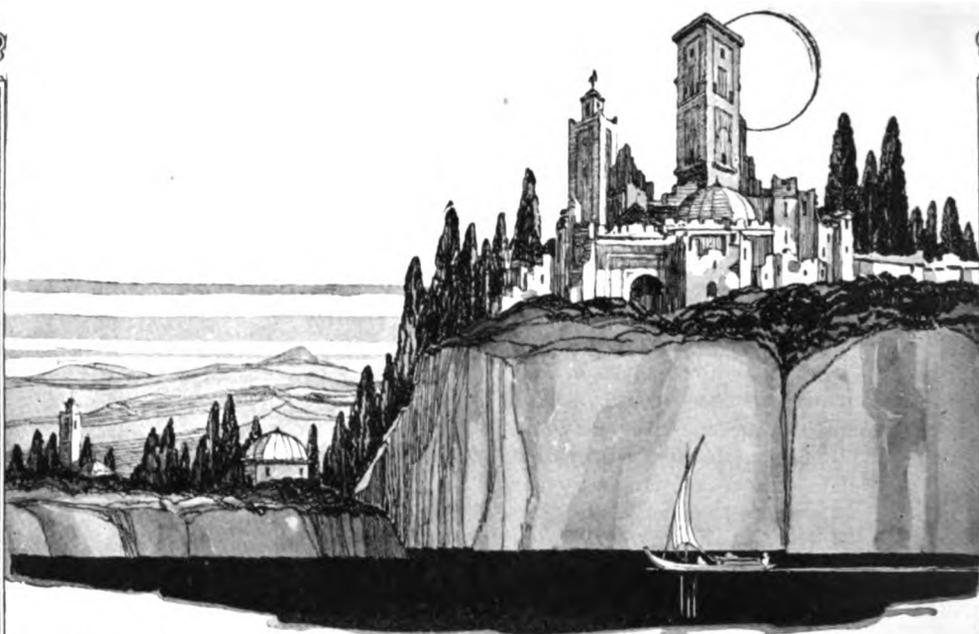
**Capital - \$3,000,000**

**Surplus and**

**Profits - 8,700,000**

**E. F. SHANBACKER  
President**

*The*  
**FOURTH STREET  
NATIONAL BANK**  
**Philadelphia**



## Across the Blue Mediterranean Lies the Garden of Allah

**O**NE day's sail from France lies the last great stronghold of the Prophet's power—the Mohammedan paradise of North Africa.

There days are warm and the nights are cool—a land of fig trees, date palms and orange groves—of flower scented gardens and soft African air—of slumberous Moorish cities still living in the twilight of Islam—of dead Roman and Carthaginian cities—of sunlit wastes and vividly green oases in the Sahara—of strange oriental peoples and customs.

### French Line

Compagnie Générale Transatlantique  
19 State St., New York

*Offices and Agencies in  
Principal Cities of Europe  
and the United States*



#### *Accessible as Europe*

Leaving New York on the de luxe liner *Paris, France or Lafayette*, you spend a week in Paris. Next *Marseilles, Algiers* the following day. Then leisurely tours in luxurious automobiles over smooth motor roads, with comfortable hotels at all stopping places. Cities of Moorish splendor, Fez, Biskra, Tunis, Marrakech—off the beaten tourist track. A combined sea and land tour where every item of expense is covered by the rates quoted, from the time you leave New York till you return home—no extras for guides—even gratuities are figured in.

Extremely interesting literature further detailing these tours may be had by writing to the nearest French Line office—or 19 State Street, New York.

## North African Motor Tours Morocco · Algeria · Tunisia

## ANNOUNCEMENT



I now have an unusual assortment of new light weight fabrics specially imported for wear in the South.

M. ROCK

315 FIFTH AVENUE - - - NEW YORK

Imported Golf Hose

crease of \$20,000,000 over the previous month, \$91,000,000 above the August export figure, and \$81,000,000 or 8.4 per cent. greater than exports in October, 1922.

Total exports for the ten months ending October, 1923, amounted to \$3,348,000,000, an amount \$135,000,000 more than the value of imports in the same period and \$235,000,000 greater than exports in the corresponding period in 1922. The sharp jump in export values in September was largely due to heavier exports of crude material for use in manufacture. However, in the total exports for the year manufactures ready for consumption and manufactures for further use in manufacturing show the greatest increases over 1922.

October imports show an even greater increase over September than exports, being valued at \$308,000,000, compared with \$253,000,000 in the previous month. While this figure is also above that of July and August, 1923, it is below that for each month of the first half of the year and \$94,000,000 below March, 1923, the month of peak imports, but greater than any single month of 1922.

The general level of prices has varied but little in the last two years and the above figures reflect not only an increased value but also a greater volume of goods.

CAN WE GET ALONG WITHOUT EUROPE?

*The Bache Review* points out that the spurt in American business during the

last year or so, carrying production, in some instances, even beyond the enormous war volume, with continual consumption of nearly everything produced largely by our own people, while Europe was only half recovered, has led some people to think that we can always get along without Europe—that our domestic consumption is so vast that we need not worry about buying by the outside world.

But this very action of foreign countries, says the *Review*, in endeavoring to get along without us, even if it does not become an organized movement in retaliation, but is carried on purely as a natural operation of each country to improve its trade and financial position, should open our eyes to the fact that we must depend upon the outside world for markets for our surplus; and that, if we cannot dispose of this surplus, however small it may be, it will settle back upon us and produce a glut of goods in this country, the effect of which will be to drown out our prosperity.

URGES BETTER PROTECTION FOR BANKS

A recent bulletin of the Illinois Bankers Association says:

Since September 1 there have been reported to this office seven robberies of banks in this state, four burglaries and three attempted burglaries. This total is equal to all of the attacks during the eight months previous.

It will be remembered that in one of the recent burglaries, the crime was committed by a gang of ten or twelve men, who

## ***BUFFALO—The City of Opportunity***

sends to its many friends its best wishes for the coming year.

This message is sent by one who has shared in its prosperity, the largest and oldest commercial bank on the Niagara Frontier.

### **THE MARINE TRUST COMPANY OF BUFFALO**

**Capital, Surplus and Reserve \$20,000,000**

previously cut all telephone wires and terrorized the town during their stay. Illinois is not an exception in this recent crime wave, as newspaper accounts indicate that many other states are experiencing similar attacks. What is believed to be the same gang which operated at Oakland, Illinois, a short time ago, visited Spencer, Indiana, last week, and after throwing a cordon of guards on every road leading out of town cut all wires of communication and burglarized the two banks. A town in Kansas has been similarly attacked.

The situation requires serious consideration. Banks are *again* and *emphatically urged* to give heed to our warnings which we have so many times bulletined in the past years.

As permanent protection, if you have not already done so, you should provide adequate equipment, and that means only the

best construction of safe and vault and to this should be added a complete burglar alarm system. Of course, this cannot be obtained immediately, but you should place your order at once. In the meantime, we recommend that you hire special guards to patrol both day and night. This applies specifically to the banks in the smaller communities. Unless you act now you may have occasion to regret your delay. This matter of bank protection is a subject which should receive early consideration by the bankers of your county and you ought to see to it that a meeting is held in the very near future to discuss plans for organization and safety measures.

Should you see any suspicious characters in your town, quickly notify your local authorities and prepare for an emergency.

The situation is serious—it requires your immediate action.



# Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

## CONVENTION DATES

Trust companies mid-winter conference—  
at New York City, February 14.

National Association of Credit Men—at  
Buffalo, N. Y., June 10-18.

## NEW DEPUTY MANAGER FOR AMERICAN BANKERS ASSOCIATION

The appointment of W. E. Albig of Pittsburgh, Pa., as deputy manager, American Bankers Association, to succeed L. D. Woodworth, resigned, has been announced by F. N. Shepherd, executive manager of the association. As deputy manager, Mr. Albig will serve as secretary of the Savings Bank Division of the association, which gives particular attention to the interests both of savings institutions and all banks having savings departments.

Mr. Albig, who is a graduate of the University of West Virginia, and pursued a post-graduate course at Harvard, has specialized in economics and finance and has written and spoken extensively on these subjects. For some years he was engaged as a school superintendent, but during the last four years has been field secretary of the Chamber of Commerce of the United States, both in the East and on the Pacific Coast, giving him wide knowledge of conditions in many of the large cities throughout the United States and familiarity with current business and banking problems. He is a director of the Citizens National Bank of Bellevue, a suburb of Pittsburgh, where he has made his home.

## HOWARD S. HADDEN HEADS DORLAND AGENCY

Howard S. Hadden, one of the country's foremost authorities on financial advertising, has just been elected president of the advertising company of Dorland Agency, Inc., heretofore known as Dorland International, New York, with branches in Atlantic City and ten foreign cities.

For some years Mr. Hadden was a mem-

ber of the advertising firm of McLain-Hadden-Simpers, New York and Philadelphia. He left that company in the fall of 1919 to go into business for himself. In 1920 Senator Walter E. Edge of New Jersey, head of Dorland International, ap-

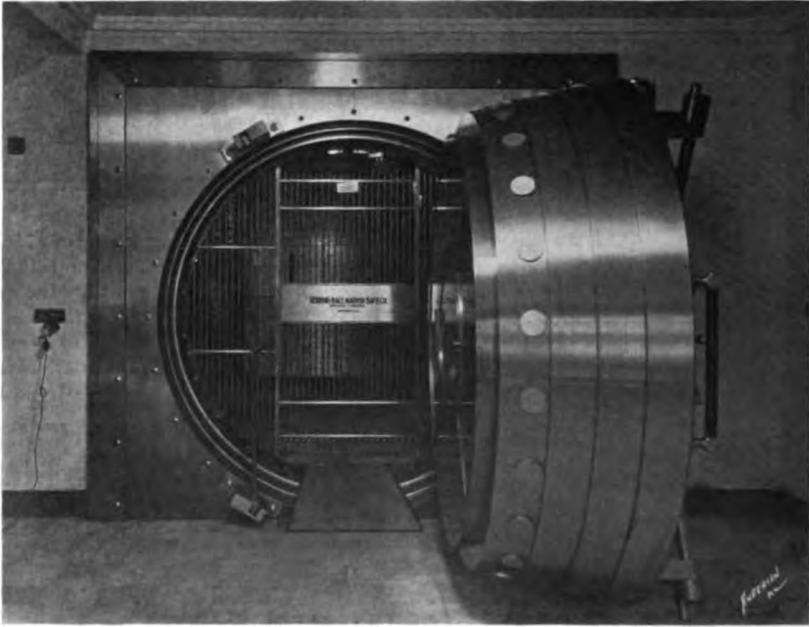


HOWARD S. HADDEN  
President The Dorland Agency, Inc.

proached Mr. Hadden with a view to consolidating the two companies, and Mr. Hadden became vice-president of the new combination.

Upon the recent retirement of Barrett Andrews to become publisher of the *Boston American*, Mr. Hadden acquired a controlling interest in the Dorland Agency, and was forthwith elected to the presidency, Senator Edge continuing as chairman of the board.

In addition to his presidency of the



Safe Deposit Vault of Peoples Trust Co., Kansas City, Mo.

**D**OES the person who enters your vault sense the dignity, impressiveness and security of it? Does he feel what he should be made to feel—that is, the assurance of absolute safety? Does the design and construction of your vault impress one as the last word in strength?—Vaults and safe deposit boxes manufactured by us are the ultimate in design, construction and strength.

# HERRING-HALL-MARVIN SAFE CO.

Factory—Hamilton, Ohio, U. S. A.

## BRANCHES

400 Broadway, New York, N. Y.

165 Devonshire St., Boston, Mass.

225 W. Lake St., Chicago, Ill.

214 California St., San Francisco, Cal.

1805 First Ave., N., Birmingham, Ala.

Cable Address—"Fireproof" New York



© KEYSTONE VIEW CO.

#### FREDERICK SIDNEY GIGER

Assistant to the vice-president, First National Bank of Philadelphia, Pa., who has recently completed fifty-nine years of service with the same bank, having begun his banking career with the First National on July 22, 1864

Dorland Agency, Mr. Hadden has many other interests. He is a member of the University Club of New York, Hamilton Club, Anglers' Club, Sons of the American Revolution, Camp Fire Club, Ball Island Duck Club, secretary of the Rembrandt Club, treasurer of the Philharmonic Society, vice-president of Brooklyn Institution for Safety, and director of Brooklyn Hospital and the Brooklyn Y. W. C. A., and for nine years was president of the Blooming Grove Hunting and Fishing Club. He was born in Brooklyn, where he resided until moving to Manhattan about a year ago. He is the son of Crowell Hadden, the well-known president of the Brooklyn Savings Bank and an officer of many other representative financial institutions and other organizations of Brooklyn and Manhattan.

#### CHEMICAL NATIONAL TO OPEN NEW BRANCH ON CENTENARY

As a part of the observance of its hundredth anniversary the Chemical National Bank is to open a branch office in the new

Webb and Knapp Building, New York, at Madison avenue and Forty-sixth street, soon after January 1. The announcement has been made by Percy H. Johnston, the president.

Another branch is soon to be opened in the Burton Building, at Fifth avenue and Twenty-ninth street, New York.

#### DEPOSITS OF NEW YORK LABOR BANKS

Total deposits of four labor banks in New York are expected to approximate \$9,000,000 by the end of the year. Peter J. Brady, president of the Federation Bank, said that when the first six months of the institution's career has passed the bank will make \$4,000,000 its deposit goal. The funds of 180 unions are deposited in the bank. The Amalgamated Bank, organized by needle trades workers and having 5216 depositors, has more than \$3,000,000 deposits.

The building of the new bank of the International Ladies Garment Workers' Union

# 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

has been opened at Twenty-third street and Fifth avenue, New York.

The fourth labor bank will be that of the Brotherhood of Locomotive Engineers, expected to be ready by the end of December, at Thirty-third street and Seventh avenue. The capitalization will be \$500,000. Its depositors will be principally railroad workers, it is expected.

## IRVING BANK-COLUMBIA TRUST COMPANY

The statement of condition of the Irving Bank-Columbia Trust Company, New York, as of November 15, shows total resources of \$368,352,751, capital stock \$17,500,000, surplus and undivided profits \$11,419,484 and deposits of \$300,668,191. A condensed statement follows:

### RESOURCES

Cash in vault and with Federal Reserve Bank .....	\$ 34,160,730
Exchanges for clearing house and due from other banks .....	57,736,377
Call loans, commercial paper and loans eligible for rediscount with Federal Reserve Bank .....	81,535,283
United States obligations .....	38,851,254
Other loans and discounts .....	105,920,683
Short term securities .....	18,926,679
Other investments .....	2,385,231
New York City mortgages .....	2,768,834
Bank buildings .....	4,985,042
Customers' liability for acceptances by this company and its correspondents outstanding (anticipated \$1,686,081) .....	21,082,588
	<b>\$368,352,751</b>

### LIABILITIES

Capital stock .....	\$ 17,500,000
Surplus and undivided profits .....	11,419,485
Discount collected but not earned .....	1,061,198
Reserved for taxes, interest and expenses .....	1,142,820
Foreign bills of exchange sold with endorsement of this company .....	4,448,205
Acceptances by this company and by its correspondents for its account outstanding (including acceptances to create dollar exchange) .....	22,768,670
Official checks .....	9,344,181
Deposits .....	300,668,192
	<b>\$368,352,751</b>

## SCULLY BECOMES SECOND VICE-PRESIDENT OF BANK OF COMMERCE

C. Alison Scully has been appointed a second vice-president of the National Bank of Commerce, New York. He has been for several years trust officer of the Corn Exchange National Bank of Philadelphia. Prior to the war he had engaged in the general practice of law there, having been graduated from the law school of the University of Pennsylvania.

## DIVIDENDS DECLARED

An extra dividend of 4 per cent., in addition to the regular quarterly one of 3 per cent., has been announced by the National Bank of Commerce. The dividends are payable January 2 to stockholders of record December 14.

Directors of the General Motors Acceptance Corporation have declared an initial dividend of 8 per cent. for the year 1923, payable December 15. The company points out that while it operates as an independent banking institution, the General Motors Corporation owns its entire capital stock of \$6,000,000, and thus acquires a return from the Acceptance Corporation of \$480,000 for the year 1923.

The American Bank Note Company has announced an extra dividend of 10 per cent. or \$5 a share on the \$50 par value common stock, payable December 31, to stockholders of record December 17; also the regular quarterly dividend on the preferred stock.

## PARK MADE VICE-PRESIDENT OF COAL & IRON

Charles F. Park, Jr., has been elected a vice-president of the Coal & Iron National Bank, New York, in charge of their bond

department. Mr. Park formerly was a member of the firm of Hitt, Farwell & Park.

#### THE STATE BANK CUTS A MELON

The directors of The State Bank, New York, have declared the regular quarterly dividend at the rate of 16 per cent. per annum, and also, subject to the approval of stockholders, at a meeting to be called for December 31, declared a stock dividend of 20 per cent. In addition thereto, the stockholders will be given the right to subscribe for a further 20 per cent. of their holdings at par. It was also agreed that the same dividend rate will continue on the increased capitalization.

The board of directors furthermore declared a bonus to all officers and employees. All those who have been with The State Bank for a period of ten years or more will be given 25 per cent. of salary received in 1923. Proportionate amounts, not less than 10 per cent. of salary received in 1923, will be given those who have been with the bank from nine years, down to a year or less.

In 1918 The State Bank paid an annual dividend of 6 per cent.; in 1919 this was increased to 11 per cent.; in 1920 to 12 per cent.; in 1921, 12 per cent. plus an extra return of 4 per cent.; in 1922, 16 per cent.

For the five year period from January 1, 1919, to January 1, 1924, The State Bank increased its capital, surplus and undivided profits from \$2,440,000 to \$7,500,000, after having paid \$1,750,000 in cash to stockholders. The net deposits during this time advanced from \$35,000,000 to \$85,000,000. The bank's net earnings have averaged over 50 per cent. annually on the capitalization during the same period.

#### NEW ACCOUNTING PARTNERSHIP FORMED

John F. Byrne, A. F. Lindberg, Joseph T. Byrne and I. A. Lindberg, have formed a partnership under the name of Byrne, Lindberg & Byrne, to act as accountants and auditors, with offices at 30 Broad street, New York City.

#### NATIONAL CITY PROMOTES HOFFMAN

The directors of the National City Bank, New York, have elected William W. Hoffman a vice-president. For the past two years he has been trust officer.

## To bring out the money that is being hid away in socks or safety deposit boxes

Every banker knows that there are still hundreds of thousands of "bank shy" people—hundreds, perhaps thousands, in any given locality. Bring out the money they are hiding away, in your own community, and you will have materially increased your present deposits.

You can do it—as thousands of banks are doing it, today—by making use of this powerful, business-building force:

**SUPER-SAFETY  
Insured  
BANK CHECKS**

It is a definite, tangible step in banking service. Checks *positively protected* against alteration will do more to convert the "bank shy" than any number of oral or written arguments.

Our "PAY BY CHECK" advertising campaign, which reaches millions of readers every month—through the Saturday Evening Post, Literary Digest, American Magazine, Forbes Magazine, Country Gentleman, and other publications—is but one step of our program to aid you.

And . . . in no way does any of this increase your costs! Write today. Find out how, and why!

#### THE BANKERS SUPPLY COMPANY

*Largest manufacturers of bank checks  
in the world*

NEW YORK CHICAGO SAN FRANCISCO  
ATLANTA DALLAS DENVER

## To Bank Executives—

*You and your employees are breathing bad air during the cold season!*

Winter is the time for intensive business. Preventable sickness, absenteeism and inefficiency cause serious losses. Greater profits will result if your employees breathe pure air.

Vacations with pay for your employees are an investment in health and ambition. The investment will soon be lost unless a healthful atmosphere is maintained during the cold season.

The popular but erroneous belief that heated fresh air ("cooked air") is healthful, is a contributing cause to the result noted below. Those breathing "cooked air" are menaced equally with those breathing stagnant air.

Modern science demands ventilation with cool fresh air. By the Gerdes Method of Ventilation healthful and invigorating unheated fresh air is diffused without causing draught or chill.

A booklet giving references of highest character will be sent on request.

### Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 1808

GERDES  
METHOD

#### NEW DIRECTORS OF GOTHAM NATIONAL

Jasper A. Campbell, retired merchant and real estate owner, and William E. McGuirk, president of the Yellow Taxi Corporation have been appointed members of the board of directors of the Gotham National Bank, New York.

#### HAROLD D. BENTLEY MADE VICE-PRESIDENT

The Guaranty Trust Company of New York has announced the appointment of Harold D. Bentley as a vice-president. Mr. Bentley became associated with the company ten years ago, and for the past four years has served as investment trust officer. He will continue to have direct charge of the company's investments in trusts and estates.

Mr. Bentley was born and educated in Rochester, and entered the banking field there with the Merchants Bank of Rochester. He later served as manager of the bond department of Erickson Perkins and Company. He joined the Guaranty Trust Company in 1914.

#### F. N. FINGER LEAVES GUARANTY TRUST

F. N. Finger, credit manager of the Guaranty Trust Company of New York for the last five years, has resigned to become vice-president and managing director of Edgar T. Ward's Sons, Inc., an old established specialty steel product house, with headquarters in Newark, N. J. For ten years prior to 1918, Mr. Finger was associated with the Carnegie Steel Company, where he rose to the position of eastern credit manager.

#### WYOMING BANK OPENED IN PHILADELPHIA

The new Wyoming Bank and Trust Company has opened for business in Philadelphia. Capitalization is \$200,000, with \$40,000 paid in surplus. The bank was organized by residents of Olney. Officers are: President, J. Frank Leonard; vice-presidents, H. James Sautter and Emil P. Stahl; secretary-treasurer, John B. Krug; title officer, John F. Connor.

# **New England States**

**Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut  
and Rhode Island**

# **The First National Bank of Boston**

**The leading financial institution in  
New England**

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**Branch at Buenos Aires, Argentina**

**Branch at Havana, Cuba**

**Special Representative in London**

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**Resources \$300,000,000**



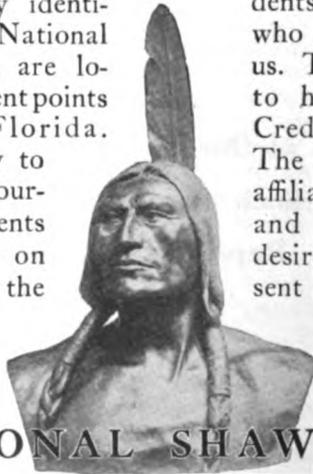
## While you enjoy Florida

**E**VEN under the smiling skies of climate-blessed Florida resorts, financial matters have a way of creeping in to demand prompt attention. It is well to know that a bank capable of serving you efficiently is within easy reach.

Banks closely identified with The National Shawmut Bank are located at convenient points throughout Florida. They are ready to extend every courtesy to our clients vacationing or on business trips in the

South. These are banks of the highest local standing, in close touch with southern enterprises as well as with the North.

The facilities of these southern banks are available to clients of our correspondents, as well as to those who deal directly with us. They will be pleased to honor Letters of Credit from this bank. The addresses of our affiliated Florida banks, and any information desired, will be gladly sent upon request.



**THE NATIONAL SHAWMUT BANK**  
*of* **BOSTON**

ECONOMIC CONDITIONS IN THE  
NEW ENGLAND STATES

**N**EW England is not getting very much excited over either the brass band methods of the optimists or the crape-hanging methods of the pessimists. What New England is most interested in is the steady demand for its manufactured goods on the part of consumers. Following a policy of conservatism that has taken account of all the uncertainties in the general situation, New England manufacturers have for some months quietly curtailed production to avoid piling up goods that might not be called for. At present stocks are rather low, inventories are satisfactory, prices are fairly stable, and the consumptive demand shows no sign of letting up. Inflation of stocks of raw material and finished goods has been avoided and New England manufacturers are looking forward to a new year of substantial business in all lines. The prices which manufacturers are receiving are low and production costs are still high. This has cut the margin of profit to a very narrow limit, but a continuance of a good volume of business even at this narrow margin of profit is preferable to the fluctuations and uncertainties that complicated the situation earlier in the year.

Employment is at a very high level for this time of year and wages are high. This of course is a big factor in maintaining consumptive demand, and there seems to be little likelihood of any decrease in employment. In a few of the trades seasonal quiet has set in, but even this has failed to have any marked effect on the general employment situation.

The shoe factories are well supplied with orders. Shoes are selling at very reasonable prices and the retail demand is strong and steady. Troubles earlier in the year curtailed production materially and for some months it looked as though the volume of business for the year would be much below normal. The last few months have more than turned the tide, however, and the year's report will be far better than was expected. One of the most interesting developments in the shoe trade has come out of the labor troubles of the early part of the year. One of the great shoe centers of New England has been steadily losing business owing to the fact that small manufacturers, dissatisfied with labor conditions and restrictions in that city, have been moving away. At last the labor people themselves have awakened (very tardily) to the dangers of

## 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

the situation and are even proposing a voluntary reduction of wages in order to help maintain the shoe prestige of that city.

Woolen mills are well supplied with orders. Wool is in fair demand, woolen yarns are more active than they have been for some time, and while the demand for goods is somewhat spotty there is a general tendency toward a heavier demand for the better grade materials. Early attempts to raise prices of woolen goods met with some success but the pressure for lower prices is steady and insistent and is causing manufacturers much trouble. Many of the smaller New England mills have been curtailing production for the past few weeks but do not find that a threatened shortage of goods makes the buyer any the more ready to pay high prices.

The outstanding developments in the cotton manufacturing industry of late have been the continued rise in the price of raw material, the failure of most lines of finished goods to rise with the cost of raw



**T**HE old building of the Peoples National Bank of Waterville, Maine, was renovated by the erection of a new front of Indiana limestone and bronze giving the effect of a new building.

**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*

materials, and the unwillingness of buyers to do more than fill immediate needs at present price levels.

The New England banking situation is satisfactory. There has been a tendency toward slightly lower rates for first grade mortgages during the past few weeks, quite a bit of money being placed at 5 per cent. There is a plentiful supply of mortgage money and this, combined with low rates, has had a tendency to maintain a high rate of activity in the real estate market, despite the lateness of the season. City real estate is exceptionally active, and while suburban home property is less active the number of inquiries coming in to brokers' offices indicate a busy spring season in prospect.

Owing to lower material prices and a better supply of labor, building projects took a sudden jump during October and the early part of November. As reported by the F. W. Dodge Co., October building contracts in New England amounted to \$31,157,000, an increase of 29 per cent. over the previous month and of 18 per cent. over the corresponding month of last year. Included in last month's total were the following: \$16,710,000, or 54 per cent., for residential buildings; \$4,906,000, or 16 per cent., for business buildings; \$2,987,000, or 9 per cent., for educational buildings; \$2,144,000, or 7 per cent., for industrial plants; and \$1,773,000, or 6 per cent., for public works and utilities.

