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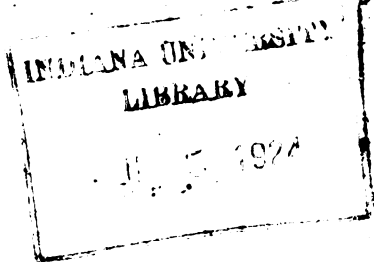
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THE

BANKERS MAGAZINE

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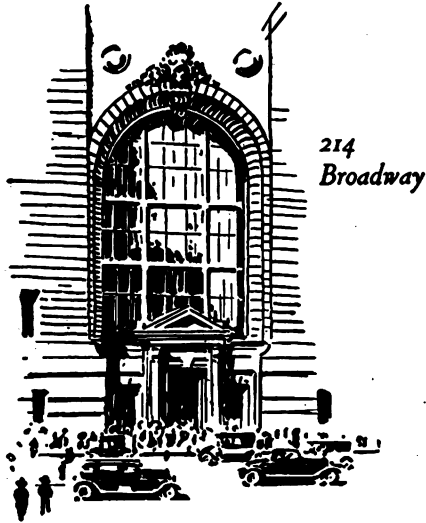
Farming is our biggest industry. Thirty million of our citizens are engaged in it. It represents an investment in land alone of forty billions of dollars. Few men know the farmer as well or have as clear a conception of his troubles as Arthur Capper, United States Senator from Kansas and one of the largest publishers of farm publications in the country. Senator Capper speaks with a voice that carries authority for banker and farmer alike. You may not agree with him in everything that he has to say but you will respect his opinion. He knows what he

is talking about. Senator Capper believes that the farmer is not getting a square deal now and that he failed to get one both during the war and during the after-war period. In this article the Senator-publisher from Kansas stresses the importance of the farming industry, diagnoses four factors which tend to sap its strength and waste its productive energy. Then he discusses remedial acts and measures which, with the farmers' co-operation, will help to solve the distressing problems confronting the industry.

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The banker's principal interest in the motion picture industry lies in the following three things. He wants to know first of all if it is here to stay. Then he wants to know how substantial it is as a basis for credit. Finally, he wants to know what accounting methods have been established to show the true condition of any specific company. Richard W. Saunders, comptroller of the Famous Players-Lasky Corporation and formerly cashier of the National Bank of Commerce in New York, answers these ques-

tions clearly in this comprehensive article on the motion picture industry which, with an invested capital aggregating well over a billion dollars, stands eighth in this respect among the great industries of the country. Because of his thorough practical knowledge of both banking and motion pictures, Mr. Saunders is particularly well qualified to present an authoritative outline of the motion picture industry, written for the banker from a banker's viewpoint.



A BANK with a record for having served its correspondents faithfully and intelligently since its organization in 1856.

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BANK
OF NEW YORK



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Banks are largely dependent on the deposits of the people for their funds and automobile finance companies are largely dependent on the 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 yet regard automobile finance companies as an excellent place for a certain amount of their funds. Emlen S. Hare, vice-president of Hare & Chase, Inc., one of the best known automobile finance companies in the field

today points out in this 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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you how the banker can help the legitimate stock broker and can block the harmful endeavors of the bucketeer. 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. What he has to say is readable, illuminating and always to the point.

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This department is a monthly feature which many banks find indispensable. It takes up the leading cases of the month involving points that concern bankers. It enables the reader to keep

in touch with the general trend of court opinion on banking matters. Many a banker has obtained information from this department which has saved his bank hundreds, perhaps thousands, of dollars.

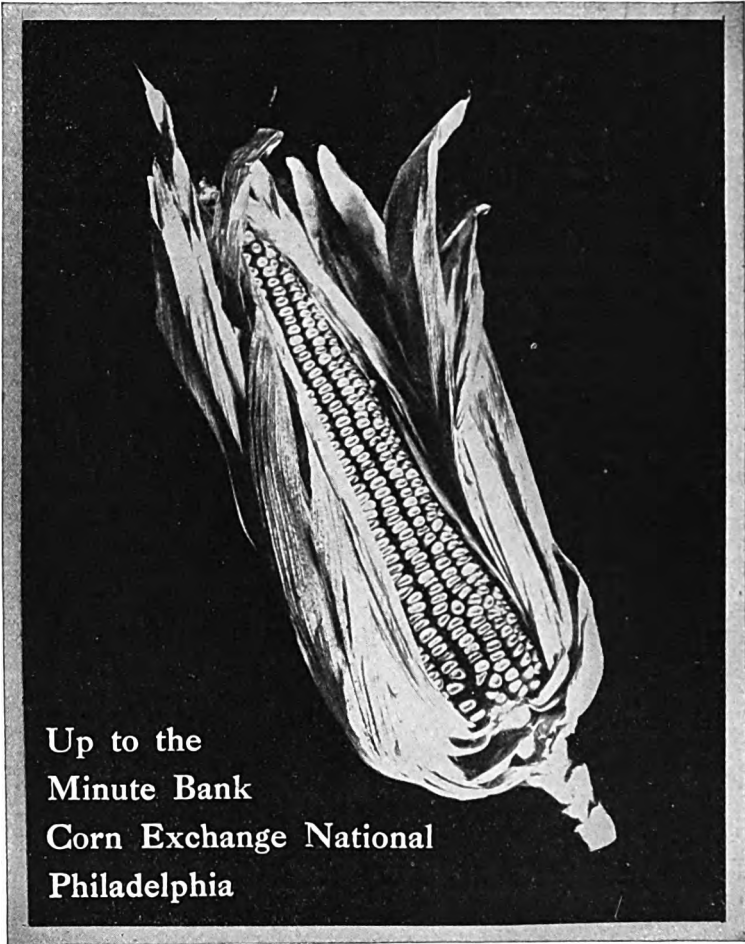
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This department contains helpful articles on various phases of financial publicity. Advertising plans and methods which other banks have successfully

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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 sting of this epidemic of Friendly Banking its experience in diagnosing the affliction will be helpful to those who are in the middle 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, found the bottle of smelling salts for which it had been looking plainly marked and with full directions for using in an emergency. Mr. Kerman, who is publicity manager of the Bank of Italy, tells you in this article how his bank found the Cure for Friendly Banking.
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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

The Publisher's Page

THE BANKERS MAGAZINE

In February 1924

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 \$3500 to have a scientific survey of the land made before the loan, instead of afterward, 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.

Helping the Farmer

SOME years ago in a certain section of Pennsylvania the Federal Government was looking for a suitable location for an experimental creamery. The bankers of Grove City, Pa., had faith enough in the community to believe that if the Government could be persuaded to locate the creamery there and provide a market, the farmers could be educated in raising better cattle. Purebred cattle were needed in the community. The farmers of the community were either not in a position, or were unwilling because of the uncertainty of ultimate profit, to finance their purchase. The Grove City National Bank undertook to finance the purchase of some purebred cattle, and to distribute them through the community. First the bank purchased a carload of purebred cattle, assuming all responsibility, and paying for the shipment outright. Grove City got the creamery. Later thirteen carloads of purebred cattle

were shipped in by the bank, including fifty-three calves which were distributed to the Boys and Girls Calf Club of Grove City. How the bank and the community mutually profited by this understanding is told in an interesting article by E. B. HARSHAW, cashier of the Grove City National Bank of Grove City, Pa. The bank's deposits have grown in six years from \$765,000 to \$129,000,000. The bank feels that this increase has been due fundamentally to deposits resultant from the farmer's increased income and purchasing power.

Art in Bank Advertising

IT IS only within the last few years that banks have considered expenditure on illustration and general dress of their advertising matter on a scale comparable with that of commercial concerns with equal or even smaller appropriations. As matters stand today only a few banks spend an amount on art work proportionate to that spent by concerns outside the financial field. Within limits, however, the bank needs art in its advertising perhaps more than any other institution, because bank advertising at bottom must be prestige advertising. The business of all banks is very much the same, and all money is exactly the same. The proper type of art work is one of the few things that can distinguish one bank's advertising from that of another. In an article to appear in the March number, G. PRATHER KNAPP, a recognized and widely known authority on financial publicity, will call attention to three widely separated styles of illustrations as examples of types of art work approved by banks. Mr. Knapp will tell you how these types of art have been used; why they have been used; and in what ways they have proven effective.

Banking Competition

THE keen competition in the banking field in the last few years has made necessary a revised scheme of customers' "cans" and "cannots." OSBORN F. HEVENER, gives a number of specific illustrations of cases where ambitious and enterprising new business men have made promises beyond feasible power of performance. Mr. Hevener suggests a remedy which can alleviate the situation to a large extent, and which should in time, if consistently adhered to, cure it.

1864

1924

60 Years Conservative Banking

THE fundamental policy upon which this Institution was founded, Conservative Banking, has enabled us to follow it successfully for over half a century.

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 Transfer Agent or Registrar

*Acts as
Trustee
Under
Mortgages*

CENTRAL UNION TRUST COMPANY OF NEW YORK

80 BROADWAY

NEW YORK

PLAZA OFFICE
5th Ave. & 60th St.

42ND STREET OFFICE
Madison Ave. & 42nd St.

Capital, Surplus and Undivided Profits over 36 Million Dollars

Member FEDERAL RESERVE SYSTEM

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

JANUARY 1924

VOLUME CVIII, NO. 1

America and Europe

A Constructive Proposal

THE failure of our recent official attempt to help in the settlement of Europe's difficulties will be interpreted in different ways. By some it will be received as convincing proof of the recalcitrancy of the French, by others as evidence of bungling on our own part. Whichever of these views may be right, the fact remains that we have not thus far been able to do anything effective in composing the much-mixed situation across the Atlantic.

Those who have studied the latest notes of the French Government dealing with this subject must have observed that, on several occasions, M. Poincaré has betrayed no small amount of irritation. He no doubt feels that, so far as the United States is concerned, we had an opportunity to show our willingness to co-operate in making the Armistice terms effective by signing and ratifying the Treaty of Versailles. We also had a chance to take up our share of the political burdens of Europe and the world by joining the League of Nations. In the belief that we would ratify the Treaty and join the League, or make a joint arrangement with Great Britain and France for the protection of the latter country, France yielded some of the precautions she considered necessary for her security.

The United States, whose principal representative at Paris had played a leading part in framing the Treaty and the League covenant, failed to ratify either agreement or to enter into a joint arrangement for the protection of France. This course was overwhelmingly approved in the Presidential election of 1920, and we must conclude from this fact that the American people wanted neither the League nor the Treaty, nor an alliance with France and Great Britain. There is no marked indication, as yet, of a change of opinion in regard to these important matters. Possibly such a change can not be expected until something happens in Europe which will react unfavorably upon business in this country. Then we may wake up to the fact that our interests in Europe are really worthy of serious attention. A high state of domestic prosperity

at present renders us more or less insensible to political and economic disturbances in other parts of the world.

In considering our course with regard to Europe, it must not be forgotten that party politics and the personal unpopularity of Mr. Wilson rather tended to obscure the real merits of the issues. It is a well-recognized fact that Mr. Wilson had lost popularity, even among his party associates, by what many regarded as a tactless handling of his European policy. The question arises as to whether or not different leadership would have had different results. Had President Harding lived we might have had the opportunity of getting an answer to this question, for he was trying to persuade the people to approve the plan for a World Court of Justice, and had even hinted at "an association of nations."

An attempt to join in the work of helping to unravel the tangle in Europe has just been made, and with results which we all know. Mr. Hughes, in the effort referred to, declared that in order to prevent economic disaster in Europe, of world-wide consequences, it was imperative that a suitable financial plan be evolved.

He found out, with little delay, that something more than a "financial plan" was needed to compose European differences.

The fact is, if we really wish to do anything effective in Europe, we must abandon the half-hearted policy we have been following for several years. Above all, we must look the situation squarely in the face. We must realize the magnitude of the task and its true character. Ultimately a financial plan of some sort will be needed. But the first thing is to recognize that the job is political, rather than economic.

It will be said that, even admitting this, we do not want to mix in the politics of Europe. We can not act as the arbiter of affairs over there, and much less can we dictate policies to Europe.

As to the first of these objections, we mixed in European politics when we went into the war. We changed the map of Europe, or at least materially helped in doing so, and completely upset the alignments on which European political relations had for centuries been fixed. Nobody proposes or expects that we shall act either as arbiters or dictators to Europe. That is a part we do not wish to play.

But the United States of America has vast power, which is both economic and moral in character. This power might have been made effective in helping to solve some of the grave problems which are now developing towards a serious culmination with possible world-wide effects of an appalling character. It has not been so used. Our participation in the various conferences since the Treaty of Versailles has been weak and ineffective. We have lacked a definite policy. On one thing we have insisted, that

we should be paid back what Europe owes us. We have not been willing effectively to help in getting from Germany the reparations which would make those payments possible.

It will not do to attempt to hold M. Poincaré responsible for the present situation. He has, true enough, pursued an inflexible policy, and one whose wisdom and practical results have not always been readily apparent even to the best friends of France. But because we have remained on the outside of this contest we have failed to exercise the restraining influence on his policies that we might have exercised had we remained by his side, with Great Britain as a member of this triumvirate. To say that, thus taking up our responsibilities, we could not have exercised a vast and perhaps controlling influence in modifying the European situation, is to belittle the moral, financial and political power of the United States.

The great power we undoubtedly possess has been used with such lukewarmness and timidity as to rob it of all effectiveness.

We might as well realize this fact, and honestly admit it. And we have got to realize, also, that fundamentally this is a political job. Notwithstanding the progress of self-deception, we do not make a thing something else by calling it so. It is difficult to understand how anyone could imagine that "a financial plan" is what Europe needs at the present moment. The trouble is too deep-seated to be helped by so superficial a remedy.

The League of Nations was an ideal device of untimely birth. It came to life in an atmosphere of discord and vindictiveness that made its effective functioning impossible. Whatever service it may be able to contribute toward composing international difficulties belongs to a distant future when the passions of the late war have cooled, and when the human family shall begin to fashion its relations upon a basis of justice. An early realization of this ideal condition must be deemed impracticable, however fondly it may be cherished as a desirable goal ultimately to be reached.

The United States acted wisely in keeping out of the League of Nations. It did not act with equal wisdom in refusing to stand by the side of France and Great Britain in making peace an actuality.

Chaos in Europe is directly due to the fact that the Allies have not stood together in peace as they did in war. For this lack of unity a very heavy share of responsibility must be placed upon the shoulders of the American people.

If our statesmen had shown the courage in peace that our soldiers did in war, Europe would have been pacified long before now.

But nothing is to be gained by scolding, by lamenting over what

might have been. The question is: Can we do anything now, and if so, what?

The late President Harding favored the World Court of Justice. Secretary Hughes has also given it his support. President Coolidge approved it in his recent message to Congress.

It is respectfully but firmly urged that an essential preliminary to the establishment of a tribunal of this character is the formulation of a well-recognized code of international law. Nobody supposes that the finest flouring-mill that could be built would be of any use without wheat to grind. And a world court, in the absence of a properly defined code of international law, will be an equally superfluous piece of machinery.

Before a court of this sort can help effectually in improving international relations, the principles upon which such relations are to be based, and the rules by which they are to be applied, must be first established.

Not a League of Nations, nor a World Court of Justice—nor any other form of international mechanism—will provide the remedy we are seeking.

First, the nations of the world—those of them at least that mean to be governed by the laws of civilization—must make up their minds that, so far as is now practicable, they wish to reduce the causes of war.

With this purpose in view, the most representative men of such nations should assemble in a plenary conference, preferably to be held at Washington, where it would be free from the discordant influences that prevail in so many of the capitals of Europe, and deliberate as long as may be necessary to formulate a code of international law by which the nations represented would solemnly engage themselves to be governed in their relations with one another.

The agenda of this conference should be so prepared as to exclude consideration of those matters upon which present agreement is hopeless.

As a corollary of such a code thus established, a World Court of Justice would follow, and since moral opinion alone can not be relied on to enforce court decrees, some kind of international authority to make the World Court's decisions effective would be required.

We might call this an Association of Nations, or something else, or nothing at all. It would, in fact, represent a practical step in the work of getting the nations together to deliberate upon things about which they can agree, and to carry out the result of these deliberations.

A careful study of the proceedings of the meetings of the

International Chamber of Commerce held at London in 1921, and at Rome in 1923, will show that there are numerous matters of great importance in the business world about which men can confer and agree on sound conclusions. It is believed that the field of international political relations offers an even larger opportunity for constructive work.

The suggestion is therefore submitted that a plenary international conference be summoned to meet at Washington, to establish a code of international law, and to provide for a World Court of Justice, whose decisions are to be enforced in the manner agreed on by the conference.

Such a conference would not settle everything, but it would constitute an important step toward the restoration of peace.

It is surmised that the representatives at the conference would be astonished to discover that they agreed on so many things and differed on so few.

By limiting the scope of the agenda to a few matters of first-rate importance, the probability of satisfactory results would be increased.

At some time the nations of the world will be compelled to assemble for the purpose indicated. If eventually, why not now?



President Coolidge's Message

THAT portion of the President's annual message to Congress which will meet the heartiest response from the business community will be found in the recommendations dealing with finance and taxation. Respecting these matters, the President says:

"Our main problems are domestic problems. Financial stability is the first requisite of sound government. We cannot escape the effect of world conditions. We cannot avoid the inevitable results of the economic disorders which have reached all nations. But we shall diminish their harm to us in proportion as we continue to restore our Government finances to a secure and enduring position. This we can and must do. Upon that firm foundation rests the only hope of progress and prosperity. From that source must come relief for the people.

"This is being accomplished by a drastic but orderly retrenchment, which is bringing our expenses within our means. The origin of this has been the determination of the American people, the main support has been the courage of those in authority, and

the effective method has been the budget system. The result has involved real sacrifice by department heads, but it has been made without flinching. This system is a law of the Congress. It represents your will. It must be maintained, and ought to be strengthened by the example of your observance. Without a budget system there can be no fixed responsibility and no constructive scientific economy.

"This great concentration of effort by the Administration and Congress has brought the expenditures, exclusive of the self-supporting Post Office Department, down to \$3,000,000,000. It is possible, in consequence, to make a large reduction in the taxes of the people, which is the sole object of all curtailment.

"This is treated at greater length in the budget message, and a proposed plan has been presented in detail in a statement by the Secretary of the Treasury which has my unqualified approval. I especially commend a decrease on earned incomes, and further abolition of admission, message, and nuisance taxes. The amusement and educational value of moving pictures ought not to be taxed. Diminishing charges against moderate incomes from investment will afford immense relief, while a revision of the surtaxes will not only provide additional money for capital investment, thus stimulating industry and employing more labor, but will not greatly reduce the revenue from that source, and may in the future actually increase it.

"Being opposed to war taxes in time of peace, I am not in favor of excess-profits taxes. A very great service could be rendered through immediate enactment of legislation relieving the people of some of the burden of taxation. To reduce war taxes is to give every home a better chance.

"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. To neglect it, to postpone it, to obstruct it by unsound proposals, is to become unworthy of public confidence and untrue to public trust. The country wants this measure to have the right of way over all others.

"Another reform which is urgent in our fiscal system is the

abolition of the right to issue tax-exempt securities. The existing system not only permits a large amount of the wealth of the nation to escape its just burden but acts as a continual stimulant to municipal extravagance. This should be prohibited by constitutional amendment. All the wealth of the nation ought to contribute its fair share to the expenses of the nation."

While favoring generous treatment of disabled veterans, the President does not favor the granting of a bonus.

In regard to the foreign debts due to this country, the President says:

"The current debt and interest due from foreign governments, exclusive of the British debt of \$4,600,000,000, is about \$7,200,000,000. I do not favor the cancellation of this debt, but I see no objection to adjusting it in accordance with the principle adopted for the British debt. Our country would not wish to assume the role of an oppressive creditor, but would maintain the principle that financial obligations between nations are likewise moral obligations which international faith and honor require should be discharged.

"Our Government has a liquidated claim against Germany for the expense of the army of occupation of over \$255,000,000. Besides this, the Mixed Claims Commission have before them about 12,500 claims of American citizens, aggregating about \$1,225,000,000. These claims have already been reduced by a recent decision, but there are valid claims reaching well toward \$500,000,000. Our thousands of citizens with credits due them of hundreds of millions of dollars have no redress save in the action of our Government. These are very substantial interests, which it is the duty of our Government to protect as best it can. That course I propose to pursue.

"It is for these reasons that we have a direct interest in the economic recovery of Europe. They are enlarged by our desire for the stability of civilization and the welfare of humanity. That we are making sacrifices to that end none can deny. Our deferred interest alone amounts to a million dollars every day. But recently we offered to aid with our advice and counsel. We have reiterated our desire to see France paid and Germany revived. We have proposed disarmament. We have earnestly sought to compose differences and restore peace. We shall persevere in well-doing, not by force, but by reason."

The position of the President regarding the foreign policy which America should follow is thus stated:

"Our country has one cardinal principle to maintain in its foreign policy. It is an American principle. It must be an

American policy. We attend to our own affairs, conserve our own strength, and protect the interests of our own citizens; but we recognize thoroughly our obligation to help others, reserving to the decision of our own judgment the time, the place and the method. We realize the common bond of humanity. We know the inescapable law of service.

"Our country has definitely refused to adopt and ratify the Covenant of the League of Nations. We have not felt warranted in assuming the responsibilities which its members have assumed. I am not proposing any change in this policy; neither is the Senate. The incident, so far as we are concerned, is closed.

"The League exists as a foreign agency. We hope it will be helpful. But the United States sees no reason to limit its own freedom and independence of action by joining it. We shall do well to recognize this basic fact in all national affairs and govern ourselves accordingly.

"Our foreign policy has always been guided by two principles. The one is the avoidance of permanent political alliances which would sacrifice our proper independence. The other is the peaceful settlement of controversies between nations. By example and by treaty we have advocated arbitration. For nearly twenty-five years we have been a member of The Hague Tribunal, and have long sought the creation of a permanent World Court of Justice. I am in full accord with both of these policies. I favor the establishment of such a court intended to include the whole world. That is, and has long been, an American policy.

"Pending before the Senate is a proposal that this Government give its support to the Permanent Court of International Justice, which is a new and somewhat different plan. This is not a partisan question. It should not assume an artificial importance. The court is merely a convenient instrument of adjustment to which we could go, but to which we could not be brought. It should be discussed with entire candor, not by a political but by a judicial method, without pressure and without prejudice. Partisanship has no place in our foreign relations.

"As I wish to see a court established, and as the proposal presents the only practical plan on which many nations have ever agreed, though it may not meet every desire, I therefore commend it to the favorable consideration of the Senate, with the proposed reservations clearly indicating our refusal to adhere to the League of Nations."

It will be a notable achievement in the direction of maintaining peace if the President can carry the people with him in favor of the Permanent Court of International Justice, and a still greater achievement in that direction if, as a preliminary to the establishment

of such a court, he could get the nations of the world together to agree on a code of international law. This would be a decided step in the direction of substituting law and reason for force in settling international differences, and one which might be taken without any sacrifice of our national sovereignty.



Some Recent Views on Our Foreign Policy

DESPITE the intense interest in domestic problems, the foreign policy of the United States, particularly as it relates to affairs in Europe, still engages the close attention of many of our people. Some recent comments on this policy deserve wide publicity and more than a passing consideration. The first of these comments in importance may be found in an address delivered by Secretary Hughes before the American Academy of Political and Social Science in Philadelphia at the close of November. Mr. Hughes made a masterly presentation of the Monroe Doctrine, and incidentally dealt with our relations to Europe. What he said is of sufficient importance to be quoted at length, as is done below:

"We desire peace and economic recuperation in Europe. We contributed our arms in the interest of liberty and to destroy the menace of an autocratic power, but not to secure the economic prostration of a vanquished people. We have the deepest sympathy with the people of France; we warmly cherish their ancient friendship. We desire to see France prosperous and secure, with her wounds healed and her just demands satisfied.

"We desire to see a united and prosperous Germany, with a will to peace, making amends to the full extent of her power, and obtaining the appropriate rewards of her labor and skill.

"We wish to see an end to the waste of military efforts and the easing of the burdens of unproductive expenditures. We wish to see the fires of hatred quenched. It is because of these earnest desires that we have hoped, as was stated in the recent communication to the British Government, that the solution of the present grave problems would be sought in fair and comprehensive inquiry in which all interested might participate and which would be inspired by the determination to find means to restore the productive activities through which alone reparations can be paid, and to give opportunity for the reasonable contentment and amicable relations of industrious peoples, through which alone peace and security can be assured.

"The bitter controversy which followed the war showed with

what tenacity we still hold to the principle of not meddling in the political strife of Europe. It is true that the spread of democratic ideas and the resulting change in governments have removed the danger of organized effort to extend to this continent the European 'political systems' of 100 years ago. But Europe still has 'a set of primary interests' which are not ours. As Washington said:

" 'She must be engaged in political controversies the causes of which are essentially foreign to our concern.' "

"Unity in war did not avail to change the divergent national aims and policies in peace. It is not that our interests may not be affected injuriously by such controversies. That was true in the days of Washington, Jefferson and Monroe; indeed, the effect of changes and developments is that we are far better able to bear such injuries today than we were then, as is sufficiently illustrated by our sufferings during the Napoleonic Wars.

"But it was, despite such injuries, the abiding conviction that we had better bear these ills than suffer the greater evils which would follow the sacrifice of our independent position.

"We still hold to that view. The preponderant thought among us undoubtedly is that our influence would not be increased by pooling it. The influence that is due to our detachment and impartiality could not long be maintained if we should substitute the role of a partisan in European quarrels; and the constant efforts of propagandists have brought vividly before us the fact that where the direct American interest is not clearly perceived, foreign controversies afford abundant opportunity for the play among us of intense racial feeling.

"What was true in Monroe's day is even more true today in view of our vast population drawn from many countries and reproducing here the conflicts of European interests. It is not to our interest to adopt a policy by which we would create or intensify divisions at home without healing divisions abroad. And it must be always remembered that the moral force of our expressions depends upon the degree of the preponderance of the sentiment behind them. Each group intent upon the assertion of its own demands forgets the equal insistence of others. But when all is said there is still no doubt of our desire to be helpful in every practicable way consistent with our independence and general aims. We have poured out our wealth without stint both in charity and investment and the important productive enterprises undertaken abroad since the war have been supported by American capital. The difficulties which beset Europe have their causes within Europe and not in any act or policy of ours."

A great deal of the foregoing must be classed as mere idealism, and all such expressions, in the absence of the employment of

practical and effective means to carry them out, are to be received with scant respect.

In the beginning of the above quotation, Mr. Hughes declares that "We desire to see France prosperous and secure," but omitted to state that we had failed in approving the one measure that would have made this security actual, and not a mere rhetorical expression.

What he says about Germany is open to the same objection. "We desire to see," he says, "a united and prosperous Germany, with a will to peace, making amends to the full extent of her power, and obtaining the appropriate rewards of her labor and skill." He presented no arguments or facts as to how this German "will to peace" was to be brought about. Surely he can not think that such a desirable end can be reached by the mere employment of sonorous phrases. We had the opportunity of participating with Great Britain and France in making this "will to peace" on the part of Germany a reality, but this opportunity was rejected. Mr. Hughes thinks we were right in doing so. He feels that we could not take part in the European controversy without becoming a partisan of one side or the other; but it might have been our higher privilege to have modified extreme views and measures. Anyway, nations and individuals have to choose, in great emergencies, between the side that is right and that which is wrong. Why do we hesitate?

There is one statement in Mr. Hughes' address that may well be challenged. It is this: "It is not to our interest to adopt a policy by which we would create or intensify divisions at home without healing divisions abroad." He prefaced this declaration by a reference to "our vast population drawn from many countries and reproducing here the conflict of European interests." It is sufficient to say that no such considerations prevented us from entering the war. Why, then, should they keep us out of the peace, or of taking the only means to make the war justifiable?

Our policies toward Europe are thus summarized by Mr. Hughes:

"We are still opposed to alliances. We refuse to commit ourselves in advance with respect to the employment of the power of the United States in unknown contingencies. We reserve our judgment to act upon occasion as our sense of duty permits. We are opposed to discriminations against our nationals. We ask fair and equal opportunities in mandated territories, as they were acquired by the Allies through our aid. We desire to co-operate according to our historic policy in the peaceful settlement of international disputes, which embraces the policy of judicial settlement of such questions as are justiciable.

"It is our purpose to co-operate in those varied humanitarian efforts which aim to minimize or prevent those evils which can be

met adequately only by community of action. For example, we are at this moment leading in the effort to put a stop to the abuse of narcotic drugs. We strongly support, as our recent action has shown, international conferences where the conditions are such that they afford an instrumentality for the adjustment of differences and the formulation of useful conventions.

"We seek to aid in the re-establishment of sound economic conditions. In short, our co-operation as an independent state in the furtherance of the aims of peace and justice has always been and still is a distinctive feature of our policy."

Senator Hiram Johnson of California, in his first manifesto issued after declaring himself a candidate for the Presidency, favored a policy of even greater aloofness from European affairs than Mr. Hughes advocates. The Senator says:

"It is humiliating that we can not speak our mind save with the consent of other nations or in conjunction with them.
* * * Our position in the world is such, our financial and potential power so great, that our utterance would be of supreme importance. Throw it into conference, where there are no morals, where it is in helpless minority, and it is lost."

His views imply that political morality does not exist outside the United States. He seems, also, to have forgotten that in one conference — the Washington Disarmament Conference — our utterance was far from lost.

From another source we learn that it is nonsense to assert that we are maintaining a policy of isolation with respect to Europe, and that "we fail utterly and even ridiculously in the first moral obligation to be intelligent if we listen to those who say that America is standing apart from the affairs of the world." This information appears in a recent address in New York by Richard Washburn Child, American Ambassador to Italy. Mr. Child expands his views along this line at considerable length, saying that "America is doing its duty to the utmost," and that "at no time in our history has our opinion been more potent in the world." He concludes by asking this question, which sounds almost as if it had been copied from the Philadelphia speech of Mr. Hughes: "What would be the terrible costs to the internal peace of our country if, without utter necessity, we go adventuring on one side or another in conflicts between nations whose racial representation in our own citizenship might tear us apart in our own household?"

These opinions fail to afford a statesmanlike revelation of America's obligation in helping to bring relief to a distressed world, but they do reveal the fact that a Presidential election is impending in the United States, and that there are those who now are much

more regardful of the votes of Americans with hyphens in their names than all of us were on April 6, 1917, when a certain dramatic event was staged in the Congress of the United States.



Annual Report on the Finances

PERHAPS the most striking feature in Secretary Mellon's Annual Report on the Finances is his recommendation for the reduction of taxation, and as this was published in the form of a letter to the Chairman of the Ways and Means Committee prior to the issuing of the annual report, it deprives the latter of that much interest. But there are many other features of this comprehensive and carefully-prepared report which will well repay reading and study by those who are interested in American finance.

Notwithstanding the unfavorable outlook at the beginning of the fiscal year 1923, the Treasury was able to balance the budget and close the year with a surplus of \$309,657,460, on the basis of daily Treasury statements. Total ordinary receipts for the year amounted to \$4,007,135,480, while total expenditures chargeable against ordinary receipts amounted to \$3,697,478,020. Customs receipts during the year were much larger than for any previous year in the history of the Government, aggregating \$561,928,867, as compared with \$356,443,387 during the fiscal year 1922, the previous high record. Income and profits tax receipts also exceeded expectations, aggregating \$1,678,607,428, while miscellaneous internal-revenue receipts amounted to \$945,865,333.

While substantial savings were made in the general expenditures of the Government, the greater part of the reduction in expenditures was due to the fact that the Shipping Board and Emergency Fleet Corporation, and operations under the Railroad Administration and the transportation act of 1920 as amended, did not call for the amount of expenditures originally estimated. Of the total expenditures, \$402,850,491 were on account of the sinking fund and other debt retirements chargeable against ordinary receipts. This means that the public debt has been reduced during the year by \$402,850,491 out of the ordinary budget. A further reduction of \$210,823,852 was accomplished out of the surplus, making the total debt reduction for the year \$613,674,343. The balance in the general fund of the Treasury at the end of the year stood at \$370,939,121, as compared with \$272,105,513 on June 30, 1922, an increase of \$98,833,608.

The United States Government is thus firmly established on the

basis of balancing its budget each year, current receipts against current expenditures including the sinking fund and all other fixed debt charges.

For the fiscal year 1924, the receipts are estimated at \$5,002,561,112, and expenditures \$5,102,561,088.

Secretary Mellon, after reporting on present generally satisfactory business conditions, reviews some of our recent financial history, and presents his views as to the future.

"The crisis of 1921," he says, "was one of the most severe this country has ever experienced, due to the fact that the conditions were world-wide, with trade everywhere dislocated and industry in distress. This state of affairs was the natural outcome of the World War and the social disturbances and international controversies which ensued. Not in the history of the modern world, since the countries have become in high degree mutually dependent, has such a state of confusion been known. The conditions were unprecedented and, therefore, the uncertainties were many and contributed to a state of alarm and demoralization. Out of these conditions this country in the last two years has made a remarkable recovery, and one which should inspire confidence for the future. It has been made evident that with fairly balanced relations between our own industries this country may enjoy a good degree of prosperity even when very unsatisfactory conditions prevail abroad. Never before has so rapid a recovery been made from a major crisis. It is true that the recovery has not been uniform in all the industries and that the ideal equality of purchasing power which is the condition of full prosperity has not been attained. The farmers as a class are below the workers of the other industries in purchasing power, partly because farm products always have formed our chief exports and partly because the war itself created a deficit in certain classes of construction work, and thus supplied the basis of this industrial revival. All signs go to show, however, that agriculture is regaining its position. The surplus of the leading crops this year is comparatively small, and with further readjustments, together with the steady growth of population which has added about 13,000,000 to our numbers since the war began, it may be confidently expected that agriculture will soon secure that fair share of the general prosperity which all desire it to have.

"In looking forward to 1924 it appears that the factors which have been most influential in the revival that has taken place are likely to remain effective, at least in considerable degree. It may be that the country will not build as many dwelling houses or freight cars as in 1923, but there is reason to believe that much construction work is under consideration and with stable conditions will go forward. The attitude and circumstances of the railroads will be an

important factor in the situation. They are large consumers ordinarily of iron, steel, and all construction materials, and they have not made up in one year the accumulated deficit in construction since the beginning of the war."



Secretary Hoover's Annual Report

THE present trend of business development in the United States lends exceptional interest to the Annual Report of the Secretary of Commerce which Mr. Hoover recently submitted to the President for transmission to Congress. At the outset of the report, the following favorable picture of the business situation appears:

"The fiscal year (July 1922 to June 1923) was marked by a complete recovery from the great slump of 1921 in all branches of industry save agriculture, and even in agriculture there was some improvement. This recovery has found a special impetus in the activity of building, railway, and other types of construction resulting from postponement during the war. It spread, however, to industry in general, so that the continuance of business activity is not dependent upon the maintenance of an equal measure of building construction hereafter.

"The best measure of economic prosperity in industries other than agriculture is the volume of production and transportation. In these industries large production follows from active demand and may readily be coincident with advancing prices. Agricultural production is subject to decidedly different influences, as the prices for its major products are dominated by the European situation instead of our domestic needs, although full employment in this country at good wages has distinctly increased consumption, particularly of animal products.

"The marked improvement in industrial activity is clearly brought out by the index numbers in the table of statistics. Although the latter part of the previous fiscal year already showed a decided upward movement, the manufacturing production of 1922-23 was nearly 25 per cent. greater than that of the preceding twelve months. As compared with the bottom point of the slump, it showed an increase of more than 40 per cent. Production of minerals, forest products, and electric power, and construction of buildings, showed approximately similar increases. The railroads hauled over one-fifth more freight (ton-miles) in 1922-23 than in the preceding fiscal year. All these indexes of economic activity for the fiscal

year stood materially higher than during the very prosperous year 1919."

The course of prices is thus defined by Secretary Hoover:

"The business of 1922-23 was conducted on a distinctly higher level of prices than that of the preceding fiscal year, though the level is still, as unquestionably it should be for the best public interest, far lower than during the inflation of the war and the postwar boom. In general, there has been no feverish boosting of prices. Average wholesale prices during the fiscal year were 10 per cent. higher than in 1921-22, 56 per cent. higher than in 1913, but 37 per cent. lower than at the peak of the postwar boom, in May, 1920. There was comparatively little fluctuation in the general level during the course of the fiscal year, the higher average resulting chiefly from the rather rapid increase which had taken place in the first half of the calendar year 1922. The general wholesale price index varied only from 155 in July, 1922, to 159 in April, 1923, and down to 153 in June. The higher level of wholesale prices during the fiscal year was shared by every group of commodities—not necessarily, of course, by every individual commodity—including farm products and foods.

"Retail prices, as usual, lagged behind wholesale. The average price for retail food was a little lower in the fiscal year than in the preceding one. A slight advance, however, set in during the summer of 1923. This situation of a moderate increase in wholesale prices, accompanied by stationary retail prices, gave stimulus to industry."

While stating that the situation in certain branches of agriculture continues unsatisfactory, the Secretary says that in most instances a decided improvement has taken place, and that by no means all branches of agriculture are suffering.

"The fall in the prices of most major agricultural products after the boom was exceedingly violent—some fell even below pre-war levels. Taking all important agricultural products together—including some showing much less decline—the wholesale price index as compared with a pre-war base taken at 100, fell from 247 in January, 1920, to 114 in June, 1921, while all other commodities (including manufactured foods which are much affected by farmers' prices) fell from the same maximum to a minimum of 154. A considerable advance in the average prices of farm products began early in 1922. The average index for the fiscal year under review was 139, or 10 per cent. higher than the average for the preceding fiscal year and more than 20 per cent. higher than the minimum above mentioned. The advance was greater than that in other commodities, but as compared with normal pre-war ratios farm-product prices were still relatively a good deal lower than the

average prices for other goods. The index for July, 1923, was the same as that for the July preceding. Wheat and hogs were exceptions, the prices averaging lower in 1922-23 than in the preceding year and lower at the end than at the beginning of the year. Cotton and corn have advanced materially.

"Unlike manufacturing and mining products, changes in volume of production on farms often do not reflect parallel changes in the prosperity of the agricultural community. The demand for most farm products is far less elastic than for most other products. In any case agricultural production can not adapt itself rapidly to changes in demand. The area planted to all crops combined in the United States has shown only insignificant variations in recent years, although standing about 10 per cent. higher than before the war. Most individual crops also show little variation in acreage, although there has been a material decline in wheat acreage since 1919 and although cotton acreage shows a considerable increase in 1923 over 1922. Naturally the farmer can not suddenly change either his aggregate plantings or the proportion planted to the different crops. Short-time variations in crop production are due more to weather conditions than to human will.

"Again, while large production and advancing prices are likely to go hand in hand in the case of manufacturing and mining industries, the opposite more frequently occurs in agriculture. In the case of several of the important agricultural products the prices are much more dependent upon conditions abroad, especially in Europe, than in the case of most manufactured and mineral products. A conspicuous illustration is the fact that the prosperity of the United States during the past year or two has meant only a moderate increase in domestic demand for wheat, so that its price has been primarily dependent upon the foreign market.

"The situation in most branches of agriculture seems to be gradually adjusting itself. The partial recovery in foreign demand for cotton has permitted a higher price for the crop of 1923 than for that of 1922, in spite of an increase of 14 per cent. in acreage and an appreciable increase in production. While the prices of hogs have been somewhat lower of late, the relatively high prices of corn, which is chiefly fed to livestock, seem to indicate confidence of cattle and hog raisers in the future. The dairy industry in general is prospering, the demand for dairy products varying more than that for most other agricultural products with general movements of prosperity and depression in industry. As for wheat, which is more dependent on foreign markets than any other agricultural product and which is subject to greatly increased competition from Canada and other foreign countries, it seems necessary gradually to reduce acreage. Wheat planting had been stimulated during the war more

than that of any other crop, increasing to a maximum over 50 per cent. higher than the average for 1909-1913. The acreage planted in 1923, though one-eighth less than in the year preceding, was still about 15 per cent. above that before the war. With the gradual growth of domestic consumption, due chiefly to increase in population, the output of the pre-war acreage could at present practically all be consumed in our own country."

Secretary Hoover is in a position that enables him to speak with authority in reference to the influence of the European situation on the prices of agricultural products in America, and in what is said above he speaks with equal truth and frankness. His clear statement should help to a better understanding of our agricultural position, and to a realization of the fact that its improvement depends, to a large extent, upon European recovery. In another part of his report the Secretary says that Europe takes 80 per cent. of our agricultural shipments.

The Secretary of Commerce finds our foreign trade in good condition. He says:

"Both the export and the import trade of the United States during the fiscal year were in an essentially healthy condition, with the improvement begun in the latter part of the preceding fiscal year continuing in export trade, and with a continuation of the upward trend in the value of imports which had been evident throughout the whole of 1921-22. The year marked a closer balance between merchandise exports and imports, a balance more in keeping with our international position, than any year since 1896.

"Compared with the foreign trade of other countries, that of the United States is in a very favorable position. The total gold value of the exports of ten of the other principal commercial countries of the world in 1922-23 was but 20.6 per cent. greater than in the calendar year 1913, while the exports of the United States were 59.3 per cent. greater. The import trade of the United States for 1922-23 was 109.9 per cent. greater than in 1913, compared with an increase of but 15 per cent. for the total of the same ten countries. The favorable position of our foreign trade is further shown by the fact that trade with the United States is a more important factor in the foreign trade of nearly every important commercial country than it was prior to the war. The value of our exports exceeds that of any other country, while our imports are second only to those of the United Kingdom."

As showing the importance of the work being done by the Bureau of Foreign and Domestic Commerce, it is stated that during the fiscal year the services of the bureau have been called upon in actual transactions of export business totaling more than 400

millions of dollars. Some conception of the volume of service called for is indicated in the fact that the number of specific inquiries and requests for assistance in foreign-trade matters received by the department are now averaging in excess of 3000 per day, or approximately four times the average number received at the time the reorganization of this service began.



The Soldier's Bonus

PROBABLY the strongest impulse tending to secure the passage of a soldier's bonus bill is the feeling in the hearts of the American people that they do not wish the charge to be justly made against them that they have been ungrateful to the men who risked their lives in the defense of the country. This impulse is so entirely noble and generous that one hesitates to oppose it in any way. But the most generous impulses of mankind are not always the wisest, and not infrequently they injure those whom they aim to benefit. It is upon this ground, and upon no other, that the bonus proposal may be challenged.

The issue resolves itself into this form: In what way can the young men who were in the World War service be most effectually helped by a grateful people?

It is assumed that no true American wishes to do otherwise than this. We should all be ashamed if any other purpose could be justly imputed to us.

We then get right down to the question as to whether or not the young men who were in the military or naval service during the late war are to be benefited or harmed by granting to each one of them individually a few hundred dollars out of the public treasury. It is to be remembered, in the first place, that this would be what is called "easy money," in the sense that it was not expected as part of the soldier's pay. It is an additional grant, a bonus, even though styled "adjusted compensation." And money of this kind rarely benefits the recipient of it. In this instance it will go chiefly to young men who are employed at good wages. They will regard it as so much additional spending money. It will no doubt be expended largely for unnecessary things. Does any sound economist believe that this would help the soldier as much as it would to keep taxes down, and thus insure commercial and industrial activity, with continued employment at good wages?

THE BANKERS MAGAZINE does not think so, and as a friend of the ex-service men is quite willing to go on record to that effect.

And may it be said, incidentally, that no argument is here offered against a full appreciation of the value of the service these men rendered to their country. No bonus, however large, could properly reward them for what they did. The pay they received was inadequate. No pay they could receive would be adequate. Their service was something money could not buy. It was above all price. Some flippant youth, eager to get his hands on a few hundred dollars, will say this talk is all "bunk." God help America if any considerable number of our young men should so declare or feel.

May THE BANKERS MAGAZINE say, further, that as soon as we got into the war, its editor wrote and published letters in substantially all the New York newspapers urging that the soldier's pay be increased. This letter was also sent to the Chairman of the Military Affairs Committee of the House and Senate. The pay was doubled.

There were many, perhaps the majority, who served in the military and naval forces, who received no injury, financial or otherwise, but great benefit in the way of training, mixing with other fellows, and in the fresh outlook on life which their service afforded. But suppose they even did make some sacrifices. Is not their country worthy of it?

Too many classes are standing today with eager hands stretched out toward the public treasury. Let the young men of the country not join in this disgraceful raid.

To the soldiers that are disabled, to those who in later years may become sick or impoverished—to those who are sick and impoverished now—a grateful nation should pour out its treasure without stint. No soldier of the Republic should be allowed to suffer. A just and generous people should see to that. But this is something altogether different from passing out a gratuity or bonus to young, healthy, active men, who are employed and prosperous. The best thing for them is to keep them employed, so that they can pay their own way, as every self-respecting man wishes to do. Keep taxes down, and keep business active, and in this way the ex-service men will receive benefits many times greater than any bonus will afford them.

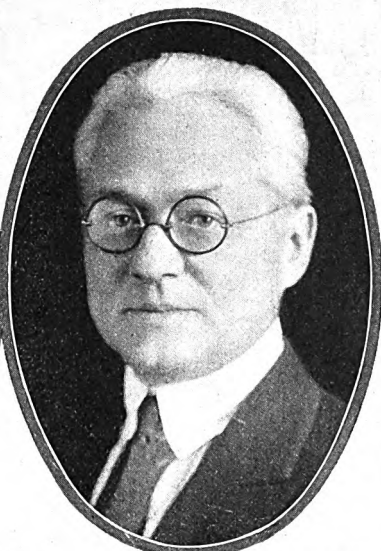
When "Cyrano de Bergerac" was in the throes of death, he declared that one thing he would take with him as he bowed low before the court of heaven, and that was his "stainless soldier's crest."

The young men of America who were in the World War have a matchless opportunity of serving their country now, by showing that they will regard with contempt any political party that seeks to bribe them by the offer of a bonus for the priceless service they rendered the Republic.

To Help Investigate Germany's Finances



CHAS. G. DAWES



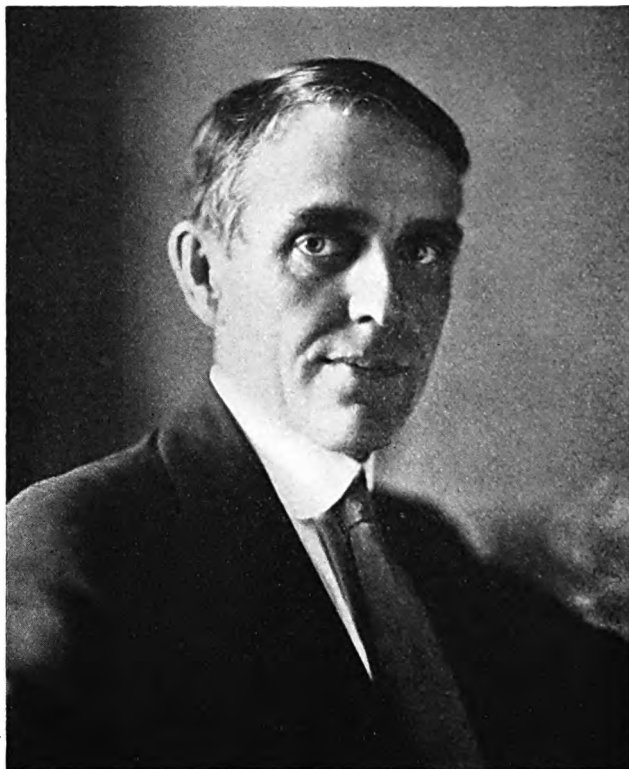
HENRY M. ROBINSON



OWEN D. YOUNG

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General Dawes, formerly director of the United States Budget, and Mr. Young, who is chairman of the General Electric Company, were chosen in December by the Allied Reparations Commission to serve as unofficial observers representing the United States on the committee of experts which is to investigate Germany's financial position. The Reparations Commission has selected Mr. Robinson, president of the First National Bank of Los Angeles, as the American observer to serve on the export committee which is to investigate the amount of German capital abroad.



ARTHUR CAPPER

United States Senator from Kansas and chairman of the Farm Bloc

MR. CAPPER learned the practical side of the printing business during his school days. He started work as a typesetter and later became a reporter, spending some time in this capacity on newspapers in Topeka, New York and Washington. In 1893 he started in business for himself as a publisher. Today, as owner and publisher of the Capper Publications, he heads an organization comprising eight publications with a total subscription list of 2,500,000 persons. He knows farming and the farmer, and is a tireless worker in behalf of the welfare of the farming industry. He was made Governor of Kansas in 1914, being the first native-born Kansan to attain this office. In 1916 he was re-elected. In 1918 he was elected United States Senator from Kansas by an overwhelming majority. He is a director of the First National Bank, and of the Prudential Trust Company, Topeka, and is chairman of the Farm Bloc.

A Square Deal For the Farmer

By Arthur Capper

United States Senator from Kansas and chairman of the Farm Block

THE farmer is not getting a square deal now. Nor did he get it during the war nor during the after-war period. This is not a mere statement of fancied grievance. The farmer is not self-deluded. He is not the victim of a diseased imagination, visioning every man's hand upraised against him. The ills of the farmer are real, and come from conditions very generally beyond his control. These ills are economic, and are forced upon him as a result of facts and conditions of which every reasonably well-informed citizen is aware.

IMPORTANCE OF THE FARMING INDUSTRY

Farming is our biggest industry. Thirty millions of our citizens are engaged in it. It represents an investment, in land alone, estimated at over forty-five billions of dollars. In railroad language, this is the farmer's "investment" value. Not a dollar of this forty-five billions represents the value of horses and mules, tractors and plows, harvesters and threshers—again, to use the railway language, his "equipment and motive power."

Last year, according to a survey by the Department of Agriculture, the average gross income—not for each of the thirty millions of our citizens engaged in the industry, but for each farm unit—was \$715. Nor was this profit. It was gross income. Out of it the farmer must pay his taxes, cost of operation, upkeep, interest on loans and wages to his help.

When the farmer takes his dollar to town to buy the few things his restricted income permits, he finds it worth but seventy-five cents, according to the Department of Agriculture research and figures. This business of the farmer is basic. If it is healthy, it stimulates all other businesses, because from it pours a full, strong stream of the life blood of commerce. If it is sick,

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the poison of its illness courses through the veins of commerce. This big industry is sick. The Government figures cited above prove it.

WHAT IS WRONG

The patient is ill. No question of that. What is the ailment?

A diagnosis discovers four factors which contribute to the illness that saps the strength and wastes the productive energy of this great industry upon which all of us depend for food and in no small measure for our prosperity. Wage and salary earners are vitally concerned in this economic illness of the farmer, for the farmer is one of the largest, if not indeed the largest contributor to wages and salaries.

The factors which palsy the farming industry are:

Wrong administration of war-time regulations.

Credit discriminations against the farmer, and the withdrawal of credit during "deflation."

The "spread" in cost between producer and consumer resulting from a marketing system which leaves the farmer at the mercy of the speculator.

Higher-than-war-time freight rates.

THE CAUSES OF PRESENT CONDITIONS

"Water that has gone over the dam turns no mill-wheels." None the less,

The farmer is not a railroad-baiter, nor a railroad-hater. The farmer knows that proper and adequate transportation is essential to his as well as to the country's welfare. Let me say right here that I am the last man in Congress who will favor any program intended to cripple the railroads. I want to see the railroads and all other business on a prosperous basis.

to understand the nature of this illness of the farming industry, it is necessary briefly to chart each of these causes of the present disease.

Acts of the War Congress intended to stimulate production of vital war necessities, of which food was on every hand said to be the greatest, were administered to the detriment of the farmer. The farmer rallied to the call of his country, intensified his production, and sent his boys to France. Then came the administrators appointed to carry into effect the acts of the War Congress. They used the acts intended to give the farmer and the consumer a fair deal, and named the minimum price fixed by Congress for the farmer's product as a maximum, so that the middlemen reaped a profiteering harvest. The consumer was not benefited—he paid till it hurt—and the farmer was penalized. Unjust and unfair as this was, the farmer could have overcome the losses entailed had not the next "complication" set in. It is comparatively easy to cure the patient so long as his illness is confined to a single ailment. It is "complications" that worry the nurses, doctors and anxious friends. This next complication was "deflation."

The powers-that-be decided, in 1920, that it was time to restore credit to normal bounds; that it was time to "deflate"—to restore the dollar's buying power to an approximate pre-war basis, to reduce inflated prices and check profiteering. This was a wise decision, but proved a tragedy to the farmer.

It may not have been intended, but nevertheless the industry that was en-

tirely guiltless of taint of profiteering, the industry that had no "inflation," was obliged to carry the heavy end of the load in the deflation process. Interest rates on Reserve Bank loans to banks in the farming areas were increased to a point that often made it impossible for the farmer to borrow money. The banks were not to blame. They went the limit to save the farmer, but the situation was such that he was forced to sell his products at whatever price he could get. This further widened the "spread" between the price the farmer paid for what he had to buy and the price the farmer received for what he sold. The result was inevitable. The farmer as a buyer of goods was forced off the market, and the business depression of 1920-21 was the direct result.

REMEDIAL ACTS

But for the "farm bloc" in Congress realizing the devastating effect of this policy and putting through Congress the act empowering the War Finance Corporation to come to the rescue of the farmer with hundreds of millions of emergency agricultural credit, there is no question that the nation's agriculture would have "taken the count." Even with this emergency aid, the farmer will not, for years to come, fully recover from the effects of the terrific blow.

The Farm Credits Act passed by the last Congress strives to put the farm industry on an equal credit footing with the business man and corporate industry.

Legislation has strengthened other weak spots in the farmer's defensive

The farmer believes that transportation lines and transportation service exist for the country. He does not believe that the country exists for the transportation magnates. The farmer expects to pay what transportation service is justly worth just as he wants to get for his products what they are justly worth.

armor. The "farm bloc" Grain Futures Act curbs speculators. It prevents manipulation of the farmer's markets against him.

The "farm bloc" act legalizing farmer co-operative marketing recognizes farmer-collective bargaining in the same way that labor's right of collective bargaining has been recognized. For many years the farmer has been the sole big producer who has not had a hand in the selling of his product. The speculator has attended to this for him, taking the lion's share of the profit justly due the farmer, and an unjust profit from the consumer. For years the speculator has been the "old man of the sea" on farmer "Sinbad's" back. Co-operative marketing will relieve him of this back-breaking load.

A searching inquiry, conducted by Congress, discovered that the consumer's dollar is cut three ways. Of this dollar the producer—the farmer—gets 20 cents; manufacturing, wholesaling and retailing get 31 cents, and distribution 49 cents.

THE FARMER'S INTEREST IN TRANSPORTATION

This split of the consumer's dollar makes the farmer vitally interested in the question of transportation and transportation costs.

The farmer is not a railroad-baiter, nor a railroad-hater. The farmer knows that proper and adequate transportation is essential to his as well as to the country's welfare. Let me say right here that I am the last man in Congress who will favor any program intended to cripple the railroads. I want to see the railroads and all other business on a prosperous basis. The farmer believes that transportation lines and transportation service exist for the country. He does not believe that the country exists for the transportation magnates. The farmer expects to pay what transportation service is justly worth just as he wants to get for his products what they are justly worth. The farmer believes in

More than one million farmers, according to the Department of Agriculture's findings, quit the farm last year. This in terms of cost of living and in terms of failing prosperity through the dwindling power of the farmer makes the farmer's problem the problem of the wage-earner and the business man.

prosperity, but he wants it passed 'round. He doesn't want just the crumbs and crusts left from the magnates' feast.

The farmer makes a noise about higher-than-the-war freight rates because he pays these rates. He alone of shippers has nobody to whom he can pass the costs. The farmer is his own "Jones." He pays the freight.

He still pays higher-than-war rates, and wants to know why. As things now stand, freight rates are a stifling embargo on the farmer's prosperity, and a big barrier between him and his economic come-back.

In 1922, the same year for which the Department of Agriculture finds the average farm income to be but \$715, the Interstate Commerce Commission finds railroads making \$717,000,000 "over and above the cost of operation." The farmer's \$715 wasn't "over and above" anything. It was "less and under" taxes, interest, upkeep and other costs he had to pay. The Interstate Commerce Commission, in an analysis of railroad revenues, finds food products—the farmer's products—among highest railroad revenue payers per net ton.

The Department of Commerce tells the farmer that these products of his that pay high freights are but one-fifteenth as valuable as other commodities, and a rate hearing at Kansas City develops the fact that the farmer's products pay freight on a basis of 135 as compared with 92 paid by other commodities fifteen times more valuable than his. How the farming industry is to continue to sell its product at pre-war and even less than pre-war prices

If the wage-earner is to get food, the farmer must stay on the farm and produce. If business is to prosper normally, year in and year out, the buying power of the farmer must be restored.

Our great present purpose must be to find means to restore the whole unbalanced situation to a balance, to make the farmer's dollar worth as much as anybody else's dollar.

and still pay freight rates from 50 to 80 per cent. higher than pre-war rates, may be quite clear to railway economists; but the farmer sees nothing but ruin for him at the end of that route.

FARMERS MUST STAY ON THE FARM AND PRODUCE

How the nation is to prosper and get food if discriminatory freights and other adverse economic factors continue to drive the farmer from the land and from his task of production, is a question of deepest concern to us all.

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MEASURES NECESSARY

It will be up to this Congress to take an economic spirit-level and go about the job of reducing these economic inequalities.

First and foremost, there should be a substantial reduction in taxes that will be fair and just to all taxpayers, a

prompt reduction of excessive freight rates, a downward revision of the tariff on manufactured articles, and an agricultural export corporation to find a market in Europe for our surplus farm products.

The next great ship canal should be built from the Great Lakes to the sea by way of the St. Lawrence. Making seaports of Chicago, Duluth and a half dozen other American cities will put the United States on a shipping basis with the big plantation owners in the Argentine who now have 8 cents a bushel the better of them in freight rates, besides cheaper labor costs. This waterway to foreign markets would relieve our annual traffic congestion, and would bring such prosperity to the grain belt that expressed in dollars and cents it would more than pay the entire cost of this project every year. The need is so pressing that it will receive serious consideration in the next Congress.

The relief legislation for agriculture in the last Congress was not of the instant-panacea kind. It consisted of constructive measures, supported by all the farm organizations, in which farmers were put in position to help themselves and each other through developing a new and more stable and permanent prosperity for their industry, largely through organization and co-operation. It will take time for results to show. Any really constructive program for agriculture will have to be carried out to a great extent by the farmers themselves, and this requires

It will be up to this Congress to take an economic spirit-level and go about the job of reducing these economic inequalities.

First and foremost, there should be a substantial reduction in taxes that will be fair and just to all taxpayers, a prompt reduction of excessive freight rates, a downward revision of the tariff on manufactured articles, and an agricultural export corporation to find a market in Europe for our surplus farm products.

Any really constructive program for agriculture will have to be carried out to a great extent by the farmers themselves, and this requires time. And however sound and correct such legislation may be, it cannot create prosperity on the farms overnight. No act or program of legislation can effect a speedy cure of our ills, but a foundation for great progress in agriculture has been laid, and time, patience and sticking together, will ultimately bring it about. It may be necessary to widen the scope of the co-operative marketing law.

put the farmer on his feet, and wonderful progress has been made the past year in this direction.

SITUATION HOPEFUL AND IMPROVING

I am convinced that the situation as regards agriculture has improved slightly. It would have been hard for it to become worse than it was. The time is approaching, I believe, when, if unfavorable factors do not materialize, the business of farming will get back on its feet. It will recover if it is given an equal opportunity with other industries.

The farmer is working hard. He is going ahead just the same as if the profits in his business were adequate. He has been and still is discouraged because of high costs and heavy taxes. He can't see a way out of his difficulties yet, but I believe he is becoming a bit more hopeful.

The farmer in the past has had to cultivate the attitude of hopefulness, else he would have given up a good many years ago.

I view 1924 with some optimism, because I believe that business men have come to appreciate the inseparableness of their business and the business of farming and are willing to exert their influence in support of the effort to give agriculture a square deal and the help of which it is so badly in need.

time. And however sound and correct such legislation may be, it cannot create prosperity on the farms overnight. No act or program of legislation can effect a speedy cure of our ills, but a foundation for great progress in agriculture has been laid, and time, patience and sticking together, will ultimately bring it about. It may be necessary to widen the scope of the co-operative marketing law.

The Truth-in-Fabric bill, requiring the labeling of manufactured woolen goods, will be pressed by the farm organizations.

I do not anticipate an elaborate farm program in this Congress.

FARMERS MUST HELP SOLVE THEIR PROBLEMS

While I believe the farm situation should have first consideration from Congress, I am not saying, and I never have said, that Congress or Washington can straighten out or end all the troubles of the farmer. Sound business methods must be applied to a wasteful and inefficient marketing system. Co-operative marketing, diversified farming and better-balanced production form a big part of the program which will help

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PHOTOGRAPH FROM PARAMOUNT PICTURES

The royal procession of Ramses II as portrayed in the stupendous Paramount picture "The Ten Commandments"

Motion Pictures and the Banker

By Richard W. Saunders

Comptroller Famous Players-Lasky Corporation and formerly cashier National Bank of Commerce in New York

THE three principal things that the banker wants to know about the motion picture industry are—First: Is it here to stay? Second: How substantial is it as a basis for credit? Third: What accounting methods have been established to show the true condition of any specific company?

The most vital factors in an inquiry into the permanence of an industry are the amounts invested in its various plants or equipment, the public response to the merchandise that it offers and the general tendency on the part of the public to continue and increase its patronage. In all of these respects

the motion picture industry will be found to compare favorably with the best businesses in the country. The investments in studios, laboratories, distribution exchanges and motion picture theaters aggregate well over the billion dollar mark and place the industry, as far as invested capital is concerned, eighth in the great business enterprises of the country.

PERMANENCE OF THE INDUSTRY

There have been a number of references in recent newspaper articles to the effect that the public was

losing its interest in motion pictures, but all that can be said is that the figures do not show this, nor do the long lines of waiting patrons at the box office confirm this view. Others have inquired as to the extent to which radio is interfering with the progress of the picture industry, the answer being so far, to an almost negligible extent. The radio has its place and will hold a very high place in the life of the country, but its appeal is to the ear whereas the motion picture appeals to the eye and in addition has the advantage of responding to the public demand for association. Man is a gregarious animal and we seek the larger number of our amusements where other people enjoy them with us. With all these facts it is hard to find any justification for the fear which a few bankers have expressed, that motion pictures are merely an ephemeral amusement, a hobby which will soon pass away. The conclusion of those who study the industry is that on the contrary the motion picture industry has hardly begun to show what it can do. The entire field of education is almost untouched, the great improvement so far having been along the lines of feature plays. But in this field of feature plays a most tremendous step forward has been taken which can only be realized when one views a picture taken say five years ago. If "money talks," the steady stream of nickels, dimes, quarters and dollars flowing into the box offices can readily answer the question of whether the picture industry is here to stay or not. At any rate as far as the immediate future is concerned, an industry in which one company takes in a million dollars a week in cash is certainly not to be lightly regarded as a business.

WHERE CREDIT IS NEEDED

In considering the question as to the soundness of the picture company as a basis of credit we will dwell chiefly upon the production and distribution parts of the business as they are the ones

where credit lines will most likely be needed. The third great division, that of exhibition, is more a matter of real estate investment than one calling for a bank credit line. To be successful an

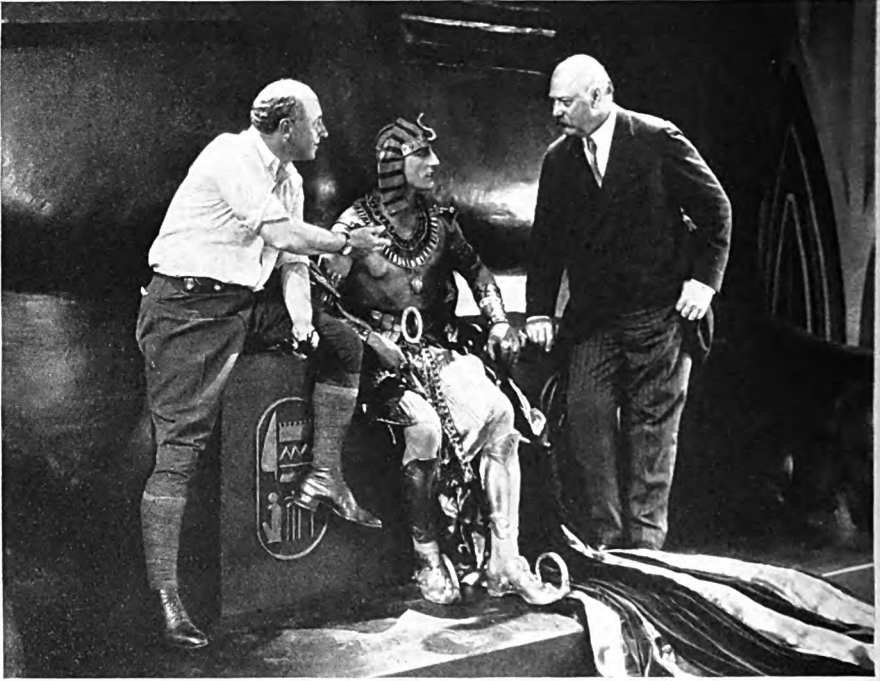


RICHARD W. SAUNDERS

Comptroller Famous Players-Lasky Corporation
and formerly cashier National Bank of
Commerce in New York

MR. SAUNDERS began his business career with the old Merchants Loan and Trust Company Bank of Chicago. From the bank he went to The Western Electric Company, becoming in time assistant treasurer. Later he went to The National Bank of Commerce in New York, as auditor, working up to the position of cashier. In 1920 he resigned from the bank to become comptroller for the Famous Players-Lasky Corporation, the largest producers of motion pictures in the world, controlling 145 subsidiary companies with numerous distribution centers and theaters in all civilized countries. Mr. Saunders' keenest interest outside of business lies in the collection of rare and curious books. He was one of the original organizers of the American Institute of Banking, and is an honorary member.

exhibitor must know the community in which his theater is located well enough to know what the neighborhood will prefer in pictures and the popular prices to be charged. He must have a good knowledge of showmanship. His investment, however, is chiefly in bricks



Cecil B. De Mille, who directed "The Ten Commandments," is shown here introducing Secretary of War John W. Weeks to Charles De Roche, who plays the part of Rameses II, the greatest warrior of Egyptian antiquity. This was Secretary Weeks' first visit to a movie studio

and mortar, although his interior furnishings, including his organ, seats, draperies, projection machine and other necessary equipment, will run into a considerable sum of money. Any requests for loans, however, will be largely based upon personal credit and the problems are easy to face as they are almost entirely summed up in whether the exhibitor can get the pictures that he wants to play and can attract the public at a price that will bring him a profit on his investment. It must be noted, however, that the art of showmanship has to be cultivated, and that not every man, even though financially able to do so, has the art of drawing the public to his theater. In case of necessity the public will go anywhere, but competition brings out every quality of showmanship the theater owner can acquire.

The production of motion pictures has long been looked upon as a fruitful field for any one to attempt, and as a

result there are literally thousands of companies scattered all over the world, of all possible kinds and degrees of strength and weakness. Some make picture plays, others comedies, others news reels, and there is a goodly sprinkling of educational and travel pictures. Even the universities are now in the business. Bankers are no doubt continually being solicited for loans based on such productions. This article will simply indicate some of the more serious problems that beset production companies so that when such an inquiry is made the bankers' attention can be directed to the more important features at the start. The writer wishes to avoid even the appearance of belittling or frowning upon the results achieved by some of the smaller companies. In fact some very beautiful productions have come from them, but even beautiful productions frequently fail to make money.



Theodore Roberts as "Moses" receiving from the Lord the Ten Commandments blasted by the Divine One from the living rock in the Biblical portion of the Paramount production "The Ten Commandments"

THE DOCTRINE OF AVERAGES

The entire theatrical field is largely based upon the doctrine of averages, which means that in striving for the public taste it is practically impossible to show a complete list of successes. At one time it was considered that if one show out of five was successful a theatrical producer could still make money, but the average is now about one out of three. A small company with only one or two pictures is therefore at a disadvantage because it cannot readily absorb the lower values of its less successful pictures. It may make one pronounced success and never make another, which is exactly the case with a certain company which made one of the greatest successes known to the picture industry. Out of a dozen pictures that followed, only one was fairly successful, and the company failed, carrying down with it the bank that was financing its loans. The element of hazard, there-

fore, in a smaller company is greater than in a larger one.

Aside from the question of its being properly financed, the success of a picture depends entirely upon its artistic presentation, and the public response thereto. The reason why directors and stars receive such tremendous salaries, and they do, is because the law of supply and demand is in effect in this business as well as in any other.

Many men feel that without any adequate training they can become motion picture directors; almost every girl in the country is quite sure that with proper backing she would be a very successful screen actress, and there are not wanting thousands of young men to pose as heroes or villains. Few who take the test at the studio are successful. Nearly always the camera reveals certain defects not ordinarily noticeable, but which would be a bar to screen success. We say "They do not film properly."

It has frequently happened that with some money, a combination will be formed and make, say one picture. If it is successful it may well be the nucleus of a new producing unit, but the chances of success in such instances are exceedingly small and certainly such enterprises are of very doubtful credit value. To direct a picture properly there must be a combination of artistic ability, of executive force and of knowledge of the public which can only be gained by long service in a studio.

Before starting the production of a picture the "rights" must have been acquired, which means that they must be purchased from the author, publisher or whoever it is that may own the rights to any book or play. Often the purchase of the rights involves a very substantial sum of money. While the rights to some pictures are acquired at as low a figure as a few thousand dollars, others, that are considered unusually good subjects may run to one or two hundred thousand. The rights to "Ben Hur," for example, have been held at one million dollars.

THE MECHANICS OF PRODUCTION

The rights secured and the director appointed, the scenario writer reduces the story to proper form and in due time the cast is assembled and the picture made. We will not dwell on this at length, but in taking the scenes the negative sometimes runs 50,000 or 60,000 feet for a picture, which will afterwards be cut to 5000 or 6000 feet. A reel is usually 1000 feet. It is at this point that the greater part of the studio savings can be made. Some scenes which cost a considerable amount of money to develop are afterwards eliminated entirely or only shown as a "flash." If these had been avoided at the start a large part of the cost could have been saved, and it is in the power of the scenario writer and the director by visualizing their story at the start to make their cutting at the beginning be-

fore the expense has been incurred, rather than afterwards. The cost of pictures has been steadily mounting. At one time they could be made for \$15,000 or \$20,000, whereas the average today is nearer \$200,000. It is true that the "rental" values (that is, the charge to the exhibitor for "renting" the film for a certain time) have increased and that the demands of the public have resulted in more expensive pictures, but it must be remembered first, that the public purse limits the amount that an exhibitor can charge. Secondly this in turn limits the amount an exhibitor can afford to pay as a rental, and thirdly this limits the amount that the producer can expend in any picture, outside of super-specials which are marketed in a different manner.

PRELIMINARIES TO DISTRIBUTION

The "negative" film is kept in the laboratory, working prints or "positives" being made from it. After the production is completed the director makes his "cuts" from the working prints, while the titles are being developed. After a complete working print has been made, the negative is cut to conform and from this negative the positives are then in due time run off and distributed throughout the country for exhibition. These are rented—not sold—and the price of such rentals is graded according to the first, second or subsequent run, the locality, etc. It is not unusual to have the price based on a percentage of the box office in-take. Some companies not only produce but also distribute, and even in a few instances are exhibitors also, having a limited number of theaters in which their plays are shown. This is a species of exploitation and has a great deal to do with insuring a continuous outlet for their productions. Producing companies are also national advertisers on a large scale.

While small companies either rent the necessary studio space or have just enough equipment to produce one picture at a time, the larger companies

have need of a large equipment for studio and laboratory use, where it is possible to have six or more productions developed at the same time. While nearly all pictures have some outdoor locations, the principal part of the picture is taken in the studio, and at the present time in studios without glass roofs. Quite a number of studios that were built with glass roofs have been found almost out of date, and it is not improbable that further changes of this

able expenses in transporting companies to and from location and altogether the up-keep of a modern studio is a considerable item.

DISTRIBUTING THE PICTURE

The distribution is effected by having exchanges in all the key cities, to which sufficient "positives" of each picture are sent to take care of the exhibitors' requirements in that territory. The

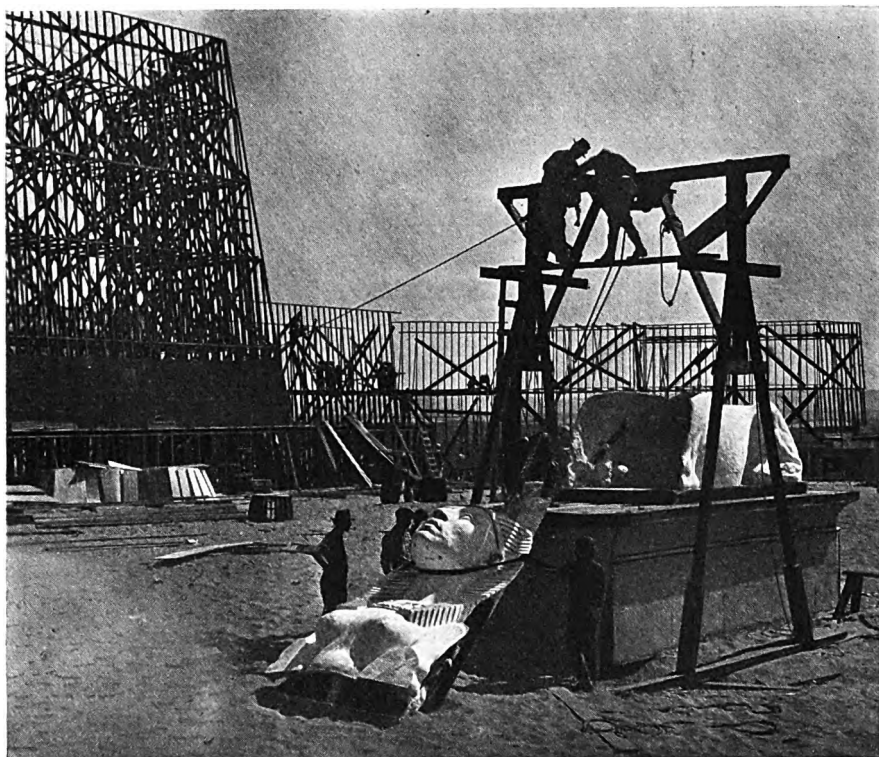


The largest sign on Broadway, erected at a cost of \$40,000 on the Putnam Building, Times Square, where the Famous Players-Lasky Corporation plans eventually to erect a huge office building and theatre. "The Ten Commandments" sign burns 235 kilowatts per hour as compared with 93 kilowatts per hour for the famous Wrigley sign above

kind may occur. The large amount of electric power necessary for the lighting effects means special construction usually to allow for carrying such power, and in addition there are the expensive lights, wardrobe, properties and sets to make up what in any other business would be called "a thoroughly equipped factory." Motion picture people, however, dislike to look upon the studio as a factory and view their business more from the artistic side. There is, however, a broad analogy and the well equipped studio turns out its product in very much the same manner as a factory, the artistic part of the production being added. There are also consider-

salesman secures from the exhibitor contracts which whenever possible also show the "playing date" and the picture is then "booked" with that exhibitor for a certain date on which the exhibitor will "play" the picture. The salesman secures a deposit on the contract and before the exhibitor plays the picture he is expected to pay the balance due in cash. The business is therefore on a cash basis. A very few large exhibitors are allowed a week's credit, but never more than that.

All this immense organization has been built up to take care of this new industry and as time goes on its efficacy becomes more and more firmly established. There are two or three



The 1500 pound head of the 5 ton sphinx being raised into position to form part of an imposing avenue of 24 sphinxes. In the background is a reproduction of the palace of Pharaoh, Rameses II, in process of construction. This reproduction of Pharaoh's palace is over 100 feet high and 1000 feet wide. All the work shown here is a part of the setting for the picture "The Ten Commandments"

points which should be mentioned—one being that the cost of a picture does not control to any very great extent its selling price. It is conceivable and frequently happens that a picture costing \$100,000 will bring in more than one costing \$200,000. The public response gauges the result.

The foreign business is of great value and of ever growing proportions, but has, however, serious problems of its own to contend with. It has been often considered that the foreign business is mostly "gravy," because quite a number of companies write off the entire negative value against the domestic business, leaving the entire foreign proceeds, less distribution expense, to stand as a profit.

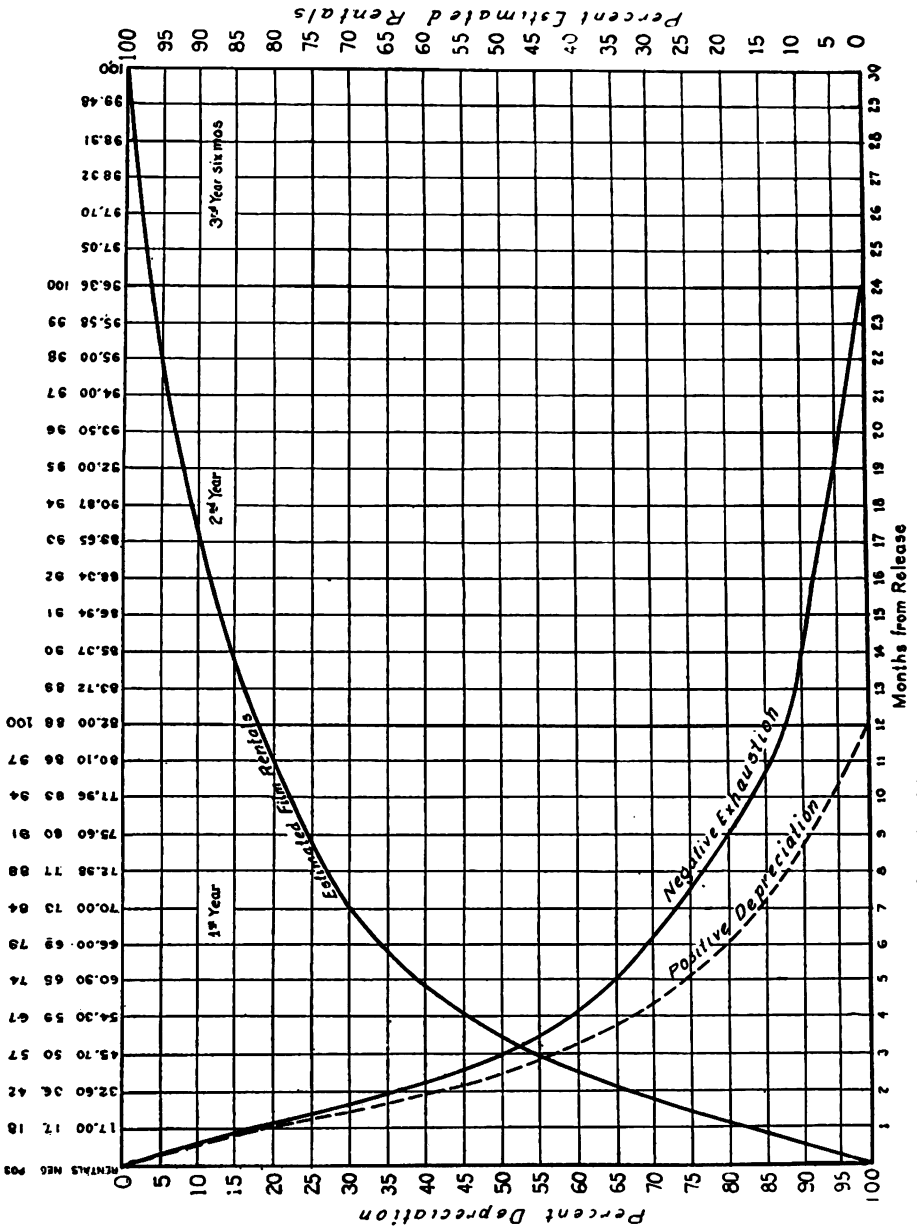
TAKING THE INVENTORY

The chief factor, however, that the bankers will want considered at some

length, is that of the inventory. This consists of the negative and positive values of pictures and can best be understood by the following definitions and divisions:

The "negative cost" of a picture is made up of *all* the expense that has gone into its production, including "rights," time of stars and directors, location expense if any, time of carpenters making sets, wardrobe expense, salaries of "extras," studio overhead and home office overhead (executives, etc.). The negative cost also frequently includes "carrying time," or the payment of salaries between pictures. A star or director may have a few weeks waiting period until the next picture is ready and salaries paid him for the interval are included in the next picture's negative cost.

The "release date" is the time the



Negatives are depreciated in two years and positives in one year according to the above chart

*On they raced to a watery grave—the
finest chariots of Pharaoh—six hundred
strong and the Red Sea closed over them—
a sight you can never forget!*

Just one of the tremendous scenes that make

CECIL B. DE MILLES' PRODUCTION

"THE TEN COMMANDMENTS"

THE WORLD'S GREATEST SPECTACULAR MELODRAMA

STORY BY JEANIS MAC PHERSON—OPERATIC MUSICAL ACCOMPANIMENT BY KESSEING

PRESENTED BY ADOLPH ZUKOR AND JESSE L. LASKY AT THE

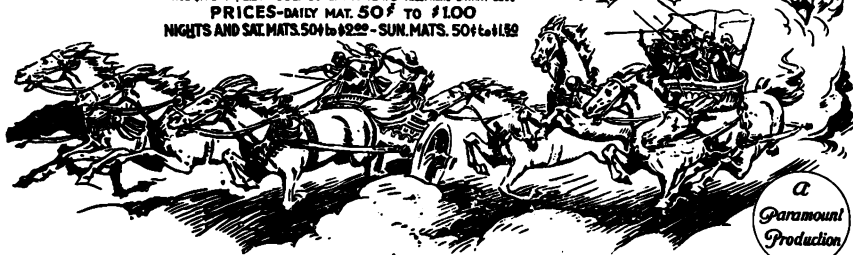
GEORGE M. COHAN THEATRE

BROADWAY AT 42ND STREET

THICE DAILY AT 8:00—8:30—8:50—SUNDAY MATS. AT 2—TELEPHONE BRVANT 0393

PRICES—DAILY MAT. 50¢ TO \$1.00

NIGHTS AND SAT. MATS. 50¢ to \$2.25—SUN. MATS. 50¢ to \$1.50



ALL SEATS RESERVED—ON SALE 4 WEEKS IN ADVANCE—

One of the newspaper advertisements which is helping the box-office men to sell standing room at every performance. During the week this advertisement appeared \$5,843 was spent for space in the New York daily newspapers alone

picture is first generally shown in "first run" houses throughout the country. A "pre-release" in one or two houses usually comes before this, usually on Broadway, for exploitation purposes.

RESIDUAL VALUE

"Residual value" is the amount left in each picture after the standard depreciation has been made. This is a most important matter to understand as to a large extent it is the key to the accounting system. It is also the reason why the inventory of a picture company need not be depreciated or marked down. This is done automatically each month and is based upon the flow of cash coming in from rentals; in other words, the attempt is made to depreciate the negative in the same ratio as the cash returns. Within three months for example 50 per cent. of the cash return expected should be received and therefore the negative cost is depreciated 50 per cent.

In one year the automatic deprecia-

tion equals 88 per cent. and in two years 100 per cent. There are many pictures that bring in rentals after two years, but even so they are carried on the books at one dollar. This "concealed asset" amounts to a very respectable figure. Positives are written off monthly to aggregate 100 per cent. per year. The chart accompanying this article gives a bird's eye view of the subject of depreciation, which might be aptly termed the key to the motion picture industry.

The inventory then consists of: 1. Full cost so far expended of pictures in process of production. 2. Completed pictures awaiting release (full cost). 3. "Residual value" of released pictures which month by month are being automatically depreciated according to the schedule. None are over two years old. 4. Positive prints, also depreciated monthly and none over one year old.

The writer will be glad to answer any questions which may occur to readers of THE BANKERS MAGAZINE, as the executives of motion picture companies are deeply anxious to have their indus-

try, in all its phases, understood by bankers and the public generally.

NEW ACCOUNTING METHODS

As an indication of the serious attention that is being given to the fiscal side of the industry, the committee on banking procedure and finance of the Motion Picture Producers & Distributors of America, Inc., was formed some time ago, consisting of the accounting officers of the producing and distributing companies which are members of the Hays

organization. As a member of this committee, the writer was interested in the setting up of what might be termed a "best practice" general balance sheet, to which was appended a description of various credits and charges making up the items appearing on such a statement. Readers of this article who are unfamiliar with the accounting problems of the motion picture industry will, the writer believes, be interested in examining this statement, which follows:

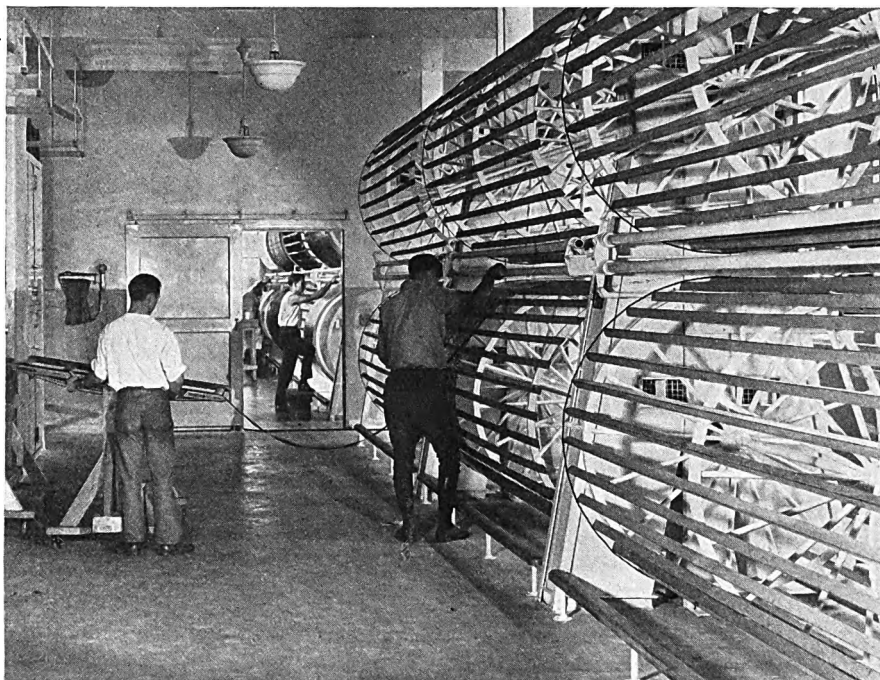
ASSETS

CURRENT AND WORKING ASSETS:

1. Cash		\$0,000.00
2. Notes and bills receivable—less reserve		0,000.00
3. Accounts receivable—less reserve		
a. Domestic—film customers only	\$0,000.00	
b. Foreign—film customers only	0,000.00	
c. Advances to affiliated companies	0,000.00	
d. Sundry accounts receivable	0,000.00	0,000.00
4. Advances to outside producers—less reserve		
a. Completed pictures currently exhibited (secured by film)	0,000.00	
b. Completed pictures not released (secured by film)	0,000.00	
c. Pictures in process (secured by film)	0,000.00	
d. Pictures in process (unsecured by film)	0,000.00	0,000.00
5. Inventory, negatives, positives, advertising material, etc.		
a. Completed pictures currently exhibited—at residual value	0,000.00	
b. Completed pictures not released—at cost	0,000.00	
c. Pictures in process—at cost	0,000.00	
d. Raw film and studio supplies—at inventory value	0,000.00	
e. Saleable advertising material—less depreciation	0,000.00	
f. Rights to plays, stories, scenarios—at cost	0,000.00	0,000.00
6. Marketable securities		
a. Government bonds—at cost	0,000.00	
b. Other securities—at cost	0,000.00	0,000.00
TOTAL CURRENT AND WORKING ASSETS		\$00,000.00

OTHER ASSETS:

7. Deposits on contracts		
a. Cash deposits on leases, etc.	0,000.00	
b. Liberty bonds, deposited	0,000.00	0,000.00
8. Investments—at cost		
a. Investments in affiliated companies	0,000.00	
b. Other investments	0,000.00	
c. Bills and loans receivable	0,000.00	0,000.00
9. Land, buildings, leases and equipment		
a. Land—at cost	0,000.00	
b. Buildings—less depreciation	0,000.00	
c. Leaseholds—less amortization	0,000.00	
d. Furniture and equipment—less depreciation	0,000.00	0,000.00
10. Deferred charges		
a. Prepaid insurance	0,000.00	
b. Prepaid rent	0,000.00	
c. Prepaid interest on notes payable	0,000.00	
d. Prepaid real estate taxes, etc.	0,000.00	
e. Bond and mortgage discount, unamortized	0,000.00	
f. Organization expense, unamortized	0,000.00	
g. Other	0,000.00	0,000.00
11. Goodwill		0,000.00
TOTAL OTHER ASSETS		00,000.00
TOTAL ASSETS		\$000,000.00



Film drying rooms in the new Paramount film laboratory in Hollywood. After being washed and dyed the film is wound around these huge drums where it dries in air of a definite temperature and humidity

LIABILITIES			
CURRENT LIABILITIES:			
12. Notes payable			
a. To banks	\$0,000.00		
b. To others	0,000.00	\$0,000.00	
13. Accounts payable			
a. Trade accounts	0,000.00		
b. Miscellaneous	0,000.00	0,000.00	
14. Owing to affiliated companies		0,000.00	
15. Taxes, payrolls and sundries			
a. Taxes, other than Federal income	0,000.00		
b. Payrolls	0,000.00		
c. Sundries and interest accrued, etc.	0,000.00	0,000.00	
16. Owing to producers and authors			
a. Outside producers	0,000.00		
b. Authors	0,000.00		
c. Pictures and rights purchased	0,000.00	0,000.00	
17. Federal income taxes (previous year)		0,000.00	
18. Reserve for declared dividends			
a. On common stock, payable	0,000.00		
b. On preferred stock, payable	0,000.00	0,000.00	
TOTAL CURRENT LIABILITIES			\$00,000.00
OTHER LIABILITIES:			
19. Mortgages on real estate		0,000.00	
20. Bonded indebtedness		0,000.00	
21. Liabilities due after one year		0,000.00	
22. Advance payments on film rental self-liquidating.....		0,000.00	
23. Reserves			
a. For contingencies	0,000.00		
b. For Federal income taxes for current year (estimated).....	0,000.00	0,000.00	
24. Interest of minority stockholders in affiliated companies.....		0,000.00	
25. Capital			
a. Common stock outstanding	0,000.00		
b. Preferred stock outstanding	0,000.00		
c. Surplus	0,000.00	0,000.00	
TOTAL OTHER LIABILITIES			00,000.00
TOTAL LIABILITIES			\$000,000.00
Contingent liabilities	0,000.00		

ASSETS

Definitions

1. Represents cash wherever located.
2. Maturing within one year from date of statement. Any items maturing after one year to be included in Investments.
3. a. Self-explanatory.
b. Self-explanatory.
c. Represents all receivables from affiliated companies, including accrued interest and dividends receivable.
d. Includes all other receivables not detailed above.
4. a. and b. Represent all advances for film manufactured outside; liquidated currently by withholding producers' share of rentals.
c. and d. Self-explanatory.
5. a. Represents actual cost depreciated on a scale proportionate to each company's experience table of income receipts.
b. Self-explanatory.
c. Negatives in process, studio deferred charges, and positive prints in process.
d. Also includes costumes, properties and scenery at studios.
e. Represents accessories sold when film is rented, depreciated on a scale proportionate to each company's sales experience.
f. Represents cost, if marketable or usable.
6. a. U. S. Liberty Bonds, etc.
b. Represents securities, other than Government, which are readily marketable.
7. Represents deposits required of company as security on contracts, leases and public utilities, etc.
8. a. Schedule.
b. Schedule.
c. Maturing after one year from date of statement.
9. Less depreciation—separate for exchanges, theaters and studios.
a. At cost.
b. At cost, plus carrying charges during construction.
c. Amortized over life of leases (does not include renewal).
d. Depreciated at estimated life.
10. Charged currently to expense.
11. Detailed schedule.

LIABILITIES

Definitions

12. a. and b.—If past due, state amounts and circumstances.
13. a. and b.—If past due, state amounts and circumstances.
14. For current accounts payable.
15. a. Include admission, excise and other taxes accrued and unpaid.
b. Accrued payrolls unpaid.
c. Self-explanatory.
16. For royalties and rentals payable to producers and authors after previous advances, if any, have been recouped.
17. Represents Federal income taxes on previous year unpaid.
18. Self-explanatory.
19. Separate for studios, exchanges, theaters, etc., and state due dates and on what assets a lien.
20. Separate for studios, exchanges, theaters, etc., and state due dates and on what assets a lien.
21. Self-explanatory.
22. Represents advance payments on pictures booked, returnable in service, frequently transferred from contract to contract.
23. Self-explanatory.
24. With respect to capital and surplus.
25. Exclude or deduct treasury stock.
26. Give details. If accounts or notes receivable have been sold, discounted or assigned, furnish all particulars.



"THE Constitution of the United States is the final refuge of every right that is enjoyed by the American citizen, and so long as it is observed those rights will be secure; whenever it falls into disrespect or disrepute the end of orderly organized government, as we have known it for more than 135 years, will be at hand. . . . The Constitution represents a government of law; there is only one other form of authority, and that is a government of force. . . . The Constitution is not self-supporting. If it is to survive it will be because it has public support; it means making adequate sacrifice to maintain what is of public benefit. . . . To live under the American Constitution is the greatest political privilege that was ever accorded to the human race."

—CALVIN COOLIDGE.

The Part of the Automobile Financing Company in Our Credit Structure

By Emlen S. Hare

Vice-president Hare & Chase, Inc.

BANKS are largely dependent on the deposits of the people for their funds, and automobile finance companies are largely dependent on the banks for their funds.

Through experience the people have come to consider the banks as 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.

The above is a natural condition in view of the very recent entry of the automobile finance company into our business life and a consequent lack of understanding as to its purpose and functions.

Many of our larger banks operate branches not only for the convenience of their depositors and the diversification of their business, but to enable them to expand and handle efficiently, business comprised of smaller units. It is our belief that just as the branch supplements the larger bank, so the automobile finance company—in matters pertaining to automobile finance—supplements our commercial banking system.

The following article reproduced from the Federal Reserve Bulletin under date of January, 1923, touches on reasons for the automobile finance company and the functions it must fulfill to supplement commercial banking. Further, it points out why the details of these functions would be too expensive and extensive to be undertaken by the banks themselves.

"In their fundamental characteristics finance companies date back both to the earlier money lenders in the large centers and to the 'factors' which for fifty years or more have operated largely in the textile industry. The former were

chiefly individuals who advanced funds and took whatever security seemed most satisfactory. Factors often combine finance and merchandising by making sales for the mills which use their services and by advancing funds to the latter for manufacturing operations. These advances are made largely against the manufacturer's bills receivable, which are assigned to the factors.

"The money lender and the factor still remain, but the business of finance companies has been placed upon a more scientific basis and is now recognized as distinct and separate. Their business has tended more and more to resemble the practices of commercial banks. The relation between the two closely resembles that between cattle loan companies and banks.

SUPPLEMENTARY WORK OF FINANCE COMPANIES

"There are in the United States a vast number of companies and individuals whose resources, or apparent credit risk, do not measure up to the standard required by banks. It is largely these that the finance company is called upon to finance.

"It does not necessarily follow that such subjects are not good credit risks, but merely that in so far as the bank is able to investigate, they do not fulfill the usual requirements. In addition, payment of the loans made to this class may be spread over a longer period than that for which a commercial bank will advance funds. The payments, too, are probably in small lots, such as installments, which must be carefully watched and rigidly collected when due. Collateral offered as security is in small lots, such as a group of small accounts receivable.

"As a result, commercial banks find

this class of business unprofitable at the usual rate of interest. If they charged more, it would lead to legal difficulties in some cases, and nearly always to dissension among those borrowers who have to pay the higher rate.

"Finance companies, however, by dealing only with this class of customers, can charge more without causing dissatisfaction among customers. This increased income enables them to carry the investigation further and to protect themselves in making a loan and also to watch developments after the loan is made. In short, finance companies are an intensified part of our commercial banking system.

"The organization which has been developed by finance companies to assume such a place in our financial structure is not on the whole different from that found in connection with the loan function of commercial banks. The credit work is along identical lines and is carried out through the same sources. Connected with one loan, however, there will be in most cases relatively much more credit work, especially in connection with discounting receivables.

"No pyramiding of loans is possible inasmuch as the companies do not accept deposits, and so they actually reduce their cash positions when extending loans. The collections of loans require additional detail work. Payments may be made on an installment basis as in the case of automobile financing, or they may be made in small lots at irregular intervals as the accounts fall due. Close supervision is essential in either case.

"Through the ability of finance companies successfully to carry out such closer supervision, they are enabled to supplement our commercial banking system and to make for themselves a distinct economic position in our financial organization."

The endeavor of the country's credit structure is to see "production" and "demand" parallel each other just as closely as possible.

NEED OF UNIFORM PRODUCTION

In the case of a manufacturer of a finished article—such as the automobile—it is necessary to make commitments for materials several months in advance of deliveries. The demand for automobiles will always be more or less seasonal, yet it is highly desirable from the standpoint of efficiency (which affects price) that the manufacturer maintain as closely as possible a uniform rate of production each month of the year.

To do this requires either an unduly large amount of capital invested in his business, or his dealer's business (his dealers are his only customers) or both, or he must obtain credit during those seasons when the demand of the ultimate consumer is less than the average for the year and therefore less than the annual average of manufacture.

While over-production is bad for everyone it is mostly so for the manufacturer himself, therefore the manufacturer who is successful, is anxious for all valuable information which will assist him to decide on proper commitments. In this, his best guide is the estimates of his dealers, yet if depression comes and cars are hard to sell, history shows that dealers refuse to take the number the manufacturer has produced and which they estimated they could sell, the result being that the inventory on which credit has been extended is piled up at the factory where it is infinitely harder to liquidate than if it had been completed and distributed to hundreds of dealer sales outlets, in proportion to the potential market of each dealer's territory.

It is only when a car has been bought and paid for by the dealer that the manufacturer has any real assurance that he can effect delivery to the dealer and thus place the car where it will be offered to the ultimate consumer, whose payment finally liquidates the credit or money involved.

REGULAR MONTHLY PURCHASES MADE POSSIBLE

Manufacturers cannot hope to have a dealer organization capable of paying for and carrying the winter season's production of cars (which is necessary to meet the spring demand) unless credit facilities are extended to these dealers. Where this is the case the dealer backs his estimate of sales by regular monthly purchases, and having done so he is for the first time really committed to sell them. If in the first case (where the manufacturer "holds the bag") the dealer refuses to take his estimate, we have a frozen credit all in one place, namely the factory.

In the second case where the dealer has obtained credit and bought and paid for the cars, the credit, in case of depression, is very much less frozen, as the cars are broadly distributed in comparatively small lots with the dealers, who, having bought them, must sell them and will do so even though depression may necessitate a longer period to sell than was anticipated.

In this case the manufacturer may cease operations until his dealers have marketed the cars on hand. To suspend under such circumstances means to avoid excessive inventories and indebtedness, while at the same time the manufacturer knows that the many smaller loans of his dealers are practically certain to be liquidated by the sales which they are in a position to make to the public; must make if they are to survive, and therefore probably will make. The manufacturer himself would never be in a position to make them and the dealers certainly would not make many of them if they were not committed.

Actual purchases by dealers during the "off seasons" are a much more useful guide to production than the mere estimates of dealers who are not financially able to take the winter cars necessary to meet the spring demand. Such dealers, in estimating, always feel that if they have overestimated it will cost them nothing, and that by estimating liberally they will best insure cars being produced by the factory during the win-



EMLEN S. HARE

Vice-president Hare & Chase, Inc.

Mr. Hare entered the automobile business in the summer of 1906 and continued in that business until the summer of 1922. He then became associated with Hare & Chase, Inc., which was formed in 1917 for the purpose of financing automobile sales made on the time payment plan, this company being an off-shoot of the insurance firm of Hare & Chase established in 1867.

During his automobile experience he has held the following positions: Vice-president Commercial Truck Company of America, Philadelphia, Pa.; president Packard Motor Car Company of New York; vice-president Packard Motor Car Company, Detroit, Michigan; president Hare's Motors, Inc.

ter in ample volume to fill their spring retail orders, if they get them.

If we are correct in believing that the middleman who invests in the goods is a better judge of the buying power of his territory than the manufacturer, and in event of error is in the best position to liquidate, then it naturally follows that credit may most efficiently be extended to the dealer.

SOURCES OF DEALER'S CREDIT

This credit may come from two sources, i. e.—1. His bank. Loans within the line of safety as shown by his

financial position as well as by his average deposits. 2. *The automobile finance company.* Loans against cars as collateral.

Beyond a loan such as the bank is justified in making, a great deal of care must be exercised (as touched on above in the article from the Federal Reserve Board) as this loan is very largely dependent for satisfactory liquidation on the ready salability of the car.

For salability to be assured, the manufacturer must be in a strong financial position, with no likelihood of forced liquidation which might make a hasty price reduction necessary. The dealer must have sales ability as well as honesty of purpose. The product must be excellent and of established worth. The potential market in the dealer's territory must be capable of absorbing within a reasonable time the total number of cars purchased by the dealer.

As it is only under conditions such as the above that the better finance companies will lend dealers, the finance companies (studying only and always the automobile industry) become of value only to the better dealers, and in so doing assist the manufacturer in determining the proper production.

It is not only obvious that the above method is the right and proper one for the finance company to pursue, but when it is considered that less than twenty manufacturers produce over 75 per cent. of the automobiles, there is obviously no temptation for a sensible finance company to do otherwise.

The above has been largely a discussion of credits to dealers, which is one phase of the activities of automobile finance companies. It becomes apparent that their activities in this phase encourage only sane production.

FIELD OF AUTOMOBILE FINANCE COMPANY

Another activity of the automobile finance company is financing the sales of cars to the ultimate consumer who buys on the deferred payment plan.

We have endeavored to show how a comparatively small loan to each of a

number of dealers with sales facilities, is preferable to a large loan to the factory, and that one or both are necessary because the automobile industry is seasonal.

A still smaller loan to many individuals makes for the liquidation of the dealer's loan, and just as the dealer must invest a proportion of the value of the car, which becomes collateral for the loan, so must the individual buyer. It will therefore be seen that as the loan is spread over many dealers and again over many more individual buyers, the total amount becomes less and the credit risk not so great.

In some quarters the opinion prevails that the finance company makes it possible for individuals who cannot properly afford automobiles to purchase them, thereby discouraging thrift (of which this country is in real need) and increasing demand on an unsound basis. An investigation of the methods of credit investigation of well organized finance companies will show conclusively that this is not so.

It is a rare exception when the credit application of a buyer is approved unless that buyer has a net worth which justifies the credit.

TYPICAL AUTOMOBILE PURCHASER

Finance companies undoubtedly facilitate the sales of the better automobiles, but they do not in our opinion increase them. In this respect the figures quoted by the Cleveland Trust Company are of interest. These figures are based upon many thousands of transactions which show that the typical purchaser of an automobile, more costly than a Ford, may be described as follows:

"He is a married man thirty-three years old.

"He has a bank account and carries life insurance.

"His monthly income is \$350.

"He owns real estate in which his equity is \$5000.

"He has personal property worth about \$2000.

"This is not his first car.

"He bought the previous car on the time-payment plan."

Taking the above findings into consideration it is interesting to note that the price of the average car financed is approximately \$900, and the average loan approximately \$525.

Few men coming under the above description know how to borrow money, and most of them have a praiseworthy objection to drawing on their savings, preferring to pay out of their income rather than capital, even though this means curtailing expenses in other ways.

A few years ago when there were few finance companies and very few indeed whose methods were satisfactory, it was common practice for dealers themselves to accept the notes of individual buyers. They then endorsed these notes and borrowed from their bank as much as possible, using these notes as collateral.

The dealer or the bank was hardly in position to know and see that the proper title was obtained by the proper instrument under the existing laws and conditions, or that proper insurance against fire, theft and conversion was taken. They had no adequate means and experience to determine the proper credit risks or to repossess a car should that become necessary, for neither the dealer nor the bank—with the limited amount of this business that either might obtain—could afford to employ a specialized organization to cover properly the above very necessary functions in the handling of time sales.

SUPPLIES A DEFINITE SERVICE

The automobile finance company fills the above need of banks and dealers. It is in reality a service organization functioning for, and to the benefit of, both. The volume of its business permits of its doing efficiently those things necessary to safeguard banks and dealers at a reasonable charge to the public.

Manufacturers and dealers are dependent on sales to the ultimate consumer for profit and the liquidation of their loans.

About 70 per cent. of the ultimate consumers insist on buying on time. It therefore becomes apparent that the ability of manufacturers and dealers to liquidate bank loans (to say nothing of making profits) is some 70 per cent. dependent on credit being afforded the ultimate consumer.

The automobile industry has suffered greatly from unbusinesslike competition. The manufacturer with a poor product or in weak financial position, or both, invariably has attracted the less desirable dealers. These dealers in an effort to obtain business have been prone to over-allow on "trade-ins," (used cars) thus giving the public a false idea of used car values, which it is hard for the better dealers to offset, with the result that rather than lose sales the better dealer has frequently over-allowed, with sure disastrous results.

The sooner the industry is freed of manufacturers and dealers whose product does not justify its existence on a strictly competitive business basis, the better for the public, the automobile industry and the credit structure of the country. Since 70 per cent. of all automobile buyers use the time payment plan of purchasing, it will be seen that the *automobile finance company becomes a most important factor towards accomplishing this.*

The attitude of the better finance companies will facilitate the sale of the better products against those of less merit, thus tending toward the elimination of the undesirable and toward stabilizing the industry.

CONTACT WITH MANUFACTURER

The automobile finance company dealing solely in the automobile industry is in daily contact directly or indirectly with all manufacturers and dealers handling the different makes. It knows closely what factories are financially strong and well managed and is able to judge this at all times in comparison with other manufacturers. A manufacturer may seem at first glance to be well managed and financially

strong, but not so if studied in comparison with the competitive manufacturer.

The finance company knows what dealers handling what cars are making money, and those handling other cars, that are not. It knows the real attitude and opinion of thousands of buyers of the cars they have purchased. It is on this knowledge that finance companies have come to think of the automobile industry in terms of less than twenty manufacturers and their products.

Undoubtedly a certain number of cars are purchased by people who would be much better off without them, and by a certain number of people who do not require them except for extreme convenience. Unfortunately this class appears unduly large, as its members are associated more closely with business executives and people whose opinions are of value than with the great majority of automobile buyers who need cars for useful personal transportation.

AUTOMOBILES FOR USEFUL TRANSPORTATION

Until ten years ago the automobile was known solely as a "pleasure car." It acquired the name in its infancy some twenty years or more ago and the name has stuck until recently. It is quite as unjust today to term it a pleasure car as to term a "passenger train" a "pleasure train." In fact, the automobile never was a pleasure car. Twenty

years ago when it received that questionable title it was so unreliable as to be far from pleasant, whereas today even the lowest priced cars are so reliable as to justify their being classed as a useful addition to the transportation of the country.

Roads, farms, real estate, suburban homes and many other economic factors have gained immeasurably in value because of the automobile, and while we are far from being sufficient students of economic statistics actually to know, we cannot help but wonder if the many increases in values and efficiency due to the automobile, do not outweigh the investments of the public in automobiles. A man's neighbors, and his opportunity for broadening education, are no longer limited to his immediate home environment.

If the great majority of automobiles—as we contend—serve useful transportation purposes, thereby creating wealth and opportunity, then by all past experiences they deserve financing so that they may be purchased from income and not capital. This is now and has been the approved method of financing water, rail and other transportation.

Aside from the profit to banks through the better automobile finance companies, banks will find the automobile finance companies able to serve them usefully in many ways through their close and constant contact with, and study of, this one great and still growing industry.



Attention is called to Table of Contents describing the various features of this number. See page III of the front advertising section.

The Stock Exchange and the Banker

By Seymour L. Cromwell

President of the New York Stock Exchange

[The following article is taken from an address delivered by Mr. Cromwell at a recent banquet held by the Bankers Forum, New York, at the Hotel Astor.—THE EDITOR.]

BECAUSE of the failure of the public to grasp fundamental facts there is, particularly in times of stress, harsh criticism of the Stock Exchange, and I may add, that the banking system and those who compose it also come in for their share of the hard knocks. It is a popular custom to lay at the doors of financial institutions the blame for many of the upsets which in reality are due to economic causes far beyond our control.

My mail during the past few months has been full of protests against declining prices on the Exchange. My attention has been drawn to the so-called assaults on prices on the part of traders. I have been told of sinister plots against the values of securities. Thousands of people have seemingly been unwilling to acknowledge that there are always in operation numerous external forces which make for decline in values at times, and for increase in values at other times.

The point cannot be stressed too often that the Stock Exchange itself makes values neither higher nor lower. The Stock Exchange as an institution has nothing to do with the making of values any more than a clinical thermometer has to do with making the temperature of a man. The purpose of the Stock Exchange is to see to it that as far as possible the normal operation of economic laws shall have the opportunity to function and register without interference by artificial influence. I admit that to bring that about completely will never be possible, but the aim of the Stock Exchange throughout its history has been to achieve that result, and I believe that continual and progressive success has been realized in the struggle for that attainment.



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SEYMOUR L. CROMWELL
President New York Stock Exchange

These are problems for bankers to grapple with, but they are problems in which the public has a vital interest and upon which it might well be enlightened in order to assure support for the best solution.

The Stock Exchange and the banking system are sustaining props of our entire industrial world. In order that these institutions may remain staunch props, let us bend every effort to interpret them so that the public will appreciate their true significance as agencies for the service of the people and the advancement of the public's welfare.

The Stock Exchange has a special in-

terest in maintaining a sound and honest currency, because it is a security market whose listed stocks and bonds are being exchanged for money every day. In times of business depression, particularly on our farms, the perennial fallacy of currency inflation and "soft money" can be expected to reappear, and it is reappearing today.

The low price of farm products is wrongfully blamed on credit, instead of on what many consider to be the real root of the trouble—the inability of European customers to buy. Our farmers are nevertheless led to think that such an agricultural depression as the present could be prevented by some different system of banking and credit, and consequently are apt to lend a sympathetic ear to radical and unsound proposals to that effect.

MENACE OF CURRENCY INFLATION

Sensitive to all the economic forces and cross-currents of our national business life, the stock and bond markets on the Exchange are particularly affected and menaced by currency inflation. The New York Stock Exchange, as the primary securities market of the United States, would be doing less than its duty to America if it failed to point out the vast danger to the entire American investment public, of current proposals to inflate our money. The Stock Exchange has no more fondness for "watered money" than it has for "watered stock."

The call loan market is sometimes very short-sightedly looked upon as serving to finance mere speculation. In reality it is a fundamental necessity in the distribution of securities, which, like every other commodity, pass initially through the hands of speculative dealers, and thus are carried by speculators of one type or another until purchased and taken "off the market" by investors. In this respect, call funds perform the same services in aiding the distribution of securities as do commercial funds in the distribution of merchandise. Without the continued service of funds in the call loan market as a sort of permanent

revolving fund, the flow of capital into large-scale American industry and commerce would be completely impossible.

For forty years, practically single-handed, the Stock Exchange has fought the bucketshops. Single-handed it drove out of business the old type of bucketshop, the type that never bought or sold securities and simply retained the public's money, and today it is fighting the new and more dangerous kind of bucketshop, more efficient in covering its thefts than the old type, because it buys and sells securities while reversing the operation in dummy accounts, more of a menace on account of the support which it appears to receive from men who are in a position to give it some measure of protection, and whose standing would encourage public confidence in the swindle.

HOW BANKERS CAN BLOCK BUCKETEERS

May I suggest to bankers the exercise of greater discrimination as to whom they shall accept as customers?

Banking facilities are necessary, even to the bucketing crowd. Failure to obtain adequate banking facilities would do much toward restricting their operations. Tighter discrimination by bankers as to the type of security upon which they extend credit would be a handicap to bucketeers. It is well to remember that the character of a man is not to be judged solely by the size of his bank balance. Draw the line tighter against certain types of depositors, and you will be striking a blow at swindlers.

And here I might repeat an aphorism of the head of one of our brokerage houses, who said to the manager of his branch office, "The time to be worried about a man is not when his margin is running low, but before you put his name on your books."

During the past year—perhaps as a natural sequence to the many failures of bucketshops, with consequent enormous losses to the public—there has been a persistent attempt to give currency to the story that the losses to customers of

Stock Exchange houses have formed a large percentage of the total losses.

I have found that the people who have spread the story of large losses of Stock Exchange customers, have merely compiled a list of the liabilities of the houses which have failed, not taking into consideration at all the assets. For the past three years the sales of listed securities upon the Exchange show a percentage of loss to the business handled of just about $2\frac{1}{2}$ one thousandths of 1 per cent.—a proportion of loss to risk so small that I doubt if it has ever been approximated in any other business; and when it is borne in mind that this average loss includes losses from dealings in commodities, unlisted securities and syndicate commitments, none of which is rightly attributable to operations on the Exchange, it will be seen that even that small percentage of loss should be further reduced. As an example, in a recent failure of a Stock Exchange house, with liabilities of nearly \$8,000,000, only \$750,000 (or less than 10 per cent.) was commitments in listed securities, the balance being largely commitments in unlisted securities, and so far as our present information indicates, the settlement in this case will show no losses whatever to creditors.

The remarkably high percentage of cash payments in Exchange failures is well known. The fact must also not be lost sight of, that these cash payments are made after large amounts of securities have been returned to customers. Failures on the Stock Exchange during recent years have not been isolated instances of business insolvency, but were the result of conditions in American business which have brought about failures in all lines of endeavor in even larger proportions, including banking.

TWO MAIN POINTS OF CONTACT

The two main contacts between the banking system of the country and the Stock Exchange are, first, the loans that are made by the banking institutions on securities listed on the Exchange, and,

secondly, the relationship that grows up through the issuing of securities. Upon the Stock Exchange is often placed responsibility for the sins of others.

No one appreciates more than I how important is the role of the issuing houses in the development of our industries. The economic function of the investment banker is so definite that his responsibility is proportionate. His service to the organization of industry with its large capital requirements is essential, but he is apt to exaggerate that service and subordinate his obligation to the investing public. The underwriting price paid for an issue of securities is often so high that the selling companies of necessity must enlist the services of trained salesmen working on commission, and the interest of the underwriters is so absolutely centered on the selling of the particular security and the interest of the salesman is so concentrated on his commissions that the welfare of the investor is lost sight of. I often feel that investors lose their money not so much because prices decline unduly, as because they are persuaded to pay unjustifiably high prices for securities.

The sum total of this is that while funds are gathered in large amounts for the financing of industry, the very necessary function of caring for the funds of those who put up the money is not fulfilled. Incidentally, the search for profits leads to much financing which should never be done. Sometimes the sight of a profitable piece of business leads to the overlooking of the fact that the industry seeking funds is not in sound shape, or conditions within the company itself are slurred over and are not given the importance they warrant. Again, because someone wants to keep voting control or for other reasons, bond issues are put out by companies which, because of the risk of the business, should be financed only by common stock. Risks are placed on investors who are deprived of commensurate return. Financing is arranged for many companies which would better serve the community if they were sold.

to and became a part of larger units. It would be easy to extend the list of unsuitable types of financing, to greater length.

I shall always feel that the interests of the investor could in some way be better safeguarded and I believe that it will mean much to banking when the present method is considerably modified.

FIGHTING FRAUDULENT SECURITIES

While the Stock Exchange has no direct interest in the matter of the issue of fraudulent securities, it has always borne its share of the fight against this evil which has brought so much disaster to the investing public. The methods of the Stock Exchange are simple and effective. In order to study the operation of blue sky laws through the country, a committee of seven members of the Board of Governors sat many months in 1922. They had before them legislators, blue sky commissioners, bankers, members of issuing houses, and all those who seemingly could throw light on this situation.

The findings of this committee covered four volumes, which were eventually boiled down to a concise report, and showed varying conditions of efficiency of blue sky laws, according to localities.

Again, in order to find out the exact workings of the British Companies Act, the Stock Exchange employed investigators in England, who obtained opinions from those who had watched the operation of this act.

I, for one, am convinced that there is much in the British Companies Act which can be made useful for our purposes, although, of course, the fact that we have different laws in different states will make considerable modification necessary; but the general principle that sworn statements must be filed coincident with the issue of securities, and that statements shall give adequate information concerning the flotation and the financial position of the issuing companies or parties, and semi-annually thereafter give information

concerning their operation and earnings, is sound. Officials of companies whose securities are offered for sale would immediately lay themselves open to punishment and could easily be reached by the present laws if they furnished doctored information to bolster up a swindling promotion.

REPORTS OF CONDITION BY COMPANIES

The stockholders of companies are extraordinarily apathetic in their attitude about periodical statements of the companies in which they are interested. I personally believe that we of the Stock Exchange do not take drastic enough action where companies fail to fulfill their obligations to the public in the way of reports. I have little sympathy with the companies which claim that it is difficult to make reports on account of seasonal business, or because they would be giving information to rivals.

I believe that where a company whose stock is listed on the Exchange is reluctant to give to the public such reports, that a public announcement of such fact should be made, giving the stockholders an opportunity to take the matter up for themselves, and if after a certain period the demands of stockholders are not complied with, that then the stock should be stricken from the list.

I realize the loss of confidence in the company that might be entailed by such a procedure, but I believe one lesson of this kind would be sufficient and that from that time on the stockholders of delinquent companies could demand and obtain the information which is their right.

Our railroad companies are compelled by law to give publicity to every important factor concerning their operations. Our greater industrial corporations also set an admirable example in the extent to which they are increasingly giving intimate information concerning their finances.

The normal operation of the Stock Exchange calls for the greatest vigor at

all times in the attempt to secure for the benefit of investors adequate publicity for all pertinent information concerning companies whose securities are listed thereon. Until recently the Exchange never had to concern itself with government securities on any large scale, aside, of course, from those issued by the United States Government. Of recent years, however, there has been injected into the situation an entirely new element, which gives the Stock Exchange much reason for thought. Foreign government securities on a large scale have, during the past few years, been listed. These securities are floated through banking syndicates and sold through distributing houses. At the time they are sold, the responsible banking houses distribute much information concerning the financial conditions prevailing in the countries whose securities are issued. After the issue is floated, however, and the syndicate dissolved, the public has no definite and responsible method of obtaining information concerning the state of financial health of the countries whose securities they have bought or may consider buying.

I feel, therefore, that the Stock Exchange may well impose as a condition of listing foreign securities that from time to time the American investing public shall have placed at its disposal responsible, authoritative and adequate information concerning the finances and budgets of the governments whose securities are offered.

It will always be difficult to protect the small investor, but he must have the information which shall make it possible for him to invest with his eyes open.

THE SMALL MAN IN THE STOCK MARKET

I am often asked what protection the small man has in the stock market. First of all, the small man should not be in the stock market except as an investor. I believe that great harm is done both to the public and to the brokerage business by catering to the man of small means who does not buy outright, and who, after all, must be

only a gambler under the circumstances. Let us leave the small investor strictly to normal and old fashioned investment methods. Remember that the small investor has grown in numbers from a few hundred thousand before the war to many millions today. Temporary profits from the encouragement of trading by such clients are at the expense of good business principles, and, ultimately, at the cost of the business itself.

Individual fortunes in the modern world must produce greater benefits and facilities for everyone—they must ensure a higher universal standard of living. It is the user rather than the owner of wealth who obtains the principal benefits from it. Wealthy men can only direct the uses to which their wealth shall be put, and in general the amount of wealth they possess will be directly dependent upon the efficiency with which their fortunes are made to yield benefits to everyone. It is at this point that the high surtaxes on income in this country have caused so much economic harm. They have largely deprived the owners of wealth of a free and intelligent choice of the uses to be made of their fortunes. Through self-preservation, such large fortunes have been, in the past few years, largely diverted into tax-exempt securities which in the main represent non-productive and wasteful enterprises. This paralysis in the efficient investing of large fortunes has in turn reacted heaviest upon the great masses of the people, who would normally benefit most from their employment in productive enterprises. The men of large fortunes have in most cases succeeded in preserving their fortunes intact, but for the less wealthy rank and file, industrial progress has been perceptibly halted, prices have remained high enough to discourage popular consumption, and the burden of actual taxation has in the meanwhile fallen upon those less able to bear it.

HOSTILITY TO PRIVATE INITIATIVE

There appears to be a growing hostility to private initiative in business,

and attempts are being made—which are partially successful—to impose restraints and restrictions on business and to substitute a political paternalism which is dangerous. It is of little use to protest against this growing tendency toward restraint in business unless we intend to make our protest effective. We cannot expect to eliminate antagonism to business and to private initiative in business if we are indifferent to the selection of the men who are to represent us in the legislatures and in executive offices. It is not necessary nor desirable that we should set up a particular set or bloc and seek to send to the legislatures and to Congress men who are pledged to our ways of thinking and to our plans of action, but we should elect men who have some

economic background, who understand the delicate structure on which business rests and which is so easily disturbed, men who will have the courage to demand a square deal for all sections of the country. I am not preaching partisan activity—I am asking rather for a personal activity which will bring about more representative legislatures and a more representative Congress. Civic indifference promotes rule by a minority, which is unhealthy and dangerous. The task of the Stock Exchange and the task of the banker, as I take it, is to uphold the highest standards of American business. We have many problems in common. Let us work them out intelligently, courageously and in co-operation.



Revisions Made in Questionnaire Sent to New York Stock Exchange Members

SEVERAL new rules have been adopted by the board of governors of the New York Stock Exchange in connection with the filing of answers to the questionnaire covering the financial position of member firms doing business with the public, according to recent reports in the financial district of New York.

Under the new rules, the member firm receives the questionnaire generally on the first of the month, and his answer must cover his position as of the close of the previous month. Under the old system, it is understood, the member generally received notice to file his answers as of a date which was understood to have been ten days from the date of receiving the questionnaire. Under this system the member firm had an opportunity to liquidate weak accounts and "sweeten" its collateral. This opportunity is done away with under the new system.

The latest questionnaires are also reported to contain several new items. The most important addition is one which has to do with the amount of money borrowed by brokers on customers' securities. In this connection the questionnaire says:

"What steps are your firm taking to comply with that part of the resolution of the Governing Committee of July 27, 1921, which declares—'that an agreement between a Stock Exchange house and a customer * * * does not justify the Stock Exchange house in pledging or loaning more of such securities than is fair and reasonable in view of the obligations of the customer to the broker.'"

The Stock Exchange inaugurated the sending out of questionnaires to its members in the autumn of 1922 for the purpose of keeping in closer touch with the financial condition of members, to prevent unsafe practices.

Facts and Views About Banking*

By Henry M. Dawes

Comptroller of the Currency

EARNINGS OF NATIONAL BANKS

IN the past year, notwithstanding the writing off of some \$160,000,000 losses and depreciations, the net addition to the profits of national banks was \$203,500,000, exceeding by about \$20,000,000 the addition to profits in the year 1922. From the earnings, dividends were paid to the amount of \$179,000,000, the maximum amount ever paid in any year in the history of the national banking system, and exceeding by \$13,000,000 the amount paid in 1922.

* * * *

COMPULSORY MEMBERSHIP OF FEDERAL RESERVE SYSTEM

The membership of the state banks is a voluntary membership, and one from which they can, at pleasure, withdraw. The membership of the national banks is compulsory. If a state bank desires to withdraw from the system it has simply to send formal notice to the Federal Reserve Board and proceed independently, whereas the only way the interests controlling a national bank can withdraw from the system is by going out of business as a national bank. This procedure would involve the possibility of considerable loss on the part of the individual national banking institution, and any group of directors would submit to very considerable inconvenience and hardship before following such a course.

It seems hardly necessary to make the assertion that the stability and permanence of the Federal Reserve System would be infinitely greater if its entire membership were on a compulsory basis.

* * * *

NO INHERENT CONFLICT BETWEEN STATE AND NATIONAL SYSTEMS

There is a natural disposition to attribute to national and state banks an antagonistic attitude toward one another.

In states where the two operate on a basis of reasonable equality this does not exist, and there is nothing inherent in the general situation which justifies such an attitude. The flexibility of the national banking system in meeting the diversified conditions in the United States has been very great, but it is doubtful if the law could be so modified as to produce such a degree of flexibility that all of the banks of the United States could operate under one law in such a way as to meet the different community requirements as well as is being done under the present system of national and state banks. The present efforts of the Federal Reserve System are directed toward co-ordinating and reconciling the operations of banks under the various state laws with those of the national banks. As far as general operations are concerned, the one important point upon which the interests of banks operating under some state charters are prejudicial to the interests of the national banks is that of branch banking.

The National Bank Act does not permit national banks to engage in the exercise of general banking functions beyond the limits of the municipalities in which they are located. They can not, therefore, enter the general field of branch banking. Except for the national banks the Federal Reserve System could not have been organized, and if a condition is permitted to develop which should seriously and permanently cripple the national banking system it would be a direct and possibly fatal blow to the Federal Reserve System.

* * * *

OUR GRADUAL BANKING DEVELOPMENT

The development of the American banking system has been an evolution-

*Taken from the Annual Report of the Comptroller of the Currency.

any process, and the pre-eminent strength which it possesses in world finance at the present time is in large measure due to the fact that it took its form in a gradual and orderly way, meeting, by practical adjustment, conditions as they developed. It is distinctly not an adaptation of any foreign system, nor is it a structure conceived and built by any individual or group of individuals at a given time involving the rigid enforcement of a ready-made theoretical plan. Under our system of banking the most stable and most rapid economic development that the world has ever seen has taken place.

From time to time efforts have been made to substitute for the old machinery a system which might seem to be theoretically and technically more perfect. The frontal attacks of the proponents of foreign banking systems have invariably broken down without, in any substantial manner, permanently modifying or affecting the general principles of American banking. The genius of the American people for independence in matters of local self-government is thoroughly ingrained and will never succumb in any clean-cut issue where the choice rests between centralized control and personal and community independence.

* * * *

MENACE OF BRANCH BANKING

Unless the state member banks enter into branch banking there is in my judgment no material divergence of interests between the state and national banks. If, however, state member banks engage in unlimited branch banking it will mean the eventual destruction of the national banking system and the substitution for it, and eventually for the Federal Reserve System, of a privately owned and highly centralized financial control of the banking machinery of the United States.

* * * *

BRANCH BANKING MONOPOLISTIC

Branch banking is in vogue in England, Scotland, Ireland, Canada, Aus-

tralia, New Zealand, France, and other parts of continental Europe. It is understood that it is also in operation in the Latin-American countries. According to figures published in the *Bulletin of the American Institute of Banking* for July, 1923, in 1842 there were in England 429 banks and in 1922 only twenty banks with about 7900 branches. Of these twenty banks, five controlled practically all of the banking of the nation. In Scotland there are only about nine banks with about 1400 branches, and in Ireland about nine banks with about 800 branches.

In 1885 in Canada there were forty-one independent banks. Under the operation of branch banking the number was reduced to thirty-five by the year 1905. According to recent information there are in Canada today only fourteen banks, operating about 5000 branches. There are no independent unit banks in western Canada, in fact none west of Winnipeg. Banking control through the branch system is concentrated in the cities of Montreal and Toronto.

Branch banking is, in its essence, monopolistic. The financial resources of a number of communities are put under the control of a single group of individuals. Funds liquidated in one community may be used to develop other communities at the discretion of the officers of the central bank. The economic development, therefore, of a given territory under the control of a branch would depend upon the policy of the bank. The bank would have the power to retard or to encourage the development of a given community or individual enterprise. In this connection it has been well said that if the sudden creation of great branch banking systems resulted in withdrawing funds from the support of rural communities in order that they may be invested in self-liquidating commercial paper originating elsewhere, then it will be true that sound abstract banking principles will have been applied, but at a cost to the future development of the rural communities that will far outweigh any advantages that may be gained.

NATIONAL BANKS AND THE FEDERAL RESERVE SYSTEM

The national banks of the United States have a record of service and accomplishment without a parallel in the history of finance. No group of institutions operating under a single law has ever marshaled the resources and mobilized the wealth that they have done. In this achievement the operations of all of the component banks have been made to conform as closely as is humanly possible to a single standard. This has been accomplished without developing a rigidity of practice which would interfere with the independent action necessary to meet the requirements of communities, which vary in our country all the way from the fully crystalized and finished state of older settlements to the new pioneering and developing sections. It is not possible that an organization with such a proud record of accomplishments should overnight complacently surrender its independence, or could without a wrench adjust itself to either a subordinate or co-ordinate relationship with any new system, however well conceived and wisely administered the new instrumentality might be.

The Federal Reserve System, on the other hand, is a new conception, controlled by men of imagination and independence and possessing the virile and aggressive characteristics of youth. The national banking system, which has behind it the traditions of sixty years of successful operation, is required to compromise and conform its policies and operations to those of this new organization. It is a situation which must contain the elements of conflict, and the ultimate adjustments can only be made by experimentation, mutual understanding, and a devotion to a common cause.

* * * *

AGGREGATE ASSETS AND LIABILITIES OF NATIONAL BANKS

The aggregate assets of national banks on September 14, \$21,712,876,-

000, were in excess of the amount reported at the date of any call since November 15, 1920, with the exception of December 29, 1922, when the amount was \$21,974,957,000, and show an increase in the year of \$786,777,000.

* * * *

SAVINGS DEPOSITORS AND DEPOSITS IN NATIONAL BANKS

Of the 6083 national banks reporting savings deposits on June 30, 1923, 4437 banks were maintaining separate savings departments. The number of depositors was 9,901,777, the amount of savings deposits, \$3,645,648,000, and the average per cent. rate of interest paid on savings deposits was 3.73. The increase in the number of depositors in the past year was 1,026,689, and the increase in the amount of deposits, \$599,001,000. The interest rate, June 30, 1923, compares with 3.71 June 30, 1922.

* * * *

EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS

Statistics with respect to the profit and loss accounts of national banks in the year ended June 30, 1923, show that the past year has been a profitable one.

The percentage ratio of net addition to profits to capital and surplus was 8.48, compared with 7.79 June 30, 1922, and the percentage of dividends to capital and surplus was 7.47, compared with 7.04 a year ago.

The gross earnings of 8238 national banks in the year ended June 30, 1923, were \$1,049,408,000, showing a reduction since June 30, 1922, of \$17,860,000. These earnings were accumulated from the following sources: Interest and discount, \$939,552,000; exchange and collection charges, \$15,261,000; foreign exchange profits, \$11,296,000; and other earnings, \$83,299,000. From these earnings, expenses paid amounted to \$736,582,000, or \$3,592,000 in excess of the amount a year ago. Salaries and wages paid amounted to \$202,117,000; \$25,685,000 was in payment of in-

terest and discount on borrowed money; \$320,031,000, interest on deposits; \$67,412,000, in payment of taxes; and \$121,337,000, other miscellaneous expenses.

The net earnings after payment of expenses and with the addition of \$51,100,000 recovered on charged-off assets amounted to \$363,926,000, a reduction in the year of \$12,134,000.

Losses charged against net earnings during the year aggregated \$160,438,000, or \$31,952,000 less than a year ago. Of these losses \$120,438,000 were on account of loans and discounts, a reduction of \$14,770,000 in the year; \$21,890,000 on bonds and securities, a reduction of \$11,554,000 since June 30, 1922; and other losses amounted to \$19,011,000, including \$2,064,000 on foreign exchange.