Construction started in this district from January 1 to November 1, of this year, amounting to \$281,505,000, is not quite 2 per cent. less than the amount for the corresponding period of last year.

Contemplated new work reported in October amounted to \$38,897,000, which is 46 per cent. more than the amount reported in September.

Retail trade is good. Collections are fair and the few reports of business failures indicate an almost total absence of strain in all lines. The retail stores are preparing for a heavier-than-usual holiday trade, basing their opinions on the widespread employment of workers of all sorts. The dealers are, however, insistent that any substantial advance in prices will immediately kill even the most promising trade.



#### DIEBOLD VAULT INSTALLATIONS

The Diebold Safe and Lock Company, Canton, Ohio., through its Boston office, E.



## 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

W. Nelson, manager, has some important vault work on hand in New England including work for the Hyannis Trust Company, Hyannis, Mass.; Indian Head National Bank, Nashua, N. H.; Attleborough Savings Bank, North Attleboro, Mass.; Shelburne Falls National Bank, Shelburne Falls, Mass.; Wilton Banking and Trust Company, Wilton, Me.; Peoples National Bank, Farming-



A good Paper Fastener is a Banking Necessity

## The "Challenge" Eyelet Press

will answer every requirement in this line. A single stroke of the handle back and forward drives the eyelet thru the material and firmly heads it over. Without additional attachment, the machine removes the eyelet or will convert it into the common hollow-headed style for inserting sealing ribbon. Two sizes:

No. 1. (capacity 50 sheets bond) \$10.00 Deliv'd.  
No. 2. " 90 " " 30.00 "

Send for Catalogue

Edw. L. Sibley Mfg. Co. Inc., Bennington, Vermont

ton, Me., and the Rhode Island Hospital Trust Company, Pawtucket, R. I.

### NEW VAULTS FOR FIRST NATIONAL OF BOSTON

The Mosler Safe Company, through their Boston office, H. J. Robinson, manager, have just successfully delivered to the new First National Bank Building in Boston the doors to the security and safe deposit vaults to be installed in this building. The doors for the security vault had to be lowered fifty-two feet below the street level and those for the safe deposit vault thirty-two feet below. These doors weighed eighty-five tons and it was necessary to move them in sections from the railroad to the building. The cost of this moving operation alone was \$13,000.

Among other new contracts through the Boston office of the company are three new doors for the Worcester Bank and Trust Company, Worcester; new work for the Harvard Trust Company, Cambridge; new vaults for the Industrial Trust Company, Pawtucket, R. I.; South Weymouth Savings Bank, South Weymouth, Mass.; Phoenix National Bank, Hartford; Washington Trust Company, Westerly, R. I.; New Bedford Safe Deposit and Trust Company, New Bedford; Cambridge Savings Bank, Cambridge, and Union Trust Company, East Greenwich, R. I.

### BUENOS AIRES BRANCH OF FIRST NATIONAL BANK OF BOSTON PRAISED

The branch of the First National Bank of Boston located in Buenos Aires holds a leading position in that city, and has the confidence and good will of the cabinet of the Republic of Brazil and of the Argentinians, according to E. M. Newman, famous traveler and lecturer.

There is not a bank building in Boston any finer than the First National Bank building in Buenos Aires," said Mr. Newman. "It is really a financial monument. I believe that keen judgment has been shown on the part of the bank itself in the selection of a central location which will surely double in value within ten years.

"The only thing that will retard temporarily a rapidly increasing trade relationship between the wool growers of the Argentine and the consumers of wool in Massachusetts is the question of unstable exchange, but that is only transitory, and I will predict that the day will come when the First National Bank of Boston will be one of the leading, if not the leading, financial institutions of the country."

### BAY STATE SAVINGS DEPOSITS EXPANDING

Savings bank deposits in Massachusetts increased over \$100,000,000 during the fiscal year ended October 31, according to a statement made by Bank Commissioner Joseph C. Allen. This is the largest increase in any one year in the history of savings banks. The exact increase was \$117,655,501.

Total deposits on October 31, 1923, were \$1,433,749,747, as compared with \$1,316,094,246 on the same date in 1922. The report states also that the total assets of the savings banks of the state on October 31, 1923, were \$1,569,988,838, as compared with \$1,440,647,622 on the same date in the previous year, a gain of \$129,314,216.

The total amount paid in dividends by the savings banks during the year was \$59,935,065. The total number of open accounts was 2,745,743, an increase of 100,696 over the preceding year.

# Southern States

Comprising the District of Columbia, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky and Tennessee

## ECONOMIC CONDITIONS IN THE SOUTHERN STATES

BY THOMAS EWING DABNEY

**R**EVISING downward, in November, by 767,000 bales its previous estimate of cotton production, the Government gave immense emphasis to the work launched in New Orleans in the latter part of October, to develop a national program for eliminating the boll weevil. When the National Boll Weevil Convention was called, the indications were that there would be a production of 11,000,000-odd bales in the South, and a crop of this size, it was pointed out, was all too small for the consumption needs. Now that the forecast is for a crop of 10,248,000 bales, the ravages of the pest, which are actually threatening the balance of trade of the United States, become apparent even to the "man on the street."

The fact that the convention was called by the Louisiana Bankers Association may be taken as a further indication of the gravity of the situation, for the banking fraternity is conservative, and slow to rush to the front with predictions of the character that featured the meeting's deliberations. The further fact that the permanent organization that has been formed as a result of the council of war is so largely supported by bankers, is the best guarantee of success the movement has, for when those who control the purse strings insist on certain cultivation and eradication methods, the message has a great deal more influence than when it is delivered by entomologists and chambers of commerce.

The economic condition in certain cotton sections of the South is very acute. There are places where it takes a farm to produce the bales that formerly an acre yielded. Unless the boll weevil is checked, cotton production will be so far diminished and the price increased, that other sections of the world, for instance Brazil and Australia, will develop immense acreages to the staple, and the United States will lose exports that for half

a century have inclined the balance of trade in our direction.

There are parts of South Georgia and Alabama where business is hanging on by its eye teeth because of the losses of cotton. In upper Louisiana, conditions are very distressing. No state in the sixth Federal Reserve district has an average condition in cotton as high as the Government's average for the United States.

This is the curtain upon which is projected the activities of the new national movement.

The protracted warm weather of the South cut into the expected volume of business. Nevertheless, the total business done shows an increase over last year.

Chattanooga led the procession, with a 40 per cent. gain over September of last year. Then Birmingham, 18 per cent.; Atlanta, 10 per cent.; Savannah, 9 per cent.; New Orleans, 5 per cent.; Jackson, 4 per cent.; Nashville, 2 per cent. These and other cities in the sixth Federal Reserve district give a general average of 10 per cent. improvement.

Stocks of merchandise, at the same time, were 12.4 per cent. greater than at the same time last year, and 7 per cent. greater than they were a month before.

Reports from typical centers are to the effect that buying is being done only for current needs, and that price advances are meeting with increasing resistance.

This, it should be remarked, is the usual state of mind immediately preceding the holiday season. It is the tightening of the belt before going over the top. When the Christmas-shopping battle cry is sounded, there will be no hesitancy about the "charge." While it is foolish to forecast a record-breaking Christmas business, one may predict with all conservatism a healthy season, for since the winter period began, there has been a general psychological improvement all down the line.

In every line except drugs, the wholesale trade showed a substantial improvement in September, over August, and over September of a year ago. Drugs were 3 per cent. below August, but 9 per cent. above Sep-

# ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

## AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

### STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS  
EVERY WEDNESDAY

### Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

tember, 1922. Farm implements showed the greatest advance—26 per cent. better than August, and 22 per cent. better than September of a year ago. Next is dry-goods: 11 per cent. better than August, and 15 per cent. better than September a year ago.

The wholesale grocery trade registered the highest advance in Meridian—22 per cent., with Atlanta second, 17 per cent. Dry-goods did best in Atlanta, 28 per cent., with Nashville second, 20 per cent. Hardware in Montgomery, 25 per cent., and in Nashville 15 per cent. Furniture, in Atlanta and Nashville, both 12 per cent. Shoes in Atlanta, 20 per cent.

Savings deposits have recovered their losses of the previous two months. They are now about 14 per cent. greater than they were a year ago. Debits to individual accounts also show a gain. Building generally throughout the South has shown a seasonal decline, but there is a vast amount of construction still going on.

Despite the dock strikes in New Orleans,

there has been a steady increase in the outgoing trade of the port. In September, 16,454 carloads of freight were shipped out of New Orleans. The total in September, 1922, was 15,161.

Likewise in September, imports totalled the heaviest volume of dutiable goods in the history of the port. The Government did almost a \$2,000,000 business during the month. The month before, the total was less than \$1,000,000.

A million-barrel rice pool has been started by the American Rice Growers Association, with headquarters in New Orleans. Farmers are to be advanced \$3 a barrel on the rice they put into the pool, and the crop, instead of being dumped upon a sagging market, will be distributed gradually, as the trade demands it. It is declared that distribution methods such as this are needed to save the prosperity of the rice-producing sections.

A flourishing condition of Louisiana banks is shown by the state bank examiner, who reports that cash and general reserves are about \$3,000,000 higher than at the time of the last quarterly report.

## 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

### CONVENTION DATES

Executive Council, A. B. A.—at Augusta, Ga., April 28-May 1.  
Mississippi—at Columbus, May 6-7.  
Texas—at Austin, May 6-8.  
North Carolina—at Asheville, June 4-6.  
American Institute of Banking—at Baltimore, June 15-18.

### BALTIMORE BANKS UNITE

The National Exchange Bank and the Atlantic Trust Company, both of Baltimore.

# THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



**The Old First**  
Est. 1865

*with*

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**OFFICERS**— Experienced, capable and  
well versed on conditions  
and credits throuth this  
territory :

*invites your business*

**JOHN M. MILLER, JR.**  
*President*

**Resources over \$30,000,000**

have merged under the title of the Atlantic Exchange Bank and Trust Company. Their combined resources will exceed \$26,000,000.

Waldo Newcomer, president of the National Exchange Bank, became chairman of the board, and E. L. Norton, president of the trust company, was made president of the joint institution.

## **CLIFFORD A. PETRY**

The Alabama Bank and Trust Company of Montgomery, Alabama, has announced the death of its cashier Clifford A. Petry, on Tuesday, November 6, in Montgomery.

## **MORE FARM CREDITS**

The North Carolina Agricultural Credit Corporation of Raleigh, has been organized with an authorized capital stock of \$2,000,000 but will begin business on \$100,000. It will obtain loans through the Intermediate Credit Bank of Columbia. With \$100,000 paid in capital it will be able to borrow up to \$1,000,000 which will be relaned to

farmers, particularly members of the cotton and tobacco growers' associations. Local banks will be invited to take stock in the corporation and act as agents in their territories.

The purpose of the corporation is to enable farmers to obtain loans to finance the production of their crops, enabling both the farmers and the merchants to go on a cash basis and doing away with the old credit system whereby the merchant furnishes the farmer supplies and waits until the crop is made to collect his money, meantime paying interest on his notes at the bank.

## **NEW BANK PLANNED FOR ELKINS, WEST VIRGINIA**

H. G. Kump, of Elkins, W. Va., is at the head of a movement to start a new national bank there. It is the intention to name it the Citizens' National Bank. Mr. Kump has obtained official approval from the Federal Comptroller of the Currency to organize the institution with a capital stock of \$100,000.

# “STEELCRETE” ARMORED VAULTS

*AS DEVELOPED FOR FEDERAL RESERVE BANKS*

## Big Banks Rely on “Steelcrete”

**T**HERE is no compromise with security in selecting the materials to safeguard the valuables of the banks where vast wealth is concentrated. The burglar must be checkmated.

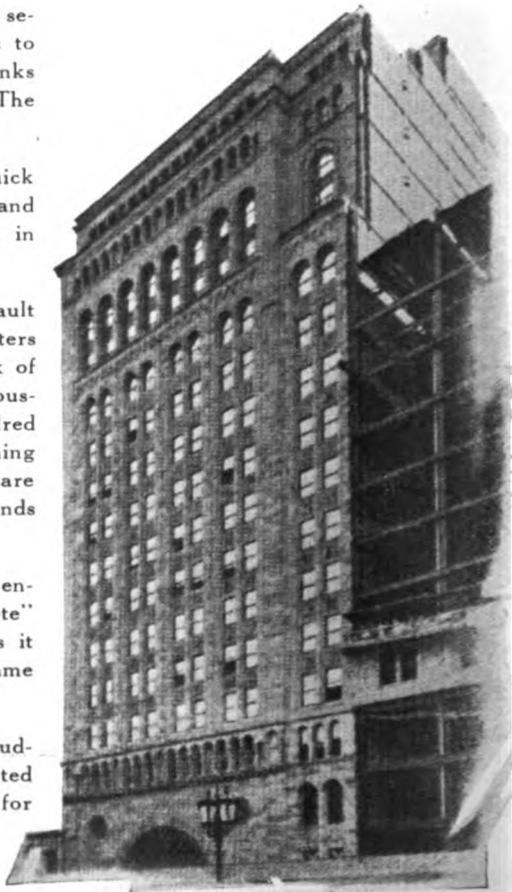
The burglar plans his work for quick action. He counts in minutes and seconds (not in hours) the period in which he hopes to complete a “job.”

In the “Steelcrete” Armored Vault the yeggman’s drill or torch encounters heavy strands of steel—a mesh work of countless individual strands. Laboriously severing one or two, or a hundred strands and digging out the intervening concrete, avails him nothing. There are always more, and yet more, steel strands between the yegg and the wealth.

It is this principle of heavy steel enmeshment that makes the “Steelcrete” Armored Vault secure—that enables it to withstand electric drill, cutting flame and explosive.

Many big financial institutions, including Federal Reserve Banks, have adopted “Steelcrete.” And it is adaptable for smaller vaults, too.

We work with your Architects and Engineers in providing modern protection at moderate cost.



**BOWERY SAVINGS BANK**  
York & Sawyer, Architects. Geo. A. Fuller Construction  
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# Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,  
Iowa and Missouri

## CONVENTION DATES

Missouri—at Kansas City, May 20-21.

Illinois—at Chicago, September 29-30,  
October 1-2.

## AMERICAN BANKERS ASSOCIATION CONVENTION DATE

The date for the 1924 convention of the American Bankers Association, to be held in Chicago, will be September 29 and 30, and October 1 and 2, it is announced by F. N. Shepherd, executive manager of the association.

The convention headquarters will be the Congress Hotel, and the general sessions will be held at the Auditorium Theater across the street from the headquarters hotel. The meetings of the various divisions and sections will be held in the Congress Hotel. The first day of the meeting, Monday, September 29, will be devoted to the meetings of the committees of the association.

The invitation to hold the convention in Chicago was extended to the association at its recent convention at Atlantic City on behalf of the members of the Chicago Clearing House Association through George M. Reynolds, chairman of the Chicago clearing house committee.

## GUARDIAN SAVINGS AND TRUST COMPANY PROMOTIONS

Four members of the staff of The Guardian Savings and Trust Company, Cleveland, have been promoted to vice-presidencies by the board of directors, according to the announcement of J. A. House, president. They are Howard A. Carlton, formerly assistant treasurer; Clayton H. Force, formerly assistant secretary; Clay Herrick, manager of the credit department; and A. L. Irish, who for the past two years has been doing special personnel work for the bank.

Mr. Carlton has charge of the commercial banking department. He began his banking career in Mantua, Ohio, later going to Cleveland from the First National Bank of

Garrettsville. He has been with the Guardian sixteen years.

Mr. Force manages the stock transfer division of the trust department. He joined the Guardian staff twenty years ago as a bookkeeper and for the past ten years has directed the stock transfer work of the institution.

Mr. Herrick joined the bank's staff six years ago. He was formerly with Ernst and Ernst and before that was with the Cleveland Trust Company, where he organized the first statistical department in a bank in Ohio. Before entering the banking world he was a teacher and for a time was associate professor of history at Berea College, Kentucky.

Mr. Irish was for sixteen years with the Bell Telephone Company, resigning in 1912 from the district superintendency at Akron to reorganize the general and factory offices of the B. F. Goodrich Rubber Company. In 1918 he became secretary of the Republic Rubber Corporation and its subsidiaries, with headquarters in Youngstown. He came to the Guardian in 1921 and is now operating vice-president.

Junior officers elected by the board are as follows:

Assistant secretaries: H. H. McKee, assistant manager of the credit department; T. P. Reiting, manager of the securities analysis department.

Assistant treasurers; P. P. Janicki, manager of the Woodland-East Thirty-first street office; T. C. Edmonds, loan department, formerly a national bank examiner; D. S. Falls, commercial office; T. R. Roberts, mortgage loan department; Ralph Waycott, collateral loan department. Assistant trust officer, O. H. Gray.

## THE BANKERS SUPPLY COMPANY BUILDS LARGE NEW ADDITION

A new \$150,000 addition to the Chicago factory of the Bankers Supply Company, Chicago, has just been completed. This provides a plant more than 450 feet in length, which is believed to be the largest space

## Reed Mass Plan

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 & Banker Associates  
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ufactures a line of antique moorish savings and commercial pass books, check covers, etc., which are very distinctive and different from those ordinarily produced and used.

The Bankers Supply Company, starting seventeen years ago with \$25,000 capital, and one small factory at Denver, Colorado, now has a capital of over a million dollars, and with factories at Chicago, New York, Dallas and Denver, and sales offices in addition to the above at San Francisco, and at Atlanta, Ga.

#### DES MOINES BANK TO USE NEW CHRISTMAS SAVINGS CLUB IDEA

A new idea which will be incorporated in the Christmas savings club campaign of the Iowa Loan and Trust Company of Des Moines, Iowa, this year has been originated by J. E. Morton, cashier of that institution. The plan is to conduct not only the regular club, but to issue special books to those who wish to save for any particular

occupied by a lithographing plant in the western part of the country.

In addition to Super-Safety Insured Bank Checks, the Bankers Supply Company man-



OFFICERS AND DIRECTORS OF THE NATIONAL BANK OF COMMERCE IN ST. LOUIS

Who are making a tour of parts of Mexico and the Southwest. The delegation is headed by John G. Lonsdale, president of the bank. Reading left to right, front row: W. B. Weisenburger, J. C. Doneghy,

W. Frank Carter, John G. Lonsdale, John B. Strauch, Columbus Halle, N. L. Moffitt and

C. F. G. Meyer. Top row: F. J. Paro, F. W. A. Vesper, David Sommers,

W. L. Hemingway and E. A. Faust

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*Banks and Bankers Department*

FRED A. CRANDALL, *Vice President*

S. P. JOHNSON, *Ass't Cashier*

R. V. KELLEY, *Ass't Cashier*

purpose requiring payment at some other time of the year than Christmas. For instance, under the new plan, a person may save for a vacation, insurance, taxes, furniture, payment on a home, mortgage, hope chest or wedding ring. The bank will pay the money at any date designated by the saver. For those who do not wish to make public their plans, a "Confidential" book is provided. The dominating ideal is embodied in the slogan "Save For a Purpose."

### NOMINATED TO BOARD OF CHICAGO RESERVE BANK

Nominations have been made for two vacancies which will occur in the board of directors of the Federal Reserve Bank of Chicago. Robert Mueller, a manufacturer of Decatur, Ill., whose term expires at the end of this year, has been nominated to succeed himself. Other nominations for the same place made by member banks in group two, are Harvey J. Sconce, farmer and business man, Sidell, Ill., H. U. Morton, manufacturer, Chicago, and Ernest R. Perry, manufacturer, Bay City, Mich.

E. L. Johnson, banker of Waterloo,

Iowa, whose term expires; George J. Schaller, banker, Storm Lake, Iowa; John C. Hicks, banker, St. Johns, Mich., and W. D. Connor, banker, Marshfield, Wis., have been placed in nomination by the bankers of group three. Several state groups of the Iowa Bankers Association have indorsed Banker Schaller, of Storm Lake, that state.

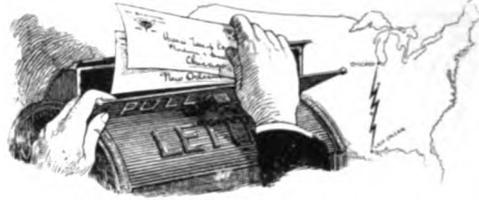
### CENTRAL MANUFACTURING BANK DECLARES DIVIDEND

At a meeting of the board of directors of the Central Manufacturing District Bank recently, the regular quarterly dividend of 2½ per cent. and an extra dividend of 2 per cent. were declared, both payable January 1, to stockholders of record December 31. The capital stock of this bank now is \$500,000 and surplus \$500,000. The stock of the bank recently sold at \$350 a share.

### STEVENSON, PERRY, STACY & CO.

Stevenson, Perry, Stacy & Co., Chicago, investment bankers, has been organized as the successor to Stevenson Bros. & Perry. Charles L. Stacy becomes a member of the firm, the firm of Stacy and Braun having

"The spirit and capacity which a city bank brings to the service of its correspondents are best judged by routine incidents out of the day's work."



## Account Credited 24 Hours Sooner

"How can a Chicago bank help us to carry the credit needs of several large shippers of grain to such points as Memphis and New Orleans?" This problem was recently put to us by a bank located two hundred miles south of Chicago.

The arrangement we made with this correspondent for simultaneous mailings to us and to point of destination of cargo would quicken turnover and reduce the credit needs of customers for hundreds of banking institutions.

*To the service of our correspondents and their customers this Bank brings an unusual experience with TIME-SAVING METHODS and an unusually complete relationship of correspondents, private wires, and other facilities for reducing the time element on both funds and information in transit.*

## UNION TRUST COMPANY · Chicago

*Offering the Seven Essentials of a Banking Home*  
SAFETY SPIRIT EXPERIENCE CALIBER CONVENIENCE COMPLETENESS PRESTIGE

been dissolved December 1. Robert Stevenson, Jr., John A. Stevenson and I. Newton Perry, with Mr. Stacy, constitute the firm. Walter Braun and Erwin Bosworth will form the firm of Braun, Bosworth & Co., with offices in Toledo, Detroit and Cincinnati.

### COMMERCIAL NATIONAL OF MILES CITY ABSORBS BANK

The Miles City National Bank, Miles City, Mont., has been absorbed by the Commercial National Bank of that place. According to a press dispatch from Miles City appearing in the *Montana Record* last month, it is stated that owing to the limited volume of business and the high cost of operation, the directors of the Miles City National Bank deemed that the interests of their shareholders would be best conserved by turning the institution over to the Commercial National Bank. It is also stated that the assets of the bank were passed on and checked by the national bank examiner and that the consolidation had the approval of the Comptroller of the Currency. The Commercial National Bank has a capital of \$250,000, with a surplus and undivided

profits of \$160,000. Percy Williamson is president.

### RICHARD P. JOY TREASURER OF PACKARD MOTOR COMPANY

Richard P. Joy, president of the National Bank of Commerce of Detroit, has been elected treasurer of the Packard Motor Car Company, to succeed F. R. Robinson, resigned.

### OBERLIN SAVINGS BANK

On the occasion of the formal opening of the new home of the Oberlin Savings Bank Company, Oberlin, O., recently, between six and eight thousand people passed through in an almost unbroken line until the bank was closed at 11 p. m.

Two hundred and fifty new savings accounts were opened by the bank and each new depositor in this department was given a new dollar bill with the compliments of the bank. New money was used exclusively by the bank in all its transactions on opening day.

It was the opinion of the callers that it would be difficult to find in any other town

of similar size a bank housed in quarters better fitted for the transaction of business under such ideal working conditions.

#### DUBUQUE BANK OPENS NEW BUILDING

The Union Trust and Savings Bank, Dubuque, Iowa, opened its new bank building November 20. The bank was founded in 1887, has a capital of \$150,000, surplus and undivided profits of \$300,000, and deposits of over \$3,000,000. Its officers are as follows: C. H. Berg, president; A. F. Heeb, vice-president; L. H. Breds, vice-president; B. J. Schwind, assistant cashier; R. A. Shannon, assistant cashier; N. C. Gindorff, cashier.

#### NEW CHICAGO MERGER PROPOSED

The consolidation of the Kaspar State Bank and the American State Bank of Chicago has been proposed, according to recent newspaper advices. The directors of both institutions, it is said, have decided on the union, and special meetings are to be held shortly to obtain the approval of the stockholders.

If the merger is effected, the new organization will have a combined capital and surplus of \$2,000,000 and resources of more than \$20,000,000. Tentative plans are, it is said, to operate the resulting institution under the title of the Kaspar-American State Bank and to occupy the quarters of the American State Bank after they have been remodeled and enlarged to meet the needs of the new bank. Otto Kaspar, president of the Kaspar State Bank, will head the new institution, and J. F. Stepina, president of the American State Bank, will be first vice-president.

#### CHRISTMAS CLUB STARTED FOR 1924

The Illinois Merchants Trust Company, Chicago, has already started an aggressive 1924 Christmas savings club. The loop banks have been astonished at results in this field. At first it was thought such things belonged only to suburban or smaller town banks.

John J. Geddes, vice-president of the company, has returned from a ten-day trip to Boston and New York and reports that he finds almost every line of business good, with probably one or two exceptions, among them being leather, which has not yet caught up. "I do not know of any lines of industry that are over-extended. Christmas shopping is picking up, but unfortunately the retail clothing trade is dull because



1863

1923

Upon the foundation of sixty years experience and growth is based the present organization of

## ***The First National Bank of Chicago and the First Trust and Savings Bank***

This experience has developed a highly specialized service in both banks, applicable to the needs of banks and bankers.

Calls and correspondence are invited relative to the facilities afforded for the transaction of domestic and international financial business of every conservative character.

***Combined Resources exceed  
\$368,000,000.00***

JAMES B. FORGAN, Chairman  
Board of Directors of both banks

FRANK O. WETMORE  
President  
First National Bank of Chicago

MELVIN A. TRAYLOR  
President  
First Trust and Savings Bank



of the unseasonable weather. You can not sell winter clothes in summer weather," he said.

#### EDUCATIONAL CAMPAIGN FOR IOWA SCHOOL CHILDREN

Practical lessons in economics will be brought before the school children of Iowa in the next few weeks through the educational committee of the Iowa Bankers Association and that of the American Bankers Association. A. C. Smith of Clinton, chairman of the committee on public education of the Iowa Bankers Association, has mailed to 1900 Iowa bankers a letter explaining the nature of the work to be done and calling upon the bankers to help bring to the people of the community through the children and rural schools "a proper understanding of the fundamentals that govern our financial and economic welfare." Bankers in each community will go before the school children, with the co-operation of county superintendents and school officials over the state to bring messages prepared

especially for school children, making plain the relation of the community bank to the community's other activities, and particularly to agricultural enterprise. Other members of the committee on public education of the bankers association include: G. O. VanDerveer, Waverly; E. S. VanGorder, Audubon; Leo Stone, Mason City; B. B. Vorse, Des Moines; C. C. Jacobson, Mapleton; H. E. Smith, Clarion; W. N. Enyart, Agency; E. Webbles, Burlington; Joseph W. Meyer, Dubuque, and H. S. French, Osceola.

#### BANK OF DETROIT PRESIDENT RESIGNS

Senator James Couzens has resigned as president of the Bank of Detroit, Detroit, Mich., which he organized in 1916. George B. Judson, vice-president, is said to be slated for the presidency.

The fact that his Senatorial duties took him away from Detroit six months of the year was given as the reason by Mr. Couzens for his resignation.

# 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

AS the Western States are about to enter the winter season they are making a recapitulation of their position and their prospects now that the first six months of a new crop year are about to close. Since July, or a bit earlier, the Western States, especially those in the southern tier, have been marketing wheat. They have also been marketing other cereals and live stock. Yet their bank deposits are practically the same as when the new crop year opened. What is the significance of this? What does it hold in store for bankers of the Western States? And for business?

To answer questions that involve the future it is necessary to analyze first the reasons for the present situation. No great disappointment is apparent among bankers over the fact that their aggregate deposits are no larger today than when the crop year started. It is needless to say that there is anything except satisfaction over this showing, but it is about as expected when the harvest was well under way some months ago. Being able to recall the recent years when a new crop season, especially the first half, brought sharp increases in deposits, bankers cannot accept the present situation without some regret. Yet they find basis for hope as they examine it.

Light wheat production stands out as an influence. Another is the depression in oil. Another is the fact that cattle on the whole earned very small, if any, profits. Lambs and sheep sold very well in the past range season, but the benefits from this stock are not general. Corn has been very high, but marketings have been very light. Fed stock has not sold on the basis of high corn. Only dairy products have returned prices comparing with high corn. Summarizing the returns from the marketings of the principal products of this territory, it appears that the gross income has not left sufficient to pile up deposits in banks to the degree of recent years, or even to a total leaving an

important increase over the July 1 statements.

Another factor which must be considered is the influence of the investment of funds. Scattered bank failures in the Western States, especially in rural regions, have tended to encourage buying of Government and of other high grade bonds with funds which would ordinarily be deposited. The extent of this influence cannot be determined, but it is recognized as a factor by conservative bankers. The shock of scattered failures affects rural points more than cities, as far as bank depositors are concerned. The money put into Government bonds and accumulated in other ways adds to the resources of the Western States, but when not deposited in banks it affects the financial situation, temporarily at least. It is, of course, still encouraging to know that there are resources which are well invested and which will come out at some future time.

It is doubtful if there has been large liquidation of loans, although some reduction has been effected in obligations. The reserve position of reserve city banks does not indicate any extensive liquidation, for if farmers had paid off bank debts their country banks would have improved their relations with their correspondent banks and the latter would show higher reserves. Whether there has been more liquidation of farm loans held outside of the Western States against the farms and ranches of this territory is a question. Farmers have been eager to pay off as many loans as possible, but only those in the cotton areas favored with good crops of cotton are able to show any heavy liquidation.

After noting these conditions, what are the impressions of bankers? Views differ, but on the whole there is a feeling that the coming six months, or the period that must elapse before another harvest season arrives, will see no sharp change in bank deposits. The last six months of each crop year usually record decreases in bank deposits; the bulk of the harvests are supposed to be out of the way and many farmers are supposed to have accumulated money

# WANTED

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October, 1919

January, 1920

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**Bankers Publishing Co.**

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to carry them through for the remainder of the twelvemonth. In endeavoring to anticipate what the showing of bank deposits will be, it is found that there is reason for expecting larger total marketings of various products than many interests believe to be in sight. The movement of wheat is already bringing out the old comment about a short crop having a long tail. In the winter wheat states, notably Kansas, Nebraska and Oklahoma, new crop prospects are so bright that farmers are more likely than in a long time to enter the new harvest season with very light reserves of bread grain. This will add to marketings. There are more cattle and sheep on feed, and about as many lambs. Probably more mules will be sold. More dairy products will be sold.

What else in the way of marketings? A little story gleaned by the writer on a recent trip into Nebraska is timely in this connection. At a small town near Omaha, a large packing center, farmers brought in a load of range horses from Wyoming. What do we need with range horses here? This

question was asked by a business man who is a friend of the farming community that purchased the load. In answer to his question he was advised that the price of tankage sold by packers is very high. Tankage is a concentrate high in protein that is used especially for feeding hogs. It is a combination of inedible meats and other products of this character in the meat packing business. Rather than buy tankage, the farmers, it was learned, are shipping in the horses, which motor cars have reduced to a very low price, slaughtering the animals, and feeding the carcasses as a substitute for tankage. The farmers are also skinning the horses for their hides, but the hides are so cheap that there is little profit in this part of the operation.

Why is this story so interesting in connection with Western banking and Western business? Because it shows how intensively farmers are working to reduce the cost of their products in order to reap a profit from current markets. In these intensive efforts there is hope for bankers and hope for Western business, although the immediate influence on merchants is not favorable.

Indications of the economy the West is practicing are to be found in the activities incident in mercantile circles with the approach of the Christmas season. No feverish stocking up is apparent. On every hand there is conservatism. The farther removed the store is from a city, the less interested it appears to be in loading up for Christmas or in anticipating a heavy business. There is, of course, an exception in the cotton areas with generous harvests. Even in the cities the slackening influence of curtailment in farm buying makes for conservatism. High-priced articles are not as popular as a year ago and decidedly less popular than two or three years ago. All of this, however, is a part of the healing process through which the Western states must pass. They have protested and protested through their agricultural spokesmen about disparities in prices. There has not followed any artificial movement to effect readjustments, but silently the farmers' spending is effecting a cure. The most notable evidence of efforts to use the powers of the Government or one of its branches to effect a cure is the holding of hearings on grain and grain products and hay rates in the West by the Interstate Commerce Commission, following pleas for lower railroad charges. This is a step in the right direction.

Farm relief talk looms high. Congress

1866



1923

## *Complete Financial Service*

The Omaha National Bank  
The Omaha Trust Company  
OMAHA, NEBRASKA

Resources over - - \$35,000,000

will give it impetus. But nobody is spending any money that is expected to be repaid through the inauguration of farm relief measures. Just now there is more confidence in the likelihood of an increase in the tariff on wheat than any other action, but this is held to be very problematical. The Western States have about come to the conclusion that there would be little, if any, talk about farm relief measures if such talk had not become a means employed by politicians to curry the favor of farmers. With big political contests near, it is believed that something more than talk may be witnessed, but even if there is action the prevailing notion is that it will be very temporary. Just now there is evidence that wheat, already cheap, would be considerably lower if tariff talk was not exerting an influence favoring purchases of flour. At the same time, there are signs of larger importations of Canadian wheat with a duty of 90 cents a bushel than would be witnessed if there were not possibilities of an increase in the tariff to 45 cents a bushel, together with a corresponding advance on the flour duty. The talk of more co-operative marketing is deprecated as much as anything, for it is

silly to think that co-operative marketing can broaden demand for the products of farms and ranges.

Climatically, the Western States have reason for giving thanks. It is necessary to turn back to the fall of 1913 to find a season when winter wheat entered the winter in better shape. The meaning of this cannot be understood without taking cognizance of the fact that the 1913 fall was followed by the greatest winter wheat crop in the Western States. Livestock will fare well with the abundance of feed that it has been possible to produce. Of course, extreme winter weather may cause trouble, but stockmen are well prepared for such contingencies.

So far as those who serve farmers are concerned, that is the commercial and industrial enterprises, there is notice in what is being witnessed that a paring down of costs is the need. Europe is not enlarging purchases from this country. Labor cannot be expected to enjoy more prosperity than in the last year. Farmers give evidence that the talk of cutting production to raise prices is not their way, but that they lean toward generous production with a shaving down

1865



1923

# Furs For the Holidays

Useful Gifts of Practical  
Utility Are Always  
Appreciated

**OUR ASSORTMENT  
INCLUDES EVERYTHING  
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IN  
COATS :: WRAPS  
SCARFS  
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JACQUETTES**



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**Fur and Fur Lined Coats**

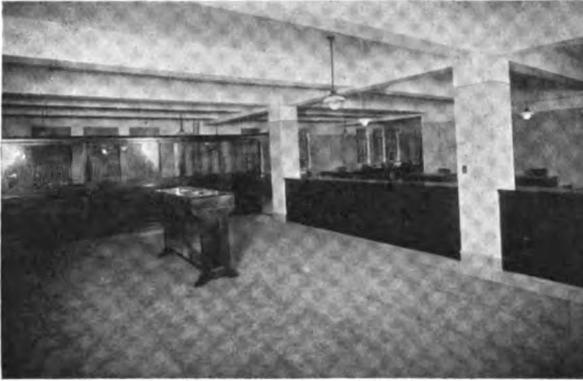
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of costs to meet world competition. They require co-operation, and will get it, willingly or unwillingly, from those with whom they do business. Economic laws cannot be ignored.

### **CONVENTION DATES**

Oklahoma—at Sulphur, May 27-28.  
South Dakota—at Huron, June 17-18.

### **PEOPLES STATE BANK, McPHERSON, KANSAS**

The statement of condition of the Peoples State Bank of McPherson, Kansas, at the close of business on November 15, shows total resources of \$354,628, capital, surplus and undivided profits of \$80,107, and deposits of \$274,520.

### **WYOMING STATE BANKS**

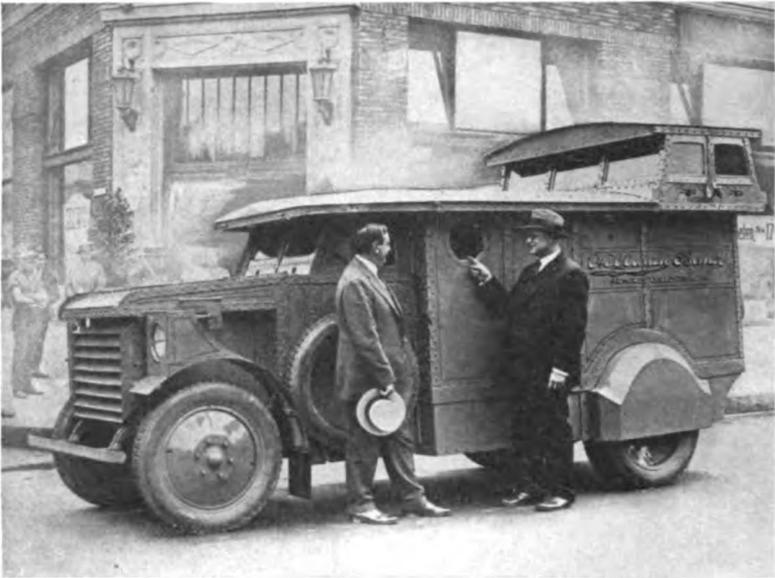
Wyoming's eighty-nine state banks now have aggregate assets of \$29,882,170 and

carry \$20,208,359 in loans and discounts according to the latest report of Byron Hule, state examiner. Deposits are \$22,256,748. The banks, according to the report, have practically \$900,000 in undivided profits.

### **FIRST NATIONAL OF SANTA FE KEEPS SCHOOLS OPEN**

The First National Bank of Santa Fe recently went to the rescue of the rural school districts of Santa Fe County by granting the County Board of Education advances to carry on the rural schools and pay the teachers' salaries until income from taxes, amounting to more than \$90,000, is available. This may not be for some months, and certificates of indebtedness bearing 6 per cent. interest will be issued as needed to cover the deficiencies in the school fund. If it had not been for this, the schools would have had to be closed for probably the greater part of the term.





● WIDE WORLD PHOTOS

#### A FORTRESS ON WHEELS

Armored bandit proof car of the Hellman Bank, Los Angeles, being inspected by Irving Hellman, vice-president of the bank, and William Traeger, sheriff of Los Angeles County. In the observation tower of the car is a machine gun so mounted that it may be fired at any angle



● WIDE WORLD PHOTOS

#### WALTER HEAD

The new president of the American Bankers Association is just as much at home in the saddle as he is in the bank president's chair. Mr. Head is pictured here as he appeared on a recent visit to Wyoming

# Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,  
Arizona and Alaska

## ECONOMIC CONDITIONS IN THE PACIFIC STATES

By ROBERT J. SEVITZ

**A** CONTINUED record breaking activity in building in almost all quarters of the Pacific Coast region and reports of bumper yields in almost all crops of the district are the most outstanding features of economic interest in the Pacific States evidenced in the fall months. Bankers, business men and farmers all over the sections seem satisfied that conditions are looking up and predictions are that the winter months will be a season of prosperity for this region.

Perhaps the only serious complaint has come from the stock growers, who claim that the prevailing autumn prices for steers will eventually force them out of business if prolonged to any extent. The wool growers, on the other hand, are enjoying prosperity. The wool prices prevailing mean nice profits in most instances, and perhaps will offset in some degree the dissatisfaction felt by the beef growers.

As was reported in these columns before, construction totals in the larger centers reached the highest level in history in August. While the records for that month have not been equalled in most instances, activity throughout September and October has continued at high levels, and the totals for the year will run far ahead of 1922. This is evidenced from reports from all sections—Oregon, Southern California, Central California, Utah and Washington. The August total of building permits in Los Angeles City alone was over \$22,000,000, placing that city second only to New York for that month. It is noticeable that much of this activity is represented by business and industrial building.

As was expected, some car shortage developed in October when the crop moving season was at its height, but authorities have estimated that this shortage has not exceeded a maximum of 10 per cent. in any district, as compared with figures running as high as from 50 to 60 per cent. in 1922.

This has tended to produce earlier payments for agricultural products, and the late fall and early winter business has started on a sound basis at an earlier date than usual.

The grape crop of California has been finally estimated at 82 per cent. of normal. Summer rains and damp weather caused considerable mildew in most vineyards, which accounts for this loss in production. Prices in most quarters have held uniformly good, however, and most of the growers have had a satisfactory, if not unusually good season, particularly when compared with last year, when many were ruined because of the lack of adequate transportation to the Eastern market.

The Columbia River country reports that approximately 6,000,000 bushels of wheat were shipped in October. This total surpasses all previous records, and is due probably wholly to the record breaking yields of that commodity in the northwest states this year. Some anxiety was felt for the marketing of this crop at the time of the Japanese disaster, for a good per cent. of the wheat exports from our northwest ports are taken by Japan. However, with Japanese reconstruction work steadily under way, it has been found that one third of all the exports of wheat and flour are being shipped to Japan.

There is still much comment, economic and otherwise, in this region regarding the Japanese disaster. The commission appointed by the Japanese Government has estimated the total loss to that country as a result of the disaster at 1,869,000,000 yen. While really not for discussion here, it is of interest to note that this represents only 1.9 per cent. of the total wealth of all Japan. It has left the agricultural and main industrial resources of the country, as a whole, practically unimpaired, and the calamity, economically considered, is not so overwhelming as a mere consideration of its horrors might indicate.

Of course the item of economic interest as far as the Pacific region of the United States is concerned, has been the effect of the disaster on Japanese trade with this

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Prompt handling of collections through close connections on each of the islands in the Territory.

country. As yet the result can hardly even be guessed at, but it is interesting to note that already there has been urgent demand for Pacific lumber by the Nipponese for use mainly in reconstruction work. We have been exporting lumber in increasing amounts to Japan during the last few years, and while the disaster stopped this for a short time, the reconstruction work has created an unprecedented demand already. Japan has no large and accessible timber supplies of her own, and it has been found, all factors considered, that Pacific coast lumber can be laid down at Yokohama or Tokyo 20 per cent. cheaper than even what native lumber supply there is can be brought to those same centers. Hence now, in a time of stress, Japan has naturally turned to our timber supply.

The Japanese Government has already placed orders for 260,000,000 feet of lumber with Pacific coast mills, to be delivered in six months. The Japanese, however, require lumber cut according to specifications peculiar to their land and their own style of architecture, and as this is not according to the standard of specifications of the mills where the orders have been placed, considerable waste and loss of time will result if those specifications must be carried through. Producers say it will take at least a year to supply the demand already made known at those peculiar specifications, as far as cutting is concerned.

Conditions in the oil industry in the region are still far from satisfactory. In Southern California, where this industry centers, conditions seem to be improving, but are still so unsatisfactory as to make prediction as to the future unsafe. There are

certain indications that the peak of production in the proved areas in the new Southern California fields has been passed, but this does not point to settled conditions for many months to come, as the industry continues to be largely overstocked, and there always remains the possibility of the discovery of new large producing wells in the newer fields. Shipments of oil from Los Angeles harbor remain heavy, and if continued at the present level will eventually mean the drawing on stored stocks which will tend to stabilize the industry in time.

In Utah conditions generally are very promising in all lines, with the one possible exception of the cattle growers, who find the present market unprofitable. The sugar beet crop of Utah for 1923-1924 is estimated at 1,000,000 tons, an increase of approximately 25 per cent. over last year, with prices to the grower probably about the same as last year, i. e., a little over \$8.00 per ton average. This increase in crop will make it possible for all the beet sugar factories in the state to operate this year. The grinding season starts about November 1 and all plants are generally in operation by the middle of the month. The manufacturers estimate the sugar output of the intermountain region at 4,000,000 bags this year, and Utah will furnish about half of that total. All canning crops have yielded abundantly, and the season's pack is estimated at 2,000,000 cases, exceeding by 100,000 cases the best previous total in the state's history. In a report submitted by the State Industrial Commission of Utah covering the fiscal year ending June 30, 1923, a most gratifying post war industrial recovery is shown, as well as a healthy industrial growth. Total payrolls for labor in that state, according to reports filed with the commission, were \$81,192,310. When all the reports are in the total will be in the neighborhood of \$100,000,000. This is as compared with a total of \$68,000,000 in 1917-1918, \$65,000,000 in 1918-1919, \$75,000,000 in 1919-1920, \$75,000,000 in 1920-1921, and \$56,000,000 in 1921-1922. While the restriction of the coal market and reduced silver and lead prices may show some reduction in the mine labor totals for the year, the new industries now being established and the housing program in progress in the urban districts should more than overcome any deficiencies in those lines.

In other words, in spite of uncertain conditions in some lines, the basic economic condition of the Pacific Coast region is so

strong and favorable that all authorities point to a season of continued prosperity during the winter months. As has been the rule of the year, however, a spirit of caution prevails sufficient to indicate that business generally will continue on conservative lines without speculation or inflation.



### BANK OF ITALY

Issuance of 50,000 additional shares of the authorized capital stock of the Bank of Italy, San Francisco, Cal., has been sanctioned by the board of directors, increasing the bank's paid in capital to \$20,000,000.

This increase will make the Bank of Italy one of the six largest financial institutions in the United States in point of capital. Three of the other banks with an equally large capitalization are in New York, and two are in Chicago.

A. P. Giannini, president of the Bank of Italy, stated:

We are issuing this new stock first to reimburse the Stockholders' Auxiliary Corporation immediately with 12,500 shares borrowed by it from stockholders, to accommodate the over-subscription in July last year when the bank increased its number of stockholders from 4000 to 14,000. Subscriptions will be accepted at once for an additional 12,500 shares of Bank of Italy and Stockholders' Auxiliary Corporation stock at \$225 per combined share, after formal notification to stockholders. The books will close December 31 of this year. Subscriptions for the remaining 25,000 shares will be received after January 1 next year at \$250 per combined share.

Further, it has always been our policy to make the increase in the bank's capital keep pace with its growth in deposits. Since July of last year, when our paid-in capital was increased to \$15,000,000, our deposits have gained more than \$60,000,000, and our resources have grown to approximately \$300,000,000. Because of this splendid increase, and the expected continuance of our growth, we feel that plans should now be made to preserve our established conservative ratio between capital and deposits. Moreover, the demand for stock in many of the communities where the bank has established branches was not satisfied by the last issue. By offering this new stock now, we shall be able to meet the requirements of the people in cities such as Petaluma, Vacaville, Salinas and Ontario, recently entered.

The board of directors expect to ask waivers from the present stockholders in order that the first 12,500 shares of this new issue may be used to reimburse those from whom it was previously borrowed by the Stockholders' Auxiliary Corporation.

With the issuance of these 50,000 additional shares of Bank of Italy and Stockholders' Auxiliary Corporation stock, these corporations will have a combined working capital of approximately \$45,000,000.



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**SECURITY TRUST  
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SAVINGS      COMMERCIAL      TRUST

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Los Angeles

Hollywood · Long Beach · Pasadena · Glendale  
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**CALIFORNIA BANK ADDS TO CAPITAL**

To maintain the desired relation between capital and deposits the directors of California Bank, Los Angeles, have authorized the issuance of 8000 additional shares, increasing the capitalization to \$3,000,000. The new stock will be offered to shareholders at \$150 a share.

A. M. Chaffey, president of the bank, made the following statement:

"Consistent with the remarkable growth of the California Bank and to maintain the proper proportion of capitalization to deposits, we have decided to offer to our stockholders the remaining 8000 shares so as to bring our total issued capital to \$3,000,000.

"Added to the normal growth of our deposits is that resulting from the additional facilities offered at our new home office on Spring street, and each day we are reaching new high points, our deposits recently being \$64,807,000 in one day.

"When, in September 1922, the outstanding capital stock was increased to \$2,200,000, the bank's deposits amounted to \$44,201,857. It will therefore be seen that we have had a growth of \$20,605,000 in deposits during the past year."

**HENRY S. MCKEE MADE RESERVE DIRECTOR**

Announcement has been made of the appointment of Henry S. McKee, vice-president Merchants National Bank, Los Angeles, and last year president of the California Bankers Association, as director of the Los Angeles branch of the Federal Reserve Bank of San Francisco. Mr. McKee is the type of financier and thinker who would bring strength to any banking board, and to the important Federal Reserve directorate in Los Angeles his knowledge, experience and judgment should be invaluable.

**SAN FRANCISCO BANK MERGER**

President F. L. Lipman of Wells Fargo Nevada National Bank has confirmed the report of plans for the merger with the Union Trust Company of San Francisco, to be carried out soon after the first of the year. The Wells Fargo Bank will denationalize and the new bank will be called

Wells Fargo Bank-Union Trust Company. The merged bank will have a capital of \$7,200,000 and resources of \$132,000,000.

The Wells Fargo Bank is the third national bank in San Francisco to shift to a state charter in a year, the other two being the American National and the Merchants National.

**SPOKANE AND EASTERN TRUST COMPANY**

With assets in excess of \$11,552,000 and deposits \$9,079,000, the trust department of the Spokane and Eastern Trust Company, Spokane, Wash., is now carrying a total trust responsibility of \$24,696,000. President Rutter says it holds Liberty bonds alone for clients to the amount of \$1,089,950.

The bank regularly prepares a very interesting table of the condition of Spokane banks on date of call, which shows the following:

Banks	Deposits	Loans, dis- counts and overdrafts	Shares and book value
Fidelity National	\$ 3,778,582	\$ 2,604,215	\$124.71
Exchange National	8,392,856	6,085,291	127.67
Spokane & Eastern	9,079,213	6,930,209	156.73
Old National	19,726,630	14,785,679	160.25
Washington Trust	1,586,664	934,814	153.26
Farmers & Mech.	297,722	249,545	117.10
Union Park	407,980	299,131	174.26
American	1,740,277	1,464,457	169.70
Spokane State	323,864	258,414	127.10
Bank of Montreal	1,411,453	1,157,122	107.84
Union Trust Co.	205,780	119,002	176.06
Security State	844,211	470,378	353.13
Wall Street	320,002	149,496	108.29
Brotherhood Nat'l	246,668	7,180	116.97
<b>Totals</b>	<b>\$48,361,709</b>	<b>\$35,515,939</b>	

**CO-OPERATIVE BANK PLANNED FOR TACOMA**

A new national bank for Tacoma, Wash., operated upon a co-operative basis, with the control in the hands of four railroad brotherhoods, is planned. The name will be the Co-operative National Bank of Tacoma.

**SAN FRANCISCO BANKS TO MERGE**

The Italian-American Bank and the Columbus Savings and Loan Society of San Francisco will merge in the near future, following the successful conclusion of negotiations which have been under way for the last five months.



# Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

## ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

**T**HAT there is insidious and dangerous propaganda being employed to undermine public confidence in Canadian banks, was intimated during the short-lived and hysterical run on the Dominion Bank, by Premier Ferguson of Ontario. The failure of the Home Bank, with 60,000 depositors in all parts of Canada, has naturally had an unsettling effect, and this is being capitalized by agitators. More recently there have been several efforts, principally in the Province of Quebec, to start other runs. These have made little headway, but the general effect is to make depositors nervous.

In the case of the Dominion Bank, Premier Ferguson issued a warning to those who had spread false reports and threatened criminal prosecution with severe penalties under the law. Campaigns since organized in Quebec, in which circular letters containing comments on certain banks, regarded as slanderous and libelous have been widely distributed, have led to the matter being taken up by Attorney General Tashchereau. The banking interests are actively interesting themselves in efforts to stamp out the propaganda and make an example of the scandal mongers.

The letters which have been circulated from Montreal are in French and English and have been addressed to members of Dominion and provincial governments, mayors, parish priests, heads of religious institutions, bankers, brokers, editors and bank shareholders. They contain reckless statements regarding certain of the banks and bring in the names of men standing high in political and financial spheres in Eastern Canada.

In the case of the Home Bank the statements made monthly to the Dominion Government obviously failed to indicate losses suffered on certain speculative loans and this has encouraged the demand for government inspection. The bankers do not believe that such inspection would improve

the situation in the public interest and in this Hon. W. S. Fielding, Federal Minister of Finance, under whose department the Bank Act is administered, is in agreement. Mr. Fielding declares that an inspection machine to cover the thousands of bank branches in Canada would be very cumbersome and would give the public a feeling of false security while at the same time handicapping the operations of trade and commerce. Mr. Fielding suggests that an opportunity should be provided to test the new Bank Act, passed at the last session of Parliament, and under which he believes the monthly reports would not permit of the concealment of a bank's real position, as was the case with the Home Bank.

In considering what is likely to happen in Canadian business during the next six months there are several factors like the income from mines and forests, in addition to the record crop, which must be taken into consideration as creators of purchasing power. Preliminary estimates are that revenues from field crops, live stock, mines, forests, etc., exclusive of manufacturing, will total \$2,420,000,000, showing an increase of \$250,000,000 over the previous year and of \$1,000,000,000 over 1913. (The latter figure is subject to adjustment on the basis of values in making comparisons.) The *Financial Post* issues the forecast given on the following page.

As an encouraging sidelight, it is pointed out that there was an increase in Canadian exports of \$204,000,000 for the first nine months of the year, as compared with last year, while the excess of exports over imports during this period was \$94,000,000. Canada has now risen to the position of fifth in the countries of the world in foreign trade, while exports per capita are three times those of the United States and one third more than the United Kingdom.