After payment of the losses referred to the net addition to the profits amounted to \$203,488,000, or \$19,818,000 more than in the twelve months ended June 30, 1922. Dividends were declared to the amount of \$179,176,000. The amount of dividends declared during the past year is in excess of the annual dividends declared by national banks in any year since the beginning of the system, and exceeded by \$13,292,000 the amount declared during the previous year.

* * * *

NATIONAL BANK FAILURES

Fifty-two national banks, with aggregate capital of \$3,205,000, were placed in charge of receivers during the year ended October 31, 1923.

* * * *

ORGANIZATION AND LIQUIDATION OF NATIONAL BANKS

In the years covered by the operations of the national banking system, 1863 to 1923, the number of national banks organized was 12,455, of which 8264 are in active operation. Of the 4191 not in existence some 3530 were closed by voluntary liquidation, gen-

erally for the purpose of reorganizing or amalgamating with other banks, national or state. In this sixty-year period the number of failures was only 711, or 5.71 per cent. of the total number chartered.

It is of further interest to note that as a result of careful supervision and of directorial management, etc., the assets and other resources of these failed banks paid to their creditors average returns of approximately 83 per cent., as indicated by the final reports of fully liquidated receiverships, these closed receiverships representing nearly 90 per cent. of the total.

Between December 1913, the date of the passage of the Federal Reserve Act, and November 1923, the number and authorized capital of the national banking associations increased from 7518 and \$1,069,000,000 to 8264 and \$1,343,000,000, respectively, and the total volume of their assets from \$11,301,000,000 to \$21,700,000,000. While in this period the number of banks organized was 1998, the net increase by reason of consolidations, liquidations, etc., was about 750.

* * * *

LABOR BANKS

Banks have been organized which represented in stockholdings and management particular interests, but not until within the last half decade have any been organized in the direct interest of organized labor. It has been stated that at the present time there are about a score of such banks in operation. Officers and members of the Locomotive Engineers' Brotherhood formed in Cleveland the initial national bank by such interests. This was followed by the organization of the Transportation National Bank of Minneapolis, the Labor National Bank of Three Forks, Mont. (by railway employees), the Telegraphers National Bank of St. Louis, Mo., and the Brotherhoods National Bank of Spokane, Wash. Other similar banks in existence were organ-

ized and are operating under the laws of the states.

The organization, rights, and powers of these national banks differ in no respect from those of other national banking associations.

* * * *

FEDERAL RESERVE SYSTEM

Since the inauguration of the Federal Reserve System the resources of the twelve Federal Reserve Banks have grown from \$270,018,000, in November 1914, to \$5,091,267,000 on October 31, 1923.

The gross earnings of the Federal Reserve Banks from November 1914, to June 30, 1923, were \$572,900,000, and current expenses (salaries \$81,800,000 and all other expenses \$71,500,000) totaled \$153,300,000. The annual rate of dividend paid was 6 per cent., as provided by law. The Government has received from the franchise tax \$135,300,000.

The paid-up capital stock of the banks on June 27, 1923, the date of the last report nearest to the close of the fiscal year, was \$109,427,000, and the surplus \$218,369,000.

* * * *

STATE (COMMERCIAL) BANKS

The resources of state (commercial) banks in the several states and territories June 30, 1923, aggregated \$14,162,862,000, an increase in the year of \$1,098,456,000, although the number of reporting banks shows a reduction of 189.

* * * *

LOAN AND TRUST COMPANIES

The abstract with respect to the condition of loan and trust companies for the current year includes the returns from this class of financial institutions in Florida, Kentucky, Oklahoma, and Idaho, heretofore included under the heading of state (commercial) banks. The increase of ninety-three in the number of reporting companies and of re-

sources from \$8,533,850,000 to \$9,499,259,000 is partially due to this fact.

* * * *

STOCK SAVINGS BANKS

The number of stock savings banks shows a reduction in the year ended June 30, 1923, of thirty-seven, but total resources were increased \$206,761,000, or to \$1,790,683,000. Two states, Florida and New Mexico, furnished separate statistics with respect to this class of banks, which were not furnished in 1922.

* * * *

MUTUAL SAVINGS BANKS

The total resources of 618 mutual savings banks on June 30, 1923, were \$6,904,825,000, compared with resources of 619 banks on June 30, 1922, of \$6,351,648,000.

Loans and discounts, including overdrafts, show an increase of \$358,152,000 and amounted to \$3,360,898,000.

Investments in bonds and securities of \$3,186,872,000 show an increase of \$179,579,000, and banking houses, furniture, and fixtures, amounting to \$55,650,000, show an increase of \$6,566,000, while other real estate owned, amounting to \$7,282,000, shows a reduction of \$3,348,000.

Balances due from banks show a reduction of \$4,248,000; checks and other cash items, \$40,000, including clearing-house certificates, and cash on hand, \$5,472,000. Other miscellaneous assets were increased \$21,988,000 and amounted to \$71,744,000.

Surplus funds and undivided profits of \$496,513,000 and \$107,973,000 show respective increases of \$28,320,000 and \$15,777,000.

* * * *

DEPOSITORS AND DEPOSITS IN MUTUAL AND STOCK SAVINGS BANKS

On June 30, 1923, the total number of depositors in mutual and stock savings banks was 13,340,332 and the amount of deposits to the credit of these

depositors \$7,897,909,000. The average balance to the credit of depositors in the mutual savings banks was \$625.26 and in the stock savings banks \$490.22. The increase in the number of depositors was 801,335 and the increase in the amount of deposits \$716,661,000. The interest rates paid by these banks run from 3 to 5 per cent.

Considered in connection with the material increase in the deposits of these banks and in the number of depositors since June 30, 1914, these figures indicate a greater tendency toward thrift and saving by the American people, especially in view of the fact that the deposits of these two classes of banks are 52.20 per cent. of the total savings deposits in all reporting banks.

The increase in deposits of mutual and stock savings banks between 1914 and 1923 was \$2,964,024,000, or 60.07 per cent., and the increase in the number of depositors was 2,230,833, or 20.08 per cent.

* * * *

PRIVATE BANKS

The returns from 604 private banks show total resources of \$165,516,000, a reduction of sixty-nine in the number of banks, and of \$20,015,000 in resources.

* * * *

ALL REPORTING BANKS OTHER THAN NATIONAL

The combined resources of all reporting banks other than national, including state (commercial) banks, mutual and stock savings banks, loan and trust companies, and private banks, aggregated \$82,523,145,000, or 60 per cent. of the total resources of all banks, exclusive of Federal Reserve Banks. The increase in total resources in the year was \$2,803,788,000, although the number of reporting banks was reduced by 208.

* * * *

ASSETS OF ALL BANKS INCLUDING FEDERAL RESERVE BANKS

The total resources of 30,190 reporting banks, including the twelve Federal Reserve Banks, aggregated \$59,072,413,000 on June 30, 1923, and although the reduction in the number of banks in the year was 211, aggregate assets show an increase of \$3,742,198,000.

* * * *

MONEY IN THE UNITED STATES

Of the total stock of money in the United States June 30, 1923, amounting to \$8,603,703,000, approximately 50 per cent. was in gold coin and bullion; about 30 per cent. represented Federal Reserve notes and Federal Reserve Bank notes, and of the remainder, the largest items were national bank notes \$747,440,000 and silver \$761,072,000. Of the stock, 4.46 per cent. was held in the Treasury; national and other reporting banks held 9.08 per cent.; Federal Reserve Banks and agents, including amounts held in Treasury for account of these banks and agents, 40.57 per cent.; and the remainder was in general circulation.

Since June 30, 1914, the monetary stock has increased from \$3,788,800,000 to \$8,603,700,000; population, from 97,927,516 to 111,268,000; and the per capita money in circulation from \$17.89 to \$35.52.

* * * *

BANKING POWER OF THE UNITED STATES

The banking power of the United States June 30, 1923, amounted to \$53,282,800,000 and shows an increase over the amount a year ago of \$8,107,500,000. Of the total banking power, represented by the capital, surplus and profits, deposits, and circulation of all reporting banks, including the twelve Federal Reserve Banks, national banks contributed \$18,084,500,000; banks other than national, including estimated figures for non-reporting private banks,

\$30,180,200,000, and Federal Reserve Banks, \$5,018,100,000.

* * * *

FEDERAL LAND BANKS

On October 31 last the assets of the twelve Federal land banks aggregated \$881,670,000, the principal items of which were as follows:

Mortgage loans	\$775,311,000
United States Government bonds and securities	60,097,000
Cash on hand and in banks	24,708,000

Of the \$42,283,000 capital of these banks the National Farm Loan Associations held \$39,641,000, the United States Government \$2,434,000, and all others \$207,000. The reserve and surplus from earnings were \$4,350,000 and undivided profits \$3,694,000. Farm-loan bonds outstanding were \$808,666,000. The banks' obligations on account of notes and bills payable were \$2,559,000.

The net earnings of the Federal land banks up to October 31, 1923, were \$17,134,000 and dividends paid \$7,155,000.

The capital stock originally subscribed by the Government was \$8,892,000, of which \$6,457,000 has been retired, leaving as heretofore stated the present investment of the Government in these banks \$2,434,000.

During the existence of the Federal farm loan system the total loans closed by the Federal and joint stock land banks numbered 334,564 for \$1,252,000,000, of which 284,095 for \$846,030,000 were by the Federal land banks and 50,469 for \$406,055,000 by the joint stock land banks.

* * * *

JOINT STOCK LAND BANKS

The consolidated statement of condition of the joint stock land banks at the close of business October 31, 1923, shows total assets of \$422,324,000, of which \$382,225,000 was mortgage loans, \$17,308,000 United States Gov-

ernment bonds and securities, \$11,226,000 cash on hand and in banks.

The capital of these land banks was \$32,506,000, with a paid in surplus of \$1,210,000, reserve and surplus (from earnings) \$2,190,000, undivided profits, \$1,092,000; farm loan bonds outstanding, \$340,154,000, and notes payable, \$32,722,000.

* * * *

UNITED STATES POSTAL SAVINGS SYSTEM

Statistics with respect to the operations of the Postal Savings System, furnished by the Third Assistant Postmaster General, Post Office Department, show a reduction in the assets of the system in the fiscal year ended June 30, 1923, of \$4,529,130.26. Assets of \$141,011,730.42 June 30, 1923, consisted of balances in depository banks and with postmasters, aggregating \$62,066,025.91; special funds deposited with the Treasurer of the United States to the amount of \$6,681,655.48; accounts receivable, consisting principally of accrued interest on bond investments, amounting to \$849,118.09, and investments in postal savings bonds and Liberty Loan bonds, aggregating \$71,414,930.94.

The liabilities consisted of \$134,458,105.29 due depositors, represented principally by certificates of deposit; accounts payable, being the amount due the postal service on account of interest and profits, \$5,444,738.58; and surplus funds representing undistributed earnings of \$1,108,886.60.

In the fiscal year ended June 30, 1923, the total earnings of the system, on account of interest and bank deposits, bond investments, and other miscellaneous receipts aggregated \$7,561,312.01, compared with \$6,225,082.38 for the prior year. Interest credited to depositors in the past year amounted to \$2,136,961.44, compared with \$2,267,579.16 for the previous year, and other debits to profit account in the year ended June 30, 1923, amounted to \$200.87, compared with \$2,024.22 for the year ended June 30, 1922, thus

showing a gross profit, exclusive of expenses incident to maintenance of the system, of \$5,424,149.70 for the past fiscal year, or an increase of \$1,468,670.70 over the previous year.

The balance to the credit of 417,902 depositors, June 30, 1923, was \$131,671,300. The reduction in the number of depositors in the year was 2340, and the reduction in the balance due depositors between June 30, 1922, and June 30, 1923, was \$6,065,139.

* * * *

SCHOOL SAVINGS BANKS

Statistics compiled by the savings-bank division of the American Bankers Association, shown by the statement fol-

lowing, indicate considerable progress in this activity.

In the school year 1922-23 the number of towns in which school savings banks were in operation was 491, the number of school buildings in which these banks were operated was 6861, the enrollment was 3,058,435 but the actual number of school children participating was 1,952,392, and the collections amounted to \$10,618,662.73.

The figures for the school year 1922-23, compared with those for the previous year, show an increase of 121 in the number of towns, an increase of 2076 in the number of school buildings, an increase of 656,785 in the number of participants, and an increase of \$4,884,346.63 in the amount of collections.



The Outlook for 1924

By WALTER W. HEAD

President American Bankers Association

THE first of January marks a sharp break in the calendar. In many ways our attention, until we are accustomed to the change, is attracted by the new numeral designating the New Year. Habits lead us to recognize this as a time to review the past and forecast the future although, in fact, there is no break in the progress of our industry and commerce at the stroke of midnight, December 31. Whether for good or evil, the tendencies of the old year project themselves into the new as influences which govern the trend of the times until new forces enter the situation and work a gradual transformation. Thus, if we are to attempt to forecast the future, we must consider the events of the recent past.

The outlook at the opening of the year just closed—1923—was for a year of good business. Looking backward, we must recognize that, although oversanguine expectations were not realized, reasonable hopes for a year of sound progress were amply fulfilled.

The favorable course of business was primarily the result of active domestic demand for goods, a domestic demand sufficient to offset the depressing effect of unfavorable foreign conditions. Stocks of raw materials and of finished products were reduced to a point not out of line with current demand, and continued free production was therefore required to replenish normal current consumption. As a result, employment at good wages was general during the entire year.

The position of the farmer generally improved during the year, although that of wheat farmers continued to be embarrassing. Higher prices for some agricultural products and a tremendous corn crop increased the purchasing power of the farmer, and, to some extent, thereby aided retail and wholesale trade. In the cities a tremendous construction program was carried out, with consequent activity in many industries which produce building materials and related commodities.

Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



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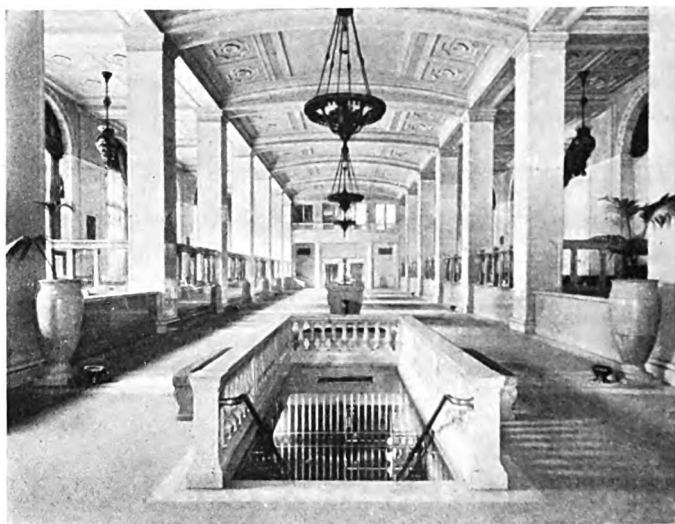
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*THE ENLARGED BANKING ROOM OF THE EXCHANGE NATIONAL
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Banking and Commercial Law

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

Bank Liable in Paying Deposit to Depositor's Husband

Ford v. Ames National Bank, Supreme
Court of Iowa, 195 N. W. Rep. 742.

THE plaintiff, a married woman, received certain real property from her husband by way of gift. She sold the property and deposited the proceeds in an account standing in her name in the defendant bank.

Upon the request of the husband, the bank paid money to him out of the plaintiff's deposit on three different occasions. The plaintiff did not learn of these payments until the total sum of \$1,708.19 had been paid in this manner. Upon learning of the facts, she brought this action against the bank to recover the amount which it had paid to her husband, and it was held that the bank was liable.

The rule in a case of this kind, where a third party claims to be entitled to funds standing in a depositor's name, is that the bank makes payment to the third party at its peril. Where an adverse claim of this kind is made, the bank may retain a sum sufficient to meet the claim, if it is satisfied that the claim is made in good faith. The bank is entitled to take this course for its own protection. But, where it does take this course, it must use diligence in giving notice thereof to the depositor.

OPINION

Action to recover balance due plaintiff for money deposited by her in defendant bank. The case was tried as in equity. Judgment for plaintiff for the amount of the account with interest, amounting in all to \$1,997.13. Defendant appeals. Affirmed.

PRESTON, C. J. There is little, if any, dispute as to the facts. It appears that at and prior to May, 1914, plaintiff

and H. C. Ford were husband and wife and lived at Ames, Iowa. A property was purchased and used as a homestead until May, 1918, when plaintiff moved to Marshalltown. The title was in the husband, and this was known to defendant. There were mortgages on the property. March 1, 1918, the husband left Ames and went to West Virginia as an engineer in the employ of the Government, or a contractor, but not in any branch of the military service. When he left, there was no talk of separation, but it appeared later that there had been some trouble between them. During his absence he seems to have determined not to return to his wife. At any rate he never did so, and two or three years later she procured a divorce from him on the ground of desertion.

Before Ford left Ames, he gave her the property and all its rents and profits, and they agreed that she should sell the property, pay off incumbrances, and that she should have as her own property, the proceeds of the sale. She made a contract to sell the property, and it was sold and deed made. The purchase price was paid, mortgages paid off, and the balance deposited to her account, and in her name, in defendant bank. Prior to this plaintiff had kept a separate account with defendant, but Ford never did any part of his banking business with defendant, and he never drew any checks or made any deposit in defendant bank. On May 5, 1919, plaintiff had a balance on deposit, of \$138.60. On May 28, 1919, she personally deposited \$1025, part of the proceeds of sale of homestead, and on August 11, 1919, the president of another bank who was concerned in the sale and settlement, at plaintiff's direction, deposited the balance of the proceeds to her account in defendant bank,

\$1,239.70. No part of the business of the sale was made or done by defendant, or in its bank. Plaintiff had directed and made all the deposits; none had been made by her husband; and no one had ever checked from her account. The cashier says he knew from hearsay that these funds were from the sale of the homestead. He says that he had no knowledge of how the ownership was adjusted. There was no statement by plaintiff by which the bank was deceived or misled. Nothing was said to her at the time of the deposits as to the source of the fund, nor did she ever make any statement inconsistent with her ownership. On August 3, 1919, in response to a letter from Ford, defendant wired him a part of the money on deposit in her name. Another draft was sent to him August 6, and another draft August 23. He was paid in all out of her funds \$1,703.19. He gave no checks for any of these payments. Plaintiff had no notice or knowledge of such payments until later she drew some checks, payment of which was refused. Coming to Ames, she was there, for the first time, informed by the bank that the money had been paid to her husband.

It is thought by appellant that the legal title to the homestead being in Ford, plaintiff was but his agent in the sale, and therefore the fund was a trust and the husband as principal was entitled to the funds deposited in the agent's name, and defendant had the right to make payment to the real owner of the funds. The trouble with this contention is that under the evidence in this case plaintiff was the owner of the funds deposited. The agreement as to the sale of the homestead had been executed, the money paid to her and deposited by her. It was then her money. It could hardly be said in fairness that the bank and Ford could, by themselves, in the absence of plaintiff, and without her knowledge and consent, adjudicate her rights and determine that Ford was the owner of the funds.

Appellee's propositions are that in a case like this, if claim is made by a third person and the bank makes payment to him, it does so at its peril, and if the claim is not valid the bank is liable to the depositor for the amount so paid. *Jaselli v. Riggs Nat. Bank*, Ann. Cas. 1912C, 119, 31 L. R. A. (N. S.) 763, note; *Patterson v. Bank*, 130 Pa. 419, 18 Atl. 632, 17 Am. St. Rep. 778. A bank having received money from a depositor and credited him therewith upon its books, entered into an implied contract to honor his checks, and is estopped from alleging that the money deposited belonged to some one else, or deny title of the depositor. *Patterson v. Bank*, supra; *Jaselli v. Bank*, supra; *Lock Haven Bank v. Mason*, 95 Pa. 113, 40 Am. Rep. 632; *American Bank v. Gregg*, 138 Ill. 596, 28 N. E. 839, 32 Am. St. Rep. 171; *Hemphill v. Yerkes*, 132 Pa. 545, 19 Atl. 342, 19 Am. St. Rep. 607. The bank, upon notice of an adverse claim, could doubtless, if satisfied that the claim was made in good faith, retain a sum sufficient to meet the claim; still it must exercise diligence in notifying its customer thereof, and in its intention to protect itself. Failure or negligence in that regard, if injury results to the depositor, will render the bank liable if the claim is unfounded. *Jaselli v. Bank*, supra; *Patterson v. Bank*, supra. It has been held that the fact that the bank pays the deposit pursuant to a judgment against it as garnishee of the depositor's husband is not a defense to an action against it by the depositor; not having been a party, she may recover from the bank upon proof that the money is hers. *Townsend v. Bank*, 143 Mass. 147, 9 N. E. 521.

We do not understand appellant to dispute these legal propositions. We think they are in point, and applicable to the case in hand. Further discussion is unnecessary. We are clearly of opinion that plaintiff is entitled to recover. The judgment is affirmed.

Stopping Payment of a Certified Check

Sutter v. Security Trust Company, Court of Chancery of New Jersey, 123 Atl. Rep. 381.

Daniel Sutter, a depositor in the defendant bank, drew a check on the bank for the sum of \$1000. Before delivering it to the payee, he had it certified. And before the check was presented for payment, he notified the bank not to pay it. When the check was presented by the payee, the bank, in compliance with the instructions of its depositor, refused payment.

The payee then indorsed the check to her brother-in-law. And the bank, some time later, paid the check to the brother-in-law upon his signing a written statement to the effect that he was an innocent purchaser of the check for value.

Sutter then brought suit against the bank for the amount of the check and the court held that the bank was not liable. The court reached the conclusion that the brother-in-law was not a holder in due course of the check. Therefore, the bank would have been liable if the plaintiff had shown that the check was obtained from him by fraud or that he had any other defense to it. But, since the plaintiff did not establish fraud or any other defense, it was decided that he had no right to complain of the bank's act in paying the check and could not hold the bank responsible.

OPINION

Suit by Daniel Sutter, Jr., against the Security Trust Company. On final hearing on bill, etc. Decree advised denying relief to plaintiff.

This suit is an action at law brought in the Supreme Court by plaintiff against defendant, and by the Supreme Court transferred to this court because of equitable defenses asserted by the answer.

On Saturday, March 25, 1922, a check was drawn on the Security Trust

Company, a corporation of this state maintaining a banking department, by Daniel Sutter, Jr., for \$1000, and on that day, at the instance of the drawer, the check was certified by the trust company, plaintiff at that time having an adequate checking account with that company. Thereafter, and on that day, the check was delivered by the drawer to the payee. On the following Monday morning, March 27, the drawer of the check requested the trust company to stop payment. On that day the payee named in the check, after being refused payment by the trust company, indorsed the check and delivered it to Edwin R. Mack, a brother-in-law, and Mr. Mack then deposited the check to his credit in his bank in Philadelphia. The check reached the Security Trust Company March 30, and, payment being refused, the check was duly protested—the protest certificate stating that the answer to the demand for payment was “Payment stopped.” On April 6 the check was paid by the trust company to Mr. Mack upon his signing a written statement to the effect that the check had been accepted by him for full value and without notice, and that he was an innocent purchaser of it and that he would so testify if called upon to do so.

This suit was then brought by the drawer of the check against the trust company to recover from it the amount for which the check was drawn.

LEAMING, V. C. (after stating the facts as above).—By our Uniform Negotiable Instruments Act a check is defined as a bill of exchange drawn on a bank, payable on demand, and it is there declared that, except as therein otherwise provided, the provisions of the act applicable to a bill of exchange payable on demand shall apply to a check. 3 Comp. Stat. p. 3755, § 185. By section 187 of that act the certification of a check by a bank on which it is drawn is made equivalent to an acceptance, and by the following section it is provided that where the holder of a check procures it to be certified, the drawer and all indorsers are discharged from liabil-

ity thereon. A holder "in due course" is defined by section 52 of the act, and by section 57 his rights are declared to be free from any defect of title of prior parties and free from defenses available to prior parties among themselves, and that he may enforce payment of the instrument for the full amount thereof against all parties liable thereon.

From these provisions of our act, as well as by the accepted law prior to their enactment, it is clear that had Mr. Mack been a holder of this certified check in "due course" no defenses to his demand for its payment would have been available to the trust company or to the drawer, and any demand of the drawer upon the trust company for payment to be stopped could properly have been disregarded.

But the evidence in this case satisfies me that Mr. Mack was not a holder in due course, and enjoyed no rights, as against the trust company, not enjoyed by the payee of the check. The truth touching the transaction between the payee and Mr. Mack is too obvious to be hidden by mere words. White cannot be made black, even by testimony. I fully believe the truth to be that Mr. Mack did not take the check from the payee in good faith or for value or for his own use, but that he, in fact, took the check merely to collect it for the payee, and did so, not only well knowing that the trust company had refused to pay her, but also knowing why, and that when he got the money on the check by representing himself to be a holder in due course, he paid it to her or to her father for her, pursuant to his original plan. I refuse to do Mr. Mack the injustice to believe that during the period when he was generously contributing to the aid of his sister-in-law he seized upon her misfortune to collect for himself his former contributions to her needs, and that when their relations were wholly unchanged and at the very hour when her needs were necessarily the most pressing.

This view necessitates the inquiry whether the trust company was privileged to pay the check to the payee,

as against the drawer of the check—the plaintiff herein.

As already stated the check was certified by the trust company at the request of the drawer and before its delivery to the payee. Plaintiff further now claims that the check was procured from him by the payee by means of fraudulent conduct on her part. With these two elements concurring, the case clearly falls squarely within the principles stated in *Times Square Auto Co. v. Rutherford Nat. Bank*, 77 N. J. Law, 649, 73 Atl. 479, 134 Am. St. Rep. 811. There the check was given to the automobile company for the purchase price of an automobile, and was certified by the bank at the request of the automobile company. The bank subsequently refused payment at the request of the drawer of the check and suit was thereafter brought against the bank on its contract of certification. The bank sought to defend on the ground that the purchase of the car had been induced by false representations of the manager of the plaintiff. That defense was allowed by the trial court. On appeal it was held that, where the certification of the check is at the instance of the payee or holder of a check, the certification is operative to discharge the drawer from further liability on the check, and to substitute a new contract between the holder of the check and the bank, and no defense of the nature stated is available. But it is there further set forth that, when the certification of the check is for the drawer before delivery of the check, such certification "does not operate to discharge the drawer, and, as long as the drawer remains undischarged, such a defense as that set up in the present case is open both to him and to the bank." While this latter statement may be said to have been unnecessary to the judgment of reversal there entered, it is yet a well-considered and specific statement of the views of the members of our court of last resort, and cannot be properly disregarded here.

It is thus apparent that the payment of this check by the trust company

denied to plaintiff the privilege of asserting his defense to its payment. Upon that theory, if any, the present suit must be sustained.

It is urged by defendant that *State v. Scarlett*, 91 N. J. Law. 200, 102 Atl. 160, 2 A. L. R. 83, is inconsistent with the Rutherford Bank Case already referred to. On the contrary, the opinion of the court in *State v. Scarlett* gives specific recognition to the statement in the earlier case that the discharge of liability of the drawer of a check to the holder may depend on whether the certification has been made by the bank at the request of the drawer of the check before it is issued, or at the request of the holder after the check is issued. But it was held that where the inquiry is simply one of overdraft by the drawer of the check the certification by the bank at his request may be deemed the equivalent of payment. Nor is *First Nat. Bk. v. Whitman*, 94 U. S. 348, 24 L. Ed. 229, cited by defendant, in point. The question there was merely one of privity between a bank and the payee of a check; it was held that a certification of the check created such a privity whether the certification was at the instance of the drawer or the payee.

But, notwithstanding the views already stated to the effect that defendant has rendered it impossible for plaintiff to assert any defense against the payment of the check, it is yet clear that any recovery herein against the trust company for so doing must be based upon losses in fact sustained by plaintiff by reason thereof. The suit is in form and effect for the recovery of such damages. It is accordingly essential to plaintiff's recovery that he establish by adequate evidence his claim that the check was procured by the payee by fraudulent means, or that it was held by the payee without right to enforce its collection from plaintiff. In that plaintiff has failed. Just what the check was given for does not clearly

appear by the evidence. The utmost that appears is that the conduct of the payee after the check was delivered to her was reprehensible and injurious to plaintiff. No counterclaim against her for damages could have been assessed or sustained on the evidence given, and fraudulent procurement of the check has not been established by the evidence. Indeed the engagements of the parties at the time the check was given or for which the check was given are not fully disclosed by the evidence. Whether the misconduct of the payee which has been referred to was touching or in any way connected with any matters for which the check was given does not specifically appear. If fraud is relied on to vitiate the vitality of the check, that fraud must be shown to have been fraudulent procurement of the check as distinguished from a breach of contract after the check was given. It is accordingly impossible for this court to determine at this time upon the evidence before it that any damages were suffered by plaintiff by a denial of his right to defend against the check in the hands of the payee. It seems clear that in a suit to recover damages from the trust company for paying the check the burden rests upon plaintiff, not only to establish facts adequate to disclose that a successful defense in whole or in part could have been made by him to a suit on the check, but also facts affording a basis upon which the amount of loss so suffered, if any, could be ascertained.

This view renders it unnecessary to consider the claim of the trust company that plaintiff's request was for merely a deferment of payment for a few days to enable him to adjust matters with the holder of the check, or the further claim that the written request to stop payment of the check expressly gave the trust company an option not to do so.

A decree will be advised denying relief to plaintiff.



The Chase National Bank

of the City of New York .

57 BROADWAY

Statement of Condition at Close of Business, December 31, 1923

RESOURCES		LIABILITIES	
Cash and Due from Banks.....	\$145,878,115.19	Capital	\$ 20,000,000.00
Loans and Discounts	243,195,590.26	Surplus and Profits	23,706,884.76
U. S. Government Securities	77,372,129.17	Reserved for Taxes, Interest, etc.	1,528,517.67
Other Securities	18,896,825.44	Dividend Payable Jan. 2, 1924	800,000.00
Redemption Fund — U. S. Treasurer	55,000.00	Deposits	437,467,181.36
Customers' Acceptance Li- ability	10,497,616.37	Circulating Notes	1,083,500.00
Other Assets	332,756.21	Acceptances Outstanding	11,035,283.59
	<u>\$496,228,032.64</u>	Other Liabilities	606,665.26
			<u>\$496,228,032.64</u>

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Banking Publicity

Special Section of The Bankers Magazine

JANUARY 1924

Friendly Banking

By F. R. KERMAN

Publicity Manager Bank of Italy, San Francisco, California

MOST COMMUNITIES have experienced in the last few years what may be broadly characterized as an epidemic of friendly banking. In some parts, even now, the ailment has not entirely run its course and probably there are others where the eruption is just starting to break out in the sort of cordial rash that usually is a symptom of the incipient disorder.

I suppose we entertained as complete and well defined a case of friendly banking as any city of equal size in the United States. It must have been, for the record of cases per possibility came pretty close to 100 per cent. But all of us (using "us" as a generic term to designate the whole group of banks and bankers) pulled through with only here and there a slightly limping member, not quite finished with the ordeal of convalescence.

Because we were among the first to suffer the sting or bite or infection—call it what you choose—that is responsible for this wierd malady, there is great likelihood that our experience in diagnosing the affliction will be helpful to those who are in the midst of their difficulties or tottering on the edge of metaphorical confinement.

Without any definite catalog of experience to warn our community, we suddenly rubbed our eyes one morning and blinked, rather abruptly, into the countenance of a perfectly developed hysteria of friendli-

ness. We read friendly copy in our breakfast newspapers, rode down to work surrounded by contagiously friendly car cards, skimmed past friendly billboards, gazed through plate glass at dazzlingly friendly window displays and ultimately were discharged into banking rooms or lobbies that fairly

reeled under the influence of their own friendly inebriation. Realization of the condition was scarcely less astonishing in its suddenness than the scourge itself.

As with so many other troubles, the cure was more readily found when the fault was admitted. All of us had, at some time in the past, detected a false note in the public's understanding of financial institutions. We had given the

(Continued on page 73)



A Story of the "Other Woman"

His wife divorced him on account of the "other woman." In the settlement, she released her dower rights—so that he stood before the law as one "single and unmarried."

A year or two later he sold \$300,000 worth of real estate, describing himself in the deed as unmarried. There being no outstanding "dower rights," he apparently gave good title. The public records were clear, but as added precaution, the purchasers took out title insurance.

Twenty years later this man died. And the "other woman," whom he had secretly married six months after his divorce, came forward with a claim to a wife's share!

Our title insurance policies protected the purchasers of that real estate from disastrous loss. Against such unforeseen complications it is our special province to guard while keeping the title clear and the marketability inviolate.

CHICAGO TITLE & TRUST COMPANY

69 West Washington Street

Assets Over \$17,000,000 • No Demand Liabilities

Attention-arresting headline. Unusual, and appropriate to the purpose of the advertisement, which is designed to bring out the value of title insurance protection.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JANUARY 1924

THRIFT WEEK

THRIFT WEEK is here again. Beginning, as always, on January 17, Benjamin Franklin's birthday, this movement will bring the gospel of thrift before the people, and particularly before the school children, of towns and cities in every state in the Union. The movement is well organized and well planned. It has the unqualified endorsement of men of affairs in all fields of useful endeavor. It is a non-partisan and purely unselfish effort, based solely on economic principles, to hammer home the creed of thrift. It is designed to affect no one organization more than any other, but to be of equal benefit to all.

Each day of Thrift Week has a definite and important objective. This year the objectives are, in the order named: Thrift Day; Budget Day; Pay Bills Day; Share With Others Day; Life Insurance Day; Own Your Own Home Day; and, Make a Will Day.

An outstanding feature of Thrift Week for the last three years has been co-operation between banks and public schools, based on the so-called Detroit Plan, which involves the visiting

of banks by school children.

To cite just one example of what Thrift Week can be made to accomplish in the way of tangible results, take the case of one bank in Madison, Wis., which added 1000 new accounts to its books as a direct result of activities during the course of the movement in January 1922.

Last year at this time there appeared on this page an editorial on Thrift Week, one paragraph of which may bear repetition:

"The country at large still lacks a proper understanding of the real meaning and purpose of banks. The surest way to remedy this situation in a thorough and lasting fashion is to start from the ground up—to center a general educational campaign around children in the public schools. There has been every indication in the past of a willingness on the part of school authorities to co-operate with banks in such a movement. Activities during Thrift Week will serve to intensify this movement. However, the momentum which the movement gains during this period will be largely lost unless the spark is kept alive after Thrift Week itself is past, and this is, primarily, up to the banks."



FRIENDLY BANKING

Has your bank ever suffered from an attack of "friendly bankitis," to coin a term? Or is it, perhaps, now in the throes of this disorder?

Whether or not this malady has spread to your bank you will be interested in reading in the pages of this number of Banking Publicity, F. R. Kerman's article on "Friendly Banking." It not only makes entertaining reading, but it is highly instructive.

Mr. Kerman remarks that his bank was among the first to suffer the infection responsible for the malady, friendly banking, and adds that, because of this, "there is great likelihood that our experience in diagnosing the affliction will be helpful to those who are in the midst of their difficulties or tottering on the edge of metaphorical confinement." He says in conclusion that "friendly banking has proved a not unmitigated curse. It probably took some such heroic visitation to crucible the present high tension branch of human banking that seems to be winning more general acceptance. At all events, friendly banking has been diagnosed, a remedy found, and, in our case at least, applied with highly satisfactory results."



VERILY the banks, if they are to serve the people competently and comprehensively as they should, must make up their 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.—*Fred Ellsworth.*

Day or Evening Service

WHEN late at office, restaurant or theater, the embarrassment of wanting to cash a check is never experienced by depositors of The Hamilton National Bank.

Banking hours: 9 a.m. to 10 p.m.
Open an account with a modern bank in the heart of New York

**HAMILTON
NATIONAL BANK**
130 West 42nd St., New York

A concise and effective presentation of the advantages and convenience of late hour banking service in the theatrical district of our largest city.

Friendly Banking

(Continued from page 72)

situation much thought and discussed possible remedies, only to discard them, until some happy spirit suggested a shot of friendliness. Without more ado and accompanied by much tumult and rounds of back-slapping, the era of friendly banking was ushered in. Bankers everywhere were swept into the current, and in less time than it takes to tell, were bobbing along in full career, having the time of their lives, and not caring particularly whether the procession was headed up or down stream. And then came the morning after!

Well, there wasn't much chance of failing to recognize the fault. It stood out like a skunk at a picnic. The big job consisted in finding out what it really was the banks were after when they accepted friendliness at its face value. A hard siege of recuperation set in. Hard, in that it called for some high-powered thinking, and a large assortment of plain and fancy readjusting.

But it's a bad plague that doesn't breed its own cure, and friendly banking seems to be no exception. After nosing about from all sides, and devising remedies as impractical as they

were ingenious (including rubber-tired spectacles) some banker accidentally tipped over the bottle of smelling salts they had been looking for. There it had stood all the while, plainly marked, with full directions for use in case of emergency.

What they were after was nothing more nor less than that simple, old-fashioned remedy—the Human Touch.

Here's the way we sized it up, after the bandages and arnica had been put away: People—the general run of people—are a little bit careful about acquiring friends. They may run through an entire life time and form only one or two real friendships. Acquaintances? Neighbors? Yes. Friends? No! Well, only after a long and thorough trial—and maybe not then. But they do like a little

Human Touch:—the stranger who doesn't hesitate to smile and say "Good-morning;" the corner grocer who says "The asparagus is particularly good today;" the boot-black who figures the Giants will "cop" the flag again, or the simple soul who just wears a pleasant expression on his face.

But all that isn't friendliness; it's merely a manifestation of human nature.

For many years—I could say generations—banks have been "tucked in" behind their grilled and marbled screens, presenting only a cold and stony front to the attending public. The bankers themselves have withdrawn to somewhat remote sanctums—and only upon the greatest provocation permitted themselves to be lured out into the open. The business of these institutions has been conducted

The ordinary will is not enough

To safeguard the future of your heirs, another step is necessary

IN making a will, ordinarily a man thinks his task is done when he specifies how his property is to be divided among his heirs and appoints his wife or purchases a friend as executor of his estate.

But too often such a will is not enough. Another step is necessary. Further provisions should be made to keep the principal intact and to prevent it from being exposed to mismanagement. For statistics show that the average estate vanishes in less than nine years.

Insuring business management

The value of property of every kind and the income derived from it are ever dependent on factors which may change rapidly and completely. Constant vigilance is essential to security. That's why managing property requires time, experience and business judgment.

To supply business management, an organization of experienced and highly trained specialists has been developed within the Irving Bank-Columbia Trust Company.

A heavy business burden for a friend

An executor of your will and an administrator of your estate are two very different things. Here are a few of the duties of the latter:

1. Take possession of all property and assets of the decedent and the estate.
2. List all property in a complete inventory and submit an account of it.
3. Pay all debts due, taxes, claims, and expenses of the estate, and distribute the balance of the estate to the heirs.
4. Pay debts personal against the estate.
5. Represent and re-construction of funds.

As your executor or trustee, the Irving-Columbia will scrupulously carry out the provisions of your will.

You secure greater safety and economy

It will do this more safely. The business ability of an individual trustee may prove less than you thought. He may be compelled to let personal considerations interfere with his duties as trustee; he may even die and leave the management of the property in less capable hands.

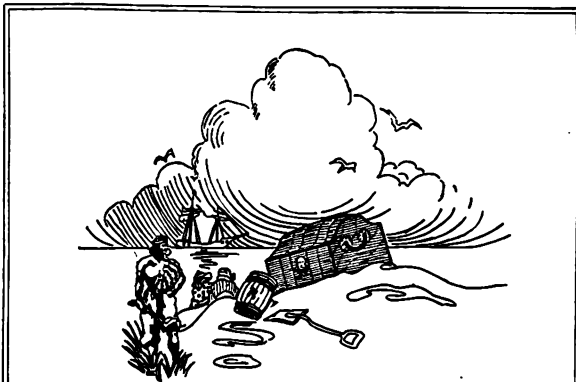
But under the management of our Trust Division, the property you leave will be safeguarded by the continuity in the life of an institution that is permanent and by corporate knowledge and corporate experience that no one individual could possess. And the fee for employing our Trust Division is the same as that due to an individual executor or trustee—the fee being defined by law. The total cost is generally less, for our Trust Division has facilities and services to care for securities, to make collections, in general to handle transactions, at less cost than an individual.

By paying a visit to our office most convenient to you (see list below), you can obtain full information as to how our Trust Division can best serve your individual needs. Ask for our booklet "Business Management for Your Personal Business."

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Carefully planned and constructed trust copy. Run large enough to draw attention to itself readily, and with all unnecessary or superfluous matter eliminated.



The Treasure Wasn't the Only Thing They Buried

In the olden days when a pirate captain wanted to conceal a treasure and feel relatively secure as to its safety, he usually set out to bury it accompanied by four or five trustworthy helpers. But he came back by himself. In harsher words the treasure wasn't the only thing he buried. This was the manner of the late Captain Kidd.

The ancient Egyptians and their contemporaries, being more humanely inclined, satisfied their pangs of mind by merely putting out the eyes of their assistants.

Today when you lock up your valuables, fortunately no such blood-thirsty procedure is necessary, because modern vaults are as safe as the invulnerable gates of hell. In fact, so safe that once the vault door is closed in the evening it is virtually impossible to open it until four time clocks grant permission the next morning. And even then you are further protected by the fact that your box can-

not be opened without your own key—there are no duplicates.

That's modern protection. Nobody undared—nobody blind—and your peace of mind assured.

In a short while you will be going away, and if you are like the majority of folks you will either lock up your house carefully or leave some one "on the place" and worry about your valuables the rest of the summer.

The only real safe plan, as well as the least expensive, if you take into consideration the peace of mind you derive from it, is to rent a safe deposit box, or space in a storage vault, or both.

Here you will find every facility for storing all kinds of articles, from the tiniest diamond to the largest silver chest and the price is certainly within reason—\$2.00 a year and up.

Why not come in today and discuss the matter with our Mr. Thorman?

Vault Department
Hibernia Bank & Trust Company
New Orleans, U. S. A.

This type of illustration, presenting a strong appeal to the imagination, is appropriate only when it ties up well with the copy, as it does in this case, and when it does not deflect the attention from the point which the advertisement is trying to bring out—as above, the advantages of safe-deposit box facilities.

in a stilted manner, bordering upon formality, and whatever original human characteristics may have existed, gradually experienced complete mumification.

It took the bankers a long time to discover that the prevailing order wasn't popular with the customer outside. In fact, many haven't discovered it as yet. But even the more progressive men engaged in banking were slow at first to appreciate the necessity for a change.

But once awakened to the full import of the situation, Oh Boy! The dam was burst in one wide sweep of swelling spirit.

And there followed the era of friendly banking!

So much for the coming of this blight, and the ultimate discovery of the cure. Now let's get down to the remedial treatment: the way in which the salve and healing balm found effective application.

There was no question about the desire of the public to experience a somewhat larger measure of personal contact in the transaction of banking business, and in spite of the recent spree, everyone felt that a return to the old, straight-laced period of architectural conduct, wouldn't do. So an attempt was made to get out on

that oft referred to "middle ground."

Private offices—for other than confidential conferences—were scrapped. Barriers of constrained formality were carted out to the nearest museum, and—most important of all—a new avenue of contact with the public was opened up through the employment of personal representatives. A conscientious effort was made to call on old customers, not in a stereotyped "can we be of more service to you" manner, but rather with full realization of the fact that here was a business acquaintance whose personality was worth cultivation.

The work went even further. Men capable of delivering interesting messages were sent out to stores and factories where they addressed groups of sales people, workmen and executives. They admitted a line of demarcation between

Two suggestions for your trip abroad

1. Carry an Equitable Letter of Credit.
An ETC Letter of Credit enables the holder to convert dollars into the currency of another country at the rate of exchange prevailing that day, and accept it in the hands of the holder of the letter of credit.
Moreover, for the convenience of holders of ETC Letters of Credit, a Foreign Travel Service Bureau is maintained in our Paris Office. This Bureau will purchase needed and reasonably priced arrangements, make hotel reservations and perform many other services in a more free, flexible and expeditious manner.

2. Put your securities in safe keeping.
Many experienced investors regard a Safe Keeping account as a necessary financial safeguard and a measure whereby one can complete a trip abroad safely.

For a nominal sum, The Equitable will hold your securities, valued income and principal when due, and endeavor to advise you of anything affecting your investments—such as opportunities, plans, trends, industry, tax rights and bond ownership privileges.

In brief, this company will act as a responsible financial manager, performing many other helpful services in addition to those mentioned above.

For further particulars, write or call at the nearest office.

THE EQUITABLE TRUST COMPANY OF NEW YORK
37 WALL STREET
COLUMBIA BRANCH
115 N. 4TH ST.

NEW YORK OFFICE
Equitable Bldg. 37 Wall St.

FOREIGN BRANCHES
LONDON: 100, Abchurch Lane, E.C. 4
PARIS: 10, rue de la Paix, 10
FRANKFURT: 10, Mainstrasse, 10

DISTRICT OFFICES
ALBANY: 100, Broadway
BOSTON: 100, Broadway
CHICAGO: 100, Broadway
CINCINNATI: 100, Broadway
COLUMBIA: 115, N. 4th St.
HARTFORD: 100, Broadway
INDIANAPOLIS: 100, Broadway
JACKSONVILLE: 100, Broadway
KANSAS CITY: 100, Broadway
LOUISVILLE: 100, Broadway
MEMPHIS: 100, Broadway
MINNEAPOLIS: 100, Broadway
MONTREAL: 100, Broadway
NEW ORLEANS: 100, Broadway
PHILADELPHIA: 100, Broadway
PITTSBURGH: 100, Broadway
RICHMOND: 100, Broadway
SAN FRANCISCO: 100, Broadway
SEATTLE: 100, Broadway
SPRINGFIELD: 100, Broadway
ST. LOUIS: 100, Broadway
TAMPA: 100, Broadway
WASHINGTON: 100, Broadway
WICHITA: 100, Broadway

Total resources over \$30,000,000

The discriminating use of good pen and ink illustrations, combined with carefully balanced layouts, have served to lend to the advertisements of this bank a distinctiveness which has made them widely known.

old and new customers, but sought rather to appeal to every classification in the hodge-podge business world. No group was too large and none too small to justify this type of personal appeal. Nor were the schools forgotten. In the class rooms of today may be found the business men and women of tomorrow—and the banker's flying squadron overlooked no bets.

A particular effort was made to avoid the use of mechanical appliances in contacting the public. The job of humanizing banking was hard enough under the most favorable conditions, without injecting elements that might prove embarrassing at a later date. Everything that could be done personally—insofar as contact with the customers was concerned—received personal attention.

I think the recent growth and popularity of branch banking finds its root in the endeavor to take the banks to the people; to give a little more of the human touch. It was a revolution against the old order that erected a building in a circumscribed financial district and insisted that any one who wished to carry on banking business must conform to the convenience of the banker. Then too, it may be that a late awakening to the fact that "many mickels make a muckle" had something to do with the new order. Ten people, each with \$100, have just as much money as one man with \$1000.

Of course, a discussion of the re-humanization of banking is incomplete without some mention of advertising. The curve—or graph—that marks the trend of bank publicity, is an interesting index of the development of banking itself. By starting back in the dark ages, when the heavy, black bordered, crepe-hanging, semi-annual statements comprised the venturesome scope of bank advertising, you can trace the prog-

Who's Who in Bank Advertising



SAM P. JUDD

Publicity manager Mercantile Trust Company, St. Louis


UNDER the direction of Mr. Judd the Mercantile Trust Company of St. Louis was the first institution offering diversified financial service to give a thorough tryout to that form of financial advertising now known as "department store" copy. His company adopted a size which measured 260 lines over five columns, and has issued copy of those proportions to the St. Louis daily newspapers since October 1922. This copy has drawn much comment, favorable and otherwise, the principal criticism being that too many points were stressed in one piece of copy. Mr. Judd's answer has always been that his company was trying to put over one idea and one alone, namely, that they were able to render every financial service.

He has been active in advertising and financial circles, having served as the first chairman of the Financial Advertisers Departmental, an organization of St. Louis financial advertising men, and is now a member of the board of governors of the St. Louis Chapter, A. I. B., and is treasurer of the Advertising Club of St. Louis.

"A Tower of Strength"

FOUR OFFICES: ONE BANKERS TRUST COMPANY OF NEW YORK

Complete banking and trust service is available at all offices of this Company, because each office is the Bankers Trust Company.



Downtown Office: 16 Wall Street
Fifth Avenue Office: at 43rd Street
57th Street Office: at Madison Avenue
Paris Office: 3 & 5 Place Vendôme

The advertisements of this bank have long served as models of bank advertising at its best. There is no better known symbol in the field of financial publicity than "A Tower of Strength."

ress of banking in general, through the period of "we beg to announce," down to the days of trick stuff (not so long since past) until you reach the human interest, institutional copy of the present day. The narrative you read in this history of bank advertising, is merely the story of practical banking and the course that has been pursued in gradually framing policies and practices to suit actual conditions.

Let it be said in passing that friendly banking has proved a not unmitigated curse. It probably took some such heroic visitation to crucible the present high tension branch of human

banking that seems to be winning more general acceptance. At all events, friendly banking has been diagnosed, a remedy found, and in our case, at least, applied with highly satisfactory results.

My only thought in setting all this down, is that possibly in other communities bankers may find in our experience something that will help them avoid the worst features of a harrowing experience, or serve as a guide during their travels through that unpleasant, low-pressure area, that lies on the road leading up from the land of friendly banking.


How Banks Are Advertising

VOLUME I. No. 1. of the "Kanawha National Monthly" published by the Kanawha National Bank of Charleston, West Va., marks the entrance of another publication into the field of bank house-organs. Both from a standpoint of make-up and content, this publication presents a very creditable beginning.

The Commercial Savings Bank and Trust Company, Toledo, publishes a very attractively prepared folder on its Christmas Club for 1924. The typography and layout used in the preparation of this folder should lend considerable strength to its pulling power.

This bank also publishes a creditable letter folder bearing the title, "The Winners, 3 of 50." The copy gives an interesting little story of three men who succeeded where many others, with equal opportunities for success, failed.

For completeness and variety of news treating of activities of the bank's employees, "The Buzzer," monthly publication of



4% Interest Paid on Deposits

Get Extra Interest On Your Savings Deposits

1927	NOVEMBER	1927
1	2	3
4	5	6
7	8	9
10	11	12
13	14	15
16	17	18
19	20	21
22	23	24
25	26	27
28	29	30
31		

Money deposited here on or before NOV 3rd draws interest from November 1st

Incorporated 1899

Society for Savings

in the City of Cleveland

PUBLIC SQUARE

Bank Deposit Branch
Home Savings Branch

Free Insurance
Savings Service

Bank Savings Loans
Collateral Loans

A good presentation of the advantages of making a deposit before a certain date. Effective as an incentive to prompt action.

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

of color, accompanied by a minimum of straight-to-the-point copy, set in large readable type, go to make this one of the most effective booklets that has come into this office many a moon. The demand for copies of this booklet has caused a new and enlarged edition to be published.

"THIRTY-TWO Years Ago," a booklet published by the Union Trust Company, Detroit, in commemoration of the thirty-second anniversary of that institution, contains a remarkable panoramic photograph of Woodward avenue, one of the city's principal thoroughfares as it appeared in the year of the bank's founding.



COL. ROGERS HONORED

Colonel A. C. Rogers, advertising manager of the Guardian Savings & Trust Company, Cleveland, has been elected president of the Cleveland Financial Advertisers Association, which has a membership of forty representatives from the banks and brokerage houses of the city. Colonel Rogers was, several years ago, president of the Cleveland Advertising Club.

G. B. BURNETT MAKES CHANGE

G. B. Burnett has resigned his position as advertising manager of California Bank, Los Angeles, to become advertising manager of the Security Housing Corporation of that city. Mr. Burnett has been connected with California Bank for the past two years, having handled general advertising and publicity work for them during that time. As editor of the bank's house organ "U'N'I" his work is well known to bankers both on the Pacific Coast and in the East. Previous to his work in the financial world he was a staff member of the Harrington Porter Company of New York

Bank Advertising Exchange

IMPORTANT NOTICE

This list is being completely revised. All members are urged to correct their mailing lists accordingly. Names will remain on this list with the understanding that those listed are willing to exchange booklets, folders and other publicity matter as issued during the coming year. In order that the fullest measure of mutual helpfulness may be brought about in 1924, every member is urged to live up to this agreement conscientiously and to make a liberal distribution of advertising material.

Albany, N. Y., City Svgs. Bank, F. H. Williams, treas.	Dayton, O., City Nat'l Bank, L. C. Tingley, bus. ex. mgr.
Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy.-treas.	Dayton, O., Dayton Svgs. & Tr. Co., A. C. Jackson, mgr. adv. dept.
Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.	Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
Berkeley, Cal., Berkeley Com'l & Svgs. Bk. G. L. Pape, V. P.	Denver, Colo., Denver Nat'l Bank, G. T. Wells, asst. cash.
Boston, Mass., Internat'l Tr. Co., T. F. Megan, asst. secy.	Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.
Boston, Mass., National Shawmut Bank.	Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
Boston, Mass., Old Colony Trust Company.	Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to pres.	East Moline, Ill., Manufacturers State Bank, F. T. Shearman, cash.
Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.	Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, cash.
Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.	Elmira, N. Y., 2nd Nat'l Bank, Helen E. Mallory, adv. mgr.
Brooklyn, N. Y., Williamsburgh Svgs. Bank, A. E. Leighton, adv. mgr.	Evansville, Ind., Nat'l City Bank, Josephine C. MacCorkle, pub. mgr.
Buffalo, N. Y., Citizens Tr. Co., H. G. Hoffman, treas.	Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.	Flint, Mich., Citizens Com'l & Svgs. Bank, H. E. Potter, asst. cash.
Buffalo, N. Y., Marine Tr. Co., J. A. Edwards, adv. mgr.	Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
Buffalo, N. Y., Peoples Bank, C. R. F. Wichen- den, mgr. new bus. dept.	Flint, Mich., Genesee Co. Svgs. Bank, W. Power, mgr. new bus. dept.
Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.	Gardner, Mass., Gardner Tr. Co., P. O. Ahlin, V. P.
Camden, Ark., Merchants & Planters Bank, P. T. Hildebrand, cash.	Goldseboro, N. C., Wayne Nat'l Bank, W. E. Stroud, V. P. & cash.
Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Auracher, adv. mgr.	Greenville, S. C., American Bk. & Tr. Co., R. Anderson, cash.
Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman, V. P.	Greenville, S. C., Woodside Nat'l Bank, J. L. Williams, V. P.
Charleston, W. Va., Kanawha Nat'l Bank, Lee S. Trimble, tr. officer.	Haverhill, Mass., 1st Nat'l Bank, C. A. Rathbone, V. P.
Charleston, W. Va., Kanawha Valley Bank, H. Picklesimer, mgr. new business dept.	Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
Chattanooga, Tenn., American Tr. & Bkg. Co., E. L. Smith, asst. cash.	Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, asst. tr. off.	Jacksonville, Fla., Atlantic Nat'l Bank, J. M. Quincy, asst. cash.
Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.	Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell, adv. dept.
Chicago, Ill., Bauder-Baker, 738 S. Michigan Ave., R. E. Bauder, pres.	Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy. & treas.
Chicago, Ill., Central Trust Co. of Ill., Louis W. Carboy, adv. mgr.	Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
Chicago, Ill., Critchfield & Co., L. E. Delson, finan. adv. mgr.	Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
Chicago, Ill., Liberty Tr. & Svgs. Bank, M. Rosenthal, asst. cash.	Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, mgr. serv. dept.	Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.	Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr., pub. and new bus. mgr.
Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.	Long Beach, Cal., Long Beach Nat'l Bank, P. L. Hudson, asst. cash.
Chicago, Ill., Union Tr. Co., P. L. Hardesty, pub. mgr.	Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.	Los Angeles, Cal., Pacific-Southwest Tr. & Svgs. Bk., R. M. MacLennan, adv. mgr.
Cleveland, Ohio, Central Nat'l Bank, R. J. Izant, adv. mgr.	Los Angeles, Cal., Union Bank & Tr. Co., A. L. Lathrop, tr. off.
Cleveland, Ohio, Cleveland Tr. Co., I. I. Sperling, pub. mgr.	Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
Cleveland, Ohio, Reliance Tr. Co., E. J. MacNab, asst. secy.	Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, V. P.
Cleveland, Ohio, Union Tr. Co., C. H. Handerson, pub. mgr.	Meridian, Miss., Merchants & Farmers Bank, M. Keeton, mgr. svgs. dept.
Clinton, Iowa, City Nat'l Bank, A. C. Smith, pres.	Milwaukee, Wis., Second Ward Securities Co., R. P. Hammond, mgr. bus. serv. dept.
Coriscana, Tex., First State Bank, L. G. Kerr, asst. cash.	Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace, treas.
Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, 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.
- 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. & Svcs. Bank, H. B. Caplan, secy. to pres.
- New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. B. Wisdom, adv. mgr.
- 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, pub. mgr.
- N. Y. C., Bank of America, Ann M. Gurley.
- 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.
- N. Y. C., Mfg. Tr. Co., D. Lipsky.
- N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, V. P.
- N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
- N. Y. C., North Side Svcs. Bank, A. A. Elkirch, secy.
- N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
- N. Y. C., Trade Bank of N. Y., R. Stein.
- 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 Svcs. Bank, J. D. Colt, asst. treas.
- Oak Park, Ill., Oak Park Tr. & Svcs. Bank, L. A. Clarahan, mgr. new bus. dept.
- 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. Hoesbach, adv. mgr.
- Phila., Pa., Overbrook Bank, R. H. Thompson, V. P.
- Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
- Phila., Pa., Tradesmen's Nat'l Bank, H. E. Dolly, asst. cash.
- Pine Bluff, Ark., Cotton Belt Svcs. & Tr. Co., L. E. Bassett, mgr. svcs. & pub. dept.
- Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter, asst. cash.
- Pittsburgh, Pa., Mellon Nat'l Bank, J. M. Williams, pub. mgr.
- Pittsburgh, Pa., Pennsylvania Tr. Co., pub. mgr.
- Pittsburgh, Pa., W. H. Slivter, 123 Dithridge St.
- Plainfield, N. J., The Plainfield Trust Co., M. M. Schoeffel.
- 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. svcs. dept.
- Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., asst. cash.
- Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
- Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
- Rochester, N. Y., East Side Svcs. Bank, C. C. Davy, atty.
- Rochester, N. Y., Union Tr. Co., A. J. Meyer, pub. mgr.
- San Antonio, Tex., Central Tr. Co., D. Ansley, V. P.
- San Antonio, Tex., City Nat'l Bank, H. M. Hart, V. P.
- San Francisco, Cal., 1003 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 Svcs. Bk., Miss A. R. Waldron, director serv. dept.
- Scranton, Pa., 3rd Nat'l Bank, Theda A. Hopps, mgr. new bus. dept.
- Shelbyville, Ill., 1st Nat'l Bank, J. C. Eber-spacher, V. P.
- Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
- Smithtown Branch, N. Y., Bank of Smithtown, J. A. Overton, cash.
- South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
- Spokane, Wash., Old Nat'l Bank-Union Tr. Co., A. F. Brunkow, pub. mgr.
- St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgaa, pub. mgr.
- St. Louis, Mo., 1st Nat'l Bank in St. Louis, Frank Fuchs, pub. mgr.
- St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
- St. Louis, Mo., Mercantile Tr. Co., S. P. Judd, pub. mgr.
- St. Louis, Mo., Nat'l Bank of Commerce, W. B. Weisenburger, asst. to pres.
- Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
- Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Blze, pres.
- Toledo, Ohio, Com'l Svcs. Bk. & Tr. Co., J. H. Streicher, asst. secy-treas.
- Toronto, Canada, Canadian Bank of Commerce, A. St. L. Trigge, secy.
- Toronto, Canada, H. J. Coon, 63 Farnham Ave.
- Trenton, N. J., Mechanics Nat'l Bank, C. E. Withers, tr. off. & pub. mgr.
- Tuscaloosa, Ala., City Nat'l Bank, S. F. Claubaugh, V. P. & cash.
- Utica, N. Y., Svcs. Bk., H. W. Bell, dir. serv.
- Valdosta, Ga., Merchants Bank, A. F. Winn, Jr., V. P.
- Warren, Pa., Warren Nat'l Bk., R. W. Mackay, cash.
- Washington, D. C., Federal Nat'l Bank, John Poole, pres.
- Washington, D. C., Union Tr. Co. of D. C., W. S. Lyons, asst. secy.
- Washington, D. C., Washington Loan & Tr. Co., E. H. Thompson, pub. mgr.
- Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
- Wausau, Wis., Marathon Co. Bank, H. C. Berger, cash.
- Waynesboro, Pa., 1st Nat'l Bank, J. M. Guy, mgr. serv. dept.
- Wellboro, Pa., 1st Nat'l Bank, M. L. Matson, adv. dept.
- West Chester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall, V. P.
- Wilkes-Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
- Wilkes-Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. pub. dept.
- Wilmington, N. C., Wilmington Svcs. & Tr. Co., C. E. Taylor, pres.
- Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
- Youngstown, Ohio, 1st Nat'l Bank & Dollar Svcs. & Tr. Co., J. N. Higley, pub. mgr.

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New Names

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International Banking and Finance

SPECIAL

**THE BANKERS
MAGAZINE**

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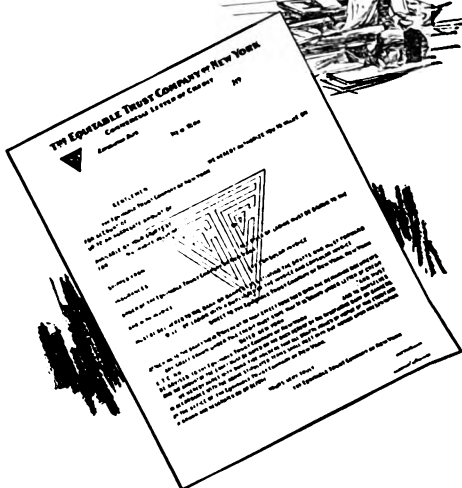
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Present Day Persia

By Hussein Alai

Persian Minister to the United States

[Persia, a nation among the most famous of the ancient world, holds a spontaneous and remarkable friendship toward America, according to His Excellency, the Persian Minister to the United States. This friendship arises from appreciation, more unreservedly expressed than by any other nation, of American responsiveness and disinterestedness. Persia, seemingly more than any other country in the East, values the help America has rendered her by sending relief missions during times of famine, etc. and continues to give by maintaining in Teheran, the capital of Persia, a modern hospital, and educational institutions such as the American high school and, last but not least, by American fairness in business enterprise. This spirit of warm friendship is effectively reflected by the Persian people, from those of high station to the most humble, and greets the American traveler in any part of that country of beautiful roses and of romance and poetry. The Persian attitude of today clearly points to its deep innate sense of right. History shows that the Persian empire, from its beginning about 500 B. C., represented a high civilization and enlightened rule, noted for humanity and justice, far more so than any other in the East. The following article is taken from an address delivered before the Bankers Forum, New York, at a recent banquet held at the Hotel Astor.—THE EDITOR.]

NOT the least important of the lessons I have drawn from my contact with big men in American finance and industry is that very little, too little, is known about Persia in the United States and that consequently, in dealing with her, much undue timidity and hesitation are displayed. I have been amazed to find so much conservatism where we Persians have always been led to expect a spirit of enterprise and of willingness to take risks and hazards.

Most Americans probably think of Persia in terms of the Arabian Nights, as a far-off and inaccessible land of mystery, a prey to chronic internal disorder and foreign domination, floundering in the mire of financial embarrassment.

Of course, Persia is known as the birthplace of Omar Khayam, the land of roses and nightingales, of rugs and cats. Americans have read of us in the Bible and know that Cyrus, Darius, Cambyses and Xerxes were Persian kings, and I presume that it is generally recognized that Persia has immensely contributed to the spiritual welfare of mankind by her theology, philosophy, art and literature.

But, unfortunately, her plight and achievements in contemporaneous times, in the last hundred years, have attracted little attention in the west. The efforts she has made and is making with success, now, against great odds, to adopt a democratic form of government, to reorganize her administration on

modern lines, and to rehabilitate herself economically and financially, are known but to a restricted circle of the initiated. The size of Persia, her great potential wealth, the wonderful opportunities she offers for the investment of foreign capital, are ignored.

News from Persia, as from some other Eastern lands, rarely reaches these shores, and when it does it is generally conveyed through foreign and interested channels, being thereby disfigured or highly colored. It has been well said by Americans who have visited Turkey and Persia, that some European countries have, by a veil cunningly woven from untruths, half-truths and exaggeration, sought to blind you to the selfishness and cynicism of their policy and to the sinister nature of their designs in the Near and Middle East. Those foreign governments have had the amazing faculty of deceiving themselves and others into the conviction that every predatory enterprise they engaged in was a moral crusade.

BETTER MUTUAL UNDERSTANDING NEEDED

I am so thoroughly convinced that we can never hope for a healthier atmosphere, for world peace and co-operation, for stability and progress, unless there is a better understanding between East and West, which, contrary to Mr. Kipling's opinion, can meet and understand one another, that I shall venture to give as brief a sketch as possible of the present situation in



HUSSEIN ALAI
Persian Minister to the United States

HIS Excellency Mirza Hussein Khan Alai, the Persian Minister to the United States, was born in Teheran, Persia, in 1882. He is the son of the late Prince Ala-os-Saltaneh (Exalted One of the Kingdom), former Prime Minister of Persia. He was educated in England at Westminster School and at the University of London; read for the Bar at Inner Temple and completed studies as English Barrister. He served at the Persian Legation in London as Attache and Secretary; later returning to Persia, where for a period of eleven years he filled important posts at the Foreign Office and became Minister of Public Works, Commerce and Agriculture. He was a member of the Persian delegation to the Paris Peace Conference in 1919. In 1920 he was appointed Persian Minister to Spain. In 1921 he was transferred from Spain to Washington, presenting his credentials to President Harding in November of that year.

Persia. I shall endeavor to submit the real facts, the plain unvarnished truth, leaving the reader to make his own deductions.

In doing this I will try to demonstrate the contrast between American co-operation and the imperialism of certain countries of Europe, as these have affected my country. Finally, I will show that with America's friendly assistance and moral support, Persia is now on the road to rehabilitation and prosperity, proving that the unselfish influence of the United States does not confine itself to the improvement of the New World but that it usefully exerts itself, and can still further and more effectively exert itself, in rejuvenating one of the most ancient Empires, the cradle of the Aryan race from which you are sprung.

ENCROACHMENT BY RUSSIA AND BRITAIN

Russia in the early part of the Nineteenth Century wrenched away from Persia the Caucasian provinces, converting the Caspian Sea into a Russian lake, and imposing upon us the Treaty of Turkmanchai in 1828 which treaty has now, since the collapse of imperialistic Russia, been abrogated. England, on the other hand, was not idle in extending her hold on the Persian Gulf, and penetrated into the south of Persia. Step by step the Muscovite Empire extended its tentacles into Persia; appropriated large tracts of land on the Turcoman frontier; seized strategic bases on the Caspian Sea; obliged the Shah to take Russian officers into his employ to train a brigade of Cossacks, thus obtaining a hold on the armed forces of the country; exacted concessions for roads, harbors, railways, telegraphs, mines—never exploiting these to Persia's advantage, but merely holding them to prevent any other power helping toward Persia's salvation; prevented transit of foreign goods through her territory into Persia with the avowed object of monopolizing Persian markets—in short, used every conceivable means by cajolery and

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menace to increase day by day its influence at the court of the Shah.

In 1889 Great Britain obtained a concession for the establishment of a bank—The Imperial Bank of Persia—with the exclusive privilege of issuing notes. The Russians followed suit and established the Banque D'Escompte de Perse, really an emanation of the Ministry of Finance of St. Petersburg. These two banks were rivals, but between them they controlled all financial operations in the country, manipulating the exchange to their own advantage. In the meanwhile their respective governments were preventing Persia from having access to the open market for her loans, obliging her to obtain small advances, offered on exorbitant terms, from the British and Russian banks. The people, led by the more enlightened statesmen, members of the clergy, and the intellectual classes, became extreme-



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ly apprehensive lest the imperialism of neighboring countries, their intrigues to control the sovereign and his court, their policy of obtaining concessions for big enterprises covering vast areas, might ultimately lead to the subjection of Persia to foreign domination. They saw a real danger in the concentration of all the power in the hands of an autocrat and his minions who were always liable to fall within the orbit of strong pushful neighbors.

PUBLIC CLAMOR FOR A CONSTITUTION

The people therefore revolted and clamored for a constitution. They insisted upon their right to have a voice in the government of the country. The Shah yielded to popular pressure and to the great influence of the clergy. He granted, in 1906, a constitution providing for a Madjless, or House of Representatives. Soon after this Mozaffer-ed-Dine died and his son, Mohammed Ali, succeeded to the throne. This prince at first displayed friendliness towards the new regime and even signed a more comprehensive body of fundamental laws, virtually establishing parliamentary government, a constitutional monarchy, but later, urged on by Russia, who had all along been hostile to the democratic movement, he resorted to a *coup d'état* and with the help of the Russian Minister and the Russian officers in his employ, he bombarded the Parliament House in 1908.

Meanwhile, in 1907, the Anglo-Russian Agreement, creating zones of Russian and British influence in Persia, was signed, to the intense indignation of the Persian people, who saw in this arbitrary action of neighboring powers a great infringement of their sovereignty and another manifestation of imperialism. The flames of nationalism were again fanned by this foreign aggression, and when the Shah tried in 1908 to dispense with the Madjless a second revolution, much more serious than the first one, broke out. Nationalist forces from the north and south, joined hands and captured Teheran in 1909,

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obliging the Shah to abdicate. His son, Sultan Ahmed Shah, our present sovereign, then only a boy, was acclaimed as king, and a regent was appointed.

REGENERATION PREVENTED

But Russia was determined to prevent the regeneration of Persia. When the legislature and the executive, acting in harmony to improve conditions, obtained the services of Swedish officers for the organization of a gendarmerie, and of American advisers for the straightening out of the finances, Russia tried to block these reforms and finally threatened armed occupation of the capital of Persia, bringing troops right up to the gates of Teheran. Thus Russia, in conjunction with Great Britain, compelled the Persian Government to discharge W. Morgan Shuster and his American associates.

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This was a great blow to the national aspirations, but other blows followed in quick succession. The ex-Shah was encouraged by Russian help to make a raid on Persia and distract the attention and resources of the government from useful reforms. The Persian Government was forced by Russia and Great Britain to recognize the Anglo-Russian Convention of 1907, that is, the virtual partition of the country. Russian consuls arrogated to themselves the rights of governors in Persia, they interfered in judicial and financial matters; prominent Persians, nationalists and priests were hanged by the Russian soldiery occupying our important cities; Russia did not even shrink from bombarding the mosque of Imam Reza at Meched, the glory of the Shiah world, the most sacred place of pilgrimage in our land.

It is therefore not surprising that when the World War began the hearts of all Persians were filled with bitterness and resentment against Russia. There was no feeling of friendship for Germany or Turkey, but a distinct desire to see the enemies of Russia triumph. Nevertheless, we remained neutral throughout the war, but that neutrality was violated from the first by Russia, and later by Turkey and Great Britain. Persia was devastated; she became the Belgium of Asia. Her fairest provinces were given over to fire and sword; her foodstuffs and beasts of burden were commandeered by foreign armies; she suffered famine and epidemics.

In this gloomy and desperate situation a ray of light came from America. The lofty principles advocated by President Wilson for the readjustment of the world reached our ears. An American relief commission arrived in Persia and ministered help and succor to the sorely tried people. The collapse of imperialistic Russia—the Russia of the Romanoffs, which had kept us under its heel for so long—was also a Godsend to Persia. The old order changed, yielding place to a regime which reversed the policy of its predecessors by returning to the Persian people all the rights extorted from them by the Czars; treaties, conventions, arrangements, protocols, concessions, wrenched from us under duress, were by one stroke of the pen rendered null and void. Russian troops which had occupied our territory and wrought such havoc were removed, and we began to breathe again.

NO REDRESS AT PEACE CONFERENCE

But we obtained no redress in 1919 at the Paris Peace Conference whither the Persian Government sent a delegation of which I was a member. Influence was exercised at the conference table to prevent our obtaining a hearing, and meanwhile the Anglo-Persian Convention of 1919, which made Persia virtually a British Protectorate, was put through. But there was such a storm of protest against it both inside and outside of Persia that the convention was finally abrogated in 1921 by

mutual agreement with Great Britain. The stand taken by American Secretary of State Lansing against this cynical policy greatly strengthened Persia's hand in throwing overboard such an unpopular and baneful compact.

It will therefore be seen that since 1921, Persia's political horizon has become brighter. Direct foreign interference, as a result of a new spirit in international relations introduced by the United States, and of the awakening of the East, has ceased, and I may here say that the East is wide awake but not in hostility toward the West, rather in resentment against certain powers of Europe, and in the full determination to insist upon respect of the independence and sovereignty of its component parts. Being at last after centuries of coercion given a chance to put our house in order, we lost no time in organizing a small but efficient homogeneous military force in place of the heterogeneous forces imposed upon us. This army under the leadership of a strong and patriotic Minister of War—Reza Khan—has re-established order throughout the land, repressing agitation and unrest largely encouraged by foreign interference and intrigue, and restoring in the provinces the authority of the central government, which had been impaired by the presence of foreign troops. The Persian Parliament, or Madjless, as we call it, met again in June 1921. Its first care was to vote measures tending toward the rehabilitation of the country after its terrible experiences and sufferings during the war.

PERSIA'S FAITH IN AMERICA

America's helpful policy towards China, her advocacy of the open door and equality of opportunity, and her great achievement at the Washington Conference for the Limitation of Armament, inspired Persia with such confidence in her altruistic motives that we naturally turned to her for the technical and financial assistance required to rebuild Persia after her terrible sufferings. Among other steps was the em-



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ployment by Persia of a group of American financial advisers under the able leadership of A. C. Millspaugh, formerly economic adviser to the Department of State. For nearly a year now the finances of the Persian Government have been under the control of these American administrators. The powers of the American group are derived ultimately from the Persian Parliament, whose comprehensive grants of authority give the American administrator and his assistants adequate powers, and immunity from political vicissitudes.

The efforts of Dr. Millspaugh have already borne fruit in a steady improvement of the nation's financial condition, and, in his opinion, the Persian Government is now in a position to contract one or more foreign loans. Accordingly, the Parliament has recently sanctioned

negotiations for loans not exceeding \$40,000,000 in the aggregate, destined in large part for public utilities and industrial development to be carried out by American firms. Evidence of the confidence of the Persian people in the American mission and in the United States in general was furnished by a stipulation in the law that the loan must be placed with American bankers.

Since the change of régime in Russia, the Banque D'Escompte—a Russian institution to which I referred earlier—has been transferred to the Persian Government and a national bank, the Banke Iran, is being organized in its place. Dr. E. L. Bogart, professor of economics at the University of Illinois, accompanied Dr. Millspaugh to Persia as adviser on banking and currency on a one-year contract. He studied the banking situation there and has now returned to this country. When a number of friends and I had the pleasure of entertaining him at dinner last October he gave a very interesting and favorable account of his experiences in Persia, and expressed the conviction that real progress was being made. It is the purpose of the government to employ an American in the position of director of the Banke Iran; just as soon as a loan for productive work is floated in this country, a considerable sum will be earmarked for the setting up of this national institution on a firm basis.

PERSIA'S GREAT NATURAL RESOURCES

With the exception of the southern oil fields, one of the world's richest producing areas, the great natural resources of Persia have scarcely been touched. Under the general direction of the American advisers later to be appointed for the Ministry of Public Works, it is expected that American capital will find lucrative employment in road, railway, and bridge building; irrigation construction; mineral and oil exploitation, and other means of developing Persia industrially and economically. The budget for the fiscal year 1923-1924 has under the supervision of the American ad-

visers been balanced. As compared with almost any other country the debt of Persia both gross and per capita is practically negligible. The result is a national burden phenomenally small as compared with the potential and even the present wealth of the nation. There has been no inflation whatever in Persian currency.

PERSIAN CURRENCY SOUND

Persia is one of the few countries today whose currency is not debased nor depreciated. I repeat that Persia is in a state of domestic peace. Her roads were never more safe for commerce. Her provinces are loyal to the central government. Tranquility throughout the country is assured by a strong, regularly paid gendarmerie, which is entirely free from foreign intrigue or influence. This force acts as a national constabulary and gives its constant support to the work of the American financial administrators. I have already said that the political situation has completely changed. Soviet influences do not touch the masses of the people, who are economically, religiously and temperamentally unfitted for communist propaganda. The dominance of Moscow is in no way likely to be felt in Persia. On the other hand, Great Britain has withdrawn all of her forces from the country and definitely abandoned any attempt to control Persia politically. In short, Persia is ready to take the place to which her brilliant history entitles her among enlightened and progressive nations.

The time is propitious for American participation in the economic development of Persia and the Near East. Coupled with their appreciation of America's financial strength is a faith shared universally among Persians, Turks and Afghans, in her political disinterestedness and her economic efficiency.

Never before have the peoples of Asia so fully realized the significance of the high principles for which America stands. Never have the needs and bene-



ROMAINE A. PHILPOT

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MR. PHILPOT was recently chosen, subject to ratification of the Persian Parliament, as head of the Bank of Persia, the new government bank of Persia, according to an announcement made during an address by the Persian Minister to the United States, at a recent banquet given by the Bankers Forum in honor of the president of the American Bankers Association. This is the first time in American banking history that an American has been selected to become the head of a foreign government bank. Mr. Philpot is a member of the firm of Philpot & Cannon, bankers' agents, and is chairman of the Bankers Forum, New York.

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THE AMERICAN PRINCIPLE

Pan-Americanism, born of the Monroe Doctrine, is an expression of this new spirit—the idea of internationalism. America has become the guardian of that idea which will, in the end, rule the world. The American principle is that as between nations equality is the only principle of justice, and that the weak nations have just as many and the same rights as the strong nations. The feeling that penetrates every American is that there is a great future, that a man can handle his own fortunes, that it is his right to have his place in the world.

These are the principles and feelings which certain countries of Europe have not yet understood, but which the people of Persia uphold with those of America.



Great Britain

The political situation continues to determine the tone of finance and commerce in Great Britain. The general election of December affected business adversely in two directions. First, the mere fact of an election disturbed the business world; and, secondly, the result of the election had a depressing effect on British trade and finance. The increase in the voting strength of the Labor Party, the defeat of the Conservative Party and its proposals for protection and, finally, the possibility, or even probability, of a Labor Government soon replacing the Baldwin Government all tended to chill the bloodstream of trade.

The capital levy, which during the electoral campaigns was thought to be rather an academic menace, is now regarded more seriously. Financial and political experts are agreed that the Labor Party would, as a minority group, be unable to put into effect any radical legislation as it is expected that the Liberal and Conservative Parties could and would act in concert to prevent any such disturbing development.

fits of peace, fraternity, and international co-operation in every form of human activity been so evident as they are today.

If we seek the dominant ideas in world politics we will find that individualism first absorbed men's thoughts and inspired their deeds. This idea was gradually supplanted by that of nationalism, which found expression in the ambitions of conquest and the greed of territory so manifest in the Nineteenth Century. Following the impulse of nationalism the idea of internationalism began to develop. It appeared to be an increasing influence throughout the world when the recent war of empires, that great and terrible manifestation of nationalism, stayed its progress in Europe, and brought discouragement to those who had hoped that the new idea would usher in an era of universal peace and justice.

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In spite of this analysis, however, the results of the election, together with the confusion of party groups resulting, has lowered the business tone during the closing weeks of December. London correspondence to the *New York Times* significantly reports that during the weeks following the election "there has been a general apprehension, with considerable liquidation by nervous investors who thought they saw an ugly menace in a possible Labor Government." As a direct result of the election returns, Premier Baldwin's committee appointed to formulate the tariff protection measures has discontinued its labors without reporting its proposals.

BRITISH DEBT PAYMENTS AND LIBERTY BONDS

On December 15 the British Government paid the second installment of its debt to the United States. The amount paid was \$92,000,000, of which \$69,000,000 represented interest. The dif-

ference of \$23,000,000 applied on the principal which before the second payment stood at \$4,600,000,000. By taking advantage of the proviso in the debt funding agreement whereby Liberty Bonds could be purchased by the British Government and turned over to the United States Treasury at face value, the British Government effected a saving of \$1,500,000. The total payment of Great Britain since the debt funding plan went into effect early in 1923 is \$161,000,000. An interesting feature of the second payment is the fact that only about \$200 of actual gold changed hands. This merely nominal amount was all that was necessary to allow for interest adjustments and to render perfect balance.

LATE DECEMBER DECLINE OF STERLING

During the last two weeks of December there was a marked decline in the pound sterling. There was some doubt as to the precise reason for this

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decline. Developments in home British politics were held partly responsible. Another factor, primary or contributory, was the import surplus for November as revealed in the British foreign trade statement. This import surplus, which was the largest since August 1921, was the result of heavy cotton imports which continued even in the face of rising prices. Especially timely, in view of this decline of sterling, is the opinion of Reginald McKenna, chairman of the Midland Bank, as expressed in the December *Bulletin* of that institution. He stated that:

Merely from the point of view of external relationships there is no reason for deploring the failure to revert to the pre-war sterling-dollar ratio. Under present conditions the regulation of our currency should conform solely to the requirements of industry and trade. It is admitted on all hands that business revival must be accompanied by slowly rising prices. Before the war, and indeed even now, rising prices are considered as a criterion of improving business. The rising prices, however, are

merely the popular expression of expanding credit. Why, then, blame the cause while lauding the effect?

The two are inseparable, and why credit expansion for productive purposes is an evil when the currency is based not on gold but on the credit of a solvent Government, is a matter that still demands explanation. With the Bank of England in control of its own lending power and with national expenditure covered by revenue, checks upon speculative and monetary inflation are at least as efficacious as under the old system. Admittedly the movement may possibly tend to a temporary depreciation of sterling in terms of dollars or at least arrest the progress towards pre-war parity.

But such a tendency must not be taken to indicate reckless indulgence in inflation and the imposition of heavier burdens upon the country in the payment of its external obligations. Monetary inflation is of course to be scrupulously avoided, as leading almost inevitably to economic collapse.

BRITAIN AND THE GERMAN INQUIRY

Great Britain was keenly disappointed when the proposed Hughes plan for inquiry into Germany's financial condition failed to materialize. This dis-

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appointment has been relieved by the Reparations Commission's plan for an inquiry. Sir John Bradbury, British member on the Reparations Commission, has worked hard for some such inquiry and all Britain realizes that British unemployment and other domestic troubles are intimately inter-related. Especially pleasing to British financial circles is the participation, even though in an unofficial capacity, of three American experts. The British delegates invited by the Reparations Commission to serve on the two investigating committees are Sir Joseph Stamp, Reginald McKenna and Sir Robert Kindersley. Mr. Stamp, regarded as one of the greatest statisticians living, resigned in 1919 the post of Assistant Secretary to the Board of Inland Revenue to become secretary of the Nobel Industries Ltd. Mr. McKenna is chairman of the Midland Bank Limited. Mr. Kindersley is a director of the Bank of England. Mr. Norman, the Governor of the Bank of England, had first been appointed

but press of other duties prevented his being a member of the committee, and Mr. Kindersley replaces him.

BRITISH INTEREST IN MONETARY POLICY

The December general election with the attendant discussion of unemployment has led to a special interest in the British monetary policy. In an editorial in its issue of December 15 *The Economist* has this to say:

The problem of reviving British industry on a scale that will absorb Britain's unemployed transcends and overshadows every other public question. The Conservative party have suggested that a change in our fiscal system would do the trick, but the electorate have decided that that remedy would make the patient worse and not better. This decision will intensify the public desire to probe more deeply into the causes of the trouble, and to examine any other proposals that bear upon it. Among the most important of the issues which must now be discussed is that of our currency policy. Is the policy that we have hitherto pursued driving down prices, and if so, is this hastening or retarding the return to

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normal conditions? If the latter, is there any practical alternative? Such are some of the questions that are being asked wherever public affairs are being discussed.

The editorial then goes on to discuss J. M. Keynes' new book, "A Tract on Monetary Reform," in which the author, according to the summary of *The Economist*, argues from the premise that gold is an unreliable standard of value and that it is possible in theory to make a scientific standard based upon the values of commodities generally. After criticising Mr. Keynes' proposals *The Economist* concludes by saying that its criticisms do not "affect the thesis that, in the long run, if our economic system is to work well, money and credit must become our servants and not our masters, and that our goal should be to eliminate periodical fluctuations in the value of our monetary unit, and to secure over long periods a steady standard of value."

France

In spite of the fact that the early part of December seemed to forecast French success in the Ruhr as suggested by agreements with the German state railways for use of rolling stock and by further agreements with industrial groups, these developments were relegated to a position of secondary importance by other developments at the close of the year. The further tendency toward complete demoralization in Germany, the appeal of the Reich to Paris for direct dealing on reparations and

allied problems, the Reparations Commission's success in bringing about an inquiry into Germany's financial condition and, finally, the sharp decline of the franc, indicated events of greater significance than the early December French contacts in the Ruhr.

DECLINE OF THE FRANC IN DECEMBER

Late December was characterized by a sharp decline in the franc to a new lowest level. On December 26 it reached a point slightly below five cents, and although it rallied ten points on the following day there was nevertheless much speculation as to the cause of the decline. The French authorities argued that the showing of the franc in exchange was not truly representative of the condition of French finances, and in support of this argument Minister de Lasteyrie painted a bright picture for the benefit of the Finance Committee of the French Chamber, pointing out as the favorable factors in the French financial situation the following facts: (1) That the ordinary budget for 1923 will really balance and that the one for 1924 bids fair to do the same; (2) That receipts from normal and permanent sources in the past ten months had been \$2,500,000,000 francs in excess of those for the first ten months of 1922; (3) That in the year 1923 the yield from taxation amounted to 21,000,000,000 francs, to which must be added 2,000,000,000 from exceptional sources, while in 1920 taxes produced only 14,000,000,000 francs.

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Correspondence to the *New York Times* dated December 23 also gives the official French point of view in the following despatch:

M. Bokanowski, official reporter of the legislative finance commission, in his recent report to the Chamber of Deputies on the budget for 1924, summed up the progress made by France in the last few years. First he laid stress on the very substantial economy which has been accomplished in army expenses. Military outlay, which in 1919 was still 18,185,000,000 francs, has been reduced to less than 5,000,000,000 in 1923.

During the same interval, civil expenditure has been reduced by 11,817,000,000 to 6,231,000,000 francs. Furthermore, the permanent budget receipts, which were 4,907,000,000 in 1913, rose as a result of the new taxation to 14,948,000,000 in 1920, and will exceed 21,000,000,000 for the whole of 1923. The "capitation" figure in France, or average tax payment per citizen, has at last equalled that of England and is higher than that of Germany, even including reparations.

M. Bokanowski, after examining the economic position of France, expressed the conclusion that the franc has been unjustly depreciated through psychological influences or foreign markets, whereas the rapid development of the economic resources in France ought to have created great confidence in her future. He emphasizes the fact that the French grain harvest, which was only 6,500,000 tons in 1920, as against 8,800,000 tons in 1913, has reached in 1923 the figure of 8,800,000, or the same as the pre-war basis.

Minister of Finance de Lasteyrie blames the depreciation of the franc on Germany.

In replying to an interpolation in the senate he said that commerce and finance were in good shape but that nevertheless the franc had been falling for three years. He claimed this to be the result of unfavorable psychological reactions to France. He pointed out that France in 1923 had paid to Spain 204,000,000 pesetas, to Japan 50,000,000 yen and to the United States \$13,000,000.

BANK OF FRANCE WANTS PAYMENT

Financial experts hold that one of the chief contributory reasons for the unfavorable showing of the franc on the exchanges of the world in late December was the demand of the Bank of France for payment. This is described by the *New York Times* Paris correspondent as "a serious situation involving the whole financial position of France." In 1920 it was agreed, according to a convention between the then Minister of Finance M. Marsal and the bank, that the French Treasury should reimburse the bank yearly to the extent of 2,000,000,000 francs as a measure of progressive deflation. In 1921 this policy was adhered to, but in 1922 only 1,000,000,000 francs were paid the bank. The present Minister of Finance is charged by several of the Paris press with the intention to make no payment for 1923, but instead, of trying to make a new agreement with the bank, one that the bank will not

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consent to. The effect of all this, as is pointed out in the French press, is to further depreciate the franc.

Finance Minister Lasteyrie obtained the senate's assent to the "exceptional" convention made this year with the Bank of France reducing repayments of the state's debt from 2,000,000,000 to 800,000. The Senate Finance Commission in giving its approval emphasized, however, the necessity of a policy of economy and money stabilization. There was some criticism from senators who seemed to see in a reduction of state repayments a connection with the fall of the franc.

M. de Lasteyrie in asking for approval of the senate to that part of the budget covering "recoverable expenses" stated that by the end of the year France would have spent for reparations pensions 118,000,000,000. This amount, which is budgeted for separately each year, is charged against Germany's unpaid reparation bill.

Several clauses in the new budget reduce credits for reconstruction. Thus Article 10 allocates only 2,000,000,000 instead of 3,250,000,000 from the national defense bonds to payment of war indemnities. This and other reductions are a result of an appeal made to the patriotism of the representatives of the liberated districts who, in view of the financial situation of the country, waived some of their claims from immediate consideration. Nearly 3,000,000,000 francs have been paid in taxes by the devastated districts during the last year.

UNFAVORABLE VIEW OF FRENCH FINANCES

That the optimistic report of French officialdom on finances is not agreed with universally, even when supported by rising French revenues, record production of steel as in October last, and booming French textile industry, is shown by the trenchant comment of an editorial from the *Wall Street Journal* on the state of French finances. After reviewing the official reports to the Chamber of Deputies, the *Journal of Commerce* presents other data and concludes thus:

These things are certain: That in the course of the last twelve months the franc has been steadily falling, prices steadily rising, the debt steadily increasing, the chance of reparations steadily receding. The most patriotic of Frenchmen admit it. On the eve of the opening of another year with 20,000,000,000 francs to be added to the debt, with the dollar higher than it has ever been before, with the strain on the Entente greater than ever, with the German Crown Prince among his countrymen again and German sentiment concentrating towards reaction and dreams of revenge, with a total cessation of all reparation payments, and with the Rhineland and the Ruhr plunged deep in political and economic confusion, he needs a stout heart to maintain a cheerful face. But the Frenchman's faith in his country is unwavering. That is the bull point and it is a big one in the situation.

FRANCE AND THE LITTLE ENTENTE

The close relationship between France and new states created by the Versailles Treaty was further indicated

by the Treaty of Alliance between France and Czechoslovakia, announced on December 27. The fourth clause of this treaty relates to economic matters, which probably means special customs arrangements such as exist between France and Belgium. In connection with the making of the alliance it is recalled that the French Parliament in late December consented to a credit of 300,000,000 francs to Czechoslovakia.

Italy

Italian business is influenced by developments in home politics just as British business during December was influenced by the election in the British Isles. The expectation that next April or May will see a general election in Italy has caused an optimistic spirit in Italian business circles for the reason that such an election is taken to presage a return to constitutional government. Italian financial circles followed with great interest the British election, as it is believed in Rome that the British workman is bringing pressure to bear on the British Government for a solution of the Ruhr impasse. Italian business groups are eager for a settlement of the Ruhr question as such a development is expected to improve Italy's prospects for getting reparations.

Business continues to be good throughout Italy. Foreign trade for October showed a decrease in imports to the extent of 100,000,000 lire, while exports increased to the extent of 119,000,000 lire. As a result the surplus of imports for the month, which was 510,000,000 lire in October 1922, was reduced to 291,000,000. Together with this change there has been an increase of governmental revenues in both direct and indirect taxes. The month of November showed an increase in ordinary revenues of 211,000,000 lire over the corresponding month of 1922. New industrial capital invested in November amounted to a net gain of 103,000,000 lire as compared with 37,000,000 lire for October and 92,000,000 lire for November 1922.

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Continued improvement in the state of Italian government finances is shown by the report of Minister of Finance de Stefani, made to the senate at Rome on December 8. During the last fiscal year, Minister de Stefani reminded the senate, the deficit had been reduced by 1,000,000,000 lire. During the first five months of the current fiscal year there has been a further reduction of the deficit by about another 1,000,000,000 lire.

According to reports from Rome and from Petrograd a commercial treaty is about to be negotiated between Italy and Russia. The Soviet mouthpiece *Izvestia* devoted a leading article on December 4 to discussion of this treaty, and the Rome correspondent of the *London Times* sent his paper the following report on December 11:

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It is reported that the Italo-Russian negotiations in Rome for the commercial treaty are proceeding actively.

The head of the Russian delegation which has arrived for this purpose from Moscow is the well-known economist Serge Gorkiakoff. The Italian delegation is headed by Senator Contarini, Permanent Secretary to the Foreign Office, and the Director-General of Customs, Commendatore Luccioli. Apparently there will be two treaties—one between Italy and the Union of Soviet Republics of Russia, and the other with the Ukraine Republic.

The concessions which, it is stated, Italy will obtain are the following:—(1) An oil concession in the Caucasus; (2) a coal zone in the Donetz Basin; and (3) a cereal zone in the Ukraine. Italy would supply capital, labor, and experts, and the Soviet, on its part, would ensure the natural resources. The Soviet Government would be a partner with right to a percentage of the net profits.

Germany

INQUIRY INTO GERMAN FINANCES

The biggest news of the past year as regards the German situation is the action taken by the Reparations Com-

mission in arranging for investigation into German finances. This inquiry will be conducted by two committees. The function of the first committee will be to examine internal German finances with a view to determining measures for the balancing of the budget. The second committee is to investigate the amount of exported German capital held in other countries. Germany, as well as France and England, is much encouraged by the fact that the American Government has been favorable to the participation, although in an unofficial capacity, of three American financial experts on these committees. The Americans who will act on the committees are Charles G. Dawes, who was the first Director of the Budget under President Harding, Owen D. Young, chairman of the board of directors of the General Electric Company, and Henry M. Robinson, president of the Security Trust and Savings Bank of Los Angeles. Mr. Dawes has been selected to act as chairman of the com-



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mittee that will investigate Germany's finances and Mr. Young also will serve on this committee. Mr. Robinson will act on the committee to investigate the amount of exported German capital. The language of the Reparations Commission's official order for these investigations is as follows:

In order to consider, in accordance with the provisions of Article 234 of the Treaty of Versailles, the resources and capacity of Germany and after giving her representatives a just opportunity to be heard, the Reparation Commission decided to create two committees of experts belonging to the allied and associated countries. One of these committees would be entrusted with considering the means of balancing the budget and the measures to be taken to stabilize the currency. The other would consider the means of estimating the amount of exported capital and of bringing it back to Germany.

INCREASED DEMORALIZATION OF GERMANY

There can be no doubt that the situation in Germany calls for some definite action. The closing days of 1923 saw the German situation grow worse from week to week. Germany herself seems at last awake to the necessity of taking heroic measures for the improvement of her financial condition and seems at last to be willing to accept outside direction of her finances in some such way as Austria accepted and benefited by. The following semi-official statement issued in Berlin seems to indicate a change of heart on the part of Germany in this matter:

Since, as already pointed out, all rehabilitation measures on the part of the Reich's Government, no matter how energetically carried out, are foredoomed to failure as far as pulling the country out of the catastrophic financial morass in which it finds itself is concerned, there remains nothing left to do but to appeal for help direct to the League of Nations.

There can no longer be any doubt that the Reich Government, despite all its desperate endeavors to balance the budget by utmost economy measures, by stopping the note presses and by putting in taxes on a gold basis, cannot attain this objective without outside help. It cannot be done with our own means and our own strength.

It cannot be stated emphatically enough that it is impossible to exaggerate the seriousness of the Reich's financial situation. The credit of 1,200,000,000 rentenmarks placed at the government's disposal by law and the Rentenbank will, owing to heavy unemployment support, be shortly used up. Further credit the finance ministry will not get from the Rentenbank. As is well known, the directors of the Rentenbank have repeatedly expressed themselves against granting further rentenmark credits to the government, and it is an open secret that they have all actually considered a threat to resign.

Additional proof of the unhealthy trend in Germany's financial condition was given by the necessity of the German Government to ask the newly established Rentenbank to advance to the government more than 1,200,000,000 rentenmarks which had been fixed as the legal limit of the state's credit at the bank. This request the bank refused, and while this decision was generally approved in German financial circles the necessity of the state's request

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showed how much worse the financial condition had grown. Meantime the treasury was literally without funds for immediate necessary purposes. In order to alleviate this unprecedented situation the cabinet announced that it would borrow rentenmarks from the general public through issuing Rentenbank treasury bills with terms of one fortnight and three months, in units of 5000 and 10,000 rentenmarks and bearing interest at 8 to 9 per cent. In Berlin's financial circles doubt was entertained as to whether or not, in the money market's condition, the banks of the public would take up enough of such bills to keep the government in funds.

GERMANY'S REQUEST FOR FOOD CREDITS

Another important development has been Germany's request for food credits to the proposed amount of \$70,000,000. This proposed loan is viewed with approval in England, and Secretary Hoover in a letter to Representa-

tive Fish of New York declared this suggested loan to be the most constructive solution of the problem of preventing acute economic breakdown in Germany. France, however, is opposed to this food loan on the ground that it would hinder and retard reparations payments as it recognized that such a loan, in order to be successfully floated by private finance, would mean that payments would take precedence over reparation payments. France maintains, too, that there is sufficient German capital held in other countries to make such a loan unnecessary and in substantiation of this argument points to the heavy German purchases of copper which were paid for in gold. Germany on December 17 formally appealed to the Reparations Commission for permission to secure such a loan and asked that, in accordance with Paragraph 2, Article 251 of the Versailles Treaty, payments on this loan might be granted priority over reparations obligations.



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TRADE CONDITIONS

The trade reaction continued during December and 72 per cent. of the mills and workshops reported business as bad whereas a year ago the number thus reporting was 48 per cent. The sales of German potash neared a record, and exports of this product exceeded those of any year since 1918. This industry is said to be well organized and there is said to be no uncertainty of delivery. In late December the government passed the Empowering Act, and the Finance Ministry in the form of a decree under this act plans a new scheme of taxation embracing income, property, succession and sales taxes. According to the report of the *London Times* investigator, all the mines in the Ruhr are getting back to work, and the situation in this respect seems better than had been expected.

Austria

The beginning of the new year found Austria enjoying a most remarkable

change in the financial and commercial condition of the country. A year ago at this time Austria was probably the most demoralized nation in Europe. Early in 1923 the League of Nations functioning through its Economic Section took hold of Austria's financial affairs, including governmental finances. Sweeping curtailments of expenditure were effected and other drastic changes made. As a result the close of the year gave proof of Austria's progress toward reconstruction.

There is an interesting coincidence in the Austrian improvement. Austria, by its ultimatum to Serbia in the closing days of July 1914, was the immediate cause of the World War and the consequent chaos in Middle Europe. Austria today, by its acceptance of League of Nations management of its finances, has been the first of the shattered countries to gain some measure of reconstruction. And Austria is now pointing the way to financial regeneration.

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Commissioner General in Vienna indicates the progress made. Private deposits in the banks and savings banks have increased by nearly 1600 per cent., from 2,000,000,000 gold crowns in September 1922 to 85,000,000,000 gold crowns in October 1923. The number of unemployed in receipt of assistance has decreased from 169,147 for February 1923, to 75,775 for October. The chief success scored in the past year in Austria is considered to be the raising of the state revenue, even more than the reduction of the state expenses. The gross customs and tobacco receipts, which are assigned as securities, in October amounted to 19,000,000 gold crowns, showing an increase of 2,000,000 gold crowns over September. The receipts from these securities in the first six months of the financial year exceeded the total required for the annual service of these loans.

VIENNA AGAIN A FINANCIAL CENTER

One striking result of this reconstruction has been to make Vienna again the financial center of Central Europe as it was before the war. There has been an almost sudden revival of Austrian banking. The dismemberment of the old Austro-Hungarian empire meant that the branches of the large Viennese banks were transformed into independent national institutions. Nevertheless Vienna remained the financial center of that part of Europe and the Austrian recovery has tended to emphasize this fact. The Vienna banks continue to

control the majority of the shares of the entire banking system of Central and Eastern Europe, Germany excepted. For example, the Bohemian Creditanstalt and Bankverein attend to Hungarian business, the Bankverein to Yugoslavia, the Creditanstalt to the naptha industry in Poland. The Vienna Unionbank and also the Mercurbank have wide action in Czechoslovakia.

Vienna banks have been able during the past year to increase steadily their influence in the new states, for the reason that these banks have sought and found support from western capital. The Landerbank and the Anglobank have in fact ceased to be Austrian-controlled institutions, French capital now controlling the Landerbank and British capital the Anglobank. Both of these institutions, however, are less prominent than formerly.

Quite recently American capital appears to have been invested in the Bodencreditanstalt by the Morgan interest and in the Mercurbank by the Hallgartens, who are also believed to hold a large portion of the shares in the semi-official credit bank. The Creditanstalt is financing the Amstelbank at Amsterdam in connection with Dutch capital, the Unionbank is partner to the Creditmobiliierbank at Paris, and the Bankverein receives capital from Belgium and does important correspondence business with America. It is also reported that Lloyds Bank and Hambros of London have lately bought a



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HOPE FOR A BALANCED BUDGET

Additional proof of the healthier outlook in Austria is given in the figures of the government budget presented to the parliament in December. The budget fixes the deficit for 1924 at 836,700,000 crowns of which 200,000,000,000 are for amortization of the state debt. The ordinary expenditure, however, will create no deficit but a small surplus, whereas the League of Nations Commission had estimated a probable deficit of 146,700,000,000. It is regarded in financial circles that the state finances will balance in 1925, taking into consideration the 900,000,000,000 crowns which will be saved under the program of the League of Nations Commission. At present there is actually a reserve being accumulated against the requirements of 1925.

BRIGHTER OUTLOOK

Because of the tremendous improvement brought about during the year there is a marked spirit of optimism in Austrian financial circles. In December there was a momentary halt to the movement of reconstruction by reason of the strikes in various industries. These strikes assumed for a few days the proportions of a general strike and even the governmental employees, notably in the postal department, were disaffected. Chancellor Seipel succeeded, however, in conciliating all groups. A significant fact in the Austrian improvement is the attitude that has developed toward the neighboring nations. Austria is keenly interested in the proposed loan to Hungary. The *Neue Freie Presse* hails the news of this loan and points out that the Austrian people realize what it means to be able to forget the feeling of catastrophe and tread again upon solid ground. This

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same journal argues that Germany cannot be left to her fate but rather must be extended the same treatment that has saved Austria from complete chaos. In this connection it is interesting to note the statement of Foreign Minister Gruneberg who, in an interview with the correspondent of the *New York Times*, said:

Fortunately, we are not guilty of the mistake made by Germany of not admitting that we were beaten, but instead decided that this was the commencement of a new period in our history, after having, of course, gone through all the scales of every sort of misery. I know, for I was a minister when there was no food.

Undoubtedly, if Austria had gone to pieces it would have made new troubles for Central Europe, and new wars, but the League of Nations fortunately stepped in, doing a great work and giving us moral support by making it its duty to help us in reconstruction.

The minister laid particular stress on the tremendous moral effect of America's participation in the long-term loan, not only in Austria, but in arousing the confidence of the whole world in Austria. He added that undoubtedly the participation of America in the greater European problem would have the same effect.

The minister said that in traveling through Austria he had found many streets in remote provinces called after Herbert Hoover, as a sign of the Austrians' gratitude for America's help during the worst period of distress.

Hungary

If the same degree of success attends the League of Nations' plan to help in the reconstruction of Hungary as attended the League's ministrations in the case of Austria, Hungary at the end of 1924 will be enjoying the same marked improvement that Austria now enjoys as compared with a year ago this time. In the middle of December the special committee of the Council of the League met in conference with Count Bethlen to arrange the details of the League's plan for reconstructing Hungary along the same lines as laid down in Austria's case. After several conferences the Council of the League adopted unanimously the plan for financial restoration. Under this plan Hungary would turn over to the League the revenue from its customs and other state monopolies and would give the League supervision over its finances.

In return for these concessions the League undertakes to float a loan of 250,000,000 gold crowns and establish budgetary equilibrium by June 30, 1926. Ratification of these terms is necessary by the neighboring nations of the Little Entente which are interested in reparations from Hungary, and it is expected that such ratification will have eventuated by March when the Council meets again. A hopeful indication for future restoration of Middle Europe was given by the spirit of conciliation shown by the nations of the Little Entente toward Hungary. The success-

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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	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 Selz
Ernest A. Hamill	Robert J. Thorne
Charles H. Wacker	



Foreign Exchange

Letters of Credit

Cable Transfers

ful start made in applying League of Nation's financial doctoring to Hungary, coming as it does upon the apparent success of the League's action in Austria, has given greater significance to the discussion of applying this method toward curing the financial ills of Germany.

The last few weeks of the old year saw a changed point of view among the so-called succession states of Central Europe. At the close of the war the newly created national groups—Poland, Hungary, Austria, Czechoslovakia and Yugoslavia—were influenced in their international and commercial relationships by their mutual animosities. This feeling now gives signs of disappearing as a result of the gradual realization that trade wars are empty of results. Among other evidences of an altered state of mind, for example, is the recent action of Czechoslovakia in abolishing the duties on 100 commodities, this action being taken with a view to better-

ing trade relations with Austria and Germany.

Poland

The Polish Government, as a result of the long process of depreciation of the Polish currency, is making strenuous efforts to introduce a new stable currency and to stabilize the budget. A short time ago the lower house of the Diet passed a law providing for the payment of taxes and other government charges on an artificial gold basis, known as the zloty basis. The Polish Senate also passed this law by the terms of which the zloty basis was to go into effect January 1.

TWO FORMS OF CURRENCY

The government is also considering the advisability of two forms of currency for the time being. One of these, an actual new currency, is planned to be equivalent in value to the gold franc and to be maintained at par by gold

Banque Nationale Francaise Du Commerce Extérieur

Societe Anonyme

Organized under French Law of October 23, 1919

HEAD OFFICE: 21 BOULEVARD HAUSSMANN, PARIS

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

Capital Subscribed 100,000,000 francs

Capital Paid Up 50,000,000 francs

Advanced by the French Government without interest 25,000,000 francs

Chairman of the Board of Directors
M. Charles Petit

General Manager
M. Eugène Carpentier

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.

reserves and limitation of the amount issued. At the same time Polish marks will be issued to the extent necessary to cover deficits. This double form of currency is a plan also being resorted to in Russia. The government considers, as a necessary aid to the success of its plans, the establishment of a bank of issue created on a semi-private basis. Efforts have been going on to secure foreign, and especially American, participation in such a bank. It is planned to offer shares in the new bank for domestic subscription at this time.

PLEDGING OF SOURCES OF REVENUE

In order to invite foreign loans the Polish Government is now favorably disposed toward pledging various sources of revenue, especially the proceeds of the tobacco monopoly. The special favor in which American financial notice is regarded is illustrated by the report that although French interests are negotiating in connection with the tobacco monopoly the Polish Government prefers, if possible, to deal with Americans. Although commerce and industry in Poland are demoralized by outstanding marks to the amount of fifty-three trillion, nevertheless during the past few months the Polish Government has actually accomplished a great deal in the way of reducing government expenditure. Moreover, in spite of the serious difficulties presented by the currency situation, production and trade continue on a fairly large scale. The

tonnage of exports was much greater in August and September than in July.

In view of these facts and because of the financial reforms planned by the government to take effect early in 1924, there is a note of optimism in the Polish outlook for the new year.

Japan

After the earthquake in Japan it was expected that a great reconstruction loan would be sought in London and New York. It is now apparent, however, that Japan will be able to finance herself even to the extent required for reconstruction purposes. Information from the American Embassy at Tokio indicates that "if Japan should have recourse to London or New York it would be for expediency's sake or the possibility of saving on interest." And the *New York Times* quotes an authority on commercial conditions in Japan as saying that it was entirely possible for Japan to raise the whole amount needed for reconstruction, ranging anywhere from a billion to two billion yen.

Reconstruction is proceeding at a satisfactory rate and the problems involving foreign capital and investments are resolving themselves. Foreign insurance companies have been absolved technically from having to pay earthquake claims because of the earthquake provisions in their policies. The Japanese telegraph service is nearly restored, but it is estimated that it will take three

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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

years to restore the telephone service completely.

The Japanese Financial Commission in the United States announces that the budget prepared by the Japanese Minister of Finance for submittance to the Diet will place the amount needed for restoration purposes at \$295,000,000. This amount will be raised by loan flotations over the period from 1924 to 1928.

According to this commission, the Japanese Government still has a considerable surplus after the heavy expenditures for relief work. The estimated surplus for 1923, calculated as of March 31, 1924, will be 349,802,405 yen. The surplus, calculated as of March 31, 1925, will be 120,688,174 yen.

The plan of the Japanese Government to raise these sums for reconstruction work has not been divulged officially. Three months ago Japanese financial experts said that Japan would not

go into the foreign money markets for a loan until about the middle of 1924.

The resiliency of the Japanese Government in a financial way has met with the admiration of American bankers. Immediately following the earthquake Japanese bonds listed on the New York Stock Exchange broke sharply and rumors were broadcast that Japan would ask for a six months' delay in paying interest on its bonds. Such a request was not made, however, and advices received by Japanese banking agencies here indicated that Japan would continue its interest payments without delay both for the government bonds and for the City of Tokio bonds.

Russia

The month of December saw another "drive" on the part of Soviet Russia to secure recognition from the United States. On December 16 Tchicherin telegraphed President Coolidge seeking

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Capital Paid Up . . Frs. 16,884,000

Reserve Frs. 7,309,784

Branches :

BRUSSELS ——— OSTEND

**CORRESPONDENTS
AT ALL BANKING POINTS**

negotiations for a recognition compact. This appeal was rebuffed by the United States in a message to the American Consul at Reval, sent by Secretary of State Hughes. This message read in part as follows:

There would seem to be at this time no reason for negotiations. The American Government, as the President said in his message to the Congress, is not proposing to barter away its principles, but when the Soviet authorities are ready to restore the confiscated property of American citizens or make effective compensation, they can do so.

If the Soviet authorities are ready to repeal their decree repudiating Russia's obligations to this country and appropriately recognize them, they can do so.

It requires no conference or negotiations to accomplish these results, which can and should be achieved at Moscow as evidence of good faith.

The American Government has not incurred liabilities to Russia or repudiated obligations.

This effort to gain American recognition would seem to be but part of a world drive for political recognition. The closing weeks of the old year were marked by the announcement of commercial treaties between Russia and several European nations. Among these may be mentioned the British-Dutch-Soviet pact whereby transportation companies in those three countries had completed negotiations for the development of passenger traffic to and from Russia.

The Soviet is represented in the company by the Russian volunteer fleet and state mercantile fleet, while the British, Canadian and Dutch interests are represented by the Canadian Pacific Railway, the Canadian Pacific Steamships, Ltd., the Cunard Line, the Anchor Line, the Anchor-Donaldson Line, the Holland Amerika Line and the Royal Mail Steam Packet Company.

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.

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. Enderman, 14 Wall Street, New York

Russian and Roumanian commissions have also held a series of conferences with a view to arranging a commercial treaty. The *London Westminster Gazette* announced on December 20 that British recognition of Russia and the reopening of full trade relations between the two countries are likely to take place soon after the Baldwin ministry quits office. According to the *Gazette* the Moscow Government will admit liability for the pre-war Russian debt to Great Britain, totaling about £655,000,000. The article pointed out as an instance of the opportunities awaiting British traders in Russia, the fact that a British firm in December received a contract for electrical machinery worth £400,000. The Polish Government in December recognized the Soviet Republic and diplomatic relations were agreed to.

While the United States Government will not recognize Russia there are rumors that American capital, in con-

junction with British and Russian capital, "may chance Russia." According to the report, the present British plans call for the inauguration of a bank in Russia to be called the Anglo-Russia Bank. It would have a capital of approximately £2,000,000, held half and half by the Soviet Government and the British bankers as co-partners.

China

In discussing the present economic situation in China, Hew Fan Un, agent of the Bank of Canton, Ltd., 1 Wall street, New York, says:

"China today is indeed under political influence. Different political parties are controlling different parts of China. The differences in their politics generally is the cause of a now existant civil war, and the placing of the land under militarism. These conditions are uppermost in the minds of many who think that China's trade is declining. On

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Branches: Arecibo, Mayaguez, Caguas, Ponce

the surface this is so, but after reviewing divers reports, during the last year, from China's important trading centers, it appears that China's trade has not been on the decline at all. The volume of trade shows strength in spite of the existing unsettled conditions.

"In view of the fact that an earnest effort is actually being made by some prominent Chinese, headed by Sir Robert Ho Tung, for a round table conference of all the political leaders of China, to settle their political differences and unify the country, the outlook is far more promising for better trade in the coming year and in the future. Public opinion is strongly in favor of this round table conference, and many of the leaders have signified their willingness to support this move.

"The success of this conference at an early date is earnestly hoped for. China as a whole will enjoy the fruits of perpetual peace, which will undoubtedly and automatically improve her trade."

Mr. Un is a native born Chinese and previous to his coming to New York he was for many years identified with the Chartered Bank of India, Australia and China, and afterward became secretary of the Bank of Canton, at the head office in Canton.

International Banking Notes

The London Joint City and Midland Bank, Ltd., has changed its name to the Midland Bank Limited. The Midland Bank with its affiliations, the Clydesdale Bank, Ltd., and the Belfast Banking Company, Ltd., has more than 2000 branches.

©

The merger of the London and River Plate Bank, Ltd., and the London and Brazilian Bank, Ltd., has been ratified by the stockholders of the two banks effective as of December 14. The consolidated institution has a paid-up capital of £3,540,000 and reserve fund of £3,600,000. The two New York branches at 51 and 67 Wall street, will later become one agency. The new name is the Bank of London and South America, Ltd. William R. Robbins is New York agent.

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J. Enderman has succeeded J. G. van Breda Kolff as United States representative, at 14 Wall street, New York, of the Rotterdamsche Bankvereeniging, Rotterdam, Holland.

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The Anglo-South American Bank, Ltd., has announced the incorporation of the Anglo-South American Trust Company in New York. The controlling interest of the trust company is owned by the bank. The company opened for business on December

3, last. The president of the new institution is N. C. Stenning, and the vice-president C. Piatt. G. N. B. Watkins will manage the foreign exchange department.



The Royal Bank of Scotland is reported to be acquiring Messrs. Drummond, one of London's biggest and most famous remaining firms of private bankers, and which was founded in 1717. Much historical interest attaches to the house of Drummond. A cable to the *Christian Science Monitor*, Boston, states that Maurice Drummond, the first of the Drummond family to reach Great Britain, came in the seventeenth century from Hungary and settled in Scotland,

where his sister became queen to Malcolm III. Two other Scottish queens also came from the Drummond family, namely, Margaret, wife of David II, and Annabella, wife of Robert III.

The bank itself was founded in the eighteenth century on the site it still occupies in London by Andrew, son of John Drummond of Machany. So humble was its beginning that an old-time engraving in its parlor to this day, depicts an incident just after it started, in which a sailor who had £20 on deposit for prize money is offering to leave three-quarters of it on account, so as not to incommode its finances. It has many Jacobite names upon its books, and many legends remain of the funds it handled to help the Stuart cause.



Experts Organize Economic Foundation

THE Economic Foundation, organized to further "impartial investigation in the field of economic, social and industrial science," was launched in December at a meeting and luncheon held at the Bankers' Club, New York. Thomas W. Lamont of J. P. Morgan & Co. was chosen president and George Frederick Warren of Ithaca was made vice-president of the organization.

The Economic Foundation, it was explained, will act as a trust fund for donations made by persons who desire to have a group of impartial and scientific-minded men seek the important facts of social economic and industrial problems.

The following trustees were elected: Thomas W. Lamont, John P. Frey of the American Federation of Labor, Owen D. Young, chairman of the board of the General Electric Company; James Byrne, former president of the New York City Bar Association; Prof. E. R. A. Seligman of Columbia University; Prof. George Frederick Warren of Cornell University and Nicholas Kelly of Larkin, Rathbone & Perry.

Under the plan of organization the trustees were chosen to represent various economic viewpoints, including banking, organized labor, manufacturing, the legal profession, academic interests, agriculture and movements for social and economic reform.

The inauguration of the foundation was said to be the first move in the direction of creating a permanent fund for impartial investigation in economic, social and industrial science. The primary beneficiary is to

be the National Bureau of Economic Research, which recently completed studies of "Income in the United States" and "Business Cycles and Unemployment."

The luncheon brought together the trustees and Dr. F. H. Keppel, president of the Carnegie Corporation, and Dr. Beardsley Ruml, director of the Laura Spellman Rockefeller Memorial. The hosts were the following members of the executive committee of the National Bureau of Economic Research: M. C. Rorty, president of the bureau; Edwin F. Gay, president of *The New York Evening Post*; Walter R. Ingalls, president of the Metal Statistics Association; H. W. Laidler, director of the League for Industrial Democracy, and J. E. Sterrett of Price, Waterhouse & Co.

Mr. Rorty spoke on the need for real facts everywhere as an antidote for destructive propaganda.

"The purpose of the Economic Foundation," said Mr. Rorty, "is not to provide economic cure-alls, not to indulge in propaganda nor to attempt to make the world over in a day, but simply and solely to bring together a group of impartial and scientific-minded men who shall be charged with the duty of seeing that the funds of the Foundation are applied year after year through the National Bureau, or otherwise if circumstances require, in bringing the searchlight of scientifically determined facts to bear upon our social, economic and industrial problems."

Trust Companies and Trusts

Article X 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

ALTHOUGH trust companies were originally created to act as incorporated trustees, nowadays (except in the few states where the laws do not permit) they transact commercial banking functions in addition to acting in various trust capacities.

This was only a natural evolutionary process. With the great increase in personal fortunes since the late '70s, trust companies, through the administration and settlement of estates, custodianship of trust funds, trusteeship under mortgage indentures and escrow agreements, have come into possession of large sums of cash and securities. It therefore became necessary for these companies to extend their functions beyond those of a merely fiduciary character. The result has been that legislative changes have been secured in practically all the states authorizing trust companies to undertake and engage in related lines of business.

Insofar as cash was handled, banking operations became indispensable, while the handling of securities necessitated the development of investment and safe deposit departments. Consequently, a modern trust company's facilities are not much different from those of any large bank, whether it operates under a national or state charter. Recent legislation, moreover, has tended to eliminate the last vestige of differentiation between banks and trust companies, so that with certain restrictions, commercial banks may now organize a trust department, and trust companies may operate a commercial banking department. The large trust companies located in important centers normally comprehend the following departments in their organization, viz.: trust, commercial banking, safe deposit, investment, and title insurance.

Reports of the Comptroller of the Currency show that the individual deposits of trust companies in the United States have grown faster since 1875 than for national banks, state banks, or savings banks. *This shows that the institutions dealing with funds accumulated for distribution to persons other than those who acquired them, developed more rapidly during this period than funds used as working capital in business or saved by the persons who earned them.*

TWO BROAD CLASSIFICATIONS

As indicated in the outline, there are two broad classifications of trust business, corporate and individual. In recent years the volume of corporate trust business has made striking gains. There appears to be less resistance to incorporated trustees in managing corporate trusts than in the case of individual trusts. With the great increase in stock issues since the war, the amount of business offered to trust companies and trust departments of national and state banks, acting as transfer agents and stock registrars, has been of tremendous proportions. The same may be said of fiscal agent facilities, particularly among the large cities, e. g., New York and Chicago.

The rules of the New York Stock Exchange require that corporations the stocks of which are listed thereon maintain a separate registrar and transfer agent. Because of their special facilities, the New York banks and trust companies are usually appointed to perform this work. It is the duty of a stock transfer agent to issue new stock certificates for old, i. e., transfer the ownership of stock from the seller to the buyer, and the obligation of the

OUTLINE OF ARTICLE X

I. Advantages of trust companies over individual trustees:

1. Perpetual existence — individual trustee may die, resign, or become incapacitated.
2. Permanent location—always accessible and has regular hours of doing business.
3. Superior responsibility — secured through regulation, by deposit of securities with banking department, and by segregation of trust funds from banking department assets.
4. Greater efficiency—trusts are administered by officers specialized in trust and investment business.
5. Stability of policy—trusts are managed with impartiality, i. e., relations with beneficiaries are impersonal.
6. Greater economy—through waiver of bond, and avoidance of losses through inexperience.

II. General divisions of trust business:

1. Corporate trusts.
 - a. Trustee for bondholders under mortgage indenture.
 - b. Depository under escrow agreements.
 - c. Depository for securities and trust funds.
 - d. Fiscal agent.
 - e. Stock transfer agent.
 - f. Stock registrar.
 - g. Agent for receiver or assignee.
2. Individual trusts.
 - a. Executor (appointed in will).
 - b. Administrator (appointed by court).
 - c. Trustee under "living" or "testamentary" trust.

d. Guardian and trustee of estate of a minor.

e. Conservator (or committee) of the estate of an incompetent or insane person.

f. Receiver or assignee of estate of insolvent or bankrupt person.

III. Essential elements of an individual trust:

1. Creator of the trust—known as creator, trustor, etc.
2. Designation of the beneficiary or beneficiaries.
3. Specific funds or property.
4. Gift of the fund to the trustee by the creator, declaring the terms or conditions on which it is to be held.
5. Designation of the trustee.
6. Disposition of the principal of the trust funds on termination of the trust.

IV. Origin of individual trusts:

1. Declaration or deed of trust—"living" trust.
2. Will—"testamentary" trust.

V. Reasons for making wills:

1. Estate can be settled more economically and expeditiously.
2. Real property can be sold and disposed of more readily.
3. Total property can be distributed more equitably—each devisee and legatee benefiting according to his needs.
4. Becomes possible to leave something to others than statutory heirs, e. g., to charity or to friends.
5. Becomes possible to provide life incomes for members of family through trust funds.

registrar to see that there is no over-issue. That is to say, the registrar must make certain that there is a cancellation for each issuance by placing a "cancelled" stamp on old certificates and validating new certificates by means of his signature.

INDIVIDUAL TRUST BUSINESS

Individual trust business is only in its infancy. Despite the many educational

campaigns that trust companies have launched, only the surface has been scratched. Every trust officer knows that not one man in a hundred knows the advantage of making a will, and that not one man in two hundred ever definitely organizes an estate plan whereby security for old age is provided for, and a trust estate for the protection of the widow and children

Condensed Statement of Condition

HEAD OFFICE AND BRANCHES

BANK OF ITALY

SAVINGS

COMMERCIAL

TRUST

HEAD OFFICE, SAN FRANCISCO

December 29, 1923

RESOURCES

First Mortgage Loans on Real Estate	\$115,733,167.93	
Other Loans and Discounts	84,772,763.01	\$200,505,930.94
United States, State, County and Municipal Bonds and		
United States Certificates of Indebtedness.....	\$ 46,602,514.67	
Other Bonds and Securities	9,341,343.99	
Stock in Federal Reserve Bank	600,000.00	
TOTAL U. S. AND OTHER SECURITIES		56,543,858.66
Due from Federal Reserve Bank	\$ 13,569,876.54	
Cash and Due from Other Banks	17,240,793.51	
TOTAL CASH AND DUE FROM BANKS		30,810,670.05
Banking Premises, Furniture, Fixtures and Safe Deposit		
Vaults (75 banking offices in 52 California Cities)		10,220,269.27
Other Real Estate Owned		686,469.48
Customers' Liability under Letters of Credit and Acceptances.....		655,660.83
Interest Earned—Uncollected		2,388,358.15
Employees' Pension Fund—\$120,556.69 (Carried on Books at).....		1.00
Other Resources		152,259.39
TOTAL RESOURCES		\$301,963,477.77

LIABILITIES

DEPOSITS { Savings	\$187,977,307.73	
Commercial	88,571,571.47	\$276,548,879.20
Irrigation District Funds		49,934.07
Dividends Unpaid		1,016,508.60
Discount Collected but Not Earned		75,662.79
Letters of Credit, Acceptances and Time Drafts		655,660.83
*CAPITAL PAID IN		\$278,346,645.49
SURPLUS		\$ 15,000,000.00
Undivided Profits		5,000,000.00
Interest Earned but Not Collected		1,228,474.13
		2,388,358.15
TOTAL LIABILITIES		\$301,963,477.77

All charge-offs, expenses and interest payable to end of half-year have been deducted in above statement.

*The issuance of 25,000 additional combined shares of stock of Bank of Italy and Stockholders Auxiliary Corporation (the stock of which Corporations is owned by the same stockholders) will give these Corporations in July, 1924, a combined Paid-in Capital, Surplus and Undivided Profits of approximately \$35,000,000.

The Story of Our Growth

As Shown by a Comparative Statement of Our Resources

December, 1904	\$285,436.97
December, 1908	\$2,574,004.90
December, 1912	\$11,228,814.56
December, 1916	\$39,805,995.24
December, 1920	\$157,464,685.08
December, 1922	\$254,282,289.52
December 29, 1923	\$301,963,477.77

NUMBER OF DEPOSITORS, 485,136

is created. Even where the property to be left is no more than \$1000, there are valid reasons why every man should make a will. The fact is that it is a far better display of foresight and intelligence for a man to make a will than not to make one.

Undoubtedly, the principal reason why men who have accumulated something in the way of a competence do not make a will is because they do not understand its advantages. Inertia, however, is a contributing cause. But with frequent administrations of informative literature, trust companies should be able to develop a vast amount of this sort of business.

An individual trust is a relationship between two or more persons by means of which one or more of them is assigned the legal title to property or funds to be held for the benefit of others. The person in whose favor or for whose benefit the trust is created and operates is known as the *beneficiary*, or *cestui que trust*. The person (or corporation) who holds the legal title to the property or funds for the beneficiary is called the *trustee*.

CLASSIFICATION BY ORIGIN

From early times, the purpose of trusts has been the preservation of property in order that the beneficiary person or institution might benefit as a recipient of the income from the principal, or come into the possession of the principal itself. Classified by origin, trusts may be created by a *declaration* or *deed of trust*, or by *will*. The former, popularly known as a "living" trust, personal trust, or voluntary trust, may take effect immediately upon the execution of the instrument. The person who creates such a trust is called the *trustor*, *donor*, *settlor*, or *grantor*, while one who creates a trust by will is called the *testator*. In either case the maker of a trust may be called the *creator*. The trust created by a testator in a will is called a *testamentary trust* to distinguish it from a "living" trust.

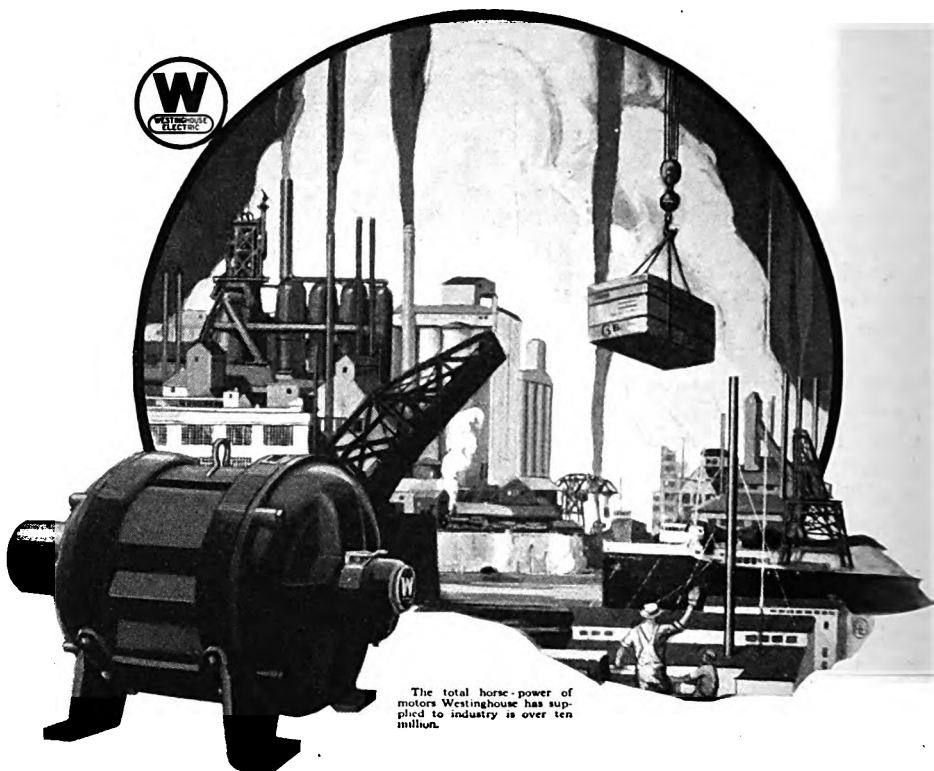
Recently "living" trusts have increased in popularity. Through their

instrumentality, it becomes possible for a person who has accumulated a large amount of property to retire from active life, and shift the responsibility of its management to another, i. e., the trustee. While a testamentary trust is always irrevocable, a "living" trust may be made revocable provided the trustor expressly reserves the right to modify or revoke. Otherwise (except in New York where a trust may be revoked with the consent of all parties beneficially interested) the living trust becomes irrevocable even by the trustor himself. A living trust may be created for the benefit of the trustor himself or for other persons, and the trustor may make himself a sole trustee or jointly with others for the benefit of a third party.

THREE PRINCIPAL PARTIES

Thus, there are three principal parties to any kind of trust agreement, viz.: (1) creator (or settlor, donor, etc. in the case of a living trust), the party which creates the trust; (2) beneficiary, the party for whose benefit the fund is established; and (3) trustee, the party charged with the management and preservation of the property which constitutes the trust estate.

Various circumstances motivate the creation of trust estates. Ambitious persons desire to amass a competence for themselves in old age and to assure the support and education of their children during the period of their minority. But if this is left in their own hands, it is subject to the temptation of being dissipated or diverted to other uses. On the other hand, if it is given outright to relatives, the property may be squandered, or the beneficiary may become the victim of unscrupulous persons (sellers of worthless or fraudulent securities, etc.), or other well-intentioned but inexperienced advisers. Trusts created to circumvent such eventualities are sometimes characterized as "spendthrift trusts" or "sheltering trusts." Consequently, trusts involve the appointment of trusted, experienced, and responsible persons or corporations to the end that the property and its



“Long-Pull” Quality

Just as the seasoned investor chooses that stock or bond which brings the largest yield with the greatest possible safety, so the wise buyer of electrical apparatus demands that, which on past performances, will serve continuously over a long period.

How well Westinghouse products fulfill this requirement is shown in the steel industry by the pioneer applications of electricity. In 1891, the first electric motor was installed in a steel mill by the Westinghouse Company. In 1905, the first large rolling mill motor was installed at the Edgar Thompson Works of the Carnegie Steel Company. In 1906, the first revers-

ing motor was installed by the Illinois Steel Company at S. Chicago, Ill. *These were all Westinghouse motors!*

Today after many years of service, they are still in operation. Similar unusual and surprising performances of durability, continuity of service, and all around quality of Westinghouse products applied to the textile, the rubber, the paper and the mining industries are also precious achievements of this institution.