Wonderful weather for threshing has marked the harvest season in Western Canada and this has been of great benefit to the farmers because, with such heavy straw, wet weather would have been a serious handicap and would have further raised the

Products of the farm	1923	1922	1913
Grain, roots and fodder .....	\$1,002,799,000	\$ 962,526,000	\$ 552,711,500
Livestock and poultry .....	318,300,000	281,166,000	245,554,000
Butter, cheese and eggs .....	308,430,000	309,433,000	119,220,000
Fruits, vegetables .....	57,400,000	55,855,000	46,390,000
Wool .....	3,302,000	3,250,000	1,860,000
Tobacco .....	3,700,000	4,548,000	1,875,000
Fur .....	8,295,000	9,250,000	4,000,000
	<b>\$1,702,226,000</b>	<b>\$1,626,028,000</b>	<b>\$1,061,610,500</b>
Mines, forests and lakes			
Minerals .....	\$ 236,611,000	\$ 184,097,000	\$ 146,634,000
Paper, pulpwood and timber, etc. ....	443,570,000	316,000,000	177,120,000
Fish, lobsters, etc. ....	38,000,000	42,000,000	33,389,500
	<b>\$ 718,181,000</b>	<b>\$ 542,097,000</b>	<b>\$ 356,143,000</b>
<b>Total natural products .....</b>	<b>\$2,420,407,000</b>	<b>\$2,168,125,000</b>	<b>\$1,407,754,000</b>

already high threshing charges. The stable price of wheat has also been a satisfactory feature of the situation because it has not placed those who have been delayed in getting their grain to market, at a disadvantage. Following a visit to the West by Aaron Sapiro, the California co-operative fruit marketing expert, steps have been taken to form a wheat pool in Alberta, but the extent of success is yet very uncertain. Supporters of the idea point to the success attained by the fruit growers in California, while on the other hand it is argued that conditions are altogether different; that there is a well organized machine now for the marketing of grain crops throughout the world and that it has not been shown that anything is to be gained by changing it.

Retail trade throughout the country is showing improvement but not to the extent which had been hoped. Western farmers have heavy obligations to meet and the extent of new buying power is greatly curtailed, but harvest hands have been paid big wages and these are being spent freely. Vincent Massey, president of the Massey-Harris Company, the big Canadian implement manufacturers, who has been making a tour of the West, expresses the opinion that there will be a pretty nearly full discharge of farmer obligations within a reasonable time. Mr. Massey regards the debt adjustment scheme in Alberta and Saskatchewan as working out satisfactorily under the official referees.

Whether the recent run on the Dominion Bank was caused by such a trifling incident as a foreigner thinking the bank had failed when he could not get a check cashed after hours, or whether there was a sinister organization at work, is a matter for speculation. But there can be no doubt that the manner in which the bank was able to meet the situation has done a great deal to restore confidence throughout the country. The reaction has had a favorable effect in emphasizing the strength of the banks generally.

The confidence of the Province of Ontario

in the Dominion Bank was emphatically shown by the action of the Government in making a deposit of \$1,500,000 during the run. The next day the hysterical rush for withdrawals had subsided and there was a stream of people putting their money back in the bank again. Statements by the president of the bank Sir Edmund Osler, by the general manager C. A. Bogert, and by Sir Frederick Williams Taylor, president of the Canadian Bankers Association, promising the support of the other big banks in Canada, as well as the expression of confidence by the National City Bank of New York, went far in clearing the air.

Since then there have been some further small demonstrations on the part of depositors in various parts of the country, but these have been quickly checked.

The bank statement shows that the note circulation of all banks amounted at the end of September to \$184,000,000, or an increase of \$14,000,000 during the month and of \$7,000,000 during the year. Cash and bank balances increased \$6,000,000 during September and amounted to about the same as a year ago. An increase during the month of \$30,000,000 in current loans in Canada was offset by a contraction in call and short loans of a similar amount, but current loans abroad increased \$10,000,000. Deposits by the public in Canada fell \$8,000,000 and deposits abroad \$9,000,000. Government deposits, however, increased \$21,000,000. The total assets of all banks stood at the end of September at \$2,625,000,000, an increase of \$25,000,000 during the month and \$6,000,000 during the year.

#### THE MOLSONS BANK

While showing a drop in profits for the year, Molsons Bank improved its position in relation to the public during the year. Total assets increased by about \$70,000; assets, quickly available, increased by nearly \$700,000, but liabilities to the public increased by but \$200,000.

# Are You Interested in Canadian Trade?

If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.



For further particulars write

Foreign Department  
**Standard Bank of Canada**  
**TORONTO**

Capital Paid Up - - - - - \$4,000,000.00  
 Reserve - - - - - 2,750,000.00

Savings deposits showed a very substantial increase during the year, rising from \$44,618,422 to \$45,179,236. On the other hand, contraction in business throughout the country seems to be indicated in the declines in both current deposits and current loans, the former showing a drop from \$9,303,610 to \$8,801,567, and the latter from \$41,267,981 to \$39,446,852.

The annual report of the bank should definitely set at rest any rumors that have been going around concerning the position of the Molsons Bank, and that led to "runs" on some of the Island of Montreal branches of the bank. These rumors gained currency in usually well-informed circles, and caused some uneasiness. They had their basis, it seems, in discussions relating to a certain account where Molsons Bank was known to have suffered a considerable loss. But inquiry a few weeks ago brought out the fact that not only was the amount of this loss much smaller than rumor had it, but the loss was not a new and serious development, but had, in fact, been thoroughly cared for about three years ago and was not now a source of worry to the bank's directors or officials.

### Profit and Loss Account

	1923	1922	1921
Net profits .....	\$614,357	\$682,104	\$752,389
Dividends .....	480,000	480,000	480,000
Govt. tax .....	68,000	75,000	55,000
Pension fund .....	37,817	38,141	38,126
Subscr. ....	10,000	10,000	10,000
Bal. ....	\$ 18,540	\$ 78,963	\$169,263
Prev. bal. ....	266,318	187,365	618,092
	\$284,858	\$266,318	\$687,355
To reserve .....	150,000		500,000
Bal. fwd. ....	\$134,858	\$266,318	\$187,355

### THE TREND OF PRICES

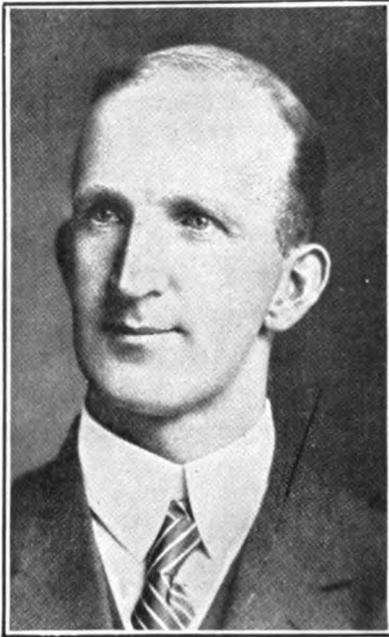
The Canadian Bank of Commerce index number for the price of imports rose slightly from 168.59 in mid-September to 168.81 in mid-October, owing to increases in the prices of corn, sugar, cotton, wool, leather and linseed oil, which offset a general decline in the metal market. The number for exports fell slightly, from 158.29 to 152.07; wheat, cattle, hogs, flour, potatoes, copper and silver registering lower prices, and salmon and woodpulp higher prices. The number for imports and exports combined stood at 157.94, as against 158.44, thus continuing the gradual decline in the general level of prices which has been in evidence for some months.

### WINNIPEG MEN ON BANK AUDIT PANEL

The names of the men qualified to act as bank auditors under the provisions of the new bank act have been announced. There are 299 names on the list, and out of this number forty-two have offices in Winnipeg. Winnipeg, therefore, furnishes 14 per cent. of the list from which the auditors of banks must be drawn. Auditors under the new act may serve for two years. Two are nominated for each bank and must be from different firms. No auditor may hold office for more than two years consecutively.

### JOHN COWAN NOW WITH A. J. DENNE & CO., LTD.

John Cowan, formerly publicity officer of the Toronto General Trusts Corporation, is now associated with A. J. Denne & Co.,



JOHN COWAN

Manager financial advertising department A. J. Denne & Co., Ltd., Toronto

Limited, advertising agents, Toronto, where he will have charge of the financial advertising department.

Mr. Cowan, who in his new capacity will also direct the publicity of the above mentioned corporation, is widely known in financial circles, and brings to his new connection an extensive experience in financial publicity. He was recently re-elected the Canadian director, for the third year in succession, of the Financial Advertisers' Association, the largest department of the Associated Advertising Clubs of the World.

#### THE STANDARD BANK OF CANADA

The statement of affairs of The Standard Bank of Canada, Toronto, as of July 31, 1923, shows capital, reserve and undivided profits of \$7,078,342, deposits of \$59,606,642, and total resources of \$76,879,068. The condensed statement follows:

LIABILITIES	
Capital paid up .....	\$ 4,000,000
Reserve fund .....	2,750,000
Undivided profits .....	328,342
Notes in circulation .....	4,555,710
Deposits .....	59,606,642
Dominion Government .....	2,000,000
Deposits made by and balances due to other banks .....	3,557,632
Acceptances under letters of credit .....	80,742
	<b>\$76,879,068</b>

ASSETS	
Cash on hand and in banks .....	\$13,535,855
Deposit in central gold reserve .....	1,100,000
Government and municipal securities .....	11,105,601
Railway and other bonds, debentures and stocks .....	343,865
Call loans in Canada .....	2,596,465
Loans to cities, towns and municipalities .....	1,715,408
Other loans and discounts .....	43,987,509
Liabilities of customers under letters of credit .....	80,742
Bank premises .....	1,883,983
Real estate other than bank premises .....	280,540
Mortgages on real estate sold by the bank .....	49,100
Deposit with Dominion Government for security of note circulation .....	200,000
	<b>\$76,879,068</b>

#### BANK OF MONTREAL

The statement of condition of the Bank of Montreal, Montreal, as of October 31, 1923, shows capital paid up \$27,250,000, rest fund \$27,250,000 and total assets \$692,382,109. The condensed statement follows:

LIABILITIES	
Capital stock (all paid up) .....	\$ 27,250,000
Rest .....	27,250,000
Balance of profits carried forward .....	659,582
Unclaimed dividends and quarterly dividend and 2 per cent. bonus payable December 1, 1923 .....	1,372,277
Notes of the bank in circulation .....	41,602,736
Deposits .....	579,056,783
Balances due to other banks in Canada and foreign countries, and other liabilities .....	5,307,234
Bills payable .....	411,807
Acceptances under letters of credit as per contra .....	9,471,690
	<b>\$692,382,109</b>

ASSETS	
Specie and Government demand notes .....	\$ 81,589,682
Deposit with Dominion Government for security of note circulation .....	1,320,000
Deposit in central gold reserves .....	17,000,000
Notes of and checks on other banks .....	45,272,652
Due by bankers elsewhere than in Canada .....	14,259,745
Call and short loans .....	129,984,918
Bond debentures and stocks .....	103,114,841
Loans and discounts and other assets .....	279,000,351
Bank premises .....	9,800,000
Real estate other than bank premises and mortgages on real estate sold by the bank .....	1,568,230
Liabilities of customers under letters of credit (per contra) .....	9,471,690
	<b>\$692,382,109</b>

#### DIVIDENDS DECLARED

The Bank of Toronto, Toronto, has announced the declaration of a dividend of 3 per cent., being at the rate of 12 per cent. per annum, upon the paid-up capital stock, payable December 1 to shareholders of record November 10.

The Dominion Bank, Toronto, has declared an extra dividend of 1 per cent. and regular quarterly dividend of 3 per cent., making total distribution of 13 per cent. for the current year.

TALKS ON "THE MEMORY OF BUSINESS"—LEDGER-PAPER

WAIT TILL 1943

To know your ledger-paper, wait, say twenty years. Wait till a 1943 court demands your 1923 records.

If your Purchasing Agent bought cheap ledger-papers, you'll know it. The writing will be faded out. The sheets yellow and brittle. Corners gone. And you'll have to pay!

If he bought quality ledger-paper—you'll know it. The writing will be fresh as today. The sheets still white and strong and whole. They'll give you the figures, and the figures will save you!

But you can't wait twenty years? Well—go back twenty years. The paper that has stood up since 1903, will stand up till 1943.

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**BROWN'S LINEN LEDGER PAPERS**

L. L. BROWN PAPER COMPANY, ADAMS, MASS. ESTABLISHED 1849



Charlotte National Bank, Charlotte, N. C.

**I**N designing the interior of the new home of the Charlotte National Bank, Charlotte, N. C., a special effort was made to avoid strong coloring and to employ such soft harmonies as would have a pleasing effect on the eye. In laying out the equipment all details requiring constant attention were eliminated in order to preserve a constant standard of smartness which is required by this up to date and constantly growing bank.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
600 FIFTH AVENUE, NEW YORK



Entrance to The National Tradesmens Bank & Trust Company of New Haven

## The National Tradesmens Bank & Trust Company of New Haven

**W**ITH the recent opening of its new quarters at Church and Court streets, New Haven, The National Tradesmens Bank & Trust Company is now provided with a banking equipment which is as modern and well adapted as any in the State of Connecticut. The rapidly expanding business of this bank and the needs of its many customers made its removal to its present enlarged quarters essential. Such a step is in line with the progressive policy which has always characterized its management.

The new location is probably the most prominent corner in New Haven, facing

the famous Green. The bank occupies the entire first floor, basement and mezzanine of New Haven's latest fireproof modern office building.

On entering the public space of the bank one is immediately impressed with the soft color scheme which has been worked out. The floor is of selected Tennessee marble, especially selected for its brightness and color, setting off the rest of the marble work of the bank. The screen is of Botticino marble, coming from the Northern part of Italy. The marble screen railing of the officers' space and the wainscoting is all of special design and of the finest work-



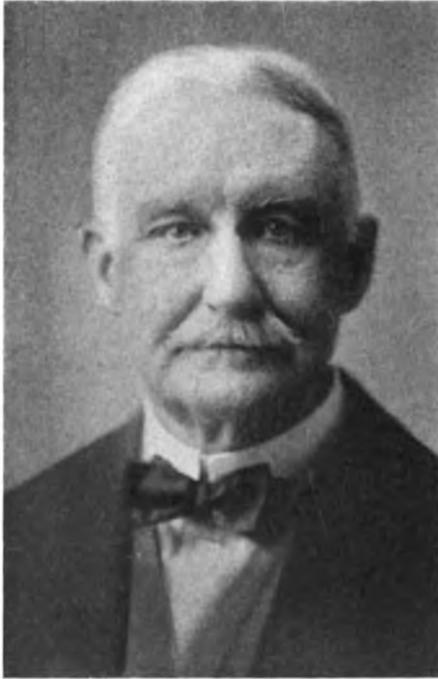
New home of The National Traders Bank & Trust Company of New Haven  
at Church and Court streets



Officers' quarters



The main banking room



**GEORGE M. GUNN**  
President



**FREDERICK C. BURROUGHS**  
Vice-president, cashier and trust officer



**Board room**



Vault door open, showing safe deposit boxes

manship. Special attention was given to the bronze work. The castings were made from plaster models and were then hand finished, trimmed and colored.

In the ceiling panels, the architect has worked out replicas of coins and also designs symbolic of commerce, transportation, industry, thrift, etc.

There are two elevators of ample capacity which are equipped with the most modern safety devices to guard against any kind of accident. The design of the elevator cabs is made to harmonize with the Gothic bronze entrance doors and windows.

The floors of the officers' quarters, cages and bookkeeping departments are of a natural colored cork tile manufactured from granulated cork which is pressed by a hydraulic press and cut into the size required, with a design especially worked out. After these cork tiles are laid they are sanded by machine, hand scraped and finished, and then waxed, which leaves a soft, flat,

pleasing finish, thus caring for the comfort of employees.

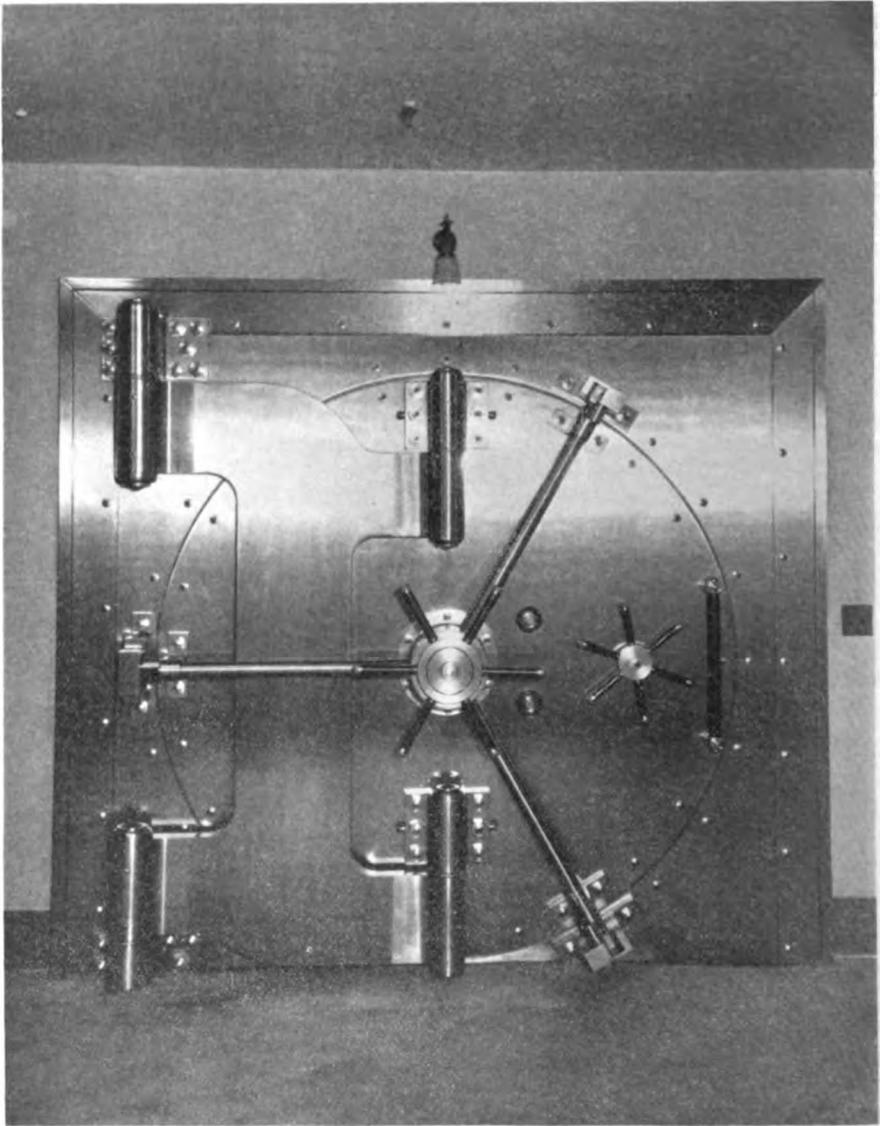
The desks, counters, files, chairs and other equipment were all built to order, manufactured of metal and finished to imitate mahogany.

#### MODERN VENTILATING SYSTEM

The new premises are equipped with a ventilating system which forces fresh, cleaned air into every corner of the bank, making it possible to breathe air just as fresh as that out of doors. This ventilating system has been found to be very effective in cutting down the loss of working time which comes from the illness of employees. It was installed by Theodore R. N. Gerdes, M. E., ventilation specialist of New York.

#### SAFE DEPOSIT EQUIPMENT

The pressed steel partitions which enclose the secretary's and conference quarters, known as the "consultation booths," as well as the partitions in the



The twenty-two ton vault door closed

rear of the bank and coupon booths in the basement are of a pressed steel which is absolutely fireproof and finished in mahogany. The coupon rooms are especially designed and laid out so that light may be obtained from a natural source, and are directly beneath the sidewalk. The coupon booths are equipped with every modern convenience so that anyone using the safe deposit department may attend

to his personal matters in the seclusion which the coupon booths provide. The safe deposit department which comprises three vaults, has a total of over 500 tons of steel and concrete incorporated in its construction. The door of the safe deposit vault weighing more than twenty-two tons, operating on ball bearing hinges, is so well designed that it does not require much strength to push the door either way when open.

Both floor and roof, walls and door of the vault provide protection from every known method of attack, and will resist any amount of explosives. There is a steel used that is drill proof and is also of non-burnable metal. Besides these features the vaults are equipped with an electrical alarm, which is also another absolute guarantee against any known method of attack. The vault equipment was manufactured and installed by the Herring-Hall-Marvin Safe Company of Hamilton, Ohio.

All the materials that were used throughout the entire project are fire-proof, most modern and up-to-date, and in its new quarters the bank knows that it can render to its present clientele, the public and new customers the best banking facilities and service that are obtainable.

Alfred Hopkins of New York was the architect for the bank.

#### HISTORY OF THE BANK

The Tradersmens Bank was organized in 1855 under a charter granted by the General Assembly of the State of Connecticut.

Its first place of business was in an upper rear room of the building on Chapel street known as the "Bank Building."

After a number of years at this location, the business of the bank had grown to such an extent that it was compelled to move to larger quarters.

In 1867 it became a national bank. Its business had expanded, due to the efforts of its officers who were always aspiring to render to the public a better service, and in 1887 it removed to its own building. In 1913 this building was remodeled and re-equipped.

After a period of about ten years of faithful personal service, with deposits increasing and business reaching the point where the bank was beginning to feel cramped in a building which ten years ago seemed amply large enough, the bank's officers were forced to seek more spacious quarters where they could improve the facilities to meet their growing needs.

The bank was known as The National Tradersmens Bank up to a few months ago when a trust department service was added and the name changed to The National Tradersmens Bank & Trust Company of New Haven.

The present officers and directors are: George M. Gunn, president; George T. Bradley, vice-president; Frederick C. Burroughs, vice-president, cashier and trust officer; John E. Coburn, assistant cashier; and Milton M. Pratt, assistant cashier and assistant trust officer.

Directors—George T. Bradley, Clarence E. Thompson, Horace F. Chase, Frederick C. Burroughs, Charles E. Burton, R. Wesley Mills, Jr., Henry Fresenius, George M. Gunn, Eugene DeForest, Frederick C. Russell, Paul S. Thompson.

Attention is called to Table of Contents describing the various features of this number. See page III of the front advertising section.



The new home of the Merchants National Bank, Asbury Park, N. J.

## A New Bank of Distinctive Character

**T**HE design of the Merchants National Bank of Asbury Park is so distinctive that it attracts many visitors by its architectural magnetism. Many bankers, spending their summer vacations in Asbury Park, have been attracted from a distance to investigate this unique and attractive building. It is ably designed in the Georgian or so-called Colonial style of architecture by Clarence Wilson Brazer, now a distinguished architect of New York but many years ago a clerk in the bank on the opposite corner. President James M. Ralston conceived the idea of an harmonious colonial building both on the exterior and interior, that would breathe the early American spirit of welcome so subconsciously felt by the people of old Monmouth County, with its early traditions.

The architect has invented new forms in the old spirit of the style to comply with modern requirements. The in-

terior, which has just been decorated in colonial buff and white, brings out the delicate modelling of the colonial detail. Harmonizing with the black and white tile floor, the public space is wainscoted with beautiful East India mahogany which is carried around the base of the banking screen. The upper part of the bank screen is most unique. In order to eliminate glass, so as to make the relations with the clerks and customers more intimate, the architect invented a screen composed of colonial balusters set upon a wood panel, the top of which is below the eye level, thus making conversation with the clerks more congenial while affording ample security as well as circulation of air.

The vault has been magnified, so as to become the most distinguished feature of the interior, thereby impressing depositors with the strength of the bank's strong box, which after all is



Main banking room, Merchants National Bank, Asbury Park, N. J.

the most distinctive feature and "raison d'être" of any bank.

The building is located on the corner of Bond and Madison avenues on a lot 33 by 100, and the walls have been made sufficiently strong to support four additional stories of offices which may be entered from the side street, should they be desirable in the future. For the present, however, the bank prefers not to submerge its identity in an office building. However, the thick walls which have been provided add much to the substantial character of the edifice.

The corner entrance problem has been solved by a vestibule having but one entrance into the bank, although an exterior door opens upon either street. The board room is located adjoining the vestibule so that friendly corporations may have the use of it without really coming into the bank proper.

Over both the vestibule and the board room is located a bookkeeping gallery, having direct access to the working space below.

The Merchants National Bank was founded just five years ago with a capital of \$100,000 and a surplus of \$25,000, about half of which was immediately invested in the new banking house. The wisdom of this action has been amply demonstrated by the rapid growth of the institution, which has in this short time risen to ninth place amongst all of the old banking institutions of Monmouth County, with deposits exceeding \$2,000,000. The account-pulling quality which Mr. Brazer, the architect, has given to this new building has no doubt been of considerable help to the officers in building up this institution.



# Thos. Cook & Son in New Home



New building of Thos. Cook & Son, 585 Fifth ave.,  
New York

**T**HE head office in America of Thos. Cook & Son is now located at 585 Fifth avenue, New York, in a new six-story building which has been specially designed and constructed

to meet the requirements of the world's oldest and most famous travel service. Thos. Cook & Son now have over 150 offices throughout the world, and a permanent staff of over 3500 employees. This firm 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.

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 checks and letters of credit are accepted in every quarter of the world. Thos. Cook & Son's offices 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.



New branch of The Mechanics and Metals National Bank

## The New Stuyvesant Square Branch of The Mechanics and Metals National Bank

**I**N its new Stuyvesant Square branch, views of which are given herewith, The Mechanics and Metals National Bank of the City of New York has developed an unusually attractive and profitable type of branch building. The building is so designed that it gives this unit, although a branch of a large institution, all the individuality of a distinct banking structure and at the same time returns enough to the parent institution on the investment, through the rentable space, to compare exceedingly favorably with the much less pretentious quarters so frequently rented for use as branches. The Mechanics and Metals National Bank, while not necessarily setting a precedent in this way, has nevertheless established a most interesting example.

### COLONIAL DESIGN EMPLOYED

The building, which was designed and erected by Hoggson Brothers, New York, is of Colonial design, executed in tapestry brick with limestone arches and pilasters. The main entrance is on Second avenue, with a separate office entrance on Fourteenth street. The construction is fireproof throughout.

The interior is executed in Colonial treatment to conform with the architecture of the exterior. The color scheme is particularly attractive, old ivory being used for the ceiling, with a buff tint on the walls. This harmonizes beautifully with the rich walnut of the counterscreen and paneling.

### INTERIOR ARRANGEMENTS

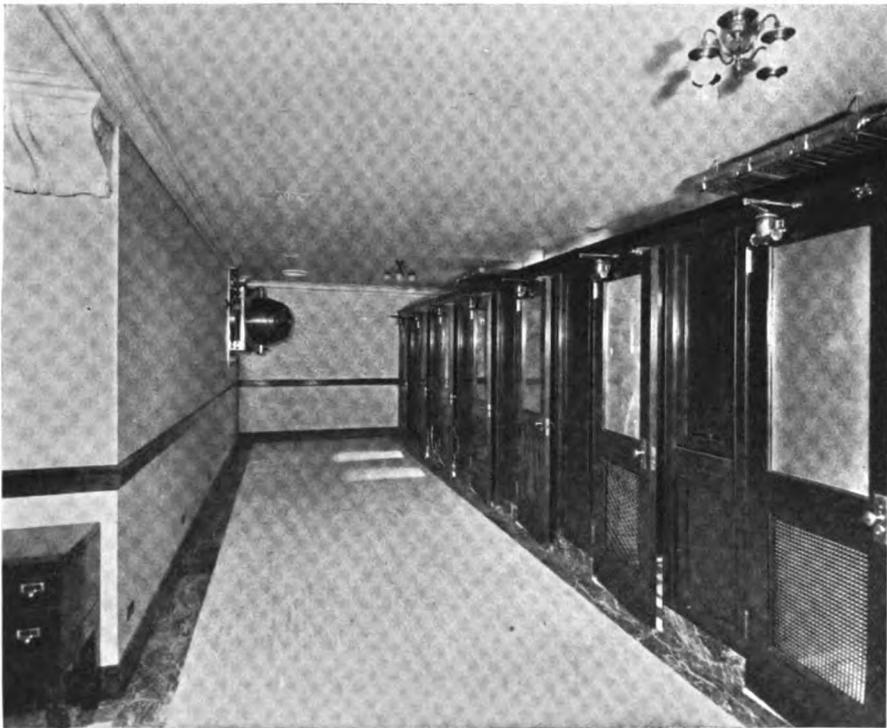
The corner location makes available an unusual amount of natural light and



General view of main banking room



Main banking room looking toward entrance, showing officers' quarters



Coupon booths and emergency door, installed by York Safe & Lock Company, New York

air, and the interior of the building is therefore particularly light and well ventilated. Besides these natural advantages, the building is equipped with a special ventilating system, with a fan room and air washer located on the roof. It is heated by an individual low pressure steam heating plant.

The main banking room, located on the street floor, has a spacious central public space, with officers' quarters on the Fourteenth street side of the building. The second floor combines rentable space with additional working space for the bank, while the third floor is entirely devoted to rentable office space.

#### SAFE DEPOSIT DEPARTMENT

The safe deposit department, which occupies the basement, has a capacity of over 5000 boxes and is equipped with a daylight raid alarm system. A vault of the most modern construction has been installed by the York Safe and Lock Company of New York. The door

of this vault weighs six tons and as a protective measure it is equipped with a system of time locks.

The building has a telautograph system for establishing communication between the first floor and the banking space on the second floor, and an intercommunicating telephone system. There is a check lift from the first to the second floor.

#### THE THIRTEENTH BRANCH

This building, which houses the thirteenth branch of The Mechanics & Metals National Bank, indicates the valuation which this institution places on the business district surrounding Stuyvesant Square, and marks an interesting development in the banking industry in that section. It is easily accessible to all parts of the lower East Side of New York City.

William MacCammon, who has been manager of the Stuyvesant Square branch for a number of years and who

has a wide acquaintanceship in the district, continues in that position.

The Stuyvesant Square Branch of The Mechanics & Metals National Bank is one link of a chain of branches which has been built up during the past few years. Up to a comparatively short time ago none of the national banks in New York City conducted their operations through branches; that type of banking was confined exclusively to the state chartered institutions. In 1920, however, The Mechanics & Metals National Bank, together with several others, entered the branch field by consolidating, under a special ruling of the Federal Reserve Board, with institutions that formerly were state banks

and that were operating branches throughout New York City. In this way the New York Produce Exchange Bank, with nine branches, was merged into The Mechanics & Metals National Bank, and last year the Lincoln Trust Company, with three branches, was likewise merged.

Under this system there has been extended to the New York public the facilities of strong and well-managed institutions, whose services were formerly available only in the downtown financial district, thus making it practically impossible for the rapidly growing uptown districts to be served save by the state institutions and by the independent and comparatively small national banks.



## Bankers Startled by Mock Hold-Up

**I**N the National Surety Company Annex, 4 Albany street, New York, on December 4, 200 representatives of leading banks and brokerage houses were holding a meeting in a large room on the ninth floor. During a discussion on the prevention of hold-ups two bank messengers carrying a heavy satchel entered at the far end. A man sprang from behind a pillar and fired point blank twice and, as the messengers dropped, two other men seized the satchel and with the armed man dashed through the door and were gone.

T. D. Brown, vice-president of the National Surety Company, was speaking at the time and, as the bandits raced through the door, he assured his startled audience, which included many guards and messengers who annually carry millions in securities through the streets. that the hold-up was only a demonstration to impress the financial men with the conditions they faced in sending large amounts of securities and money through the streets.

R. A. Algire, another vice-president of the National Surety Company, ad-

vised bankers and brokers in the audience to split their valuables among several messengers and guards and to change their routes as often as possible.

"Surprise is the biggest factor in the success of all hold-ups," he said. "It is so great a factor that the fact that bank messengers are armed or that there are policemen near by doesn't seem to matter in most cases. The messenger is struck down and his satchel snatched before he or his guard or the police can draw their guns."

Mr. Brown added: "Always keep your moving of securities a secret. Only give out your orders at the last minute. Don't constantly use the same messengers, guards and routes. It makes them marks for hold-up men. Don't let messengers go through streets with your securities thrust in plain sight in their overcoat pockets. Don't discuss your plans over the telephone. One telephone talk by a financial man cost his firm \$700,000."

A large number of New York City financial institutions were represented at the meeting.

# BOOK TALKS

Special Section of The Bankers Magazine

JULY 1923

## The Work of the Paying Teller

Of Interest to All Who Come in Contact With the Bank in Any Way

THE PAYING TELLER'S DEPARTMENT. By Glenn G. Munn. New York: The Bankers Publishing Company. 186 pages. 6½ x 4½. \$1.25.

ALTHOUGH some attention has been given to the paying teller's department by several books dealing with banking subjects, never before has a volume exclusively devoted to this department appeared. The books referred to have not attempted to place at the disposal of the paying teller, certification, check, money and shipping clerks a complete compendium of the information over which they should have complete mastery.

This volume therefore endeavors to present in a practical manner the functions of the paying teller and related departments in every phase, whether they occur in a city or country bank. It can be used 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.

The book is an outgrowth of actual contact and experience, both with the operations of the paying teller and related departments and in presenting the material and problems involved to classes in banking, as the author, Glenn G. Munn, was connected with the personnel

department of the Chase National Bank of New York at the time of writing. He is now a lecturer for two of the chapters of the American Institute of Banking.

The duties of the paying teller entail responsibility of a high order and his acts are surrounded by a variety of business customs, laws and legal decisions, the observance of which act as a safeguard against loss. The non-observance of these practices and customs is almost certain to result in losses to the bank, and for those employees of the bank who aspire to become paying tellers this book will serve as an excellent guide in mastering the very important fundamentals of the position, the knowledge of which will prevent unfortunate experiences.

In the second printing of *The Paying Teller's Department* opportunity was taken to add the Negotiable Instruments Law and the story of the money department of the Cleveland Federal Reserve Bank as appendices. The Negotiable Instruments Law, now adopted throughout all the states (with certain variations) is the basic law of banking. While every bank officer and employee should be thoroughly conversant with its contents, it seemed logical to place it in the first of the "Bank Department Series". Since the Federal Reserve Banks have now assumed the functions of the sub-treasuries and supplies of money are furnished by them, it is fitting that paying tellers whose duty it is to provide their institutions

with adequate amounts, kinds and denominations of currency, understand the correlative functions of the money department of the Federal Reserve Banks.

The book is written in such a clear, non-technical style that it can easily be read by the business man who daily draws, accepts, deposits or cashes various instruments at the bank, often with little real understanding of what responsibility continues, or what protection he has after he affixes his signature as maker, acceptor or indorser. For this reason we recommend the book highly for anyone in business, and in this connection it is interesting to read what the *Office Economist* said in a review of the book recently:

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" 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.

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BOOK TALKS

EVELYN M. PRICE, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JULY 1923

Shop Talk

ANOTHER new book, to be published in the fall, is to be added to our Bank Department Series. This book will cover the women's department in the bank, and will be the first book entirely devoted to this subject. As the women's department is one of the newer branches in the banking field this new book on the organization of such a department will be of great help to those banks that are contemplating organizing this department, and will no doubt have many helpful ideas for departments that have already been started.



THE AUTHOR is Miss Anne Seward, manager of the women's department of the Hamilton National Bank, New York. Miss Seward is well known in banking circles and is one of the ever-increasing group of women who are turning to the banking field. Before becoming associated with the Hamilton National Bank, Miss Seward was with the travel bureau at the Paris office of the Park Union Banking Corporation of New York.

THE BANKER and his profession are often spoken slightly of in fiction, newspapers, humor columns, cartoons, etc. Some good suggestions on how the banks might overcome this tendency were given in an article in the June issue of THE BANKERS MAGAZINE. These quips and jokes that we are familiar with are made through ignorance, in most cases, of the work of banking, and for that reason the educative advertising that many banks are doing now will eliminate these prejudices in time. Apropos of this, we were interested in coming across the following lines from *Success* by Samuel Hopkins Adams which show that all fiction writers have not fallen into the habit of using an absconding cashier as representative of the bank in the home town, and incidentally give sound advice to the bank employee:

... "I got it from a man who made himself a bank president in seven years."

"Yes? How did he do that?"

"He started by reading everything he could find about money and coinage and stocks and bonds and other financial paper. He told me that it was incredible the things that financial experts didn't know about their own business—the deep-down things—and that he guessed it was so with any business. He got on top by really knowing the things that everybody was supposed to know."

WE HAVE received many letters of congratulation on the publication of *The Romance and Tragedy of Banking*, and to see what those who have already purchased this book have to say about it we are sure is of far more interest to BOOK TALKS readers than anything we might have to say about it ourselves. The following are examples of letters that we have received. W. G. Edens, a Chicago banker, has written:

I am of the firm conviction that your book should be read not only by the more mature bankers of the United States, but certainly by every young banker in America. It cannot but have a decided influence for better banking and stricter observance of the national banking laws and sound banking practice.

C. Russell Arnold, a banker in Chester, Pa., has expressed his opinion cleverly:

I have read it through with much interest, in fact, some parts of it a second time. It is entertainingly and interestingly written and should make bad bankers good and good bankers better.

From James Trimble, of Washington, D. C., came the following:

It hardly seemed possible to me that so fascinating a book could be written upon a subject embracing historical facts so prosaic as that of banking. This work will be of great value as a complete history of our National Banking System from its organization, and will serve as an invaluable guide in the future to all connected with the Treasury Department.

*"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

**T**HE story of national banking since the Civil War, how the system was first put into operation and how it has been administered, is told in the pages of this extremely interesting book. A chapter is devoted to each Comptroller of the Currency, and therein is given his biography and all that occurred during his administration. The opinion of one of the leading bankers of the country in the extract from his letter to us, given above, demonstrates the value of the book to all those engaged in banking.

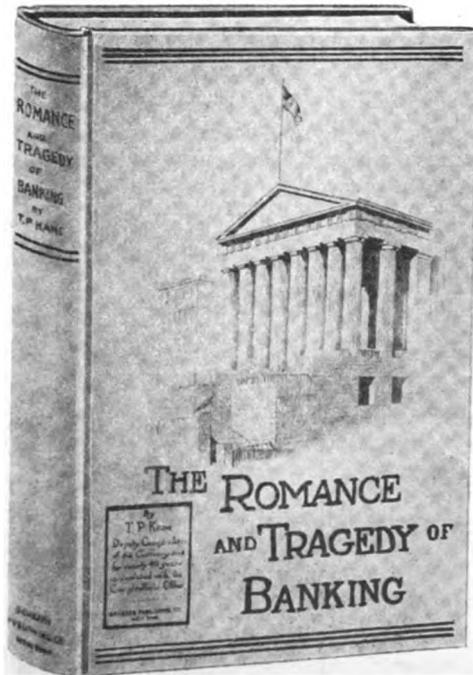
The volume is written in an easy, readable style with particular emphasis laid on the human side of banking, the vivid personalities that have held the stage in the banking drama of the past half century being described. An interesting feature of the book is its graphic description of the events leading up to many of the most famous bank failures. The causes of such failures are always of vital interest to bank executives and these inside stories of famous disasters should prove particularly valuable.

**Price \$5.00**

## Some Interesting Topics

Branch banking; Payment of interest on bank balances; Real estate loans; Causes of panics; Chicago wheat deal; Celebrated Cassie A. Chadwick; Indictment of Charles W. Morse; Celebrated bank failures; Riggs National Bank controversy; Stock dividends; Zimri Dwiggin's chain of banks; Chemical National Bank and its branch in the Exposition grounds; First national bank organized; Organization of the Currency Bureau; The Bigelow defalcation; Bank examiners' culpability; Proposed abolition of the Comptroller's office; National bank circulation vs. Government issues; Federal Reserve Act.

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BOOK TALKS for ordering



**Bankers Publishing Company, 71 Murray St., New York City**

Book Reviews

**ENGLISH MANUAL FOR BUSINESS.** By Robert Winternitz and P. T. Cherington. Chicago: A. W. Shaw Co. \$1.00.

MANY WRITTEN business messages fail and fall essentially because they are vague, incomplete, forbidding in form, difficult to read and more difficult to understand. This book shows especially how to keep clear of these errors. It tells what expressions should be avoided, what abbreviations, omissions and contractions are objectionable and provides the rules to follow to make your business writing clear, readable and more effective.

This manual which is endorsed by the educational committee of the Associated Advertising Clubs of the World, is designed especially for the business executive who is anxious to improve the quality of his written English. Briefly it outlines the principles of applying good English to business and deals with the fundamentals of sentence structure, punctuation, grammar, spelling and connectives. Special attention is given to the common forms of business writing, including letters, advertising copy and reports.

The table of contents suggests the scope of the book: Part I—Principles: Introduction; The Subject; The Reader; Variety and Individuality; Organization; Paragraphing; Part II—Fundamentals: Sentence Structure; Punctuation; Grammar; Spelling; Connectives; Part III—Types of Business Writing: Letters; Advertising Copy; Reports; Appendix containing rules for choosing suitable type; rules for layout of copy; proof-readers' marks; how to determine the dimension of a cut; estimating quantity of work; how to find weights of paper; type measurement, etc.

**ESSENTIALS OF ECONOMICS.** By Fred R. Fairchild. New York: American Book Company. \$1.60.

A BOOK ON economics written in the language of the high school pupil and illustrated and diagramed within his comprehension. For the young person starting in business this book would be a good one to begin with in his study of economics, as the more simple and readily understandable a study is in the beginning, the more easily the interest of the student will be held throughout the later books on the subject. For this reason we recommend the book.

**THE GENTLEMAN FROM SAN FRANCISCO AND OTHER STORIES.** By I. A. Bunin. New York: Thomas Seltzer.

THE FIRST story in this book gives the book its title. The other stories are "Gentle Breathing", "Kasimir Stanislavovitch" and "Son". The translations were made by D. H. Lawrence, S. S. Kotellansky and Leonard Woolf.

New Books

**HANDBOOK OF BUSINESS CORRESPONDENCE.** By Samuel R. Hall. A reference work covering the principles and practice of letter writing for business purposes. McGraw-Hill. \$5.00.

**OUTDOOR ADVERTISING.** By Wilmot Lippincott. McGraw-Hill. \$5.

**MATERIALS FOR THE STUDY OF BANKING.** By James D. Magee. Prentice-Hall. \$5.

**LETTERS ON PRACTICAL BANKING.** By John Brunton. Longmans, Green Co. \$2.50.

**FOREIGN EXCHANGE; The Financing Mechanism of International Commerce.** By Edgar S. Furniss. Houghton Mifflin. \$2.50.

**ESSENTIALS OF ECONOMICS.** By Fred R. Fairchild. American Book Co. \$1.60.

**MONEY.** By W. T. Foster and W. Catchings. Houghton Mifflin. \$3.50.

**THE BUSINESS LETTER; Its Principles and Problems.** By Carl A. Naether. Appleton. \$4.

**INTERNATIONAL EXCHANGE, NORMAL AND ABNORMAL.** By Thomas York. Ronald Press. \$5.

**A CRITICAL ANALYSIS OF INDUSTRIAL PENSION SYSTEMS.** By Luther Conant, Jr. Macmillan \$1.75. Discusses the fundamental principles underlying the pension problem and takes up a consideration of a system of cumulative paid-up annuities.

**RECENT ECONOMIC DEVELOPMENTS IN RUSSIA.** By Harold Westergaard. Oxford Univ. Press \$2.50.

Pamphlets Received

**THE NEW SOUTH; A Record of Achievement Addressed to Investors.** Hibernia Securities Co.

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 July Bankers Magazine contains*

## ***Paying and Receiving Functions***

*By Glenn G. Munn*

**W**HAT points should a receiving teller observe in taking a deposit? What is meant by (a) direct cash letter, (b) indirect cash letter, (c) transit remittance letter, and (d) collection letter? What is the "unit" system of paying and receiving and what are the advantages of this system? Will a paying teller be legally protected if he pays a check that is (a) undated, (b) postdated, (c) two years old, (d) written in lead pencil, (e) different in amount in words and figures, (f) "stopped", etc.? These are a few of the questions discussed by GLENN G. MUNN in article IV of "A Reading Course in Banking", under the head of PAYING AND RECEIVING FUNCTIONS.

**I**N the argument and discussion which has followed the establishment of "par collection" of bank checks under the Federal Reserve System, little attention has been given to the difference between the exchange charge made by the bank upon which the item is drawn and the charge made by the bank which merely acts as an intermediate or collecting agent. Much has been said regarding the charge of the paying bank, but comparatively little concerning that of the bank which, as a collecting agent, receives an "out-of-town" item from a customer for immediate credit or cash; ROBERT C. TEARE of the Illinois Merchants Trust Company, considers this neglected phase, in his article THE EXCHANGE CHARGE OF THE COLLECTING BANK.

**H**OW can the manager of a department get the most out of his workers? T. N. T., one of the best known writers in the banking field, tells in a very human short story, THOSE GIRLS ON THE INDIVIDUAL BOOKS, of the troubles of Jim Brannon, in charge of the individual books, and how Jim both solved a very important problem in departmental management, yet won the lasting good-will and loyalty of those working under him.

**T**HE amount of money that was saved, ought to have been saved, or was not saved, by workmen, has been the subject of much discussion throughout the entire post-war inflation period and the depression which followed. The Union Trust Company of Cleveland, after two years of hard-earned experience, is now operating in a large number of Cleveland factories, an industrial savings plan which enables the factory or shop worker to save conveniently and systematically right at his place of employment. Read DON KNOWLTON'S interesting story of the "Save at the Shop Plan" in the July issue, HOW MUCH DO WORKMEN SAVE?

## **THE BANKERS MAGAZINE**

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71 Murray St., New York

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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:** I have at some time seen a chart which shows the various functions of the bank from the president to the lowest positions. Do you know where I might get such a chart?—B. F. B.

**ANSWER:** The New York Chapter of the American Institute of Banking uses as one of its text books an *Outline in Bank Organization and Administration*. On page 26 of this book is a bank organization chart.

**QUESTION:** What books are there that will explain for me the work of the paying teller's department?—L. T. D.

**ANSWER:** There is one book on the subject, *The Paying Teller's Department\** by Glenn G. Munn (\$1.25). A chapter on the paying teller's work is given in *The Practical Work of a Bank\** by Kniffin (\$5.00); and a part of vol. 3 of *Westerfield's Banking Principles and Practice* covers this department.

**QUESTION:** Can you give me the names of any books published on building and loan associations?—H. D.

**ANSWER:** The only book we know of is the *Cyclopaedia of Building, Loan and Savings As-*

*sociations* (\$7.50). Write to H. Rosenthal, 15 West Sixth street, Cincinnati for information about the book.

**QUESTION:** Our bank has recently opened a foreign exchange department and I have been given the chance to be head of the department. I have not studied the subject for some time, that is, since leaving college. Could you give me a list of books on foreign exchange?—P. D. B.

**ANSWER:** Here is a list of the books on foreign exchange. It would be well for you to examine them if possible at a public library in order to get the more advanced ones on the subject as there are both elementary and advanced books in the list.

*Domestic and Foreign Exchange* by Cross (MacMillan); *Banking and Credit* by Dewey and Shugrue (Ronald Press); *Foreign Exchange* by Owen (Century); *Foreign Exchange* by York (Ronald Press); *Problems in Foreign Exchange* by Shugrue (Appleton); *Foreign Exchange* by Whitaker (Appleton); *International Exchange* by York (Ronald Press); *Modern Foreign Exchange* by Gonzales (Hammond); *Foreign Exchange Explained* by Escher (Macmillan); *Elements of Foreign Exchange\** by Escher (Bankers

Pub.); *Transactions in Foreign Exchange* by Deutsch (London pub.); *Primer of Foreign Exchange* by Spalding (Pitman); *International Exchange* by Patterson (Alex. Ham. In.); *Foreign Currency and Exchange Guide* (Gutttag Bros.); *Foreign Exchange—Before, During and After the War* by Gregory (Oxford Univ. Press).

**QUESTION:** Can you tell me what books have been published on fingerprints and handwriting?—J. T.

(The above question came to us from a banker in Pennsylvania. Banks in quarters of cities where the foreign population is large use finger prints as means of identification for those having accounts. As such use is constantly spreading, we are passing on this list of books on the subject for all who may be interested.)

**ANSWER:** Books on fingerprinting: *Finger Print Instruction* (Evans); *Finger Prints Simplified* by J. H. Holt; *Finger Print Evidence* (Supt. of Documents); *Finger Prints* (Reed); *Finger Print Civil Service Examination Instruction* (Civil Service Chronicle).

Books on handwriting: *Character Indicated by Handwriting* by R. Baughan; *Handwriting Secrets Explained* (Regan); *Classification and Identification of Handwriting* by Lee and Abbey; *Graphology and the Psychology of Handwriting* (Warwick & York); *Graphology* by H. J. Von Hagen; *Revelation of Character in Handwriting* (Remont); *Applied Graphology* by A. J. Smith.

IF ANY reader of BOOK TALKS has in mind some banking or business subject that he would like to know more about, write to the Editor who will be glad to give a list of books that cover the subject.



# 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. 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 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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# BOOK TALKS

Special Section of The Bankers Magazine

AUGUST 1923

## A New Book on Foreign Exchange

Subject is Discussed With Problems of Business Men in Mind  
as Well as Questions of National Policy

**FOREIGN EXCHANGE.** The Financing Mechanism of International Commerce. By Edgar S. Furniss. Boston: Houghton Mifflin Company. \$2.50.

PROFESSOR FURNISS' clear and well-proportioned account of the subject of foreign exchange should go far toward correcting the common impression that there is something peculiarly mysterious about it. Mr. Furniss is assistant professor of political economy at Yale University and his book will naturally appeal to the student of this subject whether he is in a school of commerce or in business at present and studying foreign exchange for his own knowledge and advancement.

The author places books on foreign exchange in two classes, first, those that are made up of purely technical details, such as monetary standards, commercial laws, stamp taxes, exchange rates, etc., and second, those books that tend to make the subject obscure by entangling it with the intricate problems of the general theory of international trade. So he has avoided the two extremes by leaving out technical detail on the one hand, yet on the other making the subject very clear through keeping close to concrete realities. Proof of the latter is given in the simple, clear way in which the author develops his subject, giving many illustrations and stories of actual transactions in order to make clear all points.

His first chapter naturally is given over to an explanation of the nature and use of bills of exchange, defining them, explaining the banking relations created by foreign bills of exchange and telling how the accounts of the bankers in foreign exchange are cleared. From this chapter the reader is led to one on demand and supply of bills of exchange which takes up such subjects as international trade in securities, international payments of interest and dividends, travelers' expenditures, immigrants' remittances and the like, short-term loans between financial centers, etc.

Chapters on rates of exchange follow, in which the determining factors, market fluctuations, specie points, gold exchange standard, arbitrage, speculation, reaction of the rates on the currents of trade, silver exchanges, embargo on gold, and all other sub-topics related to the subject are discussed. Bankers' bills of exchange, commercial bills, letters of credit, and other forms of bank credit each have entire chapters devoted to them. Foreign investments and the exchange markets are explained as well.

The last three chapters are given to the exchange market, the London market being discussed first with an explanation of the position of the Bank of England rate in the market, and the book is closed with the discussion of the New York market, giving among

other points the relation of the Federal Reserve Act to the exchange market. In the last pages in which dollar exchange is discussed, the author comments on the question as to whether the New York market will ever take precedence over London.

The rapid expansion of the foreign trade of the United States, coupled with the abnormal conditions of the exchange markets of the world, has increased on one hand the importance of foreign bills in the transaction of business, and on the other, the problem of national welfare and national policy which are the especial concern of the student. And this volume brings into greater prominence these somewhat neglected aspects of the subject. Without neglecting the banking mechanism through which the bills of exchange pass, the attempt has been made to bring the discussion to bear upon the problems of the business man concerned with foreign trade, as well as upon the broader questions of national policy.

In stating and developing the basic principles of the subject, the author has assumed through necessity a normal state of the exchange market, such as existed prior to the war. This method of treatment does not, however, place the book out of relation to present-day problems of the exchange markets. Wherever significant changes have taken place in the practice of the markets, allusion has been made to these changes at appropriate points in the text as a means of emphasizing and qualifying the normal practices.

## BOOK TALKS

EVELYN M. PRICE, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

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AUGUST 1923

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### Shop Talk

SINCE CREDIT is the foundation of all business, *The Bank Credit Investigator* by Russell F. Prudden will be found of interest to business credit men as well as bank credit men. In proof of this read what the *Drug and Chemical Markets*, a paper of that trade, has to say about Mr. Prudden's book:

An entertaining book on bank customs in relation to credit. Not one chapter is dull and many are positively fascinating in the detail with which the author points out the way to learn whether the commercial paper of a firm or company is A1 or N.G. The frankness with which Mr. Prudden discusses the way to interview a note broker or the credit man of a rival bank is refreshing, amusing and instructive. Every business man will read the book with interest and gain information of value. Every bank library needs the book for reference and for its employees.

“THE DIFFERENT Anne Seward” is the title of an article in the August number of “Success” which sketches some of the experiences of the author of the new volume on “The Women's Department in Banks”

now in preparation, which is to be published early this fall.