Truly the name Westinghouse on a piece of electrical apparatus is a guarantee of “long-pull” quality, a safe investment for the buyer.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
 Offices in all Principal Cities Representatives Everywhere

Westinghouse

income may be distributed in accordance with the desire of the testator or trustor, as expressed in the will or deed of trust.

Among the various provisions incorporated in the trust instrument as affecting the beneficiary, are the following: (1) trusts in which the income is to be periodically paid over to the trustor himself, or to his wife, child, parent, friend, or to a charitable or other institution; (2) trusts in which the income is to be accumulated for a minor until he or she arrives at the age of majority; (3) trusts in which the principal is to be paid over to one beneficiary at a certain age (i. e., to the remainder-man), the income meanwhile being paid to another or to the same beneficiary (i. e., the life-tenant); and (4) trusts in which the principal is to be paid to the beneficiary upon marriage as a marriage settlement.

SAFEGUARDS FOR PROTECTION OF TRUSTS

Because of the nature and responsibility of the relationship brought into existence by the establishment of a trust, the law has surrounded the administration of trust funds with numerous safeguards for the protection of all concerned. Among these safeguards are the following, viz.: (1) the trustee must keep accurate accounts of the funds held, invested, and distributed; (2) trust funds must be kept entirely segregated from individual or corporate assets; (3) corporate trustees must deposit securities with the state banking department as a pledge of faithful execution of trusts committed to their care, and individual trustees must give bond (unless waived by the creator); (4) the trustee must comply with the wishes of the trustor in carrying out the terms of the trust; (5) the trustee is not permitted to take advantage of his position to profit at the expense of the beneficiary; and (6) unless the character of the investments has been prescribed by the trustor, then the trustee is bound to confine himself to

the class of investments permitted by the law of the state as being legal for trust funds.

PREVENTING LOCKING UP OF FUNDS

Although the law places safeguards around trust funds, it has also prevented the locking up of such funds beyond a reasonable length of time. To get around the tendency which arises from the natural desire to retain in the family the property which it has acquired, two rules of common law have been actually incorporated into the statutes of most of the states, e. g., New York. One of these is the rule against perpetuities which make a gift void if the vesting of title is postponed beyond two lives in being and the minority of a third life. The other law is that no funds may be placed in trust for the accumulation of income except during the period of minority of a minor beneficiary. This law has for its object the avoidance of concentration of wealth in any one family, and to insure the entry of trust funds into the normal channels of business.

The compensation of the trustee may be fixed in the deed of trust or will. But if this is not mentioned, the compensation is usually fixed by law. In New York state, for instance, 5 per cent. is allowed on the first \$1000, 2½ per cent. on the next \$10,000, and 1 per cent. on all above the first \$11,000. If an annual accounting of receipts and disbursements is rendered to the beneficiary by the trustee, another commission based on income is allowable.

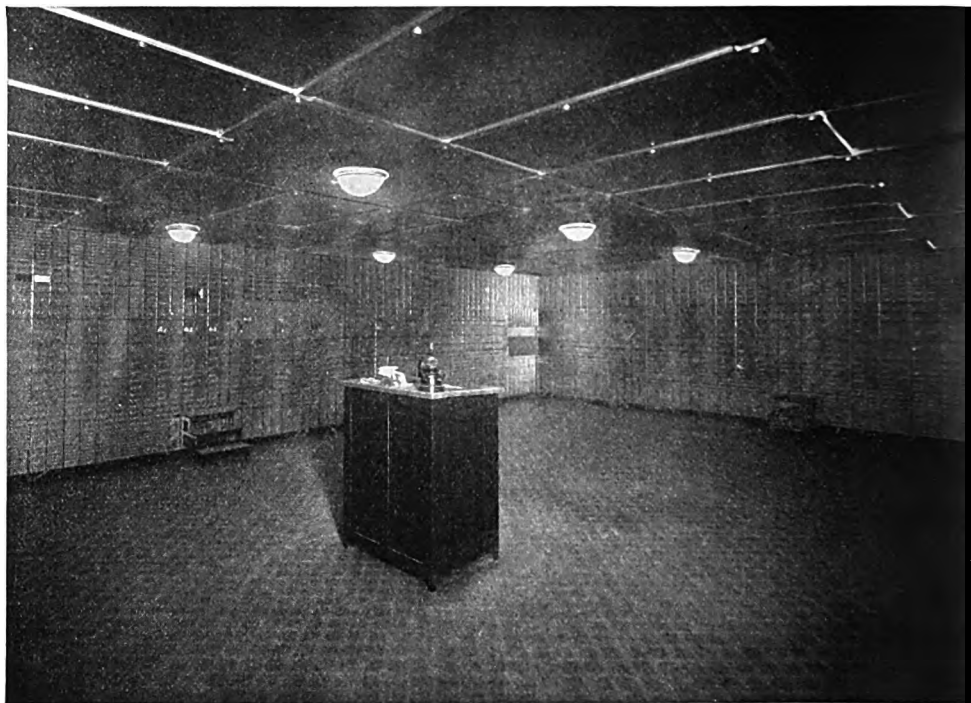
READING ASSIGNMENT

Clay Herrick: Trust Companies, Chap. 2, 3, 4, 6. (Trust company functions, organization, legislation and records.)

L. H. Langston: Practical Bank Operation, Chap. 19, 20. (Trust business of a trust department in a large bank.)

J. T. Holdsworthy: Money and Banking, Chap. 19. (Trust companies and their functions.)

Langston & Whitney: Banking Practice, Chap. 23. (Brief treatment of trust company activities.)



Interior View of a Modern Safe Deposit Vault Installed Complete by Herring-Hall-Marvin Safe Co.

DOES 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.

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214 California St., San Francisco, Cal.

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Cable Address—"Fireproof" New York

SUPPLEMENTARY READING

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

Kirkbridge, Sterrett & Willis: The Modern Trust Company.

T. Conyngton: Wills, Estates and Trusts (2 vol.).

F. C. McKinney: Legal Investments for Trust Funds.

Morgan & Parker's New York Banking Law, Art. 5.

QUESTIONS

1. What are the differences between a bank and a trust company?

2. What was the original function of a trust company?

3. How did trust companies come to take on banking functions?

4. What facilities are now offered by a modern trust company?

5. What is the explanation of the rapid growth of trust companies?

6. What are the requirements for a national bank to organize a trust department?

7. May state banks operate trust departments?

8. What are the two broad classifications of trust business?

9. Name four individual trust functions, and four corporate trust functions.

10. What are the advantages of a trust company or bank over an individual trustee in acting in various trust capacities?

11. What is the duty of a trust company in acting as transfer agent? In acting as stock registrar?

12. What is meant by the fiscal agent function?

13. Explain the nature of a trusteeship created by a mortgage indenture in which a trust company acts for the benefit of bondholders.

14. What are the duties of an executor? Administrator?

15. What is an administrator *cum testamento annexo*? Administrator *de bonis non*?

16. What are the essential elements of an individual trust?

17. Who are parties to a trust agreement?

18. What are the instruments by which a trust may be created?

19. What is the difference between a "living" trust and a "testamentary" trust?

20. What other names are used to designate a "living" trust?

21. Define the following terms: testator, intestate decedent, will, trustor, creator, conservator, cestui que trust, life-tenant, remainder-man, beneficiary, trust funds.

22. What are the principal motives in creating trusts?

23. Are "living" trusts irrevocable? Testamentary trusts?

24. What is meant by a "sheltering" trust?

25. What various provisions may be incorporated in a deed of trust or will affecting the beneficiary?

26. In what ways are the creator and beneficiary protected in the administration of trust funds by the trustee?

27. What restrictions are placed upon the trustee in the investment of trust funds?

28. What classes of securities are eligible as investments for trust funds in New York State?

29. What advantages are there in making a will as over against making none?

30. How can the objections of the average man in refusing to make, or in postponing to make, a will, be overcome?

31. Can the income from a trust fund be accumulated indefinitely?

32. What are the objections to such a practice?

33. How is the compensation of a trustee fixed?



Savings Deposits Increasing

MORE than a billion dollars was added to savings bank deposits in the fiscal year ending last June. Such deposits come chiefly from wage earners.

Total savings deposits are reported at \$18,373,062,000. That is about five billions less than our interest-bearing national debt. It is double the maximum savings bank deposits in any pre-war year, according to the

Statistical Abstract. But the *Abstract's* total omits some classes of deposits included in the statement by the American Bankers Association.

The average deposit ranges between \$405 in New England and \$147 in the Eastern Central states. The Southern states report an average deposit of \$45, against \$18 in 1912.

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 recently run across two successive statements of the same company, in the first of which notes receivable discounted are carried as a contingent liability, and in the second of which they are shown in the full amount on both the asset and liability side of the statement. Which do you consider is the correct method of carrying receivables when discounted?—W. J. H.

ANSWER: It is largely a matter of opinion as to which is the correct method. At the present time bankers favor the showing in full of notes or acceptances discounted; i. e., the receivables are carried in full on the asset side and the amount of receivables discounted appears as an offsetting liability. Of course no direct liability is created by the discounting of receivables, the debt being contingent upon the original maker of the note not being able to meet his obligation. Technically, therefore, the correct way to show the receivables discounted is simply in the form of a notation at the foot of the statement, indicating that "such and such a company is contingently liable for notes and acceptances discounted at bank to the extent of \$....." In practice, however, the contingent liability often proves to be almost a direct liability, for receivables discounted which are not met promptly at the due date are immediately charged by the bank to the account of the endorsing company. In this sense the contingent liability created by the discounting of receivables differs from most cases of contingent debts, where it often takes considerable time and various legal entanglements before collection can be made from the endorsing company. The showing of the full amount of receivables on the asset side, and the receivables discounted on the liability side, is of course a technical inflation of both assets and liabilities. How-

ever, it presents to the banker a clearer picture of the actual financial position of the concern in question and also makes "window dressing" more difficult. Although the practice of mentioning in a footnote the amount of receivables discounted is in more common use among accountants, the more detailed method of indicating the financing in full on the balance sheet is generally preferred by bankers.

QUESTION: I have recently been buying some commercial paper for our bank and am interested in getting statistics concerning the normal turnover of inventory (based on sales), turnover of accounts receivable (based on sales), ratio of net profits to net worth, and ratio of current assets to current liabilities in the following industries: Manufacturers of farm machinery; shoe manufacturers; department stores, cotton goods manufacturers; paper manufacturers. Can you give me any figures on the above?—D. W.

ANSWER: Your question is rather difficult to answer definitely because the so-called "ratios" vary greatly with different companies. Ratios of this sort are elastic and can not be taken as an exact standard. They change according to changes in conditions, times, etc. However, in the industries which you have mentioned we will attempt to give what we would consider a "normal" ratio, based on a comparison of statements of leading companies in these lines over a period of years:

MANUFACTURERS OF FARM MACHINERY

Business has been poor in the last few years. The inventory turnover has always been slow and it is very seldom that it turns more than twice a year. A normal ratio is about \$1.20 to \$1.60 of sales to \$1.00 of inventory. Selling terms are also

long and collection of accounts often slow. It is not unusual to find receivables outstanding on a company's books of from three to six months or even more accumulation. The smaller figure is of course the more desirable. As to the amount earned on net worth, many companies in this line have operated at a deficit in recent years. Over a period of ten years, a fair percentage of net profits earned on net worth would be 6 per cent. In order for companies in this line to keep in a liquid condition the current ratio must necessarily be high. A normal ratio among the stronger companies is \$4 to \$5 in current assets to \$1 in current liabilities.

SHOE MANUFACTURERS

Shoe manufacturers normally turn their inventory three to four times a year. Over a period of years a comparison of the balance sheets of several of the leading manufacturers indicates an average of seventy-three days for receivables outstanding on annual statement dates. A fair percentage of net profits earned on net worth is 12 per cent. The current ratio is usually about two for one, and a normal ratio is \$2.50 in current assets to \$1.00 in current debt.

DEPARTMENT STORES

Retail stores of this type usually turn their inventory about every two months; a fair ratio is \$5.00 to \$6.00 in sales to \$1.00 in inventory. A large proportion of the business is done on a cash basis, so that the item of accounts receivable is usually not large. A normal amount of outstanding accounts is thirty to forty days. Net profits on net worth should run in the neighborhood of 10 per cent. The current ratio is usually above two for one, and a very fair ratio is \$2.75 in quick assets to \$1.00 in quick debt.

COTTON GOODS MANUFACTURERS

The inventory turnover for cotton goods manufacturers is from three to four times a year. Outstanding accounts receivable vary considerably, but an average of several representative companies over a period of years indicates about seventy-five to eighty days accounts outstanding on statement dates. A normal percentage of net profit to net worth is 11 or 12 per cent.

The current ratio among the stronger companies would average around \$2.25 in quick assets to \$1.00 in quick debts.

PAPER MANUFACTURERS

The inventory turnover in this industry varies considerably, although a normal turnover is about four to five times a year. The average amount of outstanding accounts expressed in days is about forty, with again a wide variation among the different companies. Over a period of years a number of leading concerns have averaged 5 per cent. net profits on net worth. The current ratio should normally be over two for one, and a comparison among representative concerns shows an average ratio slightly in excess of \$3.00 in current assets to \$1.00 in current debt.

QUESTION: Do you consider the item of supplies a quick asset? I occasionally see companies carrying coal, boxes, etc., as supplies on their balance sheets and I am not quite clear how to treat these.—K. P. K.

ANSWER: Ordinarily supplies are slow assets, although no definite rule can be established regarding their treatment, and each case must be handled individually. When the supply inventory consists of material that will be consumed in the actual operation of the plant, such as coal, it is in the nature of an expense inventory and is slow, often being treated merely as a deferred charge. If the item of supplies is unusually large and its treatment as a slow asset would seriously affect the current ratio of the concern in question, a careful investigation should be made as to its exact nature. If it is a staple article with a ready sale which might properly be classed as forming a part of the regular inventory, then it might be treated as quick. Ordinarily, however, the item of supplies is small and its exclusion from the current ratio will not alter appreciably the company's quick position. Supplies are usually charged off to profit and loss as expenses of the business, and any which remain at the end of the year are normally a slow asset.



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Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

THE divorce of state bank supervision from all other activities of state government is advocated in the annual report of the State Bank Division of the American Bankers Association to the parent body.

"State bankers are vitally interested that the highest efficiency be maintained in the offices of all state banking supervisors and commissioners," the report says. "Therefore we favor 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 examinations." The report continues:

The tenure of office of banking superintendents should be made more certain and lasting and not subject to political change. Sufficient compensation should be paid to attract men of the best ability. We believe that men should be chosen for the examination service who have had a practical banking knowledge, preferably from actual banking experience.

Membership of state-chartered banking institutions in the Federal Reserve System has again become a question of national interest, and the State Bank Division will make this subject one of its prominent activities during the coming year, according to the report, which says further:

A joint committee has been appointed by Congress to investigate the reasons under-

lying the fact that more state banks are not joining the Federal Reserve System. 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. A special committee of five members has been 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 at a special hearing, if deemed advisable.

FAVORABLE FACTORS FOR 1924

Discussing the business outlook for 1924 in a speech before bankers in Pittsburgh at a dinner on December 19, last, Frederick W. Gehle, vice-president, Mechanics and Metals National Bank, New York, said that the ability and energy of the American people, and their extraordinary facility for production and distribution, were the factors operating most positively in favor of the country. Mr. Gehle went on to say:

The abundance of the country's supply of food and raw materials, the extent of the domestic buying power, the readiness with which the national wealth is responding to development, the adequate manner in which the credit structure is lending itself to every right demand—all these are factors decidedly favorable to the business outlook. From a banking point of view, the financial wealth

of the country is manifested in the strength of its credit structure. Bank loans, according to current statements, are above a year ago and are higher than at any time before, with the exception of 1919 and 1920, but reserves also are higher by a wide margin, and with the exception of certain sections of the agricultural west, the difficulties of the credit situation which marked the country's affairs not long ago have been corrected. The banking system is in a strong position—so much so that in contrast with the pulling-in process of 1920 and 1921, there is presented a problem of how to direct the available credit flow, making it at the same time productive and secure.

EXPENDITURE FOR AUTOMOBILES

The current letter of the First National Bank of Philadelphia, notes that the American people are spending an unparalleled proportion of their income for automobiles, original cost and upkeep, but adds that this is scarcely strange when the high earning power of the public is taken into account and also the fact that this great industry has been restored to virtually a pre-war price basis. The letter continues:

While this expansion has caused the withdrawal of an immense body of skilled labor from the manufacture of more productive merchandise, it is nevertheless true that a well-employed and thrifty people can scarcely be criticised for buying the things which contribute to family comfort in the degree that the automobile contributes to it. The United States has developed quantity production as no other nation has developed it and the cheaper models of the American cars are gaining a popularity abroad which insures for our makers the supremacy in the motor car field for years to come.

GROWTH IN BANK CREDIT

The fact that total loans of all member banks of the Federal Reserve System increased by three-quarters of a billion during the first nine months of 1923 serves as a good index to the extent of the demand for bank credit. The Federal Reserve Bulletin remarks that: "This increase of about 4 per cent. followed upon an increase which took place during the last nine months of 1922 at an even more rapid rate. In that year

the growth of loans was accompanied by an even more rapid growth in investments; in 1923, however, investments declined slightly while loans continued to increase." The bulletin continues:

The growth of member bank credit since the spring of 1922 was at a rate more rapid than the previous loan liquidation, so that by the middle of 1923 total loans and investments were greater than in November, 1920. In 1922 the increase in loans was exceeded by the increase in demand deposits, while during the first nine months of 1923 there was a decrease in demand deposits. The chief source of increase in member bank funds during 1923 was the growth in time deposits, supplemented by additional borrowings at the Federal Reserve Banks.

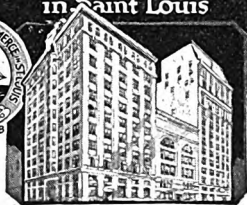
The growth in member bank credit in the agricultural districts during the period was to a much larger extent than in the industrial districts financed by borrowings at the Reserve Banks. The discounts at the six Federal Reserve Banks located in the agricultural districts (Richmond, Atlanta, St. Louis, Minneapolis, Kansas City and Dallas) increased by 69 per cent. between January and September, while discounts at all other reserve banks increased by 31 per cent. Loans increased more rapidly in industrial districts, and this increase was met in part through the sale of investments, while in the agricultural districts investments continued to increase. In the financial centers funds available for commercial loans were also increased through a reduction in loans secured by stocks and bonds. The volume of commercial borrowing at member banks in leading cities declined slightly after the first week in October, and the lessened demand for credit was also reflected in somewhat easier money rates.

A SURVEY OF THE PAST YEAR

James B. Forgan, chairman First National Bank, Chicago, says in a statement issued by him in the closing days of 1923, that while the year marked the beginning of a real revival, business men did not forget the experiences of the depression of 1920, and proceeded conservatively. As a result of this conservatism inventories are not unduly large and there has been no inflation of either currency or credit. Mr. Forgan terms the outlook a reasonably hopeful one. He remarks that:

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Let us know your requirements.

Willing Cooperation is a Part of Our Working Capital

It is not unnatural that even now we are still feeling the shock of the war, though with diminished intensity. Certain industries have not recovered to the extent that would be desirable, and among these may be noted the clothing and the leather industries, both of which are still in need of readjustments in order to attain again a full measure of prosperity.

Much is heard about the agricultural situation. As a matter of fact, crops have been very satisfactory, and most farmers are in a better financial condition than they have been for a long period of time. Even the difficulties of the wheat farmers are exaggerated. The trouble in their case is that as a result of the arbitrarily high prices of wheat during the war, wheat was grown upon land which under ordinary conditions is not suitable for that crop. In other words, some wheat lands ought to be used for other purposes.

That the agricultural situation is not as bad as sometimes reported is proved by the fact that the liquidation of farm debts is continuing in a very satisfactory manner, and in recent months farmers have restricted their borrowings from joint stock land banks and similar organizations. A further proof of this condition is to be found in the reports of the mail order

houses, whose sales have been unprecedentedly large, and it must be remembered that a large proportion of their trade is found in our rural communities.

RECORD RAIL TRAFFIC IN 1923

The railroads of the United States during the first ten months of 1923 handled the greatest freight traffic in their history, according to reports of the carriers on file with the Bureau of Railway Economics.

The traffic for that period amounted to 386,027,840,000 net ton miles, an increase of 2-2/5 per cent. over the corresponding period in 1920, which marked the previous high record and which amounted to 377,025,000,000.

Compared with the first ten months of 1922, the total for the same period in 1923 was an increase of 84,495,486,000, or 28 per cent. In making this comparison, however, consideration must be given to the fact that freight traffic in 1922 was affected by the strike of the miners, which began on April 1,



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IN addition to the usual banking facilities offered to its clients, this Company as correspondent for financial institutions places at their disposal the assistance of its Trust Department.

Due to the large amount of trusts in care of the Company and by virtue of the wide and varied trust experience built upon nearly a century of trust service, the personnel of the Trust Department is well qualified to assist banking clients with their trust problems.

It follows that a trust company or bank maintaining a trust department to which we may be of service may profitably consider this institution as a reserve depository for its funds.

Individual Trust Funds \$345,000,000

Corporate Trust Funds \$1,450,000,000

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of that year, and that of the railway shopmen, which began on July 1, both continuing until fall.

In the Eastern District, freight traffic during the first ten months of 1923 showed an increase of approximately 35 per cent. over the corresponding period last year.

In the Southern District an increase of nearly 25 per cent. was reported.

In the Western District there was an increase of nearly 20 per cent.

For the month of October, 1923, alone the freight business of the railroads amounted to 42,209,895,000 net ton miles, which has only been exceeded in two previous months. The first time this was exceeded was in August, 1920, when it amounted to 42,734,000,000, and again in October, 1920, when it was 42,570,000,000. Compared with October, 1922, it was an increase of 2,922,541,000, or more than 7 per cent.

WHAT PRESENT CONDITIONS INDICATE

"Present conditions indicate that, although the next few months may show further recessions in some lines, the reaction has nearly spent its force, and business may be expected to continue in good volume, characterized by steadiness and caution," says Clay Herrick, vice-president of the Guardian Savings and Trust Company, Cleveland, in the bank's current business review. Mr. Herrick continues:

A more hopeful tone of business sentiment is discernible. An important factor in bringing about this result is that while the pace has slackened, the reduction has been gradual and orderly, business has continued large in volume, and the serious decline which some people feared has not occurred. Sentiment has also been stimulated by the recovery of the stock exchange, by President Coolidge's message, by Judge Gary's interview backed by the extra dividend on steel and by extra dividends by about forty other corporations, and by Secretary of the Treasury Mellon's message and tax-reduction proposals.

Of the favorable factors in the outlook for the near future perhaps the most significant is the status of the building industry. October saw a large increase, and the values of permits and contracts for October and November were record figures for these

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months. This condition at the close of the usual active building season, the presumption that much of the projected work will last over into spring, and housing shortages still reported from many centers seem to forecast very active building during the first half of 1924. Although building permits for ten months of 1923, as reported by Bradstreets, totalled \$2,590,709,250, as compared with \$2,080,039,978 during the same period in 1922, there is evidence that the need for new construction is yet far from satisfied.

SILVER PRODUCTION IN UNITED STATES

Announcement that a study of possible new uses for silver in the industries and commerce is to be undertaken by the United States Department of the Interior, lends interest to some calculations made by the *Trade Record* of The National City Bank of New York as to the share which we are producing of the world's silver output, and the proportion used in the industrial arts. These figures show that the United

UNITED STATES MORTGAGE & TRUST COMPANY

Statement of Condition December 31, 1923

ASSETS

Cash on Hand, in Federal Reserve and Other Banks	\$10,140,645.58
Clearing House Exchanges	5,744,068.15
U. S. Government Securities	9,021,345.41
Other Bonds and Stocks	2,983,748.11
Demand Loans	9,756,700.00
Time Loans	20,632,425.84
Bills and Notes Purchased	4,100,503.65
Foreign Exchange	419,755.71
Mortgages	3,823,690.41
Real Estate (Branch Banking House).....	476,043.10
Customers' Liability on Acceptances	31,478.57
Accrued Interest Receivable	353,150.25

\$67,483,554.78

LIABILITIES

Capital	\$ 3,000,000.00
Surplus	3,000,000.00
Undivided Profits	1,301,608.61
Reserve for Taxes, etc.	596,206.94
Dividend Payable January 2, 1924.....	120,000.00
Deposits	56,189,189.06
Treasurer's Checks	2,554,412.54
Mortgage Trust Bonds	624,500.00
Acceptances Executed for Customers	31,478.57
Accrued Interest Payable	66,159.06

\$67,483,554.78

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<i>Branch</i>	<i>Branch</i>	<i>Branch</i>
Broadway at 73d St.	Madison Ave. at 74th St.	125th St. at Eighth Ave.

New York

States produced in 1922 about 26 per cent. of the silver turned out by the mines of the world as against 26 per cent. in 1910, 33 per cent. in 1900, 29 per cent. in 1870, 24 per cent. in 1865, and 5 per cent. in 1861, the initial year of our recognition as an important factor in world silver production. Prior to 1860 our share of world production was extremely small, being but a fraction of 1 per cent. Our production of silver, which amounted to only 116,016 ounces in 1860, and 1,547,000 in 1861, for the first time crossed the 10,000,000 line in 1867, being for that year 10,441,000 ounces; in 1870, 13,000,000; 1880, 30,000,000; 1890, 54,000,000; 1900, 58,000,000; 1910, 57,000,000; 1915, 75,000,000, and in 1922, 56,240,000 ounces.

ACHIEVEMENTS IN AMERICAN AVIATION

"American aviation in 1923—the twentieth year of mechanical flight—rose to unparalleled achievements," according to a review issued on December 30 by the Aeronautical Chamber of Commerce of America. The review summarizes the year as follows:

Established thirty-three world records; designed, constructed and successfully operated the largest rigid airship in existence; developed and operated the first night airway, enabling the air mail to cross the continent in twenty-six hours; designed, constructed and successfully flew the world's largest airplane; private operators flew commercial planes a total of several million miles; staged flying meets in a dozen cities, which were witnessed by a million people; further perfected the aerial torpedo; developed the smoke screen; made non-stop flights across the country, east and west and north and south; bombed battle-ships; improved operation of planes on and off aircraft carriers and in long cruises with the fleets; devised means to refuel planes in flight; put aircraft to work in a dozen ways, including transportation of passengers, mails and express, forest patrol, crop survey, destruction of gypsy moth and cotton boll weevil, map making, aerial photography, advertising and in other special services.

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IN 1913

Today 111 cents worth of automo-



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Surplus and
Profits - 8,700,000**

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The service now offered by this institution with twenty-five banking offices in the City of Buffalo, deposits of over one hundred and twenty-five millions of dollars, is unsurpassed in the City of Buffalo or on the Niagara Frontier.

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**THE MARINE TRUST COMPANY
OF BUFFALO**

Capital, Surplus - - \$20,000,000

bile, 101 cents worth of gasoline and 123 cents worth of tires can be purchased with the 1913 dollar.

This fact, in the opinion of the National Automobile Chamber of Commerce, which has compiled figures from the records of various governmental and private statistical groups, is one important reason for the great activity in automobile buying.

Better highways and the general need for motor transportation account for a large share of the increase in motor vehicle registration, but this has been further augmented, the industry feels, by the fact that the public realizes that a dollar will buy more in motor products than in most other lines.

Furthermore the current models of motor vehicles and the present type of tires are far better than ten years ago, even at the lower prices prevailing today.

The pre-war dollar is worth only 61 cents today in the general cost of living.

It is worth but 51.8 cents in clothing, 68.5 cents in food, and 61.2 cents in rent.

The following table shows the purchasing power of the 1913 dollar in various commodities:

1913 Cents	Commodity	1928 Cents
100	Automobiles	111
100	Gasoline	101
100	Tires	123
*100	Cost of living	61.3
100	Clothing	51.6
100	Shoes	60
100	Food	68.5
100	Furniture	53.4
100	Rents	61.2
100	Frame building	45
100	Brick building	46.3
*100	Concrete factory building	48.5
100	Farm crops	73.5
100	Live stock	98
100	Consumers goods	64.5

*1914 used as base, as 1913 figures were not obtainable.

Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

CONVENTION DATES

Trust companies mid-winter conference—
at New York City, February 14.

Pennsylvania Bankers Association—at
Philadelphia, Pa., May 21-23.

National Association of Credit Men—at
Buffalo, N. Y., June 10-13.

CHEMICAL NATIONAL 100 YEARS OLD

The Chemical National Bank of New York has entered upon the one hundredth year of its history. Commenting on the bank's centennial Percy H. Johnston, president, said:

"The institution was founded in 1824 as the New York Chemical Manufacturing Company with a capital of \$500,000 and with its principal office at 216 Broadway, facing St. Paul's Church. After doing a combined manufacturing and banking business for twenty years, during which period liberal dividends had been regularly paid, it was decided in 1844, upon the expiration of the original charter, to obtain a charter under which the Chemical Bank could do solely a commercial banking business. At the dissolution of the affairs of the New York Chemical Manufacturing Company there accrued to the shareholders a substantial profit upon their original investment. The institution, as the Chemical Bank, with a paid in capital of \$300,000, continued under this name and the state charter until 1865, when, largely as a matter of patriotism, it entered the national banking system under the name of the Chemical National Bank, which name it now bears.

"Probably the most usual and accurate test used in measuring the degree of success achieved by a commercial company is a consideration of the dividends paid over a term of years, together with the enhancement in market value of the shares of stock. A stock dividend of 900 per cent. was paid in 1907, and in this connection it will doubtless be of interest to the present stockholders to know that since 1844, when the

Chemical Manufacturing Company was transformed into a bank pure and simple, there has been \$8000 paid in dividends upon each share (\$100 par value) of the original stock. The average dividend rate over the period of eighty years has therefore been 100 per cent. per annum. The book value on December 21, 1923, of the equivalent of the one original share (par value \$100) was \$4,704.80 and the present market value of the equivalent of an original share is about \$5400."

Directors of the Chemical voted to add \$2,000,000 to the surplus, bringing the total to \$15,500,000, as compared with its capital of \$4,500,000. Deposits of the bank total \$129,000,000.

THE STATE BANK INCREASES CAPITAL

Announcement has been made of a million dollar increase in the capital stock of the State Bank, New York. The stock has been increased from \$2,500,000 to \$3,500,000.

GUARANTY TRUST COMPANY

The condensed statement of condition of the Guaranty Trust Company of New York as of December 31, 1923, shows total resources of \$621,455,548.75, as compared with \$562,409,694.27 at the time of the last published statement, November 15, 1923. Deposits of the company were \$499,605,588.78 at the end of the year, as compared with \$441,768,878.82 on November 15. Capital stands at \$25,000,000 and surplus and undivided profits total \$18,655,020.05.

UNITED STATES MORTGAGE AND TRUST COMPANY

At a meeting of the board of directors of the United States Mortgage & Trust Company, New York, held December 21, the regular quarterly dividend of 4 per cent. on the capital stock of the company was

THE of volume business in 1923 made it a banner year for the Mosler Safe Co.—the largest of any in its half century of active experience.

Success in reaching this high-water mark can be largely attributed to—

The overwhelming confidence of the banking world in **MOSLER PROTECTION**—a reward for incomparable workmanship and faithful service, and—

To its superb manufacturing facilities coupled with personnel and organization of the highest standard of excellence.

The following list represents some of the larger Vaults purchased or installed during 1923:

Bank of America, New York City
Greenwich Savings Bank, New York City
Bankers Trust Co., New York City
The National City Bank, New York City
Chemical National Bank, New York City
Mechanics & Metals National Bank, New York City
Canadian Bank of Commerce, New York City
Liberty National Bank, New York City
United National Bank, New York City
Public National Bank, New York City
The Penn. Co. for Insurances on Lives & Granting Annuities,
Philadelphia, Pa.
Girard Trust Co., Philadelphia, Pa.
Franklin Trust Co., Philadelphia, Pa.
Fourth St. National Bank, Philadelphia, Pa.
Mellon National Bank, Pittsburgh, Pa.
Union Trust Co., Pittsburgh, Pa.
Pennsylvania Trust Co., Pittsburgh, Pa.
Brotherhood's Relief & Compensation Fund, Harrisburg, Pa.
Braddock National Bank, Braddock, Pa.
First National Bank, Boston, Mass.
Phoenix National Bank, Hartford, Conn.
Equitable Trust Co., Atlantic City, N. J.
Liberty Trust & Savings Bank, Chicago, Ill.
Stockmens Trust & Savings Bank, Chicago, Ill.
Inland Trust & Savings Bank, Chicago, Ill.
Commercial Savings & Loan Co., Cleveland, Ohio.
Meyer-Kliser Bank, Indianapolis, Ind.
Lowry Bank & Trust Co., Atlanta, Ga.
First National Bank, Santa Ana, Calif.
Citizens Mutual Trust Co., Wheeling, W. Va.
Central National Bank, Tulsa, Okla.
Wachovia Bank & Trust Co., Asheville, N. C.
Federal Reserve Bank, St. Louis, Mo.
Federal Reserve Bank, New Orleans, La.
Federal Reserve Bank, San Francisco, Calif.

THE MOSLER SAFE CO.

375 Broadway, New York City

Factories—Hamilton, Ohio

Branches in all principal cities

declared, payable January 2, 1924, to stockholders of record December 26, 1923.

The directors voted the payment of additional compensation of 10 per cent. of the

CENTRAL UNION TRUST COMPANY

On December 31, 1923, the statement of condition of the Central Union Trust Company of New York showed the following figures: Capital \$12,500,000, surplus and undivided profits \$23,567,560, deposits of \$202,323,783, and total resources of \$251,988,941.

PAUL M. WARBURG REAPPOINTED TO ADVISORY COUNCIL

Paul M. Warburg, chairman of the board of the International Acceptance Bank, New York, has been re-elected a member of the



© UNDERWOOD & UNDERWOOD, N. Y.

JOHN W. PLATTEN

President United States Mortgage and Trust Company, New York

amount of salaries paid to officers and employees during the year.

The statement of condition as of December 31, 1923, shows capital \$3,000,000, surplus \$3,000,000 and undivided profits of \$1,301,608. Deposits are \$56,189,189, and total resources \$67,483,554. John W. Platten is president of the company.

KINGS COUNTY TRUST COMPANY

The Kings County Trust Company of Brooklyn, N. Y., shows in its statement of December 31, total resources of \$35,706,590, capital \$500,000, surplus and undivided profits of \$3,819,279, and deposits of \$30,821,472. This is an increase over June 30, 1923, in surplus and undivided profits of \$173,379, and in deposits of \$342,772.



PAUL M. WARBURG

Chairman, International Acceptance Bank.
Re-elected a member of Federal Advisory Council
of Federal Reserve System

Federal Advisory Council of the Federal Reserve System, as a representative of the Second Federal Reserve District.

DIVIDENDS AND BONUSES

At the annual meetings of some of the important banks and trust companies of

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,500,000 Undivided Profits \$319,000

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*

WILLIAM J. WASON, JR., *Vice-President*

HOWARD D. JOOST, *Vice-President*

THOMAS BLAKE, *Secretary*

CLARENCE E. TOBIAS, *Assistant Secretary*

ALBERT I. TABOR, *Assistant Secretary*

J. NORMAN CARPENTER, *Trust Officer*

ALBERT E. ECKERSON, *Auditor*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

New York dividends and bonuses were declared as follows:

The American Exchange National Bank: quarterly dividend of 4 per cent., placing the stock on a 16 per cent. annual basis instead of 15 per cent. as before.

The Bank of New York and Trust Company: quarterly dividend of \$5 a share and an extra dividend of \$1 a share; also a bonus of 10 per cent. of annual salaries to its employees.

The Brooklyn Trust Company: quarterly dividend of 6 per cent.

The Central Union Trust Company: quarterly dividend of 6 per cent.

Chemical National Bank: a bonus of 10 per cent. of the year's salary to officers and employees; also a bi-monthly dividend of 4 per cent.

The Coal and Iron National Bank: quarterly dividend of 3 per cent.

The East River National Bank: semi-annual 6 per cent. dividend.

The Fidelity-International Trust Company: quarterly dividend of 2½ per cent.

The Fifth Avenue Bank: quarterly dividend of 6 per cent.

The Sixth National Bank: quarterly dividend of 2¼ per cent.

The First Federal Foreign Banking Association: 5 per cent. bonus on annual salaries.

The First National Bank of Brooklyn: quarterly 3 per cent. and an extra 2 per cent. dividend.

First National Bank: extra dividend of 20 per cent. in addition to the regular quarterly dividend of 10 per cent. The extra distribution brings the total dividends for this year to 60 per cent., the highest since 1916.

The Fulton Trust Company: extra dividend of 2 per cent. and a semi-annual payment of 5 per cent.

The Garfield National Bank: extra and quarterly dividends of 3 per cent. each.

Guaranty Trust Company: quarterly dividend of 3 per cent.

The Hanover National Bank: quarterly dividend of 6 per cent.

The Irving Bank-Columbia Trust Company: quarterly dividend of 3 per cent.

The Manufacturer's Trust Company: quarterly 4 per cent. dividend.

The Mechanics and Metals National Bank: quarterly dividend of 5 per cent. and an extra dividend of 2 per cent.

Metropolitan Trust Company: quarterly dividend of 4 per cent.; also a Christmas bonus of 10 per cent. of the year's salary to all employees.

The National Park Bank: quarterly 6 per cent. dividend.

Seaboard National Bank: a bonus of 10 per cent. of a year's salary for employees.

LIBERTY NATIONAL BANK

The statement of condition of the Liberty National Bank in New York, as of December 31, 1923, shows total resources of \$6,418,794.96, capital \$500,000; surplus and undivided profits of \$156,259.56. The deposits of this bank are \$5,262,535.40, which is a remarkable achievement inasmuch as the bank has been open for a period of less than three months. The bank opened for business October 10, 1923. W. C. Durant is chairman, and Carroll Downes, president.

CASON MADE VICE-PRESIDENT OF CHEMICAL

Charles Cason, formerly assistant vice-president of the Chemical National Bank, New York, has been made a vice-president of that institution. Mr. Cason is a native

of Nashville, Tenn., and a graduate of Vanderbilt University of Nashville, where he won the Founders Medal in public speaking, the highest award given in the University. He served as alumni secretary of the University for five years, and was later clerk of the House of Representatives of Tennessee. Mr. Cason came in the Chemical National Bank as director of public relations. His direction of the public relations activities of the Chemical has made him widely known in financial advertising circles. He is



CHARLES CASON

New vice-president of Chemical National Bank,
New York

a member of the Public Relations Commission of the American Bankers Association.

Barret Montfort, formerly assistant to the president, has been made an assistant vice-president of the Chemical National Bank. Mr. Montfort has contributed articles on economic subjects to various leading financial publications.

EDWIN BIRD WILSON ELECTION

At a recent meeting of the stockholders of Edwin Bird Wilson, Inc., New York, Edwin Bird Wilson, Edward J. Byrnes and

The Corporation Manual

Twenty-fourth Edition

Revised to January 1, 1925

A systematic arrangement of the statutes affecting both foreign and domestic business corporations in all states.

The Uniform Stock Transfer Act.

The Blue Sky Laws.

The Anti-Trust Laws.

Forms and Precedents.

United States Corporation Company

65 Cedar Street, New York

George K. Reed were elected directors. The directors elected the following officers: Mr. Wilson, president; Mr. Byrnes, vice-president and treasurer; T. D. MacGregor, vice-president; Mr. Reed, vice-president; Robert Ball, vice-president and art counsel; John C. Madden, vice-president; Alice M. Darragh, secretary; and Charles T. Sweeney, assistant treasurer.

TROWBRIDGE OPENS NEW OFFICE

Alexander B. Trowbridge has opened an office in the Bowery Savings Bank Building, 110 East 42nd street, New York, where he will offer an architectural consultation service, including advice in bank planning with special reference to vault construction.

PRESIDENT MANHATTAN COMPANY THIRTY YEARS

Stephen Baker, president of the Bank of The Manhattan Company, New York, completed thirty consecutive years as head of that institution in December, last.

Mr. Baker was born in Poughkeepsie, N. Y., August 12, 1859. He came to the Bank of The Manhattan Company in 1891 as vice-president and was elected president two years later. When he assumed the presidency the deposits of the bank amounted to \$19,000,000. With each succeeding year the business of the bank mounted steadily and the latest statement, as of November 15, 1923, shows aggregate deposits over \$200,000,000; capital, \$10,000,000; surplus and undivided profits, \$13,670,000.

Much of Mr. Baker's time and means have been devoted to charitable and religious activities. He is president of St.

Luke's Hospital; president of the United Charities; director of the New York City Mission Society and active in other kindred work. He is a trustee of Columbia University and a trustee of the Bowery Savings

terned after the bank's main office at 20 Nassau street.

JAMES L. PARSON

The death on December 8 of James L. Parson, assistant vice-president of the Chemical National Bank, New York, brought to a close a very eventful career covering a period of nearly fifty years' activity in the Chemical Bank. Starting as a runner on February 16, 1874, Mr. Parson moved on upward through the various departments of the bank, becoming assistant cashier in 1898. He had looked forward to the centennial celebration of the Chemical Bank in 1924, at which time he would celebrate his semi-centennial. Few men were more intimately familiar than he with the business activities of the prominent old families of New York.

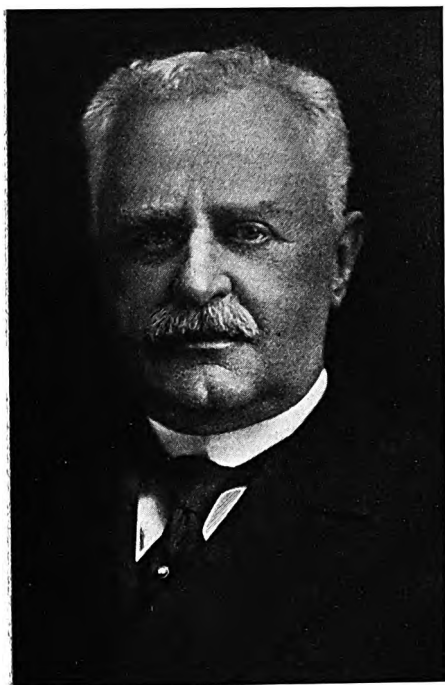
PLAN TRUST COMPANIES BANQUET FOR FEBRUARY 14

The annual banquet of the trust companies of the United States, held under the auspices of the Trust Company Division, American Bankers Association, will be held at the Commodore Hotel, New York, on February 14. It is expected that the limit of 1000 covers will be exhausted this year. The banquet is held in connection with the fifth midwinter Trust Companies Conference.

NEW PROTECTIVE DEPARTMENT MANAGER, AMERICAN BANKERS ASSOCIATION

The American Bankers Association announces the appointment of James E. Baum of New York as manager of its protective department to succeed L. W. Gammon, resigned. The protective department directs the association's activities aimed at the prevention and investigation of crimes against banks and their employees.

Mr. Baum comes to the American Bankers Association from the National Retail Dry Goods Association, of which he was field manager. After studying in the Wharton School of Finance of the University of Pennsylvania, he spent nine years in auditing and organization work, specializing in public utilities and the petroleum industry. Four years of this time were spent in foreign fields. Mr. Baum was for some time engaged in the work of organizing the International Chamber of Commerce.



STEPHEN BAKER

President Bank of The Manhattan Company, N. Y., for thirty years

Bank and Bankers Trust Company of New York.

In March, 1920, the Bank of The Manhattan Company and the Merchants National Bank, as two of the oldest banking organizations of New York City, were consolidated. The bank now operates thirty branches and another will be opened shortly at Madison avenue and Forty-third street.

MECHANICS AND METALS BRANCH IN NEW QUARTERS

The Mechanics and Metals National Bank has opened its new banking quarters at 143 West Fifty-seventh street, New York, having removed its branch from Seventh avenue and Fifty-eighth street. The bank's new building is diagonally across from Carnegie Hall. It is a six-story structure pat-

Sound Management Spells Safety

THE safety of an investment stock depends not only upon the property or investment behind the stock but also upon the wise management of the company.

The management of the American Telephone and Telegraph Company throughout its entire history has pursued sound and conservative, yet progressive financial and business policies. Both the management and the entire personnel have a full appreciation of their responsibility not only to the public but also to the stockholders.

This accounts in part for the fact that there are now over 278,000 stockholders of the company.

Stock of the A. T. & T. Company is paying 9% dividends. It can be bought in the open market to yield over 7%. Full information on request.



"The People's Messenger"



BELL TELEPHONE SECURITIES CO. *Inc.*

D.F. Houston, President
195 Broadway NEW YORK

AMERICAN BANKERS ASSOCIATION ENDORSES MELLON PLAN

Hearty endorsement of the proposal of Secretary of the Treasury Mellon for the revision of the Federal tax schedules was adopted by the Administrative Committee of the American Bankers Association at a recent meeting. At the same time the committee reiterated the association's opposition to the proposed Federal soldiers' bonus for able-bodied service men, although it favors full aid for the disabled. The committee decided to take active steps to enlist the support of members of the association in favor of these policies, which were adopted at the suggestion of the Economic Policy Commission.

The committee also received an extended report from the Agricultural Commission of the Association and gave its hearty approval to the work being conducted by this body to increase understanding and co-operation between banking and agriculture. Among the projects of the commission are the fostering of boys' and girls' clubs, the promotion of better systems of diversified farming, and the dissemination to bankers of information on economic conditions affecting the agricultural industry. The Administrative Committee approved the recommendation of the Agricultural Commission that it support legislation in Congress providing increased funds for the agricultural experiment station.

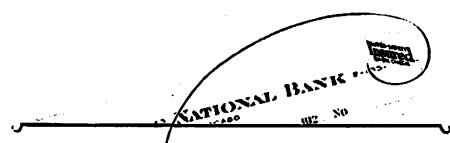
BANK'S EMPLOYEES FAVOR TAX CUT

The New York Chapter of the American Institute of Banking, consisting of 5887 men and women employees, has announced its endorsement of Secretary Mellon's tax-reduction program.

NATIONAL CITY BANK

Charles M. Mitchell, president of the National City Bank, New York, in commenting to the stockholders on the bank's progress during the last year, said that net profits for 1923 totaled \$10,228,247—a gain of \$519,458 over 1922. Earnings were equivalent to approximately \$25.50 a share on the \$40,000,000 capital stock.

The profits, Mr. Mitchell said, were distributed as follows: Dividends equivalent to 16 per cent., \$6,400,000; carried to contingency reserve, \$2,210,152; undivided profits, \$1,618,195.



A Banking Service you can *merchandise*!

Thousands of banks all over the country are utilizing the business-building force of checks *positively protected* against fraudulent alteration.

It is a new, broad step in banking service which appeals to your present or prospective depositor in the most powerful way: a final assurance of safety for his checking transactions—minus the expense of bothersome, ineffective mechanical devices.

It is the argument you have needed, in converting those "bank shy" folks who still prefer a sock—or at best the safety deposit box.

It enables you to cash in on our "PAY BY CHECK" advertising campaign—in The Saturday Evening Post, Literary Digest, American Magazine, Forbes Magazine, Country Gentleman, and other publications.

It brings new deposits—holds present accounts more surely.

Will you let us tell you how . . . and why? Write today.

THE BANKERS SUPPLY COMPANY

*Largest manufacturers of bank checks
in the world*

NEW YORK CHICAGO SAN FRANCISCO
ATLANTA DALLAS DENVER



UNDERWOOD & UNDERWOOD
WILLIAM E. MCGUIRK
Director



UNDERWOOD & UNDERWOOD
PAUL PARTRIDGE
Vice-president



JASPER A. CAMPBELL
Director

New directors and vice-president, Gotham National Bank, New York

GOTHAM NATIONAL BANK APPOINTMENTS

The appointment of Paul Partridge as vice-president of the Gotham National Bank of New York has been announced by Henry H. Bizallion, president of the bank. Since 1916 Mr. Partridge had been a national bank examiner, serving in Iowa and in northern and central Illinois. In 1921 he was transferred to the Second Federal Reserve Bank with headquarters in New York. Mr. Partridge's first banking connection was with the First National Bank of Effingham, Ill., which he entered as a clerk at the age of 16. While there, he filled every position in the bank, rising to be cashier, director and presiding officer.

Announcement was also made of the election of two new directors to the board of the Gotham National Bank. They are Jasper Adams Campbell and William E. McGuirk.

Mr. Campbell is a retired merchant, having been a member of the importing and manufacturing firm of Campbell, Metzger and Jacobson. He is at present actively interested in the real estate field, being president of the New Presada Corporation and president of the Central Park West and Columbus Avenue Association, among others.

Mr. McGuirk is president of the Yellow Taxi Corporation.

NEW CONTROL FOR SEVENTH AVENUE NATIONAL

H. H. Revman and associates, having recently acquired control of the Seventh

Avenue National Bank of New York, were elected directors at the annual meeting of stockholders recently held. Mr. Revman will be elected president by the new board.

INTERNATIONAL ACCEPTANCE BANK, INC.

The statement of condition of the International Acceptance Bank, Inc., of New York, as of December 31, shows total resources of \$79,534,334, subscribed capital and surplus of \$15,250,000, of which \$10,250,000 is paid in, undivided profits of \$1,632,655, and due to banks and customers \$28,186,825.

THE CHASE NATIONAL BANK

At the close of business on December 31, 1923, the statement of condition of The Chase National Bank of the City of New York showed capital of \$20,000,000, surplus and profits of \$23,706,884, deposits of \$437,467,181, and total resources of \$496,228,032.

BROTHERHOOD OF LOCOMOTIVE ENGINEERS OPEN BANK

With the opening of the new bank of the Brotherhood of Locomotive Engineers at Seventh avenue and Thirty-third street, New York, on December 29, Warren S. Stone, grand chief of the brotherhood, will have established the eighth of a chain of banks controlled by his organization.

The bank has a capital of \$500,000 and a surplus of \$250,000 paid in. The maxi-

mum dividend to be paid on the investment will be 10 per cent., and any remaining surplus will be divided among depositors. On checking accounts of more than \$500, 2½ per cent. will be paid on daily balances.

EAST RIVER BANK INCREASES CAPITAL

The East River National Bank, New York, has increased its capital stock from \$1,000,000 to \$1,500,000 and its surplus from \$600,000 to \$1,100,000, according to a recent announcement.

NEW A. I. B. CHAPTER FORMED

The biggest forward step in the interest of banking in Paterson, N. J., was taken on December 17, at which time the Passaic County Chapter of the American Institute of Banking was organized. The Chapter was formed at this time so that the first semester could be started by the middle of January.



ALFRED C BOSSOM

Bank architect of New York City, who has had the rare honor to be appointed a Fellow of the Royal Institute of British Architects "for distinguished eminence in the profession of architecture." During the last fifteen years this honor has been extended to but ten others who were not associates of the Institute.

TWO BUFFALO BANKS TO MERGE

Officials of the Lafayette National Bank and of the Buffalo Trust Company, both of Buffalo, N. Y., have announced the merger of these two banks. The merger will give the Buffalo Trust Company resources of \$40,000,000.

HAAS MADE DIRECTOR OF FIRST NATIONAL

Harry J. Haas, vice-president of the First National Bank of Philadelphia, has been elected a member of the board of directors. Laurence H. Sanford, assistant cashier of the First National Bank, has resigned to become identified with the Congoleum Company of Philadelphia.

HARRIMAN MADE PRESIDENT OF FIDELITY

At the annual meeting of the directors of The Fidelity Trust Company, Buffalo, N. Y., Lewis G. Harriman was elected president to succeed Clifford Hubbell who recently resigned. George B. Macphail was promoted to secretary, and Frederic J. Federlein, treasurer.

In connection with these elections, Frank-

lin D. Lock, chairman of the board of directors, stated:

"Recent changes among the executive officers indicate no change whatsoever in the policy of The Fidelity Trust Company. It will continue its operations along the same conservative lines as in the past, laying emphasis on the services which this trust company is particularly well equipped to render.

"There has not been nor is there now any contemplation of a merger with any other financial institution."

NEGROES START BANK IN PHILADELPHIA

A charter has been granted to the Citizens' and Southern Bank & Trust Company of Philadelphia. It is said to be the first Pennsylvania state charter issued to a banking institution conducted by negroes.

The True Meaning of **SIZE**

THE fact that The First National Bank of Boston is the largest bank in New England is significant. The rank of *first* in size has been attained by 140 years of persistent and aggressive effort to be **FIRST** in wise and expert helpfulness to all of our customers all of the time.

The **FIRST** NATIONAL BANK *of* **BOSTON**

1784 :: :: 1924

MAIN OFFICE, 70 FEDERAL STREET

Eight Boston Branches

Foreign Branches

BUENOS AIRES

HAVANA

London Representative

GRESHAM HOUSE, 24, OLD BROAD STREET

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

NEW England's major industries have made satisfactory progress during the past month. Curtailment of production in the cotton mills is less pronounced than it was, and while the chaotic state of the raw cotton market has unsettled the mills, the steady flow of small orders for finished goods has called for a higher rate of production than was deemed probable a short time ago. The woolen and worsted mills are busy and are slowly increasing their output. All through the textile industry fears of a period of unemployment are lessening.

Shoe manufacturers are closing the year with a better volume of business than seemed possible when the year opened. Labor troubles in Lynn have been settled and at this writing threatened trouble in Haverhill, Mass., will probably be avoided. Shoe retailers are finding a steady demand for medium-priced shoes and are ordering freely. The leather industry is somewhat depressed. Export demand is lacking and prices for many grades of leather are down to pre-war levels. Buying is in small lots for the most part and manufacturers find it hard to turn a profit.

Hardware and tool manufacturers were threatened a few weeks ago with rather heavy stocks of goods on their hands on account of the curtailing of the summer building movement. The sudden reawakening of the building industry, however, bids fair to absorb all surplus and manufacturers are viewing the outlook for the new year more optimistically than they were a few weeks ago.

Retail stores report a heavy holiday trade. Collections have improved and losses on bad accounts are low. There is a plentiful supply of funds, but commercial borrowing is still below normal. The demand for mortgage money is fairly heavy but is still far from depleting the supply. Rates on first class mortgages in the larger centers range from 5 to 5½ per cent.

Real estate is exceptionally active, but there has been quite a change in the general complexion of the business. Factory property which was long inactive is now a decided factor in the market. In the larger centers there are signs of over-production of two and three family houses, but there is a strong demand for small single houses and also for city apartments. Rents for business property are still rising, but the rate of advance has been materially checked by the recent completion of several large office buildings. Rents for two and three apartment houses have dropped rather sharply.

Early in November, following a drastic cut in lumber prices, the building boom which had flattened out in the summer, came to life again, and this section is now seeing one of the busiest winter building seasons it has ever known. Building materials are from 10 to 15 per cent. lower than they were a year ago, and while labor scales have not come down, there is a more plentiful supply of really efficient labor.



BRIDGEPORT BANKS CUT SAVINGS RATE

Nine commercial banks, national banks and trust companies of Bridgeport and Fairfield, Conn., have announced a reduction in the rate of interest paid on savings deposits, effective beginning January 1, from 4½ per cent. to 4 per cent. Decline in yields on investment bonds from which bank revenue is largely obtained was the reason given for the action taken, which reverses an increase of ½ per cent. made a year ago. Savings banks have not become parties to the reduction as yet.

W. IRVING BULLARD NAMED BANKING ADVISER

W. Irving Bullard, vice-president of the Merchants National Bank of Boston and treasurer of the National Association of Cotton Manufacturers, has accepted an ap-



NEW ENGLAND *buys liberally*

WITH manufacturing her main occupation, and the whole world as her market, New England is a heavy buyer. Immense quantities of raw materials and supplies must be brought in to keep factories producing for a consumption many times larger than the liberal needs of New England's own prosperous population.

New England welcomes those who have worthy goods to offer. The National Shawmut Bank offers unusual facilities for bringing shippers closer to this market. Reports can be furnished on trade requirements, credits, price tendencies or matters of special interest.

The details of insurance, temporary warehousing, collections and remittances can be entrusted to us with confidence that they will be looked after as promptly and thoroughly as though your own branch office were here acting for you.

"The bank that is closest to the heart of New England's industry."

THE NATIONAL SHAWMUT BANK *of* BOSTON

To Bank Executives—

Mezzanines cause sickness and inefficiency!

Heated air rises and the temperature on mezzanines is about ten degrees higher than on the main floor. No one can do effective work and remain well under such conditions. The abnormal condition should be corrected and mezzanines be made ideal working spaces.

Gerdes Electric Window Ventilators and Ventilating Systems cause uniform temperature to prevail from floor to ceiling. They also maintain a pure and healthful atmosphere by the continuous diffusion of unheated fresh air.

The smaller self-contained electric window ventilators can be installed anywhere on approval or to demonstrate the effectiveness of the Gerdes Method.

A booklet listing installations in banks and giving references 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

pointment as banking adviser to the Associated Industries of Massachusetts. He succeeds Clifton H. Dwinell, vice-president of the First National Bank of Boston, who remains on the committee on finance and banking of the Associated Industries.

SPRINGFIELD FEDERAL LAND BANK CLOSES 208 LOANS

Gross loans totaling 208 in number and \$735,600 in value, were closed by the Springfield Federal Land Bank, Springfield, Mass., last month. The Springfield bank serves the six New England States.

ATLAS TRUST COMPANY JOINS NATIONAL SYSTEM

At a special meeting, the stockholders of the Atlas Trust Company of Springfield, Mass., approved the necessary steps for conversion of the trust company from a state to a national institution.

HUB TRUST COMPANY OF BOSTON CHANGES NAME

On December 3 the stockholders of the Hub Trust Company of Boston adopted the change of name of that institution to the

Bank of Commerce and Trust Company. The company recently took action toward increasing its capital from \$500,000 to \$600,000. This will not, however, become operative until next April.

EDWARD A. HAVENS ELECTED ACTING CASHIER

The directors of the Mechanics National Bank of Providence, R. I., at a meeting on December 10 elected Edward A. Havens to the position of acting cashier in place of H. Edward Thurston, deceased.

COMMERCIAL BANK AND TRUST COMPANY OF BRIDGEPORT IN NEW HOME

The new banking home of the Commercial Bank and Trust Company of Bridgeport, Conn., was opened recently. It is located at 1328-1334 Main street, Bridgeport.

BROTHERHOOD BANK TO OPEN IN BOSTON

F. S. Evans, special representative of the Brotherhood of Locomotive Engineers, has announced that the union will open a bank in Boston on February 1.

At the annual meeting of the Industrial Trust Company, held Tuesday, January 15, 1924, the following Directors and Officers were elected:

Board of Directors

Joshua M. Addeman
H. Martin Brown
Eben N. Littlefield
Ezra Dixon
Lyman B. Goff
Samuel M. Nicholson
James R. MacColl
Harold J. Gross
R. Livingston Beeckman
Walter S. Ballou
James M. Pendleton
Everett I. Rogers
Erling C. Ostby
John S. Holbrook
Edward H. Rathbun
Henry A. Hoffman
Alfred M. Coats
Edward B. Aldrich
Florrimon M. Howe
Frederic W. Howe
Walter F. Angell
Frederick L. Jenckes
LeBaron B. Colt
James H. Higgins
George L. Shepley
Harry Parsons Cross
George M. Parks
Paul C. Nicholson
Charles O. Read
Andrew E. Jencks
Herbert G. Brede
Joseph B. McIntyre
Joseph W. Freeman
Howard J. Greene
Forrest W. Taylor
Webster Knight
George W. Gardiner

Officers

SAMUEL M. NICHOLSON, Chairman of Board of Directors
H. MARTIN BROWN, V-Chairman of Board of Directors
FLORRIMON M. HOWE, President

Joshua M. Addeman, Vice-Pres.
George W. Gardiner, Vice-Pres.
Eben N. Littlefield, Vice-Pres.
James R. MacColl, Vice-Pres.
Ward E. Smith, Vice-Pres.
Henry B. Congdon, Vice-Pres.
William G. Roelker, Vice-Pres.
Howard W. Fitz, Vice-Pres.
Chester R. Martin, Treas.
Harry C. Owen, Sec'y
Ellery Holbrook, Ass't Treas.
Earl S. Crawford, Ass't Sec'y
Clyde A. Rines, Ass't Sec'y

Bond Department

Elmer F. Seabury, Vice-Pres. and Mgr.
Nicholas E. Carr, Ass't Sec'y

Trust Department

J. Cunliffe Bullock, Vice-Pres. and Trust Officer
Henry C. Jackson, Trust Officer
William Metcalfe, Ass't Trust Officer
Everett S. Hartwell, Ass't Trust Officer
Clayton D. Sheldon, Ass't Trust Officer

Foreign Department

W. Granville Meader, Vice-Pres. and Mgr.
Felix Ferraris, Ass't Mgr.

Carlton E. Taft . . . Auditor

Statement of Condition at the Close of Business, December 31st, 1923

RESOURCES

United States Government Securities	\$30,109,911.59
Loans and Discounts	27,589,670.18
Real Estate Mortgages	14,018,861.97
Bonds, Stocks and Short Term Notes	21,056,014.74
Banking Houses	1,986,980.00
Customers' Liability Account under Commercial Credits, etc., Issued	893,760.00
Call Loans	\$8,759,075.36
Due from Banks, Bankers and U. S. Treasurer	9,053,299.58
Cash	3,243,238.04
	<u>21,055,612.99</u>
	\$116,710,811.47

LIABILITIES

Capital	\$4,000,000.00
Surplus, Undivided Profits and Reserves	8,503,850.97
Reserved for Interest, Taxes, etc.	1,272,206.18
Commercial Letters of Credit, etc., Issued	893,760.00
Deposits	<u>102,040,994.32</u>
	\$116,710,811.47

INDUSTRIAL TRUST COMPANY

Member of Federal Reserve System

Providence	Pawtucket	Newport	Woonsocket	Bristol
Westerly	Pascoag	Warren	Wickford	E. Providence

Main Office: Providence, Rhode Island

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

COTTON'S remarkable and rapid advance in price has been the dominant economic factor in the South during the past month. The crop is so much shorter than the world demand that quotations shot upward with dizzying rapidity. This has been fine for the folks who have some cotton. But for those who haven't—and most of them haven't—it has been a meaningless gesture. An unduly high price is a symptom of calamity.

The cotton situation seems to have provided its own antidote. This is the National Boll Weevil Control Association, recently organized in New Orleans, after a general meeting held the month before in which it was pointed out that the pest was not only destroying the productivity of some of the finest cotton lands in the South but was also sending prices to such a height that other sections of the world would be encouraged to develop cotton, and once they have a start they will be able to undersell the United States, because of labor and other advantages they have over us. The purpose of the association was not baldly stated in these terms; but though it is intended to increase the production of cotton by reducing the ravages of the boll weevil, the effect of this cause will be to reduce the price, and this reduction will mean more money in the pockets of the farmers, and more turned loose in the general channels of trade.

General business will average for the year 1923 about 15 per cent. better than for the year 1922. This is a safe forecast to make before December has been torn from the calendar, because the condition now is stable and moving steadily in the direction in which it has been headed since the Government's reduced estimates of the cotton crop were made.

The average improvement in retail trade for the sixth Federal Reserve Bank district in October was 15.4 per cent., compared with the same month last year. Chattanooga led

the race, with an improvement of 31.7 per cent.; Birmingham second, 26.3 per cent.; Atlanta third, 14.2 per cent.; Savannah 12.4 per cent.; New Orleans 11.3 per cent.; Jackson 9.9 per cent.; Nashville 8.1 per cent.; other cities 15.5 per cent. New Orleans stores report the most favorable comparison since last March. The district average increase is larger than for any month since June. The same rate of advance, judging from informal figures, was maintained in November, with December showing an improvement. So the 15 per cent. average for the year may be considered conservative.

The rate of turnover, as indicated by the relation of stocks to sales during the past four months, improved from a fraction less than 2.1 times per year at the close of September, to about 2.3 times per year at the end of October.

The wholesale business continues on a healthier basis than it was this time last year. In dry goods, drugs and farm implements, there were decreases in October, compared with September, but the recessions were very slight. Compared with last year these lines showed a good increase. Groceries were 10.5 per cent. better in October than in September; hardware 15.5 per cent. better; furniture 22.4; shoes 12.5; stationery 4.

Jacksonville led the district in the improvement in wholesale groceries, with New Orleans a close second and Meridian third. New Orleans showed the least falling off in drygoods, with Atlanta second and Montgomery third. Jacksonville led in hardware, followed by New Orleans and Nashville. In furniture it was Chattanooga, Atlanta and Nashville.

Banks in the section report an increase in loans and discounts. The increasing demand upon the banks is reflected in an increase of \$8,000,000 in the amount of accommodation at the Federal Reserve Bank reported by the thirty-nine member banks from October 3 to November 7, and in an increase of more than \$3,000,000 in the amount of bills held by the Federal Reserve Bank between October 10 and November 14.

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

Savings deposits at the end of October were .4 per cent. better than at the end of September, but 14.3 per cent. better than at the end of October of 1922. Atlanta led in the improvement compared with last year—24.9 per cent; Nashville second, 20.8 per cent.; New Orleans third, 17.5 per cent.

The lumber industry in the South, while at present in a period of seasonal blackness, is on a strong basis, with no sign of price reductions or decreased demand. The section is just waiting for the new year to take up its interrupted building program.

In the rice district, the season has been something of a disappointment, but the situation could have been so much worse that there is not much lamentation. Stocks are now very low and the industry expects a good year in 1924. The sugar production of Louisiana will be considerably below last year's crop, but the price is extremely favorable.

The shrimp industry of the gulf coast,

which supplies 90 per cent. of the demand in this country, will have a smaller output this year than last, but the value of the 1924 pack will be greater than the 1923. This is not due to the law of supply and demand as commonly manifested. It is due to a general improvement in the shrimp market, which enables the producers to sell at a profit whereas formerly—be the pack large or small—they frequently sold at a loss.

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.

AMERICAN BANKERS ASSOCIATION ESTABLISHES SCHOLARSHIP

The establishment of the American Bankers Association Scholarship in the Lowry School of Banking and Commerce in Oglethorpe University, Atlanta, Georgia, has been announced by F. N. Shepherd, executive manager of the association. Mr. Shepherd, in communicating the conditions of the scholarship to Edgar Watkins, chairman of the board of trustees of the university, stated that it was established in memory of Robert J. Lowry, president of the association in 1896, and in recognition of the \$200,000 fund given by his widow, creating the Robert J. and Emma Markham Lowry School of Banking and Commerce. Mr.

Bank of Charleston

National Banking Association

Charleston,

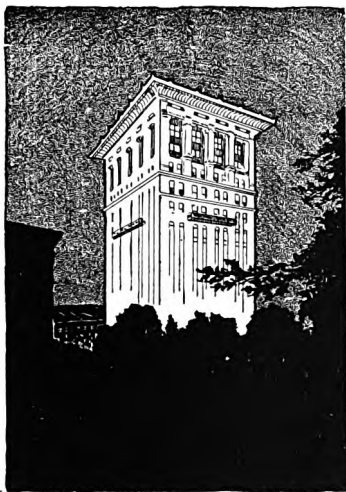
S. C.

Established 1834

The Bank of Charleston succeeded to business of liquidating branch Bank of the United States.

Capital and Surplus . . \$1,500,000.00
Resources . . . \$12,500,000.00

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE — Over fifty - eight
years

STRENGTH — Capital and Surplus
\$4,000,000.00

OFFICERS — Experienced, capable and
well versed on conditions
and credits thruout this
territory :

invites your business

JOHN M. MILLER, JR.
President

Resources over \$30,000,000

Lowry was president of the Lowry Banking Company, Atlanta, Georgia.

The terms of the scholarship provide that it is to be awarded by the faculty of the school of banking and commerce to a meritorious student who is planning to specialize in courses relating to banking and finance. Preference is to be given to a student who has had some practical experience in banking and who has taken courses given by the American Institute of Banking. Consideration is to be given to the previous scholastic record of the student and to his financial needs. The scholarship is for the academic year 1924-25, with a stipend of \$300.

Oglethorpe University is to call the scholarship to the attention of every chapter of the American Institute of Banking, and also of colleges and universities and such other bodies as would be interested.

HIBERNIA BANK EMPLOYEES WIN PROMOTION

In addition to paying all of its employees the regular quarterly bonus dividend on their annual salaries, the board of directors of the Hibernia Bank & Trust Company, New

Orleans, gave a most pleasant Christmas surprise to four of its officers and employees by announcing their promotions, authorized at the regular December meeting of the board.

Benjamin Roach, heretofore head discount teller, and Irving S. Edell, heretofore chief clerk of the bank, were both elected assistant cashiers. Robert F. Schwaner, former manager of the transit department, was made chief clerk to fill the vacancy created by the promotion of Mr. Edell, and W. Wilbur Pope was appointed manager of the credit department.

Each of these changes represents a distinct promotion given in recognition of long service and good work faithfully and consistently performed. It is a source of great gratification to the bank that the positions could be filled from the ranks of their employees, rather than from the outside.

SAVINGS DEPOSITS ON INCREASE

According to statistics furnished by 899 banks distributed throughout the United States, savings deposits increased nearly one-half of 1 per cent. between November

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

1 and December 1, 1923, and 10 per cent. between December 1, 1922, and December 1, 1923, about the same percentages of increase as were shown by November 1 statistics compared with those of the pre-

vious month and year. The total deposits reported amounted to \$6,776,859,000 on December 1, 1923, to \$6,746,089,000 on November 1, 1923, and to \$6,158,540,000 on December 1, 1922, according to a Federal Reserve compilation.

SEEKS INTEREST CHARGE ON RESERVE BANK FUNDS

All balances carried in Federal Reserve Banks by member banks would be subject to a 2 per cent. rate of interest under the terms of a bill recently introduced in the House of Representatives by Representative Fulmer of South Carolina.

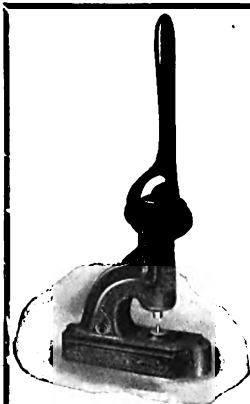
"This bill, if passed, will have a tendency to create a better feeling on the part of member banks toward Reserve Banks and be an incentive to other banks to enter the system," said Mr. Fulmer.

TWO ATLANTA BANKS TO MERGE

Plans for the consolidation of the Atlanta National Bank and the Lowry Bank and Trust Company of Atlanta, Ga., which, it is asserted, will result in the formation of the greatest single financial institution in the South, have been tentatively announced. The combined capital and surplus of the new institution will be \$10,000,000.

EL PASO BANK MERGER

The Manhattan Bank and Trust Company of El Paso, Tex., will be absorbed by the First National Bank of that city, according to announcement by W. C. Hayden, president of the Manhattan Bank.



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

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

THE turn toward ease in the money market, usual about this season, has made its appearance this year several weeks earlier than common. This is due in part to slackening of the borrowing demand and in part to the advanced stage of liquidation in the agricultural districts compared with recent years. Rediscounts at the Federal Reserve Bank had a sharp but temporary upturn in the first week of December, due to the distribution of funds in connection with Christmas clubs, but since then have resumed their downward course and are very moderate for this time of year. The bank's reserve ratio hovers around 80 per cent. Commercial paper is finding a fair outlet to interior banks, but the city institutions are virtually out of the market. Rates are 5 to 5½ per cent., with the bulk of the business at the lower figures. Bank loans as a rule are at 5 to 5½ per cent.

Business is going ahead in good volume, but with no great activity in any quarter. This conservatism on the part of both buyers and producers is regarded as wholesome by most observers. Stocks are in healthy condition, and aside from a little flurry in cotton textiles when the raw material was around the peak, no disposition to make commitments in excess of the requirements of the immediate future has been noticed. The weather all through the fall has been unusually mild, which has held in check the seasonal demand for winter clothing. This restriction has been felt considerably by the department stores and large mail order houses in the last month or so, but now the loss has been more than offset by activity in holiday goods of all kinds. Christmas buying was on a liberal scale, but without suggestion of extravagance. Jewelry, fancy goods, toys and gift articles in wide variety have been in good demand. Employment conditions are good, prices of grains and livestock are more acceptable than they have been for some time, and the

public is well supplied with funds. Prosperous conditions generally have been reflected in an unusually large attendance at the annual livestock show, in the expenditures of thousands of visitors to this exposition and in their comment on the situation at home and the outlook for the future. There has been heavy marketing from herds and graneries and the proceeds are finding their way rapidly back into trade channels.

Wholesale business is running a little ahead of that at the corresponding time last year, but not so much so as a few months ago. Cottons, woolens and silks are higher, but the advances made in adjustment to raw material prices have not been great enough to affect buying noticeably. The mail order houses closed the year with a substantial gain in sales over 1922, but the increase for the last two months of the year was considerably less than that in the earlier part of the twelvemonth.

Steel plants of the district are operating at 75 to 80 per cent. of capacity, which is a reduction of 5 to 10 per cent. from the activity of a few months ago. Buying has slackened considerably and there has been a gradual cutting into bookings for several months. Toward the end of the year there has been a marked revival of inquiries from consumers, but it is significant that many of these have in contemplation business at price concessions. As a rule the mills have held out for current schedules on bars, shapes and plates and a substantial amount of material is being booked on this basis, but in some cases buying has been deferred. About 20,000 railroad cars are being figured on, automobile manufacturers are contracting for sheets and bars in large quantities and the demand for structural materials is improving. These indications, together with the greatly increased activity in the pig iron market in the last month or so, lead to the hope on the part of manufacturers for a continuation of good business well into the new year. Pig iron is steady at \$23 to \$24 a ton, and recently there have been advances of 50 cents to \$1 in the prices of scrap materials, indicating confidence on

Three Days Regularly Saved on Collections

One of our correspondent banks several hundred miles from Chicago found the drafts of a customer running into excessive amounts. Its officers referred the problem to us.

Finding that collection time was averaging six to nine days, in connection with a customer's regular shipments from his own town to New York City, we worked out a plan which reduced collection time to three or four days average, doubled the turnover and reduced the amount of the customer's drafts outstanding by half.

THE IMPORTANCE OF TIME as a factor in your bank's profits can scarcely be over-estimated. The services of this Bank, with its network of selected correspondents and private wire facilities built up over a period of half a century, are concentrated upon the saving of time in financial matters.

UNION TRUST COMPANY CHICAGO

the part of manufacturers in prospective business.

Mild fall weather has kept building operations going ahead at an unusually active rate. Permits issued in Chicago in November totaled 1586, involving an expenditure of \$27,130,550, as against 1131 permits calling for an outlay of \$20,443,000 for the corresponding month last year, an increase of 32.71 per cent. In the first eleven months of 1923 permits were issued for 14,058 buildings, to cost \$301,746,000, compared with 11,775 permits involving an expenditure of \$193,388,800 for the corresponding part of 1922, an increase of 56.03 per cent. So far this year accommodations have been provided for 30,015 families through the issuance of permits, but this large addition to living quarters has not yet caused any material reduction in rents.



CONVENTION DATES

Missouri—at Kansas City, May 20-21.

Illinois—at Chicago, September 29-30,
October 1-2.

American Bankers Association—at Chicago, September 29-October 2.

REPUBLIC-NATIONAL CITY, CHICAGO, MERGER

The National Bank of the Republic and the National City Bank of Chicago will merge under the name of the National Bank of the Republic, the consolidation to take effect when the former moves into its new home—the Corn Exchange National Bank building, northwest corner La Salle and Adams street—which it is thought will be about July 1, 1924.

The capital stock will be \$4,000,000; total deposits, approximately \$70,000,000; surplus and undivided profits, \$2,000,000, while the total assets approximately will be \$85,000,000. The assets of each bank will be carefully appraised and the consolidated bank will take these assets over at their appraised value.

John A. Lynch, president of the present National Bank of the Republic, will be the chairman of the board of directors, while David R. Forgan, president of the National City, and George Woodruff, vice-president of the present National Bank of the Republic, will be the vice-chairman. Hugo Otto, vice-president of the National City, will be the president of the merged institution.

COMMERCIAL PAPER BANK ACCEPTANCES

purchased on request for our correspondent banks.

The services of our Banks and Bankers Department and the advice of the Officers in charge of it are at the disposal of our correspondents.

The NATIONAL CITY BANK *of* CHICAGO

DAVID R. FORGAN, *President*

Banks and Bankers Department

FRED A. CRANDALL, *Vice President*

S. P. JOHNSON, *Ass't Cashier*

R. V. KELLEY, *Ass't Cashier*

The rank and duties of the other officers will be determined by a committee to be appointed by both banks. All of the directors of both institutions will be retained.

After the appraisers shall have determined the value of the assets the excess over the amount necessary for each institution to contribute to the capital, surplus and undivided profits, and the various usual reserve funds, will be paid as a special cash dividend to the stockholders of each respective bank.

The bank will pursue a broad and generous policy. Among other things liberal provisions will be made for the pension fund in order that officers and employees may enjoy the advantages of liberal pensions upon their retirement from service.

The deposits of the National Bank of the Republic on the occasion of the call of September 14, were \$35,166,412, and the savings deposits, \$2,508,351. The loans and discounts were \$25,527,690. The deposits of the National City were \$80,944,430; savings deposits, \$3,057,245; loans and discounts, \$25,282,264.

The unified banks have many friends, and when the consolidation is completed they

will occupy fifth place among the big banks of the city and will be an aggressive factor in the banking business in Chicago. The deposits of the Continental and Commercial banks were on the occasion of the last call, \$440,500,000; Illinois Merchants Bank including the Corn Exchange National, \$323,000,000; First National and First Trust and Savings Bank, \$298,764,000; and the Central Trust, \$72,200,000.

The new home of the bank will be in the handsome seventeen-story bank and office building, northwest corner of La Salle and Adams, 188x75, now occupied by the Corn Exchange National Bank, which the National Bank of the Republic purchased from the Fort Dearborn banks in April for \$2,773,250. The Corn Exchange will move over to the Illinois Merchants Bank in June, it is thought.

UNION TRUST COMPANY, CHICAGO

The net earnings of the Union Trust Company, Chicago, for the year 1928 amounted to \$334,000. This is 41.7 per cent. of the capital, and 16.7 per cent of the capital and surplus combined.

In a letter addressed to the patrons of the bank, Frederick H. Rawson, president, states:

"Without consolidation or merger, we have, during the twenty-one years in our present location, grown from \$5,000,000 to more than \$55,000,000 in deposits, reaching a new high mark in 1923. And now through the generous commendation of our 60,000 customers, we find our services extending to a constantly growing circle of depositors whose patronage has again made necessary a farsighted provision for enlarged banking facilities."

With regard to general business problems for 1924, Mr. Rawson stated in a recent interview:

"The outlook for 1924 is good if common sense possesses the American people. The fundamentals are all favorable, the unfavorable aspects can be controlled by the creation of a strong public sentiment against the ruthless application of political expediency to the economic problems of the country."

COMMERCE TRUST PURCHASES CONTINENTAL NATIONAL

The purchase of the Continental National Bank and Trust Company of Kansas City, Mo., by the Commerce Trust Company, effected December 8, makes Tenth street of Kansas City the Wall Street of the Southwest. Through this consolidation the resources of Commerce Trust Company, already in excess of \$100,000,000, are increased by \$5,500,000. There are now fourteen financial institutions on this street.

Banking circles have considered this absorption only a matter of time, since the owners of a majority of the Continental stock more than a year ago became substantial shareholders in the Commerce Trust Company. The Continental National Bank was regarded generally as one of the strongest medium sized banks in Kansas City, and the consolidation was agreed upon as most beneficial to patrons and to the bank itself.

A. F. Adams, chairman of the board of Commerce Trust Company, is president of Theodore Gary and Company, controlling the manufacture of automatic telephone equipment. W. S. McLucas, president of Commerce Trust, was for more than a year vice-president of the National City Bank of New York, returning to Kansas City in 1922 to accept his present position.

SECURITY TRUST COMPANY CHANGES

At the first meeting of the new board of directors of the Security Trust Company, Detroit, Mich., held on December 13, James S. Holden was elected chairman of the board of directors and Albert E. Green was elected president, succeeding the late Charles C. Jenks.

Mr. Holden is president of the James S. Holden Company, a director of the Wayne County and Home Savings Bank and of the



ALBERT E. GREEN
President Security Trust Company, Detroit

Standard Accident Company, and has wide interests in many other enterprises.

Mr. Green became associated with the Security in 1910 as assistant secretary. In 1912 he was made secretary-treasurer, and in 1915 was promoted to the position of vice-president and secretary. Previous to coming to Detroit, Mr. Green practised law and later was a member of the legal staff of the Cleveland Trust Company of Cleveland, Ohio. His election to the presidency was a popular one and the promotion well deserved, for his energy and personality have been important factors in the growth of the company.

The company has had a successful year and is planning to start early in 1924 the erection of its new building, which will be

located on part of the present site of the McGraw Building.

SEXTON JOINS REED COMPANY

J. I. Sexton has become associated with P. M. Reed and Banker Associates, Chicago. Mr. Sexton has had sixteen years experience in financial advertising.

FOX RETIRES FROM CENTRAL SAVINGS

Harry J. Fox, has announced his retirement from active banking work, and as president of the Central Savings Bank of Detroit. In January 1900 Mr. Fox was elected a director and cashier of the Central Savings Bank, later becoming vice-president, and then president. During his connection with the bank deposits have multiplied fifty times.

DETROIT BANK ADDS TO SURPLUS

Directors of the Peoples State Bank of Detroit, at a recent meeting, voted to place that institution on a dividend basis of 20 per cent. per annum, payable at the quarterly rate of 5 per cent. For the last two years, stockholders of the Peoples State Bank have been receiving 16 per cent. a year, and prior to the adoption of that rate, the bank for a number of years paid 12 per cent. per annum.

The first quarterly payment at the 5 per cent. rate was made December 31 to stockholders of record on that date.

At the same meeting the directors also authorized the transfer of 1,000,000 from undivided profits account to surplus. This operation gives the bank capital stock of \$5,000,000 with surplus of \$10,000,000 and a substantial balance in undivided profits.

"The growth of the bank has become so expansive as to make it desirable to take the action approved by the directors," said President John W. Staley.

Among some 30,000 banking institutions in the United States, the Peoples State Bank of Detroit now ranks twenty-fourth in magnitude. Only six other banks west of the Atlantic seaboard show greater resources than the Detroit institution. Its depositors, according to a recent report, exceed 165,000 in number.

DIVIDENDS DECLARED

The First National Bank in Detroit has declared the regular quarterly dividend of



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



3 per cent. upon its unified stock, and also an extra dividend of 3 per cent., payable January 2, to stockholders of record at the close of business December 24, making a total of 15 per cent. for the year.

During the past three years the First National Bank in Detroit has annually paid an extra dividend of 2 per cent. in addition to its usual 12 per cent. dividend. Because of this fact, the directors have decided to place the stock on a regular dividend basis of 14 per cent. to be paid quarterly in installments of $3\frac{1}{2}$ per cent., beginning April 1, 1924.

The unified stock of the First National Bank group includes the First National Bank in Detroit, the Central Savings Bank, the First National Company of Detroit and the First National Bank Building Company.

The National Bank of Commerce of Detroit has declared the regular quarterly dividend of 3 per cent. and an extra dividend of 2 per cent. payable December 31 to stockholders of record December 11.

The directors of the Union Trust Company of Chicago have authorized an extra

quarterly dividend of 2 per cent. in addition to the regular quarterly dividend of 3 per cent. This brings the total regular dividend rate for the year up to 16 per cent.

FIRST NATIONAL BANK OF CHICAGO

The statement of condition of the First National Bank of Chicago as of January 2, 1924, shows resources of \$260,549,292, capital of \$12,500,000, surplus \$12,500,000 and undivided profits of \$4,660,828. Deposits amount to \$215,730,215, as against \$231,790,794 a year ago, and loans to \$158,352,805 as against \$146,812,703 a year ago.

The First Trust and Savings Bank, an affiliated institution, shows resources of \$127,792,634, capital stock paid in \$6,250,000, surplus \$6,250,000 and total deposits of \$106,803,420.

The combined operations of the affiliated banks show earnings for the year of \$3,610,679. The dividends paid amount to \$2,750,000, leaving surplus earnings for the year of \$860,679.

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

STARTING a new year without optimism is at least not fashionable. The Western States are not sorry that this is the case, for they have many reasons for optimism to a degree entitling them to start 1924 as fashionably as any other section of the United States. If one wants expressions of elation over the 1924 situation in the Western States, one can find reasons for them in the winter wheat outlook. One can dwell on the evidence of severe trials through which the Western States passed in the year just closed. As a result of the trials, they are stronger, particularly because they are now able to produce wheat, cattle, sheep, hogs, oil and other products at a lower cost than at this time a year ago. According to the law of averages, a year of disappointments in business is often followed by satisfactory experiences, or at least more successful results. This constitutes another reason for optimism. The Western States, however, are not blindly optimistic, but are facing the new year with determination and with a full realization of the world complications that confront them.

The reason for greatest optimism lies in the winter wheat outlook. Too much emphasis has been placed in general reports on the reduced acreage in winter wheat. It is true that the area is smaller, but there is easily a greater prospect for a harvest than at the opening of 1923, when millions of acres of wheat were seeded in excess of the present acreage. Winter wheat never shows what it will produce exactly from the area devoted to it. This winter finds the plant strong, with an abundance of moisture; a year ago it was weak, not even sprouted in places, and seriously lacking in moisture. Many venterans say the situation in important areas of Kansas is comparable with the condition in the winter of 1914-15, when the crop that was harvested the following summer was the greatest in the history of America. What wheat will bring is, of

course, a very uncertain question. The year just passed was extremely disappointing in wheat prices. Russia is returning as a grower, and is expected to offer more severe competition in world markets in 1924 than has been possible since pre-war days. Still, it should be borne in mind that the cost of seeding the reduced area of this season was the lowest since the pre-war period; that only a cataclysm will force a large abandonment of the land now in wheat, and that as a result the next harvest will be garnered at a low cost. The Western States will be prepared to meet world competition with a better chance to earn a profit. Their chances will be improved if, as now seems likely, railroad freight rates are reduced by the Interstate Commerce Commission as a result of the nation-wide inquiry it has been conducting into grain rates.

What of the spring wheat states that compose a portion of the territory designated as the Western States? What they will do in the matter of seeding is still problematical. A bill is now before Congress to appropriate \$50,000,000 with which to assist in diversifying farming in the spring wheat areas by giving more attention to live stock and to other crops besides wheat. The area probably will be reduced unless there is a sharp advance in prices between now and the date for spring wheat seeding, which hardly seems likely without some stimulus in the form of an advance in the present tariffs against Canadian importations. With less spring wheat seeding, the chances of a profitable market for winter wheat will, of course, be improved.

In the case of corn and other cereals of the feed group there is confidence of another profitable year, because nowhere in the Western States are farmers short of sub-soil moisture. As for prices of the coarse grains, it is folly to attempt to make a guess at this time. Farmers have a habit of expecting prices when profitable to remain so. They have learned lately, however, that it is not safe to count on continued high prices for feedstuffs. The live



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stock industry is a regulator of feed prices; in turn, live stock depends on industrial conditions. The advocates of diversification who would reduce wheat seeding further in favor of corn and other feeds have many reasons for their program, but should not become over-enthusiastic. The last year has demonstrated the need of increased feed production, but how far to go in providing it is a question. The demand is not limitless. The sensational decrease in corn exports in 1923 as compared with the clearances in 1922 shows what happens when corn prices advance.

As feed is so closely related to live stock, the advocates of diversification should look to the live stock outlook. About the most favorable point that can be made for it is that production costs have been reduced and are still being lowered. But freight rates on live stock are still high. Living conditions in cities are such that the cost of selling live stock at markets is still high. The year just closed was marked by enormous exports of provisions, but it is not hog products but cattle and sheep that are of greatest interest to the Western States. Hog production is increasing, reaching the largest

volume in history during the year. There was also large cattle and sheep production, but, while price declines were general and hogs suffered most, there is disappointment among many cattle interests. The sheepmen experienced a readjustment in prices, but made profits anyway. The experience of sheep feeders thus far this winter, however, indicates that additional downward readjustments are likely in 1924. Cattlemen on ranges are more disappointed than the feeders on farms, but the latter had hardly a fair year. On the ranges there was heavy liquidation of cows and young stock to assist in liquidating loans, and much range land is on sale on account of financial conditions. This is an aftermath of the over-expansion and inflation of the war period. Were it possible to imagine the cattle interests of the West having entered 1923 with normal conditions, that is, pre-war conditions in obligations and costs, the past year would be looked upon as one of prosperity for cattlemen. But the facts must be faced, facts that mean the necessity of the liquidation of obligations piled up in various ways during the war. The cattle interests are more deserving of Government help than

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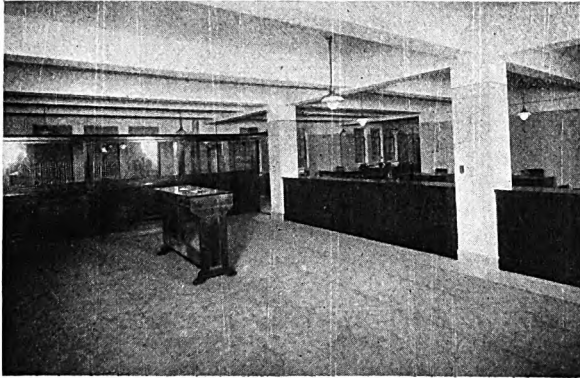
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any other group, if such a thing as Government help is ever agreed to by Congress and the Administration.

The oil industry suffered in 1923; as the year closed prices improved and more hopefulness developed, due to larger export trade and a healthier domestic situation. Oil is now an extremely important source of revenue, and this territory needs better markets. Ranking next to oil are the manufacturing interests. Packers had a fair year. It was only a fair year in flour milling, but one favorable phase was the ability of millers to sell considerable quantities for export. Despite the fact that wheat merchandisers were almost totally unsuccessful in obtaining an outlet for the raw grain to European countries, the year ranked high so far as the actual clearances of wheat flour are concerned. Holland, Germany and other Continental European countries bought large quantities of clear and straight grade. Restricted foreign sales of flour were hardly so much due to prices as to the matter of obtaining sufficient quantities of the grades which ordinarily find an outlet in the European countries.

In addition to an active business in Europe, the West Indies have bought flour on an extensive scale from Southwestern and Western mills. Activity in other industrial lines did not compare favorably with that reported in sections not relying to such an important degree on the income of farmers and stockmen, for the latter were forced to economize and their economy was felt generally.

To gain an idea of what influence the Western States exert over the country, the lumber industry is well worth a brief survey. Demand for lumber has decreased in cities. Apparently the peak of the activity in building has been passed. Lumber interests who hold this view believe that perhaps farmers, who have been very slow buyers, will now make up for the smaller city trade. So far as farmers are concerned, there is no doubt but that they need more buildings to add to their comforts, but there will be no wave of building on farms until the position of farmers economically changes for the better. The Department of Agriculture tells farmers not to look for larger markets in Europe; industrial conditions tell farmers



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not to count on any great expansion in domestic demand for their products; so it is difficult to expect farm prices to rise. In the case of cotton prices rose owing to an abnormal producing situation. This, the year 1923 demonstrated to the satisfaction of some of the cotton growers of the Western States, but this is not generally the prospect. The conclusion, then, is that if lumber interests want a larger farm business their prices will have to reach a level encouraging to farm buying. As more dependence is placed on farmers to sustain markets, there is more likelihood that their influence toward establishing a parity of prices between farms and cities will increase.

Financially, no important changes have occurred in the past year, but on the whole there was improvement. The banking situation is somewhat better than a year ago. Farmers borrowed less on mortgages. There were additional country bank failures, which seemed to occur rather frequently, but the number was not great compared with the aggregate of country banks. Some hoarding of money by farmers developed on account of failures, but not on a large scale. There was also a tendency to increase bond buying on account of the country bank situation in places. What is very important is that bankers felt greater economy among farmers. Expenses were made to fit income more generally. This is constructive for the future, because it means that farmers and stockmen put themselves in a position to pay off more debts and to add to savings. This will be felt in 1924. If crop prospects are maintained and if markets average on the whole as in the past year, the banks of the Western States should be able to show decidedly greater improvement within the next twelvemonth. It is not expected that political creations, such as lending under Federal auspices or political bills with visionary schemes, will aid in effecting improvement, but that nature's co-operation coupled with thrift and industry will lead the Western States to a more prosperous era.



CONVENTION DATES

Oklahoma—at Sulphur, May 27-28.

South Dakota—at Huron, June 17-18.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By ROBERT J. SEVITZ

THE Pacific region finds itself entering upon the new year in an excellent state of economic health. With a year behind that has been marked as a record year in many lines of economic activity, and well above the average in all lines, the outlook for 1924 is indeed promising. Except in isolated cases, in all lines of endeavor a most successful year has just been closed, and farmers, business men, bankers, and producers all over the region are setting themselves to build further records in 1924 on the achievements of the past.

It is noticeable that the autumnal activity in all lines of trade in 1923 was greater than in the summer months just preceding, and surely large enough to warrant the statement that the increase over the summer activity was greater than seasonal. There are no obstacles in sight on the horizon at present, and with production keeping pace with trade, industries generally far behind in orders and plants running at capacity, livestock growers reporting their stock and ranges in excellent condition and increased herds and flocks in prospect, farmers with good profits in the banks as a result of the 1923 yields and larger crops in prospect for 1924, and banks reporting plenty of available credit at uniformly low rates of interest, authorities are sounding a most encouraging note of hope for the coming year.

According to the latest figures available, the 1924 yields of practically every one of the usually profitable crops of the region were most satisfactory and the prices received have been generally high enough to permit the growers to realize a nice profit from the year's operations. The Federal Reserve agent at San Francisco has given out the information that the wheat crop of the states comprising the twelfth Federal Reserve district has been finally estimated at 141,332,000 bushels. This is as compared with 99,277,000 bushels produced in 1922,

and establishes a new high record for the district. It has also been estimated, however, that not more than 50 per cent. of the crop had passed out of the producers' hands by November 1, most of them seeming reluctant to sell because of the sluggish market. The only urgent demand for the wheat and flour produced in this region has come from China and Japan, and this trade has absorbed only a small percentage of the total crop. Japan's demand for wheat and flour increased over 50 per cent. in the first quarter of the 1923-1924 season as compared with last year, however, and China's demand was 100 per cent. greater.

In most of the field crops, yields over the region have generally been up to expectations and early estimates. The bean crop of California and Idaho, the two principal producing states, has been placed at 3,776,000 bushels. This is about 50 per cent. greater than the 1922 yield. Sugar beets were generally all harvested by November 15 and growers everywhere report an excellent crop. Whether or not the growers will receive returns to compare with previous seasons depends on the price of sugar in the open market during the winter months. During November beet sugar was selling in the San Francisco market for about \$9.00 per hundred, about 20 per cent. above the 1922 price, and everyone connected with the

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sugar beet industry is enthusiastic over this year's production.

The production of cotton in California and Arizona, which grows more important from year to year, has been placed at 124,000 bales for 1923. This is as compared with about 70,000 bales produced in 1922. With prices of medium and short staple cottons, which comprise over 70 per cent. of the district's yield, at higher levels than at any time since 1920, growers have had a most gratifying season, and plan on expansion in their yields for the coming year.

Figures for the 1922-1923 citrus fruit season which closed November 1, and which are now available, show that California, to which the industry is largely confined, shipped 50,868 cars of oranges and 8740 cars of lemons. These figures are as compared with 29,591 cars of oranges and 9926 cars of lemons in the same season a year ago. Average returns to members of the fruit growers exchanges have been estimated at \$2.71 a box for oranges and \$4.85 a box for lemons, the figures for oranges being slightly lower than the figures for the previous season, and those for the lemons slightly higher. The oncoming crop of oranges has been estimated at 22,500,000 cases by the United States Department of Agriculture, a yield approximately the same as for some years past. The lemon crop coming on indicates that it will be the largest ever recorded, probably exceeding by 5,000,000 cases the yield of 1921-1922.

The apple crop of the district had been pretty generally fully harvested by November and the yield in California, Idaho, Oregon and Washington totals 41,025,000

boxes (bushels). This is the largest crop on record, but with all apple growing sections of the country producing heavily this year, the market has been weak and prices have been only fair. The grape crop of California was larger by a small margin than in 1922, totaling approximately 50,000 cars. This in spite of a poor growing season. Transportation for the movement of all crops has proved uniformly adequate, and this factor coupled with excellent weather conditions prevailing over the whole region during the harvesting season, has enabled most growers to get their yields to market easily, even though some have had to take prices below those prevailing in years past.

Building operations in the district continue unabated, and with the building now in prospect evidenced by the building permits being issued all over the Pacific region, there should be plenty of work for all classes of construction labor for many months to come. In fact very little unemployment in any line is looked for in this region this winter. The surplus of labor that will be created when the fall crops are all in will be quickly absorbed in the metropolitan and industrial centers, where plants are running at capacity and all sorts of building continues at an astonishing rate. The twelfth Federal Reserve agent has reported that in the states comprising his district new records as regards the number of building permits issued were set up in October. The total amount involved was a little below that of previous record months of this year, however.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

WHILE business reports continue to be of an encouraging character, there is not that improvement in trade and commerce which had been anticipated in view of the country's enormous crop and the industrial expansion in the United States which Canada thus far has not generally shared. A western wheat crop of 500,000,000 bushels is now talked of on the authority of Hon. T. A. Low, Minister of Trade and Commerce, which would put the country's farm yield far above any previous record, with field crops valued at over \$1,000,000,000 and the total for all natural products at \$2,480,000,000, an increase of \$310,000,000 over the previous year. Ottawa reports an increase of over \$350,000,000 in trade for the year ending with October. There is no unemployment to speak of and immigration figures show a larger influx. There has been a stronger market for pig iron and a better sentiment in investment circles. Prices for farm products have held remarkably well in view of the volume of grain being marketed. Payments of bond interest and dividends in December will amount to \$88,800,000, an increase of nearly \$5,000,000 over December last year. The volume of freight moved in Canada in October was the largest in any month during the last two years, this being due to the heavy grain movement.

In the face of all these favorable developments business is not responding as hoped for and anticipated. Business men and financiers are coming to the conclusion that excessive taxation on individuals and on business is an important factor in the situation. The effect on wealth-producing, labor-employing industries is illustrated in the statement of V. J. Hughes, president of Canada Iron Foundries, in the company's annual statement. "Dominion, provincial and municipal taxation was a serious charge on profits, the amount for which your company became liable in direct taxes during the year being over 28 per cent. of its profits." One of Canada's outstanding business lead-

ers, in commenting on the situation, declares that the so-called success of the recent Dominion Loan was one of the most discouraging indications he had seen in the business outlook. "Easy borrowing from our own people means easy spending by governments," he continued, "and it also means that a government loan is considered more satisfactory than the support of Canadian industrial enterprises, because of the uncertainty of the latter's future."

Both the president and the general manager of the Bank of Montreal at the annual meeting emphasized the necessity of lower taxation as a preliminary to improved conditions. Sir Vincent Meredith stated that he had no apology to make for discussing the imperativeness of moderating public taxation in order to lighten the load pressing upon business and deterring the development of resources. He declared that the margin of profit in all business was seriously curtailed by the accumulation of taxes, a condition that was retarding enterprise and discouraging thrift. Sir Frederick Williams Taylor pointed out that for the moment Canada was handicapped in three respects—the high cost of living, high taxation and a lack of adequate population. He emphasized that the economical conduct of our personal and public affairs was imperative in bringing about real prosperity.

It is estimated that Canadians pay about \$900,000,000 a year in taxes to the Dominion government and to the provincial and municipal governments of the country. The national income may be figured at about \$5,500,000,000 from all sources, and this means that about one-sixth of the income of Canadian people goes back to the taxing bodies of the country. The taxation situation has been particularly brought to the attention of the business community by the proposals of Secretary Mellon for a reduction of the taxes, including the surtaxes, in the United States. It is pointed out that if American business is relieved to the extent proposed it will prove a further handicap to industry in Canada and, as Ottawa gives no prospect for showing a budget surplus

in keeping with that of Secretary Mellon, the prospects for reduced taxation are not regarded as bright. Public bodies throughout the country, including boards of trade, the Canadian Manufacturers Association and, in some communities, organized labor, are taking an active interest in taxation matters. The defeat of a very large proportion of the money by-laws at the recent municipal elections is indicative of a changed attitude on the part of the ratepayers towards money by-laws.

Public confidence in the situation has also been disturbed to some extent by the failure of the Home Bank. This was referred to indirectly at the annual meeting of the Imperial Bank by the president, Peleg Howland, who declared that it was essential that the confidence of the public in the banks be restored. Further, Mr. Howland said that "if it can be restored by some system of government audit or inspection without the assumption of too much responsibility by government officials, we will welcome it."



BANK OF MONTREAL

Judged as a barometer of business and financial movements in Canada, the annual report of the Bank of Montreal, Montreal, indicates slight contraction in commercial activity from a year ago, and also seems to reflect to some degree the nervousness of a large section of the general public. The profits of the bank were smaller than a year ago, and there were expected reductions in savings deposits and commercial loans. This had a tendency also to reduce total assets of the bank.

But as earnings on the capital stock outstanding amounted to 16.5 per cent., or about 8.15 per cent. on the combined capital, reserve, and surplus, as compared with dividends and bonuses paid of 14 per cent., the year's results must be considered as maintaining the excellent record of the bank.

Total assets stand at \$692,382,109, a decidedly impressive figure, but one that fails to touch the seven hundred million mark that was passed last year in the acquisition of the Merchants Bank.

IMPERIAL BANK OF CANADA

Well maintained earnings and an improvement in position as regards immediately available liquid assets in the face of a curtailment of current loans and some re-

duction in deposits are shown in the annual statement of the Imperial Bank of Canada, Toronto, for the year ending October 31.

The balance sheet shows that by increasing investments in government securities by nearly \$2,500,000 the immediately available liquid assets were considerably strengthened. Some comparative figures follow:

ASSETS		1923	1922
Immediately available			
Liquid assets	\$ 40,422,155	\$ 38,874,903	
Other assets	78,258,400	80,825,647	
Total assets	\$118,680,555	\$119,700,570	
LIABILITIES			
Capital	\$ 7,000,000	\$ 7,000,000	
Reserve	7,500,000	7,500,000	
Dividends	282,597	245,000	
Balance	1,033,833	1,006,931	
Other liabilities	102,864,125	103,948,639	
Total liabilities	\$118,680,555	\$119,700,570	

THE BANK OF TORONTO

The annual report of the Bank of Toronto, head office Toronto, for the year ending November 30, 1923, shows profits for the year, \$984,669, equal to 19.69 per cent. on paid-up capital, an increase of \$105,907 over the previous year. With \$1,061,242 carried forward from 1922, a total of \$2,045,911 is available for distribution.

Dividends of 12 per cent., amounting to \$600,000, were paid; \$100,000 was reserved for Dominion Government taxes, \$25,000 transferred to officers' pension fund and \$150,000 written off bank premises, leaving the sum of \$1,170,911 to be carried in profit and loss account, an increase of \$109,670 for the year. The rest and undivided profits now amount to \$7,170,911, with paid-up capital of \$5,000,000.

The immediately available assets, \$47,097,140, show an increase of \$6,344,608 and are equal to 53.58 per cent. of liabilities to the public, as against 49.46 per cent. in 1922, representing a very strong liquid position.

Loans and investments in securities aggregate \$75,872,235. Of this total, securities amount to \$20,709,953, an increase of \$6,035,983, call loans \$6,478,696, a reduction of \$1,127,505, and commercial loans \$48,683,586, decreased \$866,789 for the year.

Bank premises show a net reduction of \$44,117.

Total assets are now \$100,081,466, an increase of \$5,625,224 for the year.

Notes in circulation stand at \$7,377,853, an increase of \$482,680, and deposits, \$74,875,034, are up \$1,196,277 over the previous year.

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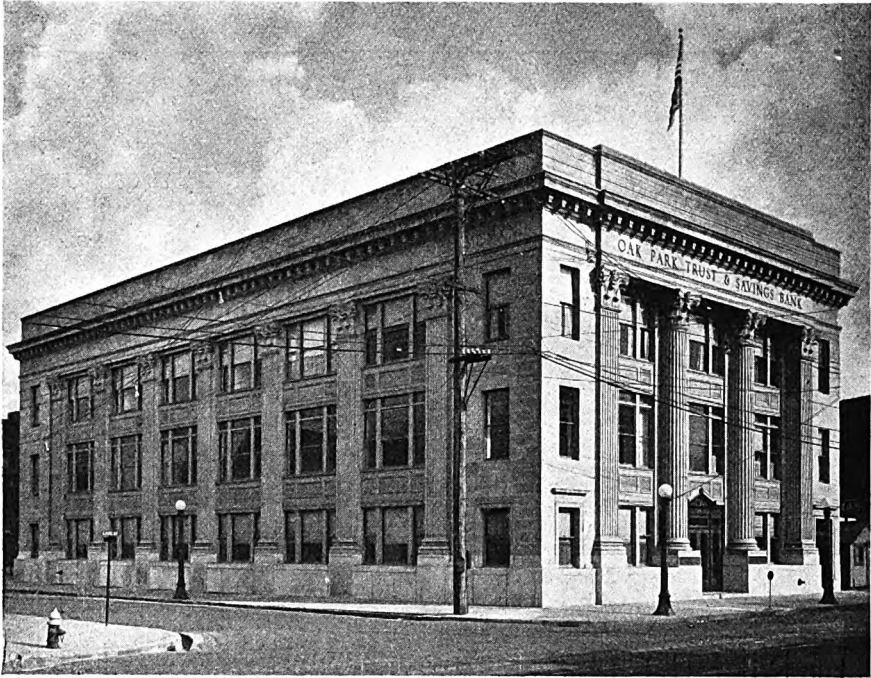
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Entrance to main banking room of the Seaboard National Bank, New York

THE dignified and imposing stairway which leads from the street entrance to the main banking room of the Seaboard National Bank. The view of the lobby and mezzanine from the stairway creates a very pleasing impression on the visitor.

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New Building of the Oak Park Trust and Savings Bank, Oak Park, Ill.

The New Building of the Oak Park Trust and Savings Bank

THE new building recently completed for the Oak Park Trust and Savings Bank in Oak Park, Illinois, by Hoggson Brothers of New York and Chicago, is an illustration of the highest standards of modern banking practice.

The arrangement of the second and third stories provides at once a two-storied banking room and a floor and a half of offices. The revenue from these offices will result in the bank's having to charge itself only 50 per cent. of the equivalent rental rate in the district for their 12,000 square feet of floor space in a building which has all the advantages of an individual structure in both appearance and use.

The entrance to the banking room is on the narrow end of the building on Lake street, through a vestibule approximately twelve feet square. This

in turn opens into a public space twenty-three feet wide and ninety-six feet long. The public space has a marble block floor, marble check desks, all marble screen with plate glass panels, bronze wickets and grilles. On the left as you enter is the officers' space, and opening from this the president's office, officers' toilet and coat room, and the conference room. Continuing on the left are the cages for notes and collections, paying and receiving tellers, and reserve wickets for future expansion. On the right as you enter, there is a marble staircase leading to the safe deposit department in the basement. Continuing on the right is the ladies' department with a rest room and toilet, trust department, bonds, children's alcove and savings withdrawals.

At the rear of the public space facing

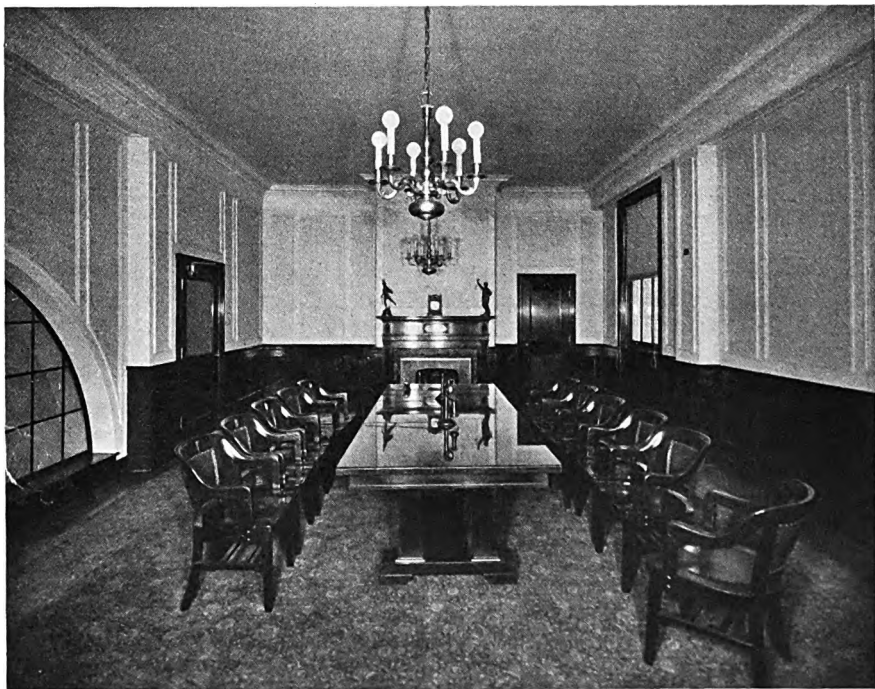
the main entrance are the savings tellers, paying and receiving, Christmas club and special accounts and cages for future expansion. Back of the cages, with lighted windows on one side and skylights on the other, are the working spaces for the various departments, and in the rear corner of the banking room is a sound-proof room where machines will be located, to confine the noise.

On the second floor, and reached by a private stairway, are the directors' room and women employees' locker room.

In the basement is located the safe deposit department and a safe deposit vault with a capacity of approximately 8000 boxes. This has a ten-foot filled door and two-foot thick concrete walls reinforced with steel rods. There is also a steel emergency door and through this opening, by means of a fan, an ample amount of fresh air is provided for the vault. There is a lobby about thirty-three by twenty-five feet in size,

reception room, coupon booths and committee rooms distributed about the lobby, together with space for future coupon booths to permit expansion. Directly back of the safe deposit vault is a trunk and silver storage vault, and separate vaults for books and funds. On this floor are located the men employees' locker and toilet rooms and a large storage and stationery vault. The safe deposit department is provided with fresh air from a ventilating plant in the building.

The main banking room is designed in the style of the Italian Renaissance with ornamental pilasters and arches between on a line with the counterscreen on each side of the public space. The ceiling is of plaster, and elaborately ornamented with coffers which are painted in colors, blue, gold and cream. The marble in the counterscreen is Tavernelle Clair, an imported marble, and the blocks in the floor are of gray Tennessee marble.



Directors' room of the Oak Park Trust and Savings Bank, Oak Park, Ill.

Fifty Million Increase in Deposits Reported by Royal Bank of Canada

A GAIN of fifty millions in deposits, liquid assets of approximately 50 per cent. and cash amounting to no less than 28 per cent. of liabilities to the public are among the outstanding features of a remarkably strong statement which The Royal Bank of Canada has made to its shareholders for the fiscal year ending November 30. A \$50,000,000 gain in deposits is regarded as phenomenal under conditions that prevailed during the past year and is accepted as unmistakeable testimony of the confidence that is everywhere placed in this strong Canadian banking institution. What will make such a large gain still more satisfactory from the shareholders' standpoint is that owing to the general character of the business done by the bank there are no especially large deposits of any nature.

The general business of the bank continues to show an expanding tendency. Total assets are now \$538,858,554, as compared with \$479,862,866 for the previous year, or a gain of about \$59,000,000. Liquid assets are \$233,125,474, as compared with \$216,048,331, while cash on hand amounts to \$81,604,539, against \$71,985,920 a year ago. In the liquid assets a number of other large increases are shown, the principal being a gain in short term government securities. Dominion and Provincial Government securities now stand at \$28,783,050, up from \$22,950,224, and Canadian, Municipal and British Foreign and Colonial Government securities, other than Canadian, amount to

\$15,900,363, against \$7,901,927 a year ago. Call loans total \$46,372,574, compared with \$48,610,020 last year.

In the many fields of industry and commerce served by the bank there has evidently been a demand for increased accommodation. This is reflected in a gain in current loans, which now stand at \$264,722,967 against \$242,937,776. During 1923 the balance due to the Dominion Government of \$17,461,750, reported a year ago, has been entirely paid off.

In the large gain of \$50,000,000 in deposits it is to be noted that those in the savings department now amount to \$311,759,127, as compared with \$277,595,882, an increase of no less than \$34,163,245 for the year.

The earnings for the year were well maintained, profits having amounted to \$3,909,316. This compares with \$3,958,469 in the previous year. The profits added to the balance carried forward from the preceding year brought the total amount available for distribution up to \$4,916,830. This was distributed as follows:

Dividends and bonuses to shareholders.....	\$2,356,000
Transferred to officers' pension fund.....	100,000
Appropriation for bank premises.....	400,000
Reserve for Dominion government taxes, including war tax on bank note circulation	475,000

This left an amount to be carried forward of \$1,085,830, as against \$1,007,514 at the end of the previous year.

Canadian Bank of Commerce

THE annual report of the Canadian Bank of Commerce for the year ending November 30, 1923, shows net profits of \$2,913,419.15. This amount, added to \$2,097,502.08 brought forward from the previous year, gave a total of \$5,010,921.23, which was applied as follows:

Four dividends, at 12 per cent. per annum, \$1,800,000; bonus of 1 per cent., \$150,000; taxes, \$350,000; written off bank premises, \$350,000; transferred to pension fund, \$175,286.30; balance carried forward, \$2,185,634.93. This carry forward made the capital account, as of November 30, 1923, stand as follows: Capital paid up, \$15,000,000; rest account, \$15,000,000; balance of profits, as per profit and loss account, \$2,185,634.93; total, \$32,185,634.93.

Deposits, on the date named, were \$331,-

572,993.94, of which \$243,669,665.59 were interest-bearing and \$87,903,328.35 were non-interest-bearing.

The liquid character of the assets appears from such items as cash, \$48,318,744.69; foreign currencies, checks on other banks and due from other banks, \$34,546,820.70; call and short loans in Canada, \$23,990,625.22; call and short loans elsewhere than in Canada, \$25,796,166.20. These loans are for not exceeding thirty days, and are secured by stocks, debentures, bonds and other securities of sufficient marketable value to cover.

Total assets on November 30 were \$427,379,352.65.

The head office of the Canadian Bank of Commerce is at Toronto, and the New York agency at 16 Exchange Place.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

FEBRUARY 1924

VOLUME CVIII, NO. 2

Editorial Comment

Indicators of Prosperity

LATELY readers of newspapers and economic publications have been regaled with facts and figures whose purpose was to establish a foundation for the belief in the country's prosperity during the present year. A very good case has been made out, and there is ground for believing that 1924 will prove a year of large production and of heavy exchanges. This is a cause for profound rejoicing, for it means employment, active business and general material welfare of the people. The day has gone by when men are supposed to be virtuous in inverse ratio to their prosperity. Spirituality and a well-filled purse and stomach are now understood to be entirely compatible conditions, even if these evidences of worldly prosperity be not considered indispensable to any very high degree of spiritual exaltation. A man who is poor finds much sympathy if he takes a sour and sullen view of life because of his failure to gain what he regards as his due share of material comforts. Contentment with poverty is no longer held up as one of the desirable virtues. Precept and example enjoin us to put money into our purses. Undoubtedly this change of attitude has acted as a spur to effort, and has caused many to exert themselves in a way that has done much to better their lot.

It is not to decry material prosperity to point out that there are other things of equal or greater value in our national life.

The reviews we have been reading lately deal with production, building,

exchanges, and all the familiar indexes of trade. Might it not be equally interesting if, occasionally at least, we had a stock-taking which would show the advance of our people in the possession of those qualities which are not measured in the market-place? It would be reassuring to learn that this advance is taking place concurrently with the growth in material wealth.



Comptroller's Defense of the National Banking System

THE annual report of the Comptroller of the Currency, in addition to its wealth of banking information, is notable for its vigorous defense of the national banks against the encroachments of the branch banking system as now being developed by the state banks of the country. Except for this one feature, the Comptroller does not regard the two systems as antagonistic, but as complementary, and admits that the state banking systems allow of greater flexibility than is easily attainable under the national banking system, where the banks are all governed by the same laws and are under a centralized supervision at Washington. But he points out with remarkable force, clearness and truth, that the national banks, deprived as they are of establishing statewide branches, can not continue to exist in competition with the state banks having this privilege. He brings forward proof to sustain the view that unit banks and branch banking can not be developed side by

side. It is either one thing or another—a system of independent banks, such as we now have, or the branch banking system.

Mr. Dawes takes up the cudgels in defense of the independent banks in a manner that leaves no doubt whatever as to where he stands in this controversy. He is in favor of the independent bank, and against the branch system. His proposal is to limit branches of both state and national banks to the respective towns and cities where the head offices may be located, and he does not favor the opening of even such branches of the national banks unless the laws of the state permit the state institutions to have branches.

The Comptroller believes that if branch banking should supplant our present system it would mean the destruction of the Federal Reserve System. He thus gives his view as to the undesirability of such a development:

“Through the Federal Reserve System the transfer of funds from points of surplus to points of deficit is accomplished with the primary purpose of promoting the best interests of the whole country and not with a view to enabling individuals or sections to reap a financial advantage at the expense of others. If it were assumed that the instrumentality for the transfer of funds could be provided by a private reserve system, such as a branch banking institution, it could hardly be fairly contended that the controlling influence would be other than profit. Necessarily, in adjustments of this kind the interests of a branch bank or individuals must be private profit and not public welfare.”

This brings up a large question, namely, whether the independent bank is more intent upon the public welfare than on profit, and also whether the big bank with numerous branches thinks less of the public welfare than does the smaller independent bank. If the latter view were correct it would seem that the countries having branch banking would

be anxious to get rid of it, but this does not seem to be the case. Branch banking is rather general throughout the world, and appears to be giving very satisfactory service. In England, for example, banking concentration has been proceeding at a very rapid rate in recent years; and yet the public welfare does not seem to be disregarded by the big British banks. There have been assertions to the effect that they were not liberal enough in making advances to agriculture, but this charge seems to have been effectually refuted. The banks of this country, and the Federal Reserve System especially, have been more severely criticised on this ground than have the English banks.

The arguments in favor of our independent banking system are thus presented by Comptroller Dawes:

“In a system of independent unit banks, the bank which best serves the community is the bank which is most certain to live the longest and be the most profitable to its stockholders. Since the type of man who starts a bank in a small community is essentially constructive, his natural associations and sympathies are with men of constructive type, and he extends the facilities of the bank most liberally to them. His loans take into account, as a first consideration, character and moral responsibility. He is naturally inclined to encourage young, aggressive, and enterprising individuals who will, in the course of time, bring business to the institution as they succeed, and will develop commercial and industrial enterprises and be a factor in the creation of corporate and private undertakings, all of which will be feeders to the bank. As this type of individual is usually not the possessor of high-class collateral at the beginning of his career, the banker is dependent in a large measure upon character, of which he can only be sure by personal contact and acquaintance.

“The distinctive accomplishment of the banking system of the United States is its contribution to enterprise

and its stimulation of growth; its criterion is service.

"It can well be said that the rapid economic development of America has been largely due to the policy of the pioneering unit banks which recognized this principle of service. It is inconceivable that the representative of a non-resident board of directors should be granted the authority and the discretion to make a type of loan which is based on character, knowledge of local conditions, and ultimate benefits to be realized by the community and by the bank. While it requires a high order of ability to make this class of loan, the banking history of the United States would show, in the main, a surprisingly small mortality. These loans, however, on account of their small size in individual cases, and difficulty of ascertaining their intrinsic value, do not afford a basis for discount with other banks in case of stress, and no bank could exist if it were dependent entirely upon them. If across the street from the unit bank making this sort of loan were the agent of a great branch banking institution, this agent would very quickly acquire the larger and, from the narrow banking standpoint, the desirable business of the town. This he could do by offering lower rates of interest on loans and higher rates on deposits than local conditions would ordinarily justify, which, in the nature of the case, would probably be withdrawn as soon as the independent unit banks of the town were finally eliminated. This is a process which has been pursued in the evolution of our great industrial enterprises which have had to be curbed by the action of the Sherman anti-trust law and other Governmental action.

"The opportunities for coercion on the part of large institutions with branches scattered over a whole state are very great. This coercion might take any one of a number of forms. The connection of the branch banks with out-of-town customers of the institu-

tions of a community permits of pressure being readily brought."

Mr. Dawes says that "if the sudden creation of great branch banking systems resulted in withdrawing funds from the support of rural communities in order that they may be invested in self-liquidating commercial paper originating elsewhere, then it will be true that sound abstract banking principles will have been applied, but at a cost to the future development of the rural communities that will far outweigh any advantages that may be gained."

Perhaps that is the best banking system which best suits the size of a country, and the genius of its people. In this respect there is a vast difference between the British Isles and the United States of America. This comparison would hold good for most European countries, but would be less applicable in making a comparison between this country and Australia and Canada, or even the larger of the Latin-American countries.

Our people are probably too well satisfied with the independent banking system to give it up, and very likely they will rally to its defense on recognizing the necessity of doing so. This necessity is clearly shown in the vigorous presentation of the subject made by Comptroller Dawes.



Evolution of Our Banking System

PROBABLY American banking is now undergoing more rapid and startling changes than at any previous epoch in the country's history. In the early days of our history, embracing the two United States Banks, this development was comparatively slow. After the disappearance of the last of these central institutions, the country got along as best it could with the existing state banks and the Independent Treasury. When the Civil

War broke out, it was found that a more cohesive banking system and a better currency were needed. These were supplied by the institution of the National Banking System, which has developed to its present numerical and financial strength. Meanwhile, the Federal Reserve System has been established, and the Independent Treasury has disappeared. New types of banking have concurrently developed, chief of which is the trust company, although agricultural and co-operative banks are more recent experiments.

These changes have been described as "startling," and the term is none too strong. Nevertheless, they probably represent in the main the struggle of commerce and industry to free themselves of the artificial restraints which jealous legislatures have thrown around the country's banking system. For, broadly speaking, banking is created by trade and industry, instead of the other way round.

Interesting as many of these fresh developments in banking undoubtedly are, perhaps the matter that most concerns the bankers of the country is the effect of the Federal Reserve System upon its compulsory component members, and the growing competition of branches of state banks with the national banks. Discussion of this exceedingly interesting phase of our banking development may be carried on without instituting any unfavorable comparison between the state and national banks, and without reflecting in any way upon the many strong and excellent features of the Federal Reserve System.

As a matter of fact, there are some indications that the national banks are not quite keeping up with the procession. Only a few weeks ago, the Superintendent of the Banking Department of the State of New York called attention to the striking fact that the state institutions under his supervision carried more than double the amount of deposits of all national banks in the state, and more than 48 per cent. of the

deposits in all the banks of the United States.

It will not do to jump to the conclusion, from this fact, that the national banks of the country, or even those of New York, are losing ground. This fact could only be established—if it is a fact—by a more comprehensive investigation, and by taking other factors into account.

The state banking system in New York has long enjoyed a high reputation—not superior to the National Banking System, nor even superior to all the state banking systems, though certainly better than a good many of them. But there is a special reason why the state banks—or at least the trust companies—should make an excellent showing. These trust companies were organized under a law carefully framed to enable them to conserve the great wealth of the state. On the whole, they have admirably fulfilled the purpose of their creation. Incidentally, they have come to exercise general banking powers. The savings banks of New York have also, by their careful management and the excellent character of the laws under which they operate, attracted vast amounts of deposits.

It may be pointed out, furthermore, that the aggregate amount of deposits which a bank holds does not invariably represent the degree of banking service which it renders. There are some great banks that do not accept deposits. They are financial banks, whose services are nevertheless of vast importance. Institutions of this character are to be found in New York more than in other parts of the country, for obvious reasons.

But, allowing for all these factors, and for others which might be mentioned, it will be seen that the state banks are not only holding their own in competition with the national banks, but that in New York at least they seem to be forging ahead.

There is another recent banking development of considerable significance,

and that is the withdrawal of several large banks from the national to enter the state system. This raises the question as to whether or not the latter system may not provide for greater flexibility, permitting the organization of banks more adapted to varying local needs than where the banks must all organize and be operated under a nation-wide law. To raise this question is not to answer it either negatively or affirmatively. If it be admitted that the National Bank Act, in former years especially, was somewhat lacking in flexibility, it must be admitted, on the other hand, that its uniformity and many excellent features were of great advantage in furnishing the country with a sound banking system.

But the question will persist as to which type of bank—those organized under Federal charters or those under state laws—is the best adapted to the country's needs.

It is a fact that since the Federal Reserve System was inaugurated some of the functions of individual national banks have either diminished in importance or have disappeared altogether. Of lessened importance are the note-issuing privilege and the collection service, while the function of acting as legal reserve agents for other national banks has been destroyed.

As time goes on it will be interesting to observe what effect the Federal Reserve System itself will have on the national banks. Will it prove a permanent unifying force, or the reverse? To judge from the public expression of opinion at bankers' conventions, one would suppose that there could be no question about this matter; but bankers sometimes privately express other views. More significant still is the fact that a number of national banks have escaped from compulsory membership in the Federal Reserve System by becoming state banks.

To recognize the existence of the tendencies mentioned above does not imply any mental bias one way or the other. For more than sixty years state

and national banks have amicably existed side by side, performing their respective functions. This affords grounds for believing that they may so continue to exist indefinitely. Without question the Federal Reserve System has been of great service to the banks and the people. Nevertheless, our banking system is rapidly changing, and the extent and character of these changes can not be accurately gauged.



Co-operative Commercial Banking

FROM Washington comes news of a proposal to amend the National Bank Act by providing for the organization of co-operative commercial banks. It is proposed that this new type of institution shall allow but one vote to each shareholder, that proxy voting be prohibited, that annual dividends on stock shall not exceed 8 per cent., and that profits in excess of one-fourth of net earnings be distributed to depositors "in proportion to their patronage," after surplus and dividend requirements are met.

The co-operative bank, restricted to savings and to building and loan institutions, has long been in successful operation, and some attempts have been made in this country to extend the co-operative banking principle to commercial banks, though with no marked success.

A great many people, seeing the enormous amount of deposits in the commercial banks, feel that these deposits should have a direct share in banking profits. The bulk of these deposits, however, does not consist of cash which the depositors have put into the banks. They are the proceeds of loans, largely made, it is true, out of deposits, but to a considerable extent composed of loans out of the capital of the banks. Nevertheless, the depositors do contribute a principal share of the bank's loanable funds. But they do not do this without

some very important compensating advantages, a few of which may be mentioned. In the first place, the safe-keeping of the business man's funds is a banking service of no inconsiderable value. It requires something more than strong safes and vaults, and calls for great personal vigilance on the part of bank officials and employees. They must see that these funds are paid out only to the persons and in such sums as the depositor directs. This is a service of very great convenience to the depositor, and effects for him a saving of time and expense almost beyond calculation. Indeed, without this banking service, modern business could not be conducted. Its operations are on such an extensive scale that banking economy of this character is indispensable.

But there are some other considerations that seem to have escaped the attention of the proponents of co-operative commercial banking. Depositors in banks, in many cases, are allowed interest on balances. Do they expect to get interest both on their deposit and also to share in the profit the bank makes out of the money it has in turn lent out again? And if they are to get this profit, are they to run the risk of loss which banking not infrequently entails? The stockholder not only runs the risk of losing his investment, but if necessary must stand an assessment in a like amount. Are depositors willing to assume this risk?

The chief advantage which a business concern derives from having a deposit in a bank remains to be mentioned. It consists in the greater facility in the way of bank credit which depositors enjoy. They are given first call on the bank's loanable funds, and in this way the association of a bank and its depositors forms a co-operative organization of the greatest importance. The fund which depositors furnish to a bank actually constitutes a principal part of the reserve, on which depositors may draw, in the shape of credits, "in proportion to their patronage." And this constitutes an asset to depositors of far

more worth than would a division of the earnings.

Banking has developed along its present lines until a high degree of safety has been reached. The introduction of this new type of bank would hardly tend, it is believed, to add to the safety of the country's banking system.

Deposits ought to be attracted to commercial banks by safety and service, not by the rate of profit promised on such deposits.



American Bank Advertising

THE phenomenal growth of banking in the United States in the last quarter of a century has been accompanied by a remarkable improvement in the character of the advertising done by the banks. Perhaps it would be well within the bounds of truth to say that this growth has been promoted to a large extent by the more forceful and productive advertising which the banks have employed. It is a safe statement that the antiquated type of bank advertising, which prevailed up to about ten or fifteen years ago, had scant results in the way of increasing bank deposits. This advertising was chiefly of the sign-board variety, and did little more than to tell the bank's name, the amount of capital and surplus, and the distinguished townsmen composing the staff of officers and directors. Just who first caused the dry bones of banking to rattle, history does not record. Evidently some young banker with a sense of humor looked over the bank "cards" in the local paper, picked out a number that contained the astonishing information that "this bank transacts a regular banking business," and set to work improving on this slogan. Most American banks have progressed far beyond this stone age in bank advertising. In fact, the reaction from it has carried the movement so far that it is now at least an open question as to whether some banks have not become rather too progressive in their advertising. Not that

such advertising necessarily impairs the dignity and more or less sacred atmosphere supposed to surround the conduct of the banking business, but that it lacks appropriateness; that is, it is not suited to its purpose. But this fault is by no means general, and certainly it can be said that the advertising of our banks has shown generally a most gratifying improvement in recent years,

The banks themselves are displaying a much greater interest than formerly in their advertising. They recognize it not only as a powerful instrumentality in adding to deposits, but as an important factor in creating a friendlier disposition toward banks in the public mind through the better understanding of banking which the people are enabled to get through intelligent advertising and publicity.

While great satisfaction may be felt that modern bank advertising has already accomplished so much, there are still millions of people who are insufficiently informed in regard to the safety of banks and the great service they are rendering to the community. In other words, there is still a large and potentially productive field to be cultivated by means of clear and forceful bank advertising. Every sound bank that enlarges its sphere of usefulness by adding to the number of those who utilize its services, not only enlarges its own deposits and profits but confers a substantial benefit upon the people of the country.

The advertising department should be regarded as next to the credit department in the importance of its relations to the bank's prosperity and welfare.



The Tax Reduction Movement

THERE are some features in the movement for tax reduction which tend to make it difficult to secure popular support for the movement as a whole. The proposal to reduce taxation would seem to contain strong ele-

ments of popular appeal, since few persons pay taxes with satisfaction. But perhaps a good many of us are quite willing that there should be heavy taxes if we think their burden can be shifted to shoulders other than our own. The excess profits and surtaxes were acceptable to the generality of people for this reason. It was believed that these taxes would be paid chiefly by a few rich people; but in practice it is found that a considerable share of these taxes can be passed along to others not so well off as those who pay the taxes in the first instance. But such taxes can not all be escaped by those upon whom they are first imposed; and the burden of them is, indeed, so great that capital that would ordinarily be available for productive enterprise takes refuge in securities which are exempt from taxation. This can be remedied, to some extent, by a constitutional amendment prohibiting such exemptions. But to apply this remedy will take time, and we can not even be certain that the states will approve of it when presented to them.