“NOT LONG ago a bank offered a reward for each employee who would make acceptable suggestions whereby the bank could eliminate waste in the use of supplies, save time and labor in the operation of its bookkeeping system, improve its service to patrons, or increase its business. The offer of \$5 for every suggestion that could be used ‘started something’ in the bank. Employees soon were asking themselves, ‘How can I eliminate waste in my department? How can I eliminate duplication in my work? In what way can I improve service to my patrons, and what can I suggest that will help the bank to secure new business?’ ”

W. R. MOREHOUSE in his latest book, *How to Succeed in the Bank*, tells in the introduction how he began his banking career and then gives his advice throughout the book in a snappy, readable style on just what the title says—how to succeed in the bank. The paragraph above is quoted from the book, and he goes on to say: “Do not wait for the manager of your bank to offer a reward for work of this kind, but seize every op-

portunity for service without delay. *Every time you help advance the bank's interests you help yourself.* Your advance is contingent upon whether or not your bank prospers and goes ahead”.

THERE ARE so very few books on trust companies that it will not take you long to decide that Clay Her- rick's *Trust Companies, Their Organization, Growth and Management* published by the BANKERS PUBLISHING COMPANY is one of the complete books on the subject which every trust company needs. Order it on approval by using the coupon on the last page of BOOK TALKS.

SOME BANKERS complain that their safe deposit vaults do not seem to pay. And yet they never seem to think that they could be played up in the daily advertising, which usually gives only the formal notice, such as “Safe Deposit Vaults”. In Mac- regor's *Book of Bank Advertising* a chapter of 25 pages tells just how to advertise a safe deposit department, vaults and service, gives reproductions of good safe deposit advertise- ments, and also gives many paragraphs that will be a help in preparing copy.

# A Book for Every Country Bank

**H**ERE 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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N. B. Sent on approval to banks and bankers only. Be sure to state your banking connection.

## Book Reviews

**NEW YORK LAWS AFFECTING BUSINESS CORPORATIONS.** Revised to October 1, 1923. Containing the Amendments of the Legislative Session which adjourned May 4, 1923. Fourth edition. New York: United States Corporation Company. \$2.00.

THIS PAMPHLET furnishes annually, upon the adjournment of the New York legislature, all the valid statutes relating to private business corporations.

They include the business corporations law, the general corporation law, the stock corporation law, the provisions of the tax law applicable to private business corporations, the uniform stock transfer act, provisions of the penal code relating to monopolies, and the provisions of the general business law relating to fraudulent practices in respect to stocks, bonds and other securities; also the official recording and filing fees, together with a synoptic analysis in which the relationship of the various corporation laws, and their provisions, are coördinated and digested—all comprehensively indexed.

In this edition, the amendments of the last legislature, effective October 1, have been identified by marginal notes. These amendments amount substantially to a revision. The stock corporation law has been completely revised and rearranged. The entire business corporations law, with the exception of five sections which relate to district steam corporations, to water companies and to real estate improvement companies, has been repealed and the sections relating to organizations, to consolidation and to coöperative corporations have been revised and inserted in the stock corporation law. Likewise, the sections of the

general corporation law referring exclusively to stock corporations have been revised and transferred to the stock corporation law; so that all subject matter exclusively affecting stock corporations after October 1 will be found in the stock corporation law.

**COTTON AND THE COTTON MARKET.** By W. Hustace Hubbard. New York: D. Appleton & Co., \$3.50.

THIS BOOK gives a very informing exposition of how cotton is raised and how it is marketed. First the author discusses all phases of cotton cultivation, a subject rendered especially important by the problems raised by the boll weevil. Secondly, there is sketched the machinery used to market the bales, including a study of the warehouses and compresses in the South, of all the Southern merchants, and of the methods of doing a future contract business on three large exchanges. Thirdly, there is carefully studied the manner in which merchants use the future contract system to protect themselves against market risks, the so-called "hedging". Finally, there is consideration of the subject of speculation in its connection with cotton marketing.

**LYRICS OF THE LINKS.** By Francis B. Keene. New York: D. Appleton & Co.

THE POETRY, sentiment and humor of golf is what one finds in this little book. The author's poems on the game have won for him the title of "Laureate of the Links"—and this collection of them is filled with the characteristic humor that flourishes where gather the addicts of the game and with something of the sentiment, too, that

hangs about a man's fondness for the sport. The book will appeal to every golfer with a sense of humor.

**DOCTOR JOHNSON: a Play.** By A. Edward Newton. Boston: The Atlantic Monthly Press.

ALL LOVERS of eighteenth-century literature will welcome this latest Newton book, the text of which is truly and quite literally of the eighteenth century. Doctor Johnson is the central figure, with nearly every word of the dialogue drawn from Boswell, the Doctor's letters and other contemporary sources. Included in the cast are Sir Joshua Reynolds, David Garrick, Boswell, Oliver Goldsmith, Mrs. Woffington and other well-known characters. One finishes the little play with a genuine love for the brusque and at times course-grained principal, but his death leaves one with a lump in one's throat and in entire agreement with Sir Joshua—"Take him for all in all, I shall not look upon his like again".

## New Books

**APPLIED PERSONNEL PROCEDURE.** By Frank E. Weakly. McGraw-Hill. \$2.00.

**PRINCIPLES OF ECONOMICS.** By Arthur L. Faubel. Harcourt, Brace. \$1.60. An elementary text book for high schools and colleges. A new treatment. 1. Desire, value and exchange; 2. Production and distribution.

**PRACTICAL FEDERAL INCOME TAX PROCEDURE.** By James V. Giblein. 5th rev. Ed. Seaver Howland Press. \$6.00.

A condensation of existing tax regulations and important decisions; together with a supplementary chapter, new 1922 corporation return, form 1120: released by Treasury Department, February 12, 1923.

# Bankers Guide Book

By W. R. MOREHOUSE

Price \$3.00

## BANKING

### Questions 403-413

Q. 403. Has any individual a right to engage in the banking business?

A. 403. In the absence of any statutory provision, the business of banking is open to all individuals.

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educational work among employees (a special price being given when ordered in quantity). To order, use the coupon on the last page of "Book Talks", writing in the name of this book.

A Handy Volume with Flexible Cover

Bankers Publishing Co., - - . 71 Murray St., New York

THIS book contains 1190 questions and answers carefully classified and indexed, of which 999 pertain to practical banking problems which are apt to arise any day in your work. The other 191 questions and answers deal with bank business building methods and service. As can be seen in the reproduction of one of the pages here, legal citations to leading court cases accompany the answers. John E. Brady, editor of THE BANKING LAW JOURNAL, collaborated with the author in the preparation of the book.

This will be a valuable reference book for every banker, and is especially adapted for

## A Reading Course in Banking

Series Appearing in THE BANKERS MAGAZINE of interest to Bank Employees

NEW READERS of BOOK TALKS who may not know of the reading course in banking which is now a department of THE BANKERS MAGAZINE will be interested in learning just what the author of this series of articles is covering.

His first article was introductory and treated of barter and money, showing how credit finally came to be used for the carrying on of business.

The second article, appearing in the May issue was entitled, "The Fundamentals of Credit", and dealt with the nature and kinds of credit, particularly bank credit.

"Bank Organization and Functions" was the title of the third of the series, in which the author showed the origin of the need for particular banking

facilities. He did this in an extremely interesting way by showing how a young man just entering business comes to need different banking services as his life goes along, from establishing his own business to creating an estate.

Article IV explained the "Receiving and Paying Functions" of the bank. In beginning his explanation of the direct work of the bank, the author chose these functions first because it is there that depositors first come in contact with the bank, and the tellers are in a good position to "sell" their bank to the public.

The next article covers the subject of "Collections, Transits and Transfers". It discusses the collection and clearing of checks and explains the

work of the transit department. The subject of "par collection" is also brought up.

This series will run for some time in THE BANKERS MAGAZINE. An extensive outline is given at the beginning, and a reading assignment, supplementary reading and from twenty to thirty questions are always given at the end of each month's article.

Glenn G. Munn, formerly with the Chase National Bank of New York and author of *The Paying Teller's Department* is conducting this series. You can order the back numbers of the magazine that you may have missed, first sending for a sample copy, if you wish, in order to see whether the course will be helpful and interesting.

Bank Dignity Gone To Seed

W. R. Morehouse Shows How Bank Dignity Keeps Bank Deposits Down

MY FRIEND Andrew arrived at the Limited at 4 p. m. I took him to dinner, and afterwards we retired to my den to smoke and talk over "old times". It was a surprise to me to learn that three years ago my guest sold his chain of lumber mills and invested the proceeds in bank stock. He now owns stock in twenty banks and controls eight, although he takes no active part in the management, entrusting this to his son.

Naturally I soon found that his heart and soul are centered in the banking business; and since I am interested in the banking business myself, we exchanged views on this subject with great pleasure.

"I want a suggestion from you, Will", my guest began. "I am heavily interested in three banks in particular, two of which are located in cities of about 50,000 population and the other in a city of 30,000, and these three banks are doing no more than just holding their own. They are centrally located; the bank buildings are modern, and their equipments are better than the average. Other banks in the same towns show creditable gains in deposits, and yet these three banks show a loss. My son, of whom I spoke a few moments ago, is giving these three banks his personal attention, and still deposits are shrinking—somehow the people don't respond. Several other banks in which I also own the control, notwithstanding the fact that their 'lay-outs' are old and out-of-date, are steadily gaining in deposits. Now, can you tell me what is the matter?"

"Does your son give his personal attention to all the banks you mention?" I asked.

"Well, no—only to the three that are losing business, because they need his attention most."

"What kind of managers have you for the banks which you say are making headway?"

"They are all good bankers, rather easy-going and inclined to be accommodating, and everybody speaks well of them."

"All right. Now pardon me, Andrew, for being just a little personal—how does your son regard the dignity of the banking profession?"

"Well, just before I left home he was telling me how much he regretted to see our bankers losing their oldtime dignity. He said, I remember, that he didn't approve of the advertising our competitors were doing in order to get business."

"Then I may assume that your son belongs to the class of bankers who still cling to the old traditional idea that a bank must be ultra-dignified?"

"Yes, I guess that is a good way to express it."

"Then it is my opinion that the three banks referred to as losing business will continue to lose as long as your son clings to the old dignified method of conducting your business."

"You don't mean that 'bank dignity' is driving business away, do you?"

"In your case, it most certainly is."

"Let me explain: Banks locate on prominent corners for the same reason that they build magnificent buildings and finish their offices in expensive marbles and woods. Simply to create favorable comment and attract new business. Isn't that so?"

"Exactly."

"Keeping up appearances has always had the tendency to make our bankers dignified, a fact which you have observed. I am sure. Now tell me, what is it that stands between your son and the patrons of those three banks and makes him hard to approach for advice or anything else? Isn't it his bank dignity?"

• • •

And Mr. Morehouse has a great deal more to say about "bank dignity" in the remainder of the first chapter of his book, "Bank Deposit Building", of which the lines given above are a part. He gives of his entire experience in telling many ways to build bank deposits. He does not use this conversational style throughout the book, as he gets right down to facts in his second chapter, but every line is written in just as interesting and entertaining a style. You will find it hard to lay the book aside.

◎

If you wish to order this book (on approval to banks and bankers) use the convenient coupon on the last page of BOOK TALKS.

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# 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. 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.

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# BOOK TALKS

Special Section of The Bankers Magazine

SEPTEMBER 1923

## Organizing the New Business Department

First-hand Knowledge of How to Solve the Problem of Getting  
New Business for the Bank

**THE NEW BUSINESS DEPARTMENT:** Its Organization and Operation in a Modern Bank. By T. D. MacGregor. New York: Bankers Publishing Company. Price, \$1.25..

THE third edition of "The New Business Department" has just been published. The book has been completely revised and brought up-to-date and has many additions, making it now a book of 127 pages. Most of the new material has come under the heading of the last chapter as many additional new business ideas and suggestions for gaining new accounts are given there. This book is unique in its field, as there is no other published work on the subject, and as a complete, concise description of how to conduct a publicity and new business department in any bank, large or small, it will serve as an excellent guide.

The important thing in starting out to get new business for the bank is to effect some kind of organization and then make systematic rather than desultory or spasmodic efforts to develop present customers and get new ones. "The New Business Department" shows how to organize such a department and then gives numerous suggestions as to how to keep it going successfully. The many new business-getting plans described are not confined to those employed by one institution. The author's long and successful experience in every phase of financial advertising has brought him into contact with

many bankers and advertising men. He is familiar with the many problems of getting new business for financial institutions, has a first-hand knowledge of how to solve them, and gives through the medium of his book the results of his experience.

It is not necessary for a bank to have in mind the organization of a large new business department in order to make use of this handbook, as its information is of just as much interest and benefit to those smaller banks who wish to build up their institutions, the book being full of ideas and suggestions which the officer in charge of publicity and new business can use to advantage.

In the first chapter the author tells the purpose of the new business department; in the second he gives the sources of new business, such as prospects from present patrons, leads from various departments, affiliations of directors and stockholders, prospects from outside the bank, etc. The third chapter discusses the relations with other departments, and about this Mr. MacGregor says: "The new business department should act as an interpreter in helping the various departments to express themselves, to explain to the public what they have to offer, should act as a salesman in convincing prospective customers".

Chapter IV explains the machinery by which the manifold objects of a typical department of publicity and new

business are accomplished and is illustrated by forms.

The central card file which the author believes is the heart of the entire work of the department is explained in chapter V. This file has both negative and positive uses in the analysis of accounts, cutting out waste and pointing the way to greater profits. It enables the department to tell quickly where to direct its efforts to get the best results from present customers. Other chapters are given to handling the accounts, getting leads from inquiries, a follow-up system, and finally chapter IX gives many new ideas and suggestions.

A good follow-up system may mean the difference between success and failure for a new business campaign. The outline of a typical follow-up plan is given in this book, with an instance of how in one year over \$4,000,000 initial deposits were received by use of this method.

In an appendix are short articles on the new business departments of banks throughout the country written by the heads of those departments, covering the following topics: New Business and Analysis of Accounts (National City Bank, New York); Applying New Business Methods to the Country Bank (Bank of New Richmond, Wis.); New Business Suggestions (Guaranty Trust and Savings Bank, Los Angeles); New Business Aids (Cleveland Trust Company); How the New Business Department Functions (Guaranty Trust Company, New York); Keeping Track of New Business (Union and Planters Bank and Trust Co., Memphis).

## BOOK TALKS

EVELYN M. PRICE, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

SEPTEMBER 1923

## Shop Talk

Too much cannot be said about the duty of the bank to make itself a familiar institution to women. Needless to say the woman of today has taken her place in business beside the man and no arguments in favor of or against the way she may be holding that place can alter the fact that she is there. It is then up to the bank to familiarize women with the work of the institution because the bank is the gainer thereby. Women of independent incomes in many cases manage their own affairs today, and the bank ought to be at their right hand ready to give advice; women in business have to put aside their money for the rainy day. Both should be helped to invest their money in the soundest securities.

MISS ANNE SEWARD as manager of the women's department of the Hamilton National Bank, New York, has always aimed to reach these two groups of women to bring in new business for her bank and has written a book (now in the printer's hands)

on the organization of a women's department for the benefit of other banks that may be contemplating adding such a department to their services.

MISS SEWARD says that many bankers at various conventions and by letter have said to her, "We have wanted to organize a women's department for some time, but just how should we go about it—how can we get the women in the bank?" She has often taken trips to banks to help out in starting the work, but as it takes a great deal of her time, and is impossible to do in all cases because of handling her own department, she has now put all her experience in a book so that every bank in the country may have the benefit of it.

FOR THOSE who use the new text-book the work of establishing this now indispensable department of the modern bank will be a simple matter, as Miss Seward tells exactly how to do it even to the minutest detail.

ARE CAR cards read? They are, by millions. Frequently the observer may gain the opposite impression. To him the passengers may seem listless, busy

with their newspapers or conversations, lost in their own thoughts. But while the mind is occupied the eye is also busy. Many persons seeing a bank's car card daily for weeks, eventually go to that bank totally unaware of the fact that it was the car card that directed their steps. Car cards must be seen. The eye must find a lodgment. Travel where it may, it eventually rests on the car card. If your bank hasn't yet used this medium of advertising you will find the nature and character of the copy and illustration discussed in *MacGregor's Book of Bank Advertising* in the chapter on advertising mediums.

IN A LETTER to T. P. Kane, the author of *The Romance and Tragedy of Banking*, just before his death, a banker friend in Marion, Va., wrote:

You have, as I was sure you would, given us a most remarkable and interesting history of our national banking system and you write with a personal knowledge which no other one has had an opportunity to attain. I have never read a book with greater interest or which has given me more pleasure. It is a fascinating story written in a plain, practical, every-day style. You have treated every official discussed with fairness and yet do not hesitate to criticize when necessary and always give reasons to show your criticism just. I congratulate you on your accomplishment.

*"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."*—

W. R. MOREHOUSE.

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## *How to Succeed in the Bank*

A New Book by W. R. MOREHOUSE

Price \$2.50

**D** OUBTLESS you have noticed the tendency of passengers to block the rear platform of our city street cars. You have observed that many people take a step or two and stop, others wedge themselves in the aisle behind them. Periodically the conductor in desperation calls out, "Please move up front". No one moves. "Plenty of room up front", he urges this time more emphatically than before, and finally a passenger or two work their way forward in the car. This condition compares favorably with the business situation today.

*Bankers are calling for competent young men and women, and yet only a limited number are responding.*

The latest book of this favorite author on banking subjects, W. R. Morehouse, 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. He knows what the banker is looking for in the men and women who will go ahead in the banking field.

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.

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I enclose \$2.50 for a copy of "How to Succeed in the Bank" by Morehouse.

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Book Reviews

CROWELL'S DICTIONARY OF BUSINESS AND FINANCE. A Complete Guide to Business, Financial and Legal Terms. New York: Thomas Y. Crowell Company. \$3.50 net.

THIS BOOK is perhaps the most complete and comprehensive work of its kind that has yet been offered to the public. It will be invaluable to the business man and executive. It has been in preparation for a considerable period, during which time a constant effort was made to include every sort of fact relating to business and finance which could possibly be of use for those for whom it is intended.

Although called a "dictionary", it is really encyclopedic in character as articles of several hundred words in length are often given in explanation of

business terms so that the subject is not only clearly defined, but thoroughly analyzed. It is aimed to be complete and self-sustaining, giving the clearest and most explicit information on a wide range of business topics.

The work proceeds alphabetically, the items being listed in bold-face type, and the definitions themselves being given in clear, non-technical language. Each definition is intended to be self-supporting, but wherever necessary, cross-references still further aid the reader to develop any given topic.

CURRENCY AND CREDIT. Before and Since 1914. By Hubert Blake, London: Effingham Wilson

IT WILL be noted that this is an English publication. It ex-

plains in brief compass some of the leading changes which have occurred in the English monetary system during recent years, and relates them to the conditions and principles of pre-war practice. The scope of the book is shown by its chapter headings as follows: Elements of Monetary Theory; Quantitative Theory and Its Relation to Prices; Position and Functions of the Bank of England; The New Finance; From Inflation to Deflation; The Departed Gold Standard; The Present Position.



Pamphlets Received

WHAT IS THE SAFEST MUNICIPAL BOND? An analysis laying special emphasis upon the legal phases of the subject. Remick, Hodges & Co., New York.

BANKING.

95

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By W. R. MOREHOUSE

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*For Bankers*

# *The Bankers Magazine*



*In the September Issue*

## **WHAT FOREIGN TRADE MEANS TO AMERICA**

That foreign demand for American merchandise, or the lack of it, has a far-reaching effect on our daily life is shown by Allan B. Cook in this article.

## **LABOR BANKS AND CAPITAL**

John Walker Harrington who has made a close and accurate study of labor's activities in the establishment and building of a chain of efficiently organized and operated banks discusses this subject.

## **ORGANIZATION AND OPERATION OF THE CREDIT DEPARTMENT**

The author invites the consideration of the "middle-sized" city bankers to his outline of the credit department.

## **NEW ACCOUNT DOO-DADS AND THEIR DANGERS**

If a novelty is used to get prospects for your bank be sure the prospects become sold on the bank, not the novelty.

## **CLEARING HOUSES**

Article VI of the reading course in banking which appears monthly in THE BANKERS MAGAZINE.

## **OTHER FEATURES**

Sections of THE BANKERS MAGAZINE are always devoted to editorial comment, banking and commercial law, banking publicity, international news, interesting personal notes about the country's bankers and new bank buildings.

**BANKERS PUBLISHING COMPANY, NEW YORK**

**THE BANKERS MAGAZINE,**

71 Murray St., New York

Please send me a copy of the September issue of THE BANKERS MAGAZINE and put me down for a year's subscription, billing me \$5. If I like the September 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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## Service is the Bank's Commodity

## Advertising and Good-will Value of the Agricultural Department

How STRANGE it is that more bankers do not realize that service is the only commodity which they have for sale, and whether it is good and efficient, or poor and inefficient, determines to a large extent the success of their institutions. With the present safeguards which our laws throw around banking, the difference in the quality of service is about all that makes one bank more desirable than another.

The banker has only to look about him in the business world to realize the important place that the giving of good service occupies in the successful business enterprise. Railroads, agricultural implement concerns, fertilizer manufacturers, packers and kindred industries maintain complete agricultural departments and bureaus simply to supply good service to their patrons. The employment of agricultural experts costs these concerns many thousands of dollars annually. Yet they find it good business to carry on this work, even though they may handle a product that sells well upon its merits and without the assistance of one of these facilitating bureaus.

The advertising and good-will value of an agricultural department to these concerns and to banks is an item of considerable trade value and commercial importance. This fact has been recognized for some time by progressive and far-seeing bankers, and as a natural consequence the agricultural department has entered the banking field during the past few years.

At the present time some thirty-five banks employ agriculturists and maintain some kind of agricultural department. The methods of carrying

on the work differ considerably among banks, but there are certain well-defined principles and approved practices which it is advisable for any bank to follow.

For various reasons the agricultural departments of a few banks have been unsuccessful, failure usually being traced to placing the wrong man in charge of the work. Too many bankers have imagined that this work can be handled by an agricultural college graduate without any business experience. This is a mistake.

Other banks lost their agriculturists during the war, and since that time several of the State Farm Bureaus and other agricultural organizations have attracted bank agriculturists to their staffs by paying larger salaries than the average country bank can afford. But during 1920 and 1921 numerous banks have started the work and many more contemplate taking it up as soon as they can locate suitable men.

The department fills a real need in the country banking field. Aside from its advertising and publicity value, by which it may be the means of attracting and securing considerable new business, it promotes the right kind of feeling between the agricultural and banking fraternities. In these days of radical tendencies this is a worth-while asset and the agricultural department may be the means of preventing discontent, which would be damaging to the banks and to the community as well.

The real direct and tangible benefits to be secured from the activities of an agricultural department consist in the creation of new wealth that comes as a result of carrying out the bank's agricultural development

program. This is more often seen by the banker who is looking five or ten years ahead—one who has the long-term point of view—than by the average citizen, but the benefit which may be derived from constructive work of this character is becoming increasingly evident to thinking people everywhere. The banker who establishes this work impresses the banking fraternity, the farming public and his townspeople as a constructive banker and leader in community welfare.

• • • • •

If you have been interested in the above article you will be glad to know that it is the first chapter of *The Bank Agricultural Department* entitled "Bank Agricultural Service". After the author shows the need of such a department in country banks he tells in the second and subsequent chapters just how to go about organizing the department, giving all the information he has gained in his agricultural work.

R. A. Ward, the author, was formerly vice-president of the First National Bank of Bend, Ore., was a member of the agricultural committee of the Oregon Bankers Association, and is now general manager of the Pacific Co-operative Wool-growers. His book is one of the series on bank departments that is being published by the Bankers Publishing Company.

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In the June issue of THE BANKERS MAGAZINE there appeared an interesting article, "An Adventure in Publicity", on what an advertisement on "happy, healthy little pigs" did for a country bank along the line of creating good-will. THE BANKERS MAGAZINE from time to time publishes such articles which tie up with the new co-operation that the bank agricultural department is starting between the banker and farmer.



# 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. 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.

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<input type="checkbox"/> Bank Credit Methods and Practice .....	\$2.50	<input type="checkbox"/> New Business Department.....	\$1.25
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# BOOK TALKS

Special Section of The Bankers Magazine

OCTOBER 1923

## Are You Doing Bank Credit Work ?

A Book the Young Banker Should Not Be Without ; And of Interest To All Who Come In Contact With the Bank

THE BANK CREDIT INVESTIGATOR.

By Russell F. Prudden. New York: The Bankers Publishing Company. \$1.50.

THE WORK of the bank, it has been aptly said, may be divided into three parts, namely—obtaining money on deposit, putting it out at work, and watching it while working. Every bank, no matter how large or small, has these functions although they may be more or less divided and apparently concealed in many ways. Anyone who has had banking experience either as a depositor or employee, has a general knowledge of the first two operations, and for that reason this book is confined to the bank's credit department, which has to do with the third function—that of watching the bank's money while it is working.

### COMPLETE FILES NECESSARY

Practically every commercial bank, regardless of size, has a credit department. This department may not be known by such a name and in the case of the smaller banks, it may be represented by the cashier who has a multitude of other duties to perform as well. But no bank can operate to the best advantage without complete credit information, at least on its own customers. The success or failure of a bank depends on how it selects its risks.

*The Bank Credit Investigator*

has been written for those who want to start in bank credit work, that is the young man or woman who wishes to take up that kind of work, or for those already in the bank who may be going to have charge of a credit department about to be organized. The information contained in the book will also help any business man who receives credit from the bank to understand the banker's point-of-view.

### DETAILED CONTENTS

The organization of the credit department is thoroughly explained in the first two chapters. A chart with this chapter helps the reader to visualize what is given in the text about divisional responsibility.

Of the greatest importance in this department is the filing system. The credit information, in its entirety and arranged so that it can be quickly read, must be available at any time. The third chapter describes various filing systems, tells how to make up the credit folder, gives the duties of the file clerk and a reproduction of a loan and discount card.

Agency reports are discussed in one chapter, and the elements of accounting in the following two. The chapters on statement analysis are well illustrated and each item of the balance sheet is given special attention.

### INTERVIEWING

The latter half of the book is given over to interviewing. One

chapter takes up interviewing commercial paper brokers, a second, interviewing the banker and a third, interviewing trade houses. A reviewer of the book said of these chapters: "The frankness with which Mr. Prudden discusses the way to interview a note broker or the credit man of a rival bank is refreshing, amusing and instructive".

The last chapter takes up summarizing the investigation, shows the value of a summary, suggests forms, and emphasizes the need of constructive criticism, sound judgment and courtesy in this very important part of bank work.

### "THE CREDIT MONTHLY" SAYS—

Credit managers will find the book of use in training the members of their staffs so that they may avoid the errors that come from inexperience. *The Credit Monthly* in a favorable review made the statement that "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 Credit Men's Association and speaks with authority on credit matters.

The volume is pocket size and consists of 192 pages, illustrated with forms and attractively bound in brown buckram. It is sent on approval to banks and bankers and can be conveniently ordered by using the coupon on the last page of BOOK TALKS.

## BOOK TALKS

EVELYN M. PRICE, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

OCTOBER 1923

### Shop Talk

A COMPREHENSIVE investigation of the work being done by various banks in agricultural development has been made by R. A. Ward and in his book, *The Bank Agricultural Department*, he has given concrete examples and illustrations of what has actually been accomplished by up-to-date banks in farming communities. For the banker who wants to be informed on everything new in the banking field this book is a necessity, as it is the only one so far published on this new bank department.

A THIRD edition of *The New Business Department* by T. D. MacGregor, completely revised and with many additions, making it now a book of 127 pages, has just come off the press.

IN November BOOK TALKS we are going to reprint one of the interesting incidents that Thomas P. Kane tells about in his *Romance and Tragedy of Banking*. If you have thought that this book is "dry as dust" you will change your mind by December.

LET us remind our readers again that we are always glad to send comprehensive circulars on our books to them on request so that they may know just what each book covers before ordering.

A BANKER wrote to us during the past month that he wished we would put his name on our BOOK TALKS list and send the bill to him. He said that he had been using a "second-hand" copy from the desk next to him every month, but was afraid that the man might forget to give it to him some month. His name is now on our list, but there was no bill, of course, as BOOK TALKS is sent to those interested in its contents, without charge.

ONE THOUSAND one hundred and ninety questions and answers carefully classified and indexed, of which 999 pertain to practical banking problems which are apt to arise any day, are contained in the *Bankers Guide Book* by W. R. Morehouse. This book is especially adapted for educational work among employees.

WE HAVE on hand reprints of articles that have appeared in THE BANKERS MAGAZINE during the past few years and are giving a

list of them below. We will be glad to send a copy of any of them, without charge of course, to anyone who is interested in the subjects named.

*The Daily Balance—the Country Banker's Biggest Problem* by Ray E. Bander; *How to Determine Banking Costs* by Thomas C. Jefferies; *Twenty Per Cent. Rule or Why Banks Keep a Part of the Money They Loan* by Glenn G. Munn; *Trust Departments in National Banks* by Clay Herriek; *Some Thoughts on Bank Letters* by Roger Steffan; *Every Bank Its Own Teacher* by Glenn G. Munn; *Relations Between a Bank and Its Employees* by Raleigh E. Ross; *Human Equation in Banking* by Glenn G. Munn.

IF you can stand being talked to "straight from the shoulder" then read Morehouse's *How to Succeed in the Bank*. Here is what he has to say to the bank employee about study:

Of course, if you are not accustomed to devoting a part of your spare time to study and preparation for your work, it will be hard at first for you to forego supposedly good times and get down to business. I found it so, and I am no exception to the rule. But after you become interested in your studies and see some of the benefits of knowing your business, you wouldn't give them up for any of the old amusements you once enjoyed so much.

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**Books of use to bankers, from officer to clerk, that will increase efficiency and insure promotion :**

- 1) The inside story of hundreds of interesting incidents in banking, told by the late Deputy Comptroller of the Currency, Thomas P. Kane, in **THE ROMANCE AND TRAGEDY OF BANKING** has been read and commented favorably upon by banking officials throughout the country.
- 2) Just how bank directors should proceed with an examination of their bank is told step by step in **BANK DIRECTORS** by O. W. Birckhead, former national bank examiner.
- 3) Every bank serving an agricultural district will eventually organize a special department to serve the farming interests of the community. **THE BANK AGRICULTURAL DEPARTMENT** by R. A. Ward is the first book published on this subject.
- 4) **THE NEW BUSINESS DEPARTMENT** by T. D. MacGregor has just been completely revised for its third edition, making it now a book of 127 pages. This book is unique in its field and will serve as an excellent guide when organizing such a department.
- 5) A reference book to which officers, paying tellers and other clerks may turn for guidance in answering questions that constantly arise with regard to cashing checks, certifications, reserve requirements, tests for counterfeit money, etc., is **THE PAYING TELLER'S DEPARTMENT** by Glenn G. Munn.
- 6) MacGregor's **BOOK OF BANK ADVERTISING** is the most exhaustive book on this subject yet published. It contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising.
- 7) A book that will be useful not only to the banker, particularly the beginner, but also to the business executive interested in learning the banker's attitude on credit risks is **BANK CREDIT METHODS AND PRACTICES** by Thomas J. Kavanaugh. An accurate description of the operation of a credit department in a modern bank is given in its 241 pages, illustrated with forms.
- 8) Many a young man who has considered going into credit investigation work has wanted just such a book as **THE BANK CREDIT INVESTIGATOR** by Russell F. Prudden. It gives exact, definite and practical information in as concise a manner as possible as to what problems the new investigator may meet in a bank credit department.
- 9) **THE PRACTICAL WORK OF A BANK** by William H. Kniffin is so well known among bankers that we wonder whether there is a banker that has not yet bought a copy. But for those who haven't let us say that there isn't a single practical banking problem or detail of modern bank administration that this book does not describe in detail.

For prices and coupon  
for ordering



see the last page of  
**BOOK TALKS**

Book Reviews

**JAPAN BUSINESS DIRECTORY FOR 1923.** By S. H. Sommerton. Yokohama, Japan: Eastern Commerce. 1085 pages. \$7.50.

A monthly trade journal of the Far East, *Eastern Commerce*, has just compiled a business directory of Japan, the first directory of its kind ever published in that country. It is an all year reference book, listing only Japanese firms in good financial standing, giving ready information to the business houses who are interested in doing business in Japan.

The table of contents comprises postal information, cables and local telegraph service, weights and measures, Japanese business firms and addresses, phone numbers, line of business in detail, and names of proprietors, names of exporters classified by the products they handle; data on Manchuria, Korea, Formosa and Hokkaido.

A limited number of copies of the directory are available through the World Wide News Association, 303 Fifth Avenue, New York City, the American representatives.

©

**MOTHER NATURE: A STUDY OF ANIMAL LIFE AND DEATH.** By William J. Long. New York: Harper Bros. \$3.00.

Mr. Long, the author of this book, has based the arguments, conclusions and theories which he presents in the volume on years of observation of animals of the wilderness. He quotes numberless incidents to illustrate his reasoning and these incidents make the book fascinating reading. The book is addressed to the lover of nature primarily but its appeal is even more to the scientist and philosopher, for it challenges some of the basic theories concerning the laws and methods of nature that have general ac-

ceptance among biologists. Mr. Long does not see in nature a constant struggle for the survival of the fittest, but believes that the different forms of animal life live together in co-operation.

©

Booklet on China

An economic survey of China has been issued in book form by the Commission on Commerce and Marine of the American Bankers Association. It presents what is described as "a balanced statement of the outstanding factors of China's present day economic life and indicates the most probable developments of the immediate future, particularly with reference to American interests".

©

New Books

**THE EXPANSION OF EUROPE.** The Culmination of Modern History. By John R. B. Muir. Houghton Mifflin. \$3.50.

A résumé of the problems of world-politics and of the imperial expansion and the imperial rivalries of the greater states of Western civilization, together with the political ideas which are implicit in or which result from the conquest of the world by Western civilization.

**PRINCIPLES OF ADVERTISING.** By Daniel Starch. A. W. Shaw Co. \$5.00.

Experiences of hundreds of advertisers; shows why some campaigns fail; discusses national, retail, foreign and financial advertising.

**EUROPE SINCE 1918.** By Herbert A. Gibbons. Century. \$3.00.

A fair statement of the effect of the Treaty of Versailles and other treaties on Europe; the

reparations crisis; the Ruhr Expedition; conditions in Rome and Italy, etc.

**GENERATING ECONOMIC CYCLES.** By Henry L. Moore. Macmillan. \$2.50.

Generating cycles of products and prices; the origin of the eight-year generating cycle; generating cycles reflected in a century of prices; the eight-year generating cycle in relation to its physical cause.

**TURKEY, THE GREAT POWERS AND THE BAGDAD RAILWAY.** By Edward M. Earle. Macmillan. \$2.25.

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Question Box

**QUESTION:** What books can you suggest on home economics and budget-making for the home for a bank that is planning to add this service to its women's department?

**ANSWER:** The following is a list of books on these subjects:

*Art of Spending; How to Live Better and Save More.* American School of Home Economics. 24 pages (Published for the use of banks in budget planning. Other good and inexpensive material may be obtained from the same source). *Business of the Household.* C. W. Taber and others. 438 pages. *Getting Your Money's Worth; A Book on Expenditure.* Isabel E. Lord. 210 pages. *Household Accounting and Economics.* W. A. Sheaffer. 158 pages. *Save and Have; A Book of "Saving Graces" for American Homes.* 142 pages. *Spending the Family Income.* S. Agnes Donham. 174 pages. *Successful Family Life on the Moderate Income.* Mary W. Abel. 251 pages. *Thrift by Household Accounting and Weekly Cash Record Accounts.* 34 pages.

For Bankers

# The Bankers Magazine



*In the October (Convention) Issue*

## ANNUAL CONVENTION OF THE AMERICAN BANKERS ASSOCIATION

The Federal Reserve System; banker-farmer relations; international relations; domestic relations and all the other important topics that were discussed at the convention are covered by interesting articles in this issue, as well as the general proceedings.

## SHIFTING OF THE GROUND IN THE EUROPEAN CONTROVERSY

For the last fourteen months, Elmer Youngman, editor of *THE BANKERS MAGAZINE*, has been abroad making a careful study of the economic and financial position of Great Britain and the leading European countries. He has just returned to the United States. This article sums up his final impression of the present and probable future state of affairs abroad, with particular reference to the relations between France and Great Britain.

## GRANTING CREDIT

Article VII of the reading course in banking which appears monthly gives the essentials of credit, the organization of the credit department, sources of credit information, contents of the folder, and statement analysis.

## HELPING DENVER BOYS TO SAVE MONEY

The Bankers Trust Company of Denver published a booklet on "Forty Ways Boys Can Earn Money" as they realized that the boys must earn money before they can save it.

## THE MAKING OF A SAVER

How is a "spender" changed into a "saver"? Raleigh E. Ross in an entertaining article tells how one young man was made into a saver, and the change it made in his life.

## OTHER FEATURES

Sections of *THE BANKERS MAGAZINE* are always devoted to editorial comment, banking and commercial law, banking publicity, international news, interesting personal notes about the country's bankers and new bank buildings.

## BANKERS PUBLISHING COMPANY, NEW YORK

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### THE BANKERS MAGAZINE,

71 Murray St., New York

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## Paragraphs From The Practical Work of a Bank

Showing How W. H. Kniffin Explains the Methods and Machinery of the Bank

### THE PAYING TELLER

WHO HAS NOT had a check cashed? And who has not watched the teller quickly scrutinize it, reach for the bills, pass them swiftly through his hands, hand them out and place the check on the spindle? But what happens when you pass in a check and say: "Ten fives and five ones, please, new bills"? What are his mental processes as he pays your check and listens to your comment on the topic of the day? It looks so easy—just count money all day, and go home at three o'clock—or six! Nice job this! No, not a "job", but a position, for while he was listening to you he was glancing that check over. *The paying teller pays a forgery at the bank's peril.*

### THE RECEIVING TELLER

A doctor went into a bank and offered for deposit a single bill, claimed to have been \$1000. The clerk, who had never seen a bill of that denomination, evidently mistook it for a \$100 bill, made out a ticket, and gave the doctor credit accordingly. Without looking at his pass-book, the doctor began to check against the account and soon found that he had overdrawn the amount. Upon receipt of an overdraft notice he explained the transaction and claimed credit for the additional \$900.

The deposit slip being in the clerk's handwriting, and the pass-book calling for a like amount, the bank insisted that the doctor was mistaken, inasmuch as the cash balanced the next day. Suit was subsequently brought and only because the doctor could prove he received the bill, and traced it

from the time he received it to the bank counter, did he win his case. *Had he made out his own deposit ticket, the error would not have happened.*

### BOOKKEEPING OF THE LOAN

AS SOON as a loan or discount is accepted the loan records begin to take shape. The note must be made out and signed. If it is already in signed form, as in the case of a discount, it must be properly indorsed. If it is a collateral note with finely printed terms, the bank will insist that the note be on its own form. If securities are to be delivered, they must be brought in and examined. Having the note in hand we must determine: When it matures; the value at maturity including interest, if interest is to run; the time in days until day of payment, for interest calculations; the interest or the discount, and the proceeds. Having determined the proceeds the amount is credited to the customer, the interest to interest account, and the face amount charged to loans and discounts. Tickets for the various entries are sent to the several departments; or in the case of the small bank put through the journal records.

### BANK ACCOUNTING

The accounts of a bank differ somewhat from the accounts in a mercantile house in that the records of a bank all have to do in the main with cash. There is no merchandise to handle or account for; no "accounts receivable", for nothing is sold; no returned sales or inventories. Bank accounting is an exact science. Bank accounts may be divided into three classes: (a) The accounts with persons and

corporations; (b) accounts with property, real or personal, but mostly personal; (c) the nominal accounts. To these might be added the general or controlling accounts, from which is made up the statement of condition or balance sheet.

### EXAMINATIONS AND AUDITS

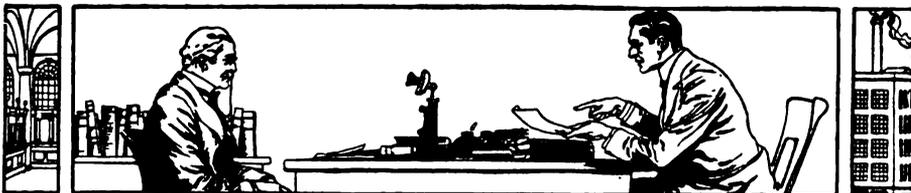
Bank examinations may be divided into two classes: (1) External examinations performed by the Comptroller of the Currency, state banking departments, clearing-houses and periodical audits by certified public accountants; and (2) internal examinations or audits made by the bank's auditing staff or public accountants. The latter is in the nature of an internal audit by an outside source, but the audit is by order of the bank and not by an independent supervising body. The most common form of internal audit is the examination by the directors—a bank examining itself.

\* \* \* \*

The above collection of paragraphs is taken from "The Practical Work of a Bank" by W. H. Kniffin. This book has long been considered the best on this subject. The paragraphs have been selected from various chapters throughout the book in order to give an idea of the style of exposition of the author. There are many other chapters besides those suggested among them one on "The Daily Mail" and "Lending the Bank's Money", from which we have not had space enough to print selections. The book is sent on approval to banks and bankers and can be ordered conveniently by using the coupon on the last page of **BOOK TALKS**.

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WHY NOT subscribe for **THE BANKERS MAGAZINE**? Only \$5.00 a year.



# The New Business Department

*Its Organization and Operation in a Modern Bank*

By T. D. MACGREGOR

Price \$1.25 postpaid

THE third edition of "The New Business Department" has just been published. The book has been completely revised and brought up-to-date and has many additions, making it now a book of 127 pages. This book is unique in its field, as there is no other published work on the subject, and for a complete, concise idea of how to conduct a publicity and new business department in any bank, large or small, it will serve as an

excellent guide to those in charge.

It is not necessary for a bank to have in mind the organization of a large new business department in order to make use of this handbook, as its information is of just as much interest and benefit to those smaller banks who wish to build up their institutions, the book being full of ideas and suggestions which the officer in charge of publicity and new business can use to advantage.

## SUMMARY OF CONTENTS

### Chapter I.—The Purpose of a New Business Department

Aims and purposes of the department, namely, "to promote the growth and prestige of the bank by every legitimate and approved method, and to assist in keeping up the loyalty and efficiency of its working force".

### Chapter II.—Sources of New Business

Prospects from present patrons; leads from various departments; affiliations of directors and stockholders; prospects from outside the banks; lists; inquiries; solicitations.

### Chapter III.—Relations with Other Departments of the Bank

The New Business Department acts as an interpreter in helping the various departments to express themselves, to explain to the public what they have to offer.

### Chapter IV.—Subdivisions of the Department

Explains the machinery by which the manifold objects of a typical Department of Publicity and New Business are accomplished. Illustrated by forms.

### Chapter V.—The Central Card File

The heart of the work of the department. It has both negative and positive uses in the analysis of accounts, cutting out waste and pointing the way to greater profits.

### Chapter VI.—Handling the Accounts of Banks

Analysis of accounts, and plans for soliciting new business from other banking institutions. Readjustment of interest rates.

### Chapter VII.—Getting "Leads" from Inquiries

Timely issuance of booklets. Following up inquiries. Making the most of a name.

### Chapter VIII.—A Follow-Up System

Outline of a typical follow-up plan. How in one year over \$4,000,000 initial deposits were received from "follow-ups".

### Chapter IX.—New Business Ideas and Suggestions

Duties of chief clerk; publicity committee; press clippings; meeting advertising solicitors; courtesies to visitors, etc.

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Use coupon on last page of *BOOK TALKS* to order

# How to Build a Banking Library

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**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"/>	New Business Department.....	\$1.25
<input type="checkbox"/>	Bank Agricultural Department .....	\$1.25	<input type="checkbox"/>	Practical Work of a Bank.....	\$5.00
<input type="checkbox"/>	Bank Deposit Building .....	\$4.00	<input type="checkbox"/>	Paying Teller's Department.....	\$1.25
<input type="checkbox"/>	Bank Directors.....	\$1.25	<input type="checkbox"/>	Romance and Tragedy of Banking.....	\$5.00
<input type="checkbox"/>	Bank Window Advertising .....	\$3.00	<input type="checkbox"/>	Trust Companies.....	\$5.00
<input type="checkbox"/>	Book of Bank Advertising .....	\$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

NOVEMBER 1923

## A "Tragedy" Of Banking

The Story of the Panic of 1893 As Told by Thomas P. Kane,  
in his "Romance and Tragedy of Banking"

WITHIN A little more than a month after James H. Eckels assumed charge of the Currency Bureau the country was plunged into one of the most violent and memorable financial panics in its history. National, state and private banks failed in quick succession, and the business of the entire country became paralyzed. During the six months immediately following Mr. Eckels' induction into office, 158 national banks suspended and closed their doors, sixty-five of which were found to be insolvent and were placed in the hands of receivers, eighty-six resumed business and seven were placed in the hands of bank examiners in expectation of their resumption.

During this trying ordeal, such as no Comptroller of the Currency ever was called upon before to undergo, Mr. Eckels, inexperienced as he was, even in the detail workings of the Bureau, discharged the onerous duties of the office with rare skill and good judgment. \* \* \*

### TELEGRAMS "THICK AND FAST"

For weeks, there was no rest, night or day. Every hour of the day and late into the night telegram after telegram was received announcing additional suspensions of banks or new complications which had to be met promptly. As many as thirty suspensions occurred in a single day, and for a time it looked as if every national bank in the system would succumb. Telegrams from bank examiners and bankers came in such quick succession that the entire time of the Comptroller and the

writer was occupied in translating cipher messages and in sending replies or instructions. Messages came so thick and fast that it was impossible to file them away in any order for reference, and the expedient was resorted to of filing each day's messages on a spindle marked with the date of their receipt, and telegrams were six inches deep on each file.

Among a stream of messenger boys who poured into the

### *Dry As Dust?*

Read this incident from the "Romance and Tragedy of Banking" and you will wish you had the book in your hand.

office all day long was one who had a defective or blind eye, whom Mr. Eckels called "The bird of evil omen." Every message he delivered announced another suspension, so that whenever this boy entered the Comptroller's room, Mr. Eckels would remark, "Here comes another bust."

The greatest difficulty, however, that Mr. Eckels encountered during this trying occasion was in quickly finding reliable and competent men to place in charge of the suspended associations, either as examiner or receiver. \* \* \*

But of the large number of receivers appointed, and of

examiners in charge of suspended institutions, only one man proved to be a recreant to his trust and the confidence reposed in him by the Comptroller.

### "A BANNER RECEIVER"

This man had been connected with the Comptroller's office for years previous to the panic of 1893, and had such a record for efficiency and good results obtained for creditors that he was regarded as the "banner receiver" of the office and a model for imitation by all newcomers. He was appointed receiver for several banks during the panic, had been receiver for others before Mr. Eckels' appointment, and was the principal reliance of the office to instruct other receivers in their work. It was discovered later that in a number of receiverships under his charge he had systematically appropriated to his own use part of his cash collections, diamonds, jewelry and other valuable assets of the trusts, and did it in such an adroit manner that it was impossible to obtain such proofs against him.

\* \* \* \* \*

If you were reading this book you would find it hard to put it aside at this point, as Mr. Kane goes on to tell in his fascinating way of the remarkable case of the appointment of an convict as bank examiner and receiver; how he was informed upon, confessed, was allowed to hold his position, discharging it in a most satisfactory way and leaving his books in excellent condition. In later years it was learned that he went wrong again, but the exposure of his penitentiary career, which cost him his position finally, no doubt had broken his spirit.

## BOOK TALKS

EVELYN M. PRICE, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

NOVEMBER 1923

### Shop Talk

THE TEXT BOOK selected for use in the course on "Bank Credit" to be given at the Wall street division of New York University is *Bank Credit Methods and Practice* by Thomas J. Kavanaugh.

THE COURSE as planned by the lecturer, William S. Swingle, credit manager of the Asia Banking Corporation, New York, will deal with the organization of a credit department in a bank and will take up the problems of granting credit, securing and using credit information, analysis of financial statements, with special reference to the men now employed in the credit department or those who are looking forward to work in that department.

THE FOLLOWING outline of the course has been decided upon:

1. Credit, its application and uses.
2. The credit department and how it functions.
3. Securing and using credit information.
4. The financial statement.
5. What a statement shows, and its analysis.

6. Loans and how made.
7. Discounting.
8. The field of commercial paper.
9. Credit relations of domestic and foreign trade.
10. How one bank loans to another.
11. The bank client's account.
12. What to do with an embarrassed account.
13. General conditions relating to credit.
14. Foreign credit.
15. Review.

THIS OUTLINE is completely covered in *Bank Credit Methods and Practice*. All who "are now employed in a credit department or are looking forward to work in that department" can choose no better book than this one that has been selected for the New York University course on credit.

HAVE YOU read the "pages from *The Romance and Tragedy of Banking*" that we have reprinted on the first page of BOOK TALKS? It is only one small extract, and at that, because of lack of space in this small publication, only a *part* of one of the numberless incidents of romantic and tragic interest in Mr. Kane's book.

MR. KANE explains his use of the word "romance" in the title of his book, thus: "I use it in the broader sense 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." After reading the book you will see the title from his viewpoint indeed.

IT WILL be recalled that Thomas P. Kane was connected with the Currency Bureau for nearly forty years, being Deputy Comptroller at the time of his death in March of this year.

AN INTERESTING chart of the record of the average service life, in years, of different kinds and denominations of paper currencies is given in *The Paying Teller's Department*. In looking at this chart the reader would find that the longevity of the Government issues of the denominations of \$10, \$20, \$50 and \$100 is greater than any other denominations. This is due to the fact that these notes were formerly held from year to year in bank reserves.

HAVE YOU any idea as to the number of years paper money in general use lasts? The \$10 denominations mentioned average three and a half years. The life of a one dollar bill is sometimes a little over a year.

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# Of Interest to Every Credit Man

## Bank Credit Methods and Practice

By  
Thomas J.  
Kavanaugh

240 pages  
\$2.50

**T**HE simple theory and principles of credit are combined in this book with a description of modern credit department methods as practiced by leading banks and trust companies. 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; therefore the methods of this important department 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 the same thorough attention and is well illustrated.

One of the interesting features 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.

The book is designed not only for practical value to the credit department, but also to the student of finance, whether in the college or the home.

To the business man who comes in contact with the bank in seeking credit, it will be of value as it will enlighten him as to the viewpoint of the banker in the making of loans, will show how the credit man will judge him as a risk, and will give him general information on the Federal Reserve System, bankers' acceptances, foreign credits, etc.

### 12 chapters covering the subject thoroughly

1. The Theory of Credit. 2. The Essentials of a Credit Risk. 3. Analyzing a Financial Statement. 4. Foreign Credits. 5. Bankers' Acceptances. 6. Commercial Lines of Credit; Reciprocal Relations. 7. Theory of Statement Analysis. 8. The Federal Reserve System. 9. Commercial Paper and Trade Acceptances. 10. Investigation and Compiling Information. 11. Credit Department Methods and Organization. 12. Importance of Statement Analysis.

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BANKERS PUBLISHING CO., 71 Murray St., New York.

I am enclosing \$2.50 for a copy of "Bank Credit Methods and Practice." It is understood that if the book is not satisfactory I may return it and you will refund the money.

Name .....

Bank .....

Address .....

**N. B. This approval privilege is restricted to banks and bankers. State your banking connection.**

Book Reviews

SCIENTIFIC ADVERTISING. By Claude C. Hopkins. Lord & Thomas Advertising Agency.

THE AUTHOR of this book is a leading advertising authority and has probably written and planned more advertising than any other man. He is now president of Lord & Thomas, an advertising agency fifty years old, and considered one of the largest in the world. In 100 pages, written in a particularly interesting style, he discusses: How Advertising Laws Are Established; Just Salesmanship; Offer Service; Mail Order Advertising—What It Teaches; Headlines; Psychology; Being Specific; Tell Your Full Story; Art in Advertising; Things Too Costly; Information; Strategy; Use of Samples; Getting Distribution; Test Campaigns; Leaning on Dealers; Individuality; Negative Advertising; Letter Writing; A Name That Helps; Good Business.

GREATER ROUMANIA. By Charles Upson Clark, Ph.D. New York: Dodd, Mead & Company.

THIS BOOK deals with Roumania's wealth and her vast potentialities; her fascinating peasant costumes and household arts; her ballads and lyrics; and her varied landscapes. It is profusely illustrated and contains new maps and numerous important documents. The chapters on history, art, literature, politics, banking and railroads have been extensively revised by Roumanian experts. The book is the only standard work of reference in English for a country now of first-class importance; and the many thousands who have heard Dr. Clark's illustrated lectures on Roumania will not need to be told that it

is a book of surpassing interest and value.

New Books

THE OPEN DOOR DOCTRINE IN RELATION TO CHINA. By Mingchien Joshua Bau, Ph.D. Macmillan. \$2.50.

MANUAL OF SECURITIES; BLUE-SKY LAWS. By Leonard L. Cowan. Corp. Maintenance & Service Co.

ECONOMICS OF THE HOUSEHOLD; ITS ADMINISTRATION AND FINANCE. By B. R. Andrews. Macmillan. \$3.25.

HISTORY OF MODERN EUROPE. By George P. Goach. Holt. \$5.00.

ELEMENTS OF ECONOMICS. By Charles J. Bullock. Silver, Burdett. \$1.60.

FISCAL FUNCTIONS OF THE FEDERAL RESERVE BANK. By John M. Chapman. Ronald. \$2.50.