The proposal to reduce excess profits and surtaxes, on its face, looks like a plan to relieve the rich of taxation. But, as the Secretary of the Treasury has forcefully pointed out, this is not the case. By fixing a lower rate on the higher incomes they will in time pay more than under the higher rate, because capital will be offered a greater incentive to enter into ordinary productive enterprise and less incentive to turn to securities that are exempt from taxation.

When Mussolini came into power in Italy, he found certain consumption taxes were quite high but productive of little revenue. He promptly reduced them for the purpose of increasing the revenues.

There is another feature of the movement in favor of tax reduction that runs counter to the popular current, namely, the necessity of defeating the soldier's bonus proposal if taxation is to be materially reduced. Nobody likes, even

apparently, to be put in the position of antagonism to anything the ex-service men want. They deserve the country's highest gratitude, and this gratitude should not express itself in fine words merely, but should take that form which will do these defenders of the country the most actual good. It is believed that reduced taxation, by assuring prosperous business conditions, will be of far greater material benefit to the ex-service men than would the granting to them of a money bonus out of the public treasury, for the latter would mean a very large increase in expenditure, which would necessarily call for heavier taxation. Unless taxes can be reduced, we can not be sure of continued prosperity. We must therefore choose between the bonus, which means heavier taxes and a menace to the country's industrial and commercial prosperity on the one hand, and a rejection of the bonus, which will permit of reduced taxes and greater certainty of a steady run of prosperity.

It requires courage on the part of men in public life even to seem to favor a reduction of taxation of the rich, and at the same time to refuse a small gratuity to the ex-service men.

But when the people of the country—including the ex-service men—come to understand the problem, as they will after full and fair discussion, it is believed that it will be seen that the members of the House and Senate who are supporting Secretary Mellon's tax reduction plan are acting with great wisdom and patriotism. They are not thinking about getting votes by taking the obviously popular course, but are trying to do that which will tend to bring business back to a more normal basis.

The tax reduction movement is one vital to the country's prosperity. It ought not to stop with the reduction of Federal taxes, but should be carried into every state, city, town and district where taxes of any kind are laid.

A Thorny Olive Branch

CERTAIN expressions in the President's Annual Message to Congress were apparently interpreted as a hint to the Russian Government that overtures might be made for recognition by the United States. Such overtures were made, but were quite promptly and bluntly rejected by Mr. Hughes. Probably a careful reading of what Mr. Coolidge said would disclose the fact that the Russian Government has failed to comply with the prescribed conditions.

Mr. Hughes sees no need of a conference to enable Russia to pay American claims for property confiscated, to settle the debt owing to this country, or to stop propaganda seeking to overthrow our form of government. These things, in the opinion of Secretary Hughes, can be attended to by the Russian Government whenever it makes up its mind to do so.

The position taken by Mr. Hughes has met with general approval by the country, although some criticism has been aroused by the plain speaking in which he indulged. As to this, it may be said that evidently it was his wish to make himself clearly understood, and that in this he was completely successful.

It is desirable that trade and diplomatic relations should be re-established between the Russian people and the United States, but this can not take place until Russia shows a willingness to comply with the reasonable conditions which have been laid down by the United States as a preliminary thereto.

For a long time the Soviet régime has had an extensive financial and commercial plant and entourage in London, and this cultivation now appears to be bearing fruit in the shape of closer co-operation between the English and Russian banks in financing trade between the two countries. The policy of encouraging trade with Russia has not escaped criticism, however, on grounds similar to those stated by Secretary

Hughes. As English bankers possess a large degree of caution and judgment, born of long experience in foreign trading, and since the British Government is not wanting in discernment in the conduct of its international relations, it would seem to be a reasonable

conclusion that whatever policy England adopts with regard to Russia might be safely pursued by the United States as well. It rests chiefly with Russia to furnish the basis of confidence for trade and diplomatic relations with that part of the world.



What a Depositor Owes His Bank

MUCH has been said and written about the duty of a bank to its depositors, but it is not often that attention is called to the duty of a depositor toward his bank. The following letter which was recently written to The Equitable Trust Company of New York, and which was published by them in a recent newspaper advertisement, is significant on this account:

The Equitable Trust Company,
37 Wall street, New York.

Gentlemen:

You have published many advertisements about your obligations to me as a depositor. I think it is time for one of your customers to write an advertisement about his obligations to you, his bank.

As I see it, I owe you three things—and money (at the moment, thank the Lord) is not one of them.

1. I owe it to you, as well as to myself, to maintain a good business reputation. To you, because I expect you to demand this of your other depositors. If I have business dealings with a customer of The Equitable I assume that because he is an Equitable customer, he pays his bills, has regard to the sanctity of a contract, and is otherwise dependable. I cannot expect you to uphold this standard on the part of others, unless I do my personal share in upholding it.

2. I owe it to you to maintain a balance on which you can make a profit. I expect you to maintain convenient offices, which means high rents, high taxes and other expenses. I call on you for a variety of services, many of which were never thought of as a part of banking ten years ago. You cannot meet these expenses and render these services unless you are making money. If you make no money on me, then I am riding

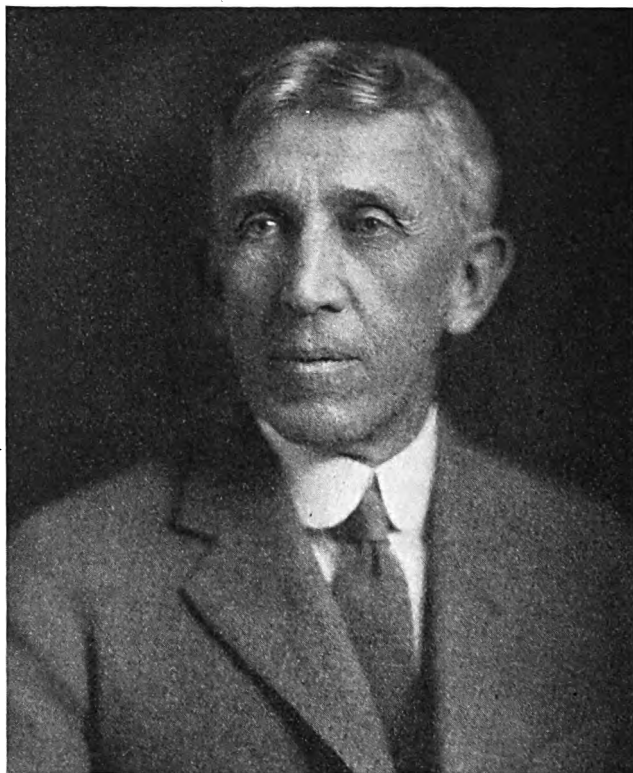
on the back of your other depositors. I don't want others riding on my back. I expect, therefore, not to ride, but to walk and to carry my share of your load.

3. I owe you an obligation to accept your decision cheerfully, if you sometimes say "No." If you haven't the courage to say "No" many times a day, and stick to it, I don't want my money in your bank. I expect you to say "No" when you are invited to make speculative investments—because part of the money you invest is my money. I expect you to say "No" when you are asked to make questionable loans, or to pay too high a rate of interest, or to lend at too low a rate.

I want all the interest I can get; and all the accommodation I can get. But first of all I want to be dead sure that what money I have with you is absolutely safe. It can't be safe unless you are conservative. And any man or institution that is conservative must necessarily say "No" every day. If ever you say it to me, therefore, I owe it to you to believe that you are saying it because it is in the best interests of all your depositors, of whom I am one.
New York, December 19, 1928.

Commenting on this letter in its advertisement, The Equitable Trust Company says: "This is a straight-from-the-shoulder letter. We believe the spirit of fair-dealing which it represents is eminently characteristic of the customers of this bank. We are proud of this spirit, and grateful for it. It has been a very big factor in The Equitable's success."

Requests to reproduce this letter in their advertising have been received by The Equitable from other banks in all parts of the country.



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ROBERT J. GRANT
Director of the Mint

PRIOR to his appointment as Director of the Mint, Mr. Grant was superintendent of the Denver Mint. He is a mining engineer by profession and has at various times followed that occupation in Colorado, Arizona, Mexico and Australia. During the war he was executive manager of the United States Food Administration in Colorado. He is a member of the American Institute of Mining Engineers.

How the Grove City National Helps the Farmer

By E. B. Harshaw

Cashier Grove City National Bank, Grove City, Pa.

MANY bankers have been interested for a long time in better agriculture over the country, but have scarcely known, as a general rule, just how to put on a constructive program. It has been difficult to know beforehand just how the farmers would react to such a program. In many cases interest in agriculture has been lagging and the young people have been leaving the farms to secure more profitable employment. It has been hard to determine whether this interest could be restored and the young people persuaded to return to the farms, for unless the young people do return to the farms and the boys and girls on the farms find it worth while to remain, the banker's program in behalf of better agriculture will not have accomplished its full purpose. It may take years to carry out a program that will make its effect felt throughout a particular community.

For Pennsylvania, dairying seems to be a good agricultural industry for the banker to get back of, and in this also, results are not to be obtained in a few months or a year. Recently a man told me that he now had a herd of twenty-one purebred cows in his barn, which, in addition to several he had already sold and the milk profit he had from them, had all come from the one cow which he had had for a foundation. This covered a period of ten years and is a splendid record for one cow. Think what he might have had if he had started with three, four or a half-dozen cows.

But probably this farmer only had money enough ten years ago for one good cow. If his banker in those days could have seen the future as he sees it today he might have financed



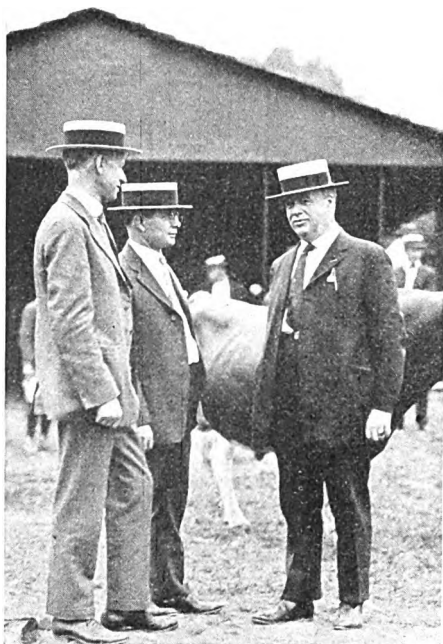
E. B. HARSHAW

Cashier Grove City National Bank, whose community dairy enterprise has not only brought prosperity to the farmers but has been largely responsible for building the deposits of his bank from \$765,000 to \$1,800,000

that farmer in the purchase of several cows.

To give a concrete example of the bankers' awakening and their vision of the future we will take the Grove City community, which was about like the average community six years ago.

In 1914 the Federal Department of Agriculture were through this section looking for a suitable place to locate an experimental creamery where the Government could experiment in milk and cream products and place them on the market.



Left to right: Dean Van Norman, president World's Dairy Congress; Dr. C. W. Sarson, chief, Dairy Division, Department of Agriculture; J. C. Thompson, Federal Department of Agriculture, Washington, D. C.

Grove City was not in some respects what one would call suitable, but some of the business men and bankers of the community got together and were far-sighted enough to see the outcome of such a project in the community if they could persuade the Government to place their creamery there.

The community had nothing to offer in the way of highly developed farms stocked with purebred cattle. In fact there were no purebred cattle on the farms of this section. The farmers were not used to raising that kind of cattle, perhaps because there was no market nearby where an adequate income from such high-priced cattle could be realized.

The business men and bankers of Grove City had faith enough to believe that if the creamery could be located there and provide a market, the farmers could be educated in raising better

cattle, so with this in view the Government located its creamery at Grove City, which was to provide a market for the milk from the dairy cows of the community.

HOW THE PROBLEM WAS FACED

"But where will we get the money to build the creamery?" was the question asked, for the community was to furnish the money for the building of the creamery and the Government would operate and manage it.

That was the question—for every one, it seemed, except the business men and bankers, was rather dubious about building a creamery, since there had been several creameries started in the community which had failed. However, stock was sold, the creamery was built, and it has since been enlarged to three times its original capacity.

With the market now at our door, the question was whether we were going to be able to support it adequately and make it a paying investment. The farmers were as yet a little suspicious and most of them when approached upon the subject and asked to assist in the support "guessed they would wait a little while and see how it panned out." With practically all the farmers waiting to see how it panned out it was rather discouraging.

The Government field man was then at Grove City. He talked with the farmers individually and proved to them that to buy purebred cattle was the best thing they could do because of their high milk and butter-fat production. They were told that it didn't cost any more to feed and properly care for a good cow than a poor one, but that a good cow would cost more when purchased and would require proper housing and care.

The Grove City National Bank undertook to distribute some purebred cattle among the farmers. The bank sent the field man, the cashier of the bank, and a committee of farmers to select and purchase outright a car load

of purebred cattle, the bank paying for them and assuming all responsibility in all cases.

In order to start the purebred development the first car load was purchased by the bank without any being spoken for by the farmers of the community. The actual cost price of the animal, with a short pedigree, was listed, and a number given the animal so that any one wishing to make application for a particular animal could do so. Sixteen cows were shipped in in the first car load. As many as sixteen persons applied for a single animal, and the least number applying for an animal was six. The parties applying wrote their names on cards. They were then placed in a hat and shuffled and a small girl drew out a name. The first name drawn secured the cow.

FINANCING PURCHASE OF COWS

For about one-half of them the farmers paid cash, for the others four months notes were taken with privilege of renewal. This loan was made the same as any other loan of the bank. Where we deemed it necessary we asked for an endorser. The bank has never lost a cent in any of these transactions. So many persons were disappointed in not securing a cow from the first car load that in successive shipments they insisted on describing the animal wanted and agreed to take it on arrival. Under both plans every purchaser has been satisfied and all purchases were financed in the same manner.

Most bankers imagine that the financing is something complex, but it is most simple, being handled exactly the same as any other bank loan.

The bank shipped in thirteen car loads of purebred cattle. Many of the farmers have since that time selected and purchased their own cattle outside the community as well as in it.

In the bank's shipment were included fifty-three calves which were distributed to the Boys' and Girls' Calf Club. This club is undergoing reorganization, as most of the boys and girls have grown

to manhood and womanhood and feel that they are too old for membership. It is surprising how much this club has meant to its members.

The distribution of the calves to the boys and girls was made exactly the same as was the first car load of mature animals to their parents.

Every boy or girl was required to come into the bank and go over the matter with the cashier. If he or she wished to pay cash for the calf it was taken, otherwise notes were arranged for. Every boy and girl was given a talk on business practice, promptness, keeping account of his business, and how to approach his banker if he wished to make a loan. He was given a talk on credit, how character, promptness and thoroughness appealed to his banker, and how necessary it was to fulfill every obligation he undertook. In all cases they were urged to consult the banker from time to time and keep in touch with him as they progressed.

When the boys and girls bought their calves it was with the distinct understanding that they themselves were to take care of them and that when the calves became of producing age the boys and girls themselves were to receive the income. Out of this money those who gave notes to pay for their calves have paid them off and have besides substantial bank accounts. Some have used their money to buy other calves, some are in high school and college, using their money as part payment for their education. Some bought Liberty Bonds and some have bought farms of their own. Just how the bank financed the purchase of these calves is interesting.

Where the boys and girls did not have the money for their calves, the Grove City National Bank loaned them the money, taking their notes for six months, with the privilege of renewal. These notes were endorsed by parents or guardians and run through the bank's books the same as any other notes.

The calves bought by the Calf Club in many cases were the only purebred

animals on the farm, and in several instances we know that the boys and girls have been influential in having their fathers buy purebred stock instead of keeping the poor grades they always had before.

ORGANIZING ASSOCIATIONS

With the importation of cattle it was necessary to organize different associations for the benefit of the farmer. In 1917 a cow testing association was organized with six herds, and today there are 480 cows in the association. The first year of the organization the cows were producing an average of 225 pounds of butter-fat per cow. This average has been increased to 303 pounds of butter-fat, making an increase of seventy-eight pounds per annum per cow, or an increase of 37,440 pounds of fat from 480 cows, an increase of \$18,720 annually for the members of the association. It is estimated that there are 1,000,000 purebred cattle in Pennsylvania, and if they could produce an increase of the same amount it would mean \$38,000,000 more for the state.

One of the farmers of the community figured that he was getting \$8.50 worth of butter-fat above feed cost from his cow, while another farmer who belonged to the association is getting \$84 worth of butter-fat above feed cost per annum from his cow. There are many instances which show what a cow-testing association can do for a county or state.

Perhaps the greatest advance has been made in this community through the Grove City Accredited Dairy Cattle Show and Sales Association. This organization has for its purpose the eradication of tuberculosis among cattle and the exhibit, advertisement and sale of dairy cattle. One of the outstanding ideals of this association is that no person can join whose herd has not been tested and found free of tuberculosis, and according to the rules of the association every member must deal fairly and squarely with every customer

and must never misrepresent any animal he has for sale.

From the importation of cattle six years ago the purebred cattle of this community have increased to about 3000, and last year there was sold out of the community \$100,000 worth of purebred cattle. It is estimated that during the year the increase has been as great as the number of cattle sold.

We believe that we have cattle in this community worth at least a million dollars.

ANNUAL CATTLE EXHIBIT

During the past year and a half, sales and show buildings have been erected on the grounds purchased by the Accredited Dairy Cattle Association, costing \$10,000. This was financed by a bond issue, the bonds having been sold to farmers and townspeople.

For the past four or five years this association has been holding an annual dairy show which is attended by about 9000 people. At the show in past years there have been about 320 purebred cattle exhibited.

There is nothing in particular to attract the exhibition of these cattle. The prizes are small, the highest not more than \$3, and there is a lot of work in getting the cattle ready and in bringing them to the exhibit. It is the spirit of the thing which prompts the farmer to bring his cattle long distances to exhibit them. It shows the people of the community and the visiting friends what is being done.

This association has held some very unique sales of cattle. A price is put on each animal, and as each cow is brought into the sales ring the price is stated and those wishing to buy that particular cow write their names on small cards and place them in a hat. The first one drawn is the purchaser.

So far as we know this is the only sale of its kind in the country. In this way every animal is sold for what it is worth and there is no chance for unfair dealing. A large number of cattle have

been sold individually through the association by the field man.

The recent tuberculosis-free area is much talked about at this time as it is one of the big features of the activities of the Accredited Dairy Cattle Show and Sales Association.

During April 1923, 40,000 cattle in Mercer, four townships in Butler and four townships in Crawford Counties, were tuberculin tested on an area basis. The cost of this work approximated \$74,000. It is estimated that this expenditure increased the valuation of the cattle in this area \$500,000, and this is very conservative. On this basis the testing of the 1,376,336 untested cattle in Pennsylvania, plus the amount expended for indemnities, supplies, etc., would mean an expenditure of \$10,936,583 and would increase the value of the live stock in Pennsylvania by \$17,200,000, bringing the total valuation of cattle in Pennsylvania from \$69,121,853 to \$86,321,853.

Of the total number of animals tested there were about 1000 condemned. It is estimated that 25 per cent. of the tuberculosis in people comes from tubercular animals, and when we think of our children being nourished on milk from such animals we become anxious to have this testing carried on throughout the state and nation.

An orphan's home in this area mentioned had been getting milk from one of the dairymen in the section. He was considered perhaps one of the best dairymen in the area, but when his herd was tested it was found that every animal was condemned. Many children over the country are being fed milk from tubercular animals. This is a work of prevention which almost any community can take up.

The dairy development work in the community became so great that it was necessary to employ a field man to take charge of all this work and devote his entire time to the interests of better agriculture and dairying. So the community has hired R. R. Welch who was with the Federal Department of Agri-

culture in the early development of our community and later was with the Department of Dairy Husbandry Extension at Pennsylvania State College, and he is now kept busy in the agricultural work of the community. Practically all the purchases and sales of purebred cattle are made through him, and he is able to help the farmer a great deal by giving him expert advice.

Mr. Welch's salary and his office are taken care of by the subscriptions of the farmers and townspeople, and all the farmers are entitled to his services and advice. The Grove City National Bank takes care of one-fourth of this amount.

WHAT WORK HAS MEANT TO BANKS

Of course the thing that is of primary interest to the banker is what this work has meant to the banks of the community. It has taken a number of years to get where we are now. At times it has been rather discouraging, and this work never could have been accomplished had it not been for the splendid spirit of co-operation between banker, farmer and business man, in fact the whole community.

The townspeople attend the annual shows and subscribe to funds for the benefit of the farmers as well as to things of general interest. It is the eternal pulling together which has counted for so much. Just as an example: We decided to build a soldiers' memorial which would cost \$10,000. The plan was to raise it in one day. At the close of the day set \$13,000 had been subscribed and the money is still coming in. Two or three years ago we set out to raise \$30,000 for a new hospital, and at the end of the time set, which was one or two days, the subscriptions amounted to \$50,000. Both subscriptions were handled on a community basis, farmers and townspeople uniting in raising the money.

The deposits of the Grove City National Bank were \$765,000 six years ago, while today they are \$1,829,000. This increase we feel is mostly due to

the increase in the farmers' income which has wonderfully enlarged his purchasing power as well as his bank deposits. The co-operation between farmer and townsman in the community development idea has increased the business radius of Grove City from five to fifteen miles, or perhaps more.

In order to keep the farmer's interest aroused in the work, and that he may know something of what his neighbor is doing, the Grove City National Bank publishes a monthly paper "for a more interesting and profitable country life." This is sent to a mailing list of about 2500.

There is no end to the influence which this work has had upon other communities. It has spread all over this country, down into South America and over into Europe. Mr. Van Norman of the World's Dairy Congress, in traveling through Europe, found that it was not uncommon for the people in different localities to reply when he spoke of the work done by Grove City, U. S. A.: "Oh yes, we have heard about that town and what that bank has done." One of the banks in Italy has started a development very similar to what has been done in this community. Our good work is spreading and we are glad of it.



Branch Banking Within Given Areas

By GEORGE S. MUMFORD

President Commonwealth Atlantic National Bank of Boston

IT is highly important to differentiate between branch banking in the usual sense of the term and the conducting of a central banking office with branches all within the limits of a single city. Small banks are really unable to live in a large city under present business conditions. In order to compete with large banks in the same locality, they are forced to take greater risks, which inevitably causes them to become a menace to the business community in which they are located. Competition of many banks in one city leads to loose and dangerous banking methods, and the community and the banks are better off with a few banking units and enough branches for the convenience of residents and business men in the various parts of the community.

When it comes to branch banking in the European and Canadian sense, it seems to me that the habits and training of our people make it unwise for the banks in any centers of population to be controlled by other banks located in New York, Chicago, or other large financial centers. An extension of city branch banking to include neighboring rural communities would be advantageous to such rural communities and would still keep the control of the banking units in the hands of local residents.

I do not advocate branch banking in the Canadian sense in this country, but I do believe that much more liberty should be given to banks to establish branches within given areas adjacent to the head offices.

Border Lines in Bank Competition

By Osborn Fort Hevener

THE keen competition in the banking field in the last few years has made necessary a revised scheme of customers' "cans" and "cannots." It has enmeshed some banks in promises which they cannot hope to keep if they are to adhere to the standards which best protect the deposits of their customers. Especially in the larger cities is there a prevalence of special and unusual services granted to new clients, often done directly to secure the account from a competing bank. In fairness to those banks, which have, however, withstood the temptation arising out of the greater competition, the situation can hardly yet be described as acute. Nevertheless all does not bode well.

What has happened has been the logical outcome of the steady and consistent growth of banking and the springing up of hundreds of new institutions in the banking field in some of our larger cities. Add to this the rapid establishment of quasi-banking organizations, such as finance corporations whose practice it is to enter into promotion schemes which disgruntled speculators have first submitted to banks, only to be rejected, and you have another factor that warrants consideration.

The new business department was first heard of probably ten years ago. Before that, banks depended upon the customer to find his bank, made no overtures, made no advances to secure his account. When one bank opened a new business department, however, it was logical that the others should follow suit. There are many large city banks today which possess superactive new business departments employing, in addition to the executive officers, hundreds of college trained men who have learned the power of the psychological appeal and who rank in the first line in selling ability. All adjuncts to the selling profession are today being utilized. When-

ever a new business is incorporated, whenever there is a change in the directorship of an institution, whenever a wealthy citizen changes his residence in the city, whenever a well-known name newly appears among the city's fashionable residents, it is immediately capitalized to the fullest extent and a bevy of talented salesmen are to be found beckoning for the favor of the prospect. Banks are fast adopting practical methods used in other fields somewhat allied to finance, and it is fallacious to entertain the notion that financial institutions of today can sit back awaiting new business and disregard progressive methods used by their very customers in happily developing a larger field of usefulness. Of course, we do not want to see too drastic departures.

GRANTING UNUSUAL SERVICES

With the new business methods employed by the larger banking institutions of this country, most bankers are familiar, but that added competition has brought with it a new aspect—the granting of unusual services—cannot be denied. Excess lines are often pledged beyond a designated limit in an effort to secure a profitable account. Consignments from foreign shores are sometimes underwritten for the sake of a new account, and the bank will find on its hands, in a few months, an importation of goods possessing a limited market. Perhaps months will elapse before it can be disposed of, and then at a loss.

Take, for example, the case of a concern which has a very heavy inventory. The competition set up by its rivals has forced it to stock up for future delivery, three and four months ahead. The company felt compelled to take orders under these unfavorable conditions to oblige its customers. After delivery of their goods to a customer, there is

another sixty days to wait for payment. Consequently this concern leans very heavily on its bank line. A short time ago, after it had already used the maximum line at the two banks with which it did business, it applied to a third bank for accommodation, and got it—this in the face of a statement that showed a top-heavy condition, the ratio being quite below the customary two to one. This company has a flourishing subsidiary whose foreign business is much sought by the banks.

Let us deal somewhat with the premise under which these unusual services are frequently pledged. How often is a prospect promised an unusual accommodation purely because of the embarrassing situation which often attends the visit of a new business man, upon, say, a merchant whose knowledge of banking affairs is so narrow that he often requests services which he believes can be performed, but which are really beyond the province of the bank to perform. I have known of many cases where a new business solicitor has sat in the office of a highly intelligent business man, who has specialized to such an extent in his own business that his knowledge of banking affairs or business affairs outside his realm is peculiarly bounded. The net result of such a meeting is the request for a service which the bank cannot discreetly enter into, while the new business man enters into a conference with his officers, believing that the business man had a full understanding of the functions of banking and believing that what he asked was not extraordinary. In nine cases out of ten, this special request was made through ignorance of banking functions and the request would not have been made by the business man had he known that it would not be possible for the bank to commit itself without endangering the principals of depositors. Many business men are fully capable of understanding, but they need to have explained to them some of the primary services which a banking institution can and cannot perform.

FUNDAMENTALS OFTEN OVERLOOKED

It is surprising the extent to which banking functions are not understood. Even men who have worked for banks and whom we would consider more than ordinarily familiar with banking routine overlook fundamental points. As an instance, not long ago the head of the banking department of a certain state called the representative of a trust company in one of our largest cities to his office and told him that he was tired of being charged for exchange on out of town checks, and thought he could save money by discontinuing the connection with the trust company. He would open an account with a competing bank, which had promised not to charge exchange on his checks. He did not know that the second bank was going to get its revenue on out of town checks by holding the interest on deposits two or three days, according to the items for out of town collection. And the man in the state department had himself once held a responsible position in a large bank and must have known at one time that banks in that city were obliged to collect exchange directly or indirectly for the collection of out of town items. It was months before this state official discovered the method by which the other bank was deducting interest and probably when he did discover it, he was too chagrined to make known his finding to the representative of bank number one.

ASKING CREDIT WITHOUT AN ACCOUNT

Recently the treasurer of a well-known concern invited out to lunch a new business representative of one of the big metropolitan banks. By the time the coffee was reached, the treasurer had put his proposition to the bank man. It was this: Would his bank loan money to the treasurer's company on clean notes without his company carrying a deposit account with the bank? The new business man sat back and looked around. He considered well before he answered. He reasoned with himself that the treasurer was a man

schooled in finance and yet he had put a proposition to the bank man which, unless the answer was handled deftly, would cause a very embarrassing moment. The new business man knew what he wanted to say and soon found the proper words.

"When a bank loans money to its customers, whose money do you think it is loaning?" He put his question pointedly and the company official was not long in answering.

"Why, it loans out of its surplus and undivided profits," answered the treasurer.

"My dear man," replied the bank representative, "when a bank loans money, it is loaning the money of its valued depositors, who have placed their money in the trust of the bank."

Many of the unusual services which have been granted to new clients have resulted from just such states of haziness regarding the banking business. Only too often is the above incident enacted; only too often have men, once bankers and later engaged in mercantile businesses, made of bank representatives unusual demands for, and been granted, excess lines and rates of interest not commensurate with the prudent conduct of the bank. Let me give an example of a request which comes under this head, and which was, in the instance cited, turned down. A metropolitan bank, after much solicitation, had succeeded in securing the major share of the business of a large Southern cotton house. Not long after the new business had been consummated, the president of the cotton house was visited by the new business manager of the bank, who was then making a tour of the South, visiting clients. The new business manager expressed to the president his hope that the concern was receiving every service it could wish for, and that the bank was performing satisfactorily its various routine financial affairs in the distant metropolis. He was greatly surprised when, to his questioning, the president replied: "No, we

are very much dissatisfied, and as soon as opportunity affords, I am going to change our bank."

REQUESTING LOANS AGAINST FOREIGN BALANCES

"Why, what is the trouble?" the banker asked incredulously. Then the cotton man explained. The last time he had been in the city, he had spoken to one of the vice-presidents of the interested bank. He wanted a loan immediately against the company's balances in the London and Paris offices of the institution. The vice-president to whom he spoke turned him down on the proposition, merely stating it was not good banking. The cotton man told the visiting new business manager that the vice-president's manner had been most abrupt, and he wanted to know just why the proposition would not have been good banking.

The new business man was diplomatic in his reply. "Mr. Brown," he said, testing his words carefully, "what would happen if all our American resources were to become tied up in foreign balances? Soon the exports of this country would be pledged against European resources. You know, as well as I do, of the instability of Europe's economic scheme at present, and who knows what will be the outcome? Have you ever thought of it that way?"

"AN ILL WIND—"

I am reminded by the old axiom that it is an ill wind by which somebody does not gain. There is something to be said for the good competition has done. They say that competition always reacts to the benefit of the consumer, and therefore, in this case, it must react to the benefit of the bank customer. Today we can observe an increased efficiency in serving bank customers, and competition is back of a large part of the improvement. For instance, in a community where there are three banks, each institution is anxious to render the same fine service that its competitors are per-

forming. In the larger cities the same rule applies, excepting that the banks which make the pace have a broader field of operation, and in this wider province the indiscreet overstepping which we are discussing occurs more often.

If competition has brought with it the granting of unusual services in order to attract the prospect, it is only too true that many of these promises are based upon a faulty understanding of the true functions of banking. One of the best ways to offset this tendency and to

educate the public is through judicious advertising. And we want more and more of the type of new business men who are also missionaries. Much has been accomplished by this medium in the past several years; much more remains to be done. It will tend to make for better understanding between bank representatives and prospective clients. Adherence to certain set principles is, after all, the very best thing a bank can do to perpetuate its healthy growth and to best serve its standing body of customers.



Senator Edwards Favors Tax Reduction

IN addition to the views of a number of bankers in relation to tax reduction, published in a previous issue, THE BANKERS MAGAZINE takes pleasure in presenting the following expressions of opinion from United States Senator Edward I. Edwards, president of the First National Bank of Jersey City:

"I am in favor of any measure in Congress which will reduce taxation. I have not committed myself to the particular Mellon Plan as it makes little difference to me who presents the plan for lessening the burdens upon commerce and industry.

"It seems incredible that we should be paying war taxes so long after the termination of the war.

"I believe that the prosperity of the country depends more on tax reduction than it does on anything else.

"I am likewise opposed to any bonus to able-bodied soldiers of the late war, although I would vote to spend the last cent in the Treasury for the sick or wounded veteran. I believe that a sweeping tax reduction all along the line would benefit the soldiers more than any bonus could, by reducing the cost of living, by encouraging the building of dwelling-houses, and thereby reducing rents, and by giving continued and better employment to them.

"It seems to me that the issue is

clean-cut. After all, there is not much to say except that one is either for or against a tax reduction plan. The method by which that reduction can be made and the manner in which it can be carried into effect are secondary considerations."



SENATOR EDWARD I. EDWARDS
President First National Bank of Jersey City

Federal Reserve Stockholders Meet

Representatives of Member Banks of the Federal Reserve Bank of Boston Hold Meeting and Recommend Changes in the Law to Encourage Additional Memberships in the System

REPRESENTATIVES of 85 per cent. of the 423 member banks of the Federal Reserve Bank of Boston recently convened in Boston for the first meeting of the stockholders of a Federal Reserve Bank ever held in this country. These representatives inspected the Federal Reserve Bank Building, were shown the operation of all of the bank's departments, and listened to a report of the bank's condition made by Governor Harding. But the most important action taken by the meeting was the appointment of a stockholders' advisory committee of seven members, empowered to confer with the directors of the Federal Reserve Bank of Boston and to appear before Congressional committees as the representatives of New England member banks. It was decided that Massachusetts should have two members, and the other New England states one each. Elections to this committee are to be held annually by member banks represented at the annual meetings of the bankers' associations.

The meeting ratified the action of a previous committee, representing the member banks of New England, in submitting to the joint Congressional committee in Washington a plan for encouraging increased membership in the Federal Reserve System. The proposals made by this committee may be summarized as follows:

1. It is regarded as essential to the proper development of the Federal Reserve System that there should be a substantial increase in the number of its member banks.

2. Many country banks believe that they do not derive any compensating benefit from membership in the system because they do not have any rediscount transactions with the Federal Reserve Banks and because they are not allowed

any interest on their reserve deposits.

3. Country banks must carry their entire reserve on deposit with the Federal Reserve Bank and yet, being located some distance from a Reserve city, they must keep on hand in their own vaults a substantial amount of cash to provide for the demands of their depositors. This cash in vault may not be counted as reserve.

4. The committee does *not* favor a reduction in the minimum reserve requirements, but *would* favor an amendment to section 19 of the Federal Reserve Act so as to provide that member banks, which are located in towns or cities in which there is no Federal Reserve Bank or branch of a Federal Reserve Bank, may at their discretion carry an amount not to exceed one-third of their required reserve in their own vaults in Federal Reserve notes issued through their own Federal Reserve Bank.

5. The committee does *not* advocate the payment of interest on reserve deposits but *does* suggest the propriety of amending section 7 of the Federal Reserve Act which relates to the distribution of earnings of the Federal Reserve Banks. It is suggested that this section be amended so as to provide that the Federal Reserve Banks pay a uniform tax to the Government; that this tax be made a first charge, taking precedence of the cumulative dividends, and that it be levied upon that portion of the Federal Reserve note issues outstanding which is not specifically covered by gold reserve. It is then suggested that after the payment of this tax and after the payment of the regular dividend to stockholders that surplus earnings be distributed to member banks pro rata according to the average reserve balance carried by each with the Federal Reserve Bank.

Preventing Loans on Over-Valued Land

An Interview With Dr. Richard T. Ely, Professor of Economics, University of Wisconsin, by Carl H. Getz

A REAL estate company was organized to purchase 70,000 acres of land in a certain middle western state, to prepare it for settlement. Bankers were induced to advance \$400,000 to aid in the preparation, and \$75,000 more to pay taxes. The company today is bankrupt; the settlers are abandoning their partly carved out houses as rapidly as they can get out, and the bankers are vainly seeking to recover a part of their losses by selling the land to the state at \$2 an acre.

It is plain that the bankers made a serious mistake. But just who is responsible? To whom could they turn to learn whether the loan of \$475,000 was a good one? They did the usual thing and relied upon the judgment of reputable real estate men and upon such tax information as they were able to get as to the assessed valuation of the land.

Following bankruptcy these bankers turned to a new source of information. For a cost of about \$3500 they had a scientific survey of this land made and learned to their sorrow that less than 10 per cent. of the land is good agricultural land, and more than 80 per cent. of it can hardly be called agricultural land at all. If this survey had been made before the loan had actually been made, the bankers would have saved at least \$800,000. Surely it is important news to the bankers to know who made that survey and what agency there is that is engaged in scientific research in land economics.

The agency which made this survey is known as the Institute for Research in Land Economics and Public Utilities, a purely scientific organization engaged in disinterested research. It has no economic interests to serve. Its one object

is to get the facts, interpret them in the light of past experience, and make such facts available.

The organizer of the institute is Dr. Richard T. Ely, professor of economics at the University of Wisconsin, where the institute is established for the time being. Dr. Ely is recognized as one of the foremost students of land economics in America. He is not only a master of the theory of land economics but also has had plenty of practical experience as a land owner. With him are associated as members of a board of trustees: Dr. Albert Shaw, editor *Review of Reviews*; Justice M. B. Rosenberry, Supreme Court of Wisconsin; Dr. Henry C. Taylor, chief of the Bureau of Agricultural Economics, United States Department of Agriculture; Dr. John H. Finley of *The New York Times*; Colonel Henry S. Graves, director The School of Forestry, Yale University; and W. S. Kies, Aldred and Company, New York.

IMPRESSED BY INSTITUTE'S IMPARTIALITY

As the bankers of America become familiar with the work of the institute they will give it greater support. What has impressed bankers the most about the institute is that basically it is purely scientific. It is absolutely free of bias. Those who obtain information from it may use it as they see fit, but the institute constantly retains an impartial point of view.

Bankers, of course, are interested in land valuation and the stabilization of land values. It is the feeling of the institute that wide observation and careful study of the amount of land which is at present in use and which is constantly being brought into use or thrown out of use, together with statistics of production, would lead to a great degree

of stabilization of values. The economic utilization of land is a subject which has received little attention as far as development of new lands is concerned. For example, Ben F. Faast, a well known realtor, made this statement before the American Economic Association in Chicago at its last meeting:

While the majority of the land buying public undoubtedly buy carefully, we have many examples of prairies plowed up and put into wheat that should have been left in buffalo grass and pastured to sheep and cattle; deserts irrigated that should have been left in sage brush or used for dry farming; swamps drained that have become dangerous fire risks and valueless for agricultural production; sub-marginal cut-over lands cleared for farming that should have been left for natural or artificial reforestation; large tracts put into cotton that would yield greater returns as diversified farms; and acres of apple trees chopped down a few years after planting and the land seeded to alfalfa.

The institute is now working on and expects soon to publish a study of interest rates on farm mortgages all over the United States. It is studying the correlation between interest rates and local conditions, which will be charted on maps. The institute is wondering whether these can be used as a basis for investing in loans on mortgages. It is also wondering whether there is any correlation between climate or soil and the interest rates; between the type of agriculture and type of population and the interest rate. In some sections the institute has found that a certain type of people provides a large amount of savings with a decrease in the interest rates.

In those sections of the country in which interest rates are high the institute wants to know whether savings are scarce and if so where persons obtain their money.

Members of the institute staff are working on public utility credit and policies of regulation, and on taxation of public utilities. Obviously this has a very close connection with the open market for their surplus. A private study has already been made of tax

exempt securities, but the results of this study were turned over to the organization for which it was conducted.

The institute is now conducting research in the economics of urban land utilization and expects to arrive at conclusions which will be of great value. The significance of definite principles, if they can be discovered, would be double. In the first place, they protect the man who loans on urban real estate, and in the second place they ought very easily to decrease the margin between present valuation and amounts which can be secured on mortgages. This will be of great benefit to the builder and owner of urban homes.

Obviously this is all of importance to the banker.

Dr. Ely, on a recent visit, was asked by THE BANKERS MAGAZINE to describe a little further the objectives of the institute, to which he replied:

"We who belong to the staff of the institute have a love for truth as such. It is a commonplace with men of science that there is not contradiction between theory and practice.

"We believe, however, that in economics as in medicine the greatest advances in science have been made by men of scientific training following scientific methods while they have been endeavoring to solve practical problems. Pasteur furnishes an illustration of this in medicine, and we believe that the history of economic thought furnishes illustrations in the work of men who have done most to advance economics to its present position.

HUGE LOSSES THROUGH POOR LAND PURCHASE

"First of all, one of our aims is the protection and upbuilding of the home, and this alone will make it evident that we are concerned with problems upon the solution of which depend the national welfare and national survival. If we go to the present frontier as we find it in the cut-over land and in the arid regions, we find great loss and suffering on account of unwise settlement of the

land. Poor land, upon which it is impossible to make a living, is constantly being sold to settlers, and one crop of failures succeeds another. Here we have a tragic waste of resources and life, with embitterment on the part of tens of thousands of families who have lost everything in a mistaken venture. The loss runs up into the millions and hundreds of millions yearly. All this could in large part be prevented by means of an economic land survey, and by the application of appropriate remedies which such a survey would reveal.

"It is furthermore agreed by men of experience that the aid of an independent institute is required to carry through to completion such a survey and to put into force the appropriate measures for the establishment of sound land policies. Public authority must be supported by a private and disinterested organization commanding confidence and able to stand up against popular prejudice and the clamor of selfish interests.

RURAL LAND LOSSES EXCEEDED IN CITIES

"We have an annual loss in cities, due to uncalled for and ill-judged subdivisions or additions, which in all probability exceeds that on the agricultural frontier. Tens of thousands of men and women suffer serious losses through purchases of land that is not ripe for utilization, and then they add to these losses by purchases or construction of homes which are not placed where they should be in the cities. Here again the loss runs up into the hundreds of millions.

"In both these cases—rural frontier settlements and urban frontier settlements—there are involved not merely dishonest practices but also honestly mistaken estimates of the direction of development on the part of sellers as well as buyers. In both cases there are losses of national significance which it is quite possible to reduce to comparatively small amounts.

"The land prices we find at the beginning of a business cycle are low and the land is scarcely salable. As time

goes on the land becomes salable at the old asking prices. It generally continues at this level for some time, then a rather quick advance follows, then other advances, and in certain parts of the country these become so rapid that we have a land boom. We then have an extension of cultivation onto poorer and poorer soils, resulting in losses and human tragedies. At the same time we frequently witness what is almost a craze in urban development, until we find people thinking it possible to lay out a city almost anywhere simply by buying up land and platting it. Then follows a reaction with terrible losses, wrecked lives and fortunes, and then the slow recovery.

"A study of these phenomena would have most fruitful results. Here we have to do with forces more easily controlled than those in industry. A contribution can thus be made toward a desirable stabilization in our economic life, and at the same time we shall increase our knowledge of remedies for unemployment. Bankers are the first to appreciate the truth of this.

"We have as the aim in our land policies, plenty for the world. This may seem a bold statement. We are not presumptuous enough to believe that we can accomplish all that is needed, but we do believe that we are able to make a vital contribution to the solution of this problem. One aim of proper land policies must be the prevention of starvation in countries like India and China. Both these countries are able to raise all the food and raw materials needed. Professor H. Stanley Jevons of India says that it is universally admitted by every competent observer that in India the food supply can be multiplied by two and in some parts of India by three, and the standard of living raised to a European level. The people of China appreciate the need of proper land policies, and very capable students working under my direction have elaborated some of the things which need to be done. In both countries, however, outside help is needed to establish the land

policies required. The help of an institute like ours is needed both at home and abroad, and this is a felt need.

WORLD PEACE AN AIM

"Another aim that we have is world peace. Men and women have been working for centuries to solve the tremendous problems involved in the establishment of world peace. Organizations already in existence here and in other countries are busily engaged in this field. We take up the task of supplementing the work of others in the belief that we have a point of approach which will enable us to help in the solution of this most tremendous of all social problems.

"One of the causes of war is the anxiety of nations in regard to the supply of food and raw materials. Great nations live in dread because they fear they will not be properly treated with respect to natural resources. There are no more fundamental problems involved in establishing world peace than those concerned with the land. We are the

only institution organized for the express purpose of working out the land basis for the solution of these international problems upon which the peace of the world so largely depends. We would not for a moment claim that all the international problems are land problems—far from it—but we do claim that these are essential problems. Through co-operation with able men of various nations we must work out plans which can then be submitted to the governments of the world and to any leagues or associations of nations that may exist.

"Our function is research and the publication of the results of research. The workers in this new field are few, and we include a limited amount of instruction within the scope of the institute in order to train up competent workers.

"Our function is not to enter into the field of legislation and practical politics, but rather to give the results of our work to those who have this task, and to contribute to popular enlightenment with respect to land policies."



Bank Runs Contest to Combat Boll Weevil

Hibernia Bank Offers \$500 in Prizes for Best Essays

STUDENTS of the ever-growing menace of the boll weevil will be encouraged in their efforts to find a solution of the problem under a new plan which has been inaugurated by the Hibernia Bank and Trust Company of New Orleans.

Briefly, the plan is offering \$500 in cash prizes for the best five papers on control measures. The papers are not restricted to any phase of the situation, but may "present and intelligently discuss the best solution of this tremendous problem."

The thought which was in the minds of the officials of the bank is clarified in their words when they say that they are conscious of the "tremendous depredation caused by the boll weevil" and

then issue at once a challenge and a cheer to the people of the South in averring their conviction that their "ingenuity sooner or later will devise some plan for controlling this pest."

The offering of the competitive opportunity is in line with the growing interest and zeal in this crusade which gained impetus at the recent National Boll Weevil Menace convention in New Orleans and which resulted in the permanent body which is now in process of functioning as the concrete outgrowth of that convention.

The prizes are five in number, the first \$250, the second \$150, the third \$50, the fourth \$30, and the fifth \$20.

The contest opened on January 15 and will close on March 15.

Leading Bankers Encourage Labor Banks

BANKERS throughout the country have been following with a good deal of interest the rapid development of the labor bank movement in the United States. In view of this *THE BANKERS MAGAZINE* feels that its readers will be keenly interested in the opinions of representative bankers, and of the Secretary of Labor, as set forth in the following referendum. Opinions were requested as to the significance of the labor bank movement; as to its possibilities for good or evil; and as to its probable effect upon the relationships between capital and labor and upon the status of existing financial institutions. Here are some of the replies received:

*Alex Dunbar, vice-president and cashier
Bank of Pittsburgh:*

The splendid growth and development in business and savings accounts throughout our country fully justifies a reasonable number of newly organized banking institutions each year—labor and otherwise—provided such new institutions are placed in charge of conservative and experienced bankers and not handled by promoters whose chief object is the organization commission they may get out of the proposition.

Personally, I have found the great majority of laboring men to be pretty level-headed and practical chaps, and I am therefore certain they will be mindful of the importance of having their banks carefully managed by highly trained, tried and true, experienced bank men. It would be just as dangerous to have a banker try to operate a locomotive as to have a locomotive engineer operate a bank—the result in both cases would be disastrous.

I am glad to see the labor group (as investors) enter the banking field, and hope that none of their institutions will permit inexperienced men to conduct the business. We want to see their banks ably and conservatively managed, and the shareholders will, by experience, quickly realize that only a reasonable profit is obtainable on a banking investment (per dollar of invested funds) and not the colossal sums which agitators try to make them believe.

As I see it, the problem resolves itself into a "practical common sense proposition." If a given community justifies the establishment of another banking institution, it

would be "good judgment" to organize an additional bank, provided it is conducted in a conservative way by experienced bank men. Banking is a profession and requires men of experience and conservative judgment. A banking institution should never be organized in a community which is already properly served—never with the idea of destroying the business of other well-established institutions. In other words, all banking institutions should be organized along "constructive" lines and never for the purpose of being destructive.

*Charles H. Sabin, chairman Guaranty
Trust Company of New York:*

The labor bank movement, which we have seen express itself recently in the formation of several new institutions under the auspices of organized labor, impresses me as being the outworking of a good idea for both labor and capital. In the early days many banks were organized to serve specific purposes by interests concerned therein, and we had such banks as the Mechanics Bank, the Importers and Traders, Shoe and Leather, etc., all organized in special fields. It is entirely logical that labor, during a period in which it is prosperous and highly paid, should find interest in the experiment of undertaking its own banking activities.

I have been advised that over forty union labor banks have already been established and, while it is of course possible that this movement may be progressing too rapidly to be sound in detail, the idea seems to me to be healthy and logical.

The management of these banks will undoubtedly give labor an experience and understanding of the business of handling money and investments, and also of the problems of capital generally. If they succeed, it will be a fine thing for labor, and for the general business community. If they fail, the lessons of their failure will certainly be wholesome. The effect of these institutions, it seems to me, will be to create capitalists out of our workers and to establish firmly in the minds of all interested the doctrine of private ownership of property and the rights of the individual to the possession of his own accumulated savings. It certainly should create a greater understanding of and sympathy with capital on the part of labor, and bring about a degree of co-operation between these two important economic factors that would be for the good not only of the banking business, but of business in general.

From the president of a large mid-western trust company:

I believe the establishment of banks by representatives of labor cannot do otherwise than promote a better understanding between capital and labor. There is no reason why such banks, if properly managed, should not be successful. To be successful, they must be run upon safe and sane principles, the underlying and fundamental ones being, respect for private property rights, and honesty and integrity in business. These fundamentals are diametrically opposed to the dogmatic preaching and practices of the many radical and socialistic labor leaders. Certainly if these so-called labor banks are well and conservatively managed and if their entering the field of banking promotes the bringing of capital and labor closer together, they are sure to have the hearty co-operation and good will of existing financial institutions and of business men generally.

James J. Davis, Secretary of Labor:

The movement of groups of American workers to enter the field of banking and finance offers a great new test of the adaptability, the stability and the ability of American labor. These labor banks must face the same conditions which all banking institutions face, the same opportunities for service, for gain, for loss. Through their conduct of these banks the men who lead American labor will come to know some of those economic problems which they must understand if they are to be successful, and through this knowledge the whole labor movement will gain experience.

There are today many practical men in our banking institutions, men who have come up from the ranks of labor. In my experience I have seen many a virile active young man taken out of mill or factory and placed in an executive position in a business house or bank where he became a great success, for he had both the viewpoint of the worker and the viewpoint of the manager.

It has been proved time after time in the past that the American worker can supply capable, efficient and intelligent executives. In many of our financial, industrial and commercial institutions today executive positions are in the hands of men who have come up from the ranks, who have received practically all of their training in the plant. Such executives form an invaluable link between management and workers in their industry. They are the centers from which radiate that more complete understanding between management, employer and employee which we must depend on if we are

to solve our industrial problems. For our great need today is to give management a real conception of the difficulties and problems of the man who works, and to acquaint the workers with the problems, the aims, and the purposes of management. Only through the establishment of this mutual understanding can we meet the difficulties entailed in the relations between employer and employee in those tremendous business organizations which have been built up in our industrial system.

I remember an incident in a plant where I worked as a young man which demonstrated the wisdom of having the worker represented in management. There was about the plant a worker who was of radical tendencies in his ideas as to the conduct of the industry. He had become a center of disaffection among the workers and had quite a following. Through some means he became possessed of two shares of stock in the concern and was later made a member of the board of directors. His radicalism ended right there. As a director he became acquainted with the problems of management and he sought intelligently to solve them.

There can be no doubt of the ability of American labor to supply capable bank executives. I have in mind one man, for years at the head of one of our most powerful organizations of skilled workers, an organization which for forty years has handled its affairs without a strike or lock-out. He is now at the head of a labor bank, and his record would indicate that he will make a success of that institution.

F. W. Ellsworth, vice-president Hibernia Bank and Trust Company, New Orleans, La.:

The organization of labor banks impresses me as one that will exert considerable influence in neutralizing or eliminating the unfounded prejudice against banks that exists, to some extent, in the minds of the so-called "laboring classes." This change of attitude it seems to me will be accomplished because of the following reasons:

1. The organization of a labor bank demonstrates in a practical manner the fact that the banking business is not the exclusive right or privilege of any particular class, but is open to everybody on equal terms.

2. The officers, directors and stockholders of labor banks will quickly learn that banking is not the "gold mine" that their previous lack of information has led them to believe that it is.

3. After trying out unethical and unprofitable experiments such as some of the labor banks are advertising, these banks will learn

that the established *modus operandi* of modern banking, which is the result of several hundred years of gradual development, cannot be lightly disregarded, and therefore slowly, but surely, these labor banks will come to realize that those practices which are common to all well regulated banks are also good enough for them.

4. The executive heads of several of the labor banks are trained bankers, and I feel confident that men of their type will direct the affairs of their banks in such a way as materially to help the general banking situation, and also contribute substantially to the narrowing of the breach between capital and labor which thinking people realize is based largely on misinformation.

From the president of a large bank in the Northwest:

Banking is a highly technical business, and success in that field is growing more and more to be the result of the highest training. Recently I asked a director in a labor bank if he would care to ride on a train if I, without any training whatever, were the engineer. Of course, he replied "No," most emphatically, and I then said to him that I would not care to ride very far in a bank with a man, or group of men, at the helm who had no experience whatever in that field.

That about sums up my opinion. Personally, I do not look upon the labor bank movement as anything more than a flash in the pan. Such moves usually answer themselves by experiences which are generally disastrous.

E. S. Wolfe, president First National Bank of Bridgeport, Conn.:

In my opinion the labor bank movement has decided possibilities for good. Not only will it teach the individual the necessity for saving and give a pride therein, but it will, through the responsibility thrown on leaders in the management of these banks, teach them conservatism, and show that radical tendencies have no part in the present day business fabric. In that respect, therefore, the relations between capital and labor will be decidedly improved as each factor will the more sincerely appreciate the problems confronting the other.

The number of labor banks starting up is not out of proportion to new banks of other classes being organized, and it has proved on account of the wonderful growth of the country and its future in every respect, that there is ample room for all existing banks and a moderate number of new ones, whether they be labor banks or otherwise. In isolated instances, and where

a bank has been built up through deposits of labor organizations, but is itself not managed by such organizations, such institutions may be affected somewhat, but there will be no general detrimental effect on banks as a whole. Very much as we viewed with pleasure the slogan "More business in government," do we view the present movement of "more labor in business," and from every angle the present movement should be regarded as one fraught with excellent possibilities for good.

From the president of a large eastern bank:

I look with favor upon the labor bank movement in this country.

In no other way can it be more surely demonstrated to labor that its interests and the interests of capital are in the long run identical. Labor men will naturally look to their leaders in these banks for guidance in matters affecting financial problems of industry. These leaders will have their confidence and these leaders will show them the mutual benefit to be derived from close co-operation between labor and capital.

Failure to understand each other's problems has been the cause of many differences between labor and capital in the past. This labor bank movement tends to make the financial problems of industry the joint problems of capital and labor, and the harmony that will come from joint study of joint problems will be mutually helpful.

F. L. Lipman, president Wells Fargo Bank and Union Trust Company, San Francisco, Cal.:

It is for the good of the country that banking is a free profession in the sense that anyone of proper character, with sufficient means, may engage in it. If every great section of the American public, including labor, newspaper and other professional men, as well as business men, would participate in our banking institutions they would gather from that experience some idea of the responsibilities involved and of the necessity laid upon banks to follow the principles of sound economics, which could not fail to have a good influence upon them, educationally and otherwise.

On the other hand, it is essential to a bank that its interests, its contacts, its advances and loans, should be diversified. Any concentration upon some one class of depositors, or some one class of borrowers, would lead the institution away from dealing with average conditions, which is not only fundamental in the theory of banking, but indispensable in the practical administration of a bank.

Women and Investments

The Importance of Educating Women to a Closer Understanding of the Principles of Sound Investment

By Anna G. Roussel

Manager St. Charles Avenue Branch Hibernia Securities Company, New Orleans, La.

THE importance of educating women to a closer understanding of the principles of sound investment is subject matter for volumes, rather than a brief article in which only the bare outline of the problem can be sketched.

The necessity for the study of investments, particularly of securities, resolves itself into an economic problem concerning women as divided into three general classes:

1. Women directly productive financially.

2. Indirectly productive.

3. Non-productive.

1. The first class includes women operating their own business, to whom an up to date knowledge of current investment opportunities is invaluable—not only for the most advantageous placing of profits, but for quick turnover of funds in busy seasons and the covering of overhead expense in slack times.

2. Women indirectly productive are sub-divided into two classes.

- (a) Salaried women of all types wholly or partially dependent on their own resources, to whom a knowledge of investments should but does not always seem necessary, as their earnings permit of comparatively small investment returns and for that very reason should be most carefully handled.

- (b) Wives and mothers, dependent upon the men of their families as wage earners, constitute the largest class of

possible investors. They control the expenditures of the millions of business establishments throughout the country, known as homes.

The benefit of their knowledge as investors would be the most far-reaching, as it would not only be the means of profitable investment of home economies but would inculcate by precept and example the doctrine of sound investment in children. The school savings plan and various forms of bank savings have made a good beginning in this respect, but the home should be the center of investment study. Too often, we make the mistake of studying the principles of sound investments after we have paid heavily for knowledge of unsound ones.

3. The non-productive type of woman is interested only in spending money. Very often this type is dependent entirely upon the proceeds of investments of which she has absolutely no knowledge. She is fortunate if her affairs are in the hands of a reliable trust company or a competent financial advisor, and most unfortunate when her ignorance is taken advantage of by unscrupulous persons.

We are not considering the splendid women throughout the country whose careful study of investment opportunities has made them important figures in many businesses, and the best friends of women venturing into the new field of money saving and money making.



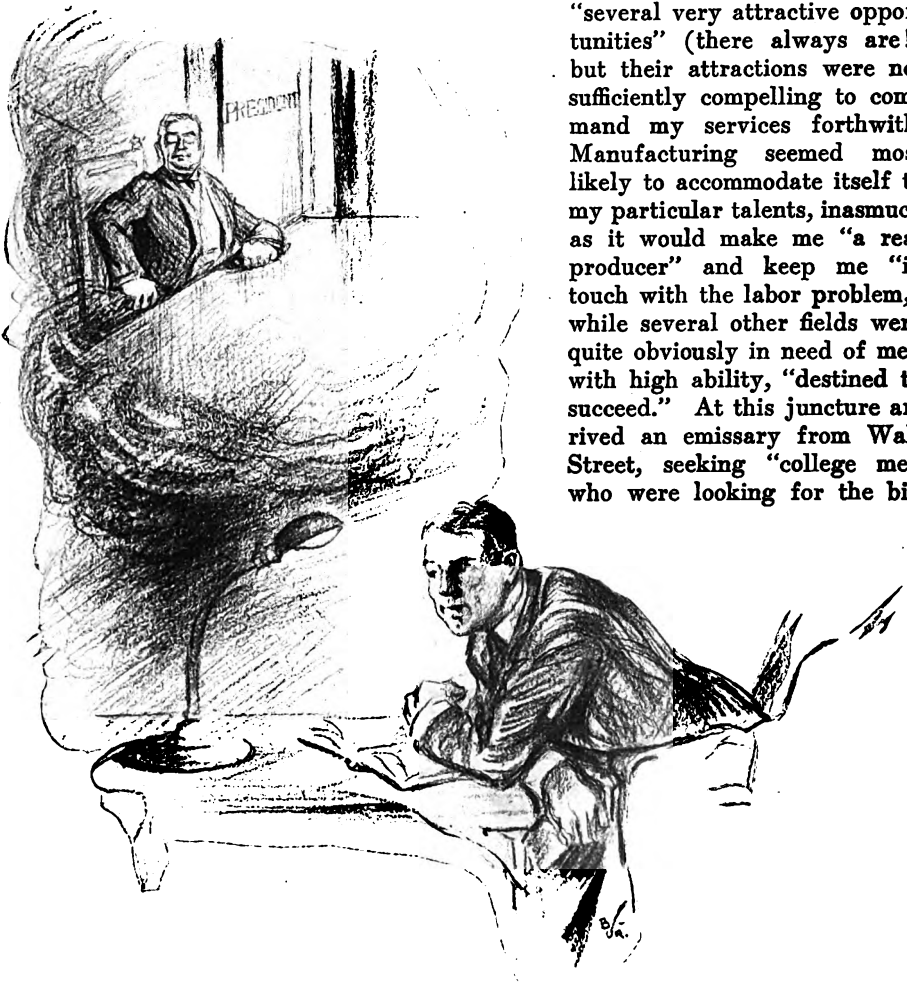
Banking—From Below

By F. C. Perry

IS it the familiar title of many textbooks, "Money and Banking," that attracts young men to financial institutions? Should this be the case, it might suffice as a counterbalance to "money" to point out this very association of "institution" with banks, mindful that the involuntary confinement is *not* limited to "9 to 3"—and that the money always seems to belong to somebody else.

Thus did I ruminate after six months in one of New York's largest banks at a Lilliputian salary in a city of Brobdingnagian expenses. I had been as much surprised as my family to find myself entering upon a financial career, or fast becoming a bank clerk—according to the mood in which I reviewed the situation—for I was one of the 80 per cent. of college men who arrive at commencement with no taste for a profes-

sion and little choice as to business. Of course there were "several very attractive opportunities" (there always are!) but their attractions were not sufficiently compelling to command my services forthwith. Manufacturing seemed most likely to accommodate itself to my particular talents, inasmuch as it would make me "a real producer" and keep me "in touch with the labor problem," while several other fields were quite obviously in need of men with high ability, "destined to succeed." At this juncture arrived an emissary from Wall Street, seeking "college men who were looking for the big



openings." Out of the fifty who succumbed to the tale of the agent, five of us were finally selected to undergo educational training in all departments of a bank, preparatory, of course, to becoming president. We spent many months learning the intricate background of Wall Street's affairs before choosing a department in which to anchor (sometimes literally) and to try to work our way up.

How did life in a huge bank, where in one building over 3000 men and women earned their livings, appeal to an unprejudiced, unsuspecting newcomer?

I. THE LOWEST RUNG

A hot July the first is *not* the most desirable day to start as a bank messenger, especially if you have no conception of the multifarious duties thrust upon that ubiquitous personage, and are totally ignorant of New York topography.

"You will please report to Mr. Carty, head messenger in basement A." I did, in company with four other "students." For fifteen minutes the job was as simple as sitting on a bench, which was not too uncomfortable despite the crowd of coarse-mouthed regulars and the stuffiness of air far removed from daylight. Then things began to happen.

An order to "find out what the loan department wants" brought me into contact with two officers of the bank; but it seems they were "special" officers, by no consideration to be confused with the powers that be, and easily distinguishable by their air of importance, their becoming uniforms, and the bulky guns on their hips. With two genial specimens of this powerful species, I crossed the street to the Federal Reserve Bank, carrying an empty satchel. I returned like a convict, so closely guarded as to become a bit dubious about my own intentions. O, thrill of a lifetime! \$10,000,000 in Liberties lay within my hand.

My next excursion brought a glimpse of a really and truly officer, who re-

quested quite unassumingly that I take his bag from the Bankers Club to his apartment on Park avenue. Without knowing where either end of the journey was located, I managed to accomplish my mission before lunch, with the aid of a pocket Red Book and semi-cordial policemen.

Immediately thereafter, life lost its air of wondering expectancy and became an extremely complicated struggle with time. "Pick up these checks and get 'em certified before three" was thrust at me with a slip of paper listing twelve names and addresses. In the calm of mature experience I can smile at my predicament, but it was a serious trial then, for I realized that all bank presidents had accomplished their first tasks with notable success. Now, I had a vague idea as to what checks were, not a solitary thought as to why, like milk, they should be certified, and only hazy notions about where these particular ones were to be "picked up." Remembering that experience makes the best counsellor, I ventured to question a regular about the shortest route to follow. He obligingly numbered the calls from one to twelve for me, and I sallied forth. One hour and a half to learn the ropes and do the job! The first stop brought more confusion; at which of the dozen windows should I find my check? A stationary special officer, imposingly planted just inside the entrance, untangled the maze by pointing out the sign "Deliveries."

It added a touch of self-importance to shout "Check for the First Trust Company" and see a slip worth \$10,000 slide through the window to me, until I recalled that it had to be certified. Summoning courage, I called—

"I want this certified."

Back came the answer, "Go to — and get it certified." This sulphurous adjuration confirmed the thermometer, but did not give me the direction, so I looked for help at the check itself. In bold type the name of a neighboring bank stood out, a beacon, possibly. Across the way in that institution I found a window marked "Certifications"

where I released my paper worth \$10,000 and received it back stamped across the face "Certified by the etc." One-twelfth of the job completed—and fifteen minutes gone. Then and there I learned to collect all the checks first, put together those on the same bank, leave them, and come back. At five minutes of three my collar was wilted (all bank presidents wore stiff collars) but my twelfth check was certified, and I was ready to vouch that some ingenuity was required, even in a bank messenger.

Varied experience in other branches of messenger work during the educational course confirmed this impression, particularly when drafts with documents attached were to be presented by hand. From the hardened old runners of the collection department, I learned that some unscrupulous firms accepted these documents, which carried title to goods, and neglected to pass out a check, or gave one which turned out to be worthless. Drafts themselves were a mystery to me for many weeks, until I was informed that every check is a form of draft; and even then the many other forms continued to present frequent puzzles, until I came upon Escher's "Foreign Exchange Explained," which promptly became my indispensable guide and monitor. Clean bills, sight drafts, 90-day acceptances began to mean something definite in my mental life, and I could discover the why and the wherefore of trotting around the streets of New York to exchange these pieces of paper for other pieces called checks. Could I have seen the significance of that experience at the time, I should have aspired to a vice-presidency within a year; but it was not until years later that I realized that the acquisition of complete general knowledge about the details in hand marked the prospective successes from the doomed clerks. Most "victims of favoritism" could be identified as those who despised information outside their own bailiwicks.

Other lessons in messenger service threw light on one aspect of independent wealth; the man who clips coupons for

his living, turns them over to his bank for credit to an already sizeable account. I was the one who actually obtained the money for him, from the source named on the coupon. I learned that my first day's collection of checks had resulted from the distribution of coupons in the morning. Altogether, I was piling up experience well suited to the life of financial ease which is considered the inherent right of every banker. At least, that was the bright side of those hot summer days.

II. EXCELSIOR?

Was it promotion, from the weeks as messenger to a month with the bookkeepers? At first glance the new department seemed to require less foot and more head work; ponderous ledgers with numerous columns seemed to demand a considerable degree of intellectual power—at least, to one unacquainted with the labyrinth. Not many days sufficed, however, to reveal the deadly, monotonous routine which was so truly machine-like that before I left the bank some time later the work was being done much better by bookkeeping machines operated by typists.

What a bee-hive that old department was about 10 a. m. after the debit clerk had sorted out the checks received from the clearing house! Two men to each sub-division of the alphabetical list of customers (I was assisting on O-P-Q-R) punched furiously at adding machines to list their total of checks before posting. In that part of the grind I became an adept, and incidentally acquired great respect for the adding machine, which was always right despite frequent occasions when I thought I had caught it in error. The batch proved up, each check was posted against the proper account, some of which, in the names of large corporations, were debited scores of times a day. After that sojourn in the bookkeeping hive, I realize every time I draw a check on my own meagre balance that someone is going to puzzle over the figures I set down, and a 5 which looks like a 8 may waste fifteen minutes of time by

throwing off a total which will have to be proved back. Hence handwriting which has aroused paternal ire more than once is noticeably clearer on the checks which celebrate every first of the month.

Many other details I learned in that wilderness of debits and credits, most of which I was satisfied to leave to the incoming Underwood machines, while I passed on to other fields.

III. SHYLOCK'S ASSISTANTS

Ask the average man what a bank is for and he will answer in one of two ways: "To keep money in" or "To get money from." The department from which I had just escaped recorded all money deposited in the bank, while I was now to discover in the loan department how that money was doled out to borrowers and put to work. I immediately learned that all loans are divided into three kinds: secured by stocks and bonds, secured by commodities, and unsecured; and I soon became aware that each kind was a fertile field for years of study. My few weeks in the department would suffice only for a speaking acquaintance with the mechanical details, which, as a matter of fact, were all that the caged minions with whom I found myself had to offer; the higher philosophy of the subject was food for officers, and closely confined to their custody. The treasurer, upon ascertaining available funds for the day, would put out \$10,000,000 "on call," while the loan department would simply receive the securities sent over by the borrower to back up the loan, make a careful count of their number and character (although supposed to be exclusively high-grade stock exchange collateral, the lot would frequently contain sundry "cats and dogs" which had to be rejected) and attend to the mechanical details of charging interest, etc. One of the most thoroughly detested duties was entailed by the maintenance of proper margins. Since loans were made to only 80 per cent. of the market value of the securities, any downward change in the market meant

an impairment of the 20 per cent. margin, and the borrower had to be requested to provide more collateral or take up his loan. Here were numerous non-speculators watching the tape with keen interest all day long; if 3 o'clock brought the sad news "She's off two points, boys," a late trip home and a downtown dinner were certainties, for the records of every call loan must be scrutinized carefully and the value of the collateral recalculated according to the day's events—and in a large bank there are many, very many, such loans. While I was there, a bear market was in full swing, and the men had been working until 11 p. m. for so many weeks without extra pay that serious discontent and murmuring had broken loose; the morale of the whole staff was at low ebb, and curt rejoinders displaced the usual good-humoured banter. Before leaving the trust company, however, I saw this source of dissatisfaction wiped out by the installation of a night force.

Loans secured by commodities always seemed to me a more productive phase of banking; I liked to feel the contact with tangible articles of commerce, to talk of loaning \$50,000 on 500 bales of cotton rather than on 500 shares of stock. To be sure, the cotton was never in evidence on the banking floor, but the documents controlling it were always on hand—bills of lading, insurance certificates, and drafts covering the shipments. Could all the commodities under control have been assembled in one warehouse, a most interesting assortment would have been displayed to view: coffee and sugar, wheat and corn, cattle and hogs, beans and flour, chemicals and silk, sausage casings and flaxseed, etc., etc.—to say nothing of the innumerable manufactured products. Since my banking experience included the debacle of 1920-21, I lived to see these goods, many of them, actually (although unwillingly) assembled by the bank and sold out to get back the money advanced on them. It was then no exaggeration to advise bargain-hunters to go to the banks for automobiles, or pocket-knives, or hair-nets. In



Guarded like a convict—ten million in Liberties lay within my grasp!

this division of the bank's work, therefore, it was possible to acquire a sense of community in and value to the currents of trade; banking could become a stimulating reality—if one could forget that he was merely making the wheels go round, while a far-removed superior regulated the speed and direction. The active, planning head was so immeasurably distant from this corner of the mechanism.

And so it was also in the unsecured loan, or bills purchased, division: fascinating details, if initiative and responsibility were only combined with the mechanical duties. As we shall see,

the credit department (and the officers) absorbed the interesting functions, of necessity. The vice-president in charge of unsecured loans later remarked to me, "I'm called the gambler around here, because I put out millions a day on nothing but those promissory notes over in the unsecured loan division." The notes themselves were carefully filed according to maturity in a tin box of moderate size (the physical embodiment of the bank's "portfolio") there to remain as the only tangible evidence of the borrower's promise to return the bank's money at a specified date. The inflow and outgo of these notes was

recorded in a journal that reminded me of bookkeeping days, and despite the first glimpse of "sure enough" banking I had enjoyed in the loan department, I was willing to move on for a view of money actually coming in and going out.

IV. INSIDE LOOKING OUT

The unfailing courtesy and tact of the most polished salesman combined with the unwearied exactitude of an accountant are the outstanding characteristics of a good paying teller. It is not an easy task to pass out money all day long, even if many of us long for the resources to do so. The mere physical handling of the bills is hard work, and the juncture of the left thumb and forefinger is quite likely to bear cuts and callouses. In fact, one rather diminutive paying teller informed me that his small hands had been a serious handicap in his profession. Daily at noon, and for several days at the end of the month, the long queues waiting for cash seemed endless. As is likely to be the case with people receiving money, most of the customers were patient and cheerful. One man was not an isolated example, however. He came from a small city where he was universally known and opened a personal checking account, cashing a check in person a few days later. When he returned two weeks afterwards to cash another check, it happened that there was on duty a different teller, who naturally requested identification. Drawing himself up indignantly, the man marched over to the officer who had opened the account and demanded that the teller be dismissed or his account closed!

Thus paying tellers stand always between the likelihood of offending a good customer and the possibility of letting by a forgery. It was a red letter day when a teller caught a counterfeit or held up a bad check. This duty of standing guard over the bank's funds required an intimate knowledge of all the customers' signatures, since the work was not divided up by lettered windows as in some institutions. Of course specimen signatures were on file

in the rear of the cages, but they were for infrequent names and specially doubtful cases. After the windows were closed at 3 o'clock, I was surprised to observe that the tellers adjourned to the bookkeeping department, there to go over every individual check that had come in through the clearing house, verifying the signatures as closely as at the windows. Adding to the signature inspection the necessity for watching that amounts should not overdraw accounts (by *telautograph* to the bookkeepers) I soon discovered that paying tellers were under a constant strain that told on the nerves, and was quite likely to make them human furnaces when off duty.

In comparison, the receiving tellers division seemed like a quiet graveyard; apparently it is always easier to take in money than to pay it out. Here one of the chief requirements was ability to keep the waiting customers moving and in good humor—and a cheery "Good morning" rarely failed to win a bright smile from Mr. A.'s attractive secretary, who came regularly to deposit her employer's funds.

Before the recent development of financial advertising, a bank had but two main points of contact with the public: its officers and its tellers. Hence the insistence that the latter should combine with intelligence, pleasing personal characteristics.

V. OUTLYING DOMAINS

By this time I was beginning to place the trees in their correct relation to the forest, with the help of constant outside reading in such works as White's "Money and Banking" for theory and Kniffin's "Practical Work of a Bank" for details. Upon entering a new department, I was able to pick out the essential features and co-ordinate them with the other divisions of the bank, instead of wasting time, as in the bookkeeping department, on adding machines. But straightway this newly won self-confidence was overthrown by the stresses and strains of the foreign department. To be sure, domestic banking had its intricacies; they were as nothing to for-

eign exchange. Adrift in one of the largest foreign departments in New York City, I faced an interminable array of divisions: exchange bought, exchange sold, commercial credits, travelers' checks, bullion, overseas, cashiers, etc., etc. And to make matters worse, I was started in the adjustment division, upon which devolved the unenviable task of handling all foreign exchange disputes arising with customers and other banks. Most of the claims were rapidly becoming antiques, many of them antedating the war: a German bank claims to have paid us 100,000 marks in July, 1914, although we have no record of the sum; eight years later, reams of correspondence take up the time of a lawyer and a student-clerk, despite the dwindling of the disputed value to nothingness.

Fortunately I was rescued from this morass by a call to attend a four-week course on foreign exchange by an expert, who proved to be as adept at imparting information as he was in acquiring it. With his help, further recourse to Escher's "Foreign Exchange Explained," and Whitaker's "Foreign Exchange," I achieved a solid footing in the financing of foreign trade, although nothing and nobody could ever make it uncomplicated. I learned that every payment from one country to another constitutes foreign exchange, whether a bank check, currency, or a six-month draft, and I gained an inkling of trading methods over the telephones which make the only foreign exchange market. I even achieved a definite idea as to the possibilities of arbitrage. Therefore, a few months later, I could continue on my way to the presidency with the satisfying conviction that I was a well-rounded banker, though London financiers might still class me with "those provincial Americans, so amazingly unversed in international banking."

The weighty problems of domestic banking and the bewildering variety of foreign finance sank into the background for a while when I was sent into the department which gave the bank its

name—the trust department—long since shorn of its primacy in the affairs of the institution, yet still a huge and essential domain. Of the two main divisions—corporate and personal—I found the latter much the more interesting, as any casual reader of financial advertising would be led to expect from the offers to care for estates and perform all necessary trustees duties. The first man I was thrown in with had recently returned from a large dairy farm which he had been running for a year, until it could be sold to the advantage of legatees under a will we were carrying out. Another clerk returned that morning from a duty less agreeable but still interesting, with a hand-bag full of a decedent's personal effects which must be kept in custody pending final disposition. A third informed me that he disbursed monthly allowances from voluntary trusts to twelve people, among them a famous movie actress who had to account to him for the amounts spent on clothes, travel, entertainment, etc.

After such spicy details, the humdrum of the corporate division seemed doubly dull: the indentures, or agreements, under which bonds were issued lodged here, and all the burden of seeing that their provisions were met was absorbed by this department. Physical handling of reorganization securities was centered here, after superior officers had decided upon the plan, the actual certificates being issued at the windows and by mail. Well do I remember one such issue for the sum of \$125,000,000; during the weeks preceding the event, the whole department worked until 11 p. m., and as the time arrived, for three nights part of the force "plugged" all night and through the next day, perhaps snatching a few hours rest on temporary cots in the medical department the following night. With four other students, I fell into this routine for the experience, but we decided to forego martyrdom and quit at 3 a. m. one such night. It was a terrific undertaking to get those bonds out on time, and a huge fee was the reward for the bank, but

prestige alone lured the men on—and that intangible attainment remained their sole recompense.

A brief stop in the custody division, where men fortunate enough to possess a plethora of securities could have their coupons clipped and their regular payments met without over-exertion on their own part, and I left behind the trust department with a feeling that its much hurrying and bustling were concerned with matters more burdensome than weighty.

It was a matter of some diplomacy and no little manoeuvring to secure a change to desirable departments, but this time I obtained a choice assignment—at least, the head of the new business department so assured me: "You are now at the center of the whole institution, where its progress and vitality can be measured. Without the business we bring in, the bank would drop behind in the race for supremacy until its name would lose all significance." I discerned the plausibility of a salesman, and decided to form my own judgment of a truly magnificent organization: 175 employees here at headquarters to unify the efforts of field representatives all over the country. Any sort of lead for possible new business was pounced upon and sent to the representative in the locality, who in turn reported numberless prospects coming under his observation, most of which failed to meet the credit departments' standard of "desirable," leading to imprecations from representatives concerning credit departments. A suavely cordial type of man pervaded the department and gave it an air of freedom and lightness quite in contrast to the preceding departments, and I was not loathe to linger and take in tales of such and such a million dollar account grabbed away from the City Trust by judicious pressure from higher quarters, and so and so's business brought in after a fine round of golf. In addition, I discovered a few solid workers who gained their ends by hard toil and persistent study, always with perceptible contempt for the "society flyers," who

returned the feeling with interest.

New business naturally included a glance at the publicity department, anathema to old-line bankers. At the head presided a most amiable vice-president, one of whose principal duties was to represent the bank as speaker at conventions and banquets all over the country—and a fluent, clever orator he was, as well as a keen student of general conditions. In his department were prepared numerous pamphlets on such questions as income tax, cotton industry, tax-exempt securities, in addition to the monthly survey, all distributed gratis. And for the favored customer, here was stored service par excellence: theater and train tickets were mere ordinary courtesies, not worth mentioning beside passports and world series grandstand seats.

From such pleasant fields, my path continued to even more desirable surroundings. For three months twenty of the students were reunited in a bond class to learn the principles of long-time financing as applied in the bond department. We shared this instruction with several others who were to become salesmen and haunt their friends even as insurance agents. Those days were delightfully reminiscent of college: two lectures a day, assigned reading, and three theses, with the carefree abandon and modicum of responsibility that marked those halcyon times. We could not help absorbing some information regarding railroads, industrials, and public utilities, and the realization that this study had a definite purpose did wonders in encouraging diligence. The bank possessed an admirable library of over 20,000 volumes, which left nothing to be desired in the way of material to work with. Thoroughly soaked in revenue ton miles, operating ratios, and rate cases, we emerged from the class properly impressed with the amount we had yet to learn.

Forthwith, I commenced the journey toward knowledge by finding a real job in "the beating heart of the bank"—the credit department.

(To be continued)

The Industrial Service Department

By Alston H. Garside

Manager Industrial Service Department the Merchants National Bank of Boston

THE term "Industrial Service" is used by the Merchants National Bank of Boston to indicate the furnishing of information on business subjects or the rendering of personal courtesies in business matters, either in response to requests by customers or friends of the bank, or on the initiative of the bank itself. The bank renders such service in order to develop acquaintanceship and good will in the business community, and thereby hold old accounts and secure new ones. These activities are based on the principle that one of the most effective ways of cultivating the favorable opinion and friendship of business men, and of securing and retaining their banking business, is by co-operating with them, wherever possible, in their business problems.

Since the industrial service department was established seven years ago by W. Irving Bullard, now vice-president of the bank, the department has rendered several thousand services of a widely varied character, to business men in many lines of trade and in all parts of the world. Evidence that the work has been worth while is to be found in the numerous accounts secured directly through services rendered, in the many "thank you" letters received from customers and non-customers, in the personal visits of business men who have called at the bank to ask for information or to express appreciation for it, and in the many complimentary references to the bank heard in business circles.

The work of the bank's industrial service department is highly varied, for it covers all the manifold problems of business. A shoe manufacturer, finding labor conditions unsatisfactory in the town where he is located, desires to move elsewhere, and he asks the bank to find a vacant factory for him. A

dealer in factory supplies, having become the distributor of a new machine for use in paper mills, asks for a list of leading manufacturers who would be interested in his product, and for letters of introduction to some of them. The president of a large business house, having to deliver an address at a trade convention, requests certain statistics to embody in his speech. An automobile agency calls for a report on industrial conditions in various parts of New England for use in laying out its selling policy. A print cloth manufacturer, in considering whether he should buy cotton beyond his immediate needs, asks for information about production, consumption and stocks of the staple.

SERVING A MANUFACTURER

Some time ago the department rendered four services to a large manufacturing concern, which illustrate strikingly the varied ways in which any bank may co-operate with its customers. The first of these had to do with the assessed valuation of the property of the inquiring concern. The treasurer had had an argument on this point with the local tax authorities, and in defending his position he found it necessary to obtain figures on the assessed valuations of similar properties in other mill centers. He asked the bank if it could obtain this information for him. The bank communicated with the assessors in other cities and towns, secured the data desired, and gave the manufacturer a full report on the subject.

Shortly afterwards, this same mill treasurer received requests from certain of his workers for increases in wages. He felt sure that he was already paying these employees more than his competitors were, for workers of equal skill and responsibility. Again he called on the bank, asking for data which would

support his contention. The bank responded by giving him a statement of the wage scales of competing plants, which it had secured direct from the managers of these concerns.

Later, the manufacturer decided to buy certain raw materials direct from producers in Europe instead of from the middlemen with whom he had previously been dealing. He went to the bank a third time, asking that it put him in touch with reliable producers in England, France, Germany, Belgium and Switzerland. The bank took up the matter with its own foreign correspondents, with government agencies, foreign trade papers, trade associations and chambers of commerce, and secured the names of a hundred or more foreign concerns of high business standing who wished to deal direct with manufacturers in this country.

Still later, the manufacturer found it necessary to obtain printed records of the prices of certain commodities over a period of several months, to present as evidence in a law suit. He asked the bank to give him any data that it had in its files or that it could get from other sources. The bank gave him quotations which it had compiled itself, and supplemented these with the prices published by leading trade papers. This tabulation constituted an important piece of evidence in the trial of the suit and helped the manufacturer win a verdict of approximately \$75,000.

The department never knows what industry or commodity it may be called upon to investigate next. As the customers of the bank are engaged in all lines of manufacturing and merchandising, the inquiries which it receives cover the entire field of industry and trade. While the department is busy on rock salt or automobiles, it may be asked for information on shoes or ammonia. While it is investigating the cost of storage of lumber, it may be called upon for a report on the price of Polish geese feathers. Needless to say the department does not assume to have expert knowledge on all lines of business, but

by consulting authorities it can quickly learn enough about any given industry to handle inquiries regarding that industry.

STUDYING THE TEXTILE INDUSTRY

While the department has been working along these broad and varied lines of furnishing information on all manner of business in response to inquiries, it has been doing a highly specialized work in a limited field on its own initiative. This has taken the form of an intensive study of the fundamental statistics of the textile industry. The department has analyzed critically the usual statistics of the cotton and wool trades, developed new sources of statistical information, and built up information files which are invaluable to anyone studying the textile industry either from a domestic or world standpoint. The department chose the textile industry as the subject of these exhaustive studies because of its being the leading business in New England.

This textile work has formed a basis for many letter-reports dealing with special phases of the business, and for two series of monthly bulletins known as Statistical Summaries. The Summaries contain the important fundamental statistics of the cotton and wool trades, including those on production, consumption, stocks, imports, exports, and prices. The principal phases of the industry are presented not only in the form of statistical tables but also in graphic charts, and the underlying conditions and broad trends of the business are analyzed briefly. These Summaries are quoted constantly in newspapers, trade magazines, market letters of brokerage and commission houses, and even to some extent in Government reports.

In scores of instances, textile manufacturers and merchants have called at the bank and introduced themselves with some such statement as "I have come to see you because I understand you make a specialty of textile banking." Textile

concerns have consequently come to feel that the Merchants is better prepared than many other banks to understand their business methods and financial requirements, and this has encouraged them to carry their accounts with it.

The department works in close conjunction with the executive officers of the bank, and with the credit and new business departments. The officers refer to the department any inquiries which they receive from customers, and make suggestions as to how the department can make new friends for the bank by services that it might render on its own initiative. In answering inquiries and

conducting investigations, the department secures much information on individual concerns which it transmits to the credit department; and it uncovers possibilities of new accounts which are helpful to the new business department.

Such, in brief, are the activities of the industrial service department. The returns from this work, in new accounts secured and old accounts retained or increased, are largely indirect and non-traceable, but the direct and traceable results have been sufficient to convince the bank that it pays to render such service and to maintain a special department for this purpose.



Co-operation Among Trust Companies

By L. H. Roseberry

Vice-president Security Trust and Savings Bank, Los Angeles, Cal.

ALTHOUGH trust companies have for over a century been functioning as a recognized business agency, it is only within comparatively recent times that their growth has been rapid and steps have been taken by leaders in this business to develop it, raise its standards, and popularize its service with the people. The first and most logical means to this end was the meeting of such companies in conventions and conferences, national, state and local. The interest in these meetings has recently become much intensified and their advantages immediately felt by both the participating officers and the institutions which they represented.

The primary purpose of co-operation between trust companies is to better serve the public at large. This is accomplished through the interchange of ideas, experiences, counsel, and the summarization of the best and the worst of all which these companies can give or

have suffered. Such co-operation strives toward the following ends:

1. To raise the standards of trust companies in the acceptance of new business, thus eliminating doubtful and risky enterprises which might involve such companies in financial trouble and affect their standing before the law and the bar of public opinion.

2. To eliminate any questionable practices in the conduct of their own business and elevate their own ethical standards which lead away from trouble and inspire confidence from their customers. Inasmuch as the basis of all business of trust companies is the confidence reposed in them by their customers, it is of supreme importance, both legally and otherwise, that this confidence be sacredly preserved and enlarged.

3. To so standardize and simplify their charges that the same will be readily understood by the public, will yield a reasonable return to the com-

pany for the service rendered and the responsibility assumed, and a fair return on the capital employed in the business, as well as to be just to their patrons.

4. To so improve and adapt their administrative methods, and therefore service to the public, by the exchange of business forms, experiences, practices and advice, taking all that is best and eliminating all that is bad or questionable, that they may profitably and efficiently handle the property committed to their stewardship in the face of complex modern business conditions, constantly changing and intricate tax, probate, trust and other laws.

The other, and, though secondary, yet by no means minor, purposes of such co-operation between trust companies are:

1. The creation and maintenance of a common defense against outside unfair attack from certain lawyers or other business interests who may and do erroneously view with open or covered alarm, for their own selfish interests, the growth of trust companies, and seek to stay this through adverse legislation, or to damage the public standing of these companies through the circulation of untruthful statements or other harmful propaganda.

2. The accumulation of the best advice and results of different experiences to avoid risks in their operations and to employ advantageous trust plans, etc.

3. To gather constructive and scientific data on auditing practices, organization, systems and internal economies in the operation of the trust company plant.

4. To devise dignified yet effective publicity methods and campaigns and ways of developing new business, both within and without the bank. The recent successful employment of community advertising campaigns by trust companies within the same city or local area is an outgrowth of this effort to-

ward closer co-operation between trust companies.

5. To devise and co-ordinate in plans for educating the public in the uses and functions of trust companies, and creating a proper respect for the dignity and importance of trust company business and for those officers conducting it through lectures before colleges, commercial, civic and other organizations, newspaper and magazine articles and interviews.

6. To enthruse trust officers and to stimulate them in their efforts to give their very best to the companies they represent, adding new vigor and impetus to their own organizations. This latter result can only be attained through the associations and friendships formed and the interchange of ideas which come through co-operative movements of trust companies in their conferences, conventions and local meetings.

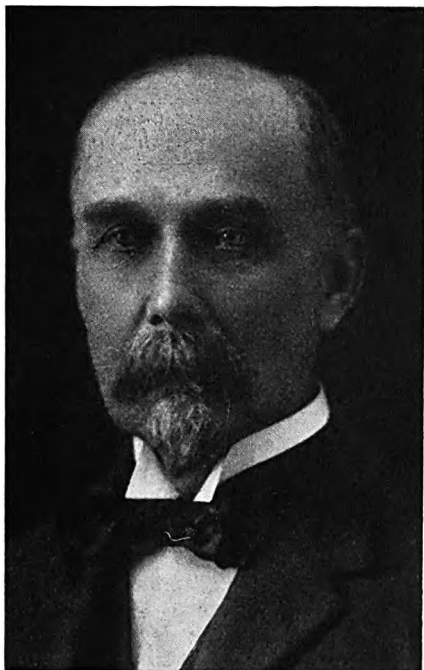
In general, the business of trust companies is now going through the sensitive yet vitalizing process of standardization and reorganization of administrative methods, elevation of ethical practices and better understanding on the part of the public. These things are vitally essential to the success of any business institution, and particularly trust companies which are so dependent upon the confidence and faith of the public in them for their growth, success and duration. All of these things are attained in their full measure largely, if not solely, through the co-operation of trust companies one with the other to reach these common ends. I hope that this movement, now well launched, will continue under proper guidance until trust companies in this country (which are in law and in fact public serving institutions) join hands and work together in the common cause to render to the people a safer, more efficient, more widely used and highly essential service.



The Record of a Notable Banking Career*

A Worth While Book on the Life and Achievements
of A. Barton Hepburn

THE literature of banking is enriched by the appearance of a new book from the pen of Joseph Bucklin Bishop, entitled "A. Barton Hepburn, His Life and Service to His Time." It is fortunate that the pen of the man who edited "Theodore Roosevelt's Letters to His Children" should now be employed in recording the life and achievements of one of the notable bankers of this country. The late A. Barton Hepburn who at the time of his death was chairman of the board of the Chase National Bank of New York, was in turn superintendent of banks, national bank examiner, Comptroller of the Currency, bank president and president of the Chamber of Commerce in New York. He was a life-long student of banking and economics and the author of books and articles of unquestionable authority. The history of his life is the history of banking during the past quarter of a century.



A. BARTON HEPBURN

HEPBURN ON THE RESPONSIBILITY OF DIRECTORS

Hepburn was always a student of human nature and no one appreciated better than he the importance of the human equation in bank operations. For example, in his report as Comptroller of the Currency in 1893, he wrote:

Directors give direction and control to the business of a bank, accept and reject credits, and should understand its general condition. The detailed workings of a bank must be trusted to the officers and employees. We cannot have anything better than men. Men manage our banks. No matter how elaborate the system, how numerous the checks upon error or upon wrongdoing, or however perfect the machinery, the mechanism must be set in motion and the system operated by men. There is in every system a point where good or ill results depend upon the charac-

ter of the man in charge. If an engineer wants to ditch his train, he can do so. If the president or cashier of a bank wants to rob it, he can. Well-devised systems may make it difficult. Efficient supervision may make it dangerous. The law may punish, and the certainty of detection and punishment may reduce the risk to a minimum. Hence the chief and most important duty of directors is to select officers of character as well as of experience and ability. They can best protect themselves and best serve the public by so doing.

HEPBURN ON THE FEDERAL RESERVE ACT

While the Federal Reserve bill was in process of formulation, Hepburn was chairman of the Currency Commission of the American Bankers Association

*"A. Barton Hepburn, His Life and Service to His Time." By Joseph Bucklin Bishop, New York: Charles Scribner's Sons.

and made a constant study of the progress of this legislation. Shortly after its passage he wrote the following criticism of its provisions, which is of peculiar interest today in view of subsequent developments:

The currency act recently passed is peculiar. The arbitrary and unworkable provisions of the act, which were severely criticised by the bankers at a conference at Chicago and at their conference in Boston, were disposed of by the sponsors of the bill by eliminating the provisions and placing the whole matter in the discretion of the Federal Reserve Board. No body of men were ever given such great power over the subject-matter involved in the act as is this Federal Reserve Board. The powers of a central bank are nothing as compared with it. They are even given powers of legislation—all of which means that the act, under good, competent, conservative management, would work very well, whereas a different kind of management might entail disagreeable consequences. The act provides for unlimited inflation; this, however, may be prevented by proper management. They have put the credit of the Government at issue with every note that goes out, and in time of war or any other condition of affairs which creates a financial stress, it will be impossible to have the credit of the Government called in question and its ability to redeem at all times in gold, and that of course will affect the credit of every industry under the Government.

Political banks in the past have never been a success, and the managers of this institution will, I think, be looking to the politicians above for countenance and support, rather than an efficient administration of their trust. I am hopeful, but not optimistic, as to what may come out of it. The President is opinionated in the extreme, and uncompromisingly determined to have his own ideas carried out. He is not a business man and not a financier, and these characteristics bode embarrassment to this bank bill.

THE LIMITS OF TAXATION

Hepburn's views on taxation are also of special significance today. For example, speaking in June 1918 he said:

I think as stiff taxation should be imposed as may be without lessening the activities or impairing the ability of people to pay and subscribe. Such taxation will be cheerfully borne. But the Congressional idea and the popular idea that this is a country of unlimited wealth, that we can finance other nations without stint, and spend bil-

lions by the score annually and obtain these vast sums, at will, by taxation and by borrowing, is a mischievous idea. People can only buy bonds and pay taxes out of their savings, the money they have left over after paying their current expenses, including the cost of living.

There is a limit to what Congress can do with safety and propriety, and it seems to me that the best service we can render is to help find that limit, that the Government may not overstep the same and thereby invite disaster—the disaster of currency inflation and a paper basis.

RELATIONS BETWEEN BANKER AND DEPOSITOR

In a lecture before the Alexander Hamilton Institute in 1920, Hepburn gives us a glimpse of his own principles and methods as a banker. He said:

The essence of wise banking—the underlying motive actuating every successful bank management—is to try and make money along with instead of out of the customer. The relation should be one of co-operation. In a moral sense, the bank management and the business which comes to the institution are closely identified, and the banker necessarily becomes the custodian of many secrets with regard to his clientele. Credit statements are required, resources and liability are carefully looked into, and the efficiency and competency of the management are carefully scrutinized.

This is especially true in times of trouble. But the good banker keeps his knowledge of the private affairs of his customers securely and secretly locked in his own breast and never mentions them in public.

The banker, by virtue of his position, has great power, but with this power he has great responsibilities, not only of a financial nature but also of a moral one. A good banker must be a good man, and a good banker can be helpful in many unobtrusive ways to the people who do business with him. Character is the foundation of confidence and is the principal and first element to be considered by a banker, both in deciding whether he will take the new account that is offered him, and in determining his treatment of the account after he has received it.

Bankers and the business public in general will find in this book not only an entertaining narration of a useful career, but much sound wisdom on the principles and ideals which should control the actions of all public spirited citizens.

Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



Established 1810

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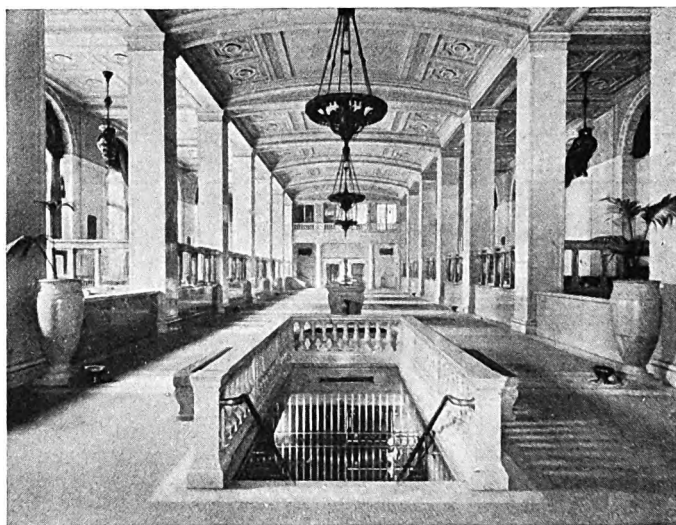
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*THE ENLARGED BANKING ROOM OF THE EXCHANGE NATIONAL
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WE have recently added a seventy-five foot extension to the thirteen story building of the Exchange National Bank of Tulsa, preserving carefully the general character of the original banking room. The room becomes notable for its unusual spaciousness and the fact that it houses Oklahoma's largest bank.

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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

Proof of Presentment for Payment

Commercial Trust Company v. New England
Macaroni Manufacturing Company,
Supreme Judicial Court of
Massachusetts, 141 N. E.
Rep. 285

IN order to enforce a promissory note against an indorser, it is necessary to show that the note was presented for payment at maturity and that notice of dishonor was duly given to the indorser.

The present action was brought by a bank, as the holder of a note, against the indorsers of the note. The teller of the bank testified as to the mailing of a notice of dishonor to each indorser. The notices contained a statement to the effect that the note had been duly presented to the maker for payment. It was held that, while the teller's testimony as to the sending of the notice was sufficient to establish the giving of the notice, the fact of presentment for payment was not sufficiently proved. The statement in the notice of dishonor as to presentment was not sufficient. The presentment of the note should have been proved by the person who presented it.

The statement in a notary's certificate of protest that presentment has been made is *prima facie* evidence of that fact, but a mere statement in a notice of dishonor, given by one who is not a notary, does not have this effect.

OPINION

Action by the Commercial Trust Company against the New England Macaroni Manufacturing Company and others. The court found for plaintiff, and defendants bring exceptions. Exceptions sustained.

CARROLL, J.—This is an action on a promissory note in the sum of \$2000,

dated April 24, 1920, and payable in ninety days to the plaintiff at its place of business. The maker is the New England Macaroni Manufacturing Company, and the other defendants are indorsers. Holland and Lee, two of the indorsers, requested the court to rule:

(1) That, upon all the evidence, the plaintiff is not entitled to recover; and (2) that, upon the law, the plaintiff is not entitled to recover.

These requests were refused and the indorsers Holland and Lee excepted.

There was evidence from witnesses familiar with the handwriting of Holland and Lee that their signatures were genuine. See *Commonwealth v. Nefus*, 135 Mass. 533, 534.

A written notice of dishonor, signed by the teller of the trust company and addressed to each of the indorsers at his place of business or residence, was made out on July 23, 1920, and placed on the mail clerk's desk in the plaintiff's banking house. The teller testified, without objection, that according to the general practice the mail clerk, at the close of business, stamped the mail and put it in a bag which "he took over to the post office and left at the office;" that this was "done every day." There was further evidence that on July 23, 1920, the mail was stamped and put in the mail bag, and that on all the envelopes used by the plaintiff appeared the inscription, "If not delivered within three days return to Box 1245, Springfield, Massachusetts;" that post office box 1245 was the plaintiff's box; and that no mail addressed to the defendants was returned to the plaintiff. On this testimony it could not be ruled as matter of law that no notice of dishonor was sent. It was a question of fact and the judge could find on the facts shown that notice of dishonor was duly given.

The plaintiff was required to show that the note was presented for payment, in order to hold the indorsers.

G. L. c. 107, § 98; *Browning v. Carson*, 163 Mass. 255, 39 N. E. 1037; *Demelman v. Brazier*, 198 Mass. 458, 463, 464, 84 N. E. 856; *Hall v. Crane*, 213 Mass. 326, 100 N. E. 554; *Bennett v. Tremont Securities Co.*, 221 Mass. 218, 221, 108 N. E. 891. On this record there is nothing to show such presentment. A presumption of due presentment may arise from the certificate of the notary public, under his hand and seal. G. L. c. 107, § 13; *Manufacturers' National Bank v. Simon* (Mass.) 139 N. E. 529. But there is nothing to show that the teller was a notary public; and there was no evidence of a certificate duly made by a notary public showing that presentment was made. The statement by the teller in the notice of dishonor that payment was demanded and refused is not evidence that presentment was made as required by the statute. For the reason that there was no evidence of due presentment, the exceptions must be sustained.

So ordered.

Bank¹ Liable in Paying Check on Forged Indorsement

Mark Spiegel Realty Corporation v. Gotham National Bank of New York,
New York Supreme Court,
201 N. Y. Supp. 599

The plaintiff corporation drew three checks upon its account at the defendant bank, payable to the attorneys of the plaintiff's landlord. The checks were intended to be delivered to the attorneys in payment of the rent of the premises occupied by the corporation.

The plaintiff's vice-president forged the payees' indorsements on the checks and deposited them in his own bank, by which they were collected from the defendant bank.

In an action by the corporation against the defendant drawee bank, it was held that the latter was liable for the amount of the checks. The plaintiff corporation was deemed not to be negli-

gent in having failed to discover the fraudulent act of its vice-president and to notify the bank promptly.

It appeared that the vice-president paid to the attorneys of the landlord a part of the amount due for rent. It was held that this fact constituted no defense to the defendant bank.

OPINION

Action by the Mark Spiegel Realty Corporation against Gotham National Bank of New York. On plaintiff's motion for summary judgment under Rules of Civil Practice, rule 118. Motion granted.

BIJUR, J. This is a motion under rule 118 of the Rules of Civil Practice for summary judgment. Plaintiff, a depositor in defendant's bank, sued to recover the amount of three checks drawn by it upon the bank payable to the attorneys of plaintiff's landlord for rent of the premises occupied by it. The indorsement of the payee's name on the checks was forged by plaintiff's vice-president, who deposited the same to his personal account in the Bank of America. The latter credited the amount to the vice-president's account and transmitted the checks with the "indorsement guaranteed" to the defendant, which in turn charged the same to plaintiff. The main defense relied on is that plaintiff was negligent in not discovering the forgeries earlier than it did, and in not notifying the defendant thereof with the implied possibility of defendant thereby recouping a part of the loss. There is a further defense to the effect that the guilty vice-president paid part of the amount of one of the checks to the attorneys of the landlord. The claim of plaintiff's negligence is based upon the contention that it did not conduct its business properly and exercise sufficient supervision over the same; otherwise, it would have learned that the landlord's attorneys had not acknowledged receipt of the checks, although it had been their custom to do so in the past, and that, indeed, it failed

to note that these attorneys had written a number of letters giving notice of the nonpayment of these very items.

It is not urged that plaintiff had any actual knowledge of the potential or actual dishonesty of its vice-president, nor is it questioned that the vice-president was in active charge of all the business of plaintiff, and in that capacity received the notices in question and actually suppressed the same as part of his scheme of wrongdoing. On the other hand, it is shown that plaintiff had periodic audits of its account made, but that these did not disclose the facts which gave rise to the present action. The duty of a depositor to examine checks drawn by him upon his own bank upon their return with a statement of account from the latter has been the subject of repeated adjudications by the courts, and the responsibility of the depositor in that regard, so far as forgery of his signature or raising of the amount or other alteration in the check is concerned, has apparently been increased by the course of adjudication from *Weisser's Adm'r's v. Denison*, 10 N. Y. 68, 61 Am. Dec. 731; *Frank v. Chemical Nat. Bank of New York*, 84 N. Y. 209, 38 Am. Rep. 501, in which Judge Andrews speaks of it as the "alleged duty," through *Critten v. Chemical Nat. Bank*, 171 N. Y. 219, 68 N. E. 969, 57 L. R. A. 529, and the comparatively very recent case of *Morgan v. United States Mortgage & Trust Co.*, 208 N. Y. 218, 101 N. E. 871, L. R. A. 1915D, 741, Ann. Cas. 1914D, 462. In the latter cases, however, as also in *Leather Manufacturers' Nat. Bank v. Morgan*, 117 U. S. 96, 6 Sup. Ct. 657, 29 L. Ed. 811, while the depositor is held to stricter accountability it is recognized that his responsibility for failure to discover the wrongdoing is not absolute. But the precise limitations of the rule need not be discussed, because the doctrine is wholly unrelated to a case of the kind here presented, where not the maker's name, but the payee's, was forged. In one of the leading New York cases (*Shipman v. Bank of the State of*

New York, 126 N. Y. 318, at page 329, 27 N. E. 371, 12 L. R. A. 791, 22 Am. St. Rep. 821) the court expressly recognized that the maker of a check cannot ordinarily be charged with any responsibility for knowledge of the signature of the payee. That rule is also clearly recognized and the subject fully discussed in the very recent case of *Prudential Ins. Co. of America v. National Bank of Commerce in New York*, 227 N. Y. 510, 521, 522, 125 N. E. 824, 15 A. L. R. 146. Indeed, I do not understand defendant to even claim that there was any negligence in this respect on the part of the plaintiff.

Defendant's position, as I understand it, is that if plaintiff had exercised a more careful supervision over its affairs by persons other than its vice-president it would have discovered the latter's wrongdoing. But I know of no reason, nor is any suggested, why plaintiff should not have trusted the vice-president implicitly; nor is it claimed that it is negligence to make a mistake as to the character or integrity of an officer or employee. To my mind this is a complete answer to the vague charges of negligence. But, assuming that some concrete element of negligence was set forth, it would be wholly unrelated to the act of the defendant in accepting and paying a check upon which the name of the payee had been forged. This aspect of the case is fully discussed in *People's Trust Co. v. Smith*, 215 N. Y. 488, 109 N. E. 561, L. R. A. 1916B, 840, Ann. Cas. 1917A, 560, and *Knox v. Eden Musee American Co.*, 148 N. Y. 441, 42 N. E. 988, 81 L. R. A. 779, 51 Am. St. Rep. 700, and touched upon in *Welsh v. German American Bank*, 73 N. Y. 424, 429, 430, 29 Am. Rep. 175. Indeed, were negligence so wholly unrelated to the actual transaction in suit or to any duty to the public (to quote the language of Cardozo, J., in *People's Trust Co. v. Smith*, *supra*) to form the basis of either a defense or a cause of action it would seem quite plausible in the instant case that plaintiff would have, as it sug-

gests, an action for its entire losses against the defendant or the Bank of America for its apparent negligence in honoring indorsements which on their face appear to be different, although pretended to be signed by the same person, and in accepting a deposit from a depositor by way of a check indorsed solely by the payee, a party other than the depositor himself.

This suggestion is not made as a serious claim, but solely to illustrate the remoteness of the alleged negligence from the transaction at issue and the danger involved in predicating a cause of action upon so tenuous a relation between cause and effect. The insufficiency as a defense of the mere allegation that the defaulter made a part payment of some of the rent due is pointed out in the Shipman Case, *supra*, in language which applies almost verbatim to the present case.

Motion granted, with \$10 costs. Settle order on notice.

Ordered accordingly.



Purchaser of Note, Procured by Fraud, Not Entitled to Enforce it Against Maker

Platte Valley State Bank v. Burge, Supreme Court of Colorado, 215 Pac. Rep. 149

Where a bank purchases a note from the holder and it subsequently develops that the holder obtained it from the maker by fraud, the bank, in order to enforce the note against the maker, must show that it is a holder in due course.

Several things are necessary to constitute one a holder in due course. Among other things, the person claiming to be such a holder must show that he received the note without notice of any fraud connected with the transaction in which the note was given.

In the present case, the defendant signed a note payable to his own order. He indorsed it and delivered it to W. D. Coughenour in payment for stock in a

concern known as the Bankers' Mortgage Company.

Coughenour transferred the note to the plaintiff bank. In this action by the bank against the maker it was shown that the note had been obtained from the defendant by fraud, and the defendant claimed that the bank could not enforce the note because it was not a holder in due course.

It appeared that the plaintiff took the note with knowledge that Coughenour had previously negotiated to it a note given for stock in the Bankers' Mortgage Company, which note he had obtained through misrepresentations. It also appeared that the plaintiff, prior to its purchase of the note in suit, had purchased from Coughenour still another note and had later learned that Coughenour had negotiated the note in violation of an agreement not to negotiate it and that he had erased from an indorsement on the note the words "without recourse." The officers of the bank knew, when the defendant's note was acquired, that Coughenour was engaged in a stock selling scheme, and that the note was given for stock in the Bankers' Mortgage Company.

It was held that the evidence was sufficient to show that the bank was not a holder in due course and a judgment in favor of the defendant was affirmed.

OPINION

Action by the Platte Valley State Bank against W. W. Burge. Judgment for defendant and plaintiff brings error. Affirmed.

ALLEN, J.—This is an action upon a promissory note. The note was payable to the maker, indorsed by him in blank, and delivered to one W. D. Coughenour in payment for stock in a concern called the Bankers' Mortgage Company. The complaint alleges that plaintiff, the Platte Valley State Bank, is the owner and holder of the note. It brings this action as a holder in due course. The answer of the defendant, the maker of the note, alleges fraud on the part of Coughenour in procuring

the note, and facts are alleged to show that plaintiff is not a holder in due course. Such facts are denied by the replication. A trial to a jury resulted in a verdict for defendant. Judgment was entered accordingly, and plaintiff brings the case here.

There was ample evidence to show fraud on the part of the party who obtained the note from defendant. The sole question presented to us is whether there is sufficient evidence to support the verdict on the issue of plaintiff's not being a holder in due course. The bank obtained the note from Coughenour.

Several things are necessary to constitute one a holder in due course. but the particular element involved in this case is the one stated in the Negotiable Instruments Act, in Section 3869, C. L. 1921, as follows:

That at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it.

Section 3873, C. L. 1921, provides what is such notice, and reads as follows:

To constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same, the person to whom it is negotiated must have actual knowledge of the infirmity or defect, or knowledge of such facts that his action in taking the instrument amounted to bad faith.

In addition to a verdict for defendant, the jury answered each of the following interrogatories in the affirmative:

1. Did the plaintiff in this case or its officers have actual knowledge of fraud or misrepresentations on the part of W. D. Coughenour at the time said note was purchased by the bank?

2. Did the plaintiff in this case or its officers have knowledge at the time it purchased the note in question of such facts that their action in taking the note amounted to bad faith?

The note sued on is one for \$2500. It is dated October 30, 1918, and due in six months. It was transferred to plaintiff by Coughenour shortly after its execution. The date of the note is some evidence of the time it was made.

8 C. J. 1000. The defendant testified that he gave the note on that date. Prior to that time plaintiff purchased from Coughenour the note of one W. G. McCann, and after so purchasing it, learned from McCann that Coughenour agreed not to negotiate the note; that McCann had indorsed the note with the words "without recourse;" and that the same were erased by Coughenour without McCann's knowledge or consent. Prior to the time the plaintiff acquired defendant's note, it had purchased a note from one Ernest Zaiss which, like the note of defendant, had been given to Coughenour for stock in the Bankers' Mortgage Company. Zaiss testified that on the same day he gave the note, suspecting fraud, he tried to "call up the bank" to tell it not to negotiate the note, but was unable to get into communication with the plaintiff. He went to the bank early next morning for the same purpose, and an officer of the bank told him, as he testifies:

I bought that note last night. * * * You didn't have any business to sign a note like that.

The evidence of Zaiss warrants the inference that the bank purchased his note after banking hours, on the same day Coughenour obtained the note. Coughenour spent many days in that community, and apparently there was no necessity for a hasty negotiation of the note. Defendant's note, too, was negotiated to plaintiff on the same day it was executed. Zaiss told the bank of misrepresentations made by Coughenour. The bank could have known that he would make like misrepresentations in obtaining other notes. If the testimony of Zaiss was contradicted by plaintiff at the trial, that was a matter for the jury to consider. As to the McCann note, it is said that Coughenour adjusted matters with McCann, and obtained a return of the note. It is contended, in effect, that the bank knew of this and that on that account it had faith in Coughenour. Whether this was a fact in favor of plaintiff or against it depends upon the surrounding facts and

circumstances, and the question was for the jury. On review the appellate court must view the evidence in the light most favorable to the verdict, and in this case the verdict was against plaintiff. See 4 C. J. 850.

The officers of the plaintiff bank knew, at the time of acquiring defendant's note, that Coughenour was engaged in a stock selling scheme, and that the note was given for stock in the Bankers' Mortgage Company. The blank forms of promissory notes used by Coughenour were furnished by plaintiff bank.

The plaintiff bank took defendant's note at a discount of 15 per cent. Witnesses testified that is an unusually large discount, on a note due in six months, and some termed the discount unreasonable. That fact alone would not show bad faith, but under all the circumstances appearing in this case, the jury were at liberty to take into consideration the amount of this discount. 8 C. J. 509, note 74. Coughenour

was a stranger to the plaintiff bank at the time he began his stock selling campaign. That fact, too, under the circumstances, could be considered.

The bank took defendant's note with knowledge that Coughenour had at least in one instance represented that the bank had indorsed his stock selling scheme, and with the knowledge that in another instance he had made misrepresentations in obtaining a note.

In 8 C. J. 508, it is said that it is rarely decided that any one fact is, or is not, conclusive evidence of notice; but the question ordinarily involves several facts and circumstances more or less peculiar to the particular case and generally requiring the question to be submitted to the jury. See *Strong v. Jackson*, 123 Mass. 60, 25 Am. Rep. 19.

We are unable to say that there was not sufficient evidence to support the verdict, or to warrant the instructions given, none of which are claimed not to state the law correctly.

The judgment is affirmed.



A Banker and His Cook

THERE is a well known Southern banker who has no particular bias one way or the other in regard to the agitation against the colored race, which, for one cause or another, occasionally breaks out in various localities, but who does like good cooking as practiced by the old-time colored Southern cooks. He possessed one of this type, who had been in the family for many years. It so happened that the town in which he was living was subject to a violent outbreak against the colored residents of the place, and a mob resolved on expelling them. The banker in question was notified that his treasured colored cook would have to go. He expostulated, on the ground that Aunt Dinah was entirely harmless, and was, besides, an excellent cook.

The leader of the mob had but one

answer—she was colored, and must go. The banker was further advised that a delegation would visit his house on that afternoon, to see that the order of expulsion was carried out. He replied that he was quite satisfied with this arrangement. Providing himself with his Winchester and Aunt Dinah with a shotgun, and having barricaded his house, he awaited the mob's coming. They came, and were coldly advised that advance beyond a certain line would be met with certain death. They knew the banker was a noted hunter and a good shot, and decided not to take the risk. The mob retired, and the cook stayed put.

In telling about the matter, the banker said: "I don't give a whoop about the race question; but I do like a good dinner."

Banking Publicity

Special Section of The Bankers Magazine

FEBRUARY 1924

Art In Financial Advertising

By G. PRATHER KNAPP

Vice-President Bankers Service Corporation, New York

BANKERS are not noted for generosity on what may be called collateral advertising expense. They are sometimes liberal users of white space and printed matter, but it is only recently and only in exceptional cases that they spend as much on the illustration and general dress of their advertising as is spent by commercial concerns whose publicity appropriations are as small or smaller than theirs.

Fortunately, there is no reason to combat this position with argument, because its fallacy is shown by widespread and notable examples. In New York alone, the Guaranty Trust Company, the Equitable Trust Company, the National City Company, the Bankers Trust Company, the Chemical National Bank, are certainly examples of conservative success in finance, and every one of them is definitely committed to the policy of illustrated advertising matter. Some of them have used a quality of art as high as that to be seen in any commercial advertising in the country. And all of them seem to feel that art has a definite place in financial advertising.

It is only natural that it should have such a place, because it may be taken as an axiom that no man reads an advertisement which he does not first look at and that more people look at illustrated advertising than at advertising which is not illustrated.

Of course there are serious difficulties in the way of the banker who uses art in connection with his advertising.

His product is absolutely intangible. It cannot be seen and cannot even be described in a concrete way. More than that, it is different from the service offered by other banks only in the quality of the personalities behind it, and this quality can

(Continued on page 231)



Inconsistent Mr. Spenlow

Dickens knew a thing or two about human nature when he created this character

DO YOU remember Mr. Spenlow in David Copperfield? One day he discovers men who fail to make wills. But a few days later—Mr. Spenlow himself is dead and his friends, Mr. Jackson, Mr. Tiddy and David Copperfield, are going over his effects—looking for a will.

"We began the search at once," goes the story. "We had sorted up several packets and were all going on dutifully and quietly, when Mr. Jackson said, 'Mr. Spenlow was very difficult to move from the beaten track. You know what he was! I am disposed to think he had made no will.'"

"I think you are mistaken, and I, for no the very day when I last saw him, he told me that he had, and that his affairs were long since settled."

"Mr. Jackson and Mr. Tiddy shook their heads with one accord. 'That looks very unpromising,' said Tiddy."

"Very unpromising," said Mr. Jackson.

"Surely you don't doubt it, I begin."

"My good Mr. Copperfield," said Tiddy, "there is no subject on which men are so inconsistent, and so little to be trusted."

"It appeared a wonderful thing to me, but, indeed, it turned out that there was no will." He had never so much as thought of making one, so far as his papers afforded any guidance. . . . What was utterly less astonishing to me was that his affairs were in a most disorderly state. It was extremely difficult to make out what he owed, or what he paid, or of what he did possess."

Perhaps that seems like a long time ago—but the words are still full of Mr. Spenlow, as every reader knows. The hard, cold facts of the matter are that approximately 94 out of every 100 men die without having made a will!

Perhaps you have long been surrounded to this matter, but if you haven't you will consider this invitation to reduce the number of Mr. Spenlows in the world! It can be really done. Just two steps.

1. Have your lawyer draw your will. Because if you have no will, the law will step in, and settle up your affairs by inflexible rules, regardless of your wishes or the needs of your heirs.
 2. Appoint the bank as your Executor and Trustee of your estate and then be assured that your appointed trustee will be carried out and that your family will be protected against serious investment, bad management of money, or other unhappy financial circumstances. A group of specialists, experienced in legal and investment matters and chosen for their qualities of human consideration, will be at the disposal of your family, to help and to guide.
- Do please two things and you will live and the happiness—and be remembered more gratefully, than was Mr. Spenlow.

To meet the bill rolling we suggest you go to touch with our Trust Department either in person, by mail or phone. Rate 3 1/2%. Upon prefer, our representative will call upon you. This is a good time to do so!

TRUST DEPARTMENT
The Seaboard National Bank

Memphis Branch
715 BROADWAY

NEW YORK OFFICE
BROAD AND BEAVER STREETS

UPPER STREET
20 EAST 41ST STREET

An example of the archaic style in bank advertising. A drawing in imitation of the steel engravings or woodcuts used in the time of our grandfathers.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

FEBRUARY 1924

EIGHT hundred Illinois bankers are talking to 170,000 Illinois farmers through the medium of a three-year bank advertising campaign of a good-will and educational nature. The story of this campaign, its purpose, how it is being run, and how it is being financed, is told in an article in this issue of **BANKING PUBLICITY**.

Back of this campaign is a very helpful idea. It is by no means a new idea. Its value lies in its application along the proper lines. This idea is that the banker prospers as his clients prosper, and that all that he can do through the medium of public relations to help his clients prosper will have its reflection in his own prosperity. The idea is one that many bankers have talked a good deal about and thought a good deal about of late, but have not put into execution as often as they might have.

It is hard to make some bankers see the value of advertising, the results of which can't be put down in black and white. There are of course several good reasons for this. Lack of definite purpose or co-ordination in the prepara-

tion of good-will or educational advertising that they have tried themselves or have seen others try, is quite possibly responsible for the lack of confidence in the efficacy of these styles of advertising often evidenced on the part of bankers.

The results of this campaign which the bankers of Illinois have undertaken will be watched with interest. If it comes up to the expectations of most of the participants from the standpoint of results achieved, it will mark a distinct step forward in this phase of bank public relations activities.



THE radio is, without question, opening up a new avenue of financial publicity. The field of its usefulness takes, of course, two forms—receiving and broadcasting.

Whereas a receiving set is readily within the means of any bank, broadcasting, up to the present time, offers a very limited field to banks. Broadcasting should be done properly or not at all. To do it properly involves the possession, or the use, of a powerful station. In either case the expense is considerable, although vastly more, to be sure, in the latter instance. In the present stages of its development, broadcasting offers more of an opportunity to the large bank than it does to the small one. The opportunity which it offers is one of

prestige and good-will rather than direct revenue. It may be an indirect source of new business. It cannot well be a direct one.

A Cleveland bank, with a powerful broadcasting station of its own, has enjoyed a singular success with its use during the past year. This station furnishes a very complete financial news service daily to all business men, bankers and farmers within its reach. This service has been widely appreciated and commented on.

From the entertainment aspect, it is interesting to note that this bank is said to have received as many as 2000 complimentary letters following a single concert, some of them coming from such distant points as Los Angeles and Nova Scotia.



A MAN may stand in awe of something he does not understand. He may even respect it. But it does not follow that he will entertain any feeling of cordiality toward it.

The man in the street has no clear conception of the real function of banks. The banks themselves are largely responsible for this state of affairs.

So far as mass appeal is concerned, financial publicity is the mouthpiece of the bank. It can render articulate to the public at large more than any other medium that inanimate institution known as a bank. And it can mold public opinion.

Art In Financial Advertising

(Continued from page 229)

scarcely be described in words, much less in pictures. Last, financial advertising must, of its very nature, be infused with the character of conservatism. It is dangerous for bank advertising to be, or to attempt to be, funny, shocking or even extraordinary.

Even human-interest illustration in bank advertising must be guardedly used, because anything savoring of the dramatic, anything liable to shake public confidence, any crape hanging or calamity howling is likely to do more harm than good.

Within these limits, however, the bank probably needs art in its advertising more than any other institution, because bank advertising at bottom must be prestige copy. It must establish and maintain a dignified but distinctive institutional character. It cannot offer bargains or special inducements

"How Did They Get My Name?"



BEFORE her husband died her correspondence had been confined to social matters. For this reason she was greatly impressed when one morning she received in the mail a convincingly worded letter from a certain irresponsible promotion company offering her "an attractive investment."

"How did they get my name?" she wondered. "They must be very clever business men."

She was right. They were entirely too clever for a widow inexperienced in business. Before many months they had got practically all of this Detroit woman's fortune.

If her husband had left his estate in Trust for her with this responsible institution, she would not be "visiting" relatives today.

Putting property in Trust is a subject worth investigating. We have many facts which might interest you. Why not consult with one of our Trust officers? A few words with us today may save your heirs much regret and financial hardship later on.

Our booklet, "Little Life Stories From The Ledger," will be sent on request.

DETROIT TRUST COMPANY

Opposite Post Office

Detroit, Michigan

CAPITAL AND SURPLUS \$4,000,000

Safe deposit boxes for rent, \$4.00 a year and up
Detroit Trust Safe Deposit Company

An example of what may be called the heart interest class of illustration.

from day to day and must depend on attractiveness in form and manner if it is to make any sort of lasting impression.

The difficulty of doing this without illustration must be plain. All banks are very much alike; all money is exactly alike; and the practice of safe and conservative banking is so highly standardized that scarcely a single operation is performed in one bank that is not duplicated in all others of its class. The proper sort of art is one of the few things that can distinguish one bank's ad-

vertising from that of another.

As examples of the sort of art work that banks find attractive, I would call attention to three widely separated styles of illustration used in their advertising. The first and most popular may be called the architectural style of illustration, best done by such men as Andre Castaigne, Hugh Ferriss, J. M. Foster, and artists of that school. Its popularity with banks grew, of course, out of the old style of advertising in which the only illustration was a picture of the bank's building



What would this mean to your wife?

If you had left your wife a block of these bonds, would she understand the significance of this announcement, published in small type on the financial page of a newspaper?

Would she know that the bonds called would come to her income after the relation died? Would she know how to reinvest the money safely and profitably, if the owned stock of the called bonds?

Lack of experience in business and investments, and unfamiliarity with the language and customs of finance are costing money owners dearly. The man who merely bequeaths a considerable inheritance to his wife and children has not necessarily protected them from waste or worry.

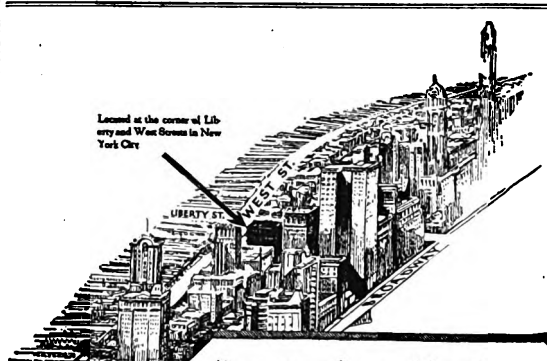
There is only one way to make certain that your provisions for your wife's comfort are carried out. That is by creating a trust which will secure for her the help and counsel of the officers of a trust company—one whose business it is to manage and conserve property for the benefit of the unbusinessed.

The trust officers of The Equitable will welcome an opportunity to discuss this with you.

THE EQUITABLE
TRUST COMPANY
OF NEW YORK
37 WALL STREET

LETTERS OFFICE
DETROIT DIV. OF N.Y.
NEW YORK
DETROIT DIV. OF N.Y.
DETROIT DIV. OF N.Y.

Another example of the heart interest style of illustration.



Located at the corner of Liberty and West Streets in New York City

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**

An example of the type of architectural illustration which shows the bank's surroundings in such a way as to stamp its location on the mind of the reader.

First came an effort to give this building artistic distinction and memorable quality through drawings, simply of the structure itself, which emphasized its distinctive features and carried the atmosphere of size, convenience and excellence. Extending the idea a little further, it was found possible to show the bank's surroundings in such a way that its location was stamped on the mind of the reader. Following this again, the location pictures were made to show the bank's close connection with the upbuilding of great cities and its quality as a public service institution. Banks are spending, and ought

to spend, very reasonable amounts in commissions to artists who can draw the sort of city picture which carries force, dignity, the public service quality and the thrill of big business.

Somewhat in a class with these architectural drawings are the industrial drawings by which banks feature their close connection with the financing of great public utilities and dominating industrial organizations. Andre Castaingé would have been at his best at this style of bank advertising.

Quite different from the architectural technique is the technique which has been at-

tractive to banks in what may be called historical advertising. This has been done in New York by the Bank of the Manhattan Company, the Chemical National Bank and the Bowery Savings Bank; in St. Louis by the Mississippi Valley Trust Company; in Milwaukee by the First Wisconsin Bank; in Chicago by the Illinois Merchants Banks.

Banks like to feature historical advertisements, either singly or in series, because they emphasize the bank's age and standing as evidences of its reliability, in the first place, and, in the second place, because they can be made to emphasize the bank's close connection with the upbuilding of an American community from small beginnings.

In this kind of advertising the popular technique has been a return to the archaic. Drawings have been made in imitation of the old time wood cuts or steel engravings of our grandfathers.

Another technique which has been used here and which I personally like better is the allegorical, which somewhat follows the lines of mural decoration. An interesting series of this kind was turned out for the Mississippi Valley Trust Company of St. Louis by Frank Nuderscher. They were done in black and white for newspaper reproduction and featured eight great epochs in the life of the Mississippi Valley. No archaism was attempted, but the mural-allegorical feeling was well carried out in all of them. The archaic technique in historical advertising is well exemplified here in New York by work which Sidney Fletcher has been doing for the Chemical National Bank.

The third class of art technique for banks and in some ways the best, is what may be called heart interest illustra-

tion. After all, the real reason for dealing with a bank is because it can protect the fruits of our minds and muscles; because it can guard the surplus accumulation which we have laid by for old age; because it can help us provide for the education of our children and the security of our families; because it can carry our love for our dear ones into a future beyond our lives by acting as executor and trustee under our wills.

All these are intensely human services. As the Bible puts it, "Where your treasure is, there will your heart be, also." It is in organized human service to these deep-set human needs that banks fill their best place in the community. It is by touching the hearts of their prospective customers that banks have their best hope for new business.

Hence a set of pictures featuring home women made an effective direct-by-mail series for the Illinois Trust and Savings Bank of Chicago. These pictures were drawn in pastel by Earl Christy, and a few of the titles will serve to indicate what they were like. One was "The Business Side of Hospitality," another, "Save for Her," and a third, "Wise Spending." Mr. Christy used his wife, sister and little son as models, and succeeded in emphasizing the home instinct, which really underlies most bank relations, very happily.

The mainspring of human interest copy for savings departments lies in advertising the withdrawal, rather than the deposit.

Indeed, the short circuit appeal which will create real desire for a bank account in the greatest number of minds must always be ultimately to the spending instinct. People do not save for the fun of it, because to most people there is no fun in it. They save with an



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 "jumbies", and it was surrounded with awe that each one of these dynamo-electric machines had a capacity of 125 horsepower—now the capacity of the modern dynamo is from 60,000 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, aided in 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-three 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 this 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 Bond Catalogue.

Harris, Forbes & Company
Five Street, Corner William, New York

Harris, Forbes & Company Investment Bonds	Harris, Forbes & Company Insurance Bonds	Harris, Forbes & Company Real Estate Bonds
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The industrial type of illustration by which an investment banking house shows its close connection with the financing of great public utilities and industrial organizations.

object in view based on the use of money, rather than the mere possession of it.

One of the early examples of this policy in savings advertising showed itself in a series published some time ago by the Mississippi Valley Trust Company in St. Louis, and illustrated with human interest art by Frank Nuderscher. Here were a few of the titles: "When Mary Finds a Bargain," "When Your Ship Comes In," "When You Change Jobs," "When the

Red Gods Call," and "When You Dress the Tree."

More recently Gordon Grant has done a series of oils for the Chatham and Phenix National Bank of New York, which were used in illustrating a series of folders for their trust department. Each one of these pictures was intended to illustrate a very human situation. One showed the presentation of a will in court. Another showed a tremulous old lady trying to discuss investments with a bond

man. Another illustrated the possibility of providing for a daughter's future by showing a shrewd and substantial business man leading his blooming daughter to the altar.

In black and white advertisements, the Equitable Trust Company of New York has been effectively aided by human-interest illustrations from the pen of Frank Goodwin. These show successful business men at their desks, happy families leaving for

journeys to Europe, husbands talking over business matters with their wives, widows living comfortably on remittances sent them by their trustee, and scenes of that character.

Frankly, I feel that all three styles of advertising art can be used, and will be used, much more widely by banks in the future than they have been in the past, and that banks will tend to be more and more liberal in connection with the art end of their advertising.



Illinois Bankers' Campaign

By CLIFFORD GREGORY
Editor *Prairie Farmer*

A REMARKABLE campaign of good-will educational bank advertising is being conducted by Illinois bankers. More than 800 of the leading bankers of the prairie state have subscribed a fund of \$40,000, which is financing a three-year advertising campaign in *Prairie Farmer*, a leading weekly farm journal of the middle west.

The purpose of this campaign is to tell the story of banking to farmers, to educate them to adopt better business methods, and to get them to make more liberal use of their banks as business service stations.

Much of the farmer's troubles during the past three years, in the opinion of these Illinois bankers, was caused by unwise business practices during the prosperous years of 1918 and 1919. During those two years Illinois farmers "invested" more than \$100,000,000 in blue-sky paper. Many of them borrowed unwisely and too heavily to buy high-priced land. Much money that should have been wisely invested was spent for unnecessary purposes.

Now that farm prosperity is again in sight, these Illinois bankers hope to avoid a repeti-

tion of these mistakes by the story of sound business methods which they are telling to 170,000

farmers each week through *Prairie Farmer*.

The keynote of the campaign is expressed as follows in the first page advertisement of the series, published November 3:

Farmers and bankers have many things in common. We must face hard times and good times together. We cannot prosper without you, and we do not believe you can prosper without us. We ought to understand each other's problems better. You know farming. We know business. We believe that our knowledge of business can be made more helpful to you. We want to see farming in Illinois made more profitable. We want to do our part to make it more profitable.

We want you to keep your funds in our banks, where the money will be in circulation, where it will be safe, and where you can get it again whenever you want it. We want you to know the advantage of paying your bills by check. We want you to understand about financial statements as a basis of credit, about



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We want you to keep your funds in our banks, where the money will be in circulation, where it will be safe, and where you can get it again whenever you want it. We want you to know the advantage of paying your bills by check. We want you to understand about financial statements as a basis of credit, about time deposits and savings accounts, about bonds and investments.

Talk over your business problems with us. We are always glad to see you, and to help you in any way that we can.

This is the first of a series of advertisements in *Prairie Farmer*, in which our own editors will tell you about the many ways in which you can get the most out of your bank. We want you to know the advantage of paying your bills by check. We want you to understand about financial statements as a basis of credit, about time deposits and savings accounts, about bonds and investments.



Look for this sign in your bank window. It is a sign of a bank that is true to the welfare of its Illinois farmers.

The Bankers of Illinois



The first advertisement of the good-will educational bank advertising campaign which the bankers of Illinois are conducting.

time deposits and savings accounts, about bonds and investments.

Talk over your business problems with us. We are always glad to see you, and to help you in any way that we can.

During the remainder of November the advertising dealt with the importance of every farmer having a checking account. Training the children to systematic saving by giving them a bank account of their own was the theme of the December copy. During January the advertisements dealt with the subject of building up and maintaining credit.

The February advertising deals with the importance to the farmer of furnishing his banker with regular financial statements. Illinois bankers, with the help of the Illinois Bankers Association, are making a special effort to secure regular financial statements from all farmer customers. They have found this a difficult task, but they expect the publicity given in these advertisements to make it possible of accomplishment.

This plan for a state-wide bank publicity campaign was originated by *Prairie Farmer*, which has been a leader in many movements for the betterment of Illinois business and agriculture during the eighty-three years of its existence.

In addition to the advertising in this paper, each bank is furnished weekly with exclusive "tie-up" copy covering the same points, for use in local newspapers. This service, which is being widely used, adds much to the effectiveness of the campaign. Each banker is also furnished with an aluminum trade mark sign which is hung in the bank. A cut of this sign is used as a trade mark in all advertising copy, all of which is prepared under the direction and O. K'd by a committee of representative Illinois bankers.

Bankers everywhere are watching the progress of this

Who's Who in Bank Advertising



R. E. WRIGHT

Manager commercial service department of the First Wisconsin National Bank of Milwaukee, Wis.

DURING the three and one-half years Mr. Wright has been with the First Wisconsin, the advertising and business extension activities of that institution have been systematized and put on a budget basis. The First Wisconsin is confronted with the problem of conveying to the public the fact that even though large, it is nevertheless much interested in securing small savings accounts. The advertising and publicity work of the First Wisconsin during the past three years has been planned to spread this message. In addition to the usual newspaper, magazine and direct mail advertising, an extensive outdoor advertising campaign has been carried out and the use of motion picture advertising has been effectively developed. Mr. Wright came to the First Wisconsin from the advertising department of the Curtis Publishing Company office in Chicago. His experience has been varied. After leaving college he became assistant superintendent of the Wesley Memorial Hospital in Chicago. He left hospital service to go into public work, serving as assistant chief examiner of the Illinois State Civil Service Commission and chief examiner of the Civil Service Commissions in Minneapolis and in Milwaukee. For several years he acted as executive secretary of the Colorado Tax Payers' Protective League of Denver, directed the installation of the new city and county accounting system and supervised surveys of the Denver school system and the state government of Colorado.

Illinois publicity campaign with great interest. The expense, which is only \$50 to each banker, is small, and the results are

so apparent that already bankers and farm papers in many other states are considering attempting a similar campaign.

counted, for it comes from a disinterested newspaper. We get good space, our name is before the public more frequently than we could afford to put it there with paid advertising, and best of all, this publicity doesn't cost us anything."

What's Your Newspaper For?

By W. E. WALKER

Assistant Vice-President First National Bank, Madison, Wis.

WHAT'S YOUR newspaper for? Your answer will probably be, "To publish the news."

And what news is your paper anxious to publish? Naturally, news that interests people.

What news are people interested in? Nothing is more interesting to the American people than the subject of money.

Therefore the bank—the center of the financial transactions of the community and headquarters for money—should be a news center as well.

But as a general proposition, is the bank a news center? About the only time the average bank in the medium sized city breaks into print is when it is robbed or goes into bankruptcy. The cub reporter passes the stone structure with collar turned up and eyes glued to the ground, never suspecting that there's a live story inside. Even to the run of editors, the bank is about as profitable a source of news as a solitaire tournament.


Of course, a bank's advertising should constitute the news of the bank. But there is no reason why a certain amount of the more important bank news of general interest should not appear in the news columns of the papers. If that news can be made interesting enough, spiced up a bit with human-interest material and written with a newspaper swing, most of the smaller and many of the big city dailies would be glad to publish this material in their news columns without charge.

Discussing this feature of bank publicity recently, a bank

officer said, "We feel that our bank news which appears in the news columns is read by more people than our advertising. Then, too, its value is not dis-

Banks have been so backward about getting into print that the great majority of banks can well afford to adopt a more aggressive policy in the way of securing newspaper publicity.

In the case of an average bank, the adoption of this pol-



Thinking men, who have made a life study of saving methods, recommend the Fletcher Assured Savings Account—because it conforms to all the basic principles of a sound savings account—plus protection to your family if you die.

\$1,000 Sure—Live or Die

FOR THREE years the Fletcher Savings and Trust Company has been studying and investigating to determine upon a savings account that would not only assist you in saving, but would also furnish protection for your family in case of your death. The Fletcher Assured Savings Account is the result of this study. It is offered to you with our recommendation because we are convinced that it is an excellent combination of saving for yourself and protection for your family.

Fletcher Assured Savings Account

Is a method of providing \$1,000 for yourself, or if you die, \$1,000 for your family. The plan is simple. You deposit a certain sum each month according to your age—this amount at the highest age is \$8.10. At the end of 120 months you will receive from us \$1,000 in cash. If you die in the meantime, your family will receive at your death \$1,000 in cash.

This is possible by reason of a contract between us and the American Central Life Insurance Company of Indianapolis, a strong legal reserve company. If you do not live to complete the plan, the insurance company will pay us a sum which, added to your account, makes the \$1,000, which is paid at once to your wife, children, husband, parents or whomever you have named as beneficiary.

After you have made your first deposit we arrange with the physician of the insurance company to make a modified physical examination. Either men or women may secure this combination of Saving and Protection in multiples of \$1,000.

All that is necessary on your part is to make your deposits regularly each month.

You may stop depositing at any time and withdraw in full, but not in part, the amount to the credit of your account, including interest. This plan affords an easy, systematic method of saving and assures reaching a definite goal, whether you live or die.

Telephone MA in 3265 for a copy of our booklet, "F1,000 for You or Your Family."


Fletcher Savings and Trust Company

NORTHWEST CORNER MARKET AND PENNSYLVANIA STREETS

Branches and Affiliated Banks	
2123 East Tenth	7245 North Tenth
1223 Oliver Avenue	1541 North Illinois
3912 East Washington	1533 Somerset Avenue
491 West Washington	528 East Washington

A savings plan advertisement. The layout and typographical arrangement are rather confusing and apt to distract the reader's mind from any given point of concentration. The copy is well written. But there is too much of it, and it is poorly arranged.

Have you ever thought of your home banker in *this* way?

 NCE in a while almost every man feels that he would like to have someone with whom he could talk frankly about his business. An outsider with a broad vision. Unprejudiced—and trustworthy.

Perhaps it has never occurred to you that your home banker is just such a man.

You know, of course, that he comes in contact with many different lines of activity. But has it ever occurred to you that, from his knowledge of other businesses, he may be able to give you just the idea that will help yours?

You will find the officers of your home bank just about the most *accessible* business men you know.

Make it a point to talk things over with your home banker regularly. Accepting deposits and lending money are only two of his functions. He can help you in many ways.

Not the least of his services is his ability to execute your banking business in New York.

THE FARMERS' LOAN AND TRUST COMPANY

16-22 WILLIAM STREET

Fifth Ave. Office, 475 Fifth Ave.

NEW YORK

CHARTERED IN 1828

"FOR THE PURPOSE OF ACCOMMODATING
THE CITIZENS OF THE STATE"

Constructive good will copy of an educational nature. One of a series of such advertisements run by this bank in "The Saturday Evening Post."

is written and placed in the basket of the city editor, all edited and written on regular copy paper. Such a publication might consist of a savings pamphlet or a booklet on will making. If many requests are received by the bank, that very fact might be made the subject of another item. Many instances are known where such stories were more effective than paid advertisements on the same subjects.

The banker who is seeking more publicity for his bank will

watch the various circulars, pamphlets and market letters that come to his desk, for material which might be interesting and used locally as newspaper stories.

When bond information of general interest should be distributed it is well for the banker to see that this information emanates from his bank. When a bankers' association bulletin warns of the operation of certain fly-by-night schemes in the state, the live banker will see that a story on this subject is

given the newspapers by his bank.

From time to time bank officers usually speak on banking subjects, on thrift or investments, before various groups. This offers not only another opportunity for more bank publicity in the news columns, but opportunity to tell the community many things about banking, about thrift, about investments or any other subject that the officer has discussed in his talk.

The election of bank officers, employees' new business contests, bird house contests, flower or grain contests, various new business campaigns, banker-farmer co-operative movements, the installation of new systems, a new vault or a new burglar alarm, the announcement of Saturday afternoons off for employees, the naming of the bank as depository from some relief drive, monthly get-togethers of employees and many similar events all are examples of the more common subjects for news stories. And any banker can add many other subjects to this list from his own experience.

There are other sources of material for local newspaper publicity, in addition, that are rather out of the class of regular news.

One of these forms of publicity has to do with feature stories on banking. Material for such stories is plentiful. It is usually interesting to the average reader and welcomed by the busy reporter.

A story of such nature might consist of an interesting feature concerning the fact that the dollar-hunting American public in many parts of the country refuses to accept the American silver dollar when it is tendered through the teller's window. This story might appear in the form of an interview with the teller himself, or with an officer of the bank.

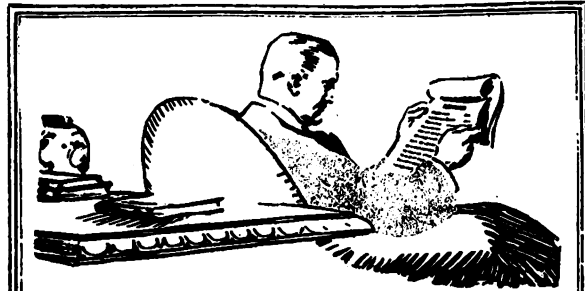
Then there's the teller's means of checking up forgeries and counterfeit money, material which can be woven into as good a feature as a second-rate murder mystery.

Is the two-dollar bill in bad repute? This is a question that can be discussed in an interesting manner in the form of an interview with some member of the organization. Perhaps the teller regards the two-dollar bill as a nuisance. Perhaps it is frequently mistaken for a one or a five. When these questions occur, ask the men who are in a position to know and embody their opinions in the story, always seeing to it, of course, that the name of the bank receives proper mention and that the story helps create a favorable impression of the institution.

If the bank gives out new money, this fact is worth featuring. Women are always the subjects of interesting things, and a story on how they invest their savings—whether they are conservative or ready to take a chance—is always timely and acceptable.

It is good policy for the banker to be helpful to the reporters on whom he relies to a large extent for the publication of his material. The reporter will appreciate a tip on a news story that has no relation to banking, and if the banker puts him on the trail of a live "scoop," rest assured that he will not forget. Give him little stories concerning not only the bank and its work, but other activities, give him these stories frequently enough, and he will soon make the bank a regular stop for news on his daily "beat" around town.

Many banks also publish a weekly market story in the local paper as another form of helpful, free publicity. An aim is usually made in these stories to tie up the local with the national situation. Material on



The Financial Problem of Middle Age

—and a practical solution

NOT HOW MUCH he is earning, but how much he is putting away—*safely invested*—is the vital thing when a man "turns forty." Family expenses are usually growing heavier at this period. Some check on the outgo is necessary.

If a man has had the foresight to start early laying up for the future, he should not let his progress of accumulation lag in middle life—that is just when the momentum of a good habit should help him most. If he has not begun to accumulate at forty, it is time to start in earnest.

Either for the man who is a consistent bond buyer or the one who wants to be, the Halsey, Stuart & Co. Investment Plan offers a real stimulus to systematic financial progress. This plan, providing for the purchase of highest grade bonds on monthly payments, establishes a definite obligation to be met—sets a goal worth striving for. It makes accumulation more rapid for those who buy bonds only when they have a lump sum available. It gets results for those who otherwise find it difficult to make headway toward building a surplus.

Several thousand steady investors buy Halsey, Stuart & Co. bonds on this plan—making payments of from \$10 to \$1,000 per month.

WHAT amounts must be invested monthly to accomplish a desired result?

HOW much of a given income should be available for systematic investment?



THESE are practical questions answered by charts and a Plan Sheet in our booklet, "A Sure Road to Financial Independence." This book presents a complete and practical treatment of the subject of financial progress. You will feel repaid for reading it. We are glad to send it, with no obligation.

Write for booklet 25E

HALSEY, STUART & CO.

14 Wall Street, New York. Phone Rector 6340

CHICAGO NEW YORK PHILADELPHIA BOSTON DETROIT MILWAUKEE ST. LOUIS MINNEAPOLIS

This advertisement has a good combination of headline and illustration. The copy, however, is rather long drawn out and not too well arranged.

national conditions may be secured from the many market letters that come to the banker's desk. And he can draw on his own experience and knowledge to depict accurately conditions in his own community.

Other bankers secure material from agricultural bulletins for timely stories on farming that are suitable for the news columns and readily ac-

ceptable by editors in agricultural communities—stories that do not preach to the farmer but which win his good will by giving him helpful, useful information on farming.

Not only do stories of this type bring the name of the bank to the attention of the community, for they are usually run under the name of the bank, but they drive home the fact



Take the Risk Out of Pay Day

WE TAKE pleasure in announcing that we have made arrangements for the delivery of pay rolls.

DELIVERY will be made in an armored auto truck, by experienced men, and will be fully insured.

THERE is no charge for this service. Talk with any of our officers about it.

THE Ninth Title & Trust Co. will also extend this free service to its customers.

THE NINTH NATIONAL BANK

FRONT AND NORRIS STREETS
PHILADELPHIA

The Bank of Service

A strong and concise presentation of a special service.
Good head-line and copy well arranged.

that the bank is in close touch with local and national conditions, and therefore the more capable of counseling with merchants and manufacturers on their business problems, as well as with individuals on investments and with farmers on farming. Such publicity tends to build up public confidence in the institution and, after all, that is the ultimate objective of most bank advertising.

The modern banker with the proper conception of his place in the community is partially, at least, responsible for the thriftiness of his community, for the safety of its investments, for the efficient use of its funds and for the progress of the community, and it is, therefore, a gospel of helpful-

ness and of progress that should be preached in this form of publicity.

How Banks Are Advertising

A TOTAL of 5448 accounts amounting to \$1,065,649 were secured by employees of the National Shawmut Bank of Boston in a forty days' campaign for new accounts, brought to a close in January. The campaign was conducted primarily to give impetus to the newly established savings department of the bank. A safe deposit campaign run at the same time brought in the rental of 191 new boxes at a total of \$2152. At the conclusion of the cam-

paign the employees were entertained by the bank at a dinner and were addressed by Alfred L. Aiken, chairman, and Walter S. Bucklin, president of the Shawmut.

THE CITY Bank Trust Company of Syracuse, N. Y., publishes two booklets covering the subject of a thrift plan which the bank has devised. The first of these booklets, entitled "The Ten Thousand Dollar Club," gives a thorough description of this plan in concise and readable form. The second booklet, "The Story of a Smile," tells the story of the club in the form of a human interest dialogue.

"INVESTMENT Service by a National Bank," a four page folder published by the National City Bank of Chicago, is an example of the helpfulness of good layout and typography in the presentation and description of bond offerings.



WOOLFORD JOINS PRINCE-WARK

Withers Woolford, formerly advertising manager of the Bank of America, New York, is now associated with the Prince-Wark Company, a direct-advertising service, as vice-president in charges of sales.

Mr. Woolford has long been prominently identified with financial advertising interests of New York City, his experience ranging from word of mouth salesmanship in new business departments through every phase of selling, advertising and publicity.



WALKER ADVANCES

W. E. WALKER, formerly director of new business of the First National Bank of Madison, Wis., has been made assistant vice-president of that institution.

Bank Advertising Exchange

IMPORTANT NOTICE

This list is being completely revised. All members are urged to correct their mailing lists accordingly. Names will remain on this list with the understanding that those listed are willing to exchange booklets, folders and other publicity matter as issued during the coming year. In order that the fullest measure of mutual helpfulness may be brought about in 1924, every member is urged to live up to this agreement conscientiously and to make a liberal distribution of advertising material.

- Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy.-treas.
- Berkeley, Cal., 1st Nat'l Bank, G. L. Pape, V. P.
- Boston, Mass., 1st Nat'l Bank, Brighton office, T. F. Megan, asst. manager.
- Boston, Mass., National Shawmut Bank.
- Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. vice-president.
- Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
- Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
- Brooklyn, N. Y., Williamsburgh Svgs. Bank, A. E. Leighton, adv. mgr.
- Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
- Buffalo, N. Y., Marine Tr. Co., Harold McDougal, asst. secy.
- Buffalo, N. Y., Peoples Bank, C. R. F. Wichenden, mgr. bus. extension dept.
- Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
- Camden, Ark., Merchants & Planters Bank, P. T. Hildebrand, cash.
- Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Auracher, adv. mgr.
- Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman, V. P.
- Charleston, W. Va., Kanawha Nat'l Bank, Lee S. Trimble, tr. officer.
- Chattanooga, Tenn., American Tr. & Bkg. Co., E. L. Smith, asst. cash.
- Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, asst. tr. off.
- Chicago, Ill., Bauder-Baker, 738 S. Michigan Ave., R. E. Bauder, pres.
- Chicago, Ill., Central Trust Co. of Ill., Louis W. Carboy, adv. mgr.
- Chicago, Ill., Liberty Tr. & Svgs. Bank, Milton Rosenthal, asst. cash.
- Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, secy.
- Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Houchling, V. P.
- Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
- Chicago, Ill., Union Tr. Co., P. L. Hardesty, pub. mgr.
- Chicago, Ill., Utility Securities Co., Paul A. Jenkins, adv. dept.
- 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., J. F. Coulston, chairman adv. com.
- 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. 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.
- 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. A. Rathbone, 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. 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.
- Lansing, Mich., Am. State Savings Bank, James H. Shepherd, mgr. new bus. dept.
- 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.
- Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, V. P.
- 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.
- 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., American Express Co., 65 Broadway, S. D. Malcolm, gen. mgr. adv.
- N. Y. C., American Union Bank, pub. mgr.
- N. Y. C., Bank of America, Ann M. Gurley.
- 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.
- N. Y. C., Mfg. Tr. Co., D. Lipsky.
- N. Y. C., Mechanics & Metals Nat'l Bank, S. J. Keator, adv. mgr.
- N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
- N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
- N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
- N. Y. C., The Manhattan Svgs. Institution, H. J. Molloy.
- N. Y. C., Trade Bank of N. Y., R. Stein.
- N. Y. C., Union Bank of Canada, A. G. Solater, adv. mgr.
- N. Y. C., Western Union Tele. Co., H. L. Hamilton, adv. mgr.
- Norfolk, Va., Seaboard Nat'l Bank, W. V. Cappe, 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.
- 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., Tradesmens 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. Slivter, 122 Dithridge St.
- Plainfield, N. J., The Plainfield Trust Co., Miss M. E. Schoffel.
- 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., Arthur J. Meyer, pub. mgr.
- San Antonio, Tex., Central Tr. Co., D. Ansley, V. P.
- San Antonio, Tex., City Nat'l Bank, H. M. Hart, V. P.
- San Francisco, Cal., 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. I. Waldron, director serv. dept.
- Scranton, Pa., 3rd Nat'l Bank, Theda A. Hoppe, mgr. new bus. dept.
- Shelbyville, Ill., 1st Nat'l Bank, J. C. Eber-spacher, V. P.
- Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
- Smithtown Branch, N. Y., Bank of Smithtown, J. A. Overton, cash.
- South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
- Spokane, Wash., Old Nat'l Bank-Union Tr. Co., A. F. Brunkow, pub. mgr.
- St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, pub. mgr.
- St. Louis, Mo., 1st Nat'l Bank in St. Louis, Frank Fuchs, pub. mgr.
- St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
- St. Louis, Mo., Mercantile Tr. Co., S. F. Judd, pub. mgr.
- St. Louis, Mo., Nat'l Bank of Commerce, W. B. Weisenburger, asst. to pres.
- Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
- Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Bize, pres.
- Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, asst. secy-treas.
- Toronto, Canada, Canadian Bank of Commerce, A. St. L. Trigge, secy.
- Toronto, Canada, H. J. Coon, 68 Farnham Ave.
- Trenton, N. J., Mechanics Nat'l Bank, C. E. Withers, tr. off. & pub. mgr.
- Tuscaloosa, Ala., City Nat'l Bank, S. F. Cla-baugh, V. P. & cash.
- Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
- Valdosta, Ga., Merchants Bank, A. F. Winn, Jr., V. P.
- Warren, Pa., Warren Nat'l Bk., R. W. Mackay, cash.
- Washington, D. C., Federal Nat'l Bank, John Poole, pres.
- Washington, D. C., Union Tr. Co. of D. C., W. S. Lyons, asst. secy.
- Washington, D. C., Washington Loan & Tr. Co., E. H. Thompson, pub. mgr.
- Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
- Wausau, Wis., Marathon Co. Bank, H. O. 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., Miners Bank, W. J. Ruff, cash.
- Wilkes-Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. pub. and new bus. dept.
- Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, pres.
- 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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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

A Four-Fold Service

Investment Securities

We offer complete facilities for investors in the purchase and sale of high-grade securities. Statistical information and investment suggestions furnished on request. Private wire connections with principal markets throughout the East.

Foreign Exchange

Drafts and cable transfers on foreign countries bought and sold at finest rates. Foreign and domestic collections on best terms.

Travelers Letters of Credit

Our well-known Travelers Letters of Credit will be found convenient for those who may now be planning Summer Travel. Payable through more than 3,000 correspondents in all parts of the world. Issued in dollars and in pounds sterling.

Commercial Letters of Credit

For nearly a century merchants have recognized these credits as a standard method of payment for shipments of merchandise to and from America. Issued in dollars, sterling or other currencies.

A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
London, E. C.

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

Every man owes three things to his bank

THE DEPOSITOR who wrote the following letter has given permission to publish it. Has the thought he expresses ever occurred to you? Do you agree with him?

THE EQUITABLE TRUST COMPANY
37 WALL STREET, NEW YORK

Gentlemen:

You have published many advertisements about your obligations to me as a depositor. I think it is time for one of your customers to write an advertisement about his obligations to you, his bank.

As I see it, I owe you three things—and money (at the moment, thank the Lord) is not one of them.

1 I owe it to you, as well as to myself, to maintain a good business reputation. To you because I expect you to demand this of your other depositors. If I have business dealings with a customer of the Equitable I assume that *because* he is an Equitable customer, he pays his bills, has regard to the sanctity of a contract, and is otherwise dependable. I cannot expect you to uphold this standard on the part of others, unless I do my personal share in upholding it.

2 I owe it to you to maintain a balance on which you can make a profit. I expect you to maintain convenient offices, which means high rents, high taxes and other expenses. I call on you for a variety of services, many of which were never thought of as a part of banking ten years ago. You cannot meet these expenses and render these services unless you are making money. If you make no money on me, then I am riding on the back of your other depositors. I don't want others riding on *my* back. I expect, therefore, *not* to ride, but to walk and to carry my share of your load.

3 I owe you an obligation to accept your decision cheerfully, if you sometime say "No." If you haven't the courage to say "No" many times a day, and stick to it, I don't want my money in your bank. I expect you to say "No" when you are invited to make speculative investments—because part of the money you invest is my money. I expect you to say "No" when you are asked to make questionable loans, or to pay too high a rate of interest, or to lend at too low a rate.

I want all the interest I can get; and all the accommodation I can get. But first of all I want to be dead sure that what money I have with you is *absolutely safe*. It can't be safe unless you are conservative. And any man or institution that is conservative must necessarily say "No" every day. If ever you say it to me, therefore, I owe it to you to believe that you are saying it because it is in the best interests of *all* your depositors of whom I am one.

New York, December 19, 1923.

This is a straight from the shoulder letter. We believe the spirit of fair-dealing which it represents is eminently characteristic of the customers of this bank. We are proud of this spirit and grateful for it. It has been a very big factor in The Equitable's success.

THE EQUITABLE TRUST COMPANY OF NEW YORK

FOREIGN OFFICES

London: 10 Moorgate, E. C. 2
Bush House, Aldwych, W. C. 2

Paris: 23 Rue de la Paix

Mexico City: 48 Calle de Capuchinas

37 Wall Street



DISTRICT REPRESENTATIVES

Philadelphia: Land Title Building

Baltimore: Calvert and Redwood Sts.

Chicago: 105 South La Salle St.

San Francisco: 485 California St.

UPTOWN OFFICE
Madison Ave. at 45th St.

IMPORTERS AND TRADERS OFFICE
247 Broadway

COLONIAL OFFICE
222 Broadway

French Opinion and American Aloofness

The Central Problem of Europe

By Marc de Valette

[This article gives the viewpoint of an individual Frenchman, well known in French financial circles, on the attitude of the French public toward the position which the United States has taken toward Europe since 1918.—THE EDITOR.]

ONE of the greatest deceptions of France, since the Armistice, has been the fact that the United States has adopted and pursued a policy of non-intervention in European affairs, and especially in France. First, the treaty of peace, which, to a great extent, was the work of President Wilson, was not ratified, with the consequence that there is no official representative of the States at the Reparations Commission; second, France was left alone to fight alike the English and the Germans in the enforcement of the Treaty; third, the Fordney-MacCumber tariff isolates France further from America at a time when our indebtedness to America—even apart from war debts—makes it imperative that we should increase our exports to the United States.

This deception has been intensified, coming as it did, after the splendid and decisive participation of America in the World War. It found expression in the following terms: "The Americans helped splendidly in winning the war, why do they not help in winning the peace?"

CRITICISM WITHOUT BITTERNESS

I must add, however, that in such expression of our feelings, which necessarily implies some criticism, there is not the slightest touch of bitterness: the absolute disinterestedness of America in the European war is not even questioned. We know that the Americans joined the Allies for no selfish purposes beyond self-defense; we know through the press, that they entertain friendly feelings toward France; we know that they have repeatedly tried to adopt the

French point of view, in such vital matters as the reparations and the Ruhr; we are fully aware that they do not exert undue pressure as regards the settlement of war debts; finally, we live in Paris with a great many Americans who all of them are friendly to France, create about them a most sympathetic atmosphere, and like to show, eventually with a check, or with some other practical method, that they really love France.

All these little facts reveal the soul of a nation and are fully appreciated by the French, and it would be entirely erroneous to say that the latter have been estranged from the Americans, or entertain the slightest feeling of bitterness on account of their national, or rather international, policy, and when the Americans say "my country first," we like to hear them, and we heartily approve them.

It is unfortunate, however, that often even the best friends do not fully understand each other, whilst they have the same purpose. We have repeatedly heard, through the press and perhaps through semi-official addresses, that France should first of all introduce a radical change in her policy: 1, by making peace, a real peace, since the war is over; 2, by putting her house in order, and balancing her budget; 3, by disarming. It seems incredible that it should be necessary to say or to prove that this threefold purpose is precisely what France is desperately struggling to attain amidst a world of difficulties. There are many Americans, however, who do not believe so, and for their benefit, I must recall to their memory a few simple facts.

WHY IS THERE NO REAL PEACE?

If there is no real peace in Europe is it because France has refused to join

all sorts of conferences to which she has been invited, on the initiative of the British Government? Is it true to say that in each of these conferences she has not abandoned a substantial part of her claims under the Treaty of Versailles? Was it France who encouraged the Greeks to engage in another war with the Turks? Has Germany ever admitted that she had been defeated? That she had to make a settlement with France, or even with the Allies? None of these questions requires an answer, because everybody who is fair and likes fair play, knows how to answer them, if only he has the slightest interest in international affairs. The Germans have never admitted that they had lost their favorite game, which is the war, and there lies the crucial point of the whole matter; there is no peace on the European continent because the Germans do not want it.

It is needless to say that they have been encouraged in their active or passive resistance by some of our allies. It is a fact that the latter have not yet been able, even after more than a hundred years of peace, to awake from their Napoleonic nightmare; they always think, in their subconsciousness, that the French want to conquer Italy, Spain, the Rhineland, Holland, and invade England; they do not seem to make a difference between the imperialistic France of Napoleon and the democratic France of today. The real truth is that France is passionately attached to peace, because she wants to work and pay her debts, and to dedicate the best of her powers to the service of science and humanity.

DESPERATE EFFORT TO BALANCE BUDGET

When the Americans give us the excellent advice "to put our house in order, and to balance our budget," they certainly do not know how desperately we are trying to do so. They seem entirely to forget that ten of the richest "departments" in the country have been destroyed by the Germans, which means that the best and most important source

of taxes and of public revenue was non-existent during the war and for three or four years after the war; that in spite of such handicap, the French pay in taxes of all sorts four times the amount which they paid before the war (about 24,000,000,000 francs instead of 6,000,000,000). They forget that the reconstruction of the devastated provinces has already swallowed 100,000,000,000 francs, which to the last franc have been lent to the Government exclusively out of French savings. This huge debt has been created after the war, for reconstruction only, while practically none of the other belligerent nations had such immense work to undertake, and could really proceed to "put their house in order."

As regards public expenses which could not and cannot possibly be postponed, France is the only nation which, since 1914, has been, without interruption, submitted to the most terrific pressure. In spite of that, all charges of a permanent nature, and especially the interest on the public debt, consolidated or otherwise, are incorporated in the regular annual budget; the only class of public expenditure which is not incorporated in the regular annual budget consists of the expenses necessitated by the reconstruction of the devastated provinces. How could it be otherwise? Would it be reasonable to enter these expenses into a regular and annual account? Can they possibly be met out of regular public income? If not, is it fair to say, as it has been repeatedly stated in the foreign press, that there is a huge deficit in the French budget?

PAYMENTS TO FOREIGN COUNTRIES

Besides internal expenses of such exceptional nature, the French Treasury had to make since the Armistice considerable payments to foreign countries: it was officially stated on December 16, 1923, by the Minister of Finances, at the Chamber of Deputies, that "we have paid all we owed to Switzerland and Spain, and we have made payments to the United States and Japan. The

figures are eloquent. In 1920, we repaid 5,136,000,000 francs; in 1921, 5,068,000,000; in 1922, 2,088,000,000; in 1923 up to date, 1,100,000,000. In all about 13,000,000,000 francs, of which 10,000,000,000 went to foreign countries, and 3,000,000,000 to the Bank of France. These are facts which prove the absolute determination of France to keep her engagements and honor her signature."

Fortunately, these immense efforts are known and appreciated in some of the best financial circles in America. At the convention of the American Bankers Association, held at Los Angeles in October 1921, Alexander D. Noyes called the attention of his distinguished audience to some pertinent facts about France, stating: " Precisely as France performed the astonishing feat of turning a 13,000,000 import trade balance into an export balance of 400,000,000, so it is France again which has shown the world how a solvent government can handle an inflated currency if it has made up its mind to do so. The paper money issues of the Bank of France, which were 6,600,000,000 francs at the beginning of the war, got up to 39,600,000,000 in November 1920. From that high figure the paper money has been reduced no less than 2,700,000,000 francs within ten months. Considering how gradual the process of currency deflation always has been in the past, this is a very remarkable achievement. It has been effected in precisely the way which economic experience prescribes and it has been done with more courage than that with which even our own specie resumption of 1879 was effected. . . . Is it either fair or correct to assert that France is making no headway in solving the problem of economic reconstruction when we have before our eyes so notable a chapter of financial history?"

RECONSTRUCTION EXPENSE

There is a further amount of 40,000,000,000 of francs to spend for reconstruction. As France receives no help

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from any foreign money market whatever, these 40,000,000,000 will have to be borrowed from the French saving classes. I have not the slightest doubt that the money will be forthcoming; the interest charges will be added to the budget, and new taxes in one form or another will be created to meet these charges. In the course of 1926, that is to say within three years, all the devastated provinces of France will be reconstructed. I will not try to explain what tremendous effort is implied in such achievement from the physical, financial and moral point of view. Only the people who have seen the devastated regions can imagine what the devastation was; and I know that many Americans have seen them.

In such circumstances French public opinion may be expressed as follows: "After the war we had a tremendous task to achieve. Nobody helped us to



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enforce the Treaty of Versailles as regards reparations; nobody helped us financially; we have been accused of spending money recklessly; nobody seems to have understood what the problem of reparations meant. Even our best friends, the Americans, forgot us and left us alone. We had financed them in better times, when we were rich, and helped them to build their railroads; we financed in fact every public enterprise for which help was required from us. Why did they not help us in financing the reparations to a certain extent? Have they lost confidence in the credit of France?"

It would be very hard for the French to believe so, when they are desperately struggling to maintain their national credit. When the reconstruction work is completed, that is to say when France has to bear the charges of an additional debt which is estimated, as I have said, at 40,000,000,000 francs, the paying capacity of the taxpayer may prove not to have been exceeded. But there is no doubt that the taxes will be extremely heavy. Then the question will be whether we are to bear such intolerable burdens forever, or whether Germany will refund part of the expenses which we have incurred on her account. Germany has practically no internal and no external debt. She will certainly be able to pay something. At present, the United States does not appear to be interested in any scheme which might make a mobilization of the German debt, on account of reparations, possible and practical. Is it too much to hope that one day, not too far distant, they will consider on a business basis, the financing—even though retrospectively—of one of the greatest enterprises of modern times, I mean the reconstruction of our devastated provinces? No one can tell what immense benefit would result for both countries, and very likely for the whole world, if a more normal exchange were re-established between France and America, and if the resumption of an active international trade allowed these two



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America's Responsibility for European Conditions

(From the London "Bankers Magazine")

THAT America did much during the final year of the war to hasten its conclusion, we know, but her slowness in entering the arena is a matter of history, while the part played by her in the settlement after the war has undoubtedly a close connection with the unsettled state of Europe ever since. If with the firing of the last shot America had declared her intention of taking no part in the peace arrangements, and had

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announced her determination to stand completely aloof from Europe, those who met at Paris would at least have been able to frame a treaty accordingly. Instead, however, France was led to believe that as a security against any future aggression by Germany she would have Great Britain and the United States standing in agreement behind her, and, indeed, it was hoped that such an arrangement would be but part of a still larger League of Nations prepared to guarantee the peace of the world for many a year to come. Some such development was necessary for the financial rehabilitation of every country in Europe, not excluding Germany herself. As a matter of fact, however, we know that America turned down its President, and almost from that moment the effectiveness of the peace treaty was destroyed, largely because it was impossible to obtain the necessary sense of security without America entering

into the compact. Even as regards the controversial point of the amount of the Reparation payments themselves it would have been infinitely easier to have shown leniency to Germany if the feeling of international peace and security had been obtained, and if, as a consequence, a revival in financial confidence had commenced. Apart, however, from the question of firmly maintaining—as, of course, she had a perfect right to do—the status of her position as chief creditor, the United States washed her hands not only of her former President, but of the whole European situation. As a consequence in part of this attitude of America, although it is now five years since the Armistice, we are still without a sense either of peace or security in Europe, and the chaotic exchanges and the abnormal conditions as regards international trade are but the outward expression of political confusion and unrest.



Three Quarters of a Century of Success

The Jubilee of the Banca Marmorosch, Blank & Co., S. A., and of Mauriciu Blank

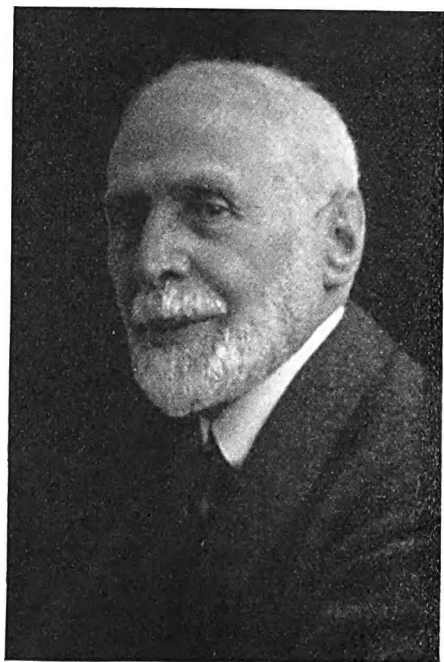
IN October, 1928, the oldest and best known Roumanian bank, the Banca Marmorosch, Blank & Co., celebrated the jubilee of its seventy-fifth year. What, however, made the festival of still greater interest is that at the same time the institution's guiding spirit during the last fifty years, Mauriciu Blank, reached his seventy-fifth year in life and so, most appropriately, his anniversary was also celebrated at this occasion.

From a capital of Lei 30,000 with which it was founded, the bank passed through various increases of capital, having now a capital of Lei 125,000,000, and Lei 180,000,000 reserve.

From the early existence of the institution its program was closely allied with the economic development of the

country. Under the farseeing and prudent guidance of Mauriciu Blank, who is neither timorous nor overconfident, the resources of the bank were at first directed toward the steady progress of agricultural enterprise, both with regard to cultivation of the soil and procuring of necessary implements as well as creating the means for transportation. To the building of some of the important railways, of which the Buzau-Marasesti in 1879 was the first one built entirely with Roumanian capital and by Roumanian engineers, to the perforation of the first tunnel, Barbosi-Galati, as well as other important public enterprises, the Bank Marmorosch, Blank & Co. contributed materially.

When later, as a result of extraordinary drought, the crisis of 1899 in-



MAURICIU BLANK

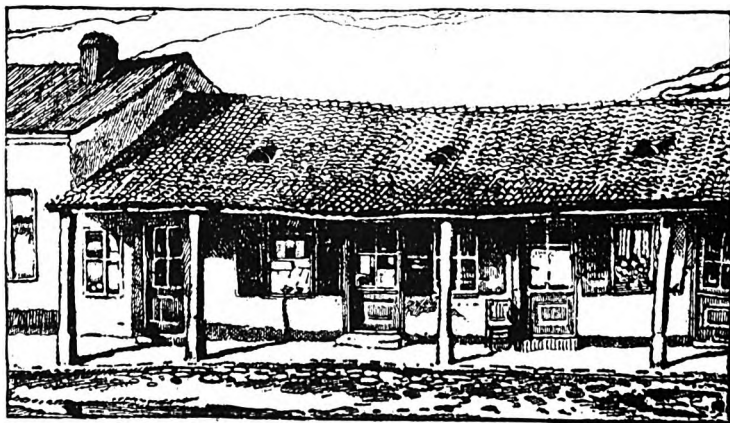
Director general of the Banca Marmorosch,
Blank & Co.

tervened, Mauriciu Blank strengthened in his belief of the need of diversifying the sources of production of the coun-

bank is directly—through its creation, the Banca Industrială—interested in oil and mining enterprises, textile enterprises, food-products industries, sugar refineries, mechanical industries, building trades, printing, publishing and paper industries, timber industries, leather industries and various other enterprises like glass, chemical, metal, wireless, insurance, water and aerial navigation, etc.

The festivals of the jubilee were seized upon as an occasion to bring homage to the man who planned and fostered all these nuclei of economic development to the simultaneous advantage of the country at large and of the institution he directed, making the bank the point of origin for the financial needs of these enterprises, in large measure through internal resources and, when necessary, attracting to the institution from time to time, until the outbreak of the World War, French, German, Austrian and Hungarian capital.

Hardly ever was a state or municipal internal or external loan floated in which the bank did not take a large share, and when the "National Loan" in 1916 was called, the bank was second after the National Bank of Roumania



The first quarters of the Banca Marmorosch, Blank & Co. in 1848

try and increased the bank's activity in the channels of industry. Soon, under his leadership, a large number of industries were created until today the

in the proportion of participation to the loan. To the financial needs of the country after the war the bank responded also in generous manner.



Partial view of the present quarters of the Banca Marmorosch, Blank & Co.] :

This fixed policy of the bank was due to the fact that Mauriciu Blank considered the duty of the institution to be just as important to the country as to the stockholders. He had great faith in the value of the country's inherent wealth.

Mauriciu Blank is one of those who contribute quietly and unostentatiously in large measure to the needy—giving is one of his chief pleasures. His gifts are as generous for cultural purposes as for charities. An instance of this is the establishing in New York of the Roumanian Educational Bureau at 31 Broadway, for the purpose of founding Roumanian libraries throughout the United States in the various Roumanian centers and to furnish Roumanian literature to American cultural institu-

tions. The tribute of the Roumanians in America who benefited by Mauriciu Blank's gift for libraries was presented to him at the occasion of the jubilee in an ornate volume compiled by Prof. Feraru of Columbia University, who is the director of the Roumanian Educational Bureau.

Testimony of the honor in which Mauriciu Blank was held by the business and financial community was given by delegations who waited upon him, representing the Chamber of Commerce and the Stock Exchange of Roumania, of which he is president. They tendered him a medal to commemorate the jubilee.

It is characteristic of the man's modesty that in spite of his great qualities and attainments he never strove nor

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permitted himself to be pushed to the foreground. When at the time of his political prime Ion Bratianu, one of the foremost statesmen of Roumania, tempted Mauriciu Blank to enter parliament and thus to embark upon a political career, he declined with thanks, preferring to devote himself to the needs of the country in his own way—the one of economic achievements. The only public office he has ever accepted was that which he now holds of president of the Stock Exchange.



Great Britain

IMPROVED TONE OF BRITISH BUSINESS

In spite of the check on trade in December due to the election, British business as a whole continued to improve. Coal exports, steel output, ship clearances, bank clearings, building plans, all increased for the month and unemployment decreased. The decrease for the year 1923 was 348,778. Moreover, certain leading industries entered the new year with large volumes of orders and with more in sight. British business circles are much encouraged by the fact that these favorable tendencies developed in spite of the adverse conditions on the Continent.

BANK CLEARINGS FOR 1923

That the improvement in trade was a development of the latter part of the

year 1923, however, is shown by the statement of bank clearings which indicate a decrease of 1.4 per cent. in comparison with 1922. The report of the London Bankers' Clearing House points out that this decrease in the total "reflects not only stagnant trade conditions but also a curtailment of financial transactions in several directions. For the first three-quarters of 1923 new issues were on a greatly reduced scale as compared with 1922, while the financial operations of the government have not involved so great a turnover of money as in the previous year. . . . An analysis of the figures, quarter by quarter, shows that there were decreases in the grand total in the first three quarters of 3.5, 1.7 and 5.4 per cent. respectively, and an increase of 5.2 per cent. in the final quarter. The increase shown in the last three months, coupled with other developments, such as the increase in bank deposits, in commodity prices, and in the volume of currency notes and commercial bills in circulation, confirms the impression, which has been rapidly gaining ground during recent weeks, that trade is very definitely on the mend."

LABOR RULE AND BUSINESS

English home politics are described as being in a melting pot and it is predicted by the financial editor of the *London Morning Post*, that in the end two parties will emerge, Labor absorbing the extreme radicals, and the moderate Conservative party absorbing the

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moderate Liberals. "Meanwhile," this authority predicts, "these evolutions necessarily will be accompanied by a prolonged period of uncertainties detrimental to financial activities." There was a measure of relief experienced by the financial world when Ramsay Macdonald, in his speech to the Labor group, made a restrained and cautious announcement of Labor's intentions. *The New York Evening Post* in its editorial comment on Mr. Macdonald's speech said:

With a soft answer he strove to turn aside the dread that has gripped British finance and business. If the pound sterling flees, he said, it is not because Labor pursueth. Labor intends nothing but peace, both at home and abroad. At home, unemployment distress is to be ameliorated; abroad, the firebrands of war are to be extinguished.

It is not what Labor intends to do, however, that worries a majority of the people of Great Britain; it is how Labor intends to do it. Capital levies and nationalization of industries are dangerous economic ex-

periments from which they shrink with well-founded suspicion.

The reported flight of capital in order to escape the rough hand of Labor is minimized by financial experts in London. Such movement of capital as has taken place is said to be confined strictly to three classes: certain foreigners who fear not only socialism but also the investigation into German credits held in London; secondly, a few wealthy individuals who are exchanging British holdings for foreign securities and, thirdly, a group who are mixing their investments more freely.

The continued weakness of sterling is attributed not only to nervousness concerning the British political outlook but also to Continental selling of sterling. In this connection British bankers have been gratified to note that New York has been disposed to support rather than to attack sterling, and some of the January rallying power was ascribed by British bankers to New York support.

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In a review of the decline of sterling from the beginning of that decline last Autumn the London *Economist* in its *Monthly Trade Supplement* assigns the following causes:

... gathering gloom in Germany, the recent talk of inflation in Great Britain, the fear—though a very remote one—that a capital levy might be attempted in England, the transfer of capital from Europe to the United States, and on top of that the very heavy autumn payments to America in connection with the usual movements of stocks.

BRITAIN, FRANCE AND THE RUHR

British industrial and financial groups appear to be taking increased interest in the agreements reached between France and the German industrialists in the Ruhr. The feeling seems to be growing that unless the British take some definite action they may find themselves crowded out of an important and valuable trade area as a result of these Ruhr agreements, which some experts pre-

dict will develop into Franco-German mergers. Hilaire Belloc, in a series of articles for *The New York Evening Post*, comments on this tangled factor in the European situation. Mr. Belloc states that the Franco-Belgian victory in the Ruhr has tapped German wealth and has brought a Rhine machine into operation. This British expert points out that the success of the Franco-Belgian operations in the Ruhr would cut vital British commerce and he develops the argument that restoration in Europe depends upon the inclusion of British financial interests in the "Degoutte-Stinnes-Krupp combine."

Thus there seems to be a hint of a clash of interests between British and French business over the French activity in the Ruhr. The terms of the Franco-Ruhr industrial agreements are also criticized in the London *Economist* which comments as follows:

Important as the work of the experts may be, it would, however, be a mistake to



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suppose that their committee will lift from the shoulders of statesmen the onus of vital and pressing decisions. To realize that, one has only to consider the position regarding the agreement signed at the end of November between the Ruhr industrialists and the French. The main heads of that agreement were as follows:

1. The arrears of coal tax from January 1 to October 1 are to be paid to the extent of \$15,000,000.

2. A tax of 10 per cent. is to be paid on every ton of coal sold.

3. Eighteen per cent. of the net output of coal is to be delivered free to the Allies.

4. Stocks of coal accumulated up to October 1 become the property of the Allies.

5. The export licensing system is to remain in force. All stocks of iron and steel products are to be released only against payment of taxes due, and may be exported only in quantities equal to the average amount expected during 1922.

6. By-products of coal, sulphate of ammonia, benzol, tar, and creosote—are to form the subject of a special agreement.

The practical objections to this agreement quickly became apparent, and recently

further evidence has accumulated as to the difficulties which the German signatories will have in carrying on under its terms. But the really important point about this agreement is the French claim that receipts under it should be devoted by the Reparation Commission in the first place to meet the expenses of the French and Belgian occupation of the Ruhr. This claim at once puts British policy to the test on a fundamental issue, for if we maintain that the occupation is *ultra vires* under the treaty, we cannot possibly admit that German payments can be used to cover the costs of occupation.

The British Chamber of Commerce is demanding action from parliament regarding the payment of the French debt to Great Britain, and the Italian debt. The Council of the Chamber of Commerce is of the opinion that "some steps should be taken to approach both the Italian and French Governments with a view to obtaining payments on account pending the settlement of these debts on a fair basis, with the object of relieving the British taxpayer."

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exporters left abroad a great proportion of the proceeds of their sales to foreign markets. Paris was chagrined by the decline of the franc and especially by the fact that the Italian lira on January 13 was quoted above the franc. On Italian exchanges there was corresponding jubilation.

GOVERNMENTAL ACTION TO BOLSTER THE FRANC

That the French Government was embarrassed by the fall of the franc was shown by the fact that it felt impelled to do something about it. A drive was made to stop foreign speculators, and three foreigners were arrested. A Dutchman, representative of a foreign bank, was expelled for his "war on the franc." Early in January Minister of Finance M. de Lasteyrie called a conference of bankers to discuss measures for checking the disturbing decline. He insisted sharply on the enforcement of the law forbidding the export of capital.

As the franc went to still lower levels, later in January still more drastic action was taken by the government, and on January 15 the cabinet announced the following steps to aid the franc:

A 20 per cent. increase in all the French tax rolls, to take effect immediately.

The practical elimination of the so-called recoverable budget—that part of the budget balanced by funds recoverable from Germany and therefore met solely by loans—a device which has been weighing down most heavily upon French finances since the Armistice—and the funding of the extraordinary budget into the regular one.

Severe measures of repression against tax evasion.

Rigid retrenchment in the expenses of the public services.

Postponement of all bills before parliament the voting of which would necessitate additional expenditures.

The ruthless prosecution of speculation on the Bourse.

It is significant that in spite of the decline of the franc the credit of the nation does not seem to be affected in the eyes of the French people. During the very period in

France

VIOLENT DECLINE IN THE FRANC

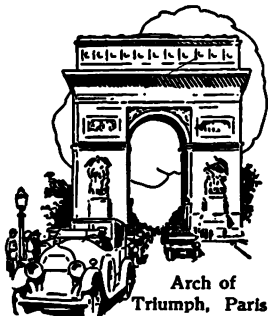
The sensational drop of the franc on the exchanges assumed an unusual importance in late January and was the subject of governmental action by the Poincare ministry. On January 14 a new low point was reached by the franc when it fell to 4.26. It was charged by some French financiers that the franc had been attacked and that the decline was the result of a conspiracy against French credit. This view was derided by the financial writers of the *Temps* and the *Journal des Debats*, and the expert of the first named newspaper attributed the fall of the franc to defective administration of public finances. It became clear that French importers bought in advance more sterling and dollar exchange than they immediately needed while, at the same time, French

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Arch of
Triumph, Paris

January when the franc was reaching new low levels the subscriptions to the Credit National bonds were proceeding satisfactorily. The common financial view in Paris was that the agitation over exchanges was to a considerable degree superficial and that it did not extend to that part of the population who are the real subscribers to state obligations.

PROGRESS OF RECONSTRUCTION

The work of reconstruction in the devastated areas of France made continued progress throughout 1923, and the settlement of all claims arising out of the damage accounts is now looked for by the end of this year. The total damage, according to reports from the Department of Commerce at Washington, will fall between 80,000,000,000 and 85,000,000,000 francs. Of 22,900 factories destroyed or damaged 20,175 were restored by September 1, 1923. Another indication of the recovery is given by the tax levies in the reconstructed districts which have risen from 725,000,000 francs in 1918, the last pre-war year, to almost 8,000,000,000 francs in 1922. It is pointed out that even though this last figure is in paper francs, their present gold value means that the devastated regions are now paying more into the public treasury

than in 1913. On January 2 a fresh issue of lottery bonds by the Credit National was opened to raise funds for payment of reconstruction expenditures.

A YEAR OF THE RUHR VENTURE

January 16 was the first anniversary of the French and Belgian occupation of the Ruhr. The results of this occupation are summarized by the *New York Times'* special correspondent as finding Germany conscious at last of her defeat, but economically distracted, while Europe is in commercial turmoil. When the French entered the Ruhr the German industrial plants were working at about 80 per cent. of their prewar capacity. Six months later, as a result of passive resistance, production had dropped to nothing, there was widespread resentment against the French forces of occupation, and food riots were numerous.

Toward the end of 1923 the French succeeded in making agreements with the Ruhr industrialists whereby passive resistance ended and production once more was resumed. Agreements have also been reached with the German state railways for the operation of the highly complicated railroads of the Ruhr region. According to the latest report of the French Economic Mission, pro-

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duction in the Ruhr now totals 70 per cent. of the 1922 output.

The *Times* correspondent concludes his summary of the Ruhr occupation as follows:

That the Ruhr occupation has been a profitable business venture, measured in dollars and cents, not even the most sanguine Frenchman will pretend. It is only fair to recall, however, that only a few persons expected it to be so. The rest looked upon it as a method of bringing political pressure to bear upon Germany rather than of increasing immediate payments from that country. They realized that in the liquidation of a great war, measures are occasionally undertaken which forego immediate gains for future benefits. Realizing that the occupation would be expensive and would probably materially cut down receipts for the reparation account, they nevertheless considered that these sacrifices were justified by the advantages to be gained from driving home to the German people the realization of their defeat, and by checking the ever-present tendency toward evasion of obligations.

For France the result was the cutting down of receipts from Germany. In Germany itself it meant industrial paralysis. In Holland it caused such a decline in the Rhine trade as to bring about serious business depression. In Switzerland the loss of habitual supplies of coal caused much trouble. Only Belgium, Czechoslovakia and Austria profited directly from the disruption, owing to the absence of German competition, and British coal was exported in larger quantities as a result of the shutting down of the Ruhr supplies. Most of these advantages, however, are temporary, for the rapid decline of Germany has impaired her purchasing power, and has thus had a depressing effect upon her neighbors' exports to her.

Is the Ruhr occupation a means or an

end? This, the great question when the troops marched in a year ago, is still disputed. Are the French there to stay, as the Germans are firmly convinced, or are they there until Germany pays, as M. Poincaré has repeatedly asserted? The correct answer to this will throw light on the future of Europe.

FRENCH BUSINESS PROSPERITY

The French people during the past year have enjoyed extraordinary industrial and commercial prosperity. This condition is contrasted with the national finances which are more heavily weighed down than at any previous time in the life of the Third Republic. Private firms in all branches of trade have been thriving and paying large dividends. Unemployment is negligible. In fact, there is a scarcity of labor and employers have imported labor from Italy, Spain and Poland. French steel production in October was the largest of any month since the Armistice. Railroad operations have improved and there has been great activity in the textile market.

All this trade prosperity is in sharp contrast with the national treasury's condition. More than half of the budget is represented by interest on the national debt. The end of the year left the treasury with the debt burden increased by 20,000,000,000 francs and the national debt stood at 400,000,000,000 francs. The ordinary budget of the government showed a surplus of 869,000,000 francs but this is, in reality, offset by the "recoverable budget" which represents moneys borrowed

and expended for reconstruction work. These borrowings are undertaken against no other security than the expectation of German reparations, and there are some financial authorities who view with pessimism the immediate future of French national finance unless reparations payments are soon forthcoming.

Italy

ITALIAN RECOVERY

From an analysis made by the New York office of the Credito Italiano, of the Italian Finance Minister's report to the Italian Senate, the following pertinent facts are gathered: Instead of the estimated deficit of 4,000,000,000 lire the actual deficit was slightly over 3,000,000,000, and for the year 1924-1925 this deficit will be reduced to 700,000,000 lire. From the peak figure of note circulation (reached December 31, 1921) in the amount of 22,000,000,000 lire there has been a decrease to the present amount of about 19,500,000,000. Deposits in the various classes of banks in Italy have increased during the last three years from 26,000,000,000 to 32,000,000,000 lire. Unemployment, which reached 500,000 in October 1921, has been reduced to 200,000 in October 1923, while strikes, which numbered 680 in 1921-1922, were reduced to 156 in 1922-1923.

The analysis points out also that in spite of the unfavorable trend of the lira exchange, the cost of living has not increased during the past two years but has, on the contrary, decreased as indicated by the decrease in the index numbers of wholesale figures from 549 per cent. in December 1921 to the present 529 per cent. There was un concealed satisfaction in Italy when lira exchange rose above the franc on January 14.

MUSSOLINI STEPS DOWN

On January 1 Mussolini relinquished the dictatorial powers with which he had been invested by legislative grant. It

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had been expected that there might be satisfaction at the return to constitutional government, but there was no marked enthusiasm. On the contrary, fears were felt in many quarters that the strenuous reconstruction work might be halted. A résumé of the progress made during the period of Mussolini's dictatorship shows that there has been decided reform accomplished in reducing the number of bureaucratic posts almost in half, in reforming electoral laws, in measures for the improvement of agriculture, in new customs and tariffs, and in commercial treaties with Poland, France, Austria, Russia, Switzerland, Canada and Czechoslovakia.

The Public Works Ministry has also put an end largely to the old system of granting public funds for political reasons, and public grants are now refused for all but the most urgent public works or for productive works which hold out

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promise of paying dividends. A start has also been made toward returning to private enterprise several of the unproductive government monopolies, among which are the match industry, some telephone services, and concessions for building railroads and for the transportation and delivery of parcels post and telegrams.

The Ministry of Finance has freed foreign capital invested in Italy from paying income taxes, and customs tariffs on articles of prime necessity have been lessened. Inflation has been checked and somewhat reduced. The amount invested in new industrial enterprises is considerably greater than last year. Especially important to trade and industry is the disappearance of the strike menace which, during the first few years following the end of the war, did so much to demoralize business. It is now felt that business can go ahead and lay plans freely without having the

chilling threat of revolution to battle against.

SOLUTION OF THE FIUME TANGLE

Another development which it is confidently predicted will have a stimulating effect on Italian business is the accord reached with Yugoslavia over Fiume and the Adriatic zone. It is unofficially announced or understood that the terms of this agreement are based on three main points: The annexation by Italy of the port of Fiume, the annexation by Yugoslavia of the Porto Banos, and the creation of an Italo-Yugoslavia consortium for the joint control of these two harbors. In addition there are several causes of an economic nature which will increase the trading facilities between the two countries.

Germany

GERMANY SOMEWHAT ENCOURAGED

The feeling of optimism which at the beginning of the new year was notice-



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able in Germany, appears to be growing. The industrial leaders seem to have abandoned their pessimism and a greater impulse to work their way to their own economic salvation seems to have asserted itself. One of the chief contributory causes of this new feeling is the beginning made toward stabilization of the currency by the use of the rentenmark. Speaking of this development the president of the Association of German Industries recently said: "The beginning of currency stabilization has at last made it possible for us to enjoy the blessings and benefits of more work, which shortly will lead to real onward and upward progress despite all external pressure." It is felt that even though the new currency has an artificial value, nevertheless its temporary stability has had and is having great moral value and it is regarded as significant that the German nation is at last working back to sounder economic conceptions.

Still another cause of the lightened gloom in Germany was the opening speech made by Charles G. Dawes, American chairman of the Reparations Inquiry Committee, at the start of that committee's sessions. Dawes pleaded for "common sense" in the reparations tangle. His striking sentence, "Let us help Germany to get well," had instant effect throughout Germany. It is to be feared, however, that this sentence was understood in Germany to carry the promise of a foreign loan. It is signif-

icant in this connection that Count Kessler stated, on reaching New York, that "Germany, nearing the end of her financial resources and facing collapse, is placing her trust in Dawes."

LIMITATION OF THE RENTENMARK LOAN

That the hint of financial and industrial optimism evident in business circles is not a universal feeling is shown by the gloomy fears for Germany's future felt by Count Kessler and others. In the same interview to American newspaper men in which the German statesman stated his country's reliance on Dawes, he also pointed out that "it will be only a matter of weeks until the German Government, now deprived by law of the expedient of new money issue and dependent only upon the very inadequate resource of taxation, will have used up the 1,200,000,000 new marks which she got on November 15 last from the newly created Rentenbank." Count Kessler stated that he feared serious trouble unless other aid is received before the loan is exhausted.

THE RENTENMARK AN EXPERIMENT

Lloyd's Bank of London in an analysis of the rentenmark describes it as an experiment and states that "in the end the value of the rentenmark will depend, not upon the ingenious system of mortgage-security upon which the new Rentenbank is based, but upon the confidence of the German people. The

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rentenmark is an interim currency; it is allotted a life of two years, and its prime function is to enable the government to balance its budget within that span."

The foreign correspondent of the *New York Evening Post* in a review of the first month's operation of the rentenmark discusses it in these terms:

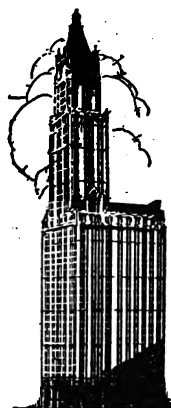
The general scarcity of funds is what gives the rentenmark its artificial value. This value may be stable for the time being, but it has a weak foundation. Here we have the anomalous situation of a money whose value is better than that of its "cover." The abrupt stopping of the presses turning out the old paper marks has left the circulating medium insufficient for handling the normal volume of trade, and it is this scarcity which supports the value of the rentenmark. The new currency derives its value from the old paper marks, and it is the appreciation of the latter which has given the rentenmark its stability. It needs to be emphasized, then, that real monetary reform in Germany has not yet begun. So far the reform has been chiefly moral.

GERMANY'S FOREIGN TRADE

While Germany conducted its campaign of "passive resistance" in the Ruhr no reports were issued on foreign trade conditions. The first report during 1923 was issued in mid-January and was for the month of October, 1923. It showed an export surplus of \$31,500,000. This shows a significant reversal of conditions from those of 1922, when the total excess of imports over exports was 2,230,000,000 gold marks. The exports for October last were \$135,000,000 which was 60 per cent. of the pre-war exports of October 1918. It is felt that these figures reveal the cause of the German government's success in stabilizing the paper mark.

STINNES COMMENTS ON THE RUHR AGREEMENTS

In an interview granted to a correspondent of the *Journal des Debats* of Paris Herr Stinnes said that the agreements between the Ruhr industrialists



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and the French-Belgian mission were the first steps toward settlement of the reparations question. Stinnes pointed out, however, that the effect of these agreements was to throw the burden of Germany's debt on the Ruhr industrialists. In his interview he said:

We agreed to pay for the Reich until April 15, but this is the extreme limit, and a sound and honest settlement based on the facts must be found in the meantime.

I am persuaded that the mere fact that the Germans and French present themselves before the United States in complete accord as to the reparation settlement would open up considerable perspectives. Americans will not lend us money to waste in making war between ourselves, but I am convinced that when we reach an agreement, money will be forthcoming at conditions which will surprise us.

Belgium

A MIDDLE-PATH POLICY

Belgium's influence in the present and forthcoming negotiations relative to reparations and to Germany's eco-

nomie status will be in the direction of conciliation. In review of the attitude of Belgium on reparations and related problems the special correspondent of the *New York Times* reports, following special inquiry, that Belgium seeks to follow a middle course. On the one hand she seeks and needs reparations and feels that Germany has followed a deliberate course of scientific bankruptcy. On the other hand, she desires to judge the situation in the light of its present-day aspects rather than from historical precedents. Belgium wants reparations, as does France; but she also wants trade with Germany, as does England. For this reason she inclines toward a policy of conciliation rather than continued antagonism and her influence will be toward mediation.

RELATION OF REPARATIONS TO NATIONAL BUDGET

Any consideration of the condition of Belgian finance leads back to the

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fundamental fact that the war left Belgium handicapped by a loss estimated at 37,000,000,000 francs as a result of German occupation and sabotage. The Belgian economic situation today reflects the fact that she has already advanced toward repairing this damage 15,000,000,000 francs and must soon advance another 10,000,000,000. Her debt has increased from 4,500,000,000 francs in 1914 to almost 40,000,000,000 francs today. The Versailles Treaty awarded Belgium as reparations payments a priority on all payments amounting to 2,000,000,000 gold marks. She has received so far only 1,500,000,000. The increase in Belgium's taxation is indicated by the fact that whereas in 1912 the per capita tax rate was 48 francs, it is today 265. In spite of this increase in taxation revenues, however, Belgium requires reparations payments in order to cover her expenses. The debt charges constitute 68 per cent. of the revenues from taxation.

That Belgium is making a valiant effort to meet the situation is shown by the 1924 budget. The new budget provides for a reduction of the deficit by 749,000,000 francs. A 33 per cent. increase of taxation revenue over 1923 is called for in the current year's budget.

Austria

AUSTRIA'S CONTINUED IMPROVEMENT

The case of Austria, which is serving as a leaven for restoration in Central Europe, continues to attract attention.

So pronounced has been the improvement, financially and commercially, in Austria that the League of Nations, under whose management the resuscitation took place, has issued several publications dealing with the measures and methods applied. Dr. Zimmerman, the League Commissioner in Vienna, is confident that Austria's improvement will continue even after international control has ended. He predicted that budget equilibrium would be reached by the end of 1924.

Dr. Zimmerman in an interview to a *New York Times* correspondent pointed out that the lesson of Austria's stabilized currency might well be heeded elsewhere in Europe. The League Commissioner said:

The first lesson has been that it is much more important for the recovery of a country to stabilize its depreciated currency than to raise it. The effects of stabilization have been of both a material and psychological order. Their material importance has been that for more than a year the Austrian people, industrialists as well as traders and individual householders, have been able to calculate again a monetary unit which represented the same value from one day to another, whereas during the inflation period the values of monetary units changed daily. The psychological effect of such a situation is impossible to describe. People lost the ordinary respect for money, squandering it as soon as they received it, and the wisest man was the greatest spendthrift, as the national currency had become ridiculous. From the day, however, that the crown became stable, the saving spirit returned to the Austrian public. In Autumn of last year the total savings deposits in Austrian banks amounted to 2,000,000 gold kronen;

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by the end of 1923 they amounted to 38,000,000—not an enormous sum in itself, but a sure indication.

Both these material and psychological effects have brought about the resurrection of industry and trade, a thing which fortunately has not only restored confidence in Austria, but also abroad. Foreign capital has shown by its return its confidence in Austria's future and has brought a considerable amount of money to Vienna, partly for speculation and partly for actual investment.

THE STORY TOLD BY FIGURES

Statistics rarely seem sensational, but the figures of finance and trade in Austria today compared with a year ago tell an interesting story. Unemployment dropped from 170,000 in February 1923 to 78,000 in December. Deposits in savings and commercial banks increased from 110,000,000,000 paper crowns in January to 550,000,000,000 in December. Agricultural gain for 1923 was 800,000 hundredweight for wheat, 1,500,000 hundredweight for rye. Iron ore produc-

tion increased from 22,000,000 hundredweight to 26,000,000. During the third quarter of 1923 wood pulp production broke records. A more unfavorable situation is indicated by the unsatisfactory condition of foreign commerce. The country's excess of imports increased from 440,000,000 gold crowns for 1922 to 600,000,000 gold crowns for 1923.

GOVERNMENTAL FINANCE

The striking improvement in governmental finance is summarized as follows in a dispatch to the *New York Times*:

The extraordinary improvement in the state finances are expected to achieve complete equilibrium, possibly at the end of 1924, but certainly in the first half of 1925. The National Bank, which began 1923 with 1,195,000,000 crowns reserve in gold and foreign bills and 4,471,000,000,000 note and deposit liabilities, now reports 3,610,000,000,000 cash, against 7,285,000,000,000 liabilities; all this without allowing for the League of Nations credit guarantee. This ensures the stability of the currency in 1924.

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1923 worked much more promptly than Austria's financial patrons had originally assumed. The initial finance plan of the League of Nations supposed a deficit in 1923 which would exceed \$45,000,000. The budget placed it at \$38,000,000, but the year's closing accounts, in consequence of unexpected high receipts from taxes, show a deficit only a little above \$29,000,000. Meantime the conditions enjoined by the League for 1923 have all been fulfilled or exceeded, excepting only the stipulated figures of reduction in number of government employees.

Out of the National League's credit, not much less than 1,000,000,000 crowns was saved to act as reserve against future contingencies. The most important problem for 1923 to solve was the question whether, while state finances stood under severe stress, private enterprise would not be ruined by the work of restoration. This did not happen. Industry, struggling hard at the beginning of 1923, progressed favorably in the second half of the year—a result principally caused by the Ruhr occupation and the consequent demand upon Austria's products.

Further proof of the restored morale of the Austrian Government was given by the announcement that the coinage of silver would begin by the introduction of a new silver coin. It is felt that the stability of the paper currency makes this new step possible.

Hungary

THE PROPOSED LEAGUE OF NATIONS LOAN

Banking, business and government circles were occupied with one chief interest during the closing days of January and that was the question of the

proposed loan from the League of Nations. The success of the loan to Austria which was arranged by the Economic Council of the League caused great interest throughout Hungary, and in December the special committee of the Council of the League met in conference with Count Bethlen of Hungary to discuss the conditions on which the League would agree to help in the reconstruction of Hungary.

After a series of conferences a plan was devised whereby Hungary would give the League supervision over its state finances and would turn over to the League the revenue from its customs and from the state monopolies. In return for these concessions the League undertook to float a loan of 250,000,000 gold crowns and to establish budgetary equilibrium by June 30, 1926.

As soon, however, as these terms were announced there developed considerable opposition, and it now seems doubtful if Count Bethlen will be able to put through the necessary legislation. One of the strongest critics of the League's terms is Count Apponyi. In a speech to the National Assembly Apponyi said:

Hungary cannot be grateful to the League for a reconstruction plan which gives only a breathing spell and strangles Hungary's industry, making the country a purely agricultural state.

In spite of this criticism, however, Apponyi had not decided definitely that he would vote against the plan. There



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is a feeling in Hungary that the conditions imposed by the League constitute too high a price, and a dispatch from Budapest states that "even the smallest householder realizes that his daily commodities will be affected by the loan."

DOUBTFUL FACTORS

Vienna financiers are doubtful as to whether the proposed reorganization of Hungary's finances can succeed as fully as did that of Austria's. It is pointed out that Hungary's taxation laws are not up to date and that the country lacks almost entirely the chief sources of taxation on which Austria depends, such as commercial and banking organizations, revenue of industrial concerns and extensive transit. Hungary's most important resources are agricultural and it is felt that the rural population will submit less willingly to heavy taxation than did Austrian citizens.

DOMESTIC SITUATION

Business, meanwhile, is not improving. In December 141 shops were obliged to close in Budapest alone as they were unable to lay in stocks owing to uncertain conditions and the many taxes imposed. Another depressing factor is the fact that even if the League loan should finally be consummated it can not be used till May or June, and Hungary must first raise an internal loan in order to keep things going until then.

Spain

TRADE TREATY WITH ITALY

Spain has improved her position and prestige as a Mediterranean power as a result of the new trade treaty with Italy. This treaty accords to Spain conventional duties, that is, duties below the general tariff, on forty-three items of the Italian tariff and grants also most-

Banque Nationale Francaise Du Commerce Extérieur

Societe Anonyme

Organized under French Law of October 23, 1919

HEAD OFFICE: 21 BOULEVARD HAUSSMANN, PARIS

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

Capital Subscribed 100,000,000 francs

Capital Paid Up 50,000,000 francs

Advanced by the French Government without interest 25,000,000 francs

Chairman of the Board of Directors

M. Charles Petit

General Manager

M. Eugène Carpentier

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.

avored-nation treatment on 284 items. In exchange Spain grants to Italy conventional duties on ninety-six items of the Spanish tariff and most-favored-nation treatment on 809 items. The Spanish products on which lowered tariff duties are granted consist of food-stuffs and raw materials. One of the most important provisions of the new treaty is the elimination of Italian goods from the customs surcharges levied on goods from countries with depreciated currencies.

STATE AID TO AGRICULTURE

Agitation on the part of Spanish agricultural societies seems about to bear fruit. It is proposed to extend state aid to farmers by appropriating 100,000,000 pesetas for agricultural development. Part of this money will be used for the purchase of agricultural machinery, seeds, fertilizers and other materials necessary in modern intensive farming. Information from the Department of Commerce shows the growing importance in Spanish agriculture of the peanut crop. The annual production of this commodity has increased from 11,600 metric tons in 1910 to 20,000 metric tons in 1921.

INQUIRY INTO SPANISH RAILWAYS

The financial press of Spain as well as the daily newspapers are much interested in the inquiry into the financial and physical condition of all Spanish

railroads receiving government subsidies. This inquiry was begun by a royal decree last Autumn. The immediate result of this decree was an unloading of railroad stocks on the exchanges.

The heart of the discussion is whether or not the government shall continue making advances to the railroads for the purchase of equipment and payment of wages, or whether increased rates shall be authorized. Three outstanding suggestions have been made for a solution of the problem:

1. That the railroads of Spain be controlled by the government. This plan depends upon the investment by the government of 400,000,000 pesetas.

2. A somewhat similar plan that the railroads yield a profit to the state and be operated under the financial responsibility of the companies.

3. That the time in which railroads may be operated privately be extended by fifty years before they revert to government ownership. This plan has been advanced by the acting Minister of Finance.

Switzerland

TOURIST TRAFFIC GROWS

Switzerland in 1923 is said to have reaped larger benefits from its tourist trade than in any year since 1914. Great numbers of American, English and Dutch travelers visited Switzerland and purchased heavily of the articles for

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	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 Selz
Ernest A. Hamill	Robert J. Thorne
Charles H. Wacker	



Foreign Exchange

Letters of Credit

Cable Transfers

which the country is famous. The presence of large numbers of prosperous German tourists was also noted, and led to adverse comment in view of the reported suffering of the labor classes in Germany.

The growing volume of tourist traffic is greatly welcomed in Switzerland as the revenue proceeding from travelers is looked to to offset the difference between imports and exports.

BUDGET AND TRADE

The Swiss 1924 budget shows a reduced deficit by about 25,000,000 francs over the budget for 1923, and represents extensive economies. Among the important reductions in the budget for the current year are government subsidies to industrial and agricultural enterprises. There are reductions in the number of governmental employees also provided for in the new budget.

A new bond issue of 100,000,000 francs was floated last November in

order to arrange for consolidation of the floating debt.

Unemployment, while of a seasonal character, is increasing. One reason for this lies in the return of many thousands of Swiss from Germany because of adverse labor conditions in that country. The jewelry, textile and watch-making industries show gradual improvement. An interesting sidelight on the export trade of Switzerland is the fact that four countries—England, France, Germany and the United States—took 57 per cent. of the total exports.



International Banking Notes

The Asia Banking Corporation, 35 Broadway, New York, has announced that its directors have approved the sale of that institution's assets to the International Banking Corporation at 60 Wall street, New York. The amount involved was not men-

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.

tioned, nor was it revealed whether cash would be turned over or a stock consideration paid to its shareholders.

The agreement, it was stated, has been signed subject to the approval of stockholders. Early meetings of stockholders of both banks, it was stated, will be called for ratification of the plan, which will create a strong American banking chain in the Far Eastern countries.

The Asia Banking Corporation has branches in China and the Philippines, the chief offices being listed as those of Hankow, Peking, Hongkong, Manila, Changsha, Corregidor, Shanghai and Canton. The International Banking Corporation also does an important business in the Far East.

The union of the banks will bring together corporations having a total capitalization of \$9,000,000. The International Banking Corporation, of which Charles E. Mitchell and H. T. S. Green are chairman and president, respectively, is capitalized at \$5,000,000, and

the Asia Banking Corporation is capitalized at \$4,000,000.

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The net profits of Westminster Bank Limited, London, for the last year, after providing for bad and doubtful debts, and all expenses, amount to £1,804,783. This sum, added to £586,585 brought forward from 1922, leaves available the sum of £2,341,368.

The dividend of 10 per cent. paid in August last on the £20 shares, and 6¼ per cent. on the £1 shares, absorbs £681,269. A further dividend of 10 per cent. is now declared in respect of the £20 shares, making 20 per cent. for the year; and a further dividend of 6¼ per cent. on the £1 shares will be paid, making the maximum of 12½ per cent. for the year.

There has been £100,000 transferred to bank premises account, £300,000 to rebuilding account, and £100,000 has been placed

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

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

to contingent fund, leaving a balance of
£568,480 to be carried forward.

	December 31, 1923 £	December 31, 1922 £
Net profit	1,804,783	1,888,021
Brought forward	536,585	519,708
Total available	2,341,368	2,407,729
Dividends	1,272,888	1,221,144
£20 shares	20%	20%
£ 1 shares	12½%	12½%
Premises	100,000	200,000
Rebuilding account	300,000	150,000
Contingent fund	100,000	300,000
Carried forward	568,480	536,585

C. M. Parker, with offices at 68 William
street, is New York representative of the
Westminster Bank.

©

The directors of Lloyds Bank Limited,
London, announce that, after payment of
salaries, pensions, staff bonuses and allow-
ances, other charges and expenses, the an-
nual contribution to the provident and in-
surance fund, and making full provision for
rebate, income tax, corporation profits tax,
bad debts, and contingencies, the available
profit for the last year is £2,047,116. To
this has to be added £498,842 brought for-

ward from the previous year, making a total
of £2,545,458.

Out of this total, an interim dividend of
1s. 8d. per share, being at the rate of 16 2/3
per cent. per annum, and amounting, less
income tax, to £918,282, was paid for the
half-year ended June 30 last; £100,000 has
been placed to the staff widows' and
orphans' fund, and £100,000 to the staff
pension funds.

After making these appropriations, there
is a balance of £1,432,176 remaining, and the
directors have decided to recommend to the
shareholders at the ensuing general meeting,
that a dividend at the same rate, amounting,
less income tax, to £928,253, be paid for the
last half-year, leaving £503,923 to be car-
ried forward to the profit and loss account
for the current year.

In addition to the above allocations, £500,-
000 has been transferred to the bank
premises account from profit on the sale of
investments during the last year.

The available profit for the previous year
was £2,068,875, to which was added £546,-
143 brought forward, making a total of
£2,615,018. Out of this, £1,766,676 was
paid in dividends (at the same rate), £250,-

\$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, Ponce

000 was placed to the bank premises account, £100,000 to the pension fund, and £498,342 carried forward.

A comparative statement is given below in tabulated form.

	1923	1922
	£	£
Profit	2,047,116	2,068,875
Brought forward	498,342	546,143
Total available	2,545,458	2,615,018
Dividend 16 2/3 per cent.	1,841,535	1,768,676
Staff pension fund	100,000	100,000
Staff widows and orphans' fund	100,000	nil
Bank premises account	nil*	250,000
Carried forward	503,923	498,342

*£500,000 has been transferred to the bank premises account from profit on the sale of investments during the past year.

Henry Bell, director and general manager of Lloyd's Bank, having reached the age for retirement, has resigned his position in the active service of the bank, but still retains his directorship. Mr. Bell began his banking career with Messrs. Leyland and Bullins, of Liverpool, in 1875, subsequently joining the staff of the Liverpool Union Bank, which was amalgamated with Lloyds Bank in 1900. After a few years at the head office in Birmingham, Mr. Bell came to London (in 1903) as manager of the city office, 72 Lombard street. He was promoted to the general managership in 1912, and became a director, in addition, in 1918.

The directors of the bank have appointed two additional joint general managers, viz. F. A. Beane, and A. Davidson, hitherto assistant general managers. The latter remains in control of the Midland district, with headquarters in Birmingham, as heretofore.

A. G. Barker has been appointed to be an assistant general manager, as well as chief inspector.

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The statement of condition of Barclays Bank, Ltd., as of the close of business December 31, 1923, received from London by the New York office of the bank, shows total resources (figuring the pound sterling at \$5) of \$1,665,348,615, compared with \$1,635,787,591 on June 30, 1923. At the close of 1923 current, deposit and other accounts aggregated \$1,507,749,817; cash in hand and with the Bank of England, \$223,071,555; balances with other British banks, \$40,797,634; money at call, \$93,271,295; bills discounted, \$193,115,375; investments, \$351,055,225; advances to customers and other accounts, \$662,601,195; capital stock, \$77,961,860, and reserve fund, \$41,250,000. The statement shows also that Barclays Bank, Ltd., owns (book value) \$18,190,922 stock of the British Linen Bank; \$12,000,000 the Union Bank of Manchester, Ltd., and \$7,059,750 the Anglo-Egyptian Bank, Ltd.

At the annual general meeting of Barclays Bank, the chairman, F. C. Goodenough, discussed in some detail the British credit policy and the incidence of the British debt to America. Referring to foreign trade he showed how vital was the importance to Great Britain of the maintenance of her invisible and visible exports, both as a source of income and also as helping in the restoration of foreign markets. Mr. Goodenough said one of the principal events in the year had been the funding of the American debt.

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. Enderman, 14 Wall Street, New York

No one who had visited America could fail to realize the gain to British credit and British prestige owing to that settlement, or the loss that would have been incurred by both, if the liability had been questioned, or had been met in any other way.

Barclays Bank is represented in America by H. Poë Alton, at 60 Wall street, New York.

©

The directors of the Midland Bank, Ltd., of London, reported on January 4 that, full provision having been made for all bad and doubtful debts, the net profits for the year ended December 31, 1923, amount to £2,210,972, which, with £788,967 brought forward, make £2,999,939 for appropriation as follows:

To interim dividend paid July 14 last and final dividend payable February 1 next, for the year 1923, at the rate of 18 per cent. per annum less income tax	£1,502,370
To reserve for future contingencies.....	300,000
To bank premises redemption fund.....	400,000
Leaving to be carried forward a balance of	797,069

For the year 1922 the dividend was at the same rate, £500,000 was reserved for future

contingencies, £300,000 was placed to bank premises redemption fund and £788,967 was carried forward.

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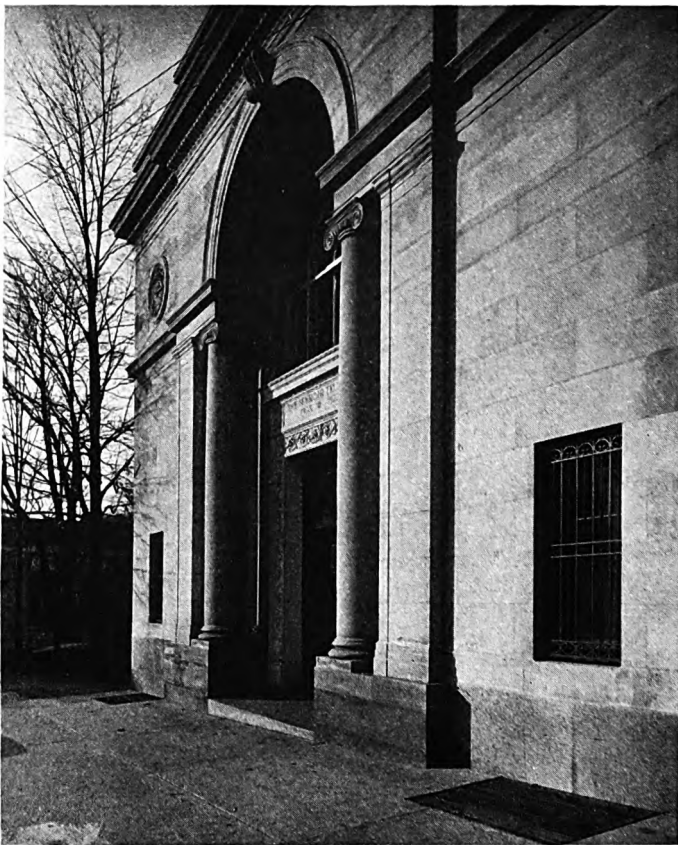
Official figures of the London Clearing House show that the amount of British bank clearances in 1923 was £36,627,592,000, according to the Bankers' Trust Company, New York. This total was £533,869,000 less than clearances in 1922, but was £1,697,033,000 more than the amount for 1921. The record amount of clearances was £37,161,461,000 in 1920.

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The Imperial Bank of Persia has moved to new quarters at 33 to 36 King William street, London Bridge, E. C. 4.

©

At the annual meeting of stockholders of Equitable Eastern Banking Corporation, New York, the regular quarterly dividend of 2 per cent. was declared on the capital stock. All officers of the corporation were re-elected. Henry W. Frick was appointed an assistant manager of the Shanghai office.



THE new home of the Seymour Trust Company, Seymour, Conn., is constructed in light buff Indiana limestone with a polished granite base. The interior echoes the simplicity and dignity of the exterior.

Thomas M. James Company
 3 Park Street, Boston 342 Madison Ave., New York
Architects and Engineers

We would be glad to help you solve your
 bank building problem
Write us for booklet

The Bank's Long-Term Investments

Article XI 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

COMMERCIAL banks are not generally regarded as being heavy investors in securities with distant maturities. These institutions, the deposits of which are practically entirely subject to withdrawal on demand, specialize of necessity in short-term commercial loans. In other words, it is the function of commercial banks, generally speaking, to provide *working capital* rather than *fixed capital*.

Nevertheless, the aggregate value of the long-term investments held by commercial banks in the United States is of greater magnitude than is generally appreciated even by bankers themselves. It is true that good policy requires that a commercial bank restrict the major portion of its loans to short-term paper, since its deposits are chiefly composed of those repayable on demand. But it is usually safe for such a bank to invest in long-term obligations up to the amount of its capital and surplus (provided it does not own its banking premises), since these funds cannot be withdrawn as long as the bank is a going concern.

Many commercial banks make a bid for, and actually receive, large amounts in time deposits. Such deposits, like those of savings banks, are theoretically and practically applicable to long-term investments.

It is probably no exaggeration to say that about one-tenth of the total assets of commercial banks in the United States consist of investments having maturities in excess of one year.

It is not the purpose of this article to discuss the nature and kinds of bonds and stocks. That will be reserved for a forthcoming chapter. The intent here is to show why commercial banks find it

advantageous to make long-term investments, and to mention the banking machinery required to manage and account for these investments. Where these investments amount to five million dollars or more, a separate department is usually organized to administer the transactions and to maintain appropriate accounting records.

MOTIVES FOR LONG-TERM INVESTMENTS

As indicated in the outline, there are a number of motives underlying the purchase of long-term investments. These will be considered in more or less detail.

1. *To Secure an Investment Income.* A bank may employ its funds by placing them in short-term paper, i. e., loans and discounts, or in long-term securities. Although it is normally more profitable to lend to commercial borrowers on a short-term basis than to invest in securities, because of the higher rate of interest, there are times when the yield from securities is greater than from loans and discounts.

In times of depression, for example, the money rate frequently falls below that which can be earned from the highest grade bonds. In the decade 1900-1910, there were several intervals lasting months at a time when the call loan rate in New York averaged 2 per cent. and time money only 3 per cent. High grade bonds, however, were yielding $3\frac{1}{2}$ per cent. and upwards.

Furthermore, long-term investments furnish an additional outlet for funds that could not otherwise be profitably employed. In this sense, long-term investments may be considered as offering competition to short-term loans.

2. *For Various Collateral Uses.* Certain bonds, particularly those of the

A Condensed Statement of Condition

Covering all offices
Including BUENOS AIRES and HAVANA
as of December 31, 1923

RESOURCES

Cash and Due from Banks	\$58,401,440.08
United States Securities	9,290,284.21
Loans, Discounts and Investments	240,578,312.21
Banking Houses	10,109,990.49
Customers' Liability Account of Acceptances	17,117,734.65
Other Assets	2,741,910.49
TOTAL	\$338,239,672.13

LIABILITIES

Capital	\$15,000,000.00
Surplus & Profits	20,929,555.30
Deposits	238,943,872.75
Acceptances Executed	29,296,186.23
Rediscunts with Federal Reserve Bank	9,000,000.00
Acceptances and Foreign Bills Sold	20,175,851.48
Other Liabilities	4,894,206.37
TOTAL	\$338,239,672.13

The FIRST NATIONAL BANK of BOSTON

1784 :: :: 1924

MAIN OFFICE, 70 FEDERAL STREET

Boston Branches

45 MILK STREET 115 SUMMER STREET
UPHAMS CORNER ROSLINDALE
FIELDS CORNER BRIGHTON
HYDE PARK ALLSTON

Foreign Branches

BUENOS AIRES, ARGENTINA HAVANA, CUBA
London Representative
GRESHAM HOUSE, 24, OLD BROAD STREET
LONDON, ENGLAND

OUTLINE OF ARTICLE XI

I. General:

1. While the major portion of a commercial bank's assets consist of short-term commercial loans, nevertheless long-term investments normally make up a substantial proportion of its resources.
2. The long-term investments of a Federal Reserve Bank member usually consist of marketable securities, etc., as follows:

- a. Civil bonds, i. e., Government (U. S. and foreign), state, and municipal bonds.
- b. Corporation bonds, i. e., railroad, public utility and industrial bonds.
- c. Bonds and mortgages secured by real estate (not permitted to national banks in New York and Chicago).
- d. Stocks of *moneyed* corporations (optional and with limitations) e. g.:
 - (1) Foreign banking corporations organized under state or Federal charter.
 - (2) Safe deposit companies.
 - (3) Investment companies.
- e. Federal Reserve Bank stock (compulsory).
- f. Stocks of business corporations (permitted to trust companies and state banks only in certain states.)
- g. Real estate for rental purposes in connection with banking house.

II. Purposes of long-term investments:

1. To secure an investment income.
2. For various collateral uses (in the case of bonds).
 - a. To secure circulating bank notes (national banks).
 - b. To secure deposits belonging to the U. S. Government, state, or other political subdivision.
 - c. To secure loans from a Federal Reserve Bank.

3. To secure trading profits.
4. To secure profits from customers' investment service.
5. To secure profits from underwriting operations.
6. To distribute the investment risk.
7. To create a secondary reserve.
8. To qualify for membership in the Federal Reserve System (purchase of Federal Reserve Bank stock).

III. Securities classified according to uses:

1. Securities owned and unpledged.
2. Securities (U. S. bonds) owned and pledged to secure circulating notes.
3. Securities owned and pledged to secure deposits, e. g., Government, state, or city.
4. Securities owned and pledged to secure loans from other banks.
5. Securities owned and loaned.
6. Securities borrowed to secure deposits.
7. Securities pledged as collateral to customers' loans repledged to secure deposits.
8. Securities borrowed to secure loans from other banks.
9. Securities pledged as collateral to customers' loans repledged to secure loans from other banks.
10. Securities borrowed and loaned.
11. Securities loaned from collateral deposited to secure customers' loans.

IV. The bank's securities records:

1. Securities blotter (journal or register).
2. Securities ledger.
3. Securities cards.
4. Bond maturity tickler.
5. Bond earnings record.

V. Bases of bond valuation:

1. Par value.
2. Market value.
3. Inventory value.
4. Cost of money value.
5. Book value.
6. Basis or investment value.
7. Trading value.

United States Government, carry valuable privileges. Certain pre-war issues, for instance, are eligible to secure national bank circulating notes. Without

the purchase and pledge of these bonds, national banks would be unable to issue circulation.

Another privilege which certain

bonds, e. g., Government, state, and specified municipal bonds, carry, is that of serving as security for public deposits. The United States Government, and most state and municipal governmentalities, require the pledging of certain bonds as collateral from banks designated as public depositories. A like requirement exists for postal savings deposits. To command these deposits, which are usually considerable in amount, the pledging of bonds therefore becomes necessary.

Certain bonds are also required as collateral when a bank borrows directly on its own note from a Federal Reserve Bank. Thereby, the borrowing power of a bank becomes enlarged. *Thus, bonds of certain classes and grades become valuable to a bank, aside from the investment income derived therefrom, through the legal rights and privileges which they carry.*

3. *To Secure Trading Profits.* Banks which are able to engage an investment market expert, are in a position to make profits through trading in bonds. *Trading in bonds by commercial banks is resorted to for two reasons: (1) to protect the investment value of bonds held; and (2) to secure a proper co-ordination in the flow of funds as between purely investment and commercial channels.*

Bond prices are constantly fluctuating in the open market. There are also major price movements in bonds in which there are definite tendencies upward or downward, depending upon the long-term swings in the interest rate. Bonds are often freely sold in times of rising markets (or when the market is thought to be near the top), and purchased after a decline is well under way and prices thought to be near the bottom of the movement. In individual issues, losses may be taken in a falling market in order to prevent further loss. By a knowledge of the principles of the investment cycle, and the application of these principles to actual situations, good sized profits can frequently be made.

Bond prices are normally highest when interest rates are lowest, and vice versa. Since the interest rate is lowest when business is depressed (and about to become more active), the bank can arrange to take its bond profits at this time, and thereby be in funds to provide its commercial borrowers with their needs as business activity accelerates, and interest rates again rise.

Fundamentally, trading in bonds can be regarded as incidental to the maintenance of proper valuations for the principal amount of the investment in bonds, and profits and losses realized in trading reflect themselves in the net income yielded by these investments.

4. *Customers' Investment Service.* Besides engaging in securities transactions for their own accounts, many banks also maintain a customers' investment service department. This is particularly true of localities not supplied with an investment bank. Besides transmitting orders to buy and sell securities for execution by a stock exchange broker, such banks also act as agents in selling local, unlisted, and other securities which they have to offer as members of a distributing syndicate. Such a department can render valuable service in giving investment advice, and in reducing the losses of inexperienced investors through "blue-sky" operators.

5. *Underwriting Operations.* In the large cities, banks sometimes engage in syndicate operations. This is a means whereby a group of banks combine their resources and experience to purchase or underwrite an issue of bonds (or stock) from the obligor organization. The issue is then sold to the public directly, or through a distributing syndicate, and after the expenses of the syndicate are deducted, the remaining profit (or loss) is divided among the members. The handling of syndicate transactions comes within the purview of the bank's bond department.

6. *To Distribute the Risk.* All the funds of a bank put out for profit-making purposes are so placed at some hazard. To the extent that the future

cannot be predicted, no loan or investment can be made without some degree of risk. It is a wise policy, therefore, to diversify the risk as far as possible between different kinds of ventures and different persons.

By dividing the funds available for profitable employment as between short-term loans and long-term investments, a bank tends to achieve this end. Short term loans represent, in the last analysis, investments in current assets, and should be self-liquidating as soon as these assets are "turned over." On the other hand, investments in securities are long-term investments, maturing, say, in from one to one hundred years; although, of course, in most instances they may be sold in the market before maturity. The proceeds of bonds are used for the purchase or renewal of fixed assets—assets which are not "turned over" or self-liquidating, but which are absolutely essential to the carrying on of the business.

Whether long-term or short-term, the investment risk may be further diversified by a policy of investing in different kinds of bonds, and by granting loans to a large number of borrowers in small amounts.

7. *To Create a Secondary Reserve.* Bond investments are usually regarded as providing a secondary reserve. A bank's cash, balances due from Federal Reserve and other banks, call loans, maturing short-term loans, and paper eligible for rediscount constitute the primary reserve with which to pay off deposits. Bonds also have immediate availability. But since the marketing of large blocks of bonds at once, tends to depress prices, there is a practical limit to the conversion of bonds into cash without great sacrifice.

OWNERSHIP OF STOCKS

On account of their speculative nature, i. e., their wide range of price fluctuations, the laws prohibit national banks from investing in the stocks of business corporations. Many of the state banking laws also prohibit such

investments to state banks, but trust companies are generally permitted to invest in stocks with certain limitations.

To the general principle that stocks are not legal investment mediums for banks there are a few definite exceptions. In order to qualify for membership in the Federal Reserve System, all member banks (whether national or state banks, or trust companies) must purchase stock of the Federal Reserve Bank of their district. National banks are also permitted to invest limited amounts in the stocks of foreign banking corporations—whether organized under state or Federal charters. State banks and trust companies, moreover, are usually empowered to invest in the stocks of affiliated safe deposit and investment companies.

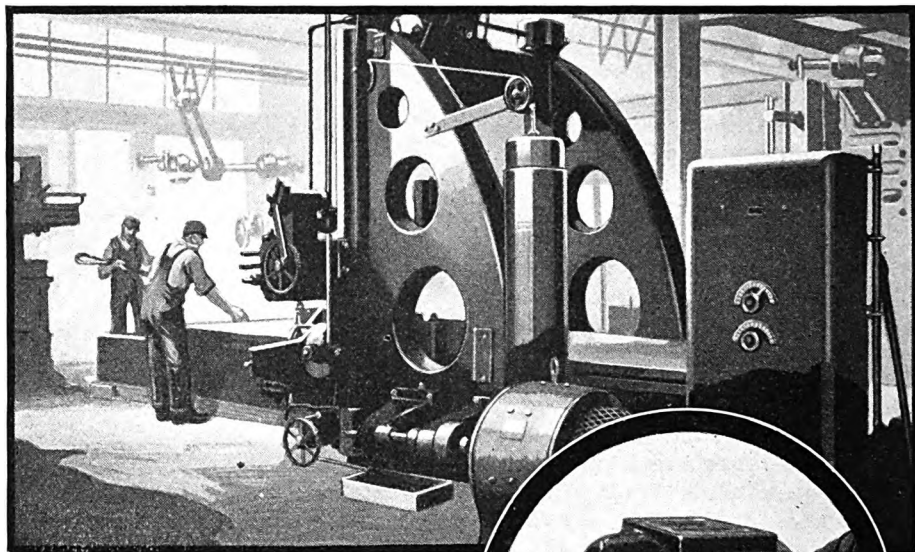
SECURITIES RECORDS

Orders to buy and sell securities for the bank's own account originate with an officer—president or vice-president. Customarily, "good-till-cancelled" orders are left standing with a broker at scale-down prices beginning several points below the market, although orders for execution "at the market" may be given when the bond market is undergoing rapid price adjustments.

When bonds are delivered against an order, they are first entered in the "Securities Blotter," which is merely a chronological record showing bond transactions as they occur. The information written in the "Blotter" may be shown by the heading of the columns on the "debit" or "received" side of a typical "Blotter," as follows:

Bought from.
Par value.
Description of issue.
Price.
Proceeds.
Accrued interest.
Broker's commission.
Bond account (ledger).
Cash—Cr.
Remarks.

The next step is to record the transaction in the "Securities Ledger." Ac-



Westinghouse applied electricity for the first time, to the steel, the paper, the rubber, the mining and the textile industries.

After Resources, WHAT?

Capital and surplus indicate resources. They are the funds drawn upon to promote and develop industry. After resources, *value* and *stability* can be measured by the service an institution renders to its customers.

Where does Westinghouse stand in this respect? What of its service to civilization? The answer is written in the pioneering and development of radio broadcasting, the alternating

current principle, the induction motor and the single-phase railway motor, bringing out the first carbon break and the automatic circuit breaker, applying electrification for the first time to the steel, the paper, the rubber, the mining, and the textile industries.

Today, the Westinghouse Company is maintaining a large research department, whose duty it is to keep *ahead of the times*, so that as human requirements develop, contributions worthy of this worldwide institution are ready for the burden.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY

Offices in All Principal Cities • Representatives Everywhere

Westinghouse

counts in the securities ledger are arranged alphabetically by names of securities. If it is a loose-leaf ledger no index will be necessary. This ledger contains the following information:

- Date of purchase.
- Description of issue.
- Par value.
- Unit purchase price.
- Total cost of securities.
- Accrued interest.
- Commission.
- Balance.
 - a. Par.
 - b. Money.
- Trading value.
- Book value.

BASES OF BOND VALUATION

At what value are bonds and other securities carried on the books of a bank—at par, cost, investment basis, or trading value? In savings bank practice, bonds are usually carried on the books at an investment value, but in a commercial bank where bonds are frequently traded in, a number of bases are used. Each basis is useful for a particular purpose, but no one basis is alone satisfactory for all purposes. A brief explanation of these different bases follows herewith:

Par Value. The par or face value of a bond is the amount at which the obligor contracts to redeem the bond at its compulsory maturity. It is also the basis upon which the interest rate is computed. Bonds are customarily issued in denominations of \$1000, although \$500 and \$100 denominations are frequently available.

Market Value. The market value of a bond is its current price as indicated by current market quotations. If the bond is listed and actively traded in, the last sale price should be taken as its market value. When current quotations are not available, the market value should be regarded as the last "bid" price.

Inventory Value. Inventory value is a close approximation to market value. In the event of a declining bond market, however, inventory values are usually

set at one or two points lower than the market.

Cost, or Money Value. The cost or money value is the actual money price paid at the time of acquisition, plus the broker's commission. Accrued interest, however, should not be included.

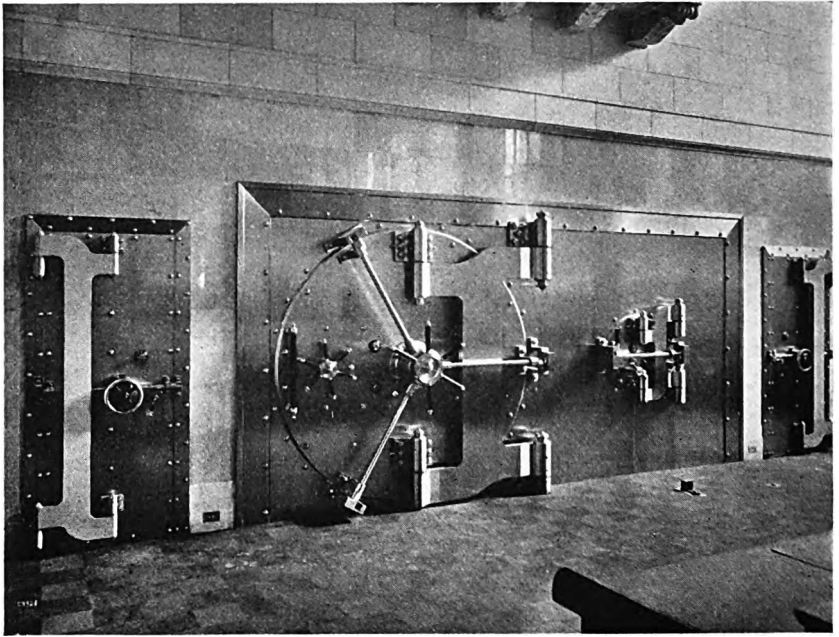
Book Value. The book value is that at which a bond is carried on the books of the owner. Originally it is usually identical with the first cost, but later may be changed to bring it into coincidence with the market value when the market value has declined.

Basis or Investment Value. This represents the value at which a bond should be carried in order to yield a certain constant rate of interest until it matures. When investment value is used, bonds are usually bought at a price "to yield" a certain return on the investment. In order for a 4 per cent. bond, for instance, to yield more than 4 per cent., it must be purchased at a discount. To illustrate—a 50-year 4 per cent. bond bought to yield $4\frac{1}{2}$ per cent. is worth only 90.089.

When a bond is carried at a basis or investment value, this value is not influenced by market price. At each interest period, however, bonds carried on this basis will have their principal increased or decreased by an adjustment of the interest so that at the date of maturity the basis or investment value will be coincident with par value, which is the redemption value.

Trading Value. This is the value at which a bond must be sold in order that the owner may "get out" even. It is the price at which the securities "stand" the purchaser. The trading value at the actual moment of purchase is identical with the cost and book value.

Where bonds are constantly being traded in the record of trading value is extremely important. This value is the barometer of profitableness of a particular bond account or transaction. To illustrate, suppose two bonds having a par value of \$1000 each are bought for \$1800. The trading value is 90, i. e., the two bonds would have to be sold at



The Herring-Hall-Marvin Safe Co., for nearly a century, has built and will always continue to build the same undeviating quality into its product.

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Factory—Hamilton, Ohio, U. S. A.

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90 to avoid either profit or loss. But if one of the bonds should be sold for \$950, the trading value of the second bond is 85, because it could be sold for \$850 without having to close the account at a loss.

READING ASSIGNMENT

L. H. Langston: *Practical Bank Operation*, Vol. I, Chap. 13. (Transactions of a bond department in a large bank.)

Langston & Whitney: *Banking Practice*, Chap. 19. (Bank's investments in securities.)

QUESTIONS

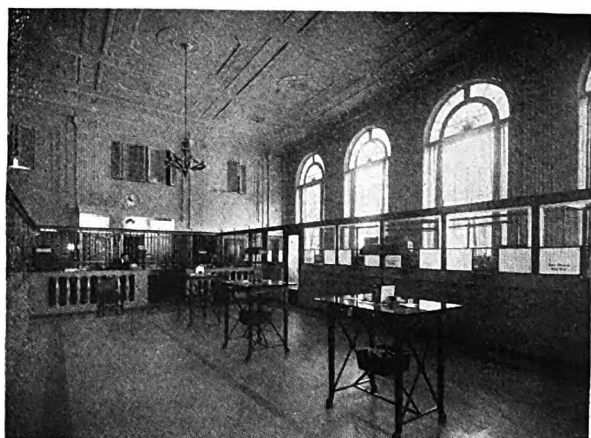
1. What proportion of a bank's assets may be safely invested in securities?
2. What objections can be raised against the making of long-term investments by commercial banks?
3. What are the chief mediums for long-term investments by commercial banks?
4. Are all the mediums you mention open to national banks?
5. Do the national banking laws specifically empower national banks to invest in other than United States bonds?
6. Name seven purposes which a bank might have in investing in bonds.
7. Are all bonds eligible to secure U. S. Government deposits?
8. Are all bonds eligible to secure national bank note circulation? If not, what bonds are?
9. Are all bonds eligible to secure postal savings deposits?
10. Are all bonds eligible to secure a loan from a Federal Reserve Bank?
11. Which are more profitable, investments in securities or investments in loans and discounts? Give reasons.
12. Are banks permitted by law to trade in securities, i. e., to buy and sell them with the intent to make profits from changes in the market price?
13. How are profits derived from a customers' investment service?
14. Is a commercial bank justified in competing with the service offered by a neighboring bond house?
15. What is meant by a "major swing" in bond prices?
16. What is meant by underwriting?
17. How are profits made from syndicate operations?
18. How do long-term investments serve to distribute a bank's risks?
19. Explain the meaning of a "secondary" reserve.
20. What objections can be brought against bonds as a secondary reserve?
21. Are all types of banking institutions restrained by law from investing in stocks of business corporations?
22. What exceptions are there to the general principle that banks may not invest in stocks?
23. Are national banks permitted to invest in any stocks other than those of a Federal Reserve Bank? If so, what?
24. Are banks permitted to own real estate as an investment, e. g., to rent offices in their own premises?
25. Are commercial banks generally permitted to lend on real estate bonds and mortgages?
26. What limitations are placed upon national banks in making real estate loans (a) as to aggregate amount, (b) as to ratio of loan to appraised value, (c) as to lien, and (d) as to term.
27. Explain the purposes for which securities are loaned and borrowed by banks.
28. Are banks permitted to repledge the securities pledged as collateral against customers' loans?
29. Name the chief records required for a bank's own securities.
30. What are the chief bases of bond valuation?
31. Are book value and cost synonymous?
32. How do savings banks ordinarily carry their bond investments?
33. Suppose a bank buys five bonds (par value \$1000 each) at par and accrued interest. It then sells two of these bonds at 103 and accrued interest. What is the trading value of the remaining three bonds?





AS solid and substantial as it is dignified and beautiful is the new home of the City Trust Company of Newark, N. J. It is modified Italian Renaissance in style, the exterior facades being of Bedford Indiana Limestone, and it is thoroughly fireproof throughout, its structural parts being of steel and reinforced concrete.

IN the interior a unique and special arrangement has been carried out, placing the active officials in close touch with the working force, and yet directly accessible to the depositors. The main banking screen is of Italian Rosato Marble to the ledge height and the upper portion is of solid cast bronze having pilasters and cornice with simple low relief design.



THE new edifice of the City Trust Company of Newark, N. J., is both serviceable and amply safeguarded. Every modern convenience known to bank specialists has been provided for and in the equipment only the best of materials were used throughout.

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street - - - - New York

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: Referring to the answer to question "How to figure the Net Worth to Fixed Assets Ratio" appearing in the October, 1923, number of THE BANKERS MAGAZINE, on page 506, will you kindly give your opinion of the following discussion of your answer:

In the first part of the answer, the writer states that to derive this ratio the "net worth should be divided by the total fixed assets." In the second part of the answer, the writer appears to contradict his statement by saying that in view of the fact that real estate mortgages, reserve for depreciation, and other obligations set up against fixed assets are deducted when determining net worth, these same deductions must be made from the fixed assets when comparing net worth to fixed assets.

The writer appears to have stated two distinct methods for determining the net worth-fixed assets ratio. His first method is to compare net worth to *total* fixed assets, and his second to compare net worth to *net* fixed assets (deducting from the listed fixed assets real estate mortgages, reserve for depreciation, and other obligations set up against fixed assets).

Either method is correct if consistently followed.

It has been our practice to measure net worth against *depreciated* value of fixed assets.

Mr. Wall, the secretary-treasurer of the Robert Morris Associates, follows the first method suggested by the writer of the above article.

He divides the net worth by the total fixed assets without deductions or without reference to the funded debts, on the theory that he wishes to see how much net worth there is over and above the book listing of the fixed assets. Where the funded debt is substantial, so that it would have a real significance, he feels that this ratio should be supplemented by a further analysis as between the net worth and net fixed assets. He prefers to do this, however, as a supplementary rather than as a primary test.

Mr. Wall also adds to the analysis of companies, in which the funded debt represents a substantial amount, the supplementary ratios—net worth to funded debt and funded debt to fixed assets.

The main thing to be considered is that to get comparable figures the same practice should be followed over any period under analysis.—E. N. J.

ANSWER: E. N. J. is correct in taking us to task. Upon turning back to the October issue we find that we have apparently made a misleading statement. The method of figuring the net worth to fixed assets ratio is quite clear in our own mind but apparently we did not make this clear to the reader, the insertion of the word "total," when we should have said "net," causing him to charge contradiction. In the first sentence of our answer we stated that "the net worth should be divided by the total fixed assets;" this was misleading as we should have said "net fixed assets." We immediately qualified this, however, by explaining that "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." This we thought made clear that when there appear items on the liability side of the statement set up against the fixed assets, *these should be deducted from the fixed assets* whenever they are being compared to the net worth. A deduction of these items will of course result in "Net Fixed Assets."

E. N. J. has covered the subject of discussion very thoroughly. It is interesting to learn the procedure followed by Alexander Wall, of the Robert Morris Associates, who is both a keen student of and a well-known authority on credits. However, although we hesitate to disagree with Mr. Wall, we must admit that we cannot accept the method which he follows. In figuring his net worth, he deducts all mortgages, depreciation reserves, etc. from their offsetting fixed assets; yet in figuring the other element of comparison, fixed assets, he makes no such deduction. How then can he compare a net worth which includes *depreciated* fixed assets, with fixed assets which have not been depreciated? To us, the comparison seems proper only if the elements which compose the comparison are computed by similar standards; when the standards are contradictory we do not see how an intelligent comparison can be made.

QUESTION: How do you regard a loan to a moving picture syndicate, i. e., any one of the various moving picture corporations which act as producer and distributor of negatives? I understand that in several instances the negatives (i. e. the finished films ready for display) are given as collateral to bank loans. Do you consider this a safe type of collateral? What would you consider a good current ratio in loaning a company of this type?—S. P. R.

ANSWER:* Everything depends on the size, reputation and character of management of the company which you have in mind. We believe there are in the United States only a few financially substantial moving picture corporations which act as producer and distributor. As a general proposition we would not advise loaning the smaller and less well known companies,

unless the bank in question is thoroughly familiar with this type of loan and is convinced of the conservatism and ability of the management. The quick assets of a moving picture corporation doing both a producing and distributing business will usually consist of the following: cash; inventory, made up of completed negatives and positives (released and unreleased), and productions in progress and unproduced scenarios; advances to producers; receivables. Compared with the general type of quick assets of the ordinary mercantile concern, such as a manufacturing house or a wholesale grocer, the above are of a very intangible nature. When the inventory is analyzed, that part of it which consists of negatives and positives will usually be found to be almost entirely pledged as collateral; that part of it which consists of "productions in progress and unproduced scenarios" is largely an *expense* inventory. A portion of the "advances to producers" may also be pledged and against this item a substantial reserve should be set up on the liability side of the statement, to cover possible losses. The receivables will be largely owing from moving picture houses and theaters in this country and abroad to whom the negatives have been leased for display. Any receivables owing from theaters owned by the subject corporation should be considered as slow assets and separated from the quick. Also, contracts for the leasing of negatives made in advance of the completion of the negatives should not be included in the receivables. The banks which make loans on negatives pledged as collateral usually hold a trust receipt for the negatives, which are leased out to the theaters and moving picture houses. The value of these negatives as collateral is thus open to question, as the collateral itself is scattered all over the country, out of the bank's control. The conservative banker may also be inclined to judge with caution receivables owing from moving picture houses and theaters.

As can be seen from the above, the character of the quick assets of a corporation of this kind is intangible. Also, it is a question whether the moving picture industry is as yet on a sufficiently stable basis to loan without a substantial margin of quick assets over quick liabilities. Personally we would like to see a ratio of four or five to one. Also, the fact that so much in this industry depends on the success of the films themselves is another drawback. The failure of several large productions in a row might well cripple any company. The success of a company of this sort is largely dependent on the ability of the directors to gauge the tastes and whims of the public. Consequently, in view of the intangible nature of the

*An article covering this subject, "Motion Pictures and the Banker" appeared in the January, 1924, number of this Magazine. It was written by Richard W. Saunders, comptroller of Famous Players-Lasky Corporation.—EDITOR.

quick assets behind the loan, a bank is loaning to a great extent on faith in the management. Extreme caution must therefore be exercised. On the other hand, the moving picture industry is undoubtedly here to stay and with proper management a company of this sort can make large profits. There are several of the large companies in operation at the present time which will soon be in an easy position financially if present profits continue.

QUESTION: As a beginner in credits I am sometimes confused by the various terms appearing on bank and mercantile statements. Just now the distinction is not clear in my mind between the terms "surplus" and "undivided profits" as appearing on bank statements and "surplus" as appearing on a mercantile balance sheet. Will you define and distinguish between these for me?—P. C. N.

ANSWER: Surplus has sometimes been defined as the excess of net worth over capital stock. When the term is applied to mercantile statements perhaps a clearer definition is to say that it is the difference between the total assets and the sum of the total liabilities and capital stock. It represents profits made but not distributed to the stockholders. For instance, if a company has total assets of \$100,000, total liabilities of \$50,000 and capital stock of \$20,000, the surplus will be \$100,000—\$50,000 (\$50,000 plus \$20,000) or \$30,000. The current earnings of a concern are reflected in its surplus account; if the company makes money this will be indicated by an increased surplus (provided of course earnings are not paid out in dividends); if the company operates at a loss the surplus will diminish accordingly.

On a bank statement the term "surplus" is somewhat different in that ordinarily it does not reflect the current earnings of the business, this being indicated in the "undivided profits" account. The net worth of a bank would be considered as the sum of the capital stock and surplus plus undivided profits. The surplus of a bank is created by an original contribution of shareholders. For instance, when a bank is first organized, stock is sold above par to shareholders, the excess being the original surplus with which the institution commences business; e. g. stock with a par value of \$100 per share is subscribed to on (we will say) a basis of \$115 per share, and assuming that the bank is capitalized at \$100,000, this will provide an original surplus of \$15,000. After it has commenced business the surplus of a bank is increased by the addition of accumulated earnings from the "undivided profits" account. The surplus of a bank is fixed—that is, it can only be added to by action of the board of directors. If a bank should have losses the undivided profits must first be wiped out before the surplus is touched, and then the capital can only be impaired when all the surplus is charged off. No national bank can declare dividends until surplus is at least 20 per cent. of the capital stock.

Undivided profits, as appearing on a bank statement, is similar to surplus except that it is not fixed and subject to action by the board of directors. It reflects the current earnings of a bank and is a reserve out of which dividends may be paid. It is increased at various times during the year by transferring earnings to it, after a certain amount has been set aside to take care of interest and expenses. When the undivided profits account has become unwieldy through accumulated earnings, it is reduced by transferring a portion of the latter to surplus. All dividends, interest, expenses, taxes, etc., are charged to undivided profits, and earnings credited to it.



A New Book on Bank Defalcations

THE Bankers Publishing Company of New York will publish in the near future a new book on the cause and prevention of bank defalcations, by Martin K. Fowler of the New Jersey State Banking Department. The same writer will also contribute to *THE BANKERS MAGAZINE* several articles on the same subject.

Mr. Fowler in his capacity of state bank examiner and previously as a special agent of the Federal Department

banks involved. In his book he points out what are the chief causes of this particular form of crime and makes specific suggestions for its prevention.

Mr. Fowler had fourteen years experience with New York City banks, and subsequently became a special agent for the United States Department of Justice where he worked on secret service matters for the Government. He then became a special bank accountant for the Department of Justice, in which position it was his duty to investigate and aid in the prosecution of violations of the national banking laws. In connection with this work he traveled throughout the United States. At present he is a New Jersey state bank examiner.

During the course of his experiences Mr. Fowler has been a banker, an investigator and a bank customer, so there is no angle of the banking business with which he is not familiar. He is not only conversant with the problems of small country banks, but with those of a city institution as well. He has come in direct contact with many bank defaulters and from talking with them and examining the circumstances of their crimes he has acquired an insight into their methods and motives which is shared by few other authorities in the country.

Speaking of his book, Mr. Fowler recently stated:

"Bankers, examiners and accountants may see the circumstances surrounding the possibility of a defalcation in one light, whereas a criminal investigator or prosecutor would see it in another. There are many routine matters which seem to answer the purpose for bankers and even for some examiners, but to one who is familiar with the workings of a criminal mind they are apt to seem ridiculous.

"Bank defalcations could be prevented, not entirely perhaps, but a very large majority of them, if all directors were up to their jobs. Most directors labor



MARTIN K. FOWLER

New Jersey state bank examiner and author of book on the cause and prevention of bank defalcations

of Justice has had the opportunity of studying the circumstances surrounding many bank defalcations. In connection with this work Mr. Fowler has reached the conclusion that many of these defalcations might have been prevented by more careful management on the part of the officers and directors of the

under a misconception as to an examiner's duties and do not realize that they themselves are liable and that the responsibility of preventing a defalcation rests on their shoulders.

"The results of my investigations on bank defalcations would possibly fill several volumes and might be a burden for many busy bank directors to wade through, therefore I have given the sum total of my observations in one condensed volume. I have tried to analyze the subject in a brief yet comprehensive manner so that directors generally will be put on notice of the many danger signals."



Another Bankers' Tour to Europe

COMPLYING with the request of numerous bankers and their friends who were unable to join the 1923 tour, a second tour for the summer of 1924 has been arranged by Lifsey Tours, Inc. of New York. This year the tour will visit England, France, Italy, Switzerland, Belgium and Holland—in fact all points visited in 1923—and in addition will visit St. Moritz and the Austrian Tyrol.

As last year, the party will travel in a *de luxe* manner throughout the entire trip, using the world's finest steamers in both directions and stopping only at the best hotels. All train movements in Europe will be by special trains, or private cars on express trains, and the finest types of private automobiles will be used for sightseeing.

The party will again be limited to bankers, their families and recommended friends, and the number will be limited to avoid crowding or congestion at any point. B. E. Smythe, ex-president of the New York State Bankers Association, has again associated himself with the organization of the tour

and will accompany the party. Complete information may be obtained from Lifsey Tours, Inc., New York.



Payment of Cashiers' Checks Compulsory

PAYMENT of cashiers' checks, no matter under what conditions they are given, is held compulsory by the U. S. Circuit Court of Appeals in affirming a decision in favor of the Marine Bank and Trust Company, of New Orleans, in the amount of \$10,000 against the Bank of Palmetto, Ga. This decision settles a suit of three years standing, hinging on the right of a bank to stop payment on a cashier's check.



Carelessly Drawn Checks

EDITOR THE BANKERS MAGAZINE:

Probably every banker has noted, as I have, the large number of carelessly drawn checks passing through his bank. These checks invite the attention of the professional check raiser and it is only by good luck and the fact that the checks do not fall into dishonest hands, that more serious losses do not result. One form of carelessness that is becoming increasingly evident is due largely to the use of the modern check-writer, in itself a very useful machine, intended to safeguard checks rather than promote their mishandling. I refer to the absent-minded bookkeeper or cashier who makes out a check, filling in the figures of the amount only, and has it signed intending to fill in the amount later on the check-writer. Often this last operation is overlooked entirely and the check goes on its way leaving the easiest kind of opportunity for filling in any amount and changing the figures to correspond. I have found it worth while to warn several of the customers of my bank of the possibilities of this form of carelessness.

H. F. R.

FIRST NATIONAL BANK

IN ST. LOUIS

with its affiliated institutions

The St. Louis Union Trust Co.

AND

The First National Company

—covers the entire field of Bank, Trust and Investment Service enabling this dominant institution of the Central West to offer Banks and Bankers a thoroughly modern, complete and satisfactory service.

If you feel the need of an institution of this character to represent you in St. Louis, you are invited to investigate the exceptional service we are now rendering correspondents located throughout the United States.

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Broadway-Locust-Olive

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Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

IN comment on the reported prediction of a prominent statistical expert before the American Economic Association "that the next fifteen years are going to be a period of falling prices" the *Trend of Business*, monthly financial and economic review of the Continental and Commercial Banks, Chicago, says:

This is a shot at longer range than we care to make or even try. The present business cycle will be over before then. We may see the ebb and flow of business twice or perhaps three times in that period. It is of greater immediate and practical importance to note again that commodity prices have been remarkably stable. To be sure, there was a decline in the general price level from April through August, but in September prices picked up again. The bottom did not drop out of prices in the summer. Neither did they go skyrocketing in the fall.

This matter of price stability is so important that we print below three index numbers of wholesale prices, showing the monthly movement since the high for the period 1922-23, recorded last April. The first is recognized as probably the most reliable index number available. The second, though not so scientifically constructed, parallels the first closely and merits its

popularity. The third was designed to be extremely sensitive to price changes.

We shall be surprised if the general level of commodity prices during the first half of 1924 is not firm or rising. Unless there is directly ahead a period of liquidation and depression which we cannot foresee, this must be the price tendency.

THE PROBLEM OF THE COTTON MILLS

Archer Wall Douglas, well known industrial statistician, writing in *Business Conditions Today*, a pamphlet published by the research staff of the La Salle Extension University of Chicago, says regarding the cotton mills, and the problem which they are facing:

The cotton mills have a problem all their own, for they are practically the only manufacturers confronted with rising prices in raw materials, and their difficulty is to divine how far the consumer will stand for the translation of high-priced cotton into corresponding prices for fabricated materials. The New England mills recently met the situation by curtailing operations. English and German mills took the same action, only in more drastic and painful fashion. In all three instances, an impelling motive was the lack of sufficient stocks of raw cotton bought before the advance in price.

A far more serious and abiding problem of the New England mills is the severe competition from the mills in the South Atlantic states which have made but slight reduction in their output. In a stretch of some 600 miles from Lynchburg, Va., to Columbus, Ga., you can almost throw a stone from one cotton mill to another. They have raw material close at hand, and an unfailing supply of hydro-electric power in the numerous rivers which flow down from the Appalachian Mountains to the Atlantic Ocean.

	Bureau of Labor Statistics Index number (all commodities)	Brad- street's index number	Ten commodity price index ("Harvard Economic Service")
April	159	\$13.93	78.7
May	156	13.67	76.1
June	153	13.38	72.6
July	151	13.09	68.0
August	150	12.82	66.7
September	154	12.91	67.8
October	153	13.10	68.5
November	152	13.14	65.8
December	13.44	67.6

Plentiful white labor, coming from the coastal plains and from the Piedmont country, is of the type that makes efficient and dependable factory hands.

The mill workers are usually grouped around the factories in houses provided by the owners at moderate costs of occupancy. Relations between employers and employees are such as to keep labor troubles down to a very low point. Whole families work and with longer hours than in the New England mills. The southern factories have an advantage in lower labor costs. This, with freedom from strikes, largely accounts for the fact that now about two-thirds of the domestic mill consumption of cotton is by the southern mills as against one-third by the northern mills, whereas a generation ago the proportions were reversed. The labor situation in the southern mills apparently is to develop along new and progressive lines. Many feel that the South Atlantic states will in time become the cotton mill center of the world, with a widespread industrial condition where formerly the patriarchal plantation life of agriculture found its utmost expression.

The tendency of textile production in general is toward reduced output, and, in wool and silk, toward somewhat weaker prices.

NO TIME FOR POLITICS

"Taxation reform seems to be getting to be the fashion nowadays," says the business review of W. J. Wollman & Co., New York. "Up to the time the Secretary of the Treasury issued his masterly letter to the Chairman of the Ways and Means Committee," continues the review, "there were few members of either House or Senate who cared to deal with the intricacies of revenue legislation." The review goes on to say:

The fearless and outspoken endorsement of the suggestions for taxation reform as voiced by the President in his message to Congress, as well as in the message submitting the annual budget, have brought forth such unprecedented response from the entire country that politicians of all degrees and descriptions are beginning to take notice. As a result, we are already getting a lot of substitute proposals from Democrats, Progressives, Radicals and faint-hearted Republicans. Most of these attempts to deal with the revenue problem are based on the familiar appeal to the galleries, with much protest against the Administration espousal of the alleged effort to "aid the wealthy." The die-hard contingent that has

been using the advocacy of the bonus as a medium for vote getting, continues to hold forth alluring possibilities resulting from a measure linking "adjusted compensation" for able-bodied soldiers with a program for lowering taxes. Minority leaders in Congress are introducing measures calling for a reduction of the normal tax but making little or no reductions in the higher brackets of the surtax.

CONFUSING THE ISSUE

Most of the proponents of these plans have been in Congress all the years the people have been groaning under their burden of taxation yet not one of them made a constructive suggestion or framed a bill that would be adequate to meet national needs. Now, however, that the country by its spontaneous endorsement of the proposals of the President and the Secretary of the Treasury has shown its vital interest in taxation reduction, many measures are coming forth.

The people, however, now have too clear a conception of the country's necessities to be misled by ill considered and partisan countermeasures. The proposals of the Secretary of the Treasury together with their Presidential endorsement are based on consideration of the needs of the nation as a whole with plans carefully formulated and worked out with regard to specific detail, entire schedule of tax reduction being admirably and scientifically outlined. The precision with which the taxation reform would work would be entirely thrown out of gear by compromise on the major items. Both the President and the Secretary of the Treasury are sound in the position they have taken against any sacrifice of vital principle. What the country needs, and evidently, judging from the widespread public response, what the country wants, is a reform in taxation that will bring results.

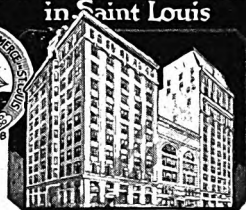
Certain elements in Congress have stood out boldly in the face of the rising wave of public opinion demanding tax reform on the ground that its chief impulse was skilfully directed propaganda. They never made a more grievous mistake or a greater political blunder. The people have had set before them in language that even the most uninformed could understand the underlying plan of Governmental fiscal administration, the method whereby revenue is raised, and how its expenditure should be directed.

LIFE INSURANCE SALES

"There has never before been as broad a demand for life insurance protection and aggregate sales of insurance last year broke all records," remarks William A. Law, chairman, in the cur-

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

rent letter of the First National Bank of Philadelphia. "The new year already is making a fine showing," continues Mr. Law, "and, while no one can tell how great the volume of insurance will be, the chances are that 1924 will see extraordinary activity in these lines." Mr. Law says further:

Life insurance in its present form is, to a large extent, an American invention for, while such protection has been available for many years, the most popular forms of insurance now in demand are largely of American origin. Life insurance never before had as strong a hold upon the public, for many now recognize it as a basis for credit and well-to-do men often take special policies to cover the burdensome inheritance taxes with which their heirs are confronted as soon as the usual transfers have to be made.

RECORD BUILDING

The current letter of the National Park Bank of New York notes that while the American people never made such prodigious outlays for new buildings as in 1923, the movement is going

right along under the impetus of an unusual volume of "winter building" operations. The bank says:

New building operations for the first ten months of 1923 were in excess of any previous full year, except 1922. Inasmuch, however, as the business done last year up to November 30 was within about \$396,000,000 of the full 1922 total, it is altogether probable that complete returns for 1923 will aggregate an expenditure considerably in excess of any other year. However this may be the high range of rentals shows that the shortage of dwellings and apartment structures has not yet been made up and that the country is still in need of more apartment and business buildings in order to keep up with the urgent demand in large and small cities. Arrangements are under way for extraordinary activity in building lines next spring, provided the requisite labor is available and needed supplies can be purchased at a price which will make it possible to erect moderate priced structures at a cost low enough to enable the owners to offer fairly low rentals.

THE PACKING INDUSTRY OUTLOOK

"The packing business," says Thomas E. Wilson, president of Wilson & Co.,

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,500,000 Undivided Profits \$319,000

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*

WILLIAM J. WASON, JR., *Vice-President*

HOWARD D. JOOST, *Vice-President*

THOMAS BLAKE, *Secretary*

CLARENCE E. TOBIAS, *Assistant Secretary*

ALBERT I. TABOR, *Assistant Secretary*

J. NORMAN CARPENTER, *Trust Officer*

ALBERT E. ECKERSON, *Auditor*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

"is in a fundamentally sound position. There are some problems in the packing business today just as in other industries, but they are being solved in a satisfactory manner. The fundamental condition of the packing companies is stable, and that is the main thing to be considered." Mr. Wilson continues:

Raw material costs are much lower and selling price levels which show declines from peak prices ranging from 20 to more than 70 per cent., have resulted in an increased consumptive demand, especially because of the full employment of labor in all industrial centers. Labor shortage is not a serious factor in the packing industry.

Meat production during 1923 was the greatest in the history of the nation and will exceed the year 1922 probably by one and one-half billion pounds, owing largely to the increase of pork production through the buying and handling of nearly ten million more hogs than last year. There has been a little overproduction of hogs and cattle but the demand for meat products has been well maintained despite the vast numbers of live stock that have come to market and the production is moving rapidly into trade and consumptive channels both here and in Europe.

Foreign trade has been good. Europe bought from 30 to 50 per cent. more meats and fats in 1923 than in 1922. Germany has been a heavy buyer of lard, fats and other pork products and England has been a pretty fair buyer—both for lard and meats. Considerable activity has been shown on the Continent, so that despite unsettled and unfavorable conditions, export trade has been showing improvement and we look for it to be sustained during 1924.

The meat industry is a fair barometer of general business conditions. When wages are good and labor well employed the effect is very noticeable in the sale of our products.

HOOVER ON THE RAILROADS

"The formulation of long view national policies in transportation that will secure for us economical and adequate handling of goods," said Herbert Hoover, Secretary of Commerce, in a recent speech in Washington before the Transportation Conference, "is the first fundamental to our whole economic future. The solution of the problems in such policies is only in part a matter of legislation and governmental relations. They are in large part to be solved by initiative and voluntary co-operation among the business community. It marks a great step in our business progress when all the elements such as are represented in the subcommittees may come together and agree on solutions in important questions, and outline a method of co-operation by which they are to be attained." Secretary Hoover continued:

To secure the adoption of national policies in these matters they must commend themselves to the common sense of our people and to do so they must protect public interest; they must be just to the investor and to the employee; they must maintain the initiative of our transportation agencies, and they must assure the development in service that our growing population will need. These things are not incompatible.

If I were to attempt to express my personal views of such national policies—stripped of secondary consideration—I would enumerate them somewhat in the following terms, and much of your subcommittee reports support such conclusions.

1. Railway service under private ownership in order to secure the driving force of

individual initiative in efficiency and development.

2. Government regulation of fair rates and railway finance in order to protect the shipper and to give stability to honest investment of savings.

3. Recapture of excess profits in order to allow rates which will assure operation and service from railways in less favored circumstances yet prevent unjustified profits from any particular railways.

4. The earliest practicable consolidation of the railways into larger systems under conditions of maintained competition in service in order to secured greater economy in operation, assurance of development and lower rates, and greater stability in earnings.

5. A basis of employer and employee relationship that will stimulate mutual responsibility as the first requisite to continuous service.

6. Reorganization of the rate structure in order to secure a better adjustment of the burden between commodity, class, and less than car-load rates, most of which can best be accomplished after consolidation and consequent wider diversification of traffic.