GERMANY'S CAPACITY TO PAY, A STUDY OF THE REPARATION PROBLEM. By Harold G. Moulton. McGraw-Hill. \$2.50.

FARM MORTGAGE FINANCING. By Ivan Wright. McGraw-Hill. \$3.00.

CURRENCY AND CREDIT. By R. G. Hawtry. Longmans, Green. \$5.00.

THE REPUBLICS OF LATIN-AMERICA; Their History, Governments and Economic Conditions. Harper. \$3.50.

Can You Answer These Questions ?

{After You've Tried Compare Your Answer With the Correct One

THESE QUESTIONS have been taken at random from the *Bankers Guide Book*, a book which comprises 1190 questions and answers (with references) on legal banking problems and bank business-building methods.

Q. 143. What is a qualified indorsement?

Q. 419. What is the extent of the stockholders' liability for the bank's debts?

Q. 325. A notice of dishonor, intended for a corporation, was served personally by leaving it at the cashier's window. Was this sufficient service?

Q. 516. Is a certification by telegraph valid?

Q. 1006. Is it a good practice to mix standard, condensed and extended type in an advertisement?

ANSWERS:

A. 143. An indorsement "without recourse" or an indorsement using words of similar import. *N. I. L. Sec. 68.*

A. 419. The statute creating this liability usually allows the claims against stockholders in national banks to the extent of

the amount of their stock therein at par value, in addition to the amount invested in such shares. The liability for a stockholder in state banks is governed by the laws of the state in which the bank is organized, and is not the same in all states.

A. 325. Not in the absence of proof that it reached a properly authorized agent or officer of the corporation. *Amer. Exch. Bank v. Amer. etc. Co., 92 N. Y. Supp. 1006.*

A. 516. Yes, if in proper form; but a certification on a separate paper as in the case of a telegraphic certification does not bind the bank except in favor of a person to whom it was shown and who, on the faith thereof, received the check for value. *N. I. L., Sec. 222.*

A. 1006. It is not. An advertisement composed of mixed faces is not as easily read as though it were composed of standard faces only. Combinations of type faces compel the eye to change focus so much that the advertisement is more or less confusing and difficult to read.

For Bankers

# The Bankers Magazine



In the November Issue

## THE BANKER'S ATTITUDE TOWARD THE AUTOMOTIVE INDUSTRY

The banker has seen the automotive industry go through a real depression since the war, adjust itself, eliminate waste and extravagance, and with tremendous strides get on a thoroughly sound and healthy basis as the third largest of our manufacturing industries. Walter Chrysler, chairman of Maxwell and Chalmers Motor Companies, and recognized within the automotive industry as a production man second only to Henry Ford, gives a straightforward story of the financing of the automotive business, and tells you how, to the satisfaction of bankers, the element of guess is being more and more eliminated.

## HOW TO MAKE BANK WINDOW ADVERTISING PAY

This is the first of a series of articles dealing with the why and how of financial window advertising. This and other articles of the series will show the actual experiences of financial institutions in every part of the country that have pioneered in window displays. In these suggestions every branch of banking is included. The small town has not been disregarded, for most of the material necessary for the displays described may be obtained in a town of 5000.

## GETTING NEW BUSINESS THROUGH EMPLOYEES

This article describes the third of a series of three successful employees' contests for new business conducted by the Liberty Central Trust Company, St. Louis, of which the author, J. V. Corrigan, is publicity manager. Unlike the two previous contests, this third contest was to secure safe deposit business only. In the three contests the bank secured a total of 818 new safe deposit customers at a cost of \$1.08 each.

## PROTECTING THE BANK'S VAULT FROM AIR ATTACK

The banks of France are fortifying themselves against air attacks. Read in this article how the Bank of France is guarding its vault against the possibility of destruction by airplane bombs.

### OTHER FEATURES

Sections of THE BANKERS MAGAZINE are always devoted to editorial comment, banking and commercial law, banking publicity, international news, interesting personal notes about the country's bankers and new bank buildings.

**BANKERS PUBLISHING COMPANY, NEW YORK**

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### THE BANKERS MAGAZINE,

71 Murray St., New York

Please send me a copy of the current issue of THE BANKERS MAGAZINE and put me down for a year's subscription, billing me \$5. If I like the current 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 .....



Boys and girls of the pig, egg and chicken clubs formed by a bank to encourage interest in side-lines of farming and in saving

## The Farmer In The Making

Boys and Girls Agricultural Clubs Solve the Problem of Keeping Farmers' Children on the Farm

PERHAPS THE first form of agricultural work to be undertaken by banks was that of boys and girls club work. A great many of the country banks of the United States have inaugurated some kind of a boys and girls agricultural club.

The Boys and Girls Club Work Division of the States Relation Service of the Department of Agriculture, through the various state agricultural colleges, is in a position to give expert assistance to any bank desiring to undertake club work. In fact, through their state club leaders they have aided in carrying on hundreds of pig, sheep, calf, poultry and other clubs in co-operation with banks. It is advisable to carry on all boys and girls club work in co-operation with state club leaders, as they have the work thoroughly standardized and are familiar with the methods by which it can be most profitably conducted.

The activities of the First National Bank of New Haven,

Conn., may be considered typical and will serve to indicate how agricultural departments may attack this work. This bank carried on pig clubs, egg clubs and sheep clubs. In 1917 the bank made loans to boys and girls with which to buy pigs, accepting in payment their unendorsed notes payable in six months.

The first year the bank agriculturist furnished 177 children with 207 pigs. The work was repeated in 1918 and 1919. A total of 709 pigs were purchased by the bank and distributed to 615 individuals. The State Pig Club agent stated that the average return per pig club member above cash outlay was \$17.65. The bank estimated the amount of pork produced by the children to be seventy-five tons, valued at \$80,000.

To take care of the boys and girls living in the city limits of New Haven, who were prevented by rulings of the Board of Health from joining the pig

club, the bank carried on the egg club. The bank supplied boys and girls with flocks of pullets which the young poultrymen paid for with their unsecured, unendorsed notes. In nearly every instance they were able to meet the notes at maturity from their profits. During the season a field day was held at a model poultry farm. The boys and girls inspected the poultry plant and listened to addresses on poultry raising by practical poultry men.

The bank also carried on a very successful sheep club. Some 250 lambs were distributed to club members and a practical course in sheep husbandry followed.

\* \* \* \* \*

Boys and girls club work is, according to the author of the above "perhaps the first form of agricultural work undertaken by banks." In *The Bank Agricultural Department*, from which these paragraphs have been taken, R. A. Ward gives many other concrete examples of how a country bank can serve its community and build its own deposits by the operation of this department.



**Books of use to bankers, from officer to clerk, that will increase efficiency and insure promotion :**

- 1) The inside story of hundreds of interesting incidents in banking, told by the late Deputy Comptroller of the Currency, Thomas P. Kane, in **THE ROMANCE AND TRAGEDY OF BANKING** has been read and commented favorably upon by banking officials throughout the country.
- 2) Just how bank directors should proceed with an examination of their bank is told step by step in **BANK DIRECTORS** by O. W. Birkhead, former national bank examiner.
- 3) Every bank serving an agricultural district will eventually organize a special department to serve the farming interests of the community. **THE BANK AGRICULTURAL DEPARTMENT** by R. A. Ward is the first book published on this subject.
- 4) **THE NEW BUSINESS DEPARTMENT** by T. D. MacGregor has just been completely revised for its third edition, making it now a book of 127 pages. This book is unique in its field and will serve as an excellent guide when organizing such a department.
- 5) A reference book to which officers, paying tellers and other clerks may turn for guidance in answering questions that constantly arise with regard to cashing checks, certifications, reserve requirements, tests for counterfeit money, etc., is **THE PAYING TELLER'S DEPARTMENT** by Glenn G. Munn.
- 6) MacGregor's **BOOK OF BANK ADVERTISING** is the most exhaustive book on this subject yet published. It contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising.
- 7) A book that will be useful not only to the banker, particularly the beginner, but also to the business executive interested in learning the banker's attitude on credit risks is **BANK CREDIT METHODS AND PRACTICES** by Thomas J. Kavanaugh. An accurate description of the operation of a credit department in a modern bank is given in its 241 pages, illustrated with forms.
- 8) Many a young man who has considered going into credit investigation work has wanted just such a book as **THE BANK CREDIT INVESTIGATOR** by Russell F. Prudden. It gives exact, definite and practical information in as concise a manner as possible as to what problems the new investigator may meet in a bank credit department.
- 9) **THE PRACTICAL WORK OF A BANK** by William H. Kniffin is so well known among bankers that we wonder whether there is a bank that has not yet bought a copy. But for those who haven't let us say that there isn't a single practical banking problem or detail of modern bank administration that this book does not describe in detail.

For prices and coupon  
for ordering



see the last page of  
**BOOK TALKS**

# 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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**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<br>Credit Statements..... | \$2.50 |
| <input type="checkbox"/> Bank Credit Methods and Practice ..... | \$2.50 | <input type="checkbox"/> New Business Department.....                               | \$1.25 |
| <input type="checkbox"/> Bank Agricultural Department .....     | \$1.25 | <input type="checkbox"/> Practical Work of a Bank.....                              | \$5.00 |
| <input type="checkbox"/> Bank Deposit Building .....            | \$4.00 | <input type="checkbox"/> Paying Teller's Department.....                            | \$1.25 |
| <input type="checkbox"/> Bank Directors.....                    | \$1.25 | <input type="checkbox"/> Romance and Tragedy of Banking.....                        | \$5.00 |
| <input type="checkbox"/> Bank Window Advertising .....          | \$3.00 | <input type="checkbox"/> Trust Companies.....                                       | \$5.00 |
| <input type="checkbox"/> Book of Bank Advertising .....         | \$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

DECEMBER 1923

## Building Bank Business By Better Letters

Over Sixty Examples of Letters Given in One Chapter Alone of the "Book of Bank Advertising"

It is no easy or simple thing to write letters that will make people do just as you want them to do.

It is hard enough even in a personal interview to bend the will of another to your own in a business matter.

To accomplish the same end by correspondence, there must be something in the letter to take the place of the enthusiasm, the versatility, the magnetism that are brought into play when there is personal contact between you and your "prospect."

Avoid conventionality and put human interest into your letters.

This matter of doing business by mail has become so important that whole books have been written on the subject, and there are specialists who conduct courses of instruction in business correspondence.

There is surely a field for work of that kind. It needs only a cursory reading of any average batch of correspondence—one morning's mail, for instance—to convince one that the art of writing good business letters has never been learned by most business men.

One of the largest trust companies in the country now has a course of instruction in letter-writing for the benefit of its officers and department heads. This shows the modern trend in the matter.

The development of the

"mail-order" business and the establishment of scientific follow-up systems is making it absolutely essential that as much thought and effort be expended in producing letters that pull, that close up business, as is given to the preparation of advertisements to get the initial inquiries.

What folly it would be to get the names of a large number of possible customers, through your strong advertising matter, and then to fail to hold their interest, convince them and lead them to act by means of your correspondence with them!

Getting attention is important. Some business letter writers go so far as to start their letters with a display line, just like the headline of an advertisement. Judiciously used, this is a good thing to do.

The human mind often needs a jolt to make it turn in a new direction. Moreover it is natural to try to satisfy curiosity, so that a display line in a letter practically compels the reader to continue into the second paragraph of your letter.

In writing of Henry P. Davison, perhaps the best-known of the Morgan partners, B. C. Forbes said: "Now, just how did he climb from assistant cashier to the presidency of an important bank in so short a period? Most of the story can be told in three words: 'He got business!'"

But the balance of your letter must carry out the proposition you state in the opening. You must "make good," or your letter is worse than wasted. When you have got your man's attention, hold his interest, convince him, make him act!

Make your paragraphs short, because a short paragraph letter looks interesting and easy to read, while long paragraphs give the impression of heaviness.

The day of lengthy paragraphs in business letters is past. The wise writer summarizes his own business messages.

This applies particularly to a form letter, because the recipient does not *have* to read it, and, nine times out of ten, if it does not look interesting he won't read it.

So you may write with the wit of a Mark Twain or with the logic of a Daniel Webster and it will do you no good if your message is not attractive enough in appearance to get itself read.

\* \* \* \*

The above is a very small excerpt from the chapter on bank business letters that T. D. MacGregor gives in his *Book of Bank Advertising*. He follows up his "talk" on bank letters by giving over sixty examples that cover various subjects. But this very important chapter, though thirty-seven pages in length, is only one-tenth of a book of almost 400 pages which covers every other phase of bank advertising just as completely as it does the subject of letters.

BOOK TALKS

EVELYN M. PRICE, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

DECEMBER 1923

Shop Talk

THE WOMEN'S department is a comparatively new department of the modern bank. According to Miss Anne Seward, the first women's department in a New York City bank was opened seven years ago when the Columbia Trust Company appointed Miss V. D. H. Furman as manager in their Fifth avenue office.

MISS FURMAN, first as manager of the department and later as officer of the bank, so admirably demonstrated the wisdom of the step that from her performance other banks were encouraged to follow suit, until now almost all the banks of importance outside the financial district in New York City have departments managed by women for women.

THE BANKS where these departments exist have appreciably increased their deposits, have built up a bigger clientele, have formed more valuable contacts than ever before, and have acquired a favorable publicity which has established *the women's*

*department as an indispensable part of bank organization.*

IT HAS been estimated that 50 per cent. of the deposits in the uptown Manhattan banks are in women's names. One bank puts it as high as 85 per cent.

WHY NOT order in advance your copy of *The Women's Department in the Bank*, or have us notify you when the book is out, as the demand for the first edition is already large.

TWENTY-ONE suggested questions or points which should ordinarily be covered when the investigator is interviewing the commercial paper broker are given in the first chapter on interviewing in *The Bank Credit Investigator*.

FORGIVE US if we seem to bring to your attention too often the statement that Kane's *Romance and Tragedy of Banking* is not "dry as dust." Here is a new review on the book, just come to our desk, which we'd really like to have you read as it shows that others besides ourselves have discovered what an extremely interesting book it is.

When we think of banking literature we think of voluminous treatises on banking laws and the economic phases of bank operation; we totally

forget (or, rather, never think of) that side of banking that has made it the supreme interest in life for many men. Just as journalism has its thrill, just as engineering has its romance, so banking has its romance. It is this romance that Mr. Kane has recorded from his thirty-seven years of bank experience. \* \* \* \* This book is profuse with interesting anecdotes of bank experiences, and furnishes entertaining reading for the layman as well as the banker.

WITHIN THE next month or so we will be able to tell you more definitely about the publication date for the *Encyclopedia of Banking and Finance*, compiled by Glenn G. Munn. Watch BOOK TALKS for further information about it.

HAVEN'T YOU often wondered where you might get more information about the banking and financial terms you come across daily in your work, when you take over a new position, or on the financial page of your newspaper? This *Encyclopedia* will give it to you.

A VERY full bibliography, given after the definition and explanation of the financial terms in this forthcoming *Encyclopedia*, will tell you what books devote chapters to a further explanation of the subject defined. This is just one of the features of the book.

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## For the Bank Advertiser

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.

**T**HIS 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.

**T**HE 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.

**T**HE 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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Check this book and fill out and mail the convenient coupon on the last page of "Book Talks".

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## Book Reviews

**THE INTERNATIONAL BANKING DIRECTORY.** Bankers Publishing Co., New York. 958 pages. \$10.00.

The 1923 edition of this directory, just published, contains several new features. Most important of these is the section on Foreign Trade Information. It should prove useful not only to foreign department executives of banks but also to export managers of corporations.

There is also a separate section on telegraphic and cable addresses. The arrangement is alphabetical by telegraphic address. In the listing of each head office bank, the telegraphic address also is given. The two arrangements insure the finding of the desired address quickly.

The directory contains information about approximately 5000 banks in the United States and the principal banks of all countries. In no other directory are so many banks outside the United States listed.

An entirely new printing of maps was included in the 1923 directory. There are fifty-four maps, showing all countries of the world.

Only a limited number of copies are available. Make checks payable to The Bankers Publishing Company, 71 Murray street, New York.

☉

**GERMANY'S CAPACITY TO PAY.** By H. G. Moulton and C. E. McGuire. New York; McGraw-Hill Book Company.

This volume is one of The Institute of Economics Series, the authors having written it with the aid of the council and staff of the Institute of Economics. The institute has been animated by a desire to get at the facts, without prejudice or bias, regarding Germany's capacity to pay, and this book has

therefore been based upon an exhaustive study by the authors of official and other data bearing on the reparation problem.

The institute has not been hampered by lack of time or facilities, and has accordingly not been content with any superficial gathering of data and opinion. The findings which it submits are believed to be as conclusive and trustworthy as would be those of any commission. No discussion of the political aspects of the problem is attempted, nor is any detailed plan of settlement recommended. The purpose has been merely to make as complete a diagnosis as possible of Germany's economic condition and of her ability to continue making reparation payments, and to point out the bearing of international trade conditions and commercial policies upon any reparation settlement whatsoever.

The contents cover:

What Paying Foreign Debts Involves; Germany's International Balance of Accounts; What Germany Has Paid and How; German Foreign Trade Requirements; The Budgetary Problem; German Monetary Situation; How France Met the Indemnity of 1871; International Implications of Problem; Germany's International Trade and Financial Accounts; Estimates of Gains From Sale of Paper Marks; Foreign Purchases of Urban Real Estate in Germany; Methods of Accounting of Reparation Commission; Clearing-house Operations; Valuation Problem in Connection with German Treaty Fulfillment; Budgetary and Taxation Questions; Brief Tabular Summary of Principal Official Proposals for Settlement of Problem from 1920 to 1923.

☉

**MONEY.** By William T. Foster and Waddill Catchings. Boston: Houghton Mifflin Company for Pollak Foundation for Economic Research. \$3.50.

The subject that touches the interests of more people more frequently than any other, is money. Whether it is the subject that has most to do with

labor problems, "profiteering," unemployment, and business cycles, or whether, as most economists have long declared, it is merely the "insignificant surface of things" are the questions the authors deal with in a new way, and strictly in accord with what is going on in banking and in business today.

Mr. Foster, formerly president of Reed College, is now a director of the Pollak Foundation, and Mr. Catchings, formerly president of the Central Foundry Company, is now a member of Goldman, Sachs Company and a director of numerous large industrial companies.

The contents include:

Money a Central Interest of Life; Money and Other Terms Defined; Money as a Medium of Exchange, as a Standard of Value; Money in Relation to Inflation, the Gold Basis, the Commodity Basis. Rate of Interest, International Trade, Price-Level, Prices; Money as Suspended Purchasing Power; In Relation to Goods; Speculation; Money Advanced in Production, in Consumption; Circuit Flow of Money; Annual Production-Consumption Equation; Costs and Profits in Relation to Annual Equation; Conclusions; Appendix; Index.

☉

## New Books

**COURSE OF STUDY FOR BROKERAGE, STOCK EXCHANGE AND INVESTMENT BANKING;** Including a Section on Economic Factors Effecting Prices. By Robert L. Smitley. Dixie. \$2.50.

**OUTLINES OF ECONOMICS.** By Richard T. Ely. 4th rev. ed. Macmillan. \$3.00.

**PRINCIPLES OF ECONOMICS.** By Henry R. Seager. 3rd rev. ed. Holt. \$3.00.

**PERSONAL AND BUSINESS EFFICIENCY.** By C. A. Henderson. Doran. \$2.00.

A survey of the problems of efficiency, with an appendix for each chapter, outlines, notes, and exercises. Written for business man and student.

For Bankers  
**The Bankers Magazine**



### Coming Features

#### PREVENTING LOANS ON OVERVALUED LAND

A real estate company was organized to purchase 70,000 acres of land in a certain western state, to prepare it for settlement. Bankers, relying on the judgment of reputable real estate men and such tax information as they were able to get as to the assessed value of the land, were induced to advance \$400,000 to aid in the preparation of the land and \$75,000 more to pay taxes. Today the company is bankrupt and the bankers are vainly seeking to recover a part of their losses by selling the land to the state at \$2 an acre. The bankers later found that, had they spent \$8500 to have a scientific survey of the land made before the loan, instead of afterwards, as they did, they would have saved at least \$300,000. The agency which could have made this saving possible is known as the Institute for Research in Land Economics and Public Utilities. The organizer of this agency, DR. RICHARD T. ELY, professor of economics in the University of Wisconsin and recognized as one of the foremost authorities on land economics in America, tells you in a comprehensive article how this agency, which is purely disinterested and has no economic interests to serve, can render a great service not only to bankers, but to humanity at large. This is an article which every banker should read.

#### FRIENDLY BANKING

Most communities have experienced in the last few years what might be broadly characterized as an epidemic of Friendly Banking. The largest bank on the Pacific coast entertained for a time a very complete case of this malady. Since this bank was among the first to feel the full sting of this epidemic of Friendly Banking, its experience in diagnosing the affliction will be helpful to those who are in the midst of their difficulties, or are tottering on the edge of metaphorical confinement. This bank, after nosing about from all sides, and devising remedies as impractical as they were ingenious (including rubber tired spectacles) found the bottle of smelling salts for which it had been looking, plainly marked and with full directions for using in an emergency. F. R. KERMAN, publicity manager of the Bank of Italy, tells you in an article which is as helpful as it is readable, how his bank found the Cure for Friendly Banking.

#### OTHER FEATURES

Sections of THE BANKERS MAGAZINE are always devoted to editorial comment, banking and commercial law, banking publicity, international news, interesting personal notes about the country's bankers and new bank buildings.

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Please Read

On this page for the past months we have been printing questions about books on banking and financial subjects. They are taken from letters sent to us and we like to pass them on to BOOK TALKS readers to help them become acquainted with the contents of the books suggested.

Of course all the books named are not our own publications, so we have marked ours with a star (\*). Of those books of other publishers (books not starred, that is) we can only give the last information obtained as to price, etc. We will be glad to refer you to the publisher for further information, or order the book for you; but we cannot be responsible, as we are for our own publications, if for some reason, such as being temporarily out of print, the book cannot be obtained.

Our own books, those starred, will be sent on approval to any bank or banker. Make checks payable to The Bankers Publishing Company, 71 Murray street, New York.

**QUESTION:** Have you, by chance, a book that deals with the exportation of farm machinery to China or any product of like nature that goes to China?—P. J. H.

**ANSWER:** We know of no book covering this topic exclusively, but will give a list of some of the standard books on exporting.

*Practical Exporting* by Hough; *Export Merchandising* by Hyman; *Selling in Foreign Markets* by Snider (Government Printing Office at Washington, 50 cents); *Trading With the Far East* (Irving National Bank, New York); *Trading With Asia* by Eldridge; *Foreign Trade Markets and Methods* by Cooper; *Financing Exports and Imports* by Cook; *Exporting to the World* by Preciado; *Principles of Foreign Trade* by Savay; *American Foreign Trade* by Pepper; *Foreign Trade* by Kidd.

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**QUESTION:** Will you kindly suggest some books and articles on personnel de-

partments in banks? I am particularly interested in learning the extent and types of departments organized for the purpose of handling personnel functions exclusively.—E. F. B.

**ANSWER:** There is no book devoted to the personnel department of banks exclusively. How to handle the personnel of the bank is covered in some general banking books, but not to any extent.

Articles that have appeared in THE BANKERS MAGAZINE on the subject are: *Every Bank Its Own Teacher*; *Relations Between a Bank and Its Employees*; *Human Equation in Banking*. (These first three we will be able to send without charge to anyone interested as they have been reprinted from the issues.) *Keeping a Record of Personnel*, March 1920; *Personnel Department*, May 1920; *Relations Between a Bank and Its Employees*, November 1921; *Selecting the Bank's Personnel*, February 1920.

Three books on general personnel work are: *Standard*

*Practice in Personnel Work* by Bengé; *Personnel Administration* by Tead and Metcalf; *Applied Personnel Procedure* by Weakly.

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**QUESTION:** I wish to obtain a book bearing on the transfer of stock, giving examples of the different cases that may arise in making transfers.—E. P. M.

**ANSWER:** We suggest *Legal Aspects of Stock Transfers* by Campbell, a publication of the Investment Bankers Association, the price according to the last information being \$1.75. There are very few books covering this subject, but another we might mention is *Fundamental Principles of Stock Transfers*, published by the Boston Chapter, A. I. B.

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**QUESTION:** Will you kindly give me any information about any book on the "guarantee to depositors" that certain state banking laws provide?—E. K.

**ANSWER:** *Guaranty of Bank Deposits* by T. B. Robb, published by Houghton Mifflin Co. Price \$2.50.

The First National Bank of Midland, Texas, has printed a pamphlet by W. R. Chancellor on *A Practical Guarantee Fund Plan for National Banks*. This of course is a discussion of such a plan.

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IF ANY reader of BOOK TALKS has in mind some banking or business subject that he would like to know more about, write to the Editor who will be glad to give a list of books that cover the subject.

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- 1) The inside story of hundreds of interesting incidents in banking, told by the late Deputy Comptroller of the Currency, Thomas P. Kane, in **THE ROMANCE AND TRAGEDY OF BANKING** has been read and commented favorably upon by banking officials throughout the country.
- 2) Just how bank directors should proceed with an examination of their bank is told step by step in **BANK DIRECTORS** by O. W. Birkhead, former national bank examiner.
- 3) Every bank serving an agricultural district will eventually organize a special department to serve the farming interests of the community. **THE BANK AGRICULTURAL DEPARTMENT** by R. A. Ward is the first book published on this subject.
- 4) **THE NEW BUSINESS DEPARTMENT** by T. D. MacGregor has just been completely revised for its third edition, making it now a book of 127 pages. This book is unique in its field and will serve as an excellent guide when organizing such a department.
- 5) A reference book to which officers, paying tellers and other clerks may turn for guidance in answering questions that constantly arise with regard to cashing checks, certifications, reserve requirements, tests for counterfeit money, etc., is **THE PAYING TELLER'S DEPARTMENT** by Glenn G. Munn.
- 6) MacGregor's **BOOK OF BANK ADVERTISING** is the most exhaustive book on this subject yet published. It contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising.
- 7) A book that will be useful not only to the banker, particularly the beginner, but also to the business executive interested in learning the banker's attitude on credit risks is **BANK CREDIT METHODS AND PRACTICES** by Thomas J. Kavanaugh. An accurate description of the operation of a credit department in a modern bank is given in its 241 pages, illustrated with forms.
- 8) Many a young man who has considered going into credit investigation work has wanted just such a book as **THE BANK CREDIT INVESTIGATOR** by Russell F. Prudden. It gives exact, definite and practical information in as concise a manner as possible as to what problems the new investigator may meet in a bank credit department.
- 9) **THE PRACTICAL WORK OF A BANK** by William H. Kniffin is so well known among bankers that we wonder whether there is a bank that has not yet bought a copy. But for those who haven't let us say that there isn't a single practical banking problem or detail of modern bank administration that this book does not describe in detail.



# How to Build a Banking Library

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