7. Co-operation between the shipper and the railways in order to secure a better distribution of traffic over the year and to avoid congestion of peak periods of car shortages.

8. Definite development of relief in freight terminals, including co-ordination with motor truck feeders and distribution.

9. Development of proper joint rates and service by water and rail transportation in order to relieve extension of railways where unnecessary and give the public the advantage of cheaper water transport.

10. A comprehensive national plan of inland waterway development in substitution of hit and miss activities, with priority in development to rivers and canals where substantial traffic may be expected, including development of the St. Lawrence waterway, etc.

Many of these questions are outside of legislation. They require continuous co-operation between the public and the transportation agencies. The accomplishment of some of them implies supplemental legislation or amendment to the present acts.

AMERICA LIGHTS THE WORLD

The United States is lighting the world. Its electric lights twinkle in a hundred different countries, colonies, protectorates, mandated territories and island communities, literally the world over. To Iceland at the far north, to the southernmost communities of Africa,



A definite policy was formulated by this Bank in 1889.

It has since been in process of development, until now we have something unusual to offer—

Friendly — Individual treatment of the problems of our customers, both depositor and correspondent.

Does this mean something to you ?

We welcome your instructions to serve.

Resources \$24,000,000.00

South America and Oceania and to all the countries and colonies lying between those extremes the manufacturers of the United States are sending millions of dollars worth of electrical lighting appliances. It was only in 1913, says the *Trade Record* of The National City Bank of New York, that the exportation of electric lighting apparatus was deemed of sufficient importance to warrant mention in the export records of the country and in that year the number of "incandescent lamps" exported was less than 3,000,000 with a value of a half million dollars, yet the total number of lamps exported from the beginning of 1913 to the end of 1923 is more than 100,000,000 and their value, in round terms, \$25,000,000. The *Trade Record* says further:

Where do they go, these 100,000,000 American incandescent lamps? Literally to

UNITED STATES MORTGAGE & TRUST COMPANY

CAPITAL, SURPLUS AND UNDIVIDED
PROFITS - - - \$7,300,000

Invites the accounts of Trust Companies, Banks
and Bankers seeking new or additional con-
nections in New York City.

Interest credited each month on daily balances.

Main Office : 55 CEDAR ST.

BROADWAY AT
73RD STREET

MADISON AVENUE
AT 74TH STREET

125TH STREET
AT 8TH AVE.

New York

every part of the world, for the 100 countries, colonies, protectorates, mandated territories and islands to which they have been sent include practically every political division or community the world over. To Europe alone the list of countries to which they were sent in the latest year for which details are available was twenty-six, to North America other than the United States twenty-five, to South America every one of the thirteen countries and colonies, to Asia sixteen, to Africa a dozen, and to Oceania a half dozen specified areas, to say nothing of the many smaller islands included in the general group "all other Oceania."

RAILROAD REGULATION

Railroad values in this country would sink to the status of German marks or Russian rubles if the railroads were taken out of the hands of experts and an attempt were made to run them without regard to economic laws, declared C. B. Hutchings, secretary of the National Transportation Institute, in a recent address here at Crane Junior College, Chicago. Mr. Hutchings said in part:

Railroading is such an expert, technical job that no matter how honest and well meaning an attempt might be to run the roads without a complete organization of experts it would fail, just as have failed the attempts of the German and Russian Governments to give value to their printing press currency. Transportation is a service of billions of dollars worth of trains, ships, roads and waterways and it cannot be created by printing presses or by laws passed. The first thing we want to know about anyone who talks about the transportation system of the country is, does he know what he is talking about.

Before anyone is allowed to do anything to influence the means of transportation on which the life of the public depends he ought to be compelled to pass an examination to prove that he is an expert on transportation. We can't afford to allow the system to be touched by anyone who is not a qualified expert. This does not bar the topic from discussion and does not mean that our transportation cannot be improved.

Our transportation system is inadequate. It must be developed enormously to meet our growing needs. But it is too vital to our life to allow it to be tinkered with by any except those who are equipped with expert knowledge of the subject.

RESERVE BANKS MAY INSURE EMPLOYEES

The Federal Reserve Board is understood to have under consideration a recommendation to Congress for the enactment of legislation to permit the Federal Reserve Banks to insure their employees, according to the New York *Journal of Commerce*. The possibility of extending the insurance scheme to all the member banks of the Federal Reserve System is also being considered, which would involve a very large amount of insurance business. The *Journal of Commerce* says that:

Approximately 12,000 officials and employees are on the rolls of the twelve Federal Reserve banks so that the initiation of the scheme would mean a considerable amount of insurance if limited to those institutions only. There are about 9000 banks all told members of the Reserve System, with employees running into many thousands, so that the extension of the insurance plan to the system as a whole would mean the writing of policies on a par with the magnitude of the business of some of the commercial insurance companies.

Investigation into the possibility of the Federal Reserve Banks insuring their employees has been made by a committee of governors of the Federal Reserve Banks and a comprehensive scheme has been laid before the board. Capital would be provided for the insurance funds through contributions by the Reserve Banks together with the assessment of small amounts against the employees. As the plan now stands insurance would be optional in the case of employees now in the service of the Reserve Banks, but the Reserve Bank insurance would be compulsory upon those employed after the plan was put into operation.

Compulsory insurance of Reserve System employees, it is believed, would greatly encourage thrift among the personnel of the system while at the same time policies could be written offering very attractive terms to the insured. Moreover, the handling of insurance by the Reserve Banks would appreciably enlarge their funds available for the extension of credit.

BOK'S PEACE AWARD

The current number of the *Girard Letter*, published by the Girard Trust Company of Philadelphia, centering its attention on Mr. Bok's American Peace Award, says:



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

The Erie Canal—and Buffalo

The Erie Canal constructed by the State of New York furnishes a waterway with cheap transportation from New York City to Buffalo. Its cost is far in excess of the Panama Canal and it furnishes an all-American water route from the Great Lakes to the Atlantic ocean.

This is but another advantage of Buffalo, the City of Opportunity which is served by the largest and oldest commercial bank on the Niagara Frontier.

THE MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus - - \$20,000,000

No subject of general or national import can be more vital or international in its scope, and no project can more convincingly show the industry of Philadelphia than this effort to bring about world-happiness which has been evoked and made real by the vision and the generosity of a citizen of Philadelphia.

Mr. Bok's philanthropy is well known. Perhaps his willingness to devote to the encouragement of his fellowmen, and the recognition of their service to the state, substantial portions of his own means is more in the public mind than is the expenditure of his time and energy and thought that in each case foreruns the culminating act of contributing mere money to these objects.

He has the rare quality of believing that the possession of money accumulated by his own efforts places upon him the duty as well as the ability to use a large part of it for the good of others; that is to say, for the people at large of whom he is one.

It doesn't matter to him that to bring to its fruition the Peace Award he may have to spend many times the actual \$100,000 to be given the person who produces the plan chosen by the jury—he conceives that to no better use can money be put than in bringing about a condition where the very talk of peace and a plan for it, even if the latter be difficult, will make peace such a household word that at last it must prevail.



Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

CONVENTION DATES

Trust companies mid-winter conference—
at New York City, February 14.

Pennsylvania Bankers Association—at
Philadelphia, Pa., May 21-23.

National Association of Credit Men—at
Buffalo, N. Y., June 10-13.

New York—at Mount Royal Hotel, Mon-
treal, Canada, June 23-25.

BANK OF AMERICA PLANS NEW BUILDING

The Bank of America, New York, ac-
cording to Edward C. Delafield, president,
will erect a new twenty-three story building
at its present location without any interrup-
tion of business and without leaving the
location which has housed the bank for 112
years. This will be accomplished by the
bank using its present building while the
two adjacent buildings are demolished and
the new one raised to the eighth floor. The
bank will then move into the completed part
while its old home is torn down and the
entire new building finished.

KAVANAGH RETIRES AFTER FIFTY-ONE YEARS WITH NATIONAL CITY

Arthur Kavanagh, vice-president of The
National City Bank of New York, and for
more than fifty-one years a member of its
staff, has retired. Mr. Kavanagh entered
the service of the bank as an office boy for
Moses Taylor, its president, in 1872, and has
risen steadily step by step through the vari-
ous positions of assistant cashier, cashier
and vice-president, the latter title being held
by him for many years. Mr. Kavanagh in
his long service has served under six presi-
dents.

The board of directors of The National
City Bank in agreeing to Mr. Kavanagh's
request that he be permitted to retire
passed one of the most complimentary reso-
lutions ever seen in Wall Street in a similar
case.

Mr. Kavanagh has the unique distinction

of having served in Wall Street, that place
of rapid change, for nearly fifty-two years
and then retiring in excellent health and
remarkable mental vigor at the age of 65.

NATIONAL BANK OF COMMERCE SUBSIDIARY GRANTED CHARTER

The Federal Commerce Trust Company,
organized by the National Bank of Com-
merce in New York, has received a charter
from State Finance Commissioner Mills-
pough. The capital is \$800,000 and the sur-
plus and profits \$140,000.

The new company will handle estates and
other matters which cannot be handled by a
national bank, and will thereby serve as a
valuable adjunct to the Bank of Commerce.

SIMMONS MADE VICE-PRESIDENT OF MECHANICS AND METALS

At the annual meeting of the board of
directors of The Mechanics & Metals Na-
tional Bank, New York, on January 16, all
of the officers were re-elected and George



GEORGE W. SIMMONS

Vice-president The Mechanics and Metals
National Bank

"A Firm's Best Assets Are Its Satisfied Customers"

The Commonwealth-Atlantic National Bank

Formerly Commonwealth Trust Co. and Fourth-Atlantic National Bank, Boston

Mr. G. S. MUMFORD, President

Mr. H. K. HALLET, Chairman of Board

UNHESITATINGLY SELECTED

THE MOSLER SAFE CO.

**The Largest and Most Complete Safe Works in the World
To Build and Install the New**

Security and Safe Deposit Vaults

For their New Building

Mr. W. H. RAND, Jr.

**President Security Safe Deposit Vaults, The Safe Deposit Department
of the Commonwealth Trust Co. and a Vice-president of the
Commonwealth-Atlantic National Bank**

Wrote in 1915:

"The vaults and safe deposit boxes which you installed for our Company at No. 30 Congress St., Boston, have proven eminently satisfactory in all respects and have met every demand placed upon them. This has been especially gratifying in view of the new problems presented to your Company in the building of these vaults on account of their size and the massive type of construction employed throughout."

After Eight Years of Mosler Service we are given another opportunity to serve this bank and to build for them one of the largest and strongest burglarproof vaults in America, proving that THE TEST OF MERIT IS NOT THE FRIENDS WE MAKE BUT THOSE WE KEEP

THE MOSLER SAFE CO.

375 Broadway, New York City

New England Branch

84 to 90 Sudbury Street, Boston, Mass.

Factories—Hamilton, Ohio

Branches in all principal cities

W. Simmons was appointed an additional vice-president. Edward S. Dix and George J. Runge were appointed assistant cashiers.

Mr. Simmons comes to New York from St. Louis where, since the merger of the Simmons Hardware Company with the Winchester Repeating Arms Company in 1922, he has served as president of the Winchester-Simmons Company. He is the youngest son of Edward C. Simmons, founder of the Simmons Hardware Company, and spent almost his entire business life, up to the time of the merger, as department manager, general manager and executive officer of that company.

CHURCH AND BANK TO SHARE NEW BUILDING

The United States Mortgage and Trust Company of New York has entered into a unique arrangement with Rutgers Presbyterian Church of that city. The present church building, located at Broadway and Seventy-third street, New York, is to be demolished on March 1, and a new five-story structure will be erected on the site. The church will occupy one floor and the roof garden, the rest of the building being occupied by the trust company, under a sixty-three year lease.

THE NEW YORK TRUST COMPANY

The condensed statement of condition of the New York Trust Company as of December 31, 1923, shows total assets of \$251,946,810; capital, surplus and undivided profits of \$17,978,682, and deposits of \$175,869,514.

DISCOUNT CORPORATION OF NEW YORK

The fifth annual report of the Discount Corporation of New York shows total assets of \$104,583,405, capital of \$5,000,000, surplus and undivided profits of \$2,372,913. After making provision for taxes, the net profits for the year were \$414,858, from which were deducted dividends at the rate of 6 per cent. per annum, amounting to \$300,000, leaving \$114,858 to be added to the undivided profits account.

BANK PERSONNEL CHANGES

Roger Whittlesey was elected vice-president of the Central Union Trust Com-

To Build Bank Deposits

**Get Your Prospects
to Think Well of
You !**

It is necessary to create and maintain a favorable opinion of your services in the minds of your customers and prospects.

**By Giving Them a
Chance to Know
About You.**

You can do this by sending periodical messages to your prospects telling them about your bank and its services.

The Way is Clear.

This company can supply you with a deposit building service prepared to fit the needs of your particular bank. This service is under the direction of Mr. Withers Woolford, formerly Advertising Manager of The Bank of America, N. Y. C.

Begin Building Now.

To-day is not too soon to begin a campaign for new business.

Write us for complete details.

 *The Prince-Wark Company
of New York City*

Two Duane Street Phone Beekman 6015

pany, New York, at a recent meeting of the trustees.

Arthur Hamilton and Harry W. Maynard of the Central Railroad of New Jersey, have been elected directors of the Coal and Iron National Bank of the City of New York.

The Gotham National Bank, New York, has announced the appointment of Russell E. Smith and Henry J. Smith as assistant cashiers, at the annual meeting of the board of directors. At the same meeting, B. W. Griffin was appointed assistant to the president, Henry H. Bizallion.

New directors elected to the board of the Guaranty Trust Company of New York are Howard Elliott, chairman of the board Northern Pacific Railway Company; W. Palen Conway, vice-president Guaranty Trust Company; and Lansing P. Reed, of Stetson, Jennings, Russell and Davis. John M. Murphy has been appointed assistant



A. F. LINDBERG



JOHN F. BYRNE

Prominent New York accountants who have formed a partnership under the name of Byrne, Lindberg and Byrne, to act as accountants and auditors with offices at 30 Broad Street, New York City

treasurer, in charge of the company's income tax department.

The Manufacturers Trust Company has announced the appointment of Henry A. Clinkunbroomer, one of the best known credit executives in New York, as a vice-president. Harry I. Arrow has been engaged to be specially employed in credit work.

John H. Mason, chairman of the board of the Bank of North America and Trust Company of Philadelphia, has been elected a director of the Metropolitan Trust Company of New York, in place of Beverly Chew, retired.

C. E. Haydock has resigned as vice-president of the New York Trust Company.

The board of trustees of the Seamen's Bank for Savings, New York, have elected William M. Kingsley, vice-president of the United States Trust Company, as a trustee. Thornton C. Thayer has been appointed assistant cashier.

Thomas M. Sherman has been appointed assistant vice-president of the State Bank,

New York, together with the following officers who were advanced from assistant cashiers: C. E. James, C. C. Schnecke, P. Muller and M. M. Telcher. The following new assistant cashiers were appointed from the ranks of the employees: T. E. Speer, J. H. Vandembree, R. J. Kiernan, D. T. L. Van Buren and G. W. Pierson.

BANK PRESIDENT AT 28

The Ridgfield Park Trust Company of Ridgfield Park, N. J., claims to have the youngest bank president in New Jersey. He is Bernard C. Diekman, aged 28, who has just been elected president by the directors.

Mr. Diekman graduated from high school in 1914 and went to Syracuse University. Following his war service, he entered the bank, and has worked his way up to the top.

HENRY C. BREWSTER RESIGNS

Henry C. Brewster, dean of bankers of Rochester, N. Y., and for sixty years associated with the Traders National Bank of

that city, has resigned as chairman of the board of directors. Mr. Brewster's resignation came as the result of ill health.

TWO PENNSYLVANIA TRUST COMPANIES MERGE

Clayton H. Alderfer, president of the Penn Trust Company, of Norristown, Pa., will be president of the new \$20,000,000 trust company, the outgrowth of the merger of the Penn and Norristown trust companies. Other officers of the proposed new organization are N. H. Larzelere and Henry F. Fox, vice-presidents; John T. Ebert, secretary, and Frank S. Yeakle, treasurer of the Norristown Trust Company.

FINANCIAL ADVERTISERS TO MEET

The mid-winter conference of officers and directors of the Financial Advertisers' Association, will be held in New York City, February 14-15. The sessions of the conference are to be held in the board room of the American Institute of Banking, and at the new club house of the Advertising Club.

The members in attendance will be entertained by the New York City members of the association at the annual dinner of the Trust Companies Division, American Bankers Association, February 14, and a dinner and theater party the following evening.

The officers of the association are: President, Gaylord S. Morse, State Bank of Chicago; first vice-president, Carroll Ragan, United States Mortgage & Trust Company, New York; second vice-president, H. G. Hedapp, Wells-Dicky Company, Minneapolis; third vice-president, R. E. Hotze, Planters' National Bank of Richmond, Virginia; treasurer, Carl A. Gode, Illinois Merchants Trust Company, Chicago; secretary, Lloyd L. Coon.

The following committee has been named to provide entertainment for the visitors: Chairman, F. W. Gehle, Mechanics & Metals National Bank; A. M. DeBebian, Equitable Trust Company, H. D. Robbins, H. D. Robbins & Company, H. W. Foster, American Trust Company, Daniel Lipsky, Manufacturers Trust Company.

GENERAL MOTORS ACCEPTANCE CORPORATION TO OPEN FIVE NEW BRANCHES

In addition to a service branch recently placed in operation in the new Keith Building, Cleveland, Ohio, the General Motors

How this plan is *building* *business* for thousands of banks

New depositors are being attracted, old depositors are being more securely *held*, by this *positive protection* feature of broader banking service. It is a definite, tangible step—something that arouses interest; something that you can merchandise. Read these unsolicited expressions—representative of many hundreds on file in our offices.

"The added values which Super-Safety Insured Bank Checks possess, can only be appreciated by the banks, who have used them. Super-Safety Insured Checks have not only *helped us increase our deposits*, but the satisfaction it has given our old customers has been a pleasure to us."

"We wish to acknowledge receipt of your Super-Safety Bank Checks and wish to advise that we are more than pleased with them. They have been instrumental in obtaining some new commercial business for us and we do not hesitate to recommend them."

**SUPER-SAFETY
Insured
BANK CHECKS**

Let us give you all the facts
Address:

The Bankers Supply Company

*Largest Manufacturers of Bank
Checks in the World*

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Chicago
Dallas

San Francisco
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THE BUSINESS LAW JOURNAL

THE Business Law Journal publishes and explains each month the current court decisions involving commercial transactions.

These decisions are of interest and importance to every business man. The best way to find out whether the Journal will be useful to you is to examine it.

This you can do without obligating yourself in any way.

Send in an approval subscription on the blank below. After you have received and examined the first issue remit \$8 for one year or notify us to cancel your order.

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You may enter my subscription to The Business Law Journal for one year, beginning with the current issue, subject to my approval.

After I receive the current issue, I will either remit \$8 for one year or notify you to cancel the order, in which event I am to be obligated in no way.

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Please Print Name

Address

CityState.....



WILLIAM E. WALTER

President National Bank of America,
Paterson, N. J.

Mr. Walter's bank has recently purchased the Colt Building in Paterson which will be completely remodeled for the bank's requirements

Acceptance Corporation announced on January 8 that it would within thirty days open five more service branches as follows: Buffalo, N. Y., Jackson Building, Delaware avenue and Chippewa street; Washington, D. C., Transportation Building, 801 Seventeenth street, N. W.; Philadelphia, Pa., City Centre Building, 121 North Broad street; Cincinnati, Ohio, Frederick A. Schmidt Co. Building, Fifth and Main streets; and Denver, Colo., address not determined.

With the opening of these branches the Acceptance Corporation, which provides an exclusive financial service for General Motors dealers and purchasers of General Motors products, will have twenty branches in the United States, one in Canada and one in London, fully equipped for prompt service to General Motors dealers and retail purchasers.

Offices of the financial sales department, which maintains the Acceptance Corporation's contact and relations with the banks throughout the country, are located in practically all principal cities.

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

THERE is a new and growing demand for manufacturing space in New England, and an increased interest in real estate suitable for manufacturing sites. While this may seem, on the face of it, to be of interest to real estate people only, the significance of the movement is much deeper. During the war the manufacturing facilities of New England were increased by leaps and bounds for the manufacture of war material. When the war ended there was so much manufacturing space left idle that the real estate interests of this section felt that it would be many years before even an appreciable part of the available surplus space would be absorbed by the demands of peace time. Up to a few months ago manufacturing property figured very lightly in the real estate reports. Then, suddenly, came the realization that not only had the surplus space been absorbed but there was a growing demand for more. In the past month this demand has become a prominent factor in the real estate business of New England, the demand embracing not only floor space in buildings already erected and equipped with power, but extending also to manufacturing sites, especially those with trackage rights. The demand is general—it does not spring solely from the textile, shoe or any other industry—and it reflects not only the industrial growth of this section, but the optimism with which the future is viewed from a manufacturing standpoint.

Retail trade is good. The holiday trade was beyond all expectations and left the merchants with stocks so depleted that buying from producers has taken a sharp jump. Since the holidays all lines of merchandise except heavy clothing have been moving well. The clothing industry has been hard hit by the mild weather of December and the first half of January. Prices have been held down to fairly low levels through the uncompromising attitude of consumers on this point, and the whole price situation has

been materially cleared and stabilized in the last two months.

A few branches of the textile trade have curtailed production this winter and there have been a few individual instances of retarded production in the shoe industry. On the whole, however, employment has been maintained at a high level, wages are high and the buying power of the average small consumer has been maintained at a very comfortable level.

Money is plentiful and rates are low. Demand from commercial sources is slowly increasing but is not as brisk as the bankers wish it were. The tremendous real estate movement of the summer and fall months absorbed large amounts of mortgage money, but the accumulation of savings has been still more rapid, and the banks have been heavy buyers in the bond market as a result.

Business failures have been without any special significance. There has been a slight increase in the number of failures, but liabilities have shown a substantial decrease. There are no signs of strain in any industry or locality.

One of the most striking features of the New England business situation at the present time is the sudden increase in building operations. Not since the war has New England seen such a volume of winter building. Material prices have become pretty well established and there is an ample supply of efficient labor. These are the main factors back of this new building movement. Open weather has helped materially, too. The outlook is bright for a very busy spring building season, and it is doubtful if the mistakes of last spring will be repeated, for at that time a sudden rise in material prices and new demands on the part of labor killed abruptly one of the most promising building movements this section had ever seen.



CONVENTION DATE

National Foreign Trade Council—at Boston, June 4-6.



Hungry Hearts Groping for the Moon

WOULD you see the garrets where poor, bewitched Trilby loved, and sang, and died? . . . the haunts of Rodin and Anatole France? . . . the alleys where valiant Jean Christophe starved and triumphed?

Highways of a thousand ambitions, byways of a thousand romances! Here they all are . . . the Quartier Latin, eternal Bohemia of unreal verities, lodestar of the moonstruck children of art.

Mark it well—it is part of the glorious spirit of France . . . part of the spirit that so impresses you once you step aboard a French Line ship.

For every French Line ship is France in miniature—in service, atmosphere, convenience, cuisine. Every ship has its retinue trained in the veritable esprit—charming little attentions for guests achieved only by the French.

Whether you plan a quick trip on an express liner or a leisurely crossing, the French Line service provides the route ideale. It is the line of the experienced travellers.

Further information or beautiful descriptive booklets and sailing schedules will be sent on request.

THESE SERVICES:

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New York
Plymouth Havre

PARIS FRANCE
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New York Havre Paris

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DE GRASSE LA SAVOIE
CHICAGO SUFFREN
ROCHAMBEAU

..

New York Vigo Bordeaux

LA BOURDONNAIS
ROUSSILLON

..

New Orleans Havre Paris

DE LA SALLE NIAGARA

..

North African Motor Tours



French Line

Compagnie Générale Transatlantique
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Offices and Agencies in Principal Cities of Europe and the United States

To Bank Executives—

Automobile exhaust gas is dangerous!

Life Insurance Companies are warning their policy holders to avoid breathing air that is poisoned with exhaust gas.

Unless your building is ventilated with air from a pure source, poisoned air from the streets is being forced by wind pressure into and through your offices.

Remember that poisonous carbon monoxide gas is "invisible, odorless, tasteless and non-irritant."

"It is insidious, because the bodily senses of sight, smell, taste and touch are powerless to warn of its presence."

By the Gerdes Method of Ventilation, healthful and invigorating unheated fresh air is diffused without causing draft or chill.

A booklet giving references *by permission* will be sent on request.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

GERDES
METHOD

SHAWMUT BANK TO OPEN NEW OFFICE

The National Shawmut Bank of Boston has completed arrangements for establishing a new office, to be located in the Park Square Building, and to be known as the Arlington street office.

This office will occupy the entire Arlington street end of the building, using the ground floor and basement and taking in the St. James avenue and Providence street sides. The main entrance will be at 61 Arlington street, with a rear entrance joining the building arcade.

The ground floor will be arranged as a commodious banking room, with all facilities for modern banking service. A broad stairway will lead from this floor to the basement wherein will be located a large safe deposit vault and an even larger storage vault for silver and other valuables. Customers' and conference rooms will be provided on both floors.

The work of fitting the quarters for occupancy by the Shawmut Bank will be started at once. It is hoped that it will be completed not later than June first next.

As a convenience to customers and for use

until the permanent office is ready, a temporary office has been opened by the bank at 39 St. James avenue, in the Park Square Building.

FIRST NATIONAL BANK TO OPEN UPTOWN BRANCH

The First National Bank of Boston has leased the premises in the Berkeley Building at 416 Boylston street and plans to occupy the ground floor and basement as soon as its new quarters can be equipped.

In addition to receiving deposits, cashing checks and performing other routine services, this office will be used for uptown savings accounts and as a base for the bank's automobile truck service to the western part of the city.

INDUSTRIAL TRUST COMPANY ELECTIONS

At the organization meeting of the board of directors of the Industrial Trust Company, Providence, R. I., held January 15, 1924, immediately following the annual meeting of stockholders, Samuel M. Nicholson was re-elected chairman of the board 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,
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42 Broadway, New York

directors, H. Martin Brown was elected vice-chairman, and Florrimon M. Howe, president.

Col. H. Martin Brown, who has been president for the past twelve years, declined to be a candidate for re-election. During his presidency, the resources of the bank have more than doubled, being now in excess of \$115,000,000. As vice-chairman, he will continue the association which began when he was elected a director in 1900.

Florrimon M. Howe, who was elected president, has been vice-president and director since December 24, 1917. He has been a banker all his life, having been with the Old Colony Trust Company for many years in various executive positions. As cashier of the Federal Reserve Bank of Boston he was instrumental in the organization of the Federal Reserve System in 1914. During his residence in Providence, he has been actively identified with the business life of the city.

George W. Gardiner was elected a vice-president and director. Mr. Gardiner has been for the past ten years vice-president

of the Union Trust Company. Before going to the bank, he had been for twenty-five years in the Government service, the last ten years as Collector of Customs.

The other officers elected at the meeting were: Joshua M. Addeman, Eben N. Littlefield, James R. MacColl, Ward E. Smith, Henry B. Congdon, Elmer F. Seabury, William G. Roelker and Howard W. Fitz, vice-presidents; J. Cunliffe Bullock, vice-president and trust officer; W. Granville Meader, vice-president and manager foreign department; Chester R. Martin, treasurer; Harry C. Owen, secretary; Ellery Holbrook, assistant treasurer; Earl S. Crawford, Nicholas E. Carr and Clyde A. Rines, assistant secretaries; William Metcalf, Everett S. Hartwell and Clayton D. Sheldon, assistant trust officers, and Felix Ferraris, assistant manager of the foreign department.

At the meeting of the stockholders, the following were elected directors for the ensuing year: Webster Knight, Joshua M. Addeman, H. Martin Brown, Eben N. Littlefield, Ezra Dixon, Lyman B. Goff, Samuel M. Nicholson, James R. MacColl, Harold J. Gross, R. Livingston Beekman, Walter S. Ballou, James M. Pendleton, Everett I. Rogers, Erling C. Ostby, John S. Holbrook, Edward H. Rathbun, Henry A. Hoffman, Alfred M. Coats, Edward B. Aldrich, Florrimon M. Howe, Frederic W. Howe, Walter F. Angell, Frederick L. Jenckes, LeBaron B. Colt, James H. Higgins, George L. Shepley, Harry Parsons Cross, George M. Parks, Paul C. Nicholson, Charles O. Read, Andrew E. Jencks, Herbert G. Beede, Joseph B. McIntyre, Joseph W. Freeman, Howard J. Greene, Forrest W. Taylor, Webster Knight, and George W. Gardiner.

Carlton E. Taft was re-elected auditor.

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

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 past year has not been one of universal prosperity, it has given reasonable profits to economically operated businesses. Those houses that had put themselves on a sound basis have pulled out of the red and shown a gain in 1923, after several years' losses. The situation, generally speaking, as 1924 makes its cold entry, is safe and encouraging. To the brave and to the efficient belong the profits.

In the sixth Federal Reserve district, Chattanooga led in the November advance, the latest month for which reasonably complete figures are available. Its November business was 30 per cent. better than in the previous year. Birmingham was second, 21 per cent. better; then Savannah, 8 per cent. better; New Orleans, 5.8 per cent.; Nashville, 5.7 per cent.; Atlanta, 4 per cent.; Jackson, 3.8 per cent.; other cities 0.7 per cent.

Stocks were 0.1 per cent. larger than in October, but 13 per cent. larger than in November of a year ago. The rate of turnover from July to November, as shown by the relation of stocks to sales, was 2.4 times a year, a slight improvement over the preceding period.

The wholesale trade fell off. This is natural at the tail end of the year. Dry goods averaged 22.5 per cent. less than in October, stationery 19.8 per cent.; shoes 18.1 per cent.; hardware 11.6 per cent.; furniture 11.1 per cent.; groceries 6.1 per cent.; drugs 0.6 per cent. However, the sales in all these lines except stationery were greater than in November, 1922. Stationery was 16.1 per cent. off. Drugs were 11.1 per cent. better than in November, 1922; shoes 6.8 per cent.; hardware 6.5 per cent.; groceries 5.1 per cent.; furniture 3.8 per cent.; dry goods 3.2 per cent.

The cotton crop of the South is very short, and the price of the staple is high. In parts of the belt, the rains played havoc with the plantings. The boll weevil took a

mighty toll. Where proper cultural methods have been followed, the boll weevil menace has been minimized, and the yield has been good. However, such prosperity is extremely spotty. There are more farmers who won't handle their crop properly than there are who do. It is to correct this situation that the National Boll Weevil Control Association has been organized. Its mission is to show the ignorant, by publishing results obtained by the use of proper measures, what can be done; and to bring pressure upon the indifferent, through the banks, that will force them to employ similar methods.

The sugar crop of Louisiana will total about 168,000 tons, about 127,000 tons less than last year. Despite the increased price, the total value of the crop will be \$6,000,000 less than last year. The total value will be about \$25,000,000.

Rice, too, has been discouraging. The 1923 crop, according to Government estimates, will be worth about \$1,000,000 less than last year. It is estimated at \$16,000,000.

The machinery business has been adversely affected by the poor sugar and rice returns.

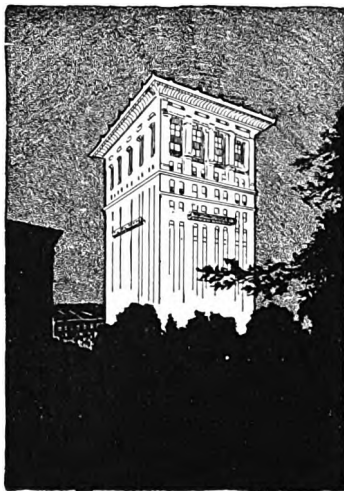
Grain exports through New Orleans last year showed a decline. November's exports were 629,160 bushels, compared with 5,380,712 bushels in November of 1922.

The activity in the building situation in the South has been reflected in the lumber output. The Southern Pine Association, whose members supply the bulk of pine lumber, reports production on a great scale, and pretty evenly maintained throughout the year. Cypress and the hardwoods have found a ready market, and the cut has just about been keeping pace with consumption.

November's output of the cotton mills was somewhat less than October's. This was due to the unsettled conditions in the raw cotton market. However, in December there was an improvement, and manufacturers report an immense amount of orders on hand.

Production of pig iron in Alabama has shown a pick-up. November's output ex-

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Est. 1865**

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EXPERIENCE—Over fifty-eight
years

STRENGTH—Capital and Surplus
\$4,000,000.00

OFFICERS—Experienced, capable and
well versed on conditions
and credits thruout this
territory ;

invites your business

JOHN M. MILLER, JR.
President

Resources over \$30,000,000

ceeded October's, the total being 215,477 tons. Prices advanced from \$2 to \$21 a ton.

Banks report a general increase in loans. This is true both of agricultural and industrial sections. The loans have been pretty generally restricted to poignantly needed expansions and improvements, and operation expenses on the most conservative basis. Savings deposits showed a fair increase.



CONVENTION DATES

Association of Reserve City Bankers—at Dallas, Tex., April 14-16.
Georgia—at Augusta, April 24-26.
Florida—at Orlando, April 25-26.
Executive Council, A. B. A.—at Augusta, Ga., April 28-May 1.
Mississippi—at Columbus, May 6-7.
Texas—at Austin, May 6-8.
Arkansas—May 13-14.
Alabama—at Birmingham, May 16-17.
Virginia—at Norfolk, May 22-24.
North Carolina—at Asheville, June 4-6.
American Institute of Banking—at Baltimore, July 15-18.

A. I. B. CONVENTION IN JULY

The convention of the American Institute of Banking will be held this year in Baltimore. It will last four days—from July 15 to 18.

HIBERNIA BANK & TRUST COMPANY

The statement of condition of the Hibernia Bank & Trust Company of New Orleans, as of December 31, 1923, shows total resources of \$64,490,834, capital \$2,000,000, surplus \$2,500,000 and undivided profits \$104,920. The deposits total \$52,597,847.

At the annual meetings of the stockholders and of the board of directors, the same officers and directors were re-elected to serve for the ensuing year.

MERCANTILE TRUST & DEPOSIT COMPANY

The Mercantile Trust & Deposit Company of Baltimore shows in its statement of December 31, 1923, capital, surplus and undivided profits of \$5,184,037; deposits of \$17,460,932, and total resources of \$22,685,850.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

BUSINESS in the seventh Federal Reserve district has started the new year with bright promise for the ensuing twelvemonth. Money conditions are easing, industrial activity is well maintained, but on conservative lines, employment is full, wages are high, public buying is on a liberal scale without extravagance, and in the interior sentiment is cheerful following a reasonably good return from bountiful crops. Commercial paper rates have broken through 5 per cent. and a considerable volume of the best name paper is being placed at $4\frac{3}{4}$, although the market may be given as $4\frac{3}{4}$ to 5, while the banks are pretty well loaned up at 5 to $5\frac{1}{2}$ per cent. Paying off of members' loans at the Federal Reserve Bank began two or three weeks earlier this winter than usual, and rediscounts are down to a very moderate figure, while the reserve ratio of the Federal Reserve Bank holds above 80 per cent. Borrowing is not on a large scale, inventories are not excessive, and both manufacturing and commercial operations are being conducted in a cautious manner. Stocks are in healthy condition, as a rule, and merchants are not departing materially from their practice of the last few years of buying close to immediate needs.

Chicago banks are in the strongest position in their history, according to the responses made by them to calls early in the month from the Comptroller of the Currency and the state auditor for statements of conditions at the end of 1923. Deposits, aggregating \$2,113,083,000, show an increase of about \$100,000,000 since the last previous call, September 14, last, while loans at \$1,478,273,000, have increased only about \$5,000,000 in the same time.

The most striking feature of the bank statements is the increase in savings deposits. These have reached the high record figure of \$614,105,000, an increase of \$37,000,000 since September 14, and of \$75,-

000,000 for the year. They reflect the fact that the people have earned more, spent more and saved more than ever before, to borrow an expression of the Federal Reserve Board. These figures take no account of a large amount of money which has gone steadily from these accounts into security investments during the last year. They indicate that the idea of thrift has become firmly implanted in the mind of the public and that with plenty of work at good pay the wage-earner is taking full advantage of exceptional opportunities to provide for the future.

In the wholesale field conditions are strong. Heavy shipments caring for January orders, chiefly of white goods, were cleared out promptly; notices of the termination of current prices of staple cottons within a few weeks were given by general and specialty houses, indicating a definite firming up of prices within a short time, and some advances in quotations on staple cottons and domestics were announced for this month only. Merchants are showing increased interest in the covering of their spring needs, and the returns from road forces, so far as they have been received since the year-end vacation, indicate a good volume of buying in the next few months. In silks there is distinct improvement in demand, following a brisk trade in this department at retail during the holidays. Reorders in clothing and knitted wear have been rather scant because of the prolonged period of mild weather in the fall and early winter. A cold wave coming with the turn of the year, however, has had a considerable effect in reducing merchants' stocks of all kinds of heavy apparel, and the prospect of a satisfactory clearance is better than at any other time this season, although there will be some impairment of profits as much of this class of goods is being disposed of at special sales, with some concessions in prices.

The retail holiday trade was of record-breaking proportions and covered an unusually wide range of merchandise. To a greater extent than usual there was a de-

IN 14 MINUTES— ACCURATE CREDIT INFORMATION



A customer of one of our correspondent banks in a city about five hundred miles from Chicago entered that institution hurriedly one day with this problem:

A large order had been received from a Pittsburgh concern. Quick acceptance was specified. "I never heard of the firm," he explained; "Is it able to carry through such a large transaction?"

Calling his secretary the banker dictated a telegram which reached us at once over private wire and was promptly relayed to our Pittsburgh correspondent. In fourteen minutes credit information was secured which enabled the inquirer to accept the order.

UNION TRUST COMPANY CHICAGO

Write for Portfolio "Selecting a Chicago Correspondent Bank"

mand for quality goods and for useful gift articles, especially in the line of household and furnishing accessories. While toy sales ran 35 to 40 per cent. ahead of last year, this increase was not at the expense of more substantial articles. January sales of white goods, bedding and wraps have been well patronized, receiving the benefit of much belated buying that had been held in check by the high temperatures in December.

Iron and steel prices seem to be pretty well stabilized and the general impression in the trade is that there will be few changes during the first quarter of this year. Producers of bars, shapes, plates and sheets have made practically no changes in their quotations since last April. This is considered a record as each quarter at least usually brings some alterations in current lists. There was a marked increase in buying of finished steel toward the end of the old year and this upturn has continued encouragingly so far in the new. Reports of important railroad equipment purchases and new inquiries involving large tonnages, are common. Rail mills are booked full until the middle of the year and activity in the markets for track accessories has accompanied the placing of large contracts for

rails. Automobile companies also have been active in the market and are reported to be preparing to increase their output in the next few months. Pig iron is firm at \$23.50 to \$24. Operations of the steel mills of the district are at 75 to 80 per cent. of capacity, and the schedules have been increasing gradually since the shutdowns usual around the end of the year.

The coal market, which was slow up to the first of the year, has been stimulated greatly by the coming of cold weather, both domestic and industrial consumers increasing their demands sharply. Operators have not been able to take full advantage of this expansion of orders because of transportation difficulties incident to sub-zero temperatures, but these are being overcome and a material increase in mine activity is taking place. About 85 per cent. of the coal mined in Illinois and Indiana fields goes direct from the mouth of the mine to consumers, and when orders lag output is correspondingly restricted. There is little storage reserve, which makes difficult the handling of a rush to buy, such as has come about this month. As a result, domestic prices are firm and steam grades are strong.

Exceptionally good earnings feature the

COMMERCIAL PAPER BANK ACCEPTANCES

purchased on request for our correspondent banks.

The services of our Banks and Bankers Department and the advice of the Officers in charge of it are at the disposal of our correspondents.

The NATIONAL CITY BANK *of* CHICAGO

DAVID R. FORGAN, *President*

Banks and Bankers Department

FRED A. CRANDALL, *Vice President*

S. P. JOHNSON, *Ass't Cashier*

R. V. KELLEY, *Ass't Cashier*

reports of leading banks for 1923, which are now coming out. The combined net profits of the Continental and Commercial National Bank and the Continental and Commercial Trust and Savings Bank were \$6,016,213, or the equivalent of 24.06 per cent. on the capital stock of the former and 10.12 per cent. on the invested capital. In the previous year earnings were \$5,316,808, or 21.26 per cent. on the stock.

The Illinois Merchants Trust Company and the Corn Exchange National Bank report combined net earnings of \$5,641,214, equal to 37.6 per cent. on the \$15,000,000 capital stock of the trust company, which owns the stock of the national bank. On the average invested capital the earnings equal 10.54 per cent. During the year \$3,000,000 was paid in dividends and the balance transferred to undivided profits and reserves.

Combined net earnings of the First National Bank and the First Trust and Savings Bank were \$3,610,679, or 28.88 per cent. on the stock of the First National Bank and 8.10 per cent. on the invested capital. This compares with net of \$4,256,005 in the preceding year.

The Central Trust Company of Illinois earned \$1,137,903, equal to 19 per cent. on the capital stock. Net earnings of the State Bank of Chicago were \$1,160,005, equal to 46.44 per cent. on the capital stock, which compares with \$1,047,428 or 41.89 per cent. in 1922. The Harris Trust and Savings Bank earned \$875,071, equal to 29.16 per cent. on the capital stock and 12.34 per cent. on the invested capital, compared with \$975,165, or 32.5 per cent. on the stock and 14.20 on invested capital in 1922. The Northern Trust Company shows earnings in 1923 of \$298,395, compared with \$274,164 in 1922. The Union Trust Company shows net earnings of \$834,000 for 1923, or 41.7 per cent. on the capital and 16.7 per cent. on total investment.

The greatest year in building operations in the history of the city has just been closed and indications are that another high mark will be set in 1924. Permits were taken out in 1923 for 15,494 buildings, involving an expenditure of \$329,604,312, as against 12,581 buildings costing \$227,742,010 in 1922, an increase of 2913 buildings and \$102,162,302, or 44.85 per cent. December was a remarkable month because of tremendous



FREDERICK H. RAWSON
Chairman of the board



HARRY A. WHEELER
President

Officers of Union Trust Company, Chicago, advanced

activity due to open weather, and the construction work put under way so far this winter assures sustained activity for some months. In December permits were taken out for 1199 buildings to cost \$21,740,450, compared with 806 permits involving an outlay of \$34,402,700 for the corresponding month a year ago. In 1923 accommodations were provided for 33,316 families, but this increase in housing facilities has made little impression on rents, which still are very high.



CONVENTION DATES

Chamber of Commerce U. S. A.—at Cleveland, Ohio, May 5-8.

Missouri—at Kansas City, May 20-21.

Iowa—at Mason City, June 16-18.

Ohio—at Cedar Point, June 18-20.

Illinois—at Chicago, September 29-30, October 1-2.

American Bankers Association—at Chicago, September 29-October 2.

FIFTY MILLION GROWTH IN DEPOSITS OF UNION TRUST COMPANY, CHICAGO

Deposits of the Union Trust Company, Chicago, during 1923 reached the new high

mark of approximately \$60,000,000.00. Added interest is attached to this figure by reason of the fact that, without consolidation or merger, in the present location, it reflects a growth of more than \$50,000,000 during the last twenty-one years.

Co-incident with this announcement it was also revealed that The Union Trust Company has made provision for enlarged banking facilities through the purchase of the Tribune Building, in which it now occupies banking quarters, at the southeast corner of Madison and Dearborn streets, probably the most accessible and convenient location in the so-called "Loop" or business section. The company also entered the year with a new president, Harry A. Wheeler, formerly vice-president, having been elected to that position to succeed Frederick H. Rawson, who at the same time was elected to the newly created office of chairman of the board.

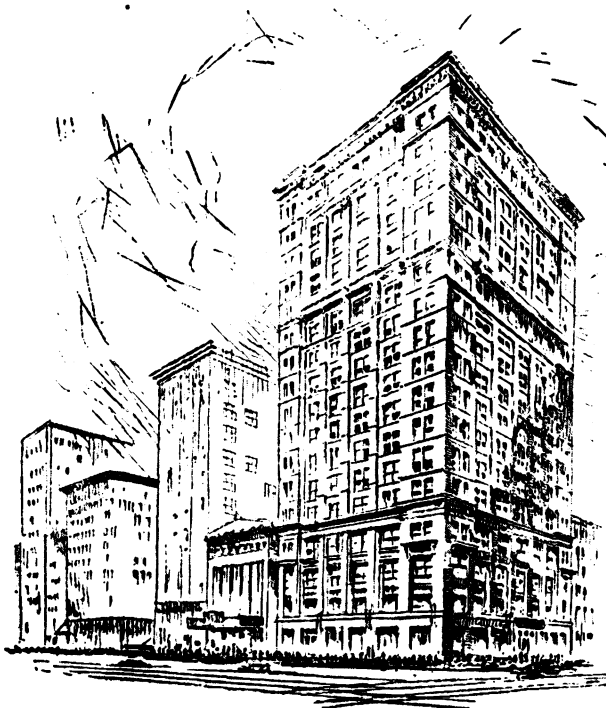
Expansion of services and facilities have also been announced in virtually every department and phase of the institution's activities. The company now has private telegraph wires to practically every section of the country. Among other destinations, these wires reach St. Louis, New Orleans, Memphis, and Springfield, Ill., and Minneapolis and St. Paul in the West and Detroit

and New York in the East. The past year also marked further development in bill of lading and straight-line collection service. Adequate provision has also been made in the foreign department for prompt and intelligent assistance in the intricacies of shipment, credit and collection in foreign trade.

The acquiring of the seventeen-story office building will give the Union Trust Company of Chicago a floor area of space probably

NEW CHAIRMAN FOR ILLINOIS MERCHANTS TRUST COMPANY

At the January meeting of the board of directors of the Illinois Merchants Trust Company, Chicago, Ernest A. Hamill was elected chairman of the board and Charles L. Hutchinson was made a vice-president. Mr. Hamill is president of the Corn Exchange National Bank of Chicago, and Mr.



Building purchased by the Union Trust Company, Chicago, to allow for expansion

equivalent to that of any one of the dozen or more largest financial institutions of the country. In addition to the corner building proper the trust company also acquires the five-story building and lease hold adjoining on the south at 17 and 19 South Dearborn. The Union Trust Company has occupied the second, third, and fourth floors of this building since 1902. It will eventually occupy the fifth and sixth floors of the building, and their quarters on the second third and fourth floors will be extended through to the building on the south. Safety vaults will be installed in the basement. The name has been changed to the Union Trust Building.

Hutchinson is a vice-president in the same bank.

Other new officers elected by the board of the trust company are George F. Jewett as an assistant secretary, and Joseph Sparks as income tax auditor.

EMPLOYEES' SAVINGS AND PROFIT SHARING FUNDS INCREASE

The Harris Trust and Savings Bank, Chicago, contributed during 1923 to the employees' savings and profit sharing fund the amount of \$47,312.66. During the same period the employees contributed \$21,764.73. There is now to the credit of each em-

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REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS
EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

ployee \$3.18 for every dollar he has invested during the past year.

The bank pays into this fund each year 5 per cent. of its net earnings before paying dividends. Employees pay in not less than 2 per cent. nor more than 5 per cent. of their salaries, and in no case more than \$200 a year. The limit of \$200 a year is to prevent high salaried employees from participating out of proportion to their needs.

The State Bank of Chicago during the year 1923 paid into its employees' savings and profit sharing fund \$66,466.20, which represents 5 per cent. of its earnings. This fund has been in operation four years, during which time it has earned interest amounting to 66 per cent. for each dollar that has been paid into the fund by employees. The popularity of the plan is best shown by the fact that at the time of its inauguration only 42 per cent. of the employees had been with the bank two years or longer, whereas at the present time 64 per cent. of the employees have this record.

NEW PRESIDENT FOR CENTRAL SAVINGS BANK, DETROIT

At a recent meeting of the board of directors of the Central Savings Bank, Detroit, Lawrence P. Smith was added to the directorate and elected to the presidency, in place of Harry J. Fox, retired. The Central Savings Bank is one of the First National group, having become united in ownership with that organization in 1920.

The election of Mr. Smith as president is indeed a compliment to his ability and standing, for his age is only 31. According to all available records in the United States, he becomes the youngest president of a banking institution with more than \$27,000,000 of resources.

Ten years ago Mr. Smith came to Detroit

and joined forces with the Central Savings Bank as a bookkeeper. He became successively branch manager, assistant cashier



LAWRENCE P. SMITH

President Central Savings Bank, Detroit

and vice-president, in which position he has, during intervals of the president's absence, filled that position with credit.

JAMES T. KEENA

James T. Keena, chairman of the board of directors of the Peoples State Bank, De-

troit, Mich., died at his home on January 8. He was born in Ogdensburg, N. Y., February 19, 1861.

Mr. Keena was a member of the law firm of Keena, Lighter, Oxtoby and Henley. He was counsel for the Peoples State Bank, and was called to the presidency of the bank in 1916. In 1919 he became chairman of the board of directors.

GEORGE DUNSCOMB PROMOTED TO VICE-PRESIDENCY IN FIRST NATIONAL BANK, CHICAGO

At the annual meeting of the directors of the First National Bank of Chicago, George H. Dunscomb was made vice-president to succeed R. F. Newhall in the banks and bankers division of the bank. Mr. Newhall, vice-president and cashier, assumes management of Division C in the bank's official organization.

Other changes in the First National Bank were the appointment of A. V. Dillon as assistant cashier to succeed the late William H. Monroe, and the appointment of P. M. Riesterer as manager of the discount and collateral department.

UNION TRUST OF DETROIT TO OFFER \$5000 IN SCHOLARSHIPS ANNUALLY

The Union Trust Company of Detroit, has decided to set aside \$5000 annually, beginning in January, 1924, for the purpose of establishing five \$1000 scholarships in any preferred university or college in the United States, for seniors graduating from the schools in Wayne, Oakland and Macomb counties.

These scholarships will be awarded by the company to the boys and girls of the schools in the three counties mentioned for the best essay written by these students on subjects related to banking, investments and the services rendered to the family by a trust company.

It is part of the plan formulated by the Union Trust Company that contestants for the scholarships be selected by the several school faculties from those students who, in their judgment, are best fitted to pass university requirements, and the winners will be named by a committee chosen by the Union Trust Company consisting of Henry S. Hulbert, Alexis C. Angell, of Detroit; and John H. Patterson, Pontiac. In addition to the winners of the five scholarships first and second alternates will be selected to



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.

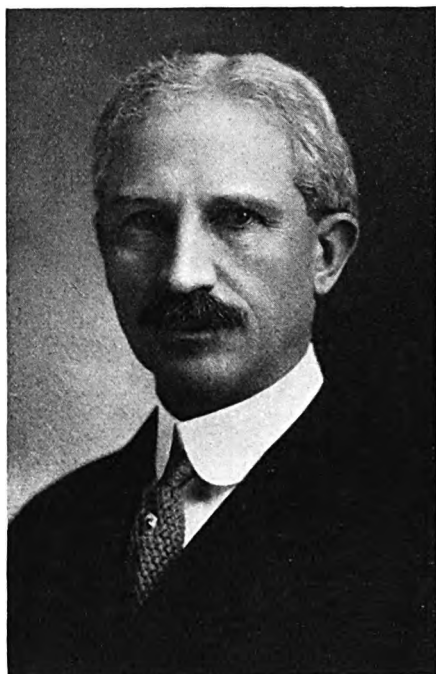
Calls and correspondence are invited relative to the facilities afforded for the transaction of domestic and international financial business of every conservative character.

***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



OLIVER C. FULLER
Chairman of the board



WALTER KASTEN
President

The board of directors of the First Wisconsin National Bank of Milwaukee, in conformance with the custom in vogue among the larger financial institutions of the country, have elevated Oliver C. Fuller, former president, to the position of chairman of the board, and elected Walter Kasten, former vice-president, as president

provide for the possibility that the winners might be prevented from availing themselves of the scholarships.

A certificate will be presented to the winner in addition to the \$1000. A silver medal will be given to the first alternates, and a bronze medal to the second alternates with an appropriate ribbon.

NEW DIRECTORS FOR GUARDIAN SAVINGS AND TRUST COMPANY

At the annual meeting of the stockholders of the Guardian Savings and Trust Company of Cleveland, four new directors were added to the board. They are: Hon. Atlee Pomerene, former member of the United States Senate and member of the firm of Squire, Sanders and Dempsey; Orville W. Prescott of the Saginaw Bay Company; Dr. R. H. Bishop, Jr., executive secretary of the Associated Hospitals and the Medical

School of Cleveland, and Thomas E. Monks, vice-president of the bank.

Reports of President House and Comptroller W. R. Green showed that the bank had enjoyed a good year and that the progressive methods of the Guardian and general conditions augured unusual growth in 1924.

UNION TRUST COMPANY ELECTS FOUR NEW DIRECTORS

At the annual stockholders' meeting of The Union Trust Company of Cleveland the following new members were added to the board of directors: E. P. Lenihan, resident manager Peck, Wilcox and Hughes; E. J. Kulas, president The Midland Steel Products Company; Samuel Lewis Smith, vice-president National Malleable Castings Company, and P. A. Myers of The F. E. Myers and Bros. Co., Ashland, Ohio.



OLDEST NATIONAL BANK IN OHIO INCREASES CAPITAL

On December 31 the First National Bank of Youngstown, Ohio, increased its capital by \$1,000,000, as did also its affiliated bank, the Dollar Savings and Trust Company. This makes the combined capital of the banks \$5,000,000. The combined capital, surplus and undivided profits of the two banks is \$9,306,708, and is forty-five times as large as the average capital of the average Ohio bank. The total deposits on December 31 were \$30,265,000.

The First National Bank was the third bank in the United States to be organized under the National Bank Act, and it is the oldest national bank in the State of Ohio.

INDEPENDENCE STATE BANK CELEBRATES ANNIVERSARY

During the week of February 2 to 9, the Independence State Bank, located at Kedzie avenue and Roosevelt Road, Chicago, celebrated its fifteenth anniversary. The bank was established in 1910 by Isaac Schiff and his son, Herman R. Schiff. Later

Moses C. Schiff and Louis Bomash became affiliated with the institution. On three different occasions the bank has been obliged to move into larger quarters on account of its rapidly increasing business. Resources now total over \$5,000,000. The bank's location is one of the busiest corners of the west side of Chicago.

MERGER OF NATIONAL CITY AND REPUBLIC BANKS RATIFIED

The respective stockholders of the National Bank of the Republic, Chicago, and the National City Bank of Chicago at special meetings on January 22 ratified the proposed consolidation of the institutions. The enlarged National Bank of the Republic will, it is said, move into the Corn Exchange National Bank Building some time during the coming summer, after the latter has taken up its quarters in the new Illinois Merchants Trust Building.

It is expected that George Woodruff, who has just been made president of the National Bank of the Republic in place of John A. Lynch, now chairman, will be advanced to the vice-chairmanship of the enlarged bank.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana,
Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

BY SAMUEL SOSLAND

IF only the prospective winter wheat harvest could be advanced a few months and the demand for the new crop stimulated! Now that New Year parties and forecasts are only a memory, this is one of the chief desires of the Western States as they face actualities. Hopes of this sort are highest among financial interests, especially country bankers. There is urgent need for a larger income. Since the products in sight, or those remaining from last year, are not in sufficiently large supply to meet all of the urgent needs, extreme economy must be practiced. There is some shrinkage in country bank deposits; hence the wish that something could be done to hasten the inflow of new crop money.

North and South Dakota, among the Western States, are making more complaints of the need of funds than Kansas, Nebraska or Oklahoma, which are also primarily wheat states. Special meetings have been held in the northern states of the western group, under the auspices of the Coolidge administration, in an effort to provide measures to bring relief to country banks. Thus far a revival of the War Finance Corporation machinery at some of the local northwestern points is about the only remedy proposed. The lending powers of the War Finance Corporation may be extended after the close of March in order to provide assistance. Another proposal in the northern states of this group is that Congress act promptly on the appropriation of \$50,000,000 recommended by Dr. John Lee Coulter, president of the North Dakota State Agricultural College, with which to make loans of \$1000 each to farmers to assist them to diversify their crops by buying live stock.

Additional scattered country bank failures are reported in the northern and also in the southern wheat states of the western group. Unless there is an inflow of money not now foreseen, it is probable that additional fail-

ures will occur before the next harvest. One of the troubles, aside from the absence of sufficient reserves of crops to produce a flow of money equal to the current needs, is the nervousness, or, rather, the disturbance created by the scattered country bank failures to date. Such happenings tie up funds, and they affect banks in the communities where the failures occur. Considering the great number of country banks in the Western States the number of failures cannot be described as large, but they are a serious problem. In some communities, for example, it is still noted that there is a little hoarding.

The banks in the Reserve cities of the Western States which carry balances for country banks are affected to a degree. They have been pressing for liquidation and strengthening their collateral wherever possible, and are minimizing their losses. The Reserve city banks have been more cautious in their lending policy in the last year than in a long time, and the new business in their loan portfolios showed a smaller percentage of losses in 1923 than in a long, long time. So, current earnings are offsetting the scattered losses entailed in connection with extensive banking operations with rural districts. There is an ample supply of funds with which to finance healthy undertakings. The demand is for extensions on old loans that have been carried over from the period of inflation, and there is also a demand for assistance from borrowers who have exhausted their resources as far as additional loans are concerned, but who need funds to tide them over until new crops come. The mercantile demand for money is light.

Were some sudden development—say a magical ripening of winter wheat and a sudden spurt in the demand for the grain—to arise to help the situation, the economic situation in the western states would take a turn for the better. President Coolidge and others at Washington who have been expressing a lot of concern for the farmers who grow wheat might act to bring about something equivalent to a magical development, but the common impression here is

that Washington's principal aim is to profess a willingness to help, but to engage in no action. Washington, or at least an important portion of it, has a notion, so it appears to the Western States, that it can do a lot of talking and a lot of planning on paper and thereby assist in maintaining confidence and, of course, also hold votes in this Presidential year. The huge gold resources of the Federal Reserve System as controlled by the Federal Reserve Board are a source of some hope as far as Washington is concerned. However, the principal products of the Western States come into competition with world markets, and the possibilities of inflation as a temporary stimulus to markets are very, very remote. Tendencies toward inflation arouse some hopefulness from the rises that have been reported on the New York Stock Exchange, but when commodities which the Western States buy, advance, there is added a further handicap to agricultural recovery. An exception to this must be noted in the case of the maintenance of a broad demand in domestic markets for the things laborers buy of farmers on a generous scale when they are well employed, as at present.

When they reach the conclusion, as everybody finally must conclude, that the Government will bring no magic into the situation, the bankers and others of this territory who are studiously inclined find hope in the continued high promise for crops. Moisture was abundant last month. There was a minimum of severe damage from the extremely low temperatures. Insect pests have been reduced in numbers by the extreme cold, but it is doubtful if they have been affected as seriously as is commonly believed or hoped for. A winter in which the soil freezes to a good depth is usually a winter followed by favorable tillage conditions, and this winter has brought more freezing of the soil than a year ago. There is still assurance of a minimum of abandonment of the area seeded to winter wheat last fall, and the fine soil conditions point to an excellent start for spring crops.

Markets for grain and live stock are holding quite well. Wheat is the principal lagging, but, considering the difficulty in competing on foreign markets with the record crops of Canada and Argentina, the bread grain has made a favorable showing. There is, however, a question whether prices of wheat will be maintained at the current level unless something happens to enlarge foreign buying of wheat or flour. Many pre-

dictions are made that the United States Tariff Commission will order an advance of 50 per cent. in the tariff on wheat, which should bring some improvement in market conditions. However, there is almost a record supply of wheat in the so-called visible holdings at terminals, and this may be carried into the 1924 harvest, or at least a liberal part of it. Much will then depend on the spring wheat harvest, seeding for which is yet to be done. Diversification will play an important part here.

Corn makes the most satisfactory showing among the important grains, but the Dakotas are not large corn states, nor is the western group as a whole interested in corn to the same degree as in wheat. One of the factors in the maintenance of comparatively high prices for corn is the favorable action of the hog market. Another has been the slow drying of the crop and the consequent slow movement. The corn market will tend to make converts to diversification if it continues to act as in the last few months.

On the whole, complaint cannot be made about the returns from live stock. Sheep and lambs are yielding fair profits, selling well, although not so high as some feeders expected. There are more in feedlots, however, and there is some cause for satisfaction over this market. Cattle are making a fair showing, with scattering profits to feeders. Hogs are doing well, considering the supplies. The small cotton crop, which meant a small yield of cottonseed and reduced production of cottonseed oil, has improved the demand for lard and put heavy hogs in the front rank in prices. This, together with the encouraging demand for provisions from Europe, has made a fairly profitable winter for hog raisers. The outlook for hogs is brighter than for other stock. Cattle are wintering well on ranges, with few exceptions. The recent reports on steel trade, which have indicated improvement in demand, are favorable to the live stock industry, because workers in this and allied industries are among the heaviest consumers of meats. The South has been a heavy buyer of mules at profitable prices, but horses continue low and dull.

Industrially and commercially, greatest hope comes from oil. Some sharp advances in crude oil prices have been recorded, and further gains in the market are expected. The improved prices are attributed in part to larger domestic consumption and to some activity in export business. Crude produc-



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Hollywood - Long Beach - Pasadena - Glendale
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San Pedro - Huntington Beach - Burbank
Lankershim - Santa Monica - Montebello
Wilmington

tion has been reduced. During the last year the oil industry moved downward, the reversal in its course tending to offset some of the difficulties created by phases of the agricultural situation.

In the lumber business there is quiet. Has the urban demand for lumber passed the peak? Will the rural demand, which was poor in 1923, improve? Lumbermen are asking these questions. There is an inclination to emphasize the need for betterment in rural buying, but for this the farmer needs better times. Building in the Western States is not as active as in other parts of the United States.

Wholesale and retail mercantile trade is only of fair volume, being quietest in wheat regions. Even in the cities the larger retail stores are not buying for spring and summer as generously as a year ago. Economy is being practiced especially among farmers. Of course, many wants are accumulating, and some day these wants will be filled, to the satisfaction of merchants, but when? The answer is, after some large harvests and some good markets permit further reductions in outstanding obligations, and leave a balance for spending. Everything now points to large harvests this year, although it is foolish to count on them as more than a bright prospect. As for markets, the world alone can answer. In every discussion of production and markets, there is also heard the question of disparities. A year ago there was need for a realignment between prices; the need still confronts the Western States today. It is easy to talk of service by railroads rather than rate reductions, for example, but the world's agricultural markets are telling the Western States that keen competition means maximum service at reduced prices. The farmer cannot avoid insisting upon this so long as his returns are determined by world markets.



CONVENTION DATES

Kansas—at Kansas City, May 20-21.
Oklahoma—at Sulphur, May 27-28.
South Dakota—at Huron, June 17-18.
North Dakota—at Fargo, June 26-27.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By ROBERT J. SEVITZ

WITH full statistical reports on all lines of economic activity in the Pacific region pretty generally compiled, 1923 stands out as a year of sound and substantial progress. Final judgment must of course await and to some extent be based on the results of the year's operations in agriculture, and in this one line of activity statistical reports which are coming in are somewhat conflicting, and in some cases can hardly be stamped as favorable.

The difficulty in agriculture can surely not be said to be on the side of production, for as has been reported in these columns before, 1923 was marked in this region by large yields of all crops, and in a few cases, notably that of the wheat crop, the yields have been of bumper proportions. Profitable disposition has hampered the growers however, and strangely enough, the farmers raising the record crop of wheat have been the very ones to experience the most difficulty in disposing of their product at a price which would enable them to realize even a fair profit on the year's operations. The market price of deciduous fruits has placed the growers of those commodities in the same position, and many authorities are already predicting a curtailment of production of these two crops in the coming year.

It was estimated early in December, according to reports compiled by the Federal Reserve agent at San Francisco, that fully 50 per cent. of the bumper wheat crop was still in the hands of producers. The only demand of any consequence for this commodity felt in this region has come from the Orient and from European countries, and shipments to satisfy those demands have increased markedly as compared with the shipments in previous years, but even this increase has failed to absorb the large surplus. Barley, which is the second field crop in importance, has been favored with a more active market, and while the yield has not

been as great as in 1921 and 1922, prices realized were good enough to net the growers nice profits. The same is generally true of all other field crops grown in this section.

Apple growers of the Northwest and grape growers of California have been confronted with the same situation as the wheat growers. An unusually dry autumn and a marked improvement in transportation facilities have enabled the growers of these and other fruits to move what constitute in some cases record tonnages, but a falling market and bumper crops of the same commodities in Eastern growing centers have made disposition at a profit difficult. It has been reported that quite a large per cent. of the fruit crop of the region has been placed in cold storage in Eastern centers awaiting a more favorable market.

Industrial production in this section attained record levels early in the spring of 1923, and except in a few isolated cases has maintained the same high levels throughout the year. To illustrate, it has been found by comparing the figures of November, 1922, with those of November, 1923, the last available at this writing, that the lumber production shows a 20 per cent. increase this year; copper, a 28 per cent. increase; silver, a 5 per cent. increase; petroleum, a 59 per cent. increase; flour, a 17.5 per cent. increase; and building activity a 15 per cent. increase. These increases have naturally been reflected in employment conditions, which have been better than normal throughout the year, and the winter's unemployment has been no greater than seasonal.

Statistics made public by the Federal Reserve agent for this district would indicate that the total volume of business transacted was probably greater in 1923 than in the previous record year, 1920. Final figures are not yet available, however. At no time has there been any serious strain on the credit structure of the district, and ample funds are available for worthy projects. Interest rates have fluctuated from $5\frac{1}{2}$ per cent. in San Francisco, the financial center, to 7 per cent. in the more outlying districts.

Conditions in the mining industry which

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C. H. Cooke, *President*E. D. Tenney, *Vice-Pres.* E. F. Bishop, *Vice-Pres.*Roxor Damon, *Vice-Pres.* G. G. Fuller, *Vice-Pres.*Frank Crawford, *Vice-P.* R. B. McCorriston, *Cash'r*Branch Banks:—Lihue and Kapaa, *Island of Kauai*; Waipahu, Wailua, and Pearl Harbor, *Island of Oahu*.

Prompt handling of collections through close connections on each of the islands in the Territory.

were rather unsettled during the summer just passed, have improved somewhat in the closing two months of 1923. The output of copper, which is the most important single product of this region's mines, was maintained at normal levels throughout the year, in spite of unfavorable market conditions prevailing in the autumn. November saw consumption ahead of production again, and with the increased demand in evidence, producers are much encouraged. Shipments both to foreign and domestic markets increased in November and December. Silver production has remained practically steady since the cessation of \$1.00 purchases by the United States Government on July 1 under the Pittman Act, and with a steady demand in evidence, development work is progressing again.

California has definitely established itself during 1923 as the leading oil producing state of the Union. From 1915 to 1923, Oklahoma held this distinction with the exception of one year, 1919, when California outstripped her by a small margin. Last year California's output was about 60 per cent. greater than Oklahoma's and up to December 1, 1923, California had produced some 242,000,000 barrels of crude oil as against 146,000,000 barrels produced in Oklahoma.

Some interesting facts may be gleaned from a table of oil production prepared by the bureau of news of the Mercantile Trust Company of California, at San Francisco, from reports of the United States Geological Survey. It shows that the trend of the country's production has been nearly identical with that of California. Over the period from January, 1922, to September, 1923, the general tendency in both has

been upward as regards total production. During this whole period the difference between the United States production and the California production has remained almost constant, about 35,000,000 barrels a month, showing that the production on other fields outside California is pretty definitely constant from month to month. It follows then that it has been largely due to the California production that the stored stocks of oil in the country have grown to levels beyond a possible hope of early consumption.



CONVENTION DATES

California—at Yosemite Valley, June 4-7.
Utah—at Ogden, June 13-14.

SECURITY TRUST AND SAVINGS
BANK ISSUES STATEMENT OF
LOS ANGELES BANKS

The Security Trust and Savings Bank of Los Angeles has sent out, in pamphlet form, a condensed authorized statement of the banks of Los Angeles as of January 1, 1924. This statement was compiled by the Los Angeles Clearing House Association.

BANK OF ITALY

Deposits of the Bank of Italy, with branches throughout California, increased more than \$52,000,000 during 1923, stockholders were told at the recent annual meeting, held in San Francisco. Resources expanded from \$254,000,000 to \$301,000,000 and the number of branches was increased from sixty-two to seventy-five. Undivided profits and interest earnings increased from \$2,529,000 to \$3,616,000.

In line with his policy of advancing members of the staff of the bank, President A. P. Giannini announced that the following vice-presidents have been made directors: W. W. Douglas, A. J. Mount, Leo V. Belden, A. J. Gock, W. E. Blauer and A. J. Ferroggiaro. In addition, E. C. Aldwell, vice-president of the California Joint Stock Land Bank, has been elected a member of the board of directors.

Mr. Giannini also announced that upon the completion of twenty years of active service, he will retire from the presidency. This will be on October 17, the anniversary of the establishment of the bank. He does not, however, intend to give up his active connection with the bank at that time.

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

BECAUSE of the unsatisfactory conditions in the agricultural industry, which is so important in Canada, there has not been during the year that measure of prosperity throughout the country which has marked the United States, although there has been marked improvement. The pulp and paper industry, the mining industry and some of the manufacturing industries have found expanding markets, and labor generally has been well employed at high wages. A record crop has been harvested and has been marketed in a very satisfactory manner so far as the grain movement is concerned, but high wages have increased threshing costs and the margin of profit has not been all that could have been hoped for. This is particularly the case when the new advance in commodity prices is taken into consideration as a factor, with high labor costs, in increasing the cost of living. Heavy taxation, too, by federal, provincial and municipal governments has had its effect in reducing business profits, and this has been felt particularly since the announcement of the proposals of Secretary Mellon for a reduction of taxes in the United States. It is felt that if there is a reduction in the one country and not in the other it will seriously handicap Canadian manufacturers, particularly in export markets.

It has been a year of greater activity but one in which final rewards in agriculture and in business have not been very satisfactory. Concerns which have gone aggressively after business have made a good showing, but profits have been narrow. Action at Ottawa, particularly in the direction of retrenchment to reduce taxation and thus restore confidence and revive incentive, is being urged. Otherwise, it is argued, dissatisfaction is almost certain to make itself felt in a political way.

The proposal of Secretary Mellon to reduce taxes in the United States has been followed by general clamor for lower taxes

in Canada, as reflected by statements of politicians, leading bankers and business men and the newspapers of the country. It is pointed out that while expenditures have been curtailed in the United States, Great Britain and elsewhere, there have been few signs of a return to normal expenditures in this country. Some of the cities are still plunging deeply into new public works. Among the provinces only a few have cut the per capita expenditure. At Ottawa expenditures are still high and the nuisance taxes are still in force to the detriment of the free operation of business.

The question is asked, if expenses are to be cut, where are the slashes to be made? The answer is offered that railway deficits are now being greatly reduced and that with proper management the expenses in the post office, the department of agriculture, the civil service, land and parks, public works and so on could be materially reduced. On this basis it is argued that there should be opportunity to reduce materially the income tax as well as to abolish the present nuisance taxes, including the stamp taxes on checks, receipts, etc.

Under these conditions the enforcement of the new 6 per cent. sales tax at the first of January has served to further unsettle the situation. Two effects of this new tax are in evidence; one a general disturbance in manufacturing, wholesale and retail business through wide price changes, and the other general advances in the cost of living which will no doubt tend to reduce the volume of buying by the public. There is quite a general feeling that the present disturbance over the sales tax is not the end. There will be strong pressure for changes when parliament meets, and it is being predicted that the measure will either be materially changed or abolished altogether. Some of the business houses, in announcing the new levy to their customers, intimate that it will not be for long. Instances have been reported where, instead of an advance to cover the increase in the tax from $2\frac{1}{4}$ to 6 per cent., there has actually been an advance of 10 per cent. The price to the

consumer will be advanced to this extent or more. Then at the other extreme are close-priced products and nationally known lines where an advance in price would mean that some substitute would be favored or where the article would be bought to a much less extent. In such cases the tax must be absorbed or the size of the package or the container altered.

The very satisfactory grain movement and industrial activity are reflected in the figures for car loadings. The movement in November was slightly below the October activity owing to the advance of the grain season, but nevertheless it was one-sixth greater than in November 1922. A summary of the recent figures showing the number of tons of freight moved one mile on the C. P. R. and C. N. R. Canadian lines, follows:

	1922	1923
September	2,726,228,604	3,197,654,110
October	3,971,591,874	4,552,177,006
November	3,828,836,371	4,489,149,459

Immigration for the year is expected to total 150,000. There is now a strong movement to Canada from countries other than the United Kingdom and the United States, the arrivals being much larger than a year ago. The showing is the best since 1914 when approximately 385,000 newcomers arrived. A heavy inrush of immigrants during 1924 is predicted. The biggest boost immigration has received for some time has been in the decision of the steamship companies to allow a rebate of \$15 to every passenger traveling by third class on Atlantic steamers plying from British to Canadian ports.

Looking ahead to the next few years, with the prospect for increased immigration, a larger demand for mortgage loans is foreseen, and to provide the money to meet these loans it is argued that Canada must get new capital from abroad. Since the beginning of the war the various Canadian loan companies have been operating under somewhat abnormal conditions. They have not had the same demand for new money and at the same time they have been able to invest in bonds at attractive yields. There has been no new foreign money put into mortgages in Canada since before the war. As a matter of fact there has been a flow outward of the mortgage funds for some of the companies which had sold debentures in Scotland, England and France before the war, these being redeemed to advantage in view of the profit on exchange.

In addition to a decline of \$37,500,000 in savings deposits, modified to some extent by an increase of \$27,500,000 in demand deposits—a net decline of \$10,000,000—there were several other interesting features of the last bank statement, as the result of the amendments in the Bank Act during the last session of parliament, which are now in effect. New items appearing in the statement included foreign currency \$26,400,000; non-current loans replacing overdue debts \$15,800,000; dividends declared and unpaid \$1,900,000; government advances \$26,350,000 and loans to companies about \$10,000,000. The reduction in savings deposits was a further indication of the conditions prevailing following the failure of the Home Bank. Altogether, however, the statement indicated considerable expansion, there being an increase of \$166,000,000 in gross assets and of \$169,500,000 in gross liabilities. In addition to the new item for non-current loans there was an increase in current loans in Canada of \$10,600,000; current loans abroad increased nearly \$12,000,000. Call loans abroad were down by \$2,400,000 but call loans in Canada increased by \$19,000,000. Loans on government securities increased by \$20,000,000. In addition to the new item for government advances under the finance act, there was an increase of over \$95,000,000 in liabilities to the Dominion Government; liabilities to the provincial governments increased over \$22,000,000.

Figures showing the gigantic volume of British Empire financing in the world war, published by the British Government, show that the conflict cost Canada more in dollars and cents than it cost any other dominion in the Empire.

Canada	\$1,277,273,000
.....	about £ 255,454,500
Australia	283,000,000
New Zealand	75,750,000
Union of South Africa	32,950,000
Newfoundland	\$ 9,300,000
.....	about £ 1,880,000

In addition must be added the capitalized cost of pensions awarded which works out as follows:

Canada	\$ 440,000,000
.....	about £ 88,000,000
Australia	100,000,000
New Zealand	12,000,000
Union of South Africa	2,250,000
Newfoundland	\$ 16,000,000
.....	about £ 3,200,000

But it is estimated by Canadian financiers that the British Government figures as to Canada's war costs are much too small. To date the Canadian Government has advanced more than \$2,425,000,000 in war ex-

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

penditures, counting interest to date on the war debt, soldier's civil re-establishment and settlements, but not taking into account pensions. Adding the capitalized value of these, the war has already cost Canada close to \$3,000,000,000, and expenditures are still being made at the rate of about \$300,000 a day.

The various railway equipment firms such as Canadian Locomotive Co. and Canadian Car and Foundry Co. are looking forward to a fairly good year in 1924. The C. P. R. has decided to proceed with the construction of 300 freight cars, and specifications for the material required are under preparation. Locomotive builders are preparing estimates on a number of locomotives for the national railways. There is under consideration a substantial increase in the rolling stock of the Canadian National. Conditions in the electrical industry are reported as much better than they have been since 1920. There is evidence of increased buying power, and new uses for electricity are being introduced. Many large installations of generating equipment are in progress and many more are in the initial stages of construction.

SOWING SEEDS FOR THE TOURIST HARVEST

Even so early in the year wide awake people in western cities are talking about the formation of associations to promote and induce tourist and convention travel next summer. In Winnipeg a tourist and convention association has been formed to attract to that city as much of the automobile traffic as possible. It is recognized that

organized effort can do a great deal in this direction and do it in a simple and inexpensive way. Naturally the movement is started and financed by the citizens who appreciate the value of visitors and their expenditures. In discussing the movement the *Winnipeg Tribune* says that tourist traffic is one of Canada's great assets today, and is growing rapidly in value. Up-to-date statistics are lacking, but it is safe to say that 20 per cent. increase was registered in this direction during the past summer over the best previous year. The millions of dollars brought into the country in this way are "found money" in the sense that it is all income and no out-go. It costs the country nothing. The scenery is no worse for the "wear and tear." If tourists find conditions to their liking the traffic will constantly increase from year to year.

Tourist business is highly valuable to Canada. Winnipeg is not the only city taking aggressive steps looking to a bigger season this year, but the movement is not as widespread as it should be. It is difficult to get the required public support. The *St. John Telegraph-Journal* says:

"The cities and provinces to get the tourist business in the coming season will be those which follow the Winnipeg example and organize early to induce visitors to come, and take care of them after they arrive."



CONVENTION DATE

New York Bankers Association—at Mount Royal Hotel, Montreal, June 23-25.

THE BANK OF NOVA SCOTIA

The ninety-second annual report of the Bank of Nova Scotia, head office Halifax, for the year ended December 31, 1923, shows net profits for the period, after estimating and providing for losses by bad debts, of \$2,104,532. This amount, when added to the balance of \$173,163 brought forward from the previous year, gave the sum of \$2,277,695 as available for distribution. The following appropriations were made from that sum: To cover the four quarterly dividends, at the rate of 16 per cent. per annum, \$1,600,000; to pay war tax on circulation to December 31, \$100,000; contribution to officers' pension fund, \$75,000, and written off bank premises account, \$250,000. This left a profit balance to be carried forward of \$252,695.

The total assets are \$227,889,799, of which \$131,761,385 are quick. This compares with liquid assets at the close of 1922 of \$126,986,092.

Total deposits are given as \$174,791,698. The bank's paid up capital is \$10,000,000 and its reserve fund \$19,500,000.

G. S. Campbell is president and J. A. McLeod general manager of the bank.

MANITOBA'S GOVERNMENT BANK

The Manitoba provincial government savings office's third annual report is an illuminating document as to the extent to which funds have been diverted from the chartered banks. The total deposits on August 31, last, were \$7,400,000, an increase of \$3,065,900 in the course of the year. Inasmuch as the rural credit situation has not warranted the province embarking upon a policy of extended credits, the amount which the provincial savings office has garnered has not been fully required for farm financing, and the collected funds have been tied up in government securities. There can be no denying that the provincial "bank" has profited lately from the general banking uncertainty. The full extent is not revealed in the report now issued, for the reason that public withdrawals from the chartered banks continued on a heavy scale after August 31.

Earnings of \$298,359 were determined by the difference between the interest received by the "bank" for its funds loaned to the government and the amount of interest distributed to depositors. The provincial "bank" returns the province no measure of tax revenue as the competing chartered banks do. No losses through bad loans are

acknowledged because the loans are made by another department of the government. A recent investigation by a commission of inquiry indicated that the losses in connection with these loans would be heavy.

BRITISH INVESTMENTS IN CANADA

Great Britain's investments in Canada fall just short of two billion dollars. The actual figure as compiled by *The Financial Post* is \$1,890,000,000. This is not very much greater than the total of British investments in Canada before the war. In those days, Sir George Paish, British writer on economic subjects, estimated the British investments in Canada as £372,000,000, which is about \$1,750,000,000.

A summary of British investments in Canada is as follows:

British Investments in Canada	
Public securities	\$456,000,000
General industries	145,000,000
Forests	60,000,000
Mining	100,000,000
Public services	116,000,000
Railways	745,000,000
Fisheries	3,000,000
Banking and insurance	80,000,000
Mortgages	35,000,000
Land	190,000,000
Total	\$1,890,000,000

HOCHELAGA BANK POSITION
IMPROVED

La Banque d'Hochelaga finished the year 1923 in a strong liquid position. Profits for the year ended November 30 last amounted to \$600,122, but a small decline from the previous year's figures of \$604,830. Net earnings thus amounted to 15 per cent. on the outstanding stock, and 7.28 per cent. on the combined capital, reserve and undivided profits. The established dividend rate is 10 per cent. per annum.

Profit and loss figures for the last three years compare as follows:

	Profit and Loss		
	1923	1922	1921
Profits	\$600,122	\$604,830	\$630,902
Bal. for.	194,536	184,706	83,804
	\$794,658	\$789,536	\$714,706
Less:			
Dividends	\$400,000	\$400,000	\$400,000
Pen. fund.	20,000	20,000	20,000
Fed. taxes	85,000	75,000	40,000
Bank premises	50,000	100,000	70,000
	\$555,000	\$595,000	\$530,000
Bal. for.	239,658	194,536	184,706

TALKS ON "THE MEMORY OF BUSINESS"—LEDGER-PAPERS

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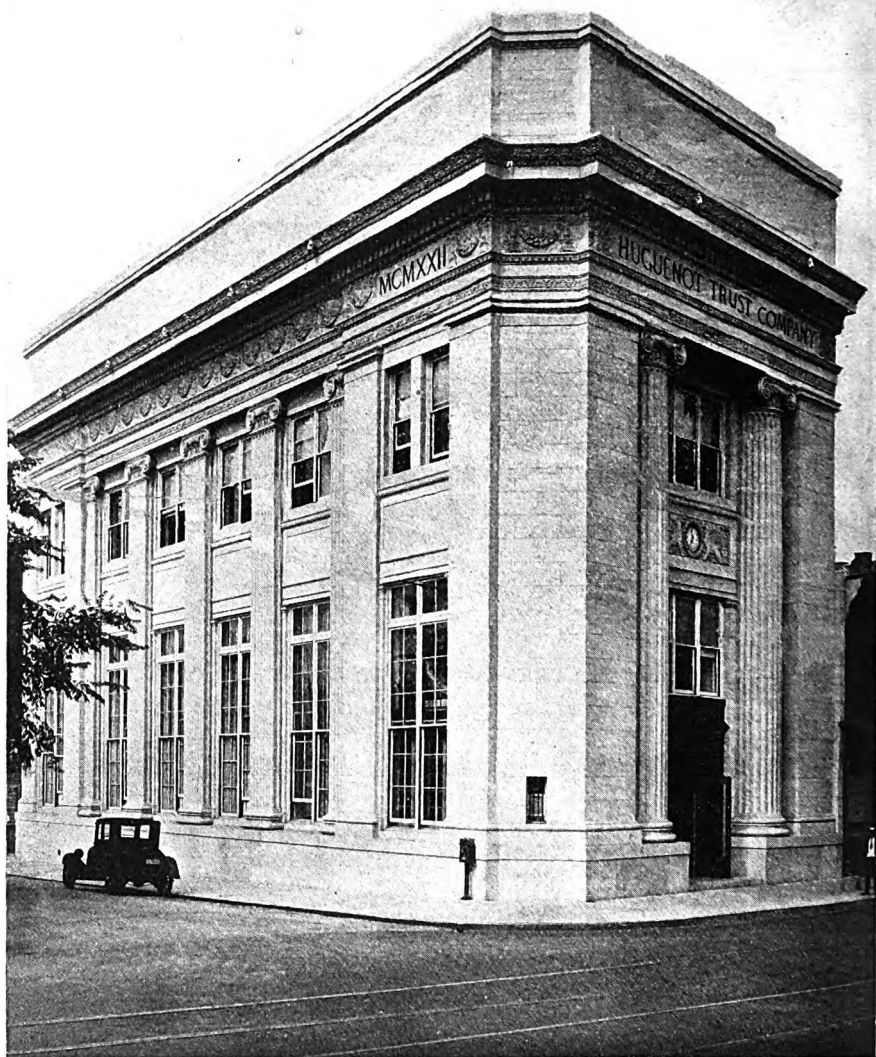
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L. L. BROWN PAPER COMPANY, ADAMS, MASS. ESTABLISHED 1849



Huguenot Trust Company, New Rochelle, N. Y.

THE Roman Ionic type of architecture has been used in this handsome monumental building which is occupied exclusively by the Huguenot Trust Company, New Rochelle, N. Y. The massive cut cast stone columns which surround the building are of Tuckahoe marble. The equipment is of the most modern type, fire and burglar proof. Engineering and architectural work by

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK

Some Recent Bank Building Operations

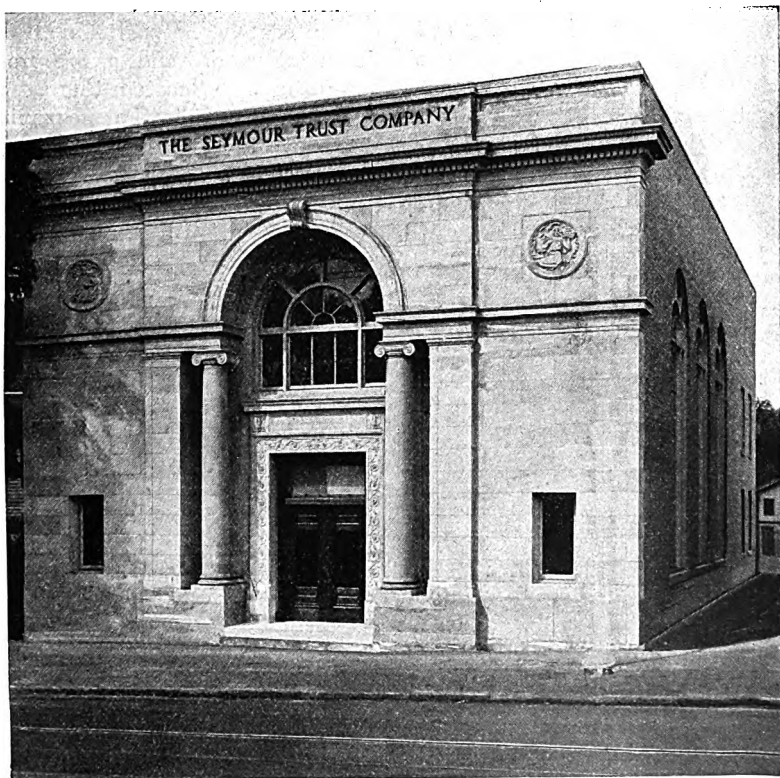
SEYMOUR TRUST COMPANY, SEYMOUR,
CONNECTICUT

A NEW building for the Seymour Trust Company of Seymour, Conn., has recently been completed by the Thomas M. James Company, architects and engineers of Boston and New York. This is an excellent example of an individual bank building well adapted to the needs of a banking institution in a small New England city.

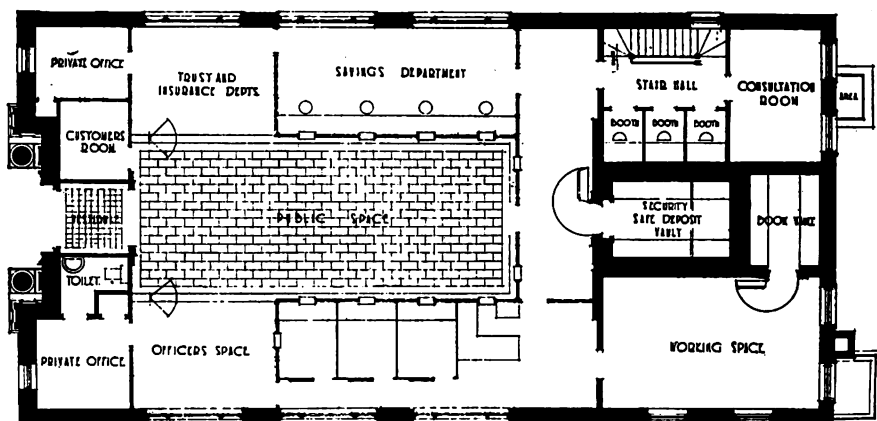
Light buff Indiana limestone is employed for the entire front of the building, the base being of polished granite. The interior is in keeping with the dignity and simplicity of the exterior and depends upon the design and color of the furnishings and fixtures for much of its effect.

The main banking room is spacious and impressive on account of its high panelled ceiling. On either side are three arched windows, which together with the front windows and an ample skylight allow a flood of daylight to enter the room, adding much to its attractiveness. The public space floor is of veinless pink Tennessee marble, which blends with the delicate rose of the imported Italian Tavernelle marble of the counter fronts. The offices are located at either side of the front entrance and are separated from the public space by a low marble rail and gate.

On the right of the public space are three cages of the commercial department, while on the left is the insurance department. A statement department is located at the rear. The cages are equipped with the most modern devices



New building of the Seymour Trust Company, Seymour, Connecticut, designed by the Thomas M. James Company. Vault construction by the Mosler Safe Company



Floor plan showing the arrangement of the main floor of the new building of the Seymour Trust Company, Seymour, Connecticut

for speeding up the work and rendering the most efficient service.

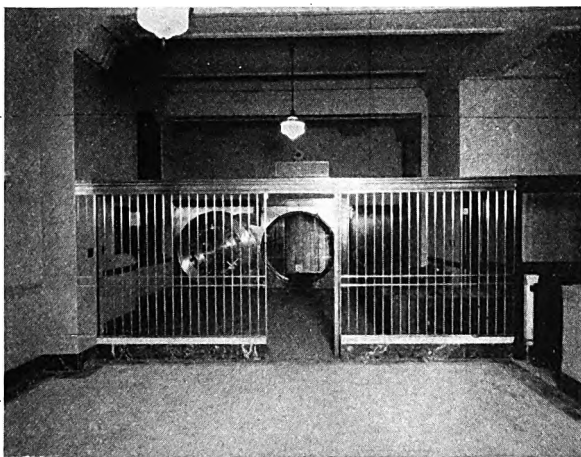
The safe deposit vault is located at the extreme end of the public space, while immediately adjacent are ample booths and a consultation room. This department is separated from the public space by a heavy grilled door. The vault has a capacity of 800 safe deposit boxes of various sizes, besides the special chests used by the bank for its securities. The floor, walls and ceiling of this vault are of concrete of great thickness, reinforced by steel rails, and throughout the construction is a network of wires constituting the burglar

alarm system of the Bankers Electric Protective Association. If one of these wires is cut the exterior alarm is released. The vault equipment was manufactured and installed by the Mosler Safe Company, Hamilton, Ohio.

A large and well lighted room is provided next to the vault for all the noisy machine work, and a fire-proof book vault is also located there. Directly over the vault is the mezzanine, part of which is utilized as additional working space. The trustees' room occupies the balance of the mezzanine and is finished in mahogany in pleasing contrast with the woodwork of the bank,



Senior officers' quarters in the new building of the Second National Bank, Houston, Texas

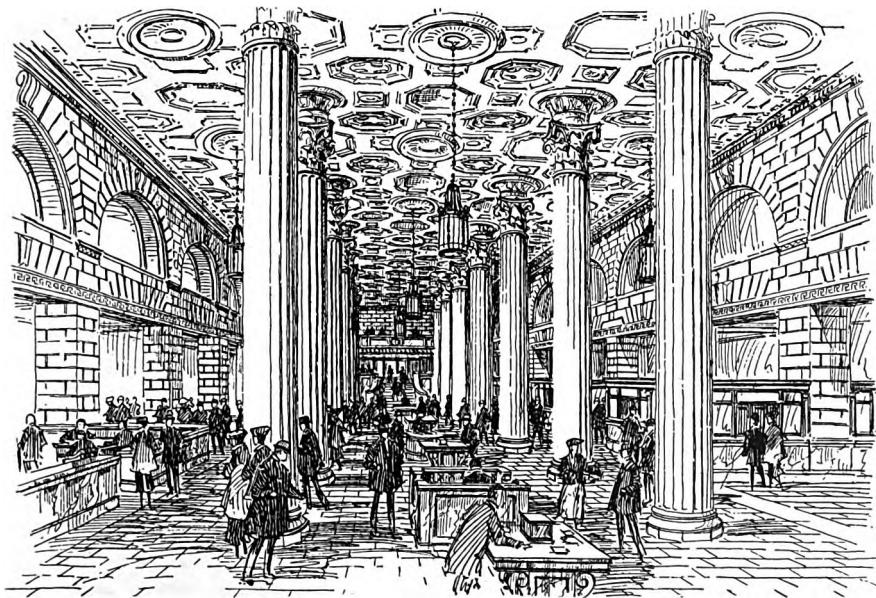


Safe deposit department, Second National Bank, Houston, Texas. This vault equipment was installed by the Herring-Hall-Marvin Safe Company

which is oak. There is another floor above the mezzanine which is available for storage and future expansion. The basement contains a modern heating plant, a vacuum cleaning machine and a large storage room for stationery, as well as a fire-proof vault for the bank's records.

SECOND NATIONAL BANK, HOUSTON,
TEXAS

THE Second National Bank, Houston, Texas, is now occupying its new banking home. The new building is seventeen stories in height and is of strictly fire-proof construction, consisting of a steel frame with rein-



View of the main banking room of the Union Trust Company of Pittsburgh. Architects for this building were Graham, Anderson, Probst and White of Chicago. The safe deposit department equipment was installed by the Mosler Safe Company. In its new quarters the Union Trust Company of Pittsburgh now occupies over 98,000 square feet of floor space



New building of the First National Bank, Wallingford, Connecticut. This building was designed by Holmes and Winslow, New York, and the vault equipment was installed by the Mosler Safe Company

forced concrete floors of stone, brick and terra cotta. The base of the building is polished granite. Above this and extending to the top of the second story windows are large Bedford stone columns. The third and fourth stories are of terra cotta to match the brick and stone.

Some time ago the directors decided that new and larger quarters were necessary, and appointed a committee of seven of their members to secure data and make preliminary investigations of modern banks. The members of this committee took trips to various parts

of the country inspecting other institutions and bringing back reports. The Thomas M. James Company of Boston was finally selected by the committee to take charge of the construction of the new building. The committee selected as associate architects the firm of Sanguinet, Staats, Hedrick and Gottlieb of Houston.

The idea of simplicity and service governed the plan of the banking room and resulted in an arrangement which is most convenient for the customers and permits maximum service on the part of the bank itself. On the right hand



View of the main banking room of the First National Bank of Wallingford, Connecticut, showing the entrance to safe deposit vaults in the rear

side of the main lobby are located cages for paying and receiving, pay rolls, and at the extreme end the loan department. Directly opposite on the left side are the collection and exchange, as well as the savings and statement departments, and a room for the stenographic department. Officers' spaces are located at either side of the front entrance for the opening of new accounts, and directly adjacent are writing rooms for the use of men and women patrons of the bank. Centrally located on the left hand side is the office of the cashier and one assistant cashier. The extreme rear portion beyond the public lobby is de-

voted to offices. The directors' room is located on the sixteenth floor of the building and has the advantage of the clear air and fresh breezes from the Gulf.

The safe deposit department is conveniently located on the first floor and is equipped with every modern device for the protection of the bank's customers. In the basement directly under the safe deposit department is located a vault for the storage of customers' trunks, and a convenient examination room is placed on the corridor where the customer may inspect the contents of his trunk at any time. The vault



The Colt building, Paterson, New Jersey, which has recently been purchased for the National Bank of America and will be completely remodelled for the use of that institution

equipment was installed by the Herring-Hall-Marvin Safe Company, Hamilton, Ohio.

**FIRST NATIONAL BANK, WALLINGFORD,
CONNECTICUT**

A NEW building for the First National Bank of Wallingford, Conn., was recently completed by Holmes and Winslow, bank architects, New York. This new building is considered one of the finest types of bank structures of this class in the New England states.

The facade is of Bedford Indiana limestone, with a Rhode Island granite base.

The interior arrangement is such that a full view of the vault is obtained upon entering the bank, as it is located di-

rectly at the rear of the public space. The vault equipment was installed by the Mosler Safe Company, New York.

The officers and tellers are located on either side of the public space. Private conference rooms are provided for both men and women customers. The directors' room is located at the rear on the mezzanine floor, overlooking the banking room through French casement windows. A silver storage vault is provided in the basement. The main light for the banking room comes through the large front windows as well as the skylight in the ceiling, so that even on the darkest days artificial light is not necessary.

The First National Bank of Wallingford has a capital of \$200,000, and it



Architect's drawing of the new home of the Hyannis Trust Company of Hyannis, Mass. This building was designed by J. Williams Beal Sons of Boston, Mass.

is reported that since moving into its new quarters the business of the bank has been materially increased.

NATIONAL BANK OF AMERICA, PATERSON,
NEW JERSEY

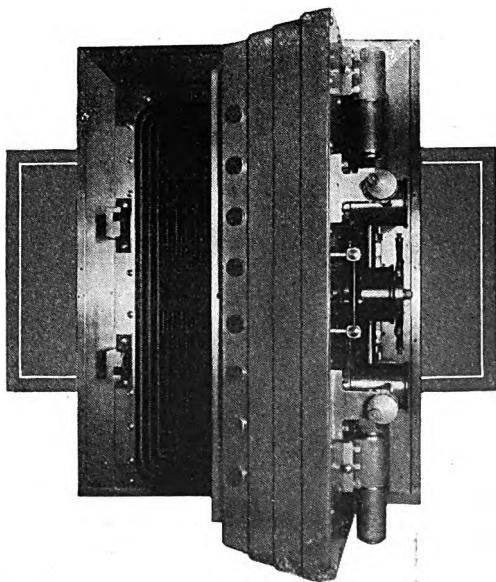
THE National Bank of America, Paterson, N. J., has recently purchased the Colt Building which will be remodelled to conform to the banking requirements of this institution. The plans contemplate the removal of the first floor above the street and the transformation of the two lower floors into one great, open, high-ceilinged, commodious banking room.

HYANNIS TRUST COMPANY, HYANNIS,
MASSACHUSETTS

THE new home of the Hyannis Trust Company, Hyannis, Mass., is being planned by J. Williams Beal Sons of Boston. This banking institution serves a large portion of Cape Cod, and the summer business is of such magnitude that large banking space is needed.

The design will be carried out in colonial style to harmonize with the surroundings and to conform to the Cape Cod traditions of the town. The bank-

ing space is to be of the horseshoe type, divided between the trust and savings departments, the former having five teller windows, and the latter three. The interior finish will be mahogany, the floor tile installed on top of concrete.



This new burglar, fire and mob proof vault door by the Diebold Safe and Lock Company will guard the entrance to the vault of the new building of the Hyannis Trust Company, Hyannis, Mass.

AMERICAN BANK ARCHITECTURE IN
THE ORIENT

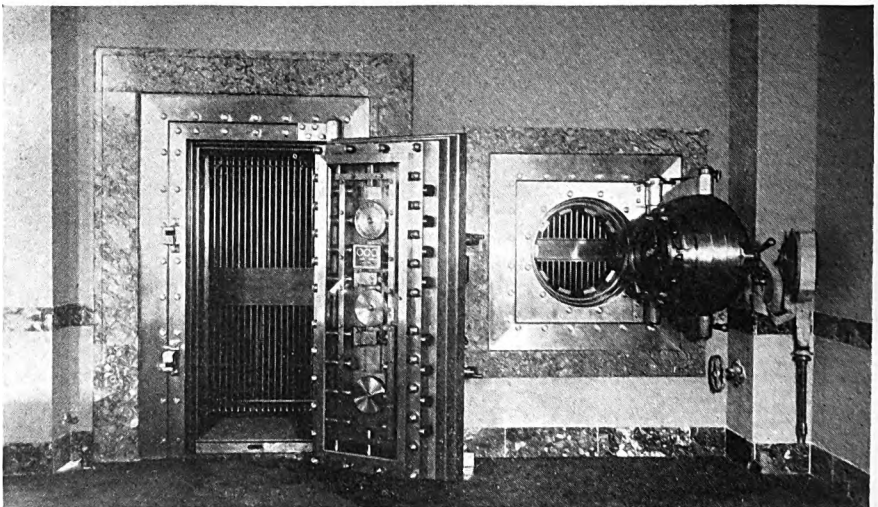
The new building of the Meiji Bank Ltd.,
Nagoya, Japan

The plaster ceiling will be decorated after the Adam period, and the direct lighting system will be used.

In the basement there will be a safety storage space for records, silver and bulky valuables. The vault equipment, which will be installed by the Diebold Safe & Lock Company, Canton, Ohio, will be of the most modern type, which gives the greatest possible protection. A photograph of the vault equipment, and also the architect's drawing of the building, are reproduced in this department.

THE Meiji Bank Ltd., of Nagoya, Japan, is one of the several aggressive Japanese banks which have followed the lead of the larger Japanese banks in adopting American architecture and American equipment in their new buildings. This bank is situated in the center of a rich agricultural district, the principal city of which is Nagoya, the fourth largest city in the Japanese Empire, with a population of 605,000. Agriculture and sericulture are the leading occupations, although the abundant deposits of clay form the basis of a considerable earthenware industry. Other leading industries are cotton spinning and weaving, silk textiles, tea-firing, toys, musical instruments, wood, bamboo and lacquer ware, etc. In Nagoya there are no representatives of foreign banks and the foreign exchange business is handled entirely through local offices of the international Japanese banks and the Meiji Bank. Japanese is the common language, but English is the foreign language most widely known, and is understood in most of the large business houses.

Japanese banks have been quick to recognize modern bank vault equipment



Entrance to the safe deposit vaults of the Meiji Bank Ltd., Nagoya, Japan. These vaults were installed by the York Safe and Lock Company

as a tremendous asset to the bank, the vault of the Meiji Bank being but one of many installations made by the York Safe and Lock Company in the Far East during recent years. An excerpt from a letter from the bank written subsequent to the earthquake is interesting:

We sincerely appreciate your kind attention in connection with the vault doors manufactured by your company and installed in this bank.

We have been strongly impressed with the fact that the accuracy, exquisiteness and stability of its construction expresses in reality the name of your company: "Safe and Lock." We are impressed more strongly with the absolute safety and perfection of the vault after the big earthquakes that shook the capital city of Tokio, and we rely on it with great expectation and confidence.

We beg to state in addition that during the three days (August 29, 30, and 31) previous to the opening, the vault was inspected by over 10,000 influential and prominent persons in Nagoya and vicinity and they were all impressed with its absolute reliability.

Meiji Bank Ltd. (Seal).



The New Penn Square office of the Fourth Street National Bank of Philadelphia, which was recently opened



Hochelaga-Nationale Merger

THE official announcement in connection with the merging of La Banque Nationale with La Banque d'Hochelaga is as follows:

"The directors of the Bank of Hochelaga have examined the amalgamation proposal submitted by La Banque Nationale. After a careful survey of the situation they have come to the conclusion that that proposal is advantageous, provided the liquid assets of La Banque Nationale be increased and that, for this end, the government of the Province of Quebec issue and deliver to the

amalgamated bank \$15,000,000 of bonds maturing in forty years. The bank will bind itself to pay the interest thereon to the government out of its profits; it will also bind itself to redeem the principal, by means of an annuity of \$124,172, out of the profits also, but after the payment of a dividend of 10 per cent. Any additional dividend may be paid after this sinking fund is provided for. The stock will be exchanged on a basis of two shares of La Banque Nationale for one share of the Bank of Hochelaga.



Bank of Montreal Memorials

Unique among the soldiers' memorials on this continent in connection with the Great War are the memorials erected by the Bank of Montreal in Montreal and Winnipeg, in commemoration of the 280 members of its staff who sacrificed their lives.

ture of the building, which is one of the finest banking offices in the world. This model represents "Victory," and is considered to be the finest work of its kind developed in American art since the war. The bank accepted both models. The statue of



Commemorating the War Services of the Staff of the Bank of Montreal

The bank has 550 branches throughout the Dominion, and the memorials, therefore, have a nation-wide significance. Originally, it was intended to erect a memorial in the head office at Montreal only, and an international competition was held for designs typifying all who had fallen. The winner was John Earle Fraser, whose studio is in New York. In addition to the model conforming to the terms of the competition, he submitted another which he believed would be very appropriate to the architec-

"Victory," in white marble, nine feet in height, has been erected in the head office, while the figure of the soldier, in bronze, has been erected outside the entrance of the bank's main branch in the busiest street in Winnipeg. The "Victory," at once triumphant and mournful, leaves a memorable impression. The soldier figure, with its determined face and characteristic accoutrement, typifies in eminent degree the spirit of the Canadian Expeditionary Force.



BOOK TALKS

Special Section of The Bankers Magazine

FEBRUARY 1924

The Celebrated Cassie A. Chadwick

The Story of the Wrecking of the Bank of Oberlin, Ohio, Told by
Thomas P. Kane

THE most sensational of bank failures that occurred during the administration of William B. Ridgely was that of the Citizens National Bank of Oberlin, Ohio, which suspended November 28, 1904. This was not a large bank. Its capital stock was only \$60,000, but for absolute imbecility of management it perhaps has no parallel in the history of national bank failures. This bank was wrecked by a woman, the celebrated Cassie A. Chadwick, a female Napoleon of finance, who succeeded in completely deceiving not only the officers of the bank as to her financial worth but everyone else with whom she had any business dealings.

The wrecking of this institution and the pathetic end of its aged president was due to his having violated the law to a small extent in the first instance by making a loan of \$13,000 to this woman, which was \$7,000 in excess of the limit of a loan that this bank could lawfully make. This loan was negotiated for her by two individuals whom the president of the bank knew, who represented to him that they were engaged in a deal with Mrs. Chadwick, involving the sum of \$30,000, and that they had in their possession gilt-edged collateral to amply secure the loan.

FIRST LOAN PROMPTLY PAID

Relying upon their representations, and without seeing or obtaining possession of the securities, the president of the bank made the loan. The loan was paid at maturity and its prompt payment paved the way to the greater extension of credit which followed. This woman had more or less business dealings with the president of the bank and the cashier personally from that time on until about August, 1903, when she applied for a loan of \$80,000. In the meantime she appeared to have satisfied the president that she was owner in equity of \$5,000,000 of U. S. Steel, 5 per cent. gold bonds, with the right of the income therefrom. She produced documentary evidence showing that she was the owner of bonds, stocks and other securities in the hands of

a prominent and wealthy citizen of Pittsburgh, no less a personage than Andrew Carnegie, as trustee, to the amount of over \$10,000,000. These documents were in legal



CASSIE A. CHADWICK

form, neatly prepared and bore evidence of being genuine, even to the signatures of Mr. Carnegie and others.

This loan of \$80,000 was made and was subsequently increased to \$93,000 to cover interest and charges, solely upon the confidence of the president in the truth of Mrs. Chadwick's representations.

* * * *

The regular examination of the bank was made in April, 1904. The loan to Mrs.

(Continued on page 4)

THE BANKERS MAGAZINE—BOOK TALKS

BOOK TALKS

EVELYN M. PRICE, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

FEBRUARY 1924

Shop Talk

"THROUGH the boys' and girls' clubs the banks of this country have an opportunity for service that is unparalleled," is the opinion of D. H. Otis, writing on "Banker-Farmer Team Work" in the Farm Loan Monthly. Boys' and girls' clubs are often the beginning of an agricultural department in a country bank and, unfortunately, sometimes the end also, as the officials of the bank do not follow up their good work by carrying on other campaigns to increase the production and wealth of the community around them.



WHAT about keeping up the good work and organizing such campaigns as live-stock improvement, increased crop production, increased use of fertilizer, "bigger and better silos," etc. There are any number suggested in *The Bank Agricultural Department*, in which a comprehensive program of work that has been in progress for a number of years in an Oregon bank, with extremely gratifying results, is outlined.



IT is a requirement of the national banking system and of many of the state banking systems that at regular intervals every bank be examined by a committee of its board of directors. O. W. Birkhead, a former national bank examiner, has written a very helpful book outlining how such an examination should be made in order to get at the true condition of the bank and give to the board the proper knowledge of

the bank's affairs which it is important for it to have. Every director and officer should read *Bank Directors; Their Duties and Liabilities*.



A COMPLETELY revised edition of *Commercial Paper, Acceptances and the Analysis of Credit Statements* is just off the press. More material has been added to the various sections, particularly on bank acceptances, since their use in the United States has grown considerably during the past few years. More analyzed statements, in which the item of "reserve for taxes" appears, have also been added.



IN THE eighty or more credit statements given in the latter half of *Commercial Paper*, the figures are actual transcripts kinds of business firms, with names changed for obvious reasons, but the actual conditions are there for study.



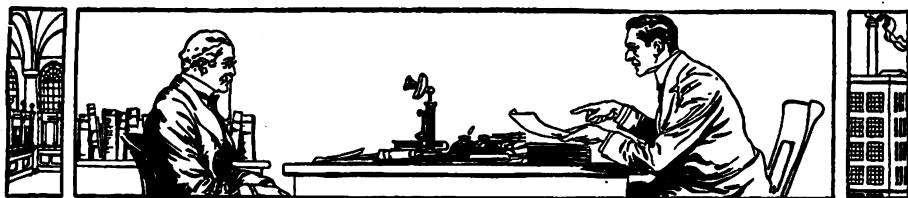
"SAFE Deposit and Custodian Accounts" is the title of Article IX of the *Reading Course in Banking* that has been running in THE BANKERS MAGAZINE for the past nine months. This article covers a subject which is not often given much space in books on banking.



GLENN G. MUNN, the author of the *Reading Course in Banking*, in a recent interview said:

I must confess to considerable interest in business training. That is why I am, among other things, lecturing at the American Institute of Banking and have been doing so for four years. It is also why I have written articles for a number of business magazines as well as for THE BANKERS MAGAZINE.

Winning THE BANKERS MAGAZINE contest for the best article on a banking subject in the fall of 1920 gave me the initial impulse to write in a serious way.



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, be it 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

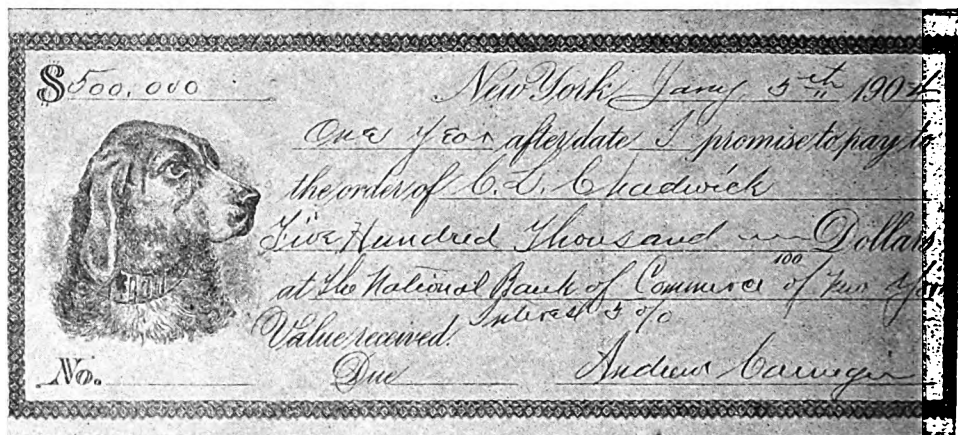
Outline of a typical follow-up plan. How in one year over \$4,000,000 initial deposits were received from "follow-ups."

Chapter IX.—New Business Ideas and Suggestions

Duties of chief clerk; publicity committee; press clippings; meeting advertising solicitors; courtesies to visitors, etc.

Use coupon on last page of BOOK TALKS to order

THE BANKERS MAGAZINE—BOOK TALKS



Forged Carnegie Note for \$500,000; one of the several forged papers given by Mrs. Chadwick

The Celebrated Cassie Chadwick

(Continued from page 1)

Chadwick then amounted to \$220,000, and was so reported by the examiner to the Comptroller, but the examiner reported that while the loan was largely in excess of the legal limit it was amply secured and there was no danger of the bank sustaining any loss thereon; that he had seen the security and that it fully protected the loan.

He reported this loan as having been made to C. A. Chadwick, but did not report that C. A. Chadwick was a woman, or that the security for the loan was a note of Andrew Carnegie. Had this examiner advised the Comptroller that the recipient of this large loan was a woman and that the security consisted of a note of Andrew Carnegie, the Comptroller would have been put on his inquiry in regard to this woman and why Andrew Carnegie had executed his note to her for such a large sum of money, as Mr. Carnegie was not in the habit of having his notes in national banks.

In the meantime, while the president of the bank seems to have become alarmed over this large liability and appears to have made strenuous efforts to secure the payment or reduction of the loan, he continued to make further advances and when the bank failed Mrs. Chadwick was liable to the institution for \$250,000, or over four times the amount of its capital.

PRESIDENT'S CONFIDENCE COMPLETE

So complete was the president's confidence in her honesty and her financial ability to fully discharge her obligations to the bank and to himself that for several days

after the bank failed he still believed and maintained that she would come forward and meet her obligations.

After the failure of the institution and the sensational disclosures which followed, the antecedents of this woman were thoroughly investigated and exposed, and while much that was then written of her history was, no doubt, untrue, or at least greatly exaggerated, according to the statements published at that time it appears that her maiden name was Elizabeth Bigley, and that she was born at or near Woodstock, Canada. She was reported to have been indicted in her younger days for forgery, but on trial was acquitted on the ground that she was mentally unsound at the time she committed the act.

Later she was known as Mrs. Hoover, having married one C. L. Hoover, a resident of Cleveland, who was many years her senior. She was next known as Madame De Vere, a clairvoyant, who formerly resided in Toledo, and had served a term of nine and a half years in the Ohio penitentiary for forgery.

* * * *

This is not the full story of Cassie A. Chadwick as told in *The Romance and Tragedy of Banking*. We have had to leave out here and there, and to even stop before the incident was completed because of lack of space, but it will give the reader an idea of one of the many interesting tales that Thomas P. Kane has told about banking, for there are hundreds of other such incidents.

THE BANKERS MAGAZINE—BOOK TALKS

The Development of Single-Name Paper

"Commercial Paper" Gives Interesting Account; Also Includes Eighty Pages of Actual Statements With Analysis of Each

THE SINGLE-NAME paper is an outgrowth of the Civil War. Prior to that time it was the custom of the merchants to make periodical visits to the trading centers and order supplies sufficient to last several months. Owing to the crude state of transportation and slow delivery, it was necessary that large stocks be purchased on long-time credit, the merchant giving his note in payment. By reason of the uncertainty of the amount that would be received in cash at the maturity of the instrument, due to the greenback disturbances, this process was attended by the danger of a depreciating currency.

To obviate this possibility, it became the custom to offer concessions for cash payment. The buyer, therefore, had as an inducement to pay cash, a flat reduction in the amount of the bill; but in order to obtain this reduction he had to have available funds. He could obtain these funds from one of two sources: Direct borrowing from his bank, or the general money market.

NOTE BROKER COMES IN

If his bank was not large enough to accommodate him he could not obtain enough credit to carry on large operations, however good his credit standing might be. What more simple, therefore, than to make a statement of his business affairs, attested as to its accuracy by a disinterested party, and, fortified by this information, offer his promissory note to whosoever would buy?

But in order to find a purchaser, it was necessary that there be a middleman who could give his entire attention to such financial operations. The note broker, therefore, came in between as a necessity to find a market for the paper.

MARKET GRADUALLY WIDENED

The market for single-name paper was originally New York City, extending to Philadelphia, Boston and the East, but gradually widened, so that banks in all parts of the country now buy commercial paper in ever-increasing quantities. At first only the great dry goods firms in New York which did a large commission business and made advances to mills were obliged to use credit outside of their ordinary banking circles, because the banks were not large enough to give the firms a sufficient line of credit. They then went to other cities and offered their paper, either the acceptances of the

mills or their single-name paper. These were "acquittance sales" and based not on facts submitted but upon the personal knowledge of the names offered.

DEVELOPMENT OF THE PAPER

The credit department as a department of the bank dates from about 1890, when there were not over six credit departments in operation. In 1895 the executive committee of the New York State Bankers' Association adopted a resolution recommending that member banks ask for written statements. In 1898 the National Association of Credit Men adopted uniform property statements. These efforts were the *beginning of banking credit research, as a necessary adjunct to the purchase of commercial paper.*

RELATIVE ADVANTAGES

Both single and double-name paper have their advantages. The single-name is a direct obligation, easy to check, in large denominations, uniform and round amounts. It is equivalent to handling bills of large denomination against small change. The bookkeeping is simple.

Two-name paper has an advantage in that it has the strength of two names, carries on its face evidence that it is for a business transaction, but has the disadvantage in being possible accommodation paper, it being easy to disguise its nature if fraud and trickery attend the transaction. There is no evidence on the face of single-name paper that it is for commercial purposes, but is always presumed to be issued for the purpose of taking advantage of cash discounts.

* * * *

Commercial Paper, Acceptances and Analysis of Credit Statements by W. H. Kniffin from which the above excerpt is taken has long been a standard book on this subject. There are few books that are entirely devoted to it, although most banking books give a chapter to analysis of statements. It is a 205-page book, the latter half of 80 pages, giving actual statements, some favorable and some unfavorable, with complete analysis printed on facing pages explaining in detail why it is safe or unsafe to invest in the paper. The price is only \$2.50, and is an excellent investment. Beside the statements there are also forms, including trade acceptances, letters of credit, trust receipts, etc.

THE BANKERS MAGAZINE—BOOK TALKS

Book Reviews

COMMERCIAL BANKING; Principles and Practice. By William H. Kniffin. New York: McGraw-Hill Company. (2 vols.)

THESE two books cover all departments of commercial banking except the foreign exchange and trust departments. The theory of money and banking, the history of banking in the United States and the practical operation of the commercial bank with special reference to bank accounting and the loan operation of a bank are given thorough treatment.

+

THE KEY TO NATIONAL PROSPERITY. By Jules Nahoum. New York: E. P. Dutton & Company.

AN intensive study of one of the greatest problems which America is facing—Foreign Trade. Mr. Nahoum, secretary of the American-European Financing Corporation, New York, tells in a clear, forceful and interesting way why foreign trade is the basis of every country's national prosperity, how its development not only affects those directly concerned in it, but even the earning capacity of every person in America. He explains why, since the war, America needs new and larger markets than she has now.

From his long experience in national and international banking the author is able to discuss with authority the technique of foreign trade, the American banker as the key-stone to America's further participation in world trade, future possibilities of the American dollar as the standard of the world's currency, and the question of an American Merchant Marine.

+

THE FUNCTIONS OF LIFE INSURANCE AS A CREDIT STABILIZER. New York: Compiled by Everett M. Ensign, executive secretary National Association of Life Underwriters.

THIS is a 56-page pamphlet which is best explained by giving a list of its contents. The compiler has reprinted 15 articles and addresses by such authorities as the late A. Barton Hepburn, Dr. W. F. Gephart and others, on the relation of life insurance to business, banking and credit.

The titles of the articles give a distinct idea of what is covered in the pamphlet: Relation of Life Insurance to the Credit Fabric of Business (A. Barton Hepburn); Relation of Insurance to Banking and Commercial Credit (Dr. W. F. Gephart); Importance of Life Insurance in Protecting the

Life of Business (James Lee Loomis); The Human Asset in Business (Earl G. Manning); Using Life Insurance to Build Up and Maintain Credit (J. Stanley Edwards); Underwriting America's Business (Allan D. Wallis); Functions of Life Insurance as a Credit Stabilizer (Edward A. Woods); Life Insurance and Its Relation to Bank Credit (Ford E. Hovey); Business Life Insurance and Its Relation to Banking (Albert N. Hogg); How Life Insurance May be Utilized to Protect Bond Issues (A. O. Eliason); Relationship Between Life Insurance and Commercial Credits (William F. Ramsey); Business Insurance and Special Agreements in Connection Therewith (Malcolm Adam); Standard Credit Forms Inquiring About Business Life Insurance to Protect Credit (A. R. Spier); Federal Reserve Banks and Life Insurance (*Mid-Continent Banker*); How Banking Officials Endorse Life Insurance for Credit.

+

MANCHURIA: The Land of Opportunity. New York: South Manchuria Railway.

THIS handbook of the resources of Manchuria has been prepared for American readers in response to many requests for accurate information concerning the opportunity for overseas trade and the facilities for travel in the ancient land of the Manchus. Manchuria, since the close of the Russo-Japanese War, when the policy of the "open door" was inaugurated, has gone forward with great strides, absorbing Western ideas and developing her rich material resources.

The record of this 15-year achievement in colonial enterprise is set forth in facts and figures in this volume, with a careful avoidance of debatable questions of international politics. In the preparation of the book the railway has made use of all available official and authoritative sources of information.

New Books

CREDITS. American Institute of Banking. New York. \$2.50.

THE FILING DEPARTMENT. By Ethel E. Scholfeld. Ronald Press. \$3.00.

STOCK EXCHANGE LAW; With Special Reference to the New York Stock Exchange and the Law of New York. By Samuel P. Goldman. Ronald Press. \$5.00.

YEARBOOK OF EXCHANGE RATES OF THE WORLD—1922. Den norske Creditbank.

Bankers Publishing
Company



71 Murray Street
New York

Books of use to bankers

1) 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.

2) 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.

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 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.

5) 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.

6) **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.

7) 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.

8) 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.

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.

10) For those who wish to understand the general principles of foreign exchange, Escher's **ELEMENTS OF FOREIGN EXCHANGE** is just the book. A good working knowledge of the subject can be gained in a very few hours from this little book.

11) There are few books entirely devoted to the subject of commercial paper. Kniffin's **COMMERCIAL PAPER, ACCEPTANCES AND ANALYSIS OF CREDIT STATEMENTS** is a safe investment if you want one on this subject—a 200-page book, with eighty pages of actual statements, with complete analyses on facing pages.

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

conclusions of writers who have learned from actual experience.

Realizing that it is difficult to decide on the suitability of a banking book without an actual examination of the book itself, the Bankers Publishing Company has adopted an approval system which enables any bank or banker to send for any of its publications on five days' examination, at the expiration of which time the books may be returned or a remittance sent if they are satisfactory.

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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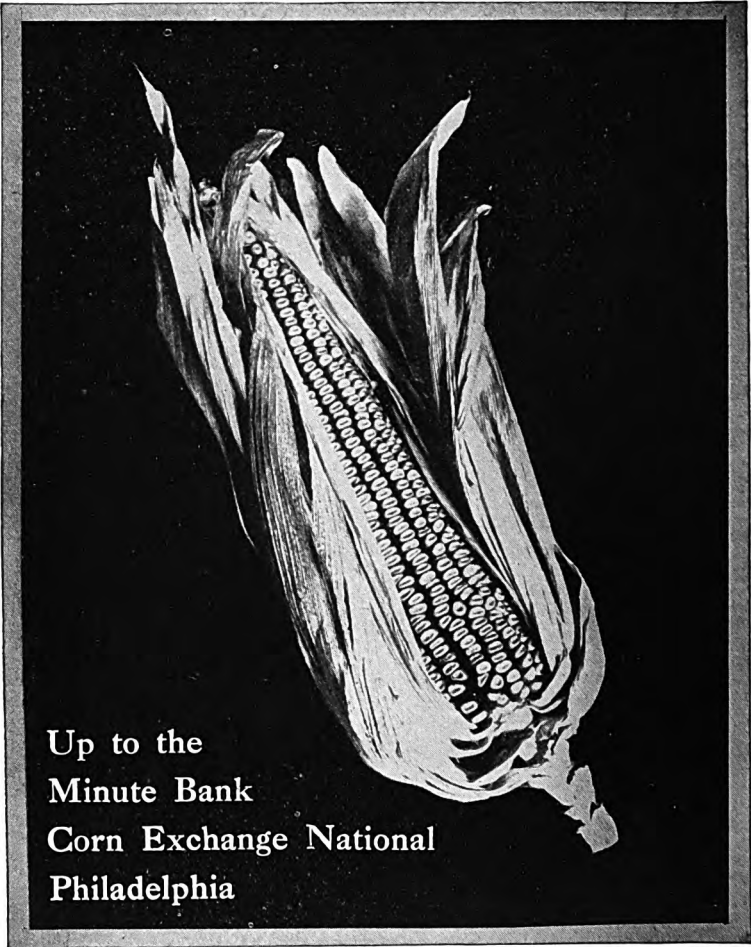
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The Present Situation of the Railroads	By Charles W. Foss 353
This article presents all the more important phases of railway problems and questions in a clear and understandable fashion. The author, who is Financial Editor of the <i>Railway Age</i> , points out three ways in which the restoration of the railways to a normal state in 1923 affected the banking world of this country. The article is accompanied by some interesting tables containing figures regarding certain important phases of the financial and equipment situations of the railroads, and includes a comprehensive comparative chart.	
The Personal Side of the Safe Deposit Business	By Mahlon D. Miller 363
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"A Stranger, and Ye Took Me In"	By B. W. Griffin 368
Foreigners who come to this country to live are very frugal. They save a great deal of money. The savings banks of the country are logical places for this money. But much of it never goes near any savings bank. Mr. Griffin points out in this article why foreigners do not put their money in savings banks, and suggests several pertinent methods of procedure which, if put into effect generally, would go a long way toward remedying the situation as it now exists.	
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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

The Publisher's Page

READERS are reminded that the Editors of THE BANKERS MAGAZINE are always glad to have, and to publish as space permits, expressions of opinion on any phase of any subject at all related to banking or finance. Comment on, and criticism of articles appearing in the Magazine is welcomed, without regard to whether or not a reader may agree with the point of view presented in a given article, or view favorably the substance of something he has read in the Magazine. Sincere and constructive criticism, no matter what form it takes, is always both interesting and helpful.



NOW for a few words about our April issue. One of the more important articles in the April number will deal with fallacies in the present system used by banks in determining credits. This article has been written for the Magazine by an economist and business authority whose name is probably before the public eye as frequently as that of any man writing on economic or business subjects. His business reports and forecasts are known from coast to coast. Roger W. Babson, president of Babson's Statistical Organization, says in his article, *The Fundamental Balance Sheet*, which will appear in April, that: "The basis of our present system of determining credits must be altered if the basis of our work is to be scientific. The difficulty lies in the fact that credit is ordinarily determined by the borrower's condition at the time when the loan is made, whereas it really should be determined upon his ability to meet the obligation when it is due. Analysis indicates that it is developments between these two dates that actually determine the risk involved, and a further examination shows that the majority of these developments are due to the trend of fundamental business conditions outside the individual concern and entirely beyond the control of its management." Mr. Babson gives in detail in his article an interesting example of a hypothetical case designed to bear out his contentions regarding the unsoundness of the system at present in use in the determination of bank credit lines.



YEARS ago a well known bank in the Northwest put out its first magazine. A forceful salesman sold it to the officers. They thought it would be nice to get out something like that. The monthly maga-

zines were placed in a rack with a sign above, "Take One." The first month most of the small edition disappeared. It was a novelty and the employees helped get the copies out. The second month, however, its popularity fell off, and thereafter the janitor usually had to clean out the last edition to make way for the succeeding number. Publication was finally suspended and no one seemed to notice the loss. Later this magazine came back, and came back strong. It is back to stay and it is proving a decidedly successful venture for the bank. Just how this was accomplished is told in a most interesting manner by W. E. Walker under whose supervision the magazine is published. This article, "How Should a Bank Magazine Be Distributed?" to appear in the April number, contains many suggestions which banks either publishing or contemplating the publication of a house organ will find both pertinent and useful.



HOW can the manager of a department in your bank get the most out of the workers over whose activities he has supervision, and for whose efficiency as a unit he is responsible? T. N. T., one of the best known writers in the banking field, tells in a very human short story in his article, "Those Girls on the Individual Books," appearing in April, of the troubles of Jim Brannon, in charge of the individual books, and how Jim both solved a very important problem in departmental management and, at the same time, won the lasting good-will and loyalty of those working under him.



TWO series of articles which will appear in coming issues of THE BANKERS MAGAZINE will be of particular interest and value to our readers. The first series of articles, prepared by a man who has put his theories into actual practice as the manager of a highly organized publicity department, will deal with various plans and methods of increasing the business of the average sized bank. The second series, based on the actual experiences of financial institutions in every part of the country that have pioneered in this type of publicity, will deal with various practical uses of window displays. In these suggestions every branch of banking is included. The small town has not been disregarded, for most of the window display material described may be obtained in a town of 5000.

Confidence

CONFIDENCE in any institution reaches its highest degree when tested by time. A banking tradition recounts that depositors, reaching the Bank of New York after the vault was closed, used to leave their cash and securities over night in the porter's charge and go their way carefree.

That was more than 125 years ago; no safe deposit facilities existed in New York. The trust and confidence which our great-great-grandfathers placed in the Bank of New York, and our great grandfathers in the New York Life Insurance & Trust Co., founded 94 years ago, has been strengthened and enlarged for the present generation by the recent merger of these long-established institutions.



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



NATIONAL
BANK
OF THE
CITY OF NEW YORK

200 Million Dollars Resources

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

MARCH 1924

VOLUME CVIII, NO. 3

Editorial Comment

National Bank Branches

BY a recent decision of the Supreme Court of the United States the right of a state to prohibit branches of national banks is upheld. The case arose in an action between the First National Bank in St. Louis and the State of Missouri. Branches had been established by the bank, and the state sought to enjoin their operation on the ground that the laws of Missouri prohibited branch banking, and that this prohibition extended to national banks as well as to banks organized under the laws of the State of Missouri. This contention the Supreme Court of the United States upholds. The right of a state to control certain functions rests upon the following principles, as stated in this decision:

"National banks are brought into existence under Federal legislation, are instrumentalities of the Federal Government, and are necessarily subject to the paramount authority of the United States. Nevertheless, national banks are subject to the laws of a state in respect of their affairs unless such laws interfere with the purposes of their creation, tend to impair or destroy their efficiency as Federal agencies or conflict with the paramount law of the United States."

The decision held that the Missouri statute prohibiting branch banking did not conflict with the laws of the United States. In fact, no authority was found in those laws for the conduct of branches of national banks, except in cases where a state bank having

branches entered the National Banking System. Such branches might be retained.

Here are some other points in the decision which will be found of special interest:

"The mere multiplication of places where the powers of a bank may be exercised is not, in our opinion, a necessary incident of a banking business.

"Clearly, the state statute, by prohibiting branches, does not frustrate the purposes for which the bank was created or interfere with the discharge of its duties to the Government or impair its efficiency as a Federal agency."

The Supreme Court seems to have been concerned with the purely legal aspects of the matter, and the effects of the Missouri state law upon national banks as agencies of the Federal Government. The broader aspects of the matter, namely, the effect which the growth of branch banking under the laws of the states will have upon the National Banking System as a whole were not considered. And yet this is precisely the point of greatest concern to the national banks. But doubtless this is a phase of the matter to be settled by Congress instead of by the Supreme Court.

While the decision in question will not interfere with branches of state banks that have entered the National Banking System, its effect upon the "tellers' offices" of national banks, established under recent rulings of the Comptroller's Bureau, are less clear. One thing is plainly settled by the de-

cision: that a state may prohibit the establishment of branches of national banks within its borders.



Treasury Competition With the Banks

COMPLAINTS are being made by a considerable number of banks that the Treasury of the United States is becoming a serious competitor with the banks for the savings of the community. This bidding for funds is represented principally by the sale of Treasury certificates and thrift stamps, and the activities of the Postal Savings Bank.

Very good arguments can be presented showing why the people should be invited to confide their savings to the Government. To begin with, without reflecting upon the banks, it is the safest place for such savings. Banks are of relative degrees of safety, by far the greatest proportion of them being safe beyond question, but a few being less surely so. This is not true in regard to obligations of the United States, which are 100 per cent. safe.

But there are some things other than safety to be taken into consideration, in making a deposit in a bank, though safety is always of major importance. A man could insure absolute safety to his funds by locking them up in a safe-deposit box. But in this case he would get nothing for the use of his money. With the Government as his custodian, he gets both safety and interest. But there is yet another phase of this matter of even greater importance. If all the savings of the country were absorbed by the Government, there would be a great lack of funds for local enterprise, unless these savings were in turn redeposited with local banks. At present, with expenditures so large, and taxation so heavy, the tendency is strongly toward absorbing a very large share of the public's earnings into the

coffers of the Treasury. No doubt a great deal of money is being taken away, by this process, from the localities where it was earned and saved, and distributed elsewhere through the wide and numerous channels of Government expenditures.

In this connection the question arises as to whether the banks have given as much attention as they might have done toward placing the safety of deposits beyond doubt. A great many bankers vigorously resent a proposal looking to the guaranty of deposits. Still, they realize the inconvenience to the public arising through bank failures, and are not unmindful of the fact that even the best-managed and safest banks have not attracted that degree of confidence that attaches to the Government of the United States. For instance, it is doubtful if there are any banks safer than the mutual savings banks of New York. Still, these institutions do not get all the savings deposits of New York, but a considerable share of such deposits goes to the Postal Savings Bank. The reason for this would seem to lie in the fact that certain elements of the population of New York regard the Government as offering superior protection to their savings. As a matter of fact, it may be doubted whether the savings are actually much if any safer in one place than the other, for the New York mutual savings banks are about as safe as human foresight can make them. It may be that the New York savings banks have not been as enterprising as they might have been in making this fact more widely known. Perhaps the same remark might be extended to include the banks of the country generally.

Through clearing-house supervision and other means the banks in many localities have been brought up to a high degree of safety, and this is a development that, through some organized effort, might be widened to include a much larger circle of banks. It is recognized, of course, that the supervision imposed by the Government and by the

clearing-houses can do little more than to impose checks upon bad management and prevent its culmination in failure with consequent loss to stockholders and depositors. In the long run, the success or failure of a bank will depend upon those who control its management, the same as in other kinds of business. But the highest practicable ideals of safety in the conduct of banking have not yet been reached, and it should be the constant aim of the bankers of the United States to approximate such ideals.

It is unfortunate that the Government should be competing with the banks for deposits. But the reason it is so successful in this respect is due more to the Government's need for funds rather than to any well-founded distrust of the banks of the country.



The Democrats and "Wall Street"

FOR a good many years it has been the fashion of the Democratic party to charge an alliance between the Republican party and the big financial interests, to which the name of "Wall Street" has been affixed. Whether the stigma—if such it may be called—was deserved or not, it was clever enough as a political stratagem, as such things go. Probably, if one should look into the matter closely, he would find plenty of big business men in both parties; and probably, also, neither party has a monopoly of friendship for the plain people. But action has been taken by the Democratic party which will estop that political organization from affixing the "Wall Street" label on its antagonists in the approaching political campaign. Reference is made to the fact that the Democrats are to hold their convention for the nomination of a Presidential candidate in New York. By coming to

"Wall Street" themselves, they virtually reveal the hollowness of their pretended aversion to that famous locality. Indeed, it is openly suspected that the very liberal checks which New York produced constituted one of the strongest and most convincing arguments for the selection of that city as the place where the Democratic hosts are to assemble next summer. In other words, the very citadel of the plain people has been undermined by the subtle influences of the "money power." "The enemy's country" has itself become the chosen seat of the "the enemy's" foes. Are we to suppose, also, that Senator Heflin of Alabama is to come to New York and gaze unmoved on the Federal Reserve Bank? That Mr. Bryan of Florida will mingle cheek by jowl with the profiteers of Wall Street?

More seriously it may be said that the determination of the Democrats to hold their National Convention in New York is an evidence of the fact that this is a united country of which the eastern metropolis is no small part; and that, other things being equal, no valid reason exists why the great quadrennial political gatherings should not be held there as well as elsewhere. The Republicans may seek to affix the "Wall Street" label upon the candidate nominated in New York, but it will probably have little effect upon the minds of the voters should this attempt be made. The effort to attach political odium to New York, or even to what is styled "big business," does not represent a very high order of political sagacity. It is hoped the campaign of 1924 will rise to a more elevated plane, for there are many really serious issues confronting our country at the present time. Mr. Bryan, in his several unsuccessful attempts to gain the Presidency, relied largely on the "Wall Street" issue; but the people were deaf to his appeals. It is a played-out slogan, and may as well be buried with other obsolete battle-cries of vanished hosts.

American Foreign Banking

THE recent withdrawal of another American bank from the foreign field has brought under discussion our whole policy with respect to banking of this character.

When the great foreign trade spurt occurred, almost immediately following the Armistice, a sudden interest in foreign banking developed in this country, and this led to the organization of a number of banks specially created to do a general foreign business or to function in certain parts of the world. Some such banks had been established at an earlier date though with few exceptions our foreign banks are of recent origin. The same applies to foreign branches of national banks, which lacked legal authorization prior to the enactment of the Federal Reserve Act in 1913. Some of the states had previously sanctioned foreign branches, and a few of them were in operation before the national banks got into the field.

It may be fairly said that the movement to establish foreign banks and branches was somewhat precipitate. The determination to withdraw from these activities is also rather hasty. It has been accelerated by the unsettled business conditions in various parts of the world, and more directly by the inability to operate at a profit. This latter phase of the matter is one that such institutions could not disregard. They could not be expected to go on doing business that involved unusual risks, and at the same time showed no profits. Their decision to abandon the field is therefore beyond criticism.

Naturally, the question arises as to whether or not our foreign trade will actually suffer because of the withdrawal of some of the American banks from their foreign outposts. In considering this question it must be remembered that several of these institutions continue to function. This refers to corporations specially organized to do foreign business and to branches of the national banks and trust companies.

Probably there are enough of these remaining to take care of any special banking requirements that may exist. Then it must also not be forgotten that our large banks, affiliated as they are through correspondents with the entire world, are in a position to handle the country's foreign trade. Existing banking facilities of the character indicated will probably be found sufficient to take care of the somewhat reduced volume of foreign trade at present being carried on.

The attempt to organize a special type of Foreign Trade Financing Corporation, with large capital, and jointly owned by the banks and business interests of the country was not successful. This failure was partly due to the sudden slump in foreign trade, and the break-down of credit, which happened in 1920, and to other causes. A corporation of this kind would have endeavored to do through joint effort what the banks acting alone have found very difficult. There was some opinion to the effect that the disturbed foreign situation would have rendered the safe functioning of this institution impossible. This indicates a lack of confidence in the sound judgment of American financiers. It would seem that the task of successfully guiding such an institution, even in the admittedly dangerous situation which prevailed, should not have been one beyond American financial skill.

The axiom that banking follows rather than creates trade may be conceded, at least as far as regards purely commercial banking. But many operations in the foreign field partake largely of an investment character, requiring capital. In cases of this character an American financial institution can be of material assistance in furthering the development of American enterprise abroad.

Foreign countries at present do not offer an inviting theater of operations for American banks, and partly owing to our lack of hospitality in welcoming foreign banks to our shores, the branches and agencies of such banks

operating here are not prospering. If banks have the same right to extend their operations to other lands as have other kinds of business, we should adopt a more liberal policy toward foreign banks, especially if our own banks expect to maintain branches abroad.

If there is an advantage in having American banks in foreign countries, this advantage will be lessened by the recent movement on the part of our banks to withdraw from this field. For the trade of the world will in time gradually recover, and it can scarcely be expected that when this time comes our banks can at once extend their operations to various parts of the world as they have been doing in recent years. Nevertheless, taking all the circumstances into consideration, the present tendency toward restricted foreign operations cannot be criticised.



Banking Troubles in the Northwest

CHIEFLY as a result of depression in the farming industry, quite serious banking difficulties have developed in certain of the states of the Northwest. These difficulties are confined to a few of the states, and thus far they have not affected the larger banks in the principal financial and commercial centers of that part of the country. But there have been failures of several banks that were holding the reserve funds of the smaller country banks, and this has accentuated the trouble. The situation was considered of such gravity as to call for the intervention of the Federal Government, and aid was promptly tendered by the War Finance Corporation. Other measures of relief contemplate joint action by the banks of the Northwest generally and the Federal Government.

While the immediate problem in this case may be to afford temporary relief

to the embarrassed banks, the situation can not be permanently bettered until there is an improvement in the condition of Northwestern agriculture. Efforts in this direction originating outside the particular region affected are likely to prove more or less empiric in the remedies prescribed. Worse still, Government help, however well-intentioned, is only too likely to aggravate the evils it seeks to cure. The war and conditions growing out of it have been responsible for the adoption of many expedients designed to aid various classes in the community with results that must be considered unfortunate. The railways were operated by the Government, and wages went up; so did freight and passenger tariffs. Prices were fixed on wheat and other commodities, but when the artificial props were removed, the prices fell. Tariff schedules were boosted, and the farmer discovered that his products exchanged for a relatively smaller quantity of other goods than formerly. European economic and political difficulties cut off important markets for wheat and other leading farm crops.

In the midst of these conditions the farmer has been irritated by much gratuitous advice and criticism. He has been told that what he needs is education. He must diversify his crops; must practice more intensive cultivation. He has been accused of being a land speculator, and many ascribe his difficulties to this fact. Possibly the farmer knows as much about his own business as do those who are so free with their suggestions for his welfare, but who themselves lack experience in farming. Possibly, also, the farmer is less of a speculator than others engaged in various lines of manufacturing and merchandising. Perhaps the truth is that the farmers of the Northwest are merely undergoing, rather later than others, some of the hardships following the post-bellum adjustments, and that in time they will work out their problems as others have done. Meanwhile, if they can be given any real assistance

that will not tend to aggravate the situation, this should be as speedily furnished as circumstances will permit.

The agricultural wealth of the Northwest is so great, and the entire banking resources of the section so large, that it ought not to be impossible or even difficult to work out of the present situation with a minimum of inconvenience and distress.



Foreign and Domestic Problems

IN his annual message to Congress President Coolidge declared: "Our main problems are domestic problems." This statement appears so obvious on its face as to admit of no denial of its correctness. The domestic problems are familiar to us all. In some way or other they confront us almost every day in all our thought and acts. We are all painfully alive to the taxation problem, for example. So serious has it grown to be that many of our people are wondering how they can continue in business, or even to live, unless there is a marked and speedy easing of this burden that weighs so heavily upon enterprise and upon the lives of the people. And then there is the problem of law enforcement, which has become specially acute because of the open flouting of the Eighteenth Amendment to the Constitution of the United States. There are besides the railway problem, the agricultural problem, the shipping problem, and the coal problem likely also at any time again to become a matter of public concern. Other matters of less importance might be mentioned, but these major affairs are sufficient to justify the statement of the President.

It is a safe maxim that a government should be chiefly concerned with the affairs of its own citizens. The whole machinery of government is created with this end in view. Incidentally our army and navy may occasionally lend protection to people of other lands; but

primarily they are designed to protect our own people. Congress and the Executive are concerned chiefly with the welfare of Americans rather than with that of the people of other lands. It is the first duty of a government to take care of the interests of its own people, as it is the first duty of the head of a family to look out for those of his own household. Mrs. Jellaby and the internationalists are not good models for imitation.

But granting the truth of all that has been said, there may be a situation in which foreign problems take precedence over those of a domestic nature. This would happen when in some quarter of the world a condition exists which reflects upon affairs in some other country to such an extent as to outweigh in importance problems of a purely domestic character. There are a good many keen observers who contend that this is the situation with which we are confronted at the present time. They hold that the perturbed state of Europe is of greater concern to our own people than any of the domestic problems with which we are now grappling. The importance of these latter is not underestimated. Their gravity is recognized and the demand for their settlement well understood. But it is held that the tranquillity of the world, and of Europe especially, is of even more pressing importance, and for the reason that—in the view stated—there can be no permanent prosperity in the United States until the European situation is composed.

If the foregoing view is correct, and it is within the power of the United States in some way to compose the European difficulty, then the foreign situation becomes of even greater concern than our domestic problems. No one can blame the President for taking the position that our main problems are domestic in character. It is the obvious view. It may be the correct one. But it is going too far to permit the importance of these domestic problems to obscure the very great interest we have

in the European problem, and even to exclude interest in it altogether. In the face of the grave state of affairs in Europe the United States should not prove so bankrupt in statesmanship as to be unable to offer any real help in straightening out the tangle. Up to the present we have done little in that direction, and are showing a disposition to do even less. Considerations of trade, finance, and of humanity all impel us to a more active participation in the settlement of the difficulties in Europe.



Government Compensation of Depositors

WHAT duty rests upon the Government of the United States in the case of a failed national bank where for years prior to such failure the examiners have reported the bank to be in a satisfactory condition? This question figures in a bill introduced into the House of Representatives proposing to compensate the 2200 depositors of the Mariners Harbor National Bank of Mariners Harbor, New York, for losses sustained through the heavy defalcation of a former cashier. It is contended that while the speculations were going on the national bank examiners repeatedly reported the bank as being in good condition. Allegation is made that for four years the examiners failed to report that almost 3000 savings accounts showed neither additions nor withdrawals. It is held that the examiners were negligent, and that it is the duty of the Government to compensate depositors for the losses they sustained on account of the alleged negligence of the examiners.

Should the view above expressed find acceptance, it would lay the Government open to the payment of losses to depositors in a good many cases, for the failure of banks can quite often be ascribed to the failure of examiners to make early discovery of irregularities of various kinds.

But the duty of making such dis-

coveries rests primarily upon the directors of the bank, for they are the ones who select the managers and who have immediate supervision of their acts. This supervision can be constantly exercised, not merely at infrequent intervals and under pressure for lack of time as in the case of the work done by the bank examiners.

Still, it is an interesting question, with something to be said on both sides. The people do trust the national banks partly because of the supervision of the Federal Government. So long as the Government permits the bank to operate, the public inference is that the bank is complying with the laws and is being carefully managed. If, through the negligence of the Government examiners, this inference is unwarranted, and the depositors in consequence sustain losses, is the Government responsible for the negligence of its agents? Since directors who are negligent may be called to account by the Government, shall not the latter also shoulder responsibility for failure to perform its obvious duty? In other words, since it is the duty of directors to direct, is it not likewise the duty of examiners to examine?

It would be unfortunate if for any reason the directors of a bank should shift responsibility for losses from their own shoulders to those of the bank examiners, for the directors, not the examiners, are responsible for the bank's management. Their opportunities for discovering losses are far greater than are those of the examiners, and they therefore must be held to stricter accountability. Nevertheless the Government owes a duty to the bank and to the public in seeing that the work of the examiners is done efficiently.



Death of Ex-President Wilson

THE death of Woodrow Wilson, ex-President of the United States, occurred at Washington on February 3. Thus passes into history a

man to whom it was given to play an important part in the affairs of his own country and of the world. We are still too near these events to review them without bias, for a fierce controversy raged about several of his acts and policies, and the fires of this conflict are yet smouldering.

When the Great War broke out in Europe, Mr. Wilson at first held this country to a neutral course, and he was not for a long time able to distinguish any difference of moral position between the principal combatants. He hesitated for a long time before this difference was perceived; yet, once his mind was made up as to where our duty lay, he entered into the war with all the holy zeal of a crusader; and he carried into the war the united energy and strength of the people.

Frequently, in his notes and messages, he voiced the finer aspirations of his countrymen in language of unsurpassed power and nobility. And to him the world finally came to look for leadership in its hopes for peace. But President Wilson was to see his plans for peace all rejected. He had accepted the Treaty of Versailles, the joint guaranty of French security in company with Great Britain, and became the foremost advocate of the League of Nations. All these proposals were rejected by the Senate, and the overwhelming defeat of Mr. Wilson's party in the elections of 1920 lent color to the belief that the people of the country upheld the views of the Senate rather than those of the President.

Looking back on the consequences of the Senate's action, who can say that its course was the wisest?

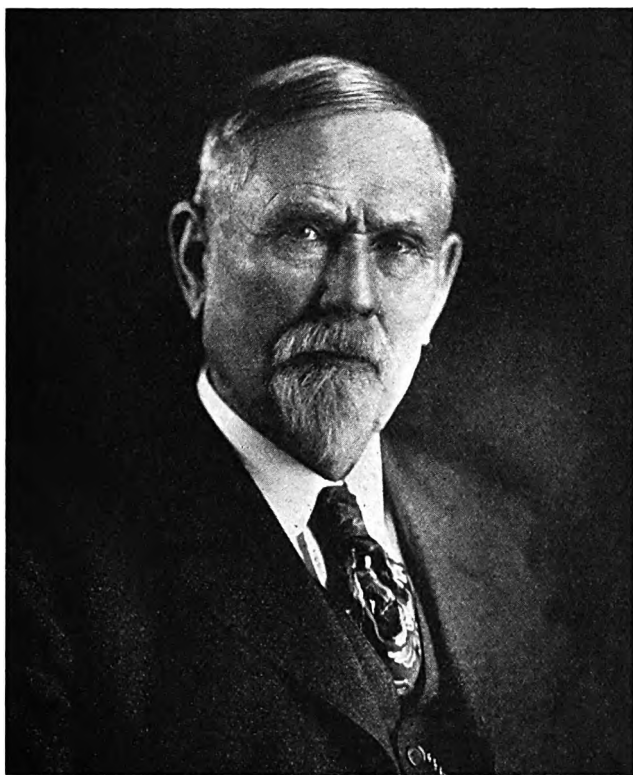
With the grave unsettled world problems still pending, who can say that we have even yet escaped entanglement in them?

Mr. Wilson's exertions in behalf of his peace program broke down his health and finally cost him his life.

There is one feature of the late President's career of especial interest to the bankers of the country. In 1908, Mr. Wilson, still connected with Princeton University, appeared before the convention of the American Bankers Association at Denver and made an address which attracted great interest. He soon became prominent in politics, first as Governor of New Jersey, and was in 1912 elected to the Presidency. It was understood, prior to his election, that he would push through a plan of banking reform, and the Federal Reserve Act was in fact passed in the first year of his Administration. This was but part of an extensive program of financial and economic legislation due chiefly to Mr. Wilson's special interest in those matters.

The peace movement to which Mr. Wilson gave such complete devotion failed of success in his lifetime. If finally, even in amended form, it comes to be ratified by the world, it will constitute the most fitting and enduring monument to the late Ex-President's memory.





K. M. VAN ZANDT

President Fort Worth National Bank, Fort Worth, Texas

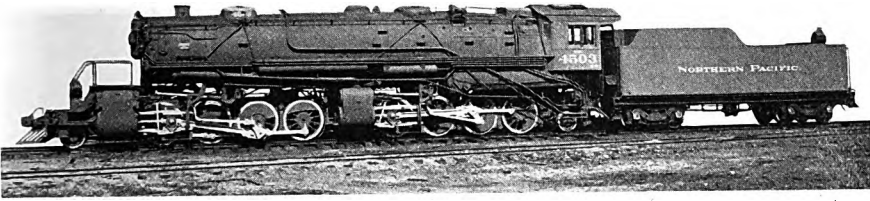
MAJOR Van Zandt, the patriarch of Texas banking, continues today, at the age of 87, to guide the destinies of the Fort Worth National Bank in the same sure and far-sighted manner that has marked his conduct of the bank's affairs during the fifty years of his presidency of the institution, an office he has held continuously since the bank's founding. Fifty years ago in a Texas village of a thousand souls, four community leaders of whom Major Van Zandt was one, entered into an agreement resulting in the foundation of a little banking house in a nook twenty-five by thirty feet in a store building in the center of the town. This marked the beginning of the Fort Worth National Bank which today owns the modern office building in which it is housed, and occupies the entire first floor.



Freight yards and terminals at Carbondale, Pa.

COURTESY "RAILWAY AGE"

A 540,000 pound monster of the rails



COURTESY "RAILWAY AGE"

The Present Situation of the Railroads

By Charles W. Foss

Financial Editor, "Railway Age"

IN 1923, the railways of the United States experienced their first normal year since 1916. What they accomplished during the year has proved of the greatest satisfaction to the railway managements themselves. The latter must be equally gratified at the recognition that has been paid to the railway operating accomplishments by the analysts of business conditions and by business and industrial interests generally. The combination of experiences which the industry of this country has had with railway transportation during the last four or five years has emphasized beyond all reasonable doubt the dependence that business prosperity has on railway transportation. In 1920, when railway conditions were very bad, understanding arose of the handicap on business that could result from railway car shortage and congestion. In 1923, on the other hand, realization was made possible of the great benefit that could accrue to business as a result of efficient railway transportation and the handling of the heavy transportation burden without car shortage or congestion.

This influence has been felt in all parts of American industrial life, and by the banks no less than by the manufacturer. To the banks it has proved of benefit because with resulting fluidity of traffic movement such as existed in 1923, there has been less strain on the credit structure. With rapid movement of commodities, manufacturers or wholesalers have required smaller loans

to carry inventory or goods in transit and, in general, the efficiency of the railways such as existed during the 1923 fall movement is said by reputable authorities to be one of the principal reasons for the present easiness in the money market. It is by contrast with 1920 that this is most readily appreciated. The result of car shortage and congestion in 1920 was duplication of orders, over-expansion of inventories, inflation and finally the depression which gave us the unfortunate business conditions of 1921.

Now all this is not alone history. The reason that it is not alone history is because it represents the reason for and the working out of one of the underlying ideals which the railway managements have set before themselves for the future.

THE MOST IMPORTANT FACTOR

Leaders of thought in the railway world believe that the people of this country do not want Government ownership. They have long since decided that the possibility of Government ownership will always exist and that the manner in which it will unquestionably be brought about, if it is ever brought about, will be through some such combination of financial difficulty or traffic congestion as existed in 1917 and which finally proved so severe as to lead President Wilson to establish Federal control at the beginning of



COURTESY "RAILWAY AGE"

Construction work on the New York Central. Castleton Cut-Off

1918. Conversely, they have realized that efficient railway transportation will subordinate the possibility of the re-establishment of Federal control. It is their purpose, therefore, to maintain the highest order of railway efficiency in their power. This is going to require efficient use of the present railway physical plant. It is going to require, further, the expansion of railway facilities to take care not only of increase in traffic but also to provide, as well, those things which will enable the railways to handle increasing traffic, with increasing economy.

This to the railway man represents probably the most important of the many factors which are presented in the railway situation at the present time. The attitude of the progressive bloc in Congress, the fear of increased rates, the situation as to consolidations, the recent decision as to the recapture clause, as important as they are, remain, nevertheless, secondary to it.

The railways during 1923 accomplished a number of things which in the spring many confident observers believed to be impossible. They carried the heaviest traffic in their history. Whereas prior to 1923 there had been

a total of but seven times in which weekly car loadings exceeded the million mark, in 1923 there were twenty-one weeks in which the loadings exceeded one million. The first week of the year in which car loadings were over one million was that ending May 26, following which every week until that ending November 10 showed weekly car loadings one million or over with the exception of those weeks which included a holiday. The result was that for the year as a whole the railway car loadings totaled approximately 49,800,000; 15.4 per cent. more than in 1922 and 10.5 per cent. more than in 1920, the previous record year.

Another indication of railway traffic volume is the figure of net ton miles—the number of tons carried multiplied by the number of miles. The figure for 1923 was 457,590,000,000, 21.7 per cent. over 1922 and 2.3 per cent. over 1920. It is not necessary to explain why it is that compared with 1920, for example, there was in 1923 an increase of 10.5 per cent. in car loadings and an increase of only 2 per cent. in net ton miles. The reason lies in the different character of the traffic as compared with that moved in 1920. In 1923, the traf-



COURTESY "RAILWAY AGE"

A large engine terminal. One of the important railway needs today is new engine terminals

fic moved included a larger proportion of the higher grade commodities, which move shorter distances and are loaded fewer tons to the car. The important point is that in the comparison with the previous record of 1920, the record breaking traffic of 1923 was handled without car shortage or congestion while in 1920 conditions were so severe that the car shortage reached the record breaking figure of 151,000 in September of that year.

CAUSES FOR 1923 OPERATING EFFICIENCY

Readers of THE BANKERS MAGAZINE will be interested in the causes for the 1923 operating efficiency because an analysis of these causes points out many things of importance to the future. There is no question that railway operation generally in 1923 was conducted on a much higher plane of efficiency than had existed for several years. It can safely be said now that the railways have finally made substantial progress in restoring that efficiency and employee morale which was so seriously affected by the war and the conditions existing during the Federal control period. Combined with this,

the operating department, which is that department which actually moves the traffic, was substantially assisted by having improved tools with which to work.

The railways began 1923 still suffering from the effect of the railway shopmen's strike of 1922. At the end of 1923, their equipment was in practically the best condition in which it had ever been for a long period of years. Technically, this means that there was a reduction from 21.1 per cent. of the locomotives held for repairs requiring more than twenty-four hours on January 1, 1923 to but 15.2 per cent. on December 15, and a reduction over the same period from 9.5 per cent. of the freight cars in bad order to but 6.5 per cent. To put it another way, this was equivalent to the addition of 4500 locomotives in serviceable condition and of approximately 70,000 freight cars.

There were two reasons for this substantial improvement in the condition of railway motive power and cars. One was the volume of work done in the locomotive shops; more locomotives and freight cars were put through the repair shops during 1923 than in any year in railway history. The other was

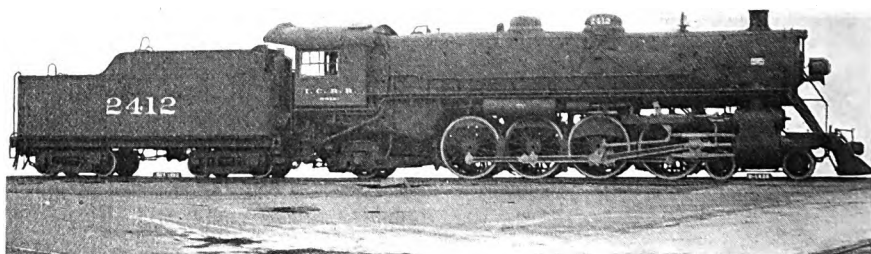
the substantial acquisitions by the railways of new equipment. The figures show that the railways made capital expenditures in 1923 of \$1,076,000,000, of which total no less than \$691,000,000 was spent for equipment. As a result of these enormous expenditures, the railways installed more new equipment during 1923 than in any previous year in their history. In the years between the Federal control period and 1923, the railways had fallen substantially behind in their requirements as to new equipment. It is fortunate for the future that this trend has now been reversed.

By the terms of Section 15-a—the erroneously named guarantee clause—

not seem to hold out immediate promise of remedy, particularly with the continuing agitation for reduced rates on agricultural products.

WHY RAILWAYS HAVE BEEN UNABLE TO REPORT A FAIR RETURN

It has greatly puzzled many people to understand why it is that with a record breaking business the railways should have been unable to report a fair return. One of the reasons was unusually heavy maintenance expenses. The maintenance expenses were, in fact, so great that some unkind observers have gone so far as to say that the



COURTESY "RAILWAY AGE"

A powerful locomotive of the Mountain Type, capable of handling heavy passenger express traffic. It weighs 362,500 pounds and has driving wheels over six feet in diameter

of the Transportation Act, the railways of this country are supposed to be assured a fair return on their physical property used in the service of transportation. The Interstate Commerce Commission has determined the fair rate of return to be net operating income equivalent to $5\frac{3}{4}$ per cent. In 1923, in spite of the fact that a record breaking traffic was handled, the railways earned a net railway operating income amounting only to 5.1 per cent. on their tentative valuation. The situation of the Northwestern roads was one of the factors which brought down the level of the earnings of the whole country. It does not seem necessary to analyze the peculiar conditions of the roads in this region except possibly to point out that the situation in the Northwest is very serious and does

railways included in their maintenance charges expenditures which in reality should have been charged to capital account. It is true that the maintenance expenses of the railways during 1923 were the greatest that they have ever been with the single exception of 1920 when very special conditions ruled. One should, however, make a very careful distinction between expenses for maintenance of way and those for maintenance of equipment. Even though the maintenance of way expenses were larger than in any previous year except 1920, the ratio of maintenance of way to the total operating revenues, in other words, the maintenance of way ratio, was not above normal.

Comparison of maintenance of way expenses with all railway operating expenses shows, indeed, a percentage

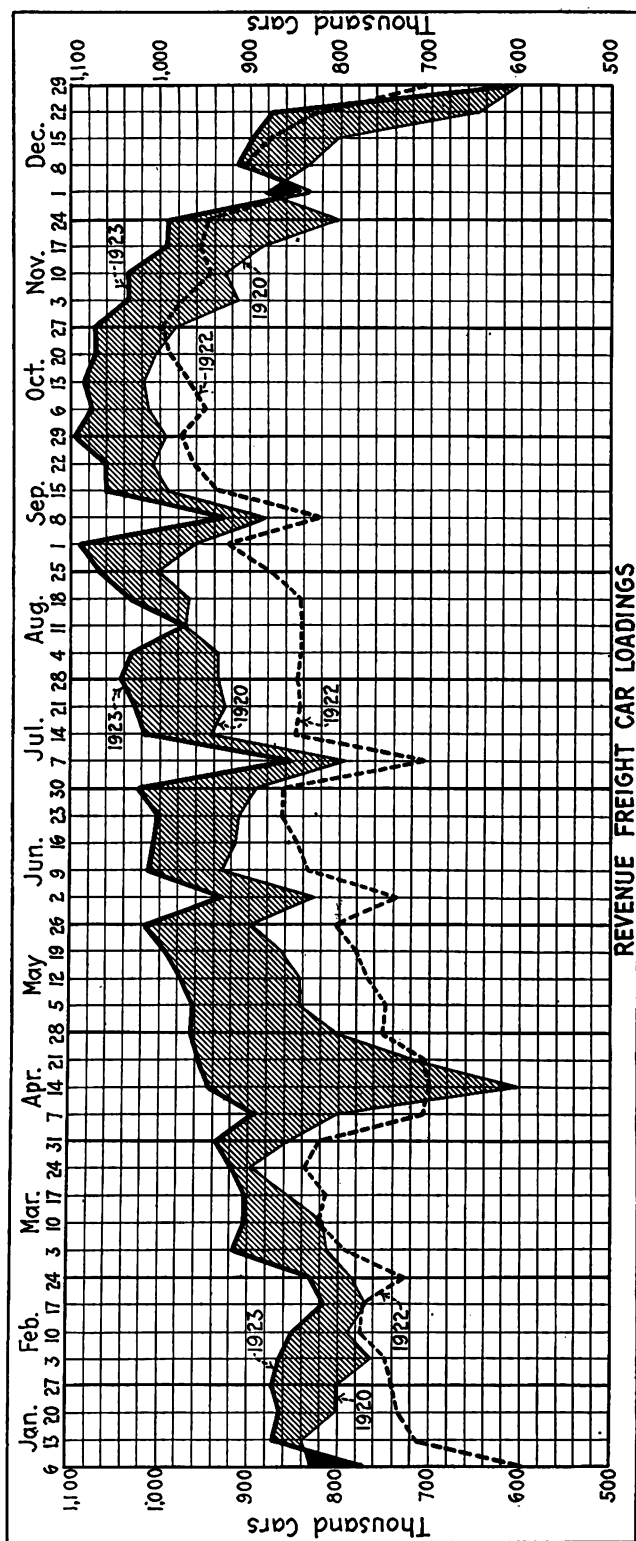
somewhat below normal, On the other hand, the expenses for maintenance of equipment were actually abnormal and the maintenance of equipment ratio was higher than ever before in railway history. This was due, largely, to the enormous amount of repair work carried on during the year, in the effort to restore the condition of equipment, which had suffered deterioration due to the shopmen's strike of 1922, and in the effort made to meet the standards of 15 per cent. unserviceable locomotives and 5 per cent. bad order cars set for October 1 by the American Railway Association transportation program for 1923. Competent observers have come to the conclusion that now that this work is done maintenance of equipment expenses will be less in the future. They believe that had it not been for the abnormal amount of equipment repair work which was necessary for 1923, it is very likely that the railways would have earned the desired $5\frac{3}{4}$ per cent. return on their investment, provided, of course, their equipment had been in good condition. The railways, at any rate, go into 1924 in unusually good physical shape both as to their roadbed and their equipment.

The foregoing analysis of railway conditions in 1923 has been made for the definite purpose of pointing out insofar as seems justified that the year marked a definite turn in the railway situation. The railways did not offer to the people of this country adequate transportation service in that period beginning early in 1917 and extending up to the fall of 1922, and at no time during this period was there any very adequate evidence that things were going to better themselves. In 1923, however, the conditions were entirely changed and the final result for the year is that a great deal has been accomplished. The situation as to the future is given an entirely different aspect, and while the outlook is not exactly ideal, it is certainly much better than it has been for many years.

THE RAILWAY SITUATION IN CONGRESS

There are many factors in the railway situation at this time which it cannot be gainsaid keep one from being overly optimistic. The situation in Congress is nothing less than disheartening to anyone who has a friendly interest toward the railways. A whole book could be written on what one thinks of the radical bloc and of the fanciful ideas of its leader, Senator La Follette. The Senator is one of those who, for reasons of his own, has declined to join the ranks of the vast majority who understand the importance of the efficiency of the railways to the country's business prosperity. He is the man, it will be remembered, who sponsored the valuation and who still holds himself forth as a specialist in that subject. It may be remembered also that he prophesied that this valuation would probably cost in the neighborhood of about \$2,500,000. It has cost the Government and the railways together nearly \$100,000,000.

Notwithstanding this discrediting of his standing as an authority, the Senator is still determined to go further. The valuations now in process of determination, he says, are too high. He wants them reduced. He proposes that rates be based on "original cost" and offers a service-at-cost plan allowing for interest on money actually invested, plus a so-called fair return to be determined by the current cost of money obtained on securities of similar class. A rather far-reaching proposal because it eliminates possible profits, and therefore possible surplus over dividends, and removes entirely all possibility of profit from increase in the value of railway property. At any rate, he and others with similar fanciful ideas are entirely opposed to the rule of rate-making established in section 15-a, and it stands to reason that as long as he is going to remain an agitator, those who own railway securities cannot sit back with absolute serenity. Senator Smith, of South Carolina, who has been made chairman of the Senate Interstate



COURTESY "RAILWAY AGE"

The record breaking traffic of 1923 is best shown by comparison of revenue car loadings with those for 1920, the previous record year

Commerce Committee, as a result of the progressive opposition to former Chairman Cummins, does not seem to have definite ideas about railway legislation.

The hope is that the Progressives will not prove strong enough to effect any radical measures. It is a certainty that any legislation proposed in the committee would be so involved in the politics of the two parties that it would not have as good chances of success as would otherwise be the case. The most hopeful thing that we can expect of the situation is that there will be no important legislation affecting railways passed in the present Congress. The friends of the railways want the Transportation Act to remain unchanged, at least until it has had a more adequate trial. We have no doubt that they would prefer to have it remain unchanged in some other way than through the working out of the intricacies of politics in the United States Senate.

CONSOLIDATION AND THE RECAPTURE OF EXCESS EARNINGS

Two other things that are of leading importance in the public eye at this time are the consolidation and, at the moment particularly, the recapture of excess earnings. The consolidation issue has received an enormous amount of attention during the last year as a result of the work done by the Interstate Commerce Commission for the purpose of enabling it to prepare the plan of voluntary consolidation which it is ordered by the Transportation Act to formulate. Hearings have been held all over the country and thousands upon thousands of pages of testimony have been taken in the effort to ascertain what the railway managements or the various sections of the country want with respect to this important matter. It has become the opinion of most observers of railway problems that the consolidation provisions in the Transportation Act have more favorable than unfavorable aspects. The consolidation provisions, if they do nothing else, do at least remove the stigma relating to combina-

tions which existed prior to the passage of the Act.

Consolidation is a natural procedure, as is evidenced by the fact that the New York Central and the Pennsylvania are each combinations made up of several hundred individual properties. The Transportation Act in effect restores that tendency towards combinations which existed formerly but which was hindered by the enforcement of the Sherman Anti-Trust law. Compulsory consolidation has not received entirely unmixed favor. There is a growing tendency to point out that the benefits of consolidation are not nearly so great as many have seemed to presume. Be that as it may, the matter of consolidation at this time is rather in the future. Compulsory consolidation is not at present provided for, nor is the law likely to be changed in the immediate future to require it. It will probably be several months before the Interstate Commerce Commission plan of consolidation is drawn up, and probably years before steps are actually taken to carry it out.

The recapture decision is of extreme importance in this and other connections. It is necessary in speaking of this decision to emphasize that by the terms of Section 15-a the railways are required to turn over to the Government one-half of their earnings over 6 per cent. on their property investment, and that the sums turned over are put in a revolving fund from which loans may be made at 6 per cent. interest on proper security to carriers able to furnish reasonable assurance of ability to repay the loan at maturity. There is a question whether such use of the recaptured earnings is going to prove of great value to the weak roads. Some people seem to be of the belief that the money recaptured is to be turned over to the weak roads, but this emphatically is not the case. There will very likely be many weak roads that will not be able to borrow from the revolving fund because they cannot show sufficiently good financial status to satisfy the re-

quirements necessary in effecting the loan. Similarly, inasmuch as the strong roads are going to have to pay to the Government one half of their earnings over 6 per cent., the effect will be to make the securities of the stronger roads less spectacularly attractive.

Of course, the reason for the recapture clause is that with a certain level of rates certain strong roads would make undue profits while other roads are barely paying operating expenses. The result hoped for by the progenitors of the recapture clause was that a rate level would be maintained sufficiently high so that it would give all railroads as a whole a better chance to earn a fair return. It is very likely that another effect of the recapture decision will be to encourage consolidations, because stronger roads may be less desirous of turning money over to the Government than of consolidating with weaker properties and of averaging the net operating income or rate of return on the property investment of the combined system. By and large, however, the most important feature of the recapture clause is the fact that it is the latest of several decisions which have absolutely sanctioned the Transportation Act. The sanction in this case is the approval of the purpose of the Transportation Act to enable the railroads to earn a fair return on their property. The sanction is contained in the decision in unequivocal terms. This, of course, is of the greatest importance.

HOW RAILWAY RESTORATION AFFECTED BANKING WORLD

The restoration of the railways to a condition of normalcy in 1923 affected the banking world of this country in three ways. One was the influence on prosperity in general of the efficiency of railway transportation, as has already been pointed out in the present article. Another was the effect on the country's prosperity of the enormous purchases of railway equipment. The third was the demand upon the investment funds of the nation for the sums needed to pay

for the improvements which were effected.

As has already been noted, in 1923 the railways expended for improvements chargeable to capital account the sum of \$1,076,000,000. Part of this money was raised through stocks or bonds and, of course, part was taken care of by the investment of the railways' own funds. The total amount of money raised by the railways during the year from outside sources was approximately \$580,000,000, of which considerably more than half was secured in the form of equipment trust certificates, and but a small proportion of which was raised through the issuance of stock. All of the financing of the 1923 requirements has presumably not yet been completed.

Judging from what is so far known of railway plans for 1924, it is quite likely that their expenditures for capital account during the present year will approach the enormous sum expended in 1923. In this connection, a very important point will be mentioned. The expenditures in 1923 were principally for cars and locomotives. It has been estimated that for each dollar spent for equipment the railways should spend approximately \$3.00 for roadway and track, shops, yards and terminals. Expenditures for capital account bore no such proportion in 1923. As a matter of fact, in 1923, of the total expenditures 64 per cent. was for equipment, and freight cars alone took up 39 per cent. of the total. This may be due to the fact that in their effort to catch up on their deferred requirements, the railways have taken care of their equipment requirements first, but it is also not at all unlikely that one of the reasons for the unusually large proportion of equipment expenditures to the total has been the facility of financing through the equipment trust certificates.

The program of capital expenditure for 1924, as thus early indicated, calls for a much larger proportion of fixed physical plant than was the case in 1923, which means that the equipment

trust certificates will, perforce, be called upon to play a less important part in new railway financing than was the case in 1923. This has been put in a rather apt way by saying that the expenditures in 1923 were for the purpose of increasing capacity, whereas those planned for 1924 will be for the purpose of securing economy in railway operation.

It is, of course, unfortunate that the railways have found themselves practically unable to secure new funds with issues of stock, although some of them have had a measure of success in financing by means of preferred issues. Some observers adduce a thought in this connection that deserves more than passing attention. They refer to the conservative course that has been followed by many of the railways as concerns their dividend rates. They particularly criticize such carriers as the New York Central or the Atchison, Topeka & Santa Fe. The New York Central for many years paid 5 per cent. on its stock although it was earning an amount greatly in excess of that needed to maintain this rate. Its 7 per cent. rate goes back only a matter of a comparatively few months and is of sufficient newness so that the road has been handicapped somewhat in its present proposed financing because, apparently, investors have no assurance that the 7 per cent. rate is going to be maintained. Similarly, the Atchison, Topeka & Santa Fe is criticized because of its 6 per cent. rate which is considered to be unfair to the small stockholder and to the investor generally. Observers say that the Atchison, Topeka & Santa Fe common stock would be much more desirable if the railroad would let its stockholders participate in the earnings twice its 6 per cent. dividend requirements which it has been reporting for several years. The new policy of the Pere Marquette, of the New York, Chicago & St. Louis, of the Baltimore & Ohio and others is a welcome improvement in this respect, and may result in making railroad stock generally some-

what more desirable than it lately has been with resulting benefit to the bond issues.

ESTIMATING FUTURE FINANCIAL NEEDS

In trying to estimate the financial needs of the railways in the future, one is interested considerably in an analysis recently made by the committee on Government Relations to Railroad Transportation appointed by the president of the Chamber of Commerce of the United States. This analysis shows that the railways will need in the next ten years at least \$7,870,000,000 for improvements and additional facilities to handle an expected increase of 33 per cent. in freight and 25 per cent. in passenger traffic. Of the total expenditure 43.1 per cent., it is estimated, will be for equipment, 28.9 per cent. for new trackage and 27.1 per cent. for structures. This, it will be understood, represents only those sums necessary to pay for the capacity-increasing factors and does not include such sums as may be needed in the natural trend of development toward securing greater economy and efficiency of the transportation machine.

Railway financing in the future will naturally be assisted if the promised improvement evidenced in 1923 is maintained. For the moment, a great deal depends upon traffic volume and, as always, upon the future level of the rate structure. It will require marked improvement, of course, before the railways will be promised greater success in financing with stock issues. Their greatest success is and will continue to be through the equipment trust certificates.

Bankers may be interested in the effort now being made to extend the purpose of the equipment trust certificate to include fixed plant. One company in Chicago has already worked out an idea to finance certain terminal facilities by means of a plan similar to equipment trust financing. In this instance, the railway pays for the terminal improvements by notes which

mature at definite stated periods after the work is done. The construction company takes the notes to its bank and on these notes as collateral other securities are issued to the public. Unlike the equipment, the facilities in question are fixed property, but control is exercised because patent licensing is involved, and the operating privilege can be withdrawn if the railway's notes are defaulted. The development, apparently, has promise. The banks themselves will determine whether the securities represent what they desire to offer to their customers, but it is thought that by means of this plan the railways may ultimately find a method of being able to build and equip shops and terminals which—there is no question—at present they sadly lack.

The following tables give some interesting figures regarding certain phases of the financial and equipment situations of the railroads:

RAILROAD BONDS HELD BY BANKS

(Source: Reports of the Comptroller of the Currency)

Bank	As of	
	June 30, 1921	June 30, 1922
State (commercial)...	\$ 82,325,000	\$ 66,649,000
Mutual savings.....	837,507,000	604,223,000
Stock savings.....	12,171,000	12,518,000
Loan and trust companies.....	326,038,000	248,165,000
Private banks.....	1,658,000	2,455,000
National banks.....	404,936,000	486,463,000
Total	\$1,714,635,000	\$1,420,463,000

RAILROAD SECURITIES HELD BY LIFE INSURANCE COMPANIES

(Source: Speech by President Mutual Life Insurance Co.)

As of:	Stocks and bonds	
	December 31, 1921	December 31, 1922 (est.)
December 31, 1921	\$1,769,846,345	
December 31, 1922 (est.)		1,885,000,000

TOTAL RAILWAY CAPITAL OUTSTANDING IN HANDS OF THE PUBLIC

All steam roads, exclusive of switching and terminal companies. (Source: Interstate Commerce Commission)

Item	As of December 31, 1921	
Stocks	\$ 6,673,423,777	
Bonds	10,409,452,216	
Total	\$17,082,875,993	

INSTALLATIONS AND RETIREMENTS

Years ended June 30	Locomotives		Freight cars	
	Installed	Retired	Installed	Retired
1911	3,694	1,468	125,532	68,031
1912	2,861	1,358	97,972	69,876
1913	4,351	2,338	162,070	96,825
1914	3,245	1,862	150,813	96,985
1915	1,114	1,607	86,012	90,347
1916	1,475	2,576	88,254	109,996
Years ended Dec. 31				
1916	1,986	2,217	126,851	106,272
1917	2,148	1,423	117,210	82,253
1918	2,803	977	65,249	58,024
1919	2,062	999	76,019	36,044
1920	1,017	1,254	36,044	75,197
1921	1,330	1,130	63,406	69,245
1922	1,226	1,663	101,481	123,158
1923	4,037	3,072	183,367	185,508

On June 30, 1911, the Class I railroads owned 58,071 locomotives, the average tractive effort of which was 28,505 pounds. On December 31, 1922, the Class I roads owned 64,896 locomotives, the average tractive effort of which was 39,000 pounds.

On June 30, 1911, the freight cars owned totaled 2,117,644, the average carrying capacity of which was 36.9 tons. On December 31, 1922, the cars owned totaled 2,307,997, the average freight carrying capacity of which was 43.5 tons.

RAILROAD EQUIPMENT REPAIR SITUATION

Date	Per cent. of locomotives held for heavy repairs	Number of locomotives in serviceable condition	Per cent. of cars in bad order
1923			
January	1....13,587	48,905	9.5
February	1....13,537	49,037	9.2
March	1....13,423	49,199	9.5
April	1....12,801	50,107	9.0
May	1....12,473	20,259	9.2
June	1....11,368	51,281	9.4
July	1....10,326	52,456	8.4
August	1....10,370	52,385	8.3
September	1.... 9,392	53,438	7.7
October	1.... 8,789	54,159	6.7
November	1.... 9,163	54,080	6.6
December	1.... 9,577	53,764	6.8
1924			
January	1.... 9,395	54,031	6.9



The Personal Side of the Safe Deposit Business

By Mahlon D. Miller

Manager New Business Department, Lake Shore Savings and Trust Company, Chicago

THERE is perhaps no branch of banking activity that brings out the human side of business more intimately and more interestingly than the safe deposit business.

There could hardly be said to be an older business than this. From the time of Sappho, the poetess, who back in early Grecian history was said to have concealed her cherished lyrics beneath a mossy stone beside a babbling brook, there has been an active demand for a safe depository. From the treasure laden tombs in Egypt, down through the Middle Ages, when the monks used their cave-like cellars beneath the great stone monasteries to store their parchments, which are still intact today, there has been a slow but consistent development in the science of safeguarding valuables.

Today, our modern vaults with their time locking devices, their burnished steel protective plates, and heavy impregnable doors, provide positive assurance of safe keeping which only the ever-advancing science of destruction can antiquate. Thus it is that depreciation in equipment in this line of banking activity is slow indeed. And when an expert safe deposit man was asked what the average life of a safe deposit box was, he replied: "There is no fixed limit. The advance in science will determine this, and just how rapidly this will be no one can predict."

WHY THE ROUND DOOR?

Perhaps one of the first questions one is asked about a safe deposit vault is: "Why do you have a round door in place of a regular square one?" A certain manufacturing company claims that it is only a matter of appearance, but possibly the round door appeals more

to the popular imagination, and has a publicity value superior to that of the conventional square door which one sees every day everywhere.

The most common feature of the greater number of representative safe deposit vaults throughout the country is the time lock. Even the most radical safe deposit man would insist on this device, and it would be only in the remote parts of the country that one would find it absent.

Next to the enormous doors which arouse great curiosity among the visitors and customers of the vaults, are the metal plates which cover the walls. Today investigation reveals the fact that over 85 per cent. of all new equipment is of polished steel. On the other hand, one company claims that it has a very practical equipment in its aluminum plates and boxes, which do not have to be polished often, and do not require an oil finish. Brass was in common use for many years, but owing to the fact that it tarnishes easily, the steel equipment continues to grow in popularity in its place, owing to its resistance to the weathering agents, and to the high polish it takes, refracting the light and helping thereby to brighten up the interior of the safe deposit vault, where used.

CUSTOMERS' FORGETFULNESS

One of the greatest educators in America, when asked recently what characteristic weakness he thought most prevalent among our people, replied: "It is that of forgetfulness." If there is any place where this might be said to be manifest, it is in the safe deposit business.

A number of years ago two safe deposit customers entered the vaults of a



Greeted by a little stooped-over figure—"They was a man left that package wrapped in a newspaper," he said, pointing to a soiled bundle on the top shelf

large metropolitan safe deposit company, went to their box, and in a short while went out. A week later they returned to their box. They were women. One of them, after examining the contents of her box, went into hysterics. "What is the trouble?" asked the vault manager, who had rushed in to see what had happened. "My money is gone," wailed the woman, tearing her hair. When assured that if the money, which she claimed was \$500, was placed in the box, it must still be there, she became insensed and called the safe deposit man all the names she could think of. Then she went out, vengeance in her eye.

The following day she returned. Calm, peaceful, a changed woman, a smile broke on her face when she caught sight of the vault manager, whom the day before she had with such vindictiveness complained of.

"Well, have you found your money?" he asked. "Yes, and I want to offer my apologies," she replied. She had deposited the money in the checking department upstairs the day before, and so engrossed was she in other matters that she entirely "forgot" all about it.

Even Methodist ministers are forgetful at times, judging from another incident that arose a number of years ago

in a large metropolitan safe deposit company. In this instance the party came up to the vault grill, was seen to reach into his pocket, and then to go out of the vault without gaining access to his box. Several days later he returned and went into his box.

"He was a big healthy specimen of manhood," related the vault manager, who had had the experience. But when he caught sight of the empty bottom side of his tin box he turned deathly pale, and rushed out into the vault manager's office, "Where is my money?" he finally managed to stutter in a frightened whisper. "Where you put it," came the answer respectfully. "It is not here," the preacher replied, more perplexed than ever, as his loss began to dawn upon him the more clearly. "Better go home and think things over," the vault manager advised, thinking of nothing better to suggest at the time.

With great reluctance the parson left the vault. The next day he returned. "Say! That was one on me!" he exclaimed when he came up to the manager. "I was sure I had placed the money in my box when I was here a few days ago, but when I got home I found it in the bottom of an old trunk, where I placed it, intending to take it to the bank." He had come to the vault, it is true, but he had forgotten his keys, and had to return without leaving his money. The fact that he had not been able to get into his box had slipped his mind.

THE MISSING BONDS

One of the most interesting cases of this kind which has occurred in recent years, was that of a man who had gone for a trip to Europe. When he was about half way to Liverpool he became concerned about his securities.

"Drill my safety deposit box and see if my bonds are all there," came the wireless. Following instructions, the attendants opened the box after much difficulty, and examined its contents. They were confounded to find that the \$100,000 worth of bonds were gone.

The customer, when notified, came back as fast as he could on the return boat, and rushed down to the bank.

"What," he exclaimed, when he saw that the bonds were missing. "I am sure I put them away in my safe deposit box," he insisted, and then the search began.

"Suppose we go over every step of the ground you covered the last day you were in the city," suggested the experienced vault manager wisely. "All right," was the reply, and they started. When they re-enacted the day, no results were obtained. "You are sure we have covered every place you visited that day?" the manager again inquired for the hundredth time. "Hold on a minute," replied the customer. "I forgot all about the cobbler shop I visited to get some shoes I had left for repair."

WHERE THE BONDS WERE FOUND

Together they wended their way by taxi to the little shoe shop that had almost been forgotten. When they entered, they were greeted by a little stopped-over figure who failed to remember his visitor, but when asked about some shoes being left, seemed to brighten up a bit. "They was a man who went off and left that package wrapped in a newspaper," he said, pointing to a soiled bundle on the top shelf.

When they examined its contents they were both delighted to find that it contained the bonds, which were all intact. Set aside, as some worthless trash might have been, this old newspaper covering held the \$100,000 in gilt edge securities which might never have been recovered had they been used to start the fire with, or fallen into dishonest hands.

Experience in the safe deposit business reveals the fact that people also at times show small regard for their most highly valued personal possessions, to which it might be presumed that great sentiment would attach. Charles E. Hilands, manager of the Lake Shore Safe Deposit Company, and for more

than a score of years in the business, said that in one instance he had recovered a \$10,000 negotiable note, and that diamond rings and expensive heirlooms left about the floors and desks were frequent occurrences. So common is it for bonds and other valuable papers running up into the thousands of dollars to be left lying about after the customers have gone out, that the highest degree of safety in conducting this kind of business must be provided. Consequently, the highest type of men are found in this business, and men who might be said to be beyond the possibility of temptation. So careful is the selection of men for this field of banking endeavor that there is hardly a known case of failure to use due care and diligence in looking after the welfare of the customers in the protection of their personal effects.

ETHICS OF THE BUSINESS

Most interesting of all might be said to be the ethics of the safe deposit business. Owing to the close personal, and sometimes delicate nature of the bank's association with the customers, the vault manager is frequently placed in embarrassing situations.

In one instance a customer had died, and upon examining the deceased's box it was found that the securities had been removed. Investigation of the records showed that one of the relatives of the deceased had access to the box. A question arose over ownership of the securities, and the vault manager was hauled into court to tell what he had seen.

Investigation revealed the fact that the bonds had been removed by the relative in question, but this was none of the bank's business so long as they were removed according to the proper business methods and rights at law. Consequently the manager, while he admitted access to the box, and showed the written signature to that effect, was not able to throw much light on the subject. The reason for this was that while he might have seen certain papers taken from the box, how was he to know

that they were the bonds? Was he to presume this and testify accordingly? Most certainly not! While the papers taken might have appeared to be bonds, they might have had only the external aspects of bonds. Thus outside evidence was necessary to prove up the ownership.

At times it is necessary for the representatives of the vaults to appear in court to prove the right of access. The continuous disputes which arise over matters of this sort make it essential to be very cautious about allowing access to the boxes, and complete records are kept of every one who goes in, showing the time, signature, and the number of the box.

TACT AND JUDGMENT REQUIRED

It takes all kinds of people to make up a vault list, and even in the most respectable communities, and because of this fact, the vault man is frequently placed in awkward positions. A man may come in intoxicated and want access to the box. While he has legal right to enter his box, to allow him to do so would be to do him an injustice and an unkindness. Consequently, the utmost tact and judgment are required to know just how to handle the situation. To prevent a customer from possible loss of valuable papers, vault managers have often been known to stall a person off by one pretext or another. Possibly the key will not work. At any rate, when it looks like a bad case, there is some tactful way of keeping the man out.

When he is sobered up, he comes back to the bank and thanks the attendant for being "big brother" to him when he needed help.

Sometimes, too, people come in temporarily insane. At such times the highest degree of business judgment is necessary. Having nothing to go by but what he observes, and wishing not only to carry out the letter, but the spirit of the safe deposit business as well, the vault man is at times placed in trying situations.

A number of years ago a man came into the vaults of a large metropolitan bank, and demanded access. So apparent was it that he was not in his right mind, that he was refused access. A short time later he was adjudged incompetent, mentally, before a court of proper jurisdiction. The vault manager, by refusing to let the man go to his box, probably saved thousands of dollars which might have been lost had the man in question been allowed to remove his securities in the condition he was in at the time.

"Do people often rent a box, and never return again?" the question is sometimes asked.

In one instance the renters did not return until after the lapse of several years. Finally some heirs returned with proper authority to permit them to enter the box. "Do you wish to examine your box?" the attendant inquired after he had gone over their credentials. "It won't be worth the trouble," came the reply. "He never had anything," referring to the decedent, who many years before had rented the box.

When they examined the box, at the vault manager's insistence, upon paying the accrued rent, they were astonished to find more than half a million in gilt edge securities. Similar cases to this so often come up that it might well be said: "You never can tell!"

THE DISAPPEARING BOX HOLDER

The mystery of the missing box holder supplies the speculative side of the vault manager's romance of safe keeping.

A number of years ago a well dressed young woman rented a box, and then totally disappeared. After the statute of limitations had run, and it was presumed she was dead at law, the box was drilled to secure remuneration for the accrued rental for the period. Several thousand dollars was discovered. A search was then made for the young woman in the neighborhood designated by the address she had left, but no clue was found to her whereabouts, and no one seemed either to have heard of her or to remember anyone answering her description.

Who was she? Where did she go? Did she sign up for the box with her correct name in the first instance, or not? Was she murdered, kidnapped or what? No one will know! At any rate, about a score of years ago the bank in question was still holding the money in the form of a certificate of deposit for the mysterious woman who occupied "box number 23." Cases of this kind are rare, but add to the interesting sidelights one finds in the fascinating study of man's secretive nature as evidenced by his use of the modern safe deposit box.

IMEDIATELY upon my taking office it was determined, after conference with Secretary Mellon, that the Treasury Department should study the possibility of tax reduction for the purpose of securing relief to all taxpayers of the country and emancipating business from unreasonable and hampering exactions. The result was the proposed bill which is now pending before the Congress. It is doubtful if any measure ever received more generous testimony of approval. . . . I want the country to have the best there is. I am for it because it will reduce taxes on all classes of income. I am for it because it will encourage business. I am for it because it will decrease the cost of living. I am for it because it is economically, socially and morally sound.

But the people must understand this is their fight. They alone can win it. Unless they made their wishes known to the Congress without regard to party this bill will not pass. I urge them to renewed efforts.—*Calvin Coolidge*.

"A Stranger, and Ye Took Me In"

By B. W. Griffin

IN the *New York Times* some months ago, the following story was printed with large headlines:

The steamship ticket agency of Messrs. Vincenzo Tisbo & Brothers, 121 Mott street, was stormed all yesterday by nearly 2000 immigrants demanding back money, believed to be \$2,000,000, deposited by them with the ticket agency. Soon after the depositors—many of them Italian working people who said they had entrusted their life savings with the Tisbos—clogged the narrow streets in front of the ticket agency awaiting assurance that their money was safe. A search for Tisbo Brothers was begun by the police, by the District Attorney's office, by private detectives. . . .

Depositors, according to the police, indicated that their aggregate deposits amounted to 51,000,000 lire or approximately \$2,000,000.

Deposits ran anywhere from a few dollars to thousands. Many women who had left all their savings in keeping with the Tisbo Brothers became hysterical while they waited in the slush before the closed doors of the Tisbo establishment. The women tore their hair and wrung their hands, while the men folk clenched their fists and threatened summary punishment for the ticket agent, should he be found. Some of those who put their entire savings into the ticket agency were Mrs. Nicholas Nozella, 185 Hester street, laundry worker—\$5000; John Murgolo, 125 Mott street—\$5000, etc.

To the casual reader it was simply a good description of a little excitement down on the east side.

To the lower east side New Yorker, who had lost all his savings, every line spelled a doom to his life's ambitions. He had trusted his countrymen and they had proved unworthy.

To me, as advertising consultant for a small but worthy savings bank down near the Woolworth Building and not many blocks from the scene of this disaster, it seemed like an opening door of opportunity.

WHAT FOREIGNERS DO WITH THEIR MONEY

What do the foreigners in our country do with the considerable sums of money that they save?

Three avenues seem to be open. First, they invest in the Postal Savings. I wrote to W. E. Buffington, Director of Postal Savings, asking if a large number of their depositors were not foreigners, and he replied: "Your suggestion that the system of Postal Savings is to a large extent patronized by foreigners and foreign born is correct, but no statistics showing what percentage is of foreign birth have been lately compiled." According to a statement of Herbert Work, Postmaster General, there were, on June 30, 1922, \$137,736,439 and 420,242 depositors in Postal Savings.

Second, they put money into foreign private banks where they will get a fair rate of interest and will be treated in a friendly manner by Europeans, sometimes doing a legitimate and honest business, but often without much financial backing, and sometimes by Europeans glad to play on the ignorance and helplessness of their fellow countrymen. Often these are without any restrictions from the banking department and give receipts instead of pass books, as did the Tisbo Brothers. How many of such financial institutions there are, and how much the deposits are, it is difficult to ascertain.

It is well to know how much money is invested in the private banks. Just below is a total statement of the private banks—all foreign with two or three exceptions—as of March 27, 1923, in the State of New York:

Third, a great many foreigners hoard their money under the mattress or in their stockings. They distrust anything else in the banking line.

THE SAVINGS BANK AND THE IMMIGRANT

Now, the logical place for foreigners to save is the savings bank. But the accounts must be sought after; the people must be educated to use the resources of this great new country to

NOTE—95 Private Bankers Reported

SUMMARY showing the aggregate of resources and liabilities of the private bankers of the State of New York, at the close of business on Tuesday, March 27, 1923, as exhibited by their reports to the superintendent of banks:

RESOURCES

Stock and bond investments:	
Public securities	\$10,133,873
Private securities	8,939,615
Real estate owned	1,556,623
Mortgages owned	1,154,945
Loans and discounts secured by bond and mortgage, deed or other real estate collateral	235,855
Loans and discounts secured by other collateral	5,903,548
Loans, discounts and bills purchased not secured by collateral	1,754,470
Accounts receivable	205,162
Due from customers for exchange, money orders and steamship tickets sold	283,226
Overdrafts	8,243
Due from trust companies, banks and bankers	8,184,197
Deposits with express and steamship companies	25,369
Specie	124,580
Other currency authorized by the laws of the United States	492,733
Foreign currency	363,242
Foreign postage	5,863
Cash items, viz.: Exchanges and checks for next day's clearings; other cash items	315,411
Customers' liability on acceptance (per contra, see liabilities)	100,490
Other assets	427,997
Add for cents	272
Total	\$40,215,714

LIABILITIES

Permanent capital	\$ 1,923,595
Surplus (including all undivided profits)	5,887,751
Deposits	29,507,097
Due trust companies, banks and bankers	613,585
Bills payable	421,734
Rediscouunts	37,277
Acceptances of drafts payable at a future date or authorized by commercial letters of credit	113,154
Other liabilities	1,711,403
Add for cents	118
Total	\$40,215,714
Total deposits	\$30,120,682

which they are entrusting themselves, but not hitherto their money. Too much of that goes back to Europe. Introducing the savings bank to the immigrant really becomes a piece of Americanization work. Are not our banks mutual savings banks?

I once heard a wealthy man say that he particularly liked such and such a savings bank, "because it is er—er so exclusive you know. There is no one there," he explained "to jostle you, and no women with shawls over their heads." This particular savings bank had been offering more and more room for depositors with every succeeding year.

What agency or American institution is doing more to Americanize the foreigner than any other? "Why," you would say, "the public schools." The schools are the centers of interest and the teachers are the source of authority.

The schools are the gathering center for the families of the neighborhood; what has happened at school is discussed with gusto over the evening meal and an incident which would be quite flat anywhere else is hugely amusing or important. The approval of the school on a plan or on a bank stamps it as official. Therefore let us reach the people through their children.

When the writer asked Amzi N. Clark, chief of the Division of School Banks in New York City, for a list of schools in this neighborhood that might be allotted to the Broadway Savings Institution, he said, "If you want to do some Americanization work there is a school down on Oak, James and Oliver streets."

Approaching the school from City Hall, the scenes on the way stand out like a Mosaic of a European trip. As you pass through the streets it is like

walking along the streets of Naples. The people are all Italians and all living out of doors. One booth after another. They sell greens of varieties I never saw before. Italian women come up and buy a large apron full—enough to feed a flock of rabbits. One child has an ice cream cone and being of a generous, sunny, Italian nature, he lets all take a turn with their little red tongues.

PUBLIC SCHOOL 114

Public School 114 is presided over by Principal Joseph T. Griffin. This school is a pearl set in a slimy oyster. The building is large and spacious, and in it there is a beautiful statue of Roosevelt done by an eminent Italian sculptor. As you enter, there is an honor roll containing the names of the many Italian graduates of the school who were killed in the World War. I have spoken in a good many schools in the best residential sections in New York on the west side, but nothing finer is offered than is offered in this east side slum school. The principal looks for all the world like the late President Harding, a polished gentleman and scholar, whose brother is serving in Congress for this district.

Coming from a bank, I was given immediate audience in the school assembly, which was filled with 3000 children. In introducing me, the principal preached a splendid thrift sermon, that got the children in an eager and receptive mood.

He told them that if the people would not go to the savings banks, then the savings banks would have to go to the people. The only way to enjoy financial independence ever is to save. Benjamin Franklin said: "Take care of the dimes and the dollars will take care of themselves." Not that riches constitute happiness, but the virtue that is involved in the act of saving, builds character. It means self denial. It requires self control. It needs determination. And these are the parts of char-

acter which are essential to success in life.

I outlined my plan, and went on to Public School 23, at old Mulberry and Bayard streets, just one block from the place where the Tisbo Brothers bank had been. Many of the children of that district had left school and gotten working papers, because of the losses of their parents.

DISTRIBUTING 2000 BANKS IN TWO SCHOOLS

In the two schools I arranged for the distribution of 2000 dime banks, bearing the picture of the Broadway Savings Institution. I secured a cash deposit on each bank, as I have discovered that this insures their being used. These banks found their way into the homes. One of the schools asked that the banks be numbered, as there were so many children in some of the Italian families that they got their banks mixed up. By means of one day's work, several thousand strangers to our shore were introduced to one of our national institutions—a state governed savings bank. And at the same time that the Broadway Savings Institution was contributing to the naturalization of our alien people, it was providing for its own future by the rapidity with which these accounts began to come in and the way they increased. It is very evident that a great many parents who cannot read or write are making use of the bank approved by Tony's school, for otherwise how could Charlie Chin of 85 Mott street, or Amelia Pulicci on Oliver street, save \$25 in a week?

The climax of publicity for the bank in the schools came when the president of the Broadway Savings Institution was asked to deliver the graduating address for some 3000 Italian students, together with their parents.

To supplement the school efforts the Italian newspaper reinforced the remarks. Just below is one such advertisement together with the literal translation:

UNA ISTITUZIONE STATALE PER RISPARMIO

Ogni investimento ed ogni movimento della Broadway Savings Institution è guidato dallo Stato.

Questa Banca che è istituita da 72 anni è una delle due banche in questa città che non ha mai pagato meno del 4 per cent. composto di interesse.

RISORSE OLTRE \$14,500,000

BROADWAY SAVINGS INSTITUTION,

5-7 Park Place,

Vicino a Broadway—Dirimpetto

Woolworth Building

A STATE INSTITUTE FOR SAVINGS

An investment and movement of Broadway Savings Institution.

This bank, which is 72 years old, is one of the two banks in this city which has never paid less than 4 per cent. interest.

Resources \$14,500,000

BROADWAY SAVINGS INSTITUTION

5-7 Park Place,

Opposite Woolworth Building

A shrewd old banker asked: "What profit, young man, can you hope to get out of all these children's accounts?" I could not reproduce a memory photograph of the morning when there were 8000 clean and slicked up children in one school and 2000 in another who had listened to the talk on thrift, to sacrifice present gain for future harvest, something that the banker himself would not have enough vision to see. It was useless to speak to the old banker of the Americanization possibilities of placing 2000 of these banks in one day, with many more to come, nor of the profit to the Broadway Savings Institution of the next generation. He was too old to be inspired.

The Bank of Italy lays its great success to the fact that seventeen years ago it began to go after children's accounts. It has now 410,000 depositors, many of whom started with the Bank of Italy as children. Now the other banks of California regard the Bank of Italy as a menace and are forming combinations and mergers to meet the situation.

ARE FOREIGN DRIVES WORTH WHILE

Frankly, we cannot prove results from the foreign school drive. In the first place, this work in the schools was a part of a vigorous campaign for new accounts. Also, very few people in opening accounts realized that they did so on account of advertising or solicitation of any kind, or would give a reason for selecting the bank, so we have no sure ground to stand on to claim the results.

During the month when this campaign in the schools was at its height, the Broadway Savings Institution, according to the monthly reports of the Mutual Savings Banks Association of New York, opened four-elevenths of the net new accounts of the total from the savings banks of the city. For months the bank has held first or second place in net new accounts, which is remarkable when one considers that this bank for a few years before was actually falling off in deposits and that even this year they are spending for new business only a fraction of what some of the larger savings banks are spending without a second thought.

Not only is the Broadway Savings Bank cultivating the prosperous American citizen, but it is reaching out for the children of the alien and extending its field of activities to the miscalled slums.

The savings banks must not only change their lofty attitude toward depositors already within their portals, but they must extend their courtesies and bring in those who are not yet saving.

In becoming home missionaries, they are not only doing a prophylactic charitable work, they are creating business for themselves.

Governor Smith, in a commencement day telegram to the school children of Public School 114, the school near his Oliver street home, said:

America is the land of opportunity. Every boy and girl has a chance to rise to the top.

The ladder is always there. It is for you to have the will to climb.

Let the American banks be one of the rungs of that ladder.

Mutual savings banks should become one of the great Americanizing in-

fluences, like the schools, proud to number as their depositors those who are coming over in the Rosetta as well as the children of those who came over in the Mayflower, which also ran over its quota of passengers—foreigners to an inhospitable shore.



The Use of Statistics in Banking*

By Dr. W. F. Gephart

Vice-president First National Bank in St. Louis

STATISTICS enable the business man to receive a quick and penetrating idea of the complex mass phenomena of the intertwined and interdependent forces and facts of the present industrial world. In no other class of business can the work of the statistician be of more value than in that of modern commercial banking. It is doubtless true that the banker has in general been more tardy in recognizing the value of studying and analyzing these world industrial and financial forces, because until recent years he did not have to concern himself with the problems of either national or international banking.

The banker is not a statistician and in most cases never studied higher mathematics or has gladly forgotten it, yet the statistician often expects him to understand the complex calculations and charts which frequently confuse the banker instead of informing him. Business men not only expect the statistician to produce his data in easily understood or graphic form, but they also want him to interpret for them: to tell in simple, concise language what it all means. In other words, if the statistician is to render the greatest service to business and bank executives, he must be an interpreter of his statistical data as well as a collector and analyzer of them. It is the function of the bank executive to take the results shown and devise new bank policies or modify old ones, for the

value of all such statistical work to the bank is in direct proportion as it can be made to reflect itself in the day by day operations of the institution. Since the material having to do with the general business cycle is now collected and organized by specialists, the statistical department of a bank is able to devote the greater portion of its time to correlating the general business cycle to conditions within the particular industry, with the money and security markets, and with the analysis of the purely internal bank operations. The real value of this service lies not so much in the forecasts as it does in the careful presentation of important series of statistics indicative of underlying trends. It is in respect to the correlation of the business cycle to conditions within a particular industry and with the development of more scientific methods in the analysis of the credit risk that the most important work in connection with the use of statistics for banks is yet to be done. Very valuable use can be made of statistical data on prices by the executives and loaning officers of the bank both in connection with the granting of credit lines and in the making of loans. In the study of the general and particular interest rates not only of what is earned on different types of bank loans and investments but also in comparative studies of rates secured on loans by the different loaning officers of the bank, statistics can render decided service.

*Abstract of an address delivered before The American Statistical Society at Washington, D. C., December 29, 1923.

Banking—From Below

By F. C. Perry

(Continued from February)

VI. IN MEDIAS RES

BANKERS find it a many-sided task to decide when and where money shall be loaned. The difficulties run in diverse by-paths, far beyond the elementary three C's—character, capacity, capital—and require a knowledge of men and conditions that can never be complete. Every successful banker is a thorough credit man, and so, to a less extent, are most of the leading industrial chiefs. Hence I found myself one of a live-wire department, in touch with all branches of commerce and all types of men; no cages of confinement and no meaningless routine. The credit manager—keen, business-like, and of pleasing manner when uncrossed—set me on the road:

"You will find our work here hard, but always new. After a few days I'm going to put you out on the street, where you'll learn more than anywhere else I know. When I think you're seasoned, there will be work inside."

Thus was I introduced to the great departmental distinction separating inside men (clerks and correspondents) from outside investigators. For a brief period I acquired organization fundamentals from the clerks (the correspondents achieved their ranking position only through arduous and meritorious investigation). I was made acquainted with the 125,000 files, on most of the prominent companies in the country, and became so thoroughly versed in file make-up that I knew just what could be found under the sections labeled special information, investigation, agencies, statements, correspondence. And I learned the truth of an experienced business man's observation: "Always get along with the file clerks and typists; in these days

of intricate organization, they can make or mar the biggest man's work."

With scarcely a pause at the agency desk, where special reports from Bradstreet and Dun were ordered and arranged, I proceeded to the paradoxical statement analysis division—paradoxical, because it was most absorbing yet dull above all others. Every borrowing customer sent in financial statements periodically, and since these formed the chief basis for extending credit lines, they had to be analyzed most carefully. They arrived in all sorts of forms, which the statement division worked over, eliminating all doubtful items from the assets, and transferred to standard comparative forms; from these, progress or decline could readily be traced. This work was obviously all-important, and I approached it eagerly, only to find that the procedure of the division was thoroughly stereotyped; accounting problems and nice questions of judgment were resolved from above. Only mechanical details engrossed the division. Upon mastering the method, therefore, I was not sorry to confine further study of those subjects to Alexander Wall's books and the other accounting texts, while my daily routine was transferred to the great outdoors.

Investigating! Surely akin to detectives and secret service! But what was it all about? At first I could see little beyond the pressure of immediate work: a few hints from a veteran and a printed sheet of instructions were supposed to prepare me for credit investigating, and without delay I was handed two files, one on a grocery company, the other on a dry goods establishment, with a request to see the firms previously interviewed. Inside one folder I found a story from Mr. Stone of A. B. Smith & Company dated one year before:

"We have sold this company for ten years amounts as high as \$10,000 on terms of 2-10-60, and have never had occasion to dun them. Their integrity is never questioned. Their organization is thoroughly efficient, having built up the business from small beginnings. From our intimate contact, we do not hesitate to recommend them to you."

More or less similar stories followed from five other firms and three banks. I jotted down the addresses, returned thanks that messenger experience had acquainted me with New York streets, and started on the fourteen calls which were to constitute the day's work. Doubts about procedure began to assail me: should I be breezy or business-like? Should I take notes openly? Could I insist on details? Fortunately (I later learned, designedly) my first day's calls were on genial old credit men who helped me along and answered the questions I forgot to ask. With them, the notebook was a matter of course, though I soon became accustomed to doing without it whenever delicate questions were likely to come up: men talked more freely. I found immediately that investigators must acquire one universally, permanently valuable accomplishment: facility in approaching varied types, suiting the manner to the man. And in addition there was the chance to discuss numerous industries with experts in each. Two major opportunities were combined with a free, roving existence! When I returned to the bank about 4 o'clock to dictate the interviews, I was sure that for at least a few years credit investigating was training unsurpassed.

The interesting characters were not limited to the men I interviewed, ranging from East Side peddlers to partners in J. P. Morgan & Company. My fifteen compatriots offered an excellent assortment of types: beside me, a wizened, gray-haired, yet jovial man of fifty turned out to be an ex-druggist, who, tiring of midnight hours and Sunday work at the age of forty-five, had heeded the lure of "banking hours" and entered our bookkeeping depart-

ment. Casting up figures soon became as irksome as filling prescriptions, and he had succeeded in obtaining a transfer to the credit department. He had obviously reached his limit, but that fact could not disguise his extensive fund of popular wisdom, which he was always willing to share. He had brought up a family of three and owned his own home on a maximum salary of \$1800; were his abilities to be despised?

Next beyond him sat a distinguished looking man of forty-five, powerfully built; the type who would be pictured on a bill-board to represent "Men who can well afford to pay more," or who would take the successful business man's part in a play. And, in fact, I found him to be a man of no mean ability, including an extraordinary memory which precluded the necessity of taking notes on his interviews. Why, then, at that age was he "pounding the pavements" as an investigator? Since he was not at all averse to pouring forth his history to young and credulous ears, it took but a few weeks to discover two reasons: he was a fiery-tempered Irishman who had never learned to co-operate, and he had been a heavy drinker in his youth. These revelations came involuntarily when he said, for example, "My sister and me-r-I get along fine when we're apart, but we can't live in the same house; we tried it." And "I lost my first big job by hittin' my boss over the head with a wrench. I hid away until I heard by chance that his head was thicker than I calculated." Quite in the Horatio Alger style he had started as a poor lad in "Hell's Kitchen," and while serving as saloon bouncer and puching-bag exhibitor at eighteen had utilized spare moments in studying civil engineering. Successive steps—gripper on the old Broadway cable cars, inspector in a manufacturing plant, foreman of a department store delivery room—seemed to bring him closer to the "higher callings," until he finally achieved a position in the New York City Department of Plants and Structures. But the years brought disillusionment: while it was



Not at all averse to pouring forth his history to young and credulous ears

great to tell about walking the girders of Brooklyn Bridge as it was being built, the job paid only in glory. Wall Street had the reputation of doing better by men—and he was only forty; settled down, too, with a wife, a child, and a little suburban home. So there he was when I met him, grinding through night courses at the American Institute of Banking and planning steadily for a goal he had never reached; self-control was still not one of his accomplishments.

Not all the personal histories flowed so readily as the distinguished Irishman's, but there was endless variety in the contacts about me. Our other Irishman possessed the traditional glib

tongue, and periodically convulsed the department with his witticisms. A pleasant young chap who had lacked the ambition to finish college was struggling to figure out the possibilities of marrying on \$1600 a year. The butt of the department was an obvious misfit, an extremely conscientious worker and the only man I have ever met who was utterly devoid of anything resembling a sense of humor. Beside him sat his antithesis, a rollicking Southerner, who found the easiest way the best, and developed some of his interviews from the sea breeze on a bench in Battery Park.

The work itself I soon learned could be classified as routine and special. All active files were revised every six

months; correspondent banks and customers wrote in for information about New York concerns; this constituted the routine. In great contrast stood the special work: confidential investigations for senior officers, and unusual situations to check up. Much to my relief, I was put on "specials" after a few months' experience. Thereupon developed the enthralling features of the work which I had anticipated.

A white-haired gentleman of benevolent appearance one day requested an interview with the president of the bank; he was, so he said, executive secretary of the American Security League, and in the granted interview, he persuaded our hard-headed president to become honorary treasurer of the league, which had for its object "Americanization"—membership \$10 a year. So favorable was the impression made by the dignified minister of the gospel, the president voluntarily gave him an introduction to a prominent steel magnate. The next day, as an afterthought, the president sent up to the credit department for information about the American Security League, and I was put on the job with only the man's name and a former address in Brooklyn to work from. After many fruitless starts, I struck the trail in the indexed files of a Brooklyn daily paper twenty years back, and built up the story from other sources bit by bit. By the next day, six pages of detailed evidence unmasked the man's swindling purpose, and the president, after one glance, reached for the telephone to withdraw his introduction. The "Executive Secretary" had indeed been a parson, but after a spectacular career in the church, he had been ousted from his denomination. Setting out to "follow the paths of God in Wall Street," he had promoted one get-rich-quick scheme after another, and was now trying to extract profit from the anti-Red hysteria.

Somewhat in Pinkerton's manner, I was reluctantly compelled to terminate two well-developed romances. In each case the prospective mother-in-law be-

came anxious, not to say suspicious, and appealed to an officer of the bank for comfort and assistance. With the cases in my hands, I could hardly refrain from disclosing that the alleged wealthy manufacturer's son was descended from an obscure Western judge, and that the famous inventor was clearly an impostor, much as I might sympathize with struggling young men's ambitions to marry heiresses. It was more satisfying to expose a bucket-shop proprietor, who had hitherto defied investigation, and protect the savings of those he had not yet duped, by unearthing his record and procuring his rogues' gallery picture from Sing Sing as positive identification. These, of course, were the spice to the humble fare of daily tasks.

Gradually, but more rapidly than any other job would have made possible, I became familiar with the essentials of credit; I could get below the surface and dig out the true position of a company, at the same time sizing up the men in control. In short, I had been seasoned, and the manager fulfilled his promise to move me inside, where a more responsible, though less fascinating, work ended my introductory period of banking.

VII. THE BALANCE SHEET

This probationary experience in an institution slightly referred to by old-time bankers as a "department store of banking" had forced upon my attention one problem seldom discussed—the labor problem; seldom discussed, that is, as far as banks are concerned. They seem to be generally regarded as huge machines presided over by weighty individuals who have no labor problem to content with; yet the cogs in these machines are individuals, 3000 of them in this particular case. Many a coal miner, even while he strikes for more pay, would prefer the present emoluments of his work to those of a bank clerk. Since few disorders could be more paralyzing than the abrupt halt of our financial machinery, why, then, is not a bank clerks' union formed to hold up its employers and the public, sit-

uated as it would be at a strategic point in industry? There are several considerations which answer this question in part. Such unions exist in France and Spain, where their strikes very recently have caused serious confusion, and an abortive attempt to form one in New York aroused temporary excitement in 1920. Indeed, vigorous efforts are being expended for that purpose at the present time. Will they fail?

Bank clerks are of two classes: the exceptional few who will progress to official rank and enjoy the fruits of the financial high spots; and the great mass who are fitted for nothing but the routine work they are doing. Obviously, it is the latter class which tempts the unionizer. Probably bank heads themselves would admit that these men (and women) are wretchedly paid, with the important qualification that they are getting as much as they are worth. This qualification may seem justified to an impartial observer, but it has never prevented strikes in other fields. And it must be added that many of the men have been made thus worthless by the years of unending routine under martinet discipline; it is unfortunately true that youths of bright promise are all too often broken in spirit, sometimes in health, by the exacting monotony which they hope leads to greatness.

While this lamentable result, of course, also develops in other work, the atmosphere of autocracy is more peculiar to banking. It grows, in my opinion, not from the character of the men at the top, but from the nature of the business: (1) the leaders actually wield great power in the community, which tends to set them apart; (2) the high value of transactions all through the institution makes constant check-ups, proofs, and inspections absolutely necessary, thus laying the basis for an environment of suspicion.

Whether or not the grounds are remediable, we find most bank clerks discontented, inclined to grumble, and apparently ready to assert their independence. Yet they never reach that point.

Almost to a man, they consider themselves socially above the level of manual laborers; unionizing would be degrading! It is well known that the white-collared clerk getting \$25 a week (and also invariably subservient to his official superiors) feels himself higher than the brick-layer getting \$75; and inwardly, the brick-layer probably concurs. Brain work, or its semblance, apparently commands social rank.

To this repugnance to unions on grounds of superiority, must be added the expectant attitude: most of the clerks resolutely (and wisely) decline to admit their failure, and look constantly for the big chance which they have seen come to others, either in higher internal rank or sudden wealth from outside. When the latter alone becomes conceivable, it assumes a commanding influence in life, despite the unlikelihood of its fulfillment. Speculation is strictly forbidden to clerks (so strictly that banks have an agreement with leading brokerage houses not to take bank employees' accounts) but many of them dabble in the stock market, and not a few eke out their incomes quite substantially.

And besides this attitude of the clerk toward his position, of course the fear of losing a job dampens any organizing ardor at the outset, especially when it is recalled that financial institutions co-operate very closely in such matters: as labor policy, and dismissal from one would be dismissal from all.

Moreover, when the bank clerk lines up his situation in detail, he finds a great deal to set down on the favorable side, beginning with a (usually) comfortable place to work. True, most of it is an expression of the irksome paternalistic spirit and is conferred without consulting the recipients; yet the summing up is impressive. If the way to a man's heart lies through his stomach, then the bank makes a good start by providing free lunches at noon, or making an allowance for meals outside. The large bank restaurant with which I became familiar served admirable four-course meals, irreproachable in quantity

and quality, despite the usual fault-finding at any professionally cooked food. Further provision for employees' nourishment centered in a grocery store, conducted at cost in the same building. Other articles of use and consumption could be obtained at liberal discounts from prominent stores through membership cards issued by the Employees' Club. This organization also arranged social activities for winter evenings, and sponsored various athletic teams. For more direct monetary return, the club ran a thrift fund which paid from 8 to 10 per cent. on ordinary savings, through the bond department's courtesy in allotting to it participations in underwriting syndicates. Not satisfied with these major activities, the club maintained a valuable business library, and rendered such services as purchasing theater and railroad tickets.

The bank officially supported an elaborate medical department, with required physical examinations once a year, and as a splendid adjunct, a beautiful country estate seventy-five miles from the city. It was sometimes considered worth a debilitating illness to get a free trip to "the farm." Yet all this thorough-going care could not down the hot resentment aroused by the death

of a popular employee, who had worked so late for weeks on end that he fell an easy victim to pneumonia.

And employees' club activities and aids to saving cannot efface the blight of political manoeuvring and family influence. These two forces inevitably eddy about the high prizes which are to be grasped in banking; and just as inevitably, they will stir up envy and discontent. A man who has slaved twenty years for advancement cannot easily forgive the vice-president's son who steps in ahead of him with no qualifications but family connections. Despite such experiences and the enervating battle with iron discipline, not one man in a bank would give up the hope of his big chance; and he would scorn the union as a lever to better conditions when one stroke may lift him on wings above the crowd.

Bank clerks will never become thoroughly unionized, then, altogether aside from the stern repression which officials would unhesitatingly apply. They instinctively adjust their attitude to this fact: banking is a field of power and prestige, with great rewards which constantly beckon the toiler to unrelenting individual effort.



Attention is called to Table of Contents describing the various features of this number. See page III of the front advertising section.

Banking and Commercial Law

SPECIAL

The **BANKERS
MAGAZINE**

SECTION



Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

Capital, Surplus, Profits . \$27,000,000

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JOHN McHUGH, President

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HARRY H. POND, Vice-Pres.
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Trust Department

RAYMOND H. SEE, Manager

Foreign Department

CARL SCHULZ, Manager

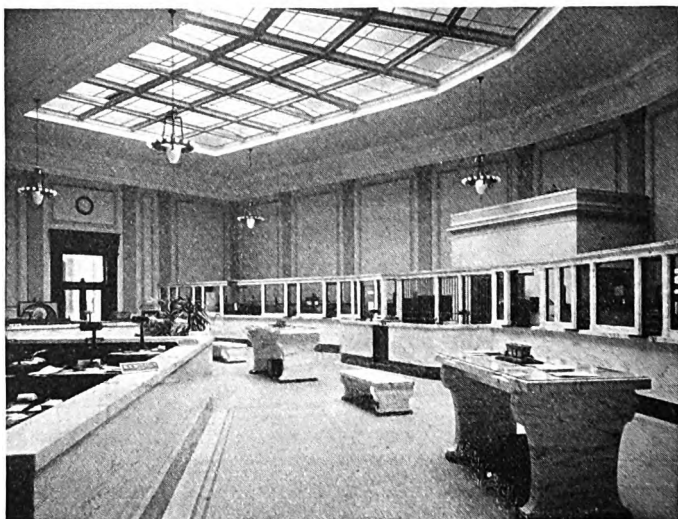
Bond Department

ROGERS W. GOULD, Manager

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JOHN McHUGH
T. FRANK MANVILLE
PATRICK FRANCIS MURPHY
THEODORE PRATT
ROBERT C. PRUYN
SAMUEL F. PRYOR
FERD W. ROEBLING, JR.
HENRY H. ROGERS
JOHN D. RYAN
AMBROSE G. TODD



*LOGAN SQUARE STATE AND SAVINGS BANK,
LOGAN BLVD., MILWAUKEE AVE., CHICAGO*

NOTABLE among Chicago's outlying banks is the recently completed home of the Logan Square State and Savings Bank. The building is unusual in that the monumental facade on Milwaukee Avenue is duplicated on the Logan Boulevard side, both executed in Indiana Limestone.

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

Missouri Statute Prohibiting Branch Banking Enforceable Against National Banks

First National Bank of St. Louis v. State of
Missouri, U. S. Supreme Court,
January 28, 1924

THE Missouri statute here in question provides "that no bank shall maintain in its city a branch bank nor receive deposits or pay checks except at its own banking house."

The question presented to the court was whether this statute is valid and enforceable as applied to national banks. The court holds that the statute applies to national banks and that, under it, they have not the right to establish and operate branches in Missouri.

The decision is to the effect that the statute does not in any way conflict with the laws of the United States. The court did not have before it the question as to the power of a national bank to set up what have become known as "tellers' windows" at places outside of its banking house.

OPINION

Mr. Justice Sutherland delivered the opinion of the Court:

The State of Missouri brought this proceeding in the nature quo warranto in the State Supreme Court against the plaintiff in error to determine its authority to establish and conduct a branch bank in the City of St. Louis. The information avers that the bank was organized under the laws of the United States and was and is engaged in a general banking business in that city at a banking house, the location of which is given; that, in contravention of its charter and of the Act of Congress under which it was incorporated, it has illegally opened and is operating a branch bank for doing a general bank-

ing business in a separate building several blocks from its banking house, and proposes to open additional branch banks at various other locations, and that this is in violation of a statute of the state expressly prohibiting the establishment of branch banks. The prayer is that, upon final hearing, the bank be ousted from the privilege of operating this branch bank or any other. A demurrer to the information was interposed and the cause thereupon submitted. The contention of the state was upheld and the judgment rendered in accordance with the prayer.

The correctness of the judgment is challenged in numerous specifications of error presenting final questions, which, for the purposes of the case, may be construed under two heads: (1) Whether the state statute is valid as applied to national banks; (2) whether a proceeding to call a national bank to account for acts of the kind here alleged may be maintained by the state and whether the form of remedy pursued is sustainable.

First. The Missouri statute (Sec. 11737, R. S. Mo. 1919) provides "that no bank shall maintain in its city a branch bank nor receive deposits or pay checks except in its own banking house." That the facts alleged in the information bring the case within that part of the statute which prohibits the maintenance of branch banks and that the statute applies to national banks is conclusively established by the decision of the State Court, and we confine ourselves to the inquiry whether, as thus applied, the statute is valid.

National banks are brought into existence under Federal legislation, are instrumentalities of the Federal Government and are necessarily subject to the paramount authority of the United States. Nevertheless, national banks are subject to the laws of the state in

respect of their affairs unless such laws interfere with the purposes of their creation, tend to impair or destroy their efficiency as Federal agencies, or conflict with the paramount law of the United States. *National Bank v. Commonwealth*, 9 Wall 353, 369; *Davis v. Elmira Co. Bank*, 161 U. S. 275, 283. These two cases are cited and followed in the case of *McClellan v. Chipman*, 164 U. S. 347, 357, and the principle which they establish is said to contain a rule and an exception; "the rule being the operation of general state laws upon the dealings and contracts of national banks, the exception being a cessation of the operation of such laws whenever they expressly conflict with the laws of the United States or frustrate the purpose for which national banks were created, or impair their efficiency to discharge the duties imposed upon them by the laws of the United States." See also *Waite v. Dowley*, 94 U. S. 527, 533. The question is whether the Missouri statute falls within the rule or within the exception.

Does it conflict with the laws of the United States? In our opinion, it does not. The extent of the powers of national banks is to be measured by the terms of the Federal statutes relating to such associations, and they can rightfully exercise only such as are expressly granted, or such incidental powers as are necessary to carry on the business for which they are established. *Bullard v. National Bank*, 18 Wall 589, 593. *Logan County Bank v. Townsend*, 129 U. S. 67, 73; *California Bank v. Kennedy*, 167 U. S. 362, 366. Among other things, the Federal law (R. S. Sec. 5154), provides that the organization certificate of the association shall specifically state "the place where its operations of discount and deposit are to be carried on, designating the state, territory or district and the particular county, city, town or village."

By another provision (R. S. 5190) it is required that "the usual business of each national banking association shall be transacted at an office or banking

house located in the place specified in its organization certificate." Strictly, the latter provision, employing as it does, the article "an" to qualify words in the singular number, would confine the association to one office or banking house. We are asked, however, to construe it otherwise in view of the rule that words imparting the singular number may be explained and be applied to several persons or things, R. S. Section 1, but obviously this rule is not one to be applied except where it is necessary to carry out the understanding of the statute. See *Garrigus v. Board of Commissioners*, 39 Ind. 66-70; *Moynahan v. City of New York*, 205 N. Y. 181-186. Here there is not only nothing in the context or in the subject matter to require the construction contended for, but other provisions of the banking laws are persuasively to the contrary.

By Section 5138, R. S., the minimum amount of capital is fixed in proportion to the population of the place where the bank is located. If it had been intended to allow the establishment by an association of not one bank only, but, in addition, as many branches as it saw fit, it is remarkable, to say the least, that there should have been no provision for adjusting the capital to the latter contingency or for determining how or under what circumstances such branch banks might be established or for regulating them. Section 5155, R. S., provides that it shall be lawful for a state bank "having branches, the capital being joint, and assigned to and used by the mother-bank and branches in definite proportions, to become a national banking association . . . and to retain and keep in operation its branches . . . the amount of the circulation . . . to be regulated by the amount of capital assigned to and used by each." This provision, confined by its terms, as it is, to existing state institutions, may be fairly considered as construing an exception to the general rule, and the presence of safeguarding limitations in the excepted case, with their entire absence from the statute otherwise, goes

far in the direction of confirming the conclusion that the general rule does not contemplate the establishment of branch banks. This apparently was the interpretation of Congress itself, since in two instances, at least, special legislation was deemed necessary to allow the establishment of branch banks, viz., at the Chicago Exposition, in 1892, c. 71, 27 Stat. 33, and at the St. Louis Exposition in 1901, c. 864, 31 Stat. 1444. Section 21, the existence of the branch bank in each instance being expressly limited to the period of two years.

The construction of the executive officer charged with the administration of the law has been, with substantial uniformity, to the same effect, and in this view the Department of Justice, in a well considered opinion, rendered May 11, 1911, concurred. *Lowry National Bank on Establishment of Branches*. 29 Op. Attorney General 81.*

This interpretation of the statute by the Legislative Department and by the executive officers of the Government would go far to remove doubt as to its meaning, if any existed. See *Tiger v. Western Investment Company*, 221, U. S. 286, 309; *United States v. Hermanos y Compania*, 209 U. S. 377, 399.

But it is said that the establishment of a branch bank is the exercise of an incidental power conferred by Section 5136 R. S., by which national banking associations are vested with "all such incidental power as shall be necessary to carry on the business of banking." The mere multiplication of places where the powers of a bank may be exercised is not, in our opinion, a necessary incident of a banking business, within the meaning of the provision. Moreover, the reasons adduced against the existence of the power substantively are conclusive against the existence incidentally; for it is wholly illogical to say that a power which by fair con-

struction of the statutes is found to be denied, nevertheless exists as an incidental power. Certainly, an incidental power can avail neither to create powers which, expressly, or by reasonable implication, are withheld, nor to enlarge powers given; but only to carry into effect those which are granted. Clearly the state statute, by prohibiting branches, does not frustrate the purpose for which the bank was created, or interfere with the discharge of its duties to the Government or impair its efficiency as a Federal agency. This conclusion would seem to be self-evident, but if warrant for it be needed, it sufficiently lies in the fact that national banking associations have gone on for more than half a century without branches and upon the theory of an absence of authority to establish them. If the non-existence of such branches or the absence of power to create them has operated or is calculated to operate to the detriment of the Government, or in such manner as to interfere with the efficiency of such associations as Federal agencies, or to frustrate their purposes, it is inconceivable that the fact would not long since have been discovered and steps taken by Congress to remedy the omission.

Second. The state statute as applied to national banks is, therefore, valid, and the corollary that it is obligatory and enforceable necessarily results. Unless some controlling reason forbids, and since the sanction behind is that of the state and not that of the National Government, the power of enforcement must rest with the former and not with the latter. To demonstrate the binding quality of a statute but deny the power of enforcement involves a fallacy apparent by the mere statement of the proposition, for such power is essentially inherent in the very conception of the law. It is insisted with great earnestness that the United States alone may inquire by quo warranto whether a national bank is acting in excess of its charter powers, and that the state is wholly without authority to do so. This

*Our attention is directed to a later opinion of the Attorney General dated October 3, 1923, which, although in terms affirming the earlier opinion, announces a limited rule which does not seem to be in precise agreement with it; to the extent of the disagreement, we accept the view of the earlier one.

contention will be conceded since it is plainly correct, but the attempt to apply it here proceeds upon a misconception of what the state is seeking to do, a misconception which arises from confounding the relief sought with the circumstances relied upon to justify it. The state is neither seeking to enforce a law of the United States nor endeavoring to call the bank to account for an act in excess of its charter powers. What the state is seeking to do is to indicate and enforce its own law, and the ultimate inquiry which it propounds is whether the bank is violating that law, not whether it is complying with the charter or law of its creation. The latter inquiry is preliminary and collateral, made only for the purpose of determining whether the state law is free to act in the premises or whether its operation is precluded in the particular case by paramount law. Having determined that the power sought to be exercised by the bank finds no justification under any law or authority of the United States, the way is open for the enforcement of the state statute. In other words the national statutes are interrogated for the sole purpose of ascertaining whether anything they contend constitutes an impediment to the enforcement of the state statute, and the answer being in the negative, they may be laid aside as of no further concern.

The application of the state statute to the present case and the power of the state to enforce it being established, the nature of the remedy to be employed is the question for state determination; and the judgment of the state court that the only way employed was appropriate is conclusive unless it involves a denial of due process of law, which plainly it does not. We are now concerned with the question whether a proceeding in the nature of *quo warranto*, according to the general process of the law, is in fact appropriate. It is enough that the Supreme Court of the state has so held. *Standard Oil Company v. Mo.* 224 U. S. 270, 287; *Twining v. New Jersey*, 211 U. S. 78, 110-111.

In *Iowa C. R. Co. v. Iowa*, 160 U. S. 369, 393, this court said: "But it is clear that the Fourteenth Amendment in no way undertakes to control the power of a state to determine by what process legal rights may be asserted or legal obligations be enforced, provided the method of procedure adopted for these purposes gives reasonable notice and various fair opportunities to be heard before the issues are decided. This being the case, it was obviously not a right, privilege or immunity of a citizen of the United States to have a controversy in the state court prosecuted or determined by one form of action instead of by another. . . . Whether the court of last resort of the State of Iowa properly construed its own constitution and laws in determining that the summary processes under those laws are applicable to the matter which it adjudged was purely the decision of a question of state law binding upon its court." See also *Louisville and N. R. Co. v. Schmidt*, 177 U. S. 230, 236; *Hooker v. Los Angeles*, 188 U. S. 314, 318; *Rogers v. Peck*, 199 U. S. 425, 435.

The judgment of the Supreme Court of Missouri is therefore affirmed.



Commissions to Which Executors are Entitled in New York

In re *Story's Estate*, New York Surrogate's Court, 202 N. Y. Supp. 184

The commissions to which an executor, administrator or testamentary trustee is entitled in New York are fixed by §285 of the Surrogate's Court Act. The statute provides that if there be more than one, the commissions shall be apportioned among them. It also states "but this shall not apply in case of a specific legacy or devise," meaning that commissions shall not be allowed as specific legacies or devises. A specific legacy is a bequest of a particular thing, distinguished from all other things of the same kind, and which can

be satisfied only by the delivery of that particular thing. The statute further provides that if the gross value of the principal of the estate amounts to \$100,000 or more, each executor "is entitled to the full compensation on principal and income allowed herein to a sole executor, unless there are more than three, in which case the compensation to which three would be entitled must be apportioned among them according to the services rendered."

In the present case, the gross value of the personal property of the decedent was \$139,731.32. Of this sum, \$100,642.73 was the subject of specific legacies, leaving a balance of \$39,088.59. It was held that the executors were entitled to but one full commission apportioned among them. The court decided that the specific legacies must be deducted from the gross estate in ascertaining whether the estate amounted to \$100,000 or more so as to entitle each executor to full commissions.

OPINION

In the matter of the estate of George H. Story, deceased. From an order fixing the transfer tax, executors appeal. Appeal denied.

FOLEY, S.—The executors appeal from the order fixing the transfer tax on the ground that one full commission has not been allowed to each of them as a deduction from the assets of the estate. The gross value of the personal estate is appraised at \$139,731.32, and the value of the property specifically bequeathed is \$100,642.73, leaving a balance of \$39,088.59. The executors contend that they are each entitled to full commissions, because the gross personal estate exceeds \$100,000.

Section 285 of the Surrogate's Court Act (as amended by Laws 1921, c. 440) provides that:

If the gross value of the principal of the estate or fund accounted for amounts to \$100,000 or more, each executor, * * * is entitled to the full compensation on principal and income allowed herein to a sole executor.

In the previous language of the same section, it is provided that the surrogate must allow a sole executor for his services, "and if there be more than one apportion among them" commissions at certain percentage rates. Then follows the significant sentence: "But this shall not apply in case of a specific legacy or devise." It was the evident intention of the legislature to make this exception as to specific legacies applicable also to the subsequent provision with respect to full commissions to each executor. The value of the specific legacies must therefore be excluded in ascertaining whether the estate exceeds \$100,000. Under the theory of the executors here, the mere coincidence that the value of the property specifically bequeathed increased the estate above the amount fixed in the section would subject the relatively small balance of the estate to double or triple commissions. In certain estates, by reason of the recent increase in the rates, this rule might have the effect of exhausting the entire residue.

The order is correct, and the appeal of the executors is denied.



Trust Company Appointed Executor in Missouri Authorized to Bring Suit in New York

St. Louis Union Trust Co. v. Hoffstaedter,
Supreme Court of New York,
202 N. Y. Supp. 71

Under section 160 of the New York Decedent Estate Law providing that an executor appointed in another state may sue or be sued in New York "in his capacity of executor," a foreign banking corporation may sue as a foreign executor in New York State. The fact that the statute uses the word "his" is no bar to the action.

Under section 223 of the New York Banking Law authorizing the appointment in New York of a foreign trust company as executor, provided there

are reciprocal provisions in the laws of the state where the corporation has its domicile, a Missouri banking corporation is not prohibited from suing as a foreign executor in New York although there are no such reciprocal provisions in the laws of Missouri.

OPINION

Action by St. Louis Union Trust Company and another, executors of the will of Warwick Massey Hough, deceased, against Ethel Hoffstaedter. On motion to strike out a separate defense. Motion granted.

PROSKAUER, J.—By the separate defense challenged on this motion defendant claims that the plaintiff, St. Louis Union Trust Company, a Missouri banking corporation, suing as a foreign executor, has no capacity to sue. Section 160 of the Decedent Estate Law (as added by Laws 1920, c. 919, §1) provides that:

An executor * * * duly appointed in any other state * * * may sue or be sued in any court in this state in his capacity of executor * * * in like manner and under like restrictions as a nonresident may sue or be sued. * * *

Defendant contends that, because the statute uses the pronoun "his," it cannot refer to a corporation. It might

with equal reason be argued that it could not refer to a woman.

There is abundant authority for this proposition that a word like "his" may in appropriate cases be interpreted as referring to a corporation. *Lewis & Potter v. Commonwealth*, 134 Ky. 837, 838, 121 S. W. 643; *Olcott v. Tioga R. Co.*, 20 N. Y. 210, 75 Am. Dec. 398; *Mayor of Hereford v. Morton*, 15 L. T. N. S. 187, 2 British Rul. Cas. 253; 7 R. C. L. 33-35, 767; 20 Ann. Cas. 737.

Defendant further claims, however, that by section 223 of the Banking Law it is provided that a foreign trust company, which by the law of its own state may be appointed an executor, "may be appointed and may accept appointment and may act as executor of, or trustee under, the last will and testament of any deceased person in this state," provided there are reciprocal provisions in the law of the given foreign state, and that, because there is no such reciprocal provision in Missouri, this trust company cannot sue here. The statute obviously refers not to the right of the plaintiff to begin a suit here, but merely to the right to be appointed an executor in this state by our courts. This section is of no avail to defendant, either in itself or as support to her interpretation of the Decedent Estate Law.

Motion granted.



Note, 48 Years Old, Held Valid

THE Kansas Supreme Court has upheld the validity of a note given forty-eight years ago for \$950, and held that interest on the note for the entire period, amounting to \$15,500, must be paid.

The case came up from the Franklin County District Court. Forty-eight years ago the wife of Andrew Diven inherited \$950. She lent the money to her husband and he gave her a note which read:

"At the expiration of my life I

promise to pay to Sarah J. Diven, my wife, or her heirs, from my estate or any part thereof, \$950 at 6 per cent. interest from date, payable annually, and if interest be not paid to become as principal and bear the same rate of interest annually."

This note was executed April 12, 1874, and the state supreme court held that it was a valid obligation and that the original \$950 and \$15,500 in interest should be paid.—*Chicago Banker*.

Banking Publicity

Special Section of The Bankers Magazine

MARCH 1924

Cashing In On Good Will

By R. E. HOTZE, Jr.

Assistant Cashier Planters National Bank, Richmond, Va.

HAVE you ever considered that intangible, and sometimes meaningless expression, "good will?"

If you have, perhaps you will be more likely to look upon it from a different viewpoint than if you have never bothered to analyze this intangible asset. Now hold on! Don't think I'm going to pull that ancient line that in the more conservative style of bank advertising goes thusly, "the figures shown above do not and cannot include that priceless item, the good will of our many loyal depositors, etc." No, I'm going to take another view of the situation, and endeavor to point out that too many advertising crimes are perpetrated in the name of good will.

The cashier of the Eighth National Bank of Hertfordshire will take his trusty pen in hand, and prepare a piece of advertising for the daily or weekly paper. It sounds pretty good, and the aforesaid cashier secretly hopes that the folks who read his efforts will make it a point to come in the bank and open up relations. Experience, however, has taught him that very little if any direct response will be traced, but he comforts himself with the thought that it will surely create good will for the bank. In this latter assumption he is probably correct, for advertising does undoubtedly cause good will, and good will is extremely necessary if the bank is to prosper and succeed. But—and please understand me clearly — some banks are piling up good will

galore, so fast that immediate business attracted cannot possibly keep pace with it. Sometimes this can be seen by quotations on the bank's stock whereby a tremendous difference is discernible between the market value and the actual book value. In other cases it can be discerned by a capital account out

of proportion to the amount on deposit.

I'm of the impression that too many bank advertising men confuse favorable admission from the public of the esteem in which the bank is held, with decisive action to use the facilities the bank offers. In other words, because folks think our bank is a good one is not sufficient reason for us to assume that we are going to enjoy their patronage.

(Continued on page 389)



Who Owns Wall Street?

WHO owns Wall Street? That fifty-five individuals or companies who own property there? No. The ownership is much broader than that.

Millions of people own Wall Street! A multitude of savers and investors—including the 282,000 individuals who own the stock of the American Telephone and Telegraph Company—the two million who own the securities of America's electric light and power companies—the more than thirty millions of people whose bank deposits form the basis for credit upon which business and agriculture depend! All these and many others are the owners of Wall Street. Wall Street belongs to the nation. For years the term was applied

merely to the financial district of lower Manhattan, but today "Wall Street" means American finance. Wherever banks and exchange facilities are located, there is Wall Street, crowding "Main Street" or just around the corner. It is the concentration point and distributing center for capital.

To enable large sums of money to be collected for use in productive industry and agriculture is the great service of Wall Street, a service which is rendered not to the few but to the many. Farms, steel mills and office buildings, cooperative marketing associations, chain stores, and a thousand other enterprises owe much of their constant growth and expansion to banking advances and sales of securities

made by "some bunch" of Wall Street.

Through the system of correspondent banks with whom it transacts business, the Seaboard National Bank links Wall Street, New York, with all the other Wall Streets. It makes collections for a Middle Western manufacturer, helps arrange for the financing of a huge crop, gives credit information to a New York jobber, arranges for a credit in London for an Atlanta merchant, or finances a huge shipment of wheat from Duluth to Holland.

In your financial house in order and do you want a financial friend who stands by sound means to the limit? Then come to the Seaboard.

The Seaboard National Bank

OF THE CITY OF NEW YORK

Marionville Branch
115 BROADWAY
at Cedar Street

MAIN OFFICE
BROAD AND BEAVER STREETS

Uptown Branch
20 EAST 45TH STREET
near Madison Avenue

Educational copy on Wall Street by a Wall Street bank. This type of advertisement serves a useful end. The bank running it stands the chance, of course, of losing its identity, in the advertisement, as an institution apart from any other Wall Street bank. The theme here has, however, been very well handled, and the bank has tied up its identity with lower Manhattan's financial center very skillfully.

Banking Publicity

RICHARD F. DURHAM, Editor
Monthly Publicity Section

THE BANKERS MAGAZINE
71-73 Murray St., New York

MARCH 1924

IN an article in the January issue of *The Guaranty News*, in which he pays splendid tribute to the service of a bank (the Guaranty Trust Company of New York) which he says has been to him "my mother and my father, my lawyer and my real estate agent," *Sinclair Lewis* of *Babbitt* and *Main Street* fame also writes about another and entirely different kind of bank—still, unfortunately, all too often encountered in the world of banks. Mr. Lewis says:

For a year, in a certain American city, I had a bank which could scarcely stand the degradation of having to deal with customers. When a meek depositor like myself, whose account was never more than 7 cents above the required minimum, appeared at the entrance, the doorman glared with a "What do you want here?" expression and, not taking any chance at robberies, followed him almost to the teller's window. The teller looked at his check, and at him, and back at the check in a manner of injured suspicion—after I had been going in there for a year, not one member of the staff ever remembered having seen me before.

This is exhibit "A" of why so many people hate banks and hate to do business with banks. A lot of them do, and don't forget it!

Further, they will continue to until certain banks, that ought to know better, cease to be supercilious or condescending in their dealings with their customers. Such attitudes are not only poor business and in darned poor taste—but they are fatal to the good-will of the general public and they have a direct and emphatically unfavorable reaction on public opinion.

If you are carrying a customer on your books at a loss; if you see no prospect of this customer becoming anything other than a liability, have one of your officers take him aside and explain to him the conditions under which it is practicable for a bank to carry a customer, and the conditions under which it is *not* practicable. This can be done courteously. If it is done courteously, and if the customer fails to receive what is said in the proper spirit, then at least the blame rests on his shoulders and not on yours. But so long as any man, woman or child remains on your books as a customer, treat them, if only from the selfish standpoint of good sound business, courteously and with consideration. It costs no great effort to do this and to see that everyone in your bank does it—and it is tremendously worth while.



GOOD WILL is a very pleasant, and usually a very

helpful, thing for a bank to enjoy. It is an important influence in the obtaining of new business. But it is by no means synonymous with new business. And some bank advertisers overlook this point occasionally—they console themselves over the fact that such and such an advertisement didn't bring in very good returns by saying to themselves, "Well, at any rate it probably brought us in a lot of good will." Good will is good, but it is not enough—it will not of itself bring in dividends. It must be cashed in on.

R. E. Hotze of Richmond, remarks elsewhere in this issue of *Banking Publicity* that, "too many bank advertising men confuse favorable admission from the public of the esteem in which the bank is held, with decisive action to use the facilities the bank offers. In other words, because folks think our bank is a good one is not sufficient reason for us to assume that we are going to enjoy their patronage."

Once you obtain good will why not capitalize it? Get it translated into terms of something concrete. A man whose good will you hold, and who does a banking business with any bank, is a potential customer of your bank. But you've got to go out and get him. He won't just come to you. Make him feel that you want *his particular account*—and want it bad.

A Modern Strong Room of Old Lombard Street

THE strong room of Lombard Street goldsmiths offered London merchants the best security for surplus capital in troubled days 200 years ago. James Barclay and Joseph Fremas, goldsmiths in business at the sign of the "Black Spread Eagle", accepted such deposits and from them grew the vast banking system now consolidated in Barclays Bank.

Today Barclays has more than 2,700 branches in England and Wales. The offices of subsidiary banks supply complete services to clients in many cities and towns of Scotland in Paris, Bordeaux, Rouen, Lyons, Marseilles, Algiers, Constantine, Morocco, Tunis, Cairo, Alexandria, Constantinople, and other Continental Cities; also in Egypt, Algeria and Palestine.

Barclays' banking facilities, supplemented by correspondents throughout the world, are equipped to handle the extensive business of American firms in cooperation with their own banks.

BARCLAYS BANK LIMITED

INCORPORATED IN ENGLAND

Registered Office: 1, Lombard Street, London, E.C. 4
 Chief Executive: Sir John S. Peel
 111, Pall Mall, London, S.W. 1, England
 Registered in America: 111, Wall Street, New York City

An interesting advertisement of the historical type, run by one of Great Britain's largest banks. Quite a departure from the customary style of British financial advertising in copy, typography and layout.

Cashing In On Good Will

(Continued from page 387)

Good publicity and efficient administration of a bank create what is known as good will, but a great many institutions take no further steps toward transforming this approving attitude of the public into real business.

Direct mail appeals properly made help in proportion to their frequency and timeliness, but personal salesmanship is the only way in which the final appeal can be made successfully. Consider the steps leading up to the end in view: A good bank with ample protection for depositors, well managed and human; these facts well told through an alert publicity department; excellent direct-mail campaigns to selected prospects, levelling natural sales resistance, and paving the way for the solicitor to present the last and convincing appeal.

Summing up: What is needed by a good many banks today is a real sales organization—not necessarily a large crew, but one that can be continually out after new business. Of course, it may be argued that employees can do this sort of work after hours, but I'm afraid that this is out of the question. Real salesmanship is no hit or miss proposition, and the highest type of selling is required to present successfully such an intangible thing as a bank's service. Some banks demand this work, either during hours or after hours, by the officers, but even this method is unsatisfactory.

Possibly the best solution to this problem is thoroughly to drill a competent young man (preferably one who has had some banking experience) in the art of selling and then require him to make at least ten real calls a day. The names of those to be called on could be secured from the central file, if

one is used, or from the officer responsible for this extension work. While latitude should be given in allowing the salesman to dig up prospects of his own, care should be taken to cover the field decided on thoroughly.

In developing a lead if the salesman feels that the presence of one of the bank's executives would be helpful in securing the account, the officer in question should arrange to accompany the salesman when he makes his next call.

I am firmly convinced that out of the keen competition now existing between banks, there will rise a group of bank salesmen who can really sell a bank's service as easily as salesmen sell insurance. The larger cities in the country are using this idea, and the gradual increase of business extension staffs lends weight to my contention. After all is said and done, this is the only really effective way to cash in on a bank's good will.

The "Getting On" Plan

You can buy in weekly installments:

\$1000 in one, two or three years.
 500 in one or two years.
 100 in one year.

The value of this plan is:

It sets a goal for you to aim at.
 It specifies the amount of your weekly payments.
 It tells you how much you will have in a given time.

A little down; a little each week, and you will have a handsome bank account in a little while.

Start your fortune on this Easy Payment Plan

THE BOWERY SAVINGS BANK

THE BOWERY SAVINGS BANK,
 110 East 42nd Street, or 130 Bowery, New York City

Please send me literature about your "Getting On" Plan.

Name.....

Address.....

A well presented advertisement on a specific savings plan, run by one of New York's best known savings banks.

1858 JULY 26 1923

**SIXTY-FIFTH ANNIVERSARY
OF THE FOUNDING
OF THE**



BANK OF SPARTA

SPARTA WISCONSIN
CAPITAL AND SURPLUS \$100,000.00

IN THE DAYS OF THE OLD STAGE COACH



Typical of the times in which the Bank of Sparta was founded, was the old stage coach. The first Railroad—the C. M. & St. P.—opened for business four days prior to the opening of the bank. As told by its first agent, J. A. Chandler, in a letter reproduced in another column of this paper the road had just been completed through Sparta, from the East. In all other directions—North to Black River Falls and Eau Claire, West to LaCrosse, and South to Viroqua and Prairie du Chien—the stage lines were the only public carriers.



THE OLDEST BANK IN WESTERN WISCONSIN

tion nor the one where the daughter had her account the previous school year.

Here was a case where the solicitor had two competitors, but they were not there on the ground at the time.

Realizing that it is rather disturbing to carry on a conversation of this nature while in the midst of moving into an apartment, the solicitor thought it wise not to continue his visit too long. However, when he departed, he felt that an impression had been made that was more than favorable. Within three days after the call, the account was opened with his bank. This is merely one instance that shows that the bank making the *first* call has a good chance for the prospect's business, although handicapped by conditions.

Personal solicitation grows in favor *more* banks each year, and for good reasons. When the proper record is kept, results can be checked rather

The administration of every company is a matter of great importance and should be entrusted to the hands of the best men.



**Your Will and
Your Company's Stock**

WHILE on a business trip abroad, the founder of one of America's largest corporations died. He had held the position of vice-president and general manager, and his company was principally of such a nature that it was necessary to have a man in his place in different parts of the United States.

The Guaranty Trust Company had been named under his will. To determine the value of the stock, it was necessary to send experts to examine the properties. The bank was notified, and the facts regarding the conditions, operations, and management of each plant were furnished.

This Company then reported the value of the stock to the satisfaction of both the family and the officers of the corporation.

No matter how complicated your affairs may be, you can protect to the fullest extent the interests of your family and your business interests by making a will and naming this Company executor-trustee.

Write to Edgar R. Rouse, 4000 Chestnut, 1923 for our booklet "The Guaranty Trust Company in New York." It explains many questions and is provided for you free. If you wish to have a copy sent to you, please send 2¢ in the form of a stamp to defray a small part of our expenses.

**Guaranty Trust Company
of New York**

Main Office: 100 Broadway
New York City
Branches: 2000 Ave. of the Americas, New York City
Savannah, Ga.
St. Louis, Mo.
St. Paul, Minn.
Syracuse, N. Y.
Tulsa, Okla.
Washington, D. C.

Copy in the story form, giving briefly certain interesting details regarding this trust company's administration of a particular estate.

Personal Solicitation Among Newcomers

By E. A. CHARLES

A FEW days ago, a young woman of 18 or 20 years came into a bank, walked up to the cashier's desk and introduced herself. She handed the cashier a draft for \$1700 and asked that a checking account be opened in her mother's name for the amount.

Three days previous to the opening of this account, the bank's solicitor had called upon these people as they were in the act of moving into an apartment. The moving van was in front of the building with a part of the household goods

still unloaded. While the men carried furniture into the rooms, the solicitor talked with the mother and her daughter about his bank and its service, giving clearly its location and a brief history. During the conversation, the daughter explained that she had attended college in the town and during the time, carried an account with another bank. The mother told the solicitor that the banker in the town from which they came had recommended a certain bank to her, which was neither the solicitor's institu-



WIDENING your financial facilities

Your telephone talks you with nation-wide service. Briefly, Bankers Trust Company connects you financially with world-wide facilities.

We service will fit your requirements, ranging from a personal account, investment and trust facilities, and on up to complete banking machinery to meet every financial need at home or all over the world.

BANKERS TRUST COMPANY

Domestic Office: 10 Wall Street
 Fifth Avenue Office: 100 Madison Avenue
 New York City
 2 & 3 Times Square

The layout of this advertisement adds greatly to its impressiveness and to the strength of the point which the copy is trying to get across, namely, the value of world-wide financial facilities.

accurately and the cost of the work determined closely.

To give an idea of what one bank has accomplished, the plan, work and results are given here, all of which may or may not be an average condition, but yet the results are a fair example of what any bank may expect from systematic, personal solicitation.

This institution is located in a middle west city of less than 50,000. The report covers personal work only among prospects for the bank that come into the town from other places. The business solicited is new business for the bank—additional customers who otherwise would go to competitors in many instances, either of their own accord or through the recommendation of friends or acquaintances.

One man does this work of soliciting, spending only a part of his time. He has work inside the bank that requires the greater part of his time. During the past five months from May to September inclusive,

134 accounts, both checkings and savings, were secured with total initial deposits of \$16,040.14. This is all new business—actual accounts placed on the bank's books entirely from people moving into the town.

As an accurate record is kept, the bank knows what is being done at all times; the number of prospects secured, how many calls are made weekly and monthly, how many interviews result from the calls, also the amount of business secured and the class or kind of accounts.

The solicitor, during these five months named, put in 122 hours of work outside the bank. One hundred and thirty-four

new accounts with over \$16,000 in initial deposits is the result of about fifteen days actual work of eight hours a day. Of course these fifteen days were spread over a period of five months for the reason that the number of newcomers to the town is limited. The bank believes, however, that results would be proportionate if it were possible for their solicitor to work outside the entire time.

Of these 134 accounts, 77 were checking accounts and 57 savings accounts. This is at the rate of about 300 new accounts a year from the town's newcomers, with total initial deposits of about \$40,000.

The following plan is used in

Representative Public Utility Companies
 for which bond or security has been underwritten by Halsey, Stuart & Co. (shown on family card attached)

To Delegate
N.E.L.A.
Convention

THE experience we have gained in this large volume of Utility financing is available to other Companies who may be considering additional bond financing. With a nation-wide clientele and distributing organization we provide broad distribution of issues underwritten by us—an advantage to the borrower as well as to the investor.

WE shall be glad to send you descriptions of the available bonds of any of the companies listed in the column at the left, or other public utility bond offerings—with our pamphlet, "Ten Tests of a Sound Public Utility Bond."

Write for pamphlet 26

HALSEY, STUART & CO.
 INCORPORATED
 14 Wall Street, New York - Phone Rector 6340
 CHICAGO - NEW YORK - PHILADELPHIA - BOSTON - DETROIT - MILWAUKEE - ST. LOUIS - MINNEAPOLIS

This style of investment advertising can be made just as dignified, and is much more pleasing to the eye than the customary colorless and matter of fact announcements so often used by investment bankers. There is a noticeable trend toward improvement in copy and layout of the advertisements of many of the leading investment banking houses.

at their address until they do arrive. This is done for the reason that it is important to be on the spot and secure the *first* interview.

The solicitor endeavors to secure the names of all possible newcomers, using several different sources for getting the information. Yet, it develops that often people do arrive perhaps a month or two before any knowledge is obtained, but, after five months' systematic work, the prospects who escape the solicitor grow fewer in number each month.

It is true that out of the 600 prospects worked on during the five months, not all are real prospective customers. Some are floaters, so-called; others presumably have no use for bank service. So the 134 accounts secured is about 20 per cent. of the total. In other words, the bank secures by personal solicitation from 25 to 30 per cent. of the desirable business coming into the town. There are seven banks in the town. Consequently, the other six banks must divide the remaining business.

It must be remembered that the 134 accounts secured are from the 600 prospects, all of whom were obtained and worked on during the five months. There will be additional accounts developed from these 600 prospects during the coming months. These prospects will be followed up regularly by mail and in some instances by a second call. The solicitor has a full record of each interview on the prospect's card; whenever a special letter is required, this will be sent. Again, in some instances, one or more additional accounts will be opened later on from prospects or members of their family, who have already started with the bank. It develops that the bank secures a valuable list of hand-picked prospects from newcomers, with detailed

Who's Who in Bank Advertising



C. E. AURACHER

Assistant cashier and manager of advertising, Cedar Rapids Savings Bank and Trust Company, Cedar Rapids, Iowa

FOR the last two years Mr. Auracher has directed the advertising, publicity and service department of the Cedar Rapids Savings Bank and Trust Company. The greater part of the bank's advertising is planned and issued by the advertising department. Mr. Auracher is a firm believer in encouraging present customers to use all of his bank's services, also in intensive treatment of small and dormant accounts. Close co-operation between the advertising and personal solicitation departments increased the number of the bank's customers 15 per cent. during 1923. Mr. Auracher's hobby in bank advertising is the bank's outside house organ, which he edits. He believes in getting customers while they are young. During 1923, his bank started baby accounts for more than 600 boys and girls, all of whom were less than one year old. This number was 72 per cent. of the total births reported for the same period in Cedar Rapids. During the past two years, his advertising for his bank has appeared frequently in the Financial Advertiser's portfolio. He is also a frequent contributor to financial publications on the subject of bank advertising.

information on each. This list will become more valuable each month as the number of names increases.

This account may prove interesting to those banks who are carrying on the work of personal solicitation. It will,

at least, serve to make comparisons. It is hoped that this article will also influence other banks to investigate this means of securing business and further cause action on the part of those who have already given the plan serious thought.

F. A. A. Officers Meet In New York

The mid-winter conference of the officers and directors of the Financial Advertisers' Association in New York, February 14 to 15, was concluded with a luncheon and open meeting at the Advertising Club, where opportunity was given a number of New York City members and associate members to meet those active in the association's affairs. The entertainment committee provided a program sufficiently diverting to round out a very complete and enjoyable three-day meeting.

Joint sessions brought the conference in direct contact with the extension committee, appointed by former President W. W. Douglas of San Francisco to supplement the service offered by the association in a number of ways.

Announcement was made that the conference had voted to meet in London with the A. A. C. W. next July, and to lend its full support to that convention.

Those in attendance were: President, Gaylord S. Morse, State Bank of Chicago; second vice-president, R. E. Hotze, Planters National Bank of Richmond; secretary, Lloyd L. Coon, Chicago; treasurer, Carl A. Gode, Illinois Merchants Trust Company, Chicago; John Cowan, Toronto General Trust Corporation, Toronto; Miss Jessamine G. Hoagland, National City Bank of Chicago; E. H. Kittredge, Hornblower and Weeks, Boston; Julius C. Peter, Detroit Trust Company;

Kline W. Roberts, Citizens Trust and Savings Bank, Columbus; Fred M. Staker, Commerce Trust Company, Kansas City; John H. Wells, Rhode Island Hospital Trust Company, Providence; C. H. Wetterau, American National Bank, Nashville; F. W. Ellsworth, Hibernia Bank and Trust Company, New Orleans; C. H. Handerson, Union Trust Company, Cleveland; Clinton F. Berry, Union Trust Company, Detroit; F. W. Gehle, vice-president Mechanics and Metals National Bank, New York; first vice-president, Carroll Ragan, United States Mortgage and Trust Company, New York.

Representing the extension committee were: Robert J. Izant, The Central National Bank Savings and Trust Company, Cleveland; Harry J. Plogstedt, Union Savings Bank and Trust Company, Cincinnati; Paul Hardesty, Union Trust Company, Chicago; F. L. Blanchard, Henry L. Doherty and Company, New York.

The conference generally endorsed the committee's recommendations and voiced emphatic approval of the vigorous and intelligent work done by Chairman Robert Izant and his associates.

Marvin E. Holderness of St. Louis, one of the founders of the association, F. D. Connor of Chicago, former president, and G. Prather Knapp of New York, a perennial supporter, were on hand to renew acquaintances with the delegates.

How Banks Are Advertising

THE Fourth Street National Bank, Philadelphia, Pa., publishes a booklet describing its services which is commendable because of good copy and layout, and very readable type. The booklet includes some interesting and well placed charts and drawings.

VOLUME 1, Number 1, of the "Cedar Rapids Savings" Letter, edited and published by the Cedar Rapids Savings Bank and Trust Company, Cedar Rapids, Ia., has come in to this office, and proves to be a very presentable monthly publication, both from a standpoint of reading matter and typography.



"Observe the quality. Sire.
See the mark, the maker's name."

In no other class, the making of a safe has been so long, so very different from the way it is made today. The bank owners would be the first to say that the mark told the story to the maker.

We know for a fact that great ones have been made what we today would call the "safe" mark. Manufacturers of that day placed their marks on their products, and the people placed implicit

confidence in all well-known marks. For the present, the oldest and most complete—could offer no other—than that the mark told the story to the maker.

Because we want you to have confidence in the Seaboard, we publish to you the real names of our policy group of directors who really don't. These are the names of the makers.

The Seaboard National Bank

MANHATTAN BRANCH 110 BROADWAY
MAIN OFFICE 110 BROAD AND BAYVIEW STREETS
CHICAGO BRANCH 10 EAST CHICAGO

Through emphasis on the value of the trade-mark in olden times by use of an interesting illustration of the archaic type, with appropriate copy, this New York bank puts a real meaning back of the publication of the names of its directors, the makers of its policies.

Why He Likes To "Talk Things Over"

"I like to talk things over with the officers of the Manufacturers Trust Company," said a business man the other day, "because their opinions are based on information obtained from many different sources, and because they seem so friendly and interested."

We are always glad when our clients confer with us because we are often able to make helpful suggestions in both banking and business affairs.

An invitation is extended to you to come in and "talk things over."

Manufacturers Trust Company

BORO OF MANHATTAN
139 Broadway, at Cedar Street
481 Eighth Ave., corner 34th St.
385 Fourth Ave., corner 27th St.
307 Fifth Ave., corner 42d St.
493 Broadway, corner Canal St.

BORO OF QUEENS
1665 Myrtle Ave.,
corner Cypress Ave., Ridgewood
BORO OF BRONX
1621 Washington Ave.,
corner Southern Boulevard

BORO OF BROOKLYN
774 Broadway, corner Sumner Ave.
84 Broadway, corner Duane Street
125 Montgomery St., near Broadway
730 Grand St., near Graham Ave.
190 Jacksonville Street (7th Avenue)

Brief informal copy, in a conversational vein, and set in an attractive frame. Very convincingly done, rather than overdone.

THE Seaboard National Bank of New York recently ran an unusual advertisement, reproduced elsewhere in this Department, which contains some educational copy along lines very much needed, to our mind, in financial publicity. The copy of this advertisement treats of Wall Street, that much maligned sector of lower Manhattan so greatly misunderstood by so very many people, and reads in part as follows:

WHO OWNS WALL STREET?

Who owns Wall Street? The fifty-five individuals or companies who own property there? No. The ownership is much broader than that.

Millions of people own Wall Street! A multitude of savers and investors—including the 282,000 individuals who own the stock of the American Telephone and Telegraph Company—the 2,000,000 who own the securities of America's electric light and power companies—the more than 30,000,000 of people whose bank deposits form the basis for credit upon which business and agriculture depend.

Wall Street belongs to the nation. For years the term was applied merely to the financial district of lower Manhattan, but today "Wall Street" means American finance. Wherever banks and exchange facilities are located, there is Wall Street, crossing "Main Street" or just around the corner. It is the concentration point and distributing center for capital.

To enable large sums of money to be collected for use in productive industry and agriculture is the great service of Wall Street, a service which is rendered not to the few but to the many. Farms, steel mills and office buildings, co-operative marketing associations, chain stores, and a thousand other enterprises owe much of their constant growth and expansion to banking advances and sales of securities made by some branch of Wall Street.

The value of the specific instance in getting an idea across effectively is well illustrated by the following piece of copy, run by the Guaranty Trust Company of New York:

YOUR WILL AND YOUR COMPANY'S STOCK

While on a business trip abroad, the founder of one of America's

largest corporations died. He had held the position of vice-president and general manager, and his estate consisted principally of stock in this active corporation, which operated nine plants in different parts of the United States.

The Guaranty Trust Company had been named under his will. To determine the value of the stock, it was necessary to send experts to examine the properties. The books were audited, and the facts regarding the condition, operations, and management of each plant were established. This Company then negotiated the sale of the stock to the satisfaction of both the family and the officers of the corporation.

No matter how complicated your affairs may be, you can protect to the fullest extent the interests of your family and your business associates by making a will and naming this Company executor-trustee.

THE "Self Starter," monthly house organ of the Minnesota Loan and Trust Company, Minneapolis, makes exceptionally good use of color in the printing of this interesting publication. The December and January numbers, printed in two colors, combine some very human reading matter with discriminating use of color and excellent layout and typography.

THE January issue of "Number Eight," widely known house organ of the National City Bank of New York, contains



The Main Street of the World

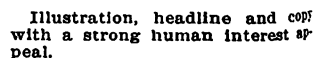
At Your Service
1. Savings Bank
2. Loan Office
3. Trust Department
4. Insurance Department
5. Real Estate Department
6. Automobile Department
7. Fire Department
8. Marine Department
9. Life Insurance Department
10. General Insurance Department
11. Bond Department
12. Stock Department
13. Commodity Department
14. Foreign Exchange Department
15. International Banking Department
16. Correspondence Banking Department
17. Remittance Department
18. Letter of Credit Department
19. Draft Department
20. Bill of Exchange Department
21. Bank of Deposit
22. Bank of Issue
23. Bank of Redemption
24. Bank of Payment
25. Bank of Collection
26. Bank of Discount
27. Bank of Interest
28. Bank of Dividend
29. Bank of Profit
30. Bank of Loss
31. Bank of Risk
32. Bank of Uncertainty
33. Bank of Chance
34. Bank of Fate
35. Bank of Fortune
36. Bank of Destiny
37. Bank of Luck
38. Bank of Power
39. Bank of Wealth
40. Bank of Success
41. Bank of Honor
42. Bank of Respect
43. Bank of Esteem
44. Bank of Admiration
45. Bank of Love
46. Bank of Friendship
47. Bank of Kindness
48. Bank of Mercy
49. Bank of Grace
50. Bank of Peace
51. Bank of Joy
52. Bank of Happiness
53. Bank of Contentment
54. Bank of Satisfaction
55. Bank of Well-being
56. Bank of Prosperity
57. Bank of Abundance
58. Bank of Plenty
59. Bank of Riches
60. Bank of Greatness
61. Bank of Magnificence
62. Bank of Splendor
63. Bank of Grandeur
64. Bank of Majesty
65. Bank of Dominion
66. Bank of Power
67. Bank of Authority
68. Bank of Control
69. Bank of Influence
70. Bank of Prestige
71. Bank of Reputation
72. Bank of Fame
73. Bank of Glory
74. Bank of Honor
75. Bank of Respect
76. Bank of Esteem
77. Bank of Admiration
78. Bank of Love
79. Bank of Friendship
80. Bank of Kindness
81. Bank of Mercy
82. Bank of Grace
83. Bank of Peace
84. Bank of Joy
85. Bank of Happiness
86. Bank of Contentment
87. Bank of Satisfaction
88. Bank of Well-being
89. Bank of Prosperity
90. Bank of Abundance
91. Bank of Plenty
92. Bank of Riches
93. Bank of Greatness
94. Bank of Magnificence
95. Bank of Splendor
96. Bank of Grandeur
97. Bank of Majesty
98. Bank of Dominion
99. Bank of Power
100. Bank of Authority

THE UNION TRUST CO.
CITY BUILDING 814 BROADWAY
RESOURCES OVER 200 MILLION

A strong and well presented picture of the facilities of the foreign department of a large modern bank.

71 Murray St., New York City

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.—*E. H. Kittredge.*



Bank Advertising Exchange

IMPORTANT NOTICE

This list is being completely revised. All members are urged to correct their mailing lists accordingly. Names will remain on this list with the understanding that those listed are willing to exchange booklets, folders and other publicity matter as issued during the coming year. In order that the fullest measure of mutual helpfulness may be brought about in 1924, every member is urged to live up to this agreement conscientiously and to make a liberal distribution of advertising material.

Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy.-treas.
 Berkeley, Cal., 1st Nat'l Bank, G. L. Pape, V. P.
 Boston, Mass., 1st Nat'l Bank, Brighton office, T. F. Megan, asst. manager.
 Boston, Mass., National Shawmut Bank.
 Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. vice-president.
 Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
 Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
 Brooklyn, N. Y., Williamsburgh Svgs. Bank, A. E. Leighton, adv. mgr.
 Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
 Buffalo, N. Y., Marine Tr. Co., Harold McDougal, asst. secy.
 Buffalo, N. Y., Peoples Bank, C. R. F. Wichendon, mgr. bus. extension dept.
 Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
 Camden, Ark., Merchants & Planters Bank, P. T. Hildebrand, cash.
 Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Auracher, adv. mgr.
 Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman, V. P.
 Charleston, W. Va., Kanawha Nat'l Bank, Lee S. Trimble, tr. officer.
 Chattanooga, Tenn., American Tr. & Bkg. Co., E. Lee Smith, asst. cash.
 Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, asst. tr. off.
 Chicago, Ill., Ray E. Bauder, 746 S. Michigan Ave.
 Chicago, Ill., Central Trust Co. of Ill., Louis W. Carboy, adv. mgr.
 Chicago, Ill., Liberty Tr. & Svgs. Bank, Milton Rosenthal, asst. cash.
 Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, secy.
 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.
 Chicago, Ill., Utility Securities Co., Paul A. Jenkins, adv. dept.
 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., J. F. Coulston, chairman adv. com.
 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, W. F. Grieser, cash.
 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.
 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, cash.
 Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
 Gardner, Mass., Gardner Tr. Co.
 Goldsboro, N. C., Wayne Nat'l Bank, W. E. Stroud, V. P. & cash.
 Greenville, S. C., Woodside Nat'l Bank, J. L. Williams, V. P.
 Haverhill, Mass., 1st Nat'l Bank, C. A. Rathbone, V. P.
 Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
 Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
 Jacksonville, Fla., Atlantic Nat'l Bank, J. M. Quincy, asst. cash.
 Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell, adv. dept.
 Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
 Kankakee, Ill., City Tr. & Svgs. Bank, C. A. Mueller, cash.
 Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
 Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
 Lansing, Mich., Am. State Savings Bank, James H. Shepherd, mgr. new bus. dept.
 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, asst. cash.
 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.
 Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, Pres.
 Milwaukee, Wis., Second Ward Securities Co., Burr E. Lee, mgr. bus. serv. dept.
 Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. E. 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.
 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.
 New Orleans, La., Whitney-Central Nat'l Bank, M. L. Bouden, pub. mgr.
 N. Y. C., American Express Co., 65 Broadway, S. D. Malcolm, gen. mgr. adv.

- N. Y. C., American Union Bank, pub. mgr.
 N. Y. C., Bank of America, Ann M. Gurley.
 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., L. H. Meehan, asst. V. P.
 N. Y. C., Gotham Nat'l Bank, B. W. Griffin, pub. mgr.
 N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd St.
 N. Y. C., The Manhattan Svgs. Institution, H. J. Molloy.
 N. Y. C., Manufacturers Tr. Co., Daniel Lipsky.
 N. Y. C., Mechanics & Metals Nat'l Bank, S. J. Keator, adv. mgr.
 N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
 N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 N. Y. C., Trade Bank of N. Y., R. Stein.
 N. Y. C., Union Bank of Canada, A. G. Sciater, adv. mgr.
 N. Y. C., Western Union Tele. Co., H. L. Hamilton, adv. mgr.
 Northampton, Mass., Hampshire Co. Trust Co., G. L. Willis, pres.
 Norwich, Conn., Chelsea Svgs. Bank, J. D. Colt, asst. treas.
 Oak Park, Ill., Oak Park Tr. & Svgs. Bank, L. A. Claranah, mgr. new bus. dept.
 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., Tradesmens 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., Pennsylvania Tr. Co., F. Le Moynes Page, secy.
 Plainfield, N. J., The Plainfield Trust Co., Miss M. E. Schoeffel.
 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., Arthur J. Meyer, pub. mgr.
 San Antonio, Tex., Central Tr. Co., D. Ansley, V. P.
 San Antonio, Tex., City Nat'l Bank, H. M. Hart, V. P.
 San Francisco, Cal., 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. I. Waldron, director serv. dept.
 Scranton, Pa., 3rd Nat'l Bank, Theda A. Hoppe, mgr. new bus. dept.
 Shelbyville, Ill., 1st Nat'l Bank, J. C. Hber-spacher, V. P.
 Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
 Smithtown Branch, N. Y., Bank of Smithtown, J. A. Overton, cash.
 South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
 Spokane, Wash., Old Nat'l Bank-Union Tr. Co., A. F. Brunkow, pub. mgr.
 St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, pub. mgr.
 St. Louis, Mo., 1st Nat'l Bank in St. Louis, Frank Fuchs, pub. mgr.
 St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
 St. Louis, Mo., Mercantile Tr. Co., S. P. Judd, pub. mgr.
 St. Louis, Mo., Nat'l Bank of Commerce, W. B. Weisenburger, asst. to pres.
 Stroudsburg, Pa., Stroudsburg Nat'l Bank, F. L. Stackhouse, cash.
 Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Bize, pres.
 Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, asst. secy-treas.
 Toronto, Canada, 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. Clabaugh, 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., 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., Miners Bank, W. J. Ruff, cash.
 Wilkes-Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. pub. and new bus. dept.
 Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, pres.
 Youngstown, Ohio, 1st Nat'l Bank & Dollar Svgs. & Tr. Co., J. N. Higley, pub. mgr.



International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

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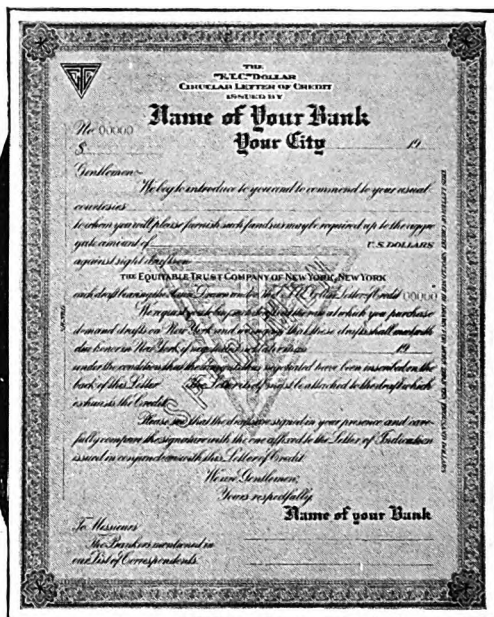
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Invisible Items in International Trade*

THE increasing importance of the so-called "invisible" items in American trade has rendered it necessary to have some competent estimate as to their volume. Therefore, the Department of Commerce undertook an exhaustive investigation covering the calendar year 1922.

Our international balance sheet is not made up alone of the values of our imports and exports of merchandise and precious metals, which are capable of determination statistically month by month. For the last two decades the volume of those transactions which, for lack of a better term, are referred to as "invisible" exports and imports, has become of steadily increasing importance.

These items, embracing the movement of capital, and the movement of current items, such as interest, remittances of emigrants, tourist expenditure abroad, ocean freights, and so on, have now come to be of such a volume as entirely to dominate what is known as the "favorable" or "unfavorable" trade balance from merchandising account. For instance, for 1922 there was due us from foreign countries, from the excess of our exports over our imports of merchandise, an amount of \$754,000,000. However, when we take into account such "current invisible" items as the movement of interest, remittances to emigrants, tourist expenditure, ocean freights, etc., we find that our citizens have sent to or spent in foreign countries a net balance on these accounts of about \$425,000,000 more than we received on such accounts, and thus the balance due us is reduced to about \$329,000,000. As affecting this sum we have received about \$246,000,000 net gold and silver imports, and in addition there has been the invisible movement of loans and credits. Thus the net balance on the year's business due to us is reduced to about \$83,000,000. We had, however, large capital operations during the year. We have exported capital

in the shape of purchases of foreign securities, etc., over and above the imports of capital of the same character to the net amount of about \$669,000,000 during the year 1922. The only evident explanation is that this sum (except for \$83,000,000) represents the funding of open obligations previously due to us.

A full comprehension of the invisible items and their approximate value is not only of profound importance in assessing our international balance sheet, but no sound conclusion can be made concerning the effect of foreign trade movements upon our credit structure, or upon the ability of foreign countries to purchase our commodities or to pay their debts, or upon exchange rates, or upon the movement of gold, or the ultimate trend of price levels compared with those of other nations, without some comprehension of our full balance sheet, including the invisible items.

In this undertaking the Department of Commerce has had the full co-operation of the principal banks, merchant houses, shipping companies, statistical services of the Treasury, and other Government agencies. It has had the advantage of the individual judgment of many institutions and prominent men as to the weight to be attached to the data obtained.

From the nature of things these movements can not be recorded statistically, so that the process is necessarily one of estimation. The fact must be emphasized that such items are merely estimates, with a varying degree of accuracy. Many of them are subject to wide variation in judgment, and the result may be in error \$150,000,000 either way, although the tendency is for over and under estimates on opposite sides of the balance sheet to neutralize each other.

The accompanying table is a short

*From the annual report of the Secretary of Commerce.

summary of the results arrived at, items under the heading "current items" broader details of which are given in are likely to be more or less constant the full report of the investigation: over long periods, whereas specie and

ESTIMATED INTERNATIONAL BALANCE OF PAYMENTS, 1922
(In millions of dollars)

CURRENT ITEMS

Inward or credit movements (exports):

Invisible items—

Governmental receipts from foreign nations.....	170
Interest on American capital abroad	227
Freight payments receivable on exports.....	71
	468

Visible items (goods)—Exports of merchandise **3,867**

Total **4,335**

Outward or debit movements (imports):

Invisible items—

Governmental expenditures abroad	29
Interest payable on foreign capital in United States.....	100
Freight payable on imports	64
Immigrants' remittances and European relief	400
American tourists' expenditures	300
	893

Visible items (goods)—Imports of merchandise **3,113**

Total **4,006**

Net favorable balance **329**

GOLD AND SILVER MOVEMENT

Visible items (specie):

Exports of silver	63
Exports of gold	37
	100
Imports of silver	71
Imports of gold	275
	346

Net imports (specie) **246**

CAPITAL MOVEMENT

Inward capital items:

Foreign loans matured and paid	78
Foreign securities resold abroad	189
American securities sold abroad	61
	328

Outward capital items:

New foreign bond issues in United States (excluding refunding loans).....	637
Foreign securities issued abroad but sold to the United States.....	326
American securities formerly held abroad sold to United States.....	34
	997

Balance **669**

A distinction is made above in the "invisible" items for purposes of discussion between "current items" and "capital movement" of somewhat the same character as that made between capital and revenue expenditures and receipts in business operations. The

capital movements are likely to fluctuate widely from year to year according to business conditions and the balances of "current items."

It is obvious that there are wide changes in progress in our international balance sheet for the year 1923 as com-

pared with 1922. It is improbable that we shall have any considerable merchandise balance in our favor. There has been a continued movement against us in the current items of "invisible" exchange. There has also been a much smaller movement in the export of capital. There has been a continued import of gold despite this situation. The explanation of the latter possibly lies in the fact that there has been a large export of our currency which is being held and used abroad, and there are some evidences that many countries in Europe have been increasing their open balances in the United States and their investments in American securities, resulting at least partially from a "flight of capital" from the fluctuating currencies abroad to our gold securities.



Great Britain

A LOOK BACK—A GLANCE AHEAD

One of the chief functions of the chairman of a bank in his address at the annual meeting of the board of directors is that, unlike Lot's wife, he is required to look back and to review the year's developments. To this duty he also adds that of prophecy for the year ahead. The annual meetings of the boards of directors of large English banks were made notable by these looks behind and glances ahead on the part of eminent financiers and accepted authorities.

At the Midland Bank meeting, Reginald McKenna, chairman, expressed the belief that the investigations of the Reparations Commissions would lead to "some change of mentality in dealing with the subject of reparations." Mr. McKenna advised a financial policy based on keeping a middle course between the whirlpool of inflation and the rocks of deflation. "When trade is improving," he said, "and the unemployed are being absorbed into industry, if the price level is to remain stable, the monetary policy should be

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directed to an increase in the supply of money. If there is to be an increase in employment, banks must obtain additional cash resources, and this can only be effected by the Bank of England letting out more money."

At the annual meeting of Barclay's Bank, W. C. Goodenough dwelt on the need of a gradual restoration of the pre-war gold standard, the importance of the funding of the British debt to America, the causes of the fall of sterling and the proposed capital levy by the Labor Party. Mr. Goodenough's remarks on the fall of sterling were, in brief, as follows:

Within recent months, there has been a considerable fall in the New York rate, but this should not be allowed to create alarm. There is always a heavy trade demand for dollars in the autumn and early winter, and the supply of dollars has been affected by the necessity of providing for the



Adding Machines

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FIRST NATIONAL BANK DETROIT MICHIGAN

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instalment on the British debt to America. This was part of the price paid by Britain for the benefits accruing from her recognition of contractual obligations. The Exchange is affected also, not only by her own dollar requirements, but by large purchases from the Continent and, perhaps, to some extent, by certain mischievous and foolish rumors as to the possibility of a departure from the paths of sound finance which deserved, and should receive no credence.

Since 1920 the British budget has been balanced and over 200,000,000 pounds sterling of foreign debt repaid, besides considerable reductions effected in internal debt. During the last two years prices have been kept at a very stable level and although there has been a slight increase within the last few months, this increase has in some part occurred in commodities which were influenced by American rather than by British conditions. Mr. Goodenough stated emphatically that in his opinion British credit stands firmer today than at any time since the War and that as to the intrinsic value of the pound there can be no doubt. Proceeding, he commented upon the trade position, observing that during the last few months there have been signs of a definite improvement, and unemployment has declined. This improvement could best be maintained and encouraged by stability.

At the annual meeting of the National Provincial Bank its chairman, Sir Harry Goschen, warned his hearers and British financial circles that the supremacy and prestige of the pound sterling is threatened by American dollars and Dutch guilders. "The man who has something to sell," said this expert, in discussing the position of sterling, "wishes to be paid in a stable currency." Developing this point, he added:

Since the war we have done much toward reinstating the pound sterling in its old position by the re-establishment of our national credit, but credit is a tender plant, and we have seen by the depreciation of the pound, as expressed in the fall of American exchange from the highest point it touched, 4.72, to its present level, how suspicion of any manipulation of the national finances, or the mere mention of inflation even in irresponsible quarters, has affected our national credit.

ENGLISH POLITICS AND WALL STREET

The sensitive and intimate interrelation of political ideas and finance



New Orleans

XII

"The Wall Street" of New Orleans

Like a strong magnet lower Carondelet Street has attracted the financial institutions of New Orleans until today the banks on this street represent the bulk of the \$300,000,000.00 of banking resources which establish New Orleans as the financial Metropolis of the South.

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

was pointedly shown by the effect in Wall Street on American securities of an English political concept. The following sequence of events occurred: A Labor Premier moves into 10 Downing street as the "business man Premier," Stanley Baldwin, moves out—in Wall Street there is a decided upswing of the market.

This cause and effect relationship was explained by the Ex-Chancellor of the Exchequer, Sir Robert Horne, at the farewell luncheon tendered him by the Brokers Club. The fear of the capital levy had caused British investors to buy heavily in the American stock market.

Financial circles in England have been greatly interested in the so-called "flight of capital" arising from fear of Labor's intentions. At the annual meeting of Alexanders Discount Company of London the chairman remarked that

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THE ability of Barclays Bank to supply present day demands for credit is measured by total deposits in excess of \$1,507,700,000 as of December 31, 1923. The administration of banking services generated in this vast credit reservoir is conducted through more than 1700 branches in England and Wales, including foreign branches in London, Manchester, Liverpool, Bradford, Birmingham and other important centers which are completely equipped for the transaction of overseas business.

Barclays' banking affiliations radiate from London to all of the principal cities and towns of the Continent, of Asia, Africa and Australia, reaching the furthest outpost of enterprise. American Banks are cordially invited to make use of Barclays' facilities for their overseas requirements of every description.

December 31, 1923

Authorized Capital . . .	\$100,000,000
Issued and Paid-up Capital .	77,961,860
Reserve Fund	41,250,000
Total Resources	1,665,348,615
	(85—£ 1)

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Sir Herbert Hambling, *Deputy Chairman*

Edmund Henry Parker, *Vice-Chairman*

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"it has been regrettable to see the weakness of the dollar exchange, due in some measure to nervous investors trying to get their capital out of this country. Not only is such action, in my opinion, rather unpatriotic, but it is also likely to result in ultimate loss to such investors and to prove futile so long as they retain British domicile."

IRISH FREE STATE'S FINANCES

The friends of the Irish Free State were greatly pleased with the easy success of the Free State Loan in January. A feature of the subscriptions was the large number of small investors from all parts of the country. It is reported that bankers, who had underwritten about half of the issue, were relieved of their commitments by the volume of applications for allotments. The loan was oversubscribed three days before the date set for the closing of the lists.

The loan was an internal one of £10,000,000, the rate of interest 5 per

cent. Another loan will be floated this coming spring, and the Minister of Finance at Dublin has expressed the opinion that it will be absorbed as readily as the one just issued.

Commenting on this loan and the significance of its oversubscription the *London Statist* writes as follows:

The strength of the market for National Loan must have surpassed the most sanguine hopes of its supporters. In stock-broking and banking circles particularly the rush of buying orders occasioned no inconsiderable surprise. The issue price was 95 and on the opening day the market rose to 99. Today it is 98-98½. This result serves to indicate the confidence reposed in the government throughout the country and strikes a death-blow at the hopes of its opponents, for the many holders of the loan—firm holders in the real sense of the word—will see to it that the security of the state is imperilled by no rash action of theirs. In the administrative sphere the government can now act with renewed vigor, more particularly in the control of local governing bodies, the wastefulness and the

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Record of progress during the last eight years:

	Capital and Reserve funds	Resources
Dec. 31st, 1915	(gold) \$212,000.00	(gold) \$351,478.64
" 31st, 1916	413,828.31	670,198.16
" 31st, 1917	650,000.00	958,555.99
" 31st, 1918	770,000.00	1,077,257.85
" 31st, 1919	930,000.00	2,386,697.16
" 31st, 1920	1,050,000.00	2,103,893.63
" 31st, 1921	1,240,000.00	2,470,935.90
" 31st, 1922	1,070,000.00	3,556,639.73
" 31st, 1923	1,380,000.00	3,864,020.57

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inefficiency of which have excited bitter criticism from every quarter.

* * *

The figures for November published by the Board of Trade reveal a substantial increase in the business done by Great Britain and Northern Ireland with the Free State, not only in British but also in foreign and Colonial merchandise exports.

BANK PROFITS—1923

With few exceptions banking profits for 1923 in England were below those of 1922. Dividends, however, have been maintained at the usual rate. In an editorial on the reports of bank earnings for last year the London *Economist* states that, "fortunately for shareholders, the decline in profits coincided with a period of rising security values, which has obviated the necessity for writing off large amounts of profits to meet investment depreciation. Were it not for this fact, and the fact that by the rise in security values large hidden reserves have been automatically

credited, it is doubtful whether it would have been possible to maintain the substantial rates of dividend which shareholders are receiving."

The decline in profits since 1920 in the case of the "Big Five" English banks has been severe. In 1920 Barclay's profits were £2,927,500, Lloyd's £3,287,700, Midland £2,881,900, National Provincial £2,762,500 and Westminster £2,915,700.

ENGLAND'S NET TRADE BALANCE

England's foreign trade for last year totaled £1,983,916,985—an increase of £157,615,956, or 8 per cent. The most notable increase was in the re-export trade which expanded by nearly 14½ per cent. The increase in imports amounted to 9½ per cent. and in total exports to slightly over 7½ per cent. The visible adverse balance of trade was about £203,000,000, excess of imports over exports.

This visible adverse balance is more than offset, however, by the "invisible

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S. N. POCHKHANAWALA, Managing Director

exports." The board of trade in February calculated the "invisible exports" to stand at £300,000,000, consisting of the following items: 1. Income from foreign investments—£150,000,000; 2. Income from shipping—£110,000,000; 3. Income from commissions—£30,000,000; 4. Income from other sources—£10,000,000.

Deducting the visible adverse balance of £203,000,000, a favorable trade balance of £97,000,000 is shown. This compares with £155,000,000 net balance in 1922 and with £181,000,000 in 1913.

France

"THE BATTLE TO SAVE THE FRANC"

Despatches from Paris indicate that all France is stirred up by the "battle to save the franc." The Paris correspondent of the New York *Tribune* reports that the nation is, in fact, rallying to the slogan "Defend the franc as a means of defending France." This observer writes that: "economically France is cleaning house, and aside from government measures for heavier taxes and official economy, the strategy of France in the main is economy on the part of the population, taking the form of a favorable boycott against foreign imports, irrespective of the Government's trade treaties or commercial agreements."

UNITED STATES TRADE INVOLVED

If this campaign for boycotting imported goods should gain headway the

United States would lose considerably. The American Chamber of Commerce in Paris has just published the trade figures for 1923. They show that during the first ten months of 1923 American merchants and manufacturers sold to France 3,773,389,000 francs worth of goods, of which no less than 1,750,000,000 francs covered cotton goods in one form or other, and more than 667,000,000 covered mineral oils, principally gasoline for automobiles.

France sold the United States in the same period mainly articles of luxury, of which the leading items were cloths and silks amounting to 336,000,000 francs, and lingerie valued at 277,000,000. Hence the balance of trade favored the United States more than 1,700,000,000 francs, and it is this fact the French are taking into consideration in promoting the campaign to think twice before purchasing anything which is not of French origin.

How well conducted is this campaign to keep the franc within the country, through purchase of domestic articles exclusively, is shown by the exhortations of no less able a publicist than Stephen Lausanne, editor of the *Matin* and one of the promoters of the campaign. M. Lausanne urges Frenchmen particularly to pass up the fresh wine liquors and fruits now being imported from Spain, Scandinavia, Holland and England, for which they pay well over 1,000,000,000 francs a year.

M. Lausanne explains the operation



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=Latv. Rbls. 250,000,000.

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ED. LAMPE, Director.
G. UPENEK, Director.
E. MAGNUS, Solicitor.
TH. WEITZEL, Assist. Managing Director.

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AGENTS

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of foreign trade to France's detriment as follows:

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THE GOVERNMENT, THE BUDGET, THE FRANC

Although it was the grave decline of the franc on exchange in late January that stirred the government to take action respecting increases of revenue, the action contemplated will affect favorably the entire budgetary position of France. The proposals of the Poincare ministry have received wide publicity and may be summarized as follows:

	Francs
New budgetary economies.....	1,000,000,000
Increase of all taxes and duties by 20 per cent. except customs duties of a protective nature.....	4,000,000,000
Intensive tax collection, and other means	2,000,000,000

making a total estimated annual increase in revenues of 7,000,000,000 francs. On February 7 the Chamber of Deputies gave authority to the government to proceed with certain economies by decree. M. Tardieu on February 12 attacked Premier Poincare's proposal to increase taxation by 20 per cent. on the ground that trade would suffer.

FRENCH PUBLIC AND THE FRANC

In an analysis of the state of mind of the French people toward the decline of the franc and in an appraisal of the favorable factors hinting at an early recovery in exchange the Paris financial correspondent of the *New York Times* writes as follows:

In a certain section of the French public fear of a further fall in the franc has not yet disappeared. The state of mind has shown itself in the rise of prices for land, houses and certain industrial securities, which many people have been buying in the belief that such holdings would protect them against decrease in the value of the currency.

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SUBSTITUTE FOR GASOLINE?

The national drive to curtail imports, together with the regular industrial eagerness to effect economies on a sweeping scale, give special interest to the recent tests of a possible substitute for gasoline. A process has been invented by an Alsatian engineer for the use in all automotive engines of a gas generated from charcoal. The French War Department is conducting tests in the artillery department and the process has already been adopted for practical demonstration by two large automobile makers—Berliet and Dietrich.

The tests conducted by the former company appear to have been sufficiently successful to cause M. Herriot (who was president of the National Petrol Commission during the war) to hail charcoal as a substitute for gasoline, with an eventual saving of the greater part of 1,000,000,000 francs expended annually abroad for motor fuel.

Italy

THE ITALO-RUSSIAN TREATY

The Italian-Jugoslavian Treaty of January was followed by the Italo-Russian Commercial Treaty of February 7. Just as the first-named treaty included important commercial clauses relative to trade in the Adriatic, so the treaty with Russia gives to Italy valuable commercial rights. The Italian flag is given preference for coasting trade in the Black Sea, and this is considered a notable gain because of the present depression in the shipping industry.

Financial circles in Italy lay emphasis on certain clauses referring to customs and commerce, the full details of which are not yet announced. In addition to shipping preferences for Italian vessels in the Black Sea there are other gainful clauses of the treaty providing for exchange of Italian manufactured goods against Russian wheat.

In this connection it is pointed out

This opinion, which is mostly held by an ignorant majority, cannot change itself in a day. Paris financial circles freely admit that improvement in the franc itself would be necessary to alter that popular view.

On the other hand, however, Paris financiers who judge the situation objectively, consider that there are now important factors at work which should favor improvement in the franc. One is that the January decline of the franc caused very considerable increase in purchase of French goods by foreign countries; another is that the season for the arrival of foreign tourists in France is now approaching.

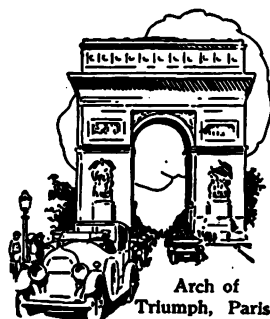
Meantime people who are well informed regarding what goes on behind the scenes in the French Parliament are entirely convinced that the financial bills for higher taxes and increased economies will be passed by both chambers. Finally the impression is growing that the work of the expert commission will obtain tangible results and that some German payment on reparations account, which had lately been considered a chimerical hope, will become a reality. Even the prospect of this might reasonably be discounted in the exchange market.

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that Italy will now, by the treaty, be able to buy wheat and oil from Russia on more advantageous terms than from the United States because of the fact that the lira counts for more in Russian exchange than it does against dollar exchange.

Business circles in Italy expect much from the treaty and point out that the convention provides for numerous reciprocal benefits, including a reduction of Russian tariffs in favor of Italian ports; the consignment to Italy by Russia of cereals and foodstuffs; the purchase by Russia annually of a certain quantity of Italian industrial products; reservation of coastwise traffic in the Black Sea for the Italian flag, and the surrender by Italy of property in Italy belonging to the former Russian Empire.

STABILITY OF THE LIRA

The relative stability of the lira on exchange, especially in view of the decline of neighboring currencies, has attracted favorable notice. It will be recalled that there was unconcealed satisfaction shown in Italy when on January 16 the lira, for the time being, went above the franc on exchange.

In an editorial the London *Times* comments as follows on the showing of the lira:

The relative stability of Italian currency in the last three months is a tribute not only to the energy with which the Italian people have grappled with their post-war difficulties, but a shining example of what a sound financial policy can achieve even when conditions in neighboring countries are far from being helpful. Since November 1 the Italian exchange has improved from 99 13-16 lire to the pound to 97 1-8 lira. It is true that in the same period sterling has depreciated—the sterling exchange having fallen from \$4.48 to \$4.23 11-16—and that the lira has therefore lost a part of its gold value since November, but it should be noted that in the same period the French and Belgian currencies have depreciated heavily in sterling. If Italy had not pursued a cautious policy her exchange would have shown a tendency to follow the course of the other Continental rates. In view of the progress of events in the country in the last year it seems not unlikely that Italy may be the first of the important Continental nations to tackle the question of returning to the gold standard.

ITALIAN NEWS NOTES

The Italian Government is planning to float an internal loan of 1,000,000,000 lire at 5 per cent.——Practically every Italian steamship line is said to be subsidized by the government. During 1923 the subsidies amounted to 147,300,000 lire and the same figures are fixed for this year, with provision for renewal in later years.——There has been a marked decrease in unemployment in Italy. The latest statistics available are as of October 31, 1923, on

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which date the figure stood at, roundly, 200,000 or 121,000 fewer out of work than on the corresponding date for the year previous.—In view of the undeniable improvement in commercial and industrial conditions in Italy during last year there was a curious increase in the number of business failures. For the first ten months of 1923 there were 4614 failures, which was an increase of 1606 more than for the same period of 1922, an increase of 52 per cent. However, there was a decline of 35 per cent. in the amount of liabilities involved.

ITALIAN-CANADIAN COMMERCIAL PACT

In view of the charge frequently made in the foreign press that Mussolini had neglected to develop favorable relations between Italy and other countries, there is special interest attaching to the series of commercial and political treaties recently concluded. The treaties with Russia and Jugoslavia have been referred to. Still another commercial pact has been announced—that with Canada.

By the terms of this pact, Italy and Canada grant each other favored nation customs treatment.

The principal products entitled under the Italo-Canadian treaty to special rates lower than the intermediate on importation into Canada are food supplies, including canned meats, vegetables, fruits and nuts, essential and olive oils, fish, confectionery, and wines; and embroideries, laces, silks, fabrics, feathers, furs, gloves, perfumery and

toilet articles, rugs, musical instruments, motor and other vehicles, films, and printed matter.

Germany

THE FINANCIAL INVESTIGATION

On February 12 the committee investigating Germany's financial condition (known as Committee No. 1), under the chairmanship of Mr. Dawes, concluded its work in Berlin and returned to Paris. There is great eagerness to learn the findings and final recommendations of the committee, and a report from Paris seemed to indicate that M. Poincare would leave to the Reparations Commission the decision as to the value of the committee's recommendations.

Committee No. 2, for investigation into the amount of exported German capital, is also hard at work, although its findings are not expected till later. The work of this committee was derided by Hillaire Belloc in an article to the *New York Evening Post*, in which that writer said that nobody should expect that that committee would reveal the inside workings of international finance.

OPTIMISM IN GERMANY

The presence of the Dawes Committee in Berlin has caused a feeling of optimism in German financial circles. Just before the committee left Berlin it listened to long *exposés* read by the president of the Chamber of Commerce

and also by the head of a large Stinnes industry.

On the departure of the committee Dr. Schacht, president of the Reichsbank, announced that the Dawes Committee are hopeful of "establishing a definite currency bank and executing a practical currency plan." Dr. Schacht also announced that the committee favored his plan for a gold bank.

THE GOLD BANK IDEA

On January 22 the Dawes Committee announced in a communique that it had

... reached the opinion that an independent gold bank should be established, partly by mobilizing some part of the free reserves of gold and foreign currencies which may exist in the hands of German nationals and which at present discharge no economic function, and partly by co-operation of foreign capital. In their view such a step will form part of the ultimate plan to secure future budget equilibrium and stable currency.

Dr. Schacht in outlining his gold bank idea said in a statement to the press that:

Germany can not come to a definite gold currency by its own strength and efforts. I therefore directed my first-line efforts to making the dead foreign exchange capital both at home and abroad serviceable to the gold bank. In this connection I did not have the intention of creating a currency bank which would directly put money into circulation. In my project there was no idea of exchanging paper marks and rentenmarks for gold bank notes.

To keep this bank and its capital free from political influences, etc., gold capital must be deposited abroad. The capital of this gold bank could be made serviceable either by credits abroad or the issuance of notes, certificates, etc., against foreign exchange or first-class commercial paper. It was not purposed, for instance, to give out these gold notes for paying wages or the purchase of goods or materials.

Definite rehabilitation of the German currency, such as the experts have in mind, can naturally be brought about only by international action in raising the requisite gold. It speaks for the business-like objectivity of the experts that for this ultimate currency they have in mind a number of safety measures for guaranteeing the independence of the bank from political influences both at home and abroad.

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GERMAN OPPOSITION TO GOLD BANK

That all German financial opinion is not favorable to the gold bank idea is shown by the statement made by the president of the Reich Land League. This authority expressed the view that:

Protest must be made against payments of reparations and military occupation costs. Schacht has talked too much in Paris about the gold note bank. It is to be located in a foreign country and thereby German financial sovereignty is buried and we are brought into complete serfdom.

Helferich is the creator of the rentenbank. He wanted to avoid exactly what will come to pass with the gold note bank, to wit, the loss of our own currency and our being financially delivered into the hands of our enemies.

The reference to Herr Helferich is significant as indicating the breach between two rival financial factions, one

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led by Dr. Schacht and the other by Herr Helfferich.

POSSIBLE PROTECTIVE TARIFF

On January 10, 1925, Germany will regain full liberty to negotiate commercial treaties with foreign powers without the necessity of granting special rates to her former enemies. The Council of the League of Nations has failed to extend the five-year period during which Germany was required by the Versailles Treaty to grant most-favored-nations treatment to former enemy countries.

Of interest, in view of this fact, is the statement made by Count Kanitz, Minister of Agriculture, that the German Government plans to come to the relief of German farmers by returning to a system of protective duties on agricultural products.

Norway

IMPORT LEGISLATION

An important bill was recently passed by the Storting by the terms of which all import duties are to be paid by the gold rate value of the ruling customs tariffs. This legislation is the result of the determination of Premier M. Birge, who is also Finance Minister, to balance the state budget. The new customs arrangement will increase the state revenues by an annual amount of 42,000,000 kroner.

The Christiana correspondent of *Lloyds Bank Monthly* in commenting on the new law said:

It cannot be denied that this step is exceptional, and that it is not in accordance with the free trade policy which seems to suit the interests of this country best. On the other hand it is being openly admitted that the bad post-war conditions in which our home industries have generally found themselves during the last few years owing to the ruinous dumping policy on the part of various foreign countries ought to be remedied as a simple act of justice. This has now been done. By the decision of the Storting the protection originally afforded to our home industries by the old tariff has again become a reality.

NORWAY AND DEFLATION

At a meeting of the Federation of Norwegian Industries recently there occurred a spirited discussion as to the best method for stabilizing the currency. Professor Cassell, the noted economist, read a paper on the Norwegian exchange problem and advocated, as the means to stabilization, that Norway should write down the parity of its national currency to its present level.

In opposition to this view M. Rygg, president of the Norges Bank, declared it to be Norway's moral duty and financial ambition to raise Norwegian kroner to their pre-war gold parity. The cheers which greeted this declaration proved that the sentiment of Norwegian financial and industrial leaders is strongly in favor of a return to the pre-war gold standard.

REVIEW OF 1923

In a general summary of the tendencies of Norwegian finance and com-



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merce for the past year the London *Economist* writes as follows:

As the year 1923 recedes into distance, it becomes more possible to appraise its economic features. It cannot be said to reveal very pleasing traits, on the whole. The banks, apart from those that had to seek the shelter of the Administration Act of March, most likely have had a tolerably good year; but out of the year's profits they will have to meet earlier losses. Big dividends cannot, therefore, be expected, the less so since the Bank of Norway has issued a request asking the private banks to show moderation in distributing dividends. The inveterate tendency of the exchange of sterling and dollars to turn against Norway, of course, causes difficulties, in as far as it enhances the prices of all the very important necessities of life that must be paid for in those two currencies. Naturally, this state of the exchange to some extent facilitates the export trade, but not nearly sufficiently to make up for the loss.

Agriculture, on account of a cold and very wet summer, had an unsatisfactory year. Industry was fairly well occupied, and unemployment was not so large as last year. In most of the big industries prices were, however, much reduced, so that the year's accounts of most factories will not be likely to show any considerable profits. Fisheries, of such enormous importance to the economic life of the country, were fairly good, yielding about 65,000,000 kroner, against 80,000,000 in 1922 and 55,000,000 in 1921. Shipping did not have a bright year, though there were decided points of encouragement.

There seems to be a general hope that, if no unforeseen events occur, better things may be expected, and one thing may be confidently said—the public authorities, of the state as well as of the municipalities, seem at last to have been awakened to the necessity of practising the most rigid economy in order to re-establish the economical

financial equilibrium of the country, and if that is thoroughly realized the gain will be inestimable.

Denmark

STABILIZATION FUND

In order to gain the power to regulate the rate of exchange, Denmark toward the close of 1923 obtained a banking credit of \$25,000,000. This credit was raised in two sections, in one of \$15,000,000 through five big London banks and in one of \$10,000,000 through the London branch of the National City Bank of New York.

When, at the end of January, there occurred a fall of 2 per cent. in the Danish krone, considerable interest was aroused in view of the exchange stabilization loan. The London *Times* in discussing this decline in Danish exchange stated, however, that the credit in question had not up to that time been drawn upon, and the *Times* argued that:

On the facts as regards the country's trade there is no ground for gloomy views, but rather the reverse, for the export trade lately has been improving and is now regarded as normal. Denmark has still an adverse balance of trade, but the margin is comparatively small.

DUMPING OF GERMAN GOODS

The textile industry in Denmark which had already been working under difficult conditions is further hindered by a new form of German dumping. This consists, according to *Lloyd's Bank*

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Monthly, of the establishment of "Danish" firms with German proprietors and capital. These firms are mostly dealing in ready-made dresses which are sold at dumping prices. In many cases they are direct branches of or closely connected with big German firms.

HIGHLIGHTS OF DANISH SITUATION

In general, commercial conditions in Denmark continue unchanged. The decline of the krone in late January, already referred to, led to a rise in the discount rate from 6 to 7 per cent. in order to assist the national currency. Activity in most lines is satisfactory, but there is some apprehension regarding labor in view of the fact that many labor contracts terminate during February and March and wage increases are expected to be demanded, with the consequent possibility of strikes. Unemployment, chiefly seasonal in character, is growing. The shipping situation, even in the face of ice hindrances is improving. Agricultural production

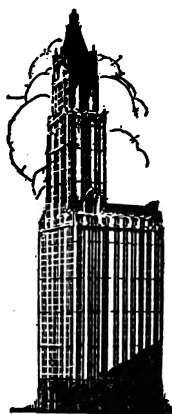
and exports of dairy products continue very heavy.

Russia

DEATH OF LENINE

The death on January 21 of Vladimir Lenine, Bolshevik dictator of Soviet Russia, caused great speculation as to the effect both on Russia's economic policies and on the attitude of other nations toward Russia. Lenine had come to be regarded as something of a moderate. In 1921 he made a partial admission of defeat and error in governmental policy although throwing blame for the economic collapse on the civil wars. At that time he said in a speech to the Russian Assembly of Political Education: "There can be no doubt of the fact that we suffered an economic defeat on the economic front and the defeat was severe."

Lenine then inaugurated a new economic policy. The main features of the new policy included:



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... the partial restoration of freedom of trade in agricultural products, abandonment of the practice of unrestricted requisition of labor and the substitution of a fixed labor tax, abandonment of uniform wages for employees of the same grade in enterprises operated by the state and the substitution of compensation according to the service rendered; leasing to private individuals of certain industrial establishments hitherto controlled by the state.

In the effort to start business and manufacture and reopen trade, many compromises were struck with foreign capitalists. Lenine, during the latter part of his active life, was the leader of this movement to resume trade relations with foreign governments. The granting of concessions to foreign capital was largely due to his influence. He insisted, however, that these concessions were not a return to capitalism.

RECOGNITION OF RUSSIA

It was commented on as a coincidence that Lenine's death came on the same day that a Labor government assumed power in England, a government com-

mitted to recognition of and trade with Russia. The expected recognition came at the end of the first week of power enjoyed by the Labor group. By the terms of recognition the old Czarist debts are to be adjusted at later conferences. It is thought in some quarters that these debts will be remitted by the English Government.

Shortly after the recognition by England a treaty was signed between Russia and Italy whereby the Union of Soviet Republics is recognized as the de jure government and important trade arrangements effected. It is reported that Austria also is on the point of formally recognizing Russia, while Roumania, Jugoslavia and Czechoslovakia discussed the subject at a conference in Belgrade. The Dutch Parliament has authorized the preliminary steps toward recognition.

FOREIGN LOANS TO RUSSIA

Krassin, Commissioner of Foreign Trade for the Soviet, announced in Mos-

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cow in late January that he had carried on negotiations in London for a loan to Russia amounting to from \$150,000,000 to \$250,000,000. In his speech Krassin said:

In all probability during the coming year Soviet Russia will on certain conditions obtain loans from foreign countries, as the capitalistic states themselves are interested in the re-establishment of Russia's national economy. Such loans would first go toward the re-establishment of agriculture, and I emphasize the statement that, should large credits be forthcoming, the Russian villages would be made unrecognizable within a period of five years.

Following recognition by Great Britain Krassin in a speech referred in a peremptory tone to the need of loans "in tens of millions of pounds" with deferred interest.

A FORMULA FOR RECOGNITION

The significance of this trend toward recognition of Soviet Russia is also indicated by the leading editorial in the

London *Statist* in its New Year's number. Under the caption "An Important New Year Problem" the *Statist* discusses this topic and concedes that "while complete agreement between the Powers and Soviet Russia is not immediately possible, events have been shaping themselves toward that end." After discussing certain aspects of the question the *Statist* concludes by suggesting the following formula as a basis for negotiations:

In order that the experience of the Hague should not be repeated, the following points must be emphasized:

1. Any fresh negotiations with Russia should only be entered into after complete agreement in policy between the Western Powers concerned, and particularly between Britain, France and America, as Russia's largest creditors. There is no real obstacle to such agreement.

2. A detailed scheme for aid in Russian reconstruction should be drawn up and agreed upon beforehand. In other words, Russia should be made a definite offer instead of vague promises.

3. Only *private* claims should be insisted

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upon at the new conference with Russia. Urging governmental claims at this stage would in all probability lead to futility.

4. *Recognition* of the debts only need be urged immediately. The manner and rate of payment could readily be agreed upon after the main point is conceded.

GRADUAL RETURN TO GOLD BASIS

New gold-backed currency in units of from three to five rubles is planned for Russia to the amount of \$10,000,000. At the beginning of April this issue and that of silver coins will entirely replace the present state paper. That the Soviet is proud of this step is shown by the editorial in *The Financial Gazette*, a new Russian newspaper. Referring to the new currency, the *Gazette* says: "That is our answer to the outer world. Look at Germany, France—at England, even—and compare them with us." By the end of 1924 Russia expects to have returned to the gold standard.

RUSSIA BUYING COTTON IN THE UNITED STATES

What is described as the first step toward trade on a large scale between Russia and the United States was the organization of the Russian Textile Syndicate, Inc. This is the American agent of the syndicate of that name which is a state-controlled trust in Russia. During the next year cotton, cotton seed and cotton milling machinery to the amount of \$50,000,000 is expected to be purchased in the United States.

Japan

JAPANESE LOAN

At the beginning of the year it was believed that the loans which were widely expected after the earthquake, would not be sought by the Japanese Government. On February 18, however, it was announced that negotia-

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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)

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NEW YORK AGENCY, 64 WALL STREET

tions for a loan had been completed. A loan of \$150,000,000 was then announced as New York's share and £25,000,000 as London's share.

Especially significant in connection with the proposed loan is the fact that for the first time in the history of Japanese Government financing, New York will handle a greater portion than London. Significant, too, in the light of Sir Harry Goschen's remarks as to the dollar threatening the pound sterling, is the fact that in the Continental countries participating in the loan the bonds will be payable in dollars rather than in sterling, with the exception of those brought out in London.

Commenting on this feature of the loan the *New York Tribune* remarked:

The shaping of an international financial operation on this basis marks a distinct departure from precedent, since in practically every case where a loan in which New York and London have been primarily interested has also been offered on the Continent the issue has been expressed in sterling or other foreign currency except for that part placed in the United States. This feature of the loan emphasizes the leadership taken by New York in the negotiations, notwithstanding that the bonds toward the repayment of which a large portion of the proceeds will be applied were issued in sterling.

RECONSTRUCTION PLANS

The settlement of the details of reconstruction plans and the reconstruction budget will not be effected until well on in 1924. The first outline of the plans as they affect Tokio provide for an expenditure of 1,500,000,000

yen, and it is expected that the work will be completed in about fifteen years. A general network of canals and rapid transit subways is planned, and these will provide increased facilities for traffic. The budget recently presented to the Diet allots for reconstruction work the sum of \$171,016,400 and the expenditure will be spread over the next six years. In addition to this allotment the Diet has already approved of loans to municipalities to the amount of \$7,500,000 for reconstruction.

DECLINE OF THE YEN

In mid-January the yen declined to 45 American cents, which represents a drop of 4 cents in the last two months. This decline is felt to be unescapable as a result of the fact that the Japanese have been obliged to make heavy rehabilitation purchases in America and England. The decline of 4 cents in two months is made more significant by the fact that in 1922 the discrepancy between the high and low points was only 1.76 cent.

The drop of the yen on exchange disturbed the government and financial circles of Japan and Japanese financiers expressed the belief that the flotation of proposed loans in New York and London would make it possible to utilize the Japanese reserves held abroad for the purpose of raising the yen rating.

GENERAL TRADE CONDITION

The trade activity which followed the earthquake has subsided by gradual

degrees, although business conditions are described as being fairly satisfactory. In certain industries, especially such as spinning, weaving, knit goods and electrical equipment, there is marked activity. Foreign trade continued adverse during November and the excess of imports over exports amounted, for the first eleven months of 1923, to 508,000,000 yén.

Latin America

LATIN AMERICAN LOANS

The Pan-American Union reveals from its compilation the fact that \$120,000,000 of Latin-American Government bonds were floated in the United States during 1923. Among the large issues were: \$50,000,000 to Cuba, \$6,000,000 to the Republic of Salvador, \$4,500,000 to the Government of Panama and \$2,000,000 to the State of Ceara in Brazil. In addition to these loans there were a number of industrial loans, principally to the sugar companies of Cuba. According to the summary made by the Pan-American Union of the financial situation in the Latin-American countries, the most important financial development of the year 1923 was the announcement of the formation of the American and Foreign Power Company, Inc., with the offering of \$38,400,000 of stock. This company was organized to take over public utility companies in Latin-American countries. On January 15 announcement was made of the offering of \$40,000,000 of Argentine bonds to run for thirty-three years.

ARGENTINA'S BUDGET

In November the Argentine Congress sanctioned the largest budget estimates ever presented to it. A special review of Argentine's fiscal situation made for the *New York Evening Post* states that this record-breaking budget has set the people of Argentine thinking along lines of fiscal reform. It is pointed out that the current budget calls for nearly twice the amount necessary to run the national administration in 1914, the present bud-

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Same de luxe tour that the Bankers and their friends enjoyed last summer. Personally conducted by Mr. W. V. Lifsey.

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1472 Broadway, New York

get estimate totaling \$635,000,000 paper. The Minister of Finance has proposed economies in the various departments of state to the amount of \$100,000,000 and the public response to this proposal has been encouraging.

A report published by the National Statistical Department gives the condition of Argentine's indebtedness as compared with 1922. Including national, municipal and provisional obligations the amount reaches \$3,000,000,000 Argentine paper. It is pointed out that it is not the size of this debt that causes concern, but rather "the difficulty in arranging for its distribution over such a period of time as will enable the burden to be shared equitably between present and future generations."

PUBLIC UTILITY PLANS

A new \$50,000,000 public utility corporation for the development of the

Banque Nationale Francaise Du Commerce Extérieur

Societe Anonyme

Organized under French Law of October 23, 1919

HEAD OFFICE: 21 BOULEVARD HAUSSMANN, PARIS

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

electrical resources of various Latin-American countries is in process of formation in New York City. The capital will be raised through the flotation of stock issues in the United States, Great Britain, France, Switzerland and Holland. The General Electric Company is back of the plan. The corporation will begin operations by establishing power stations at strategic points where there is water power available.

INVESTMENT POSSIBILITIES IN LATIN AMERICA

In the first of a series of surveys on the investment possibilities in Latin America which is being made by the Commerce Department at Washington, the Department points out the significance of the extension of American banking influence in South America, and the trend signified by the 34 per cent. increase in total trade between the United States and the Latin American countries. Trade between the sister republics to the south increased \$327,000,000 during the ten-month period ending November 1, 1923, as compared with the same period for 1922.

"The profits for the year 1923 after deducting general expenses and making all usual provisions, amount to £486,965 7s. 7d., which is £17,837 1s. 2d. less than the profits of the previous year. The reduction is accounted for chiefly by the earning of profits having been adversely affected by low money rates and by less satisfactory conditions of trade in some of the districts in which our branches operate. These results are obtained after ample provision has been made for every account about the safety of which there appears to be any reason for doubt.

"The figures I have named, added to the sum of £126,099 6s. 8d. brought forward from the 1922 account, make a disposable balance of £613,064 14s. 3d. Out of this sum the directors have allocated £100,000 to the bank's reserve fund, making the amount of that fund £1,600,000, and £875,822 8s. to the payment of the usual dividends, leaving the sum of £137,242 6s. 3d. to be carried forward to next account.

"May I now ask you to refer to the balance-sheet. On the liabilities side you will observe that the amount due on current, deposit, and other accounts is less by about £3,800,000 than the corresponding amount last year. A reduction in deposits is a feature observable in the balance-sheets recently issued of most of the banks, and in the case of this bank it is due to a large extent to withdrawals from customers' accounts for trade purposes. The next item—bank's acceptances—shows a slight increase.

"On the asset side the item 'cash in hand and balances with the Bank of England,' is slightly lower than a year ago, but represents about the same percentage of the liabilities owing to the reduction in deposits. The first three items on this side of the balance-sheet represent money readily avail-

International Banking Notes

At the annual meeting of the Bank of Liverpool and Martins, held in London on January 29, last, W. R. Glazebrook, chairman of the bank, addressed the shareholders in part as follows:

The Corn Exchange National Bank

OF CHICAGO

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

OFFICERS

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

DIRECTORS

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



Foreign Exchange

Letters of Credit

Cable Transfers

able, and if we take them together the ratio to deposits is 23.7 per cent.

"Investments show a reduction of over two millions, accounted for by sales during the year. A profit realized on these sales has not been brought into the profits of the year, but has been utilized to further strengthen the internal position. I feel sure you will agree that this course is a wise one, and that while times are so unsettled it is the right policy of your directors to continue to build up the reserves of the bank. Bills of exchange are less by about half a million, and advances to customers more by over a million than they were a year ago."

During the year the bank opened twenty branches and sub-branches, and sites for several other offices were purchased.

The bank acquired the business of the Cattle Trade Bank, Limited, on July 1, last.

Edward Norman, late chairman of the London board of the bank, whose death occurred in February, 1923, has been succeeded by Robert M. Holland Martin, and E. L. Somers Cocks, a former director of the London board of the bank, who died during the year, has been succeeded by Thomas H. F. Egerton. Sir James Hope Simpson, who

recently resigned from the general management of the bank, has been succeeded in that office by T. Fisher Caldwell, formerly assistant manager.

The Bank of Liverpool and Martins has total assets of over £76,000,000; deposits of £64,538,000; and paid up capital, surplus and undivided profits of £4,086,132. The bank has 355 branches and sub-branches.

©

At the annual general meeting of the shareholders of the National Provincial and Union Bank of England, Limited, held in London on January 31, last, Sir Harry Goschen, the chairman, who presided, said in part:

"After looking at the question from every point of view, we have unanimously decided to recommend the shareholders that the bank should in future be known as the 'National Provincial Bank, Limited,' and a resolution to this effect will be laid before the shareholders at the extraordinary general meeting.*"

*This resolution was unanimously agreed to by the shareholders.

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.

"We do not desire, however, to lose sight entirely of the long and honorable associations connected with our present name, and it is our intention that certain of our branches shall be known as heretofore, as the National Provincial Bank, Limited, Union Bank Branch, or Smith's Bank Branch, etc., as sentiment or expediency may dictate.

"As you may have seen in the report, we have been fortunate in acquiring as from January 1, 1924, the old-established business of Messrs. Grindlay and Co., East India Army agents and bankers.

"We have opened twenty-eight new branches during the past year, and since the date of the report a branch of the bank has been opened in Waterloo Station. This is a new experiment, but one, we think, that will prove of convenience to our customers, especially to those who, when proceeding or returning from abroad, may need facilities for converting their money into the currency they require.

"I am glad to be able to give you the first public information of a further extension of our business. We have entered into a provisional agreement to acquire, subject to Treasury consent, the business of the Guernsey Banking Company on what we believe to be satisfactory and equitable terms.

"The Guernsey Banking Company, which was established as far back as 1827, has had a successful career, and among its directors are included some of the most prominent personages of the island. It is our intention that the business should be carried on in the same way as before, but as a branch of the National Provincial Bank, and we are fortunate in being able to retain the services of the existing board of directors, who will in future function as a local board

of this bank; we shall thus retain the advantage of their influence and experience.

"Turning, if I may, to the balance-sheet, our figures show comparatively little change from those laid before you at our last meeting.

"There is no change in either the capital or reserve, and the figure at which the current, deposit, and other accounts now appear—£268,786,000—is substantially the same as in last year's account. The next item—liabilities for acceptances, endorsements, engagements, etc.—shows an increase of nearly £3,000,000.

"The profit and loss account shows an available balance of £2,723,261 6s. 6d., including £931,974 11s. 2d. brought forward from last year. The interim dividend paid in July last absorbed £744,753 5s. 8d. of this amount, and the dividend we have just declared, which is payable tomorrow, will absorb a similar sum.

"Of the balance remaining we have transferred £100,000 to the pension fund, £100,000 to bank premises account, and £100,000 to contingencies account, leaving £938,754 15s. 2d., a slightly increased balance, to be carried forward to the new account.

"The balance-sheet of Messrs. Coutts and Co. is, as usual, attached to that of this bank. Their current, deposit, and other accounts, etc., stand now at £16,705,946 10s. 10d."

The paid up capital of the National Provincial and Union Bank of England is £9,309,416 and reserve fund £9,000,000.

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It is announced that the Amsterdamsche Bank and the Twentsche Bank have formed a new bank in Amsterdam, to be called the "Internationale Bank in Amsterdam," for

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

the transaction of international business. The paid-up capital of the bank amounts to ten million guilders (about £875,000).

The Stockholms Enskilda Bank, Stockholm, and the Darmstadter und National Bank, Berlin, are also associated with the formation of the new bank.

The London correspondents will be Messrs. Lazard Brothers & Co., Ltd., and Lloyds Bank Limited, who, together with the Whitehall Trust Ltd., have also taken an interest in the bank.

©

The Mitsui interests of Japan plan the formation of the Mitsui Shintaku Kabushiki Kaisha, or Mitsui Trust Company, Ltd., to commence operations next month. The capital is reported as 30,000,000 yen. One-half of the stock is to be subscribed by the Mitsui Gomei Kaisha, or holding company of the combined Mitsui interests.

©

The net profits of the Skandinaviska Kreditaktiebolaget for the year 1923 amount —after writing off on stocks Kr. 745,531.51

and on debts Kr. 12,257,793.31—to Kr. 9,734,663.40, to which has to be added Kr. 2,922,875.81 brought forward from 1922, making a total of Kr. 12,657,539.21.

The same dividend as last year will be distributed, viz, Kr. 15 per share (10.56 per cent.) requiring Kr. 9,210,000.00, and to write off Kr. 348,712.22 on bank premises leaving a balance of Kr. 3,062,826.99 to be carried forward.

©

The Austrian National Bank has declared a dividend of $8\frac{1}{2}$ per cent. on its first year's business.

©

In comment on the progress of The National Bank, Limited, for the last six months of 1923, the chairman of the bank, J. B. Beers, addressing the bank's shareholders at the annual general meeting in London, said in part:

"The reserve fund has gone up from £1,035,000 to £1,125,000, and we now add £25,000, bringing the total up to £1,150,000. Notes in circulation show a decrease of £209,000. This is accounted for by the

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

natural process of 'deflation' consequent upon the Great War, the effects of which are apparent at a much later period in Ireland than in England. Deflation, also, to a small extent, affected our deposit and current accounts, which, in common with those of all banks, show a reduction, in our case, from £43,472,962 to £40,531,188. But the main factor in this decrease was the subscriptions of our clients to the Free State Loan, which we were very pleased to assist in every way possible—in England as well as in Ireland—and to the success of which I have just referred. Here I may mention that our deposit and current accounts in England show a healthy increase.

"On the asset side of the accounts you will find our cash in hand amounts to £4,549,408, an increase of £266,148; this speaks for itself. Money at call is £4,352,191, a slight decrease of £21,749. The next three items—i. e., our investments, government securities, and corporation and railway stocks—show a reduction from £19,219,820 to £16,828,260. This is, of course, mainly caused by the contraction of deposit and current accounts. In advances on securities there is a fall of £746,000, and bills discounted are less by £171,000. These reductions are accounted for by the trade conditions ruling.

"Summarizing the totals, it will be seen that our aggregate means stand at the large figure of £46,000,000 odd, whilst our liquid assets give the large proportion of almost 60 per cent. as against our liabilities to the public payable on demand. You will see from the profit and loss account that after paying a dividend at the rate of 10 per cent. per annum, free of tax, we transfer £60,000 to tax and contingencies account; that we place £25,000 to the reserve fund; £25,000 in reduction of bank premises account, and carry forward £28,925 to profit and loss new account. Full provision has been made

for all bad and doubtful debts, on which we exercise careful supervision and keep a special check.

"Before leaving the balance-sheet I desire to draw your particular attention to our net profits, which show an increase of £33,600 when compared with the corresponding six months of last year. It is more than satisfactory that this increase again discloses a position of increasing strength and vitality and a continuance of the steady progress of the bank."

◎

At the annual meeting of the shareholders of the Union Discount Company of London, held January 24, last, the chairman, Arthur Louis Allen, addressed the meeting in part as follows:

"The year under review, without being up to the high-water mark of 1922, has not been unfavorable to the banks and discount houses, although for the latter half of it they have been working on a rise in the Bank of England rate—a condition of things that cannot help but be less remunerative to employers of money.

"On January 1 last year the Bank of England rate stood at 3 per cent., at which figure it remained until July 5, when it was raised to 4 per cent. For a time uneasiness prevailed in certain quarters that it meant a further move up to 5 per cent. in the near future, though there were never any adequate grounds for such uneasiness, as events proved, and it is not unreasonable to anticipate that for some little time to come we may see the present level maintained, more especially as the inflow of taxation during the last quarter of the financial year tends to keep outside rates more closely up to the Bank of England rate.

"Without any violent fluctuations, the sup-



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

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

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

OFFICERS

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

FRANKLIN NATIONAL BANK

PHILADELPHIA

Capital	-	-	-	-	-	\$2,000,000
Surplus and Profits	-	-	-	-	-	5,600,000

Twelve Federal Reserve Banks

YORK VAULTS

specially designed and constructed for

Federal Reserve Banks

in twelve important districts

<i>New York</i>	<i>Chicago</i>	<i>Philadelphia</i>	<i>Pittsburg</i>
<i>Cleveland</i>	<i>Boston</i>	<i>Buffalo</i>	<i>Minneapolis</i>
<i>Detroit</i>	<i>Little Rock</i>	<i>Louisville</i>	<i>Jacksonville</i>

the world's largest and strongest bank vaults ever built.

The two most recent YORK contracts for the Federal Reserve Banks are Little Rock and Louisville, which when completed will represent the ultimate attainable in design, material, workmanship and finish.

The service of our Engineering Department is at the command of Banks and Architects without obligation. If you are contemplating enlarging your quarters or erecting a new building correspondence with nearest branch is invited.

*Principal Builders of High Grade Bank
Vault Equipment in the World*

Factory—York, Pennsylvania

YORK SAFE AND LOCK CO.

55 Maiden Lane

New York

Branches

*Baltimore
Boston*

*Philadelphia
Chicago*

*Cleveland
San Francisco*

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. Enderman, 14 Wall Street, New York

ply of credit has been fairly constant throughout the year, and the demand has been sufficiently met by the supply."

The chairman, after dealing in detail with the changes in the various items of the balance-sheet as compared with the figures of the previous year, moved the following resolution:—"That the report of the directors and statement of accounts for the year ending December 31, 1923, be received and adopted; that £50,000 be placed to the reserve fund, and £10,000 to the provident fund; that a dividend at the rate of 15 per cent. per annum for the financial half-year, less income-tax, making 15 per cent. for the year, with a bonus of 5s. per share, free of income-tax, be declared, payable on and after the 26th instant."

This motion was carried unanimously.

©

The report and balance-sheet of the Royal Bank of Australia for the half-year ended September 30, 1923, showed that the net profits were £61,643 7s. 9d. 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 £540,000); and £4,143 7s. 9d. is added to the amount carried forward from the previous half-year (making it £36,305 12s. 8d.).

The chairman, Randal J. Alcock, in moving the adoption of the report and accounts for the half-year ended September 30, at the half-yearly meeting held in Melbourne on October 30, 1923, said in part:

"Your directors recommend that a dividend of 10 per cent. per annum should be paid, that £20,000 should be added to the reserve fund, making that fund £540,000; that the balance of profits, £4143, should be added to the amount carried forward from last half-year. The amount carried forward will then be £36,305, which I think you will agree with me is highly satisfactory.

"Deposits are practically the same as six months ago, although somewhat differently stated. The deposits of the State Savings Bank of Victoria, hitherto held as government deposits, are now treated by all banks interested as 'other deposits bearing interest.'

"On the assets side the cash and other available liquid holdings show the substan-

\$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, Ponce

tial sum of over £2,000,000, which shows a strong position against the bank's total indebtedness to the public.

"Bank premises stand in the bank's books at the same figure, but as several times mentioned by me, your directors are of the opinion that the present-day values are in excess of book values.

"Bills discounted and other advances are somewhat lower, which is usual at this time. Additional taxation is the reason for the increase in the charges account."

©

The annual report of William Deacon's Bank, Limited, as presented at the annual meeting of the proprietors in Manchester on January 31, last, gives the following particulars:

The profits of the business for the year 1923, after making provision for bad and

doubtful debts, for rebate of interest upon undue bills, for salaries, for income tax, corporation profits tax, and other charges, amount to £327,247 plus a balance from last year of £43,120, making together £370,367.

In July 1923, an interim dividend was declared at the rate of 13¾ per cent. per annum, less income tax, upon the "A" shares and at the rate of 12½ per cent. per annum upon the "B" shares. This dividend amounted to £126,953.

A final dividend has been declared at the rate of 13¾ per cent. per annum, less income tax, upon the "A" shares and at the rate of 12½ per cent. per annum, less income tax, upon the "B" shares. This dividend amounts also to £126,953.

The sum of £50,000 has been added to the reserve fund, and £30,000 has been added to bank premises account.

This leaves a balance in profit and loss account of £36,461.





The modern banking home of the Banco de Caldas

A Progressive South American Bank

THE Banco de Caldas, Manizales, Colombia, is located in the State, or Department of Caldas, one of the most prosperous and rapidly advancing states of Colombia, ranking second only to the Department of Antioquia in the production of coffee, the main source of wealth of Colombia. Manizales, the capital of Caldas, founded seventy years ago, has grown to be an important commercial and industrial center of the Republic, having surpassed in many respects other Colombian cities founded by the Spaniards two or three hundred years ago.

The past, the present and the future of Manizales and of the State of Caldas, are very closely linked to that of the Banco de Caldas, which initiated the banking business in Manizales, and successfully carried its development and organization to its present modern state.

This bank commenced operations at a small building in the center of the commercial and financial district of Manizales, on Calle Real (Royal street). Then, when at the end of several years the problem of more room and modern conveniences had to be solved, land was purchased on the corner of Plaza de Bolivar (Bolivar Square) and Calle Real, facing the State Government Palace, and the existing building was erected. The structure is adequately suited in all respects to the most modern requirements of banking, holding a conspicuous place in the community in which it stands and forming a center about which many of the commercial and financial activities have naturally grouped themselves. New departments were organized, making it possible to render new services to the public.

This bank is a member of the Banco de la Republica, which performs in

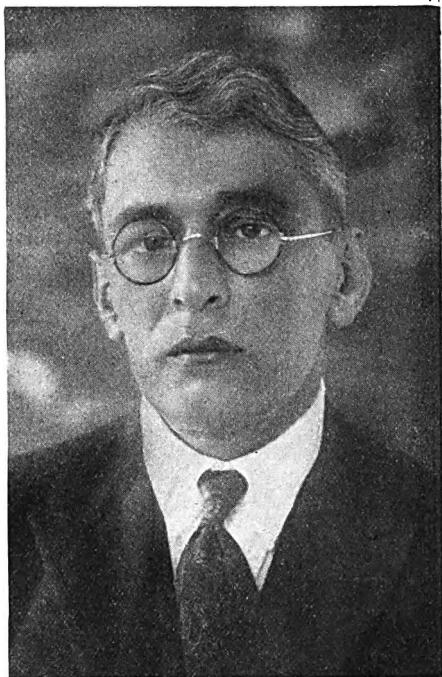
Colombia, the functions of the Federal Reserve Bank in the United States.

The Banco de Caldas is the depository of the state and municipal governments and of the Ferrocarril de Caldas (Caldas Railway).

It has progressed steadily since its foundation, having absorbed in 1916 the old and well known Banco de Manizales. Today it occupies the first place among the Manizales banks.

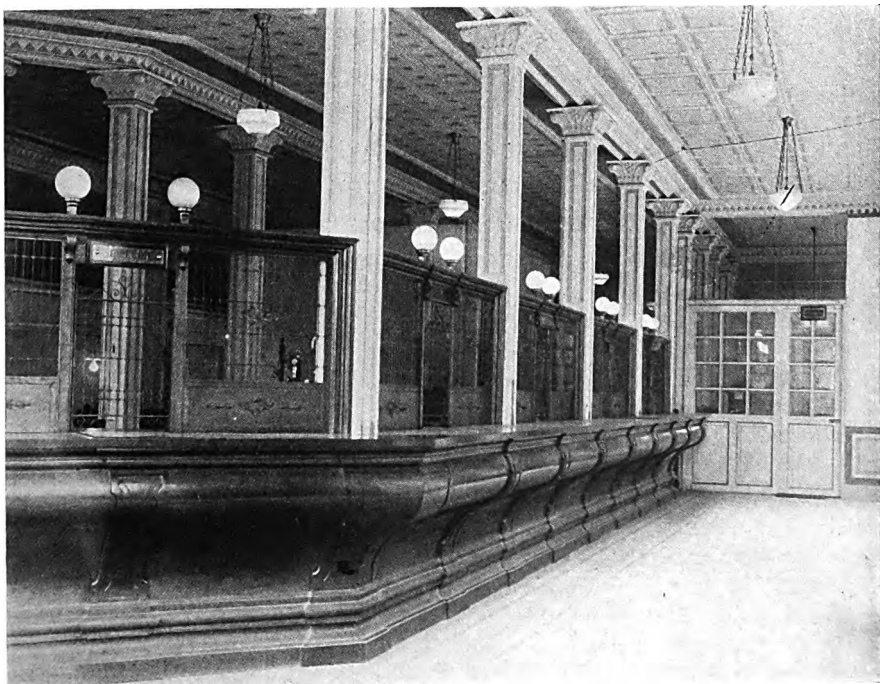
RECORD OF PROGRESS DURING THE LAST
EIGHT YEARS

	Capital and reserve funds	Resources
	<i>Gold</i>	<i>Gold</i>
Dec. 31, 1915.....\$	212,000.00	\$ 351,478.64
" 31, 1916.....	413,823.31	670,198.16
" 31, 1917.....	650,000.00	958,555.99
" 31, 1918.....	770,000.00	1,077,257.85
" 31, 1919.....	930,000.00	2,386,697.16
" 31, 1920.....	1,050,000.00	2,103,893.63
" 31, 1921.....	1,240,000.00	2,470,935.90
" 31, 1922.....	1,070,000.00	3,556,639.73
" 31, 1923.....	1,380,000.00	3,864,020.57



EMILIO LATORRE

Assistant general manager, Banco de Caldas



Interior of bank back of paying teller's screen



THE new edifice of the Bank of Montclair, Montclair, New Jersey, is a pleasing combination of granite, brick and limestone with many windows, giving sunshine and air to customers and workers. With modern equipment throughout, this bank is now in a position to offer its depositors complete banking facilities.

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 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 Bookkeeping and Accounting

Article XII 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

BANKS are colossal bookkeeping establishments. They are machines by which their depositors, whether individuals or businesses, mutually settle their debts. Since banks are entrusted with the working funds of the great majority of individuals and businesses of the country, they automatically keep the "cash accounts" of their millions of depositors.

Commercial banks are storm-centers of the "turnover" phenomenon. Increasing business volume is accompanied by a greater rate of "turnover" of bank deposits. That is, when business quickens, more debits and credits occur in individual bank accounts.

Except insofar as depositors demand bills and coins, banks do not ordinarily deal in commodities. They buy and sell *credit*; they extend *credit*; they receive and disburse purchasing power *credits*; they collect various *credits*; they transfer *credits*; and they provide for the safe-keeping of *credits*. Far more debts are settled nowadays by means of bookkeeping adjustments than by the transfer of actual money from debtor to creditor.

It is significant that the term *credit* has two separate and distinct, though related, meanings. It is both a bookkeeping term, and a banking and commercial term. In the modern sense, *credit* implies the conferring of a right to purchase. *Credit* is purchasing power. That is its purely commercial and banking sense. In bookkeeping, *credit* is simply the physical evidence of the existence of a right to purchase. *Debit* is negative *credit*—the loss, or withdrawal, of a *credit*, or right to purchase. The terms debit and credit in the bookkeeping sense, therefore, are but the records of evidence of the exist-

ence and ownership of these rights to purchase, or their cancellation.

It is probably no exaggeration to say that fully 80 per cent. of the work of a bank consists of recording changes in the amount and in the ownership of *credits*—the rights to purchase. It is for this reason that bank bookkeeping, as differentiated from bookkeeping among industrial, mercantile, and personal service corporations, assumes special significance.

HOW BANK BOOKKEEPING DIFFERS

Bank bookkeeping differs from bookkeeping in other lines of business in at least two respects: (1) transactions must be recorded as soon as possible after their occurrence; and (2) the bank should be able to determine its exact financial status and results of operations at the close of each day's business.

Dispatch in recording transactions is necessary to protect the solvency and credit of a bank's customers. Through an error or omission by the bookkeeping department, a depositor's account may show an overdraft when as a matter of fact funds have been received which would create a credit balance. That is, a credit may have been received but not posted on the ledger. Since a bank must handle a great volume of checks and other cash items affecting many separate accounts, some scheme must be provided for getting entries posted to the ledger with utmost speed and accuracy.

In mercantile and industrial lines of business, it is a rare practice to take off trial balances more frequently than once a month. In most cases, trial balances are made not oftener than

OUTLINE OF ARTICLE XII

I. Purposes of bookkeeping:

1. To obtain a systematic record of all financial transactions accurately and speedily:
 - a. In chronological order—journals;
 - b. According to kinds or accounts—ledgers.
2. To determine the exact financial condition—leading to the "financial statement" or "balance sheet."
3. To determine the results of operations—leading to the profit and loss statement.
4. To furnish managerial statistics as a basis for planning more profitable operations, and as a guide for determining future policy.

II. The bank's accounting records:

1. Exclusively corporate records.
 - a. Stock journal—shows issue and transfer of shares from one owner to another.
 - b. Stock ledger—shows number of shares held by any one owner, i. e., an account with each stockholder.
 - c. Directors' minute book—contains minutes of directors' meetings and their resolutions, which often affect the accounting records.
 - d. Articles of incorporation—which affect the capital stock account.
 - e. Dividend book—contains a record of dividend disbursements and a record of names and addresses of stockholders entitled to receive dividends.
2. General accounting records.
 - a. General ledger—controls all accounts.
 - b. Individual ledger—details of accounts with depositors only.
 - c. Statements—duplicates of individual ledger accounts.
3. Department records—control department details.
 - a. Loan register.
 - b. Liability ledger.
 - c. Acceptance register.
 - d. Acceptance ledger.
 - e. Securities journal.
 - f. Securities ledger.

- g. Collection register.
- h. Collection ledger.
- i. Expense book.
- j. Mortgage register.
- k. Mortgage ledger.
- l. Federal Reserve ledger, etc.

III. General ledger accounts:

1. Asset and expense accounts.
 - a. Demand loans, collateral.
 - b. Time loans, collateral.
 - c. Bills discounted.
 - d. United States bonds.
 - e. Other bonds.
 - f. Federal Reserve Bank stock.
 - g. Premium on bonds.
 - h. Banking house.
 - i. Due from banks.
 - j. Due from banks, collections.
 - k. Federal Reserve Bank.
 - l. Federal Reserve Bank, collections.
 - m. Due from foreign department.
 - n. Bonds and mortgages.
 - o. Due from U. S. Treasurer.
 - p. Five per cent. redemption fund.
 - q. Cash in vault.
 - r. Exchanges for clearing house.
 - s. Other local checks.
 - t. Interest to depositors.
 - u. Expenses.
 - v. Taxes.
 - w. Exchange.
2. Net worth, liability, and income accounts.
 - a. Capital stock.
 - b. Surplus.
 - c. Undivided profits.
 - d. Unearned discount.
 - e. Reserved for taxes.
 - f. Exchange.
 - g. Commissions.
 - h. Interest.
 - i. Bond interest.
 - j. Discount.
 - k. Bonds—profit and loss.
 - l. Foreign exchange—profit and loss.
 - m. Circulating notes.
 - n. Rediscounts with Federal Reserve Bank.
 - o. Bills payable with Federal Reserve Bank.
 - p. Bonds pledged.
 - q. Individual deposits.
 - r. Due to banks.
 - s. Government deposits.
 - t. Trust funds.
 - u. Certificates of deposit.

quarterly or semi-annually. In some cases the books are balanced only once a year.

The Comptroller of the Currency and most of the state banking departments require banks to secure a *daily* trial balance. This is a wise provision, because a bank must know, for the protection of its depositors, that it is certainly solvent. The solvency of business men generally depends upon the solvency of the banks, and a *daily proof* of solvency—which can only be established by a trial balance—is essential to the attainment of that end.

Furthermore, because of the sheer volume of transactions which a bank is called upon to dispose of, it is essential that each separate department and the bank as a whole prove its work daily, so that in case errors occur they can be ferretted out immediately, and before matters become further involved.

Since the aggregate deposits of a bank normally constitute about three-quarters of a bank's liabilities, the importance of accuracy in the keeping of customers' accounts cannot be overestimated. Any error or omission, or the debiting or crediting of a wrong account, or the reporting of an overdraft when none exists, injures the bank's reputation with its depositors. A man's solvency and credit standing are the most important assets he possesses, and are conditions which his bank must take great pains to insure. For this reason safeguards must be thrown around the bookkeeping system in order to get transactions recorded swiftly and accurately.

The chief safeguard for accuracy is the requiring of daily department proofs. The chief safeguards for swiftness in recording transactions are (1) the use of the Boston ledger, and (2) the direct routing of posting mediums from the various departments to the ledger clerks.

THE BOOKKEEPING SYSTEM

The bookkeeping or accounting system of a bank will vary according to its

(Outline of Article XII—Continued)

- v. Certified checks.
- w. Cashier's checks.
- x. Time deposits.
- y. Letters of credit.
- z. Unpaid dividends.

IV. Individual ledger clerk's work:

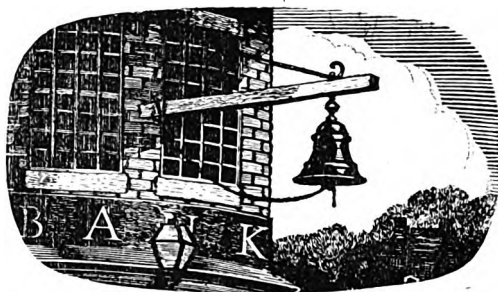
1. Footing accounts.
2. Proving the ledger with general bookkeeper.
3. Finding and adjusting differences.
4. Posting from various posting mediums.
5. Determining interest balances.
6. Calculating interest credits.
7. Detecting and reporting overdrafts.
8. Opening and closing accounts.
9. Following special instructions.

type, size, and kinds of services performed, but most of its books and many of its operations are common to all. The bookkeeping work may be divided into (1) preparation of the original entry records in the various operating departments; (2) preparation and sortation of posting mediums for posting to depositors' and general ledgers; (3) preparation of daily department proofs of original entry records; (4) keeping the accounts of depositors in the depositors' or "individual" ledgers; (5) keeping the general accounts (general ledger and statement book); and (6) keeping the various departmental subsidiary ledgers, e. g., liability ledger, securities ledger, collection ledger, etc.

The books of any business may be divided in two general classes, namely, journals, which are books of original entry, and ledgers, which are books of final entry. In the first, transactions are recorded without reference to kind in chronological order. In the second, transactions are classified according to accounts. Ledger accounts are made by cross-indexing from the original entry records directly or by means of posting mediums.

BOSTON OR PROGRESSIVE LEDGER

The Boston or progressive ledger has very largely supplanted the balance



The echo of a "midling sized Bell"

The directors of the Massachusetts Bank voted, on April 24, 1784:

"Agreed that it will be useful to have a midling sized Bell at the bank in case of fire or an attempt to rob the Bank, and that Mr. Russell and Mr. Breck be desired to procure one."

AND the 'midling sized Bell' was duly procured.

It has gone now. But above the clangor of modern business in downtown Boston its echo sounds today. There are some 13,532 safe deposit boxes in the main and branch offices of this bank—more, incidentally, than in any other bank in New England.

In those boxes rest uncounted millions in securities, of the 77,000 customers of the bank, and their diversified family keepsakes. Everything is there from a lock of hair, and a treasured brooch, to the bonds, stocks and deeds of trust to a great fortune. Probably the most impressive composite

document of the history and progress of a great community is guarded in our safe deposit vaults.

To be sure, it is under modern fire-proof and tamper-proof protective machinery, superhuman in its vigilance and strength. But this great treasure might not be there in 1924 if the directors, one day, back in 1784, had not bought a 'midling sized Bell.'

WHEN your business deals with New England you can entrust it to The First National Bank with the same reliance as the 77,000 who have put their valuables under the protection of the 'midling size Bell.'

The FIRST NATIONAL BANK of BOSTON

1784 :: :: 1924

MAIN OFFICE, 70 FEDERAL STREET

Boston Branches

45 MILK STREET	115 SUMMER STREET
UPHAMS CORNER	ROSLINDALE
FIELDS CORNER	BRIGHTON
HYDE PARK	ALLSTON

Foreign Branches

BUENOS AIRES, ARGENTINA. HAVANA, CUBA
London Representative
 GRESHAM HOUSE, 24, OLD BROAD STREET
 LONDON, ENGLAND

ledger in modern bank bookkeeping. In smaller banks, however, the balance ledger is often still retained. Where the volume of transactions is large, the Boston ledger has come to be universally recognized as a labor saver. In the Boston ledger the names of the accounts are printed in alphabetical order down the center of the page, with occasional spaces allowed for inserting new accounts. The days are run horizontally across a double page, a column being provided for debits and credits for each day's postings.

Three advantages are claimed for the Boston ledger, namely: (1) quickness in posting and proving; (2) immediate availability of the balance which is carried forward daily; and (3) easy accessibility of accounts. Since there are about thirty accounts to a page it is not necessary to thumb so many pages to locate a given account as in the balance ledger, where one account is assigned to a single page.

STATEMENTS

Statements of accounts are nowadays rendered to customers instead of balancing pass books. Statements are merely duplicates of the ledger accounts except that debit and credit entries are shown in complete detail.

Among the larger banks, statements are prepared by means of a special type of billing machine provided with counters or registers that automatically record and print additions and subtractions with resulting balances. They are combination typewriters and adding machines. The debits are posted to the statements in complete detail, each separate check drawn by the depositor and each charge ticket or other posting medium, being listed. The credits consist of the totals on each deposit slip, letter, credit ticket, or other posting medium.

WORK OF THE LEDGER CLERK

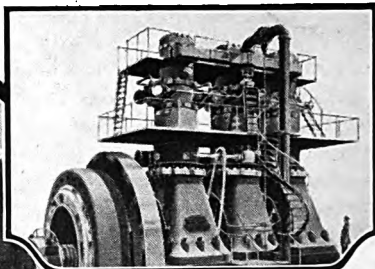
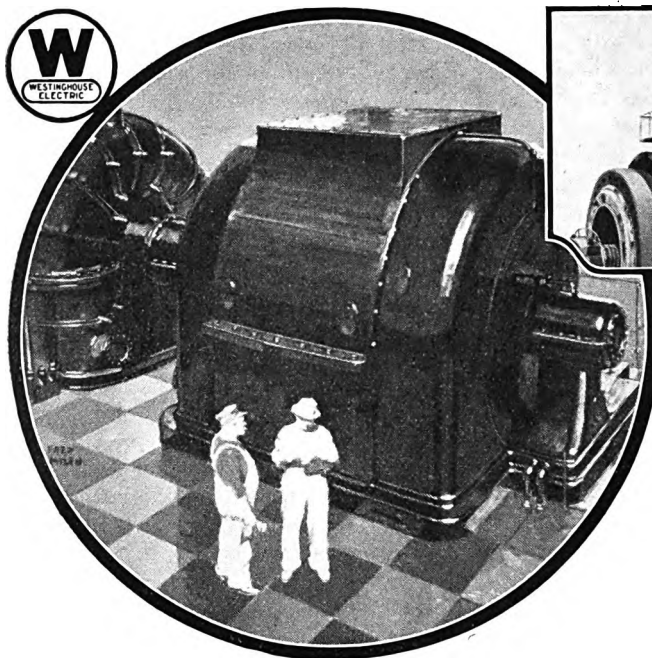
The elements of the ledger clerk's or individual bookkeeper's work are given in the outline. Among the smaller

banks, the individual bookkeeper, in addition to posting and proving the ledger, must be on the alert to locate irregular checks. He is supposed to detect stop-payments, forgeries, post-dated checks, raised checks, stale checks, checks drawn against uncollected funds, alterations, checks of deceased persons, etc. Among the larger banks, special clerks are detailed to examine checks for stop-payments, endorsements, and signatures.

Once a day, usually in the morning, the ledger clerks must determine the total of their ledger balances in order to prove with the general bookkeeper's control account. This is done by adding the credit balances of all the accounts and subtracting therefrom any overdrafts that may exist. The resulting figure should agree with the general bookkeeper's control figure. If not, the difference must be located.

Postings are made to the ledger from the various posting mediums routed directly from the various departments. It is the customary practice among banks to post items a day ahead except in the case of "immediate credit" accounts. The principle upon which this practice rests is that funds must remain in the bank a full day before the account is entitled to receive interest. All debits become effective immediately, and are therefore posted on the same day as received.

The credit balance of an account does not necessarily agree with the balance upon which interest is to be computed. The latter is called the *interest balance*. All out-of-town items and local items that cannot be collected through the clearing house are held out of the interest balance for as many days as it takes to collect them—provided no exchange is charged. Interest is not earned upon these items, nor can checks be drawn against these funds, until they become available as cash. *But it should be understood that a bank has no right both to charge exchange and to defer interest—unless the exchange charge does not cover the cost of collection.*



Above: A 5,000 kilowatt generator of twenty-five years ago—the largest and best then known.

Opposite: A 60,000 kilowatt generator of today, twelve times as powerful and productive as the earlier model, yet requiring only a third as much fuel per kilowatt hour to operate it.

Tangible Assets

Achievements, once identified with a name, cannot be transferred to, or purchased by, another name. The continuance of such assets is assured by the selection, training and development of some of the best electrical brains in the world.

Radio broadcasting, the alternating current principle, the transformer, the induction motor, automatic circuit breaker, applying electricity for the first time to the steel, paper, rubber, mining and textile industries—these are but a few

achievements indelibly Westinghouse.

This institution has for years given the best of its talent to the pioneering of new methods, new apparatus, new applications of electricity to the problems of industry, transportation and the home.

Employed today as a manufacturer and distributor of electrical and mechanical apparatus necessary for convenience, for economy and for progress, Westinghouse tomorrow will be the maker of things that will be necessary for life itself.

WESTINGHOUSE ELECTRIC MANUFACTURING COMPANY
Offices in all Principal Cities • Representatives Everywhere

Westinghouse

Accounts are credited with interest as of a certain date each month, according to the agreement made with the depositor at the time the account was accepted and opened. The interest rate allowed on checking accounts varies. A large number of accounts will bear no interest at all. In many large cities, the Clearing House Association fixes the maximum deposit interest rates.

In addition, the individual bookkeeper must be on the lookout for overdrafts, and report the closing of all accounts.

GENERAL BOOKKEEPING DEPARTMENT

The general bookkeeper and his assistants record all transactions other than those relating to depositors' accounts. Aggregates, rather than details, are so recorded. It is the function of the general ledger to record totals of each group of transactions. Details are recorded in the subsidiary ledgers maintained in the separate departments.

The function of the general bookkeeping department is to summarize the transactions of all the operating departments of the bank before they are added to or subtracted from the assets, liabilities, expense, income, or undivided profits accounts. In order that the financial condition of the bank may be had daily, there must be some central bookkeeping department where all the transactions of the bank may be coordinated, i. e., gathered, proved, classified, and condensed. This is accomplished by the use of the general ledger, which is the most important single financial record of a bank.

Every transaction consummated by a bank in any of its departments finally reaches the general bookkeeping department, either singly or as part of a total, for posting to the general ledger.

Besides his duties in connection with the general ledger, it normally devolves upon the general bookkeeper to (1) keep the statement book and expense book up to date, (2) reconcile the reserve account with the Federal Reserve

Bank, (3) compute the balance at the Federal Reserve Bank each day, (4) prepare a weekly statement for the clearing house, and (5) prepare reports and statistical tables for the information of the bank's executives.

READING ASSIGNMENT

Langston & Whitney: *Banking Practice*, Chap. 20, 21. (Bank bookkeeping—the journals and ledgers.)

L. H. Langston: *Practical Bank Operation*, Chap. 21, 23. (Individual and general bookkeeping in a large bank.)

American Institute of Banking: *Standard Banking*, pp. 124-144. (Explanation of a bank's general ledger accounts.)

W. H. Kniffin: *The Practical Work of a Bank*, Chap. 10. (Bank accounting, records, proofs, statements.)

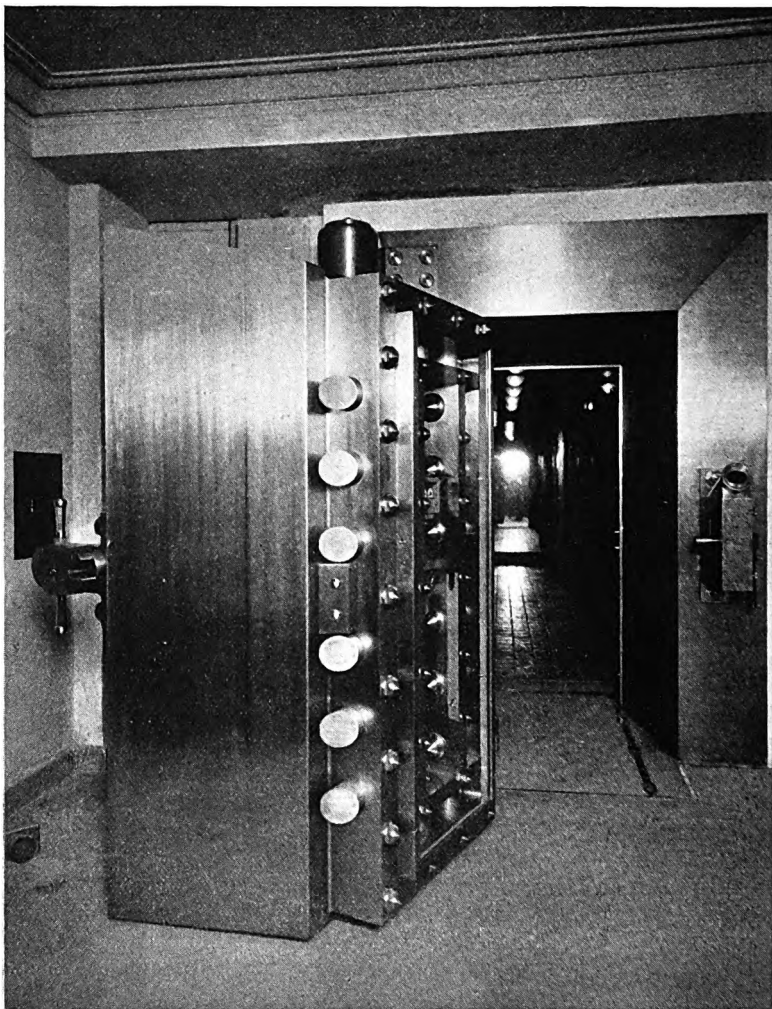
W. H. Kniffin: *The Business Man and His Bank*, Chap. 21. (How to read a bank statement.)

Willis & Edwards: *Banking and Business*, Chap. 13. (Banking costs.)

Clay Herrick: *Trust Companies*, Chaps. 6-10. (Bookkeeping and forms for a trust, safe deposit, savings, real estate, and title insurance department of a trust company.)

QUESTIONS

1. What are the four main purposes of bookkeeping?
2. In what two ways does bank bookkeeping differ from that in other lines of business?
3. What officer in a large bank is responsible for the bookkeeping and accounting procedure?
4. What measures are taken in bank bookkeeping to insure the accuracy of the records?
5. What measures are taken to insure speed in the recording of transactions?
6. Explain the difference in the use of the term credit as a banking term and as a bookkeeping term.
7. "A debit is a loss or withdrawal of a right to purchase." Explain this statement.
8. What are the chief types of bookkeeping errors likely to be made in a bank?
9. Indicate how each of these types of errors can best be located.
10. Name four "exclusively corporate records" of a bank.
11. Name some of the more important bookkeeping records of a bank.
12. Write out a list of the most important assets and liabilities of a member bank.
13. Write down appropriate amounts for these items so that the individual amounts are in proper relation, and the totals are in balance.



THE modern vault of the Central Trust Company of Cincinnati is four stories in height with top story in basement of the building. The various floors are connected by an inside stairway. The main door, illustrated above, and emergency door, 36 inches thick, are located in the top story of the vault.

The Herring-Hall-Marvin Safe Co. for nearly a century, has built and will always continue to build the same undeviating quality into its product.

Herring-Hall-Marvin Safe Co.

Factory—Hamilton, Ohio

Principal Offices: New York, Boston, Chicago, San Francisco, Birmingham (Ala.)

Agents in Shanghai, Manila, Tokio, Havana.

Cable Address "Fireproof" New York

14. What are some of the principal subsidiary ledgers of a bank?

15. What is meant by a "descriptive ledger?"

16. Mention the steps in the work of the individual bookkeeper.

17. What are the individual bookkeeper's responsibilities?

18. In case an individual ledger fails to agree with the general ledger "control" account, what steps should be taken to locate the difference?

19. Why should a bank know its financial condition at the close of each day's business?

20. What is a posting medium? Specify four examples.

21. About what part of a bank's liabilities consist of deposits?

22. Into what divisions may the bookkeeping work of a bank be classified?

23. How do the Boston ledger and the balance ledger differ?

24. What advantages are claimed for the Boston ledger?

25. What is the difference between a depositor's *credit* balance and his *interest* balance?

26. Explain the workings of a bookkeeping or posting machine.

27. What is the most important single record of a bank?

28. What duties are usually assigned to the general bookkeeper other than that of keeping the general ledger?

29. Mention the names of five income accounts of a bank.

30. Into what account are these finally closed?

31. Name four major expense accounts of a bank.

32. Are all the assets of a bank liquid? If not, name any assets that may be characterized as "fixed."

33. Take any bank statement, and select the assets which may be designated as "earning assets" and "non-earning assets."

34. How would you go about to determine the book value per share of a given bank stock?

35. How many times its combined capital stock, surplus, and undivided profits may a bank's deposit liabilities safely be?

36. What is meant by a "control" account?



An Architectural Pilgrimage in Old Mexico

A New Book by Alfred C. Bossom, New York

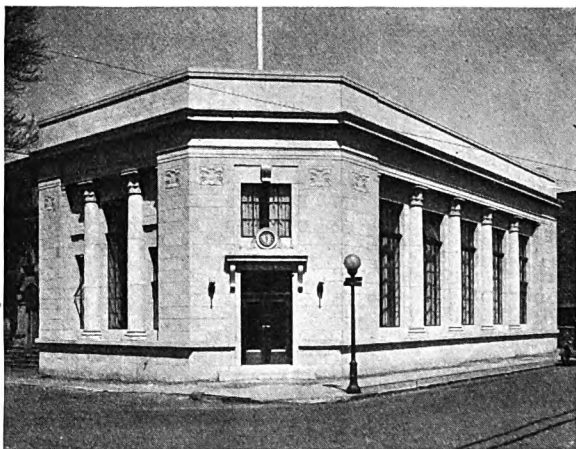
CHARLES SCRIBNER'S SONS

ONE who has traveled through Mexico can readily understand the strong appeal which its buildings must make to the professional architect, looking for the practical as well as the beautiful in his profession, for the public and private edifices of that interesting country are not merely distinctive and ornate, but they are generally admirably suited to their respective uses. Wood is employed so little as to make the buildings practically fireproof; the houses are usually spacious, affording plenty of room; the walls are thick, making the houses warm in the colder months and cool in the summer, and keeping out the noise of the streets.

The principal charm of Mexican architecture is to be found in its tastefully ornate style and in the deviation from prevailing types in this country,

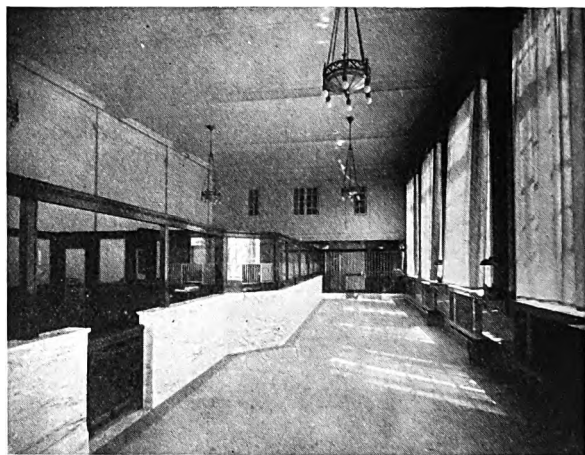
and Mr. Bossom has pointed out these features in his text and exemplified them by numerous beautiful illustrations. Some of the distinctive characteristics of Mexican architecture have been widely adopted in the construction of residences in this country, and also have been found adaptable to banking and commercial architecture.

The volume exhibits a fine appreciation of the strikingly impressive Mexican architecture, and shows us how we may profit both by its usefulness and beauty. There are over one hundred splendid illustrations of typical exteriors and interiors, presented with descriptive captions explaining the signification of the various examples with respect to materials, decoration, or architectural design.



LOCATED on an oblong corner site, the new building of the First National Bank of Tenaflly, N. J., is individual and dignified in character. A complete safe deposit service is a feature of this bank, and the burglar proof vault is of the latest design.

THE decorative treatment of the interior is rich and subdued—quite in keeping with the exterior. The officers' quarters are located near the front, easily accessible to the public. On the mezzanine, at the rear, is the directors' room.



THE exterior of this new home of the First National Bank of Tenaflly, N. J., is constructed of manufactured stone cast to imitate marble, and is probably one of the finest examples of this class of stone work ever exhibited.

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street - - - - New York

Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

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

QUESTION: I have read with interest your articles appearing under the heading "Some Bank Credit Problems," and would be interested to have an expression of your opinion regarding the proper analysis of an item appearing in the financial statement of a dealer in linseed and other oils, under the caption "Advances under Option Contracts."—V. T. H.

ANSWER: In order to get some opinion other than our own on the above we wrote an executive of a large and well established house manufacturing linseed oil, and received the following reply:

"Referring to your inquiry of the twenty-ninth regarding item in statement of dealer in linseed and other oils appearing as "Advances Under Option Contracts," it seems to us that this may represent either money paid on open contracts such as, goods in transit, etc., or, money put up as margin to protect the seller against a decline in price of the option. We, ourselves, do not deal in these option contracts, as linseed oil is not sold on the exchanges in this way, as many other commodities are, for future delivery. Possibly the dealer mentioned in your letter trades in cotton-seed oil or some such commodity entailing marginal payments. We would consider the item as a 'quick asset' as the trade could easily be closed out at any time but, whether it would result in an 'asset' would depend on the conditions of the market at the time it was closed."

We believe that the "Advances under Option Contracts" mentioned above refer to margins put up by the buyer to guarantee the carrying out of the contract; in other words, it is a cash deposit which the buyer makes as an evidence of his good faith. Dealers in cotton-seed oil buy for future delivery, and the margin which they are required to put up corresponds very much with the margin put up by people who buy securities on margin on the N. Y. Stock Exchange. Such advances represent cash

deposited against future delivery of merchandise and, provided the market has not depreciated since the advances were made, they are legitimate quick assets. A drop in the market will, of course, wipe out or depreciate the advances, and under such circumstances they must be charged off or depreciated just as any inventory is marked down to cost or market, whichever is lower, at statement date.

QUESTION: I would thank you very much to express to me your views on the methods of accounting used by some banks in this section in the crediting of their unearned discounts.

It seems to be the practice of a great many banks in this section that immediately a note is discounted to place the discount to "discount and interest earned," while my contention is that interest and discount is not earned until the maturity of the note and that only a certain portion of this interest or discount should be credited to earned interest or discount per month, or as is the practice in some banks to credit this earned interest or discount daily.

It seems to me as making a false statement, where unearned interest and discount is credited to earnings when it is not earned until the maturity of the note.

I would thank you for an early reply as I would like to know your opinion.—E. J. S. C.

ANSWER: In the August number of THE BANKERS MAGAZINE there appeared an article on the analysis of a bank statement from which we quote the following paragraph, as it answers the inquiry made in your letter:

"When a bank discounts a customer's note it deducts in advance the amount of the

*There must be some virtue in
the name:*

Bankers Service Corporation

A*FTER* fifteen years of operation under it, the name, *Bankers Service Corporation*, seems a very commonplace one to us.

But there must be some virtue in it.

So many organizations in our line adopt names that sound like it or can be confused with it. This has happened at least ten times in the last few years.

It is, doubtless, a compliment to us. A compliment on the name itself and a compliment on what the name has come to stand for.

There is the chance, however, that what compliments us may sometimes confuse the banker whom we (and others) desire to serve.

We publish this, not to claim that we are superior to the newer concerns whose names resemble ours, but to make it clear that we *are* different.

***The* BANKERS SERVICE CORPORATION**
19 & 21 WARREN STREET
NEW · YORK · CITY

interest charge for the period of the loan and credits the customer's account with the balance. It is thus anticipating its 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 unearned 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."

This method of accounting is required by the Comptroller of the Currency so far as all national banks are concerned.



General Motors Acceptance Corporation Increases Capital

A REMARKABLE evidence of the continuous development of the automobile industry is shown by the expansion of the General Motors Acceptance Corporation which is the financing organization of the General Motors Corporation. In consideration of its increased volume of current business and in order to accommodate anticipated business, the Acceptance Corporation has sold to the parent company 16,000 shares of its capital stock at \$125 per share, thus acquiring an additional \$2,000,000 of capital funds.

This gives the company a full-paid

capital stock of \$7,600,000, with surplus and undivided profits of approximately \$3,000,000.

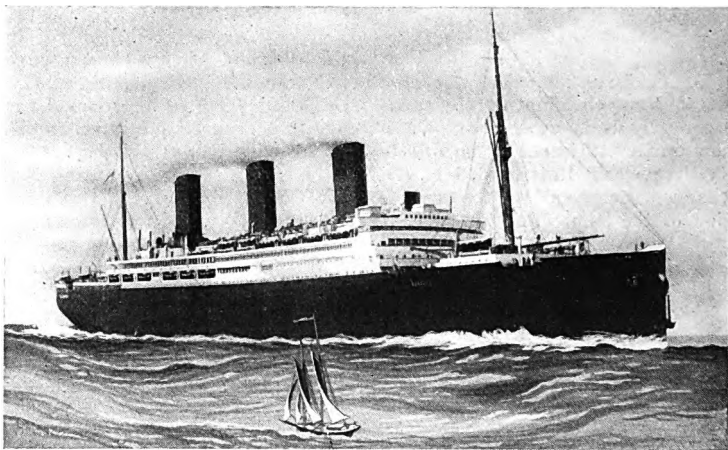
The Acceptance Corporation handled in 1923 a volume of \$197,000,000 of business in its domestic, Canadian and London classifications, and close to \$21,000,000 of foreign business, a total volume of \$218,000,000 for the calendar year. This compares with a total of \$135,000,000 in 1922. Domestic, Canadian and London receivables outstanding on December 31, 1923, stood at \$67,319,443, and foreign bills of exchange at \$7,051,488.

ASSETS

	Dec. 31, 1923	Dec. 31, 1922	Dec. 31, 1921
Cash in banks and on hand	\$ 6,729,780.83	\$ 4,429,846.93	\$ 2,659,596.17
Cash in trust	2,951,416.76	1,462,685.77	816,611.19
Notes receivable	67,319,443.73	44,782,958.86	26,199,685.08
Foreign bills of exchange	7,051,488.22	2,685,776.54	1,061,957.84
Due from banks on discounts	809,650.01	87,962.82	192,039.44
Accounts receivable	228,434.01	384,980.83	282,735.80
Interest earned, not received	5,335.95	2,298.00	2,781.51
Furniture and equipment (less depreciation)	381,860.71	319,875.62	343,879.21
Investments	6,000.00	6,000.00	6,000.00
Cash and securities pledged by foreign customers (contra)	80,506.55	192,282.83	221,989.87
Prepaid discount	579,398.62	326,223.74	198,547.02
Deferred charges	25,370.54	15,412.69	8,142.52
Total	\$86,118,185.93	\$54,645,799.63	\$31,983,965.65

LIABILITIES

	Dec. 31, 1923	Dec. 31, 1922	Dec. 31, 1921
Capital stock	\$ 6,000,000.00	\$ 4,800,000.00	\$ 4,000,000.00
Surplus and undivided profits	2,545,045.35	1,509,256.72	1,010,550.80
Notes payable	65,116,687.27	43,517,619.90	24,772,990.36
Foreign bills discounted	6,896,183.46	2,442,154.97	841,686.68
Accounts payable	1,809,811.00	193,542.22	177,829.59
Cash and securities pledged by foreign customers (contra)	80,506.55	192,282.83	221,989.87
Interest and charges received in advance	2,361,872.95	1,117,984.28	482,952.42
Reserves	1,303,079.35	872,958.71	426,015.93
Total	\$86,118,185.93	\$54,645,799.63	\$31,983,965.65



The palatial "Berengaria" of the Cunard Line, one of the greatest ocean liners

Bankers Plan Second Annual Tour to Europe

THE 1923 Bankers' Tour to Europe under the direction of Lifsey Tours, Inc., proved so successful that such a tour has now been planned as an annual event of the banking world.

The 1924 Bankers' Tour will sail on June 25 on the S. S. "Berengaria" of the Cunard Line, arriving in Cherbourg on July 1. From there to Paris for a six day stay, including sightseeing trips to all of the interesting points, such as

Napoleon's Tomb, the Madeleine, Notre Dame, Place de la Concorde, Palace de Versailles, and many other famous places.

Seven weeks of interesting trips to the important places in seven countries—England, France, Italy, Switzerland, Austria, Holland and Belgium, are included in the tour. Seven weeks of comfortable traveling with all the petty and annoying details eliminated.

One of the features of this tour is



One may enjoy a daily dip in the swimming pool aboard the "Berengaria"



Luxury and comfort are the keynote in the saloons of the "Mauretania"

that while special trips have been arranged for visiting all well-known points, plenty of time and opportunity is given for individual sightseeing, visiting friends, or resting, as the case may be.

A tour of the battlefields has been planned to be specially conducted by a prominent officer of the French army, who knows every foot of the ground. Starting by automobiles from Chateau Thierry, the tour will include Belleau Wood, Chemin des Dames, Soissons and Rheims, where the night will be spent.

Lucerne, St. Moritz, Innsbruck, Venice, Milan, Lugano, Stresa, Montreux, Interlaken, Strassburg, Brussels, The Hague—all of the well-known points of interest in these places, and many that are not so well known, will be covered.

Then comes London, for five days, with automobile trips around the city, visiting the Thames Embankment, Inner Temple, Law Court, Tower of London, Mansion House, Bank of England, Guildhall, Cheapside, Lincoln's Inn, British Museum, etc.

Oxford will not be neglected, nor the Shakespeare country, Windsor Castle, Hampton Court Palace, and Richmond Park.

On August 9 the party will sail for home, via the S. S. "Mauretania," arriving in New York on Friday, August 15.

An extension tour of two weeks by private automobile through England and Scotland has been arranged for those who have no particular longing to return to their native land promptly.



Our Aim—

IT IS the constant aim of the FIRST NATIONAL IN ST. LOUIS, the largest National Bank West of the Mississippi, to develop and adapt its broad service to the varying and increasing needs of more than 2,000 correspondent banks, located throughout the United States, and to supply interesting and intelligent co-operation which will give maximum value to such accounts.

*New accounts cordially invited
and correspondence solicited.*

FIRST NATIONAL BANK



Broadway-Locust-Olive

R E S O U R C E S O V E R \$ 1 4 0 , 0 0 0 , 0 0 0 . 0 0

Banking and Financial Notes

SPECIAL

**BANKERS
MAGAZINE**

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

"DESPITE the highly favorable position of the Reserve Banks as well as the banking system as a whole," states the current issue of *The Guaranty Survey*, published by the Guaranty Trust Company of New York, "the condition of some of the banks in agricultural sections, particularly in the Northwest, where an unusual number of failures have occurred recently, has called forth special united efforts of the Government and private financial and business interests to lend assistance." The *Survey* continues:

It is highly significant that the straitened circumstances of a portion of the banks and of their customers threaten no general disturbance of the country's credit or business. It is recognized that even in the affected regions a large majority of the banks, especially of the larger institutions, are not endangered. For the most part the banks needing assistance are small, ranging in capital, it is said, from about \$25,000 to \$50,000.

It is not to be supposed, however, that the present difficulties can be ascribed solely or even mainly to the size or the management of the local banks which have served the business interests, principally agricultural in the Northwest. The superfluous number of small and comparatively weak institutions is only one of several contributing causes.

The chief stress has appeared in regions where wheat is the principal crop. In a part of the territory wheat is practically the sole marketable farm product. The unfavorable results of a greatly expanded production have been accentuated by the disturbed price relationships growing out of the war.

In the cattle raising districts of both the Northwest and Southwest difficult conditions

have also prevailed. Over-production and high cost production following the deflation of speculative values and, in some localities, bad crops have brought heavy losses. High wages in industrial centers had induced high living standards with reduced demand for all but the finer cuts of beef. As a consequence the beef as a whole was less profitably marketed.

EXTRAVAGANT EXPENDITURES

Complicating both the labor problem and the financial situation was the tremendous wave of public highway and other construction which spread throughout the country. Farmers have been burdened greatly by the volume of local borrowing through the sale of bonds, stimulated by the tax-exemption privilege with respect to income. Much of this construction at enormous cost was uneconomical.

Hardships would have resulted even under more favorable conditions than have recently obtained. The world supply of wheat, economic and financial disorder in wheat importing countries and the character of the competition with other producing areas have militated against our wheat growers. They have been adversely affected in peculiar degree by the inflated industrial wages and other costs contributing to the high prices of what they buy, in comparison with the prices of what they sell. Summed up, the simple fact is that the farmer has been deflated and industrial labor has not. Heavy debts incurred in the era of general price inflation, and loans based on fictitious values, remain unpaid. Necessarily the situation is reflected largely by the position of the banks in these sections, as they share the losses of the communities they serve.

EMERGENCY RELIEF PROVIDED

It is appropriate that financial and business interests representative of the country at large should unitedly assist in providing

the needed funds for the re-establishment of a sound credit condition where local resources are inadequate. This is the purpose of the financing corporation which has been organized this month, with a capital of \$10,000,000, furnished largely by the leading banks of New York, Chicago and other large cities. It is expected that the corporation, on the basis of this capital, will be able to make available a much larger sum if it should be needed. Supplementing the work of the War Finance Corporation, whose period of emergency activity has again been extended, and other agencies, the new corporation gives promise of effective service. The special funds provided by it are to be utilized only where there is reasonable assurance that the debtors can work out of their difficulties.

The solution of the present problem will not be complete until there is further adjustment of agricultural production to the actual market situation. Progress in this direction is being made, as is indicated, for example, in the reduced wheat acreage of the current year and increased activity in other lines of farm production. Much more remains to be done.

PRODUCTIVE TAXES

"When is a tax not a tax?" asks a recent issue of *Business Conditions Weekly*, published by the Alexander Hamilton Institute, New York. "It is not a tax," the review says, "when it fails to produce revenue. A tax is not productive when it is prohibitive." The review continues:

There have been numerous examples of prohibitive taxes in connection with the customs tariff. A customs duty of 100 per cent. is usually prohibitive. For instance, if the tariff on pig iron were \$30 a ton, no one would consider buying iron produced in Belgium or England. If Congress desires large tax revenues from imports of any commodity it does not impose a customs duty of more than 20 or 30 per cent. To be productive, a customs duty must be low enough to permit an actual movement of goods into the country. A customs duty which is high enough to shut out foreign goods completely is not a tax in the productive sense—it is a prohibitive tariff. It is the old difference between *de jure* and *de facto*—it is there in law but not in fact.

Similarly, it is fair to say that a surtax on personal incomes ceases to be a real tax when it drives capital into tax-exempt securities. At the present time, the maximum surtax on incomes in the United States is 50 per cent. This 50 per cent. rate applies

only to incomes of \$500,000 or more. It fails to produce any considerable amount of revenue. That is quite obvious. A man will not buy a 6 per cent. corporation bond and give up \$3 out of every \$6 of interest when he can get $3\frac{1}{2}$ to 4 per cent. from tax-exempt bonds. A surtax of 33 $\frac{1}{3}$ per cent. means that the millionaire must give \$2 out of every \$6 to the Treasury. This leaves only \$4 to the millionaire and he can get that much from tax-exempt bonds. Obviously, a tax of around 33 $\frac{1}{3}$ to 35 per cent. will tend to drive a good deal of capital into tax-exempt securities.

A surtax on income does not become really productive until the maximum is reduced to around 20 to 25 per cent. If the maximum surtax is 25 per cent. the millionaire who receives 6 per cent. interest will give only \$1.50 to the Treasury and can keep \$4.50 to spend. That is about as much as he can obtain from tax-exempt issues, and consequently a surtax of 25 per cent. will be productive.

Of course, if Congress really desires to collect more than 25 per cent. of the incomes of multi-millionaires, it can do so by authorizing a Constitutional amendment to eliminate all issues of tax-exempt securities. With these abolished, a 50 per cent. surtax would become productive. We expect Congress to submit such an amendment to the states of the Union in the not distant future. However, when the matter was actually put to a vote in Congress last week, the necessary two-thirds majority was lacking. Too many Congressmen were thinking of the selfish interests of the municipalities in their own states and not of the general good of the whole country. Meanwhile, some of these Congressmen indulged in meaningless debate about reducing the maximum surtax from 50 per cent. to 44 per cent. We have shown above, however, that a reduction to 44 per cent. will not produce revenue. A Congressman who talks about a 44 per cent. maximum surtax is either ignorant of the facts or lacking in sincerity.

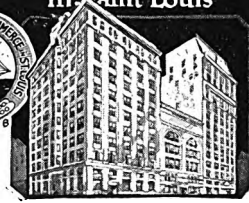
Commenting on the rate at which a surtax will become productive, Dr. Thomas S. Adams, tax expert of the Treasury during the war period, states:

"Reducing the maximum surtax from 50 to 44, or even to 40 per cent. would be useless. Taxpayers who will avoid 50 per cent. surtaxes will avoid 40 per cent. and, in my deliberate judgment, 35 per cent. surtaxes. There are some occasions when a half loaf is better than nothing at all. This is not one of those occasions. I can see no justification in principle for a cut in the maximum surtax of 10 or 12 per cent. There should be a greater reduction or no reduction at all."

In connection with the discussion of tax-exempt issues, the Treasury authorities re-

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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

cently stated that the estate of the late William Rockefeller had \$44,000,000 in tax-exempt securities as compared with \$7,000,000 in Standard Oil and other petroleum securities.

That multi-millionaires are rapidly selling business securities to invest in tax-exempt issues, is shown in the following table, the figures relating to estates over \$1,000,000 upon which the Government assessed inheritance taxes. Before the period of high taxation, less than 10 per cent. of the stocks and bonds of estates subject to the inheritance tax were in tax-exempt issues. In 1923, however, the figure was 42 per cent.

Estates of \$1,000,000 or Over, Subject to Federal Estate Tax

Year	Per cent. of stocks and bonds wholly tax exempt
1917	3.26
1918	6.66
1919	7.87
1920	14.50
1921	13.30
1922	10.53
1923 (21 estates)	41.98

FARMING DEVELOPMENT IN MONTANA

"Improvement in farming methods continues in Montana, a state which has

suffered much agricultural discomfort from unadaptable easterners and the shabby treatment of inexpert amateurs," says the current number of the *North-western National Bank Review*, Minneapolis, Minn. The letter goes on to say:

Two years ago the Montana Development Association, after several years of scanty rainfall and devastating heat, instituted a campaign for "summer tillage," a system of dry land farming said to be suited to that state.

The object of the advocated method is to form a surface mulch to hold the moisture, and the system embraces a routine of plowing, discing, subsurface packing and cultivation, the latter intended to be frequent enough to prevent evaporation, and timed to follow rains immediately after a crust forms, or is in process of being formed. A necessary part of the program is a season of inactivity, so far as planting goes, every other year. The drive for the furtherance of summer tillage began in the fall of 1921, and consequently only recently has it been possible to announce the outcome in terms of yield per acre.

Montana has wonderful soil and in propitious seasons is entirely capable of

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,500,000 Undivided Profits \$319,000

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*

WILLIAM J. WASON, JR., *Vice-President*

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ALBERT I. TABOR, *Assistant Secretary*

J. NORMAN CARPENTER, *Trust Officer*

ALBERT E. ECKERSON, *Auditor*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

winning sweepstakes prizes for its cereals. As it happened, 1923 was one of the years when foolproof conditions prevailed in many parts of the state and the old methods brought some measure of success. Sponsors of the plan were thereby robbed of the satisfaction, if they had wished so gloomy a triumph, of an entirely sweeping, crushing "I told you so;" but, even so, the success of the tillage campaign was decisively demonstrated.

The scope of the movement is shown by the fact that 4422 farmers definitely enrolled themselves in the movement. The state was divided into three districts, the north, central and southern, and prizes valued at \$12,000 were offered. As reported by the association, the average yield of wheat on summer-tilled land was thirty-six bushels per acre, whereas the yield throughout the entire state, as shown by the Government report, averaged 14.9 bushels per acre.

The all-state average in 1922 was 14.6 bushels, and in 1921, 12.3 bushels; the five-year average yield, from 1918 to 1922, was 12.1 bushels per acre. Compared with these yields, the thirty-six bushels per acre on the summer-tilled fields is an outstanding success.

THREE CENTS WILL NOT PAY FOR A FIVE-CENT CARFARE

"We receive an occasional inquiry on the Mellon taxation plan asking what relation this bears to the sales tax," says a recent number of *The Bache Review*, a weekly publication of J. S. Bache & Co., New York. "The fact is," the *Review* continues, "the Mellon plan has no relation in any way to the sales tax. It is a highly meritorious attempt to revise downward the pernicious system of taxation now in operation in this country. It is a step in the right direc-

tion, inasmuch as it reduces the surtax percentage to a point where large capitalists could reap a benefit by using funds in business instead of investing them in tax-exempt securities." The *Review* goes on to say:

The maximum surtax, under the Mellon plan, is 25 per cent. To this would be added the 6 per cent. normal tax, so that taxes on business would really go as high as 31 per cent. The present rates are 50 per cent. on surtaxes and 8 per cent. normal, making the total 58 per cent. The Garner recommendations are for 44 per cent. and 6 per cent.

Anything higher than the Mellon rate would not release funds for business. As Mr. Mellon says, there is no use giving a boy 3 cents to pay a 5-cent carfare; he will have to walk anyway.

The Mellon plan, regarding surtaxes, is, as we have said, a step in the right direction, but a complete abolition of the surtaxes is necessary eventually in order to still further release large sums for use in business.

This abolition would also stop the issue of tax-exempt bonds, or at least cut off their desirability and the consequent reason for their issuance. This is the only practicable way of getting rid of the tax-exempt bonds as a depreciator of Government revenue. It would probably take years to restrict such issues through a Constitutional amendment, and there are already estimated to be in existence \$31,000,000,000 of bonds whose tax-exempt provisions could not be altered—probably enough to absorb all the revenue seeking to escape taxes for years to come.

THE REMEDY FOR TAX-EXEMPTION

A proper substitute for surtaxes, to provide the revenue necessary to fill the gap, is the sales or turnover tax, and this is what all good citizens should work for. Wherever the sales tax has been introduced, it has become a permanent and effective

method of raising revenue easily. Its simple provisions should be adhered to.

Unfortunately in Canada there has been political manipulation of the system, which has gradually increased the percentage required and made the levy on particular sales, instead of spreading it over all sales. This has produced some friction, and we expect to see Canada revert to the original turnover tax. No other country which has adopted the turnover tax has materially changed its working, and some countries have had it in successful operation for years.

In France, this tax has become one of the most reliable sources of revenue to the French Government. In 1923, receipts totaled 3,015,801,000 francs. The returns had been steadily increasing each year. Those of 1923 exceeded the 1922 returns by 32 per cent., and the 1921 returns by 58 per cent.

SQUEEZING THE WASTE OUT OF INDUSTRY

That the movement for elimination of seldom-used varieties of everyday commodities is growing in scope and is saving millions of dollars to American commerce and industry, as manufacturers recognize the benefits from this simplification process, is shown in a report to Secretary of Commerce Hoover by William A. Durgin, head of the Division of Simplified Practice of the Department of Commerce.

During the last quarter of 1923, the report shows, ten industries, with the co-operation of the division, put into effect eliminations and simplifications covering a vast number of varieties of their products, the effect being to bring down manufacturing costs, and to benefit distributors and consumers as well. In addition to these, several other industries are on the way to accomplish similar savings. Mr. Durgin points out that:

In the industries tied up with building construction simplifications affected metal laths, building bricks, range boilers and hollow building tile. Surveys of the brick industry showed thirty-nine sizes of rough face brick and thirty-six sizes of smooth face brick. The conference of manufacturers, builders, and architects adopted one size and style in each case, eliminating seventy-three numbers previously made. In dealing with hollow building tile the varieties of sizes and weights were reduced from thirty-six to nineteen; while in the case of



THIS BANK offers complete facilities for the transaction of every kind of banking business.

Collections made promptly and on favorable terms on every part of the world

Foreign Exchange Bought and Sold

Commercial and Travelers' Letters of Credit

Correspondence and inquiries invited

Capital - \$3,000,000

Surplus and

Profits - 8,700,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

The Erie Canal—and Buffalo

The Erie Canal constructed by the State of New York furnishes a waterway with cheap transportation from New York City to Buffalo. Its cost is far in excess of the Panama Canal and it furnishes an all-American water route from the Great Lakes to the Atlantic ocean.

This is but another advantage of Buffalo, the City of Opportunity which is served by the largest and oldest commercial bank on the Niagara Frontier.

THE MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus - - \$20,000,000

metal laths, sizes and weights were reduced from one hundred and twenty-five to twenty-four, covering both flat and rib type laths.

Developing the simplification process with regard to range boilers, thirteen varieties were retained out of a list of one hundred and thirty which had been revealed in the survey of this industry.

PUBLIC WORKS AFFECTED, TOO

The field of public works also benefited by simplified practice, both as to vitrified paving brick and asphalt for road and paving work. The survey of the paving brick industry had shown sixty-six varieties, and through the co-operation of the division the industry has cut this number to six varieties.

In the asphalt industry the variety was

even greater, surveys of a year's shipments revealing eighty-eight varieties of asphalt being used for paving purposes, with fourteen varieties being used for brick and stone filler. But four-fifths of the production was confined to approximately ten varieties, and the joint conference of the interests concerned with production and consumption brought a reduction from one hundred and two to ten grades.

The confusion due to huge varieties of certain articles for the home has been lessened, the report indicates. Where there had been more than 200 various dimensions of beds, springs and mattresses, the division was able to bring about an agreement of one length and four widths as standards for this group.



Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

CONVENTION DATES

Bankers Association for Foreign Trade—
at Buffalo, N. Y., March 19-20.

Pennsylvania Bankers Association—at
Philadelphia, Pa., May 21-23.

National Association of Credit Men—at
Buffalo, N. Y., June 10-13.

New York—at Mount Royal Hotel, Mon-
treal, Canada, June 23-25.

COMMERCIAL TRUST AND EAST RIVER BANK TO MERGE

Negotiations are under way for the merger of the Commercial Trust Company and the East River Bank, both of New York. The former institution will be changed to a national bank before the consolidation.

The East River National Bank is controlled by the Bank of Italy, with headquarters in San Francisco. A. H. Giannini, president of the California bank, is also president of the East River National Bank which, on December 31, increased its capital from \$1,000,000 to \$1,500,000. The capital of the Commercial Trust Company is \$1,000,000. No change, it appears, is to be made in the capitalization of the bank, which will therefore be \$2,500,000. The deposits of the East River National Bank at the end of 1923 were \$17,232,100, and those of the Commercial Trust Company were \$13,424,000 as of November 15 last, which would make the total deposits of the combined bank over \$30,000,000.

TWO RESIGN FROM GUARANTY TRUST COMPANY

Morris F. Frey, assistant treasurer of the Guaranty Trust Company of New York, has resigned in order to resume the practice of law. He will be associated with the firm of Stetson, Jennings, Russell and Davis, lawyers, at 15 Broad street, New York City.

Mr. Frey has been in charge of the income tax department of the Guaranty Trust Company for seven years and during this period has contributed much to a wider general understanding of income tax legislation and procedure, both state and Federal.

In 1917, at the request of the Commissioner of Internal Revenue, Mr. Frey spent several months in Washington acting in an advisory capacity in the drawing up of income and excess profits tax regulations



MORRIS F. FREY

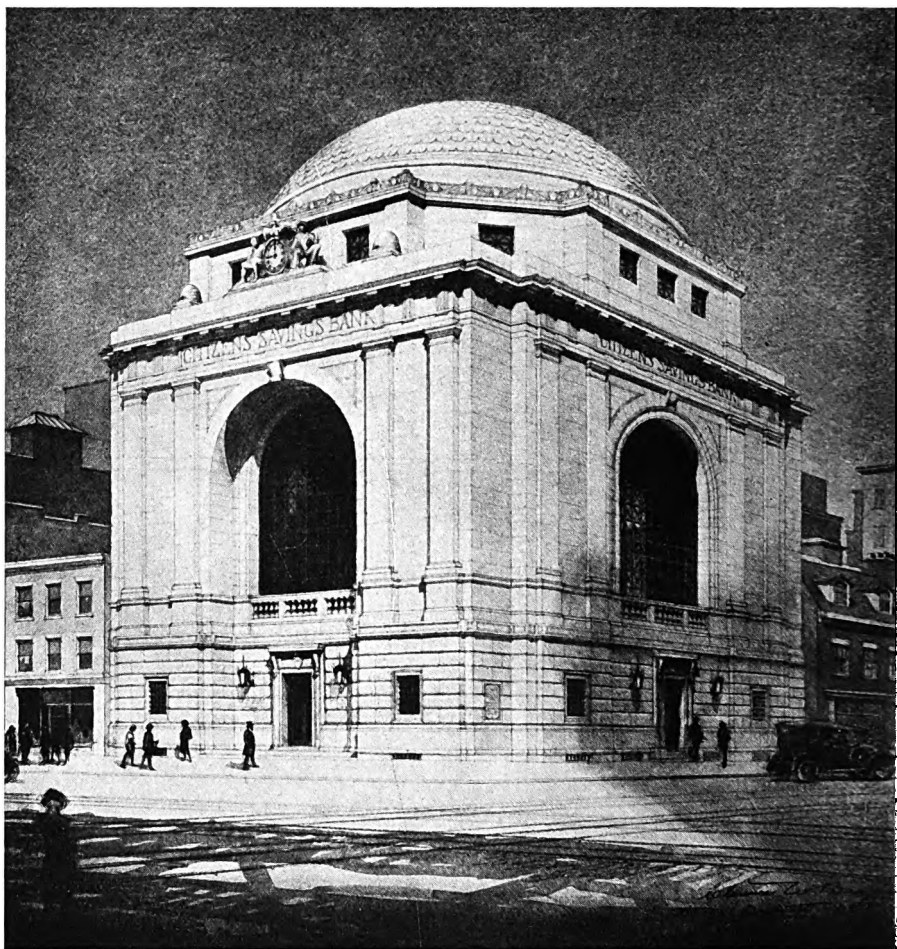
Formerly assistant treasurer Guaranty Trust Company
and now associated with Stetson, Jennings,
Russell and Davis, New York

under the 1917 law. In 1919 he assisted in the promulgation of the New York State income tax regulations.

Alexander Phillips, vice-president of the Guaranty Trust Company, has retired. The condition of his health has been the cause of this decision.

Mr. Phillips went to France in 1916 as representative of the company. In that year he negotiated with the French Government and large French industrialists an accept-

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.

ance credit of \$50,000,000, in which the Guaranty Trust was joined by the Bankers Trust Company. In 1917 he established the Paris branch of the company. In 1918 he performed a similar service in Brussels, negotiating with the Banque Nationale de Belgique the establishment of a \$50,000,000 commercial acceptance credit. Mr. Phillips then returned to New York as vice-president of the company.

SPRING PROGRAM OF A. I. B. ANNOUNCED

Oliver B. Hill, of the Chase National Bank, chairman of the New York chapter of the American Institute of Banking, has announced the program for the spring semester. Philip A. Benson, of the Dime Savings Bank of Brooklyn, Samuel S. Rodman of Harris, Forbes & Co., Charles A. Pertain of the National City Bank, and James M. Shaw, of the National City Company will conduct courses.

EQUITABLE DECLARES QUARTERLY DIVIDEND

At the regular meeting of the board of trustees of The Equitable Trust Company of New York, held February 19, a quarterly dividend of 3 per cent. was declared, payable March 31 to stockholders of record on the same date.

CHATHAM & PHENIX HAS COIN EXHIBIT

During national coin week, which began February 9, the Chatham & Phenix National Bank, New York, at its main office and branches, exhibited a large and diverse collection of old coins, medals and paper money.

HAMILTON NATIONAL BANK PERSONNEL CHANGES

The executive committee of the Hamilton National Bank has announced the following changes in personnel: C. W. Korell, appointed vice-president; Harry T. Hull, assistant vice-president; Henry Ritterbush, formerly night manager, to be assistant cashier, and Russel B. Reycraft as night manager from night teller. Mr. Korell, the new vice-president, has served the Columbia Bank and has long been active in banking in Nassau County. Mr. Ritterbush was at one time on the staff of the Farmers' Loan & Trust Company.



BUFFALO uses large quantities of California and Southern fruit, and considerable Western produce.

OUR wholesale market district surrounds THE ELK STREET MARKET BRANCH of THE PEOPLES BANK OF BUFFALO.

"Rapid service at lowest rates" on Buffalo collections — is offered by this progressive institution.

Resources \$24,000,000.00

HIGGINS BECOMES MEMBER OF AMERICAN EXCHANGE BANK STAFF

Joseph D. Higgins, comptroller at large of the Federal Reserve Bank of New York, has resigned to become assistant vice-president of the American Exchange National Bank.

Mr. Higgins was one of the original staff which carried through the organization of the Reserve Bank in November, 1914. He personally supervised the opening of the general ledger on the day the bank was opened. His services were at first lent to the Federal Reserve Bank by the American Exchange National Bank, which he had joined in 1892. He subsequently became an officer of the Reserve Bank and has served successively in various official capacities. Recently, as a member of the procedure committee, he made important contributions toward effecting economies and improvements in the operations of the bank.

The ripe experience gained by Mr. Higgins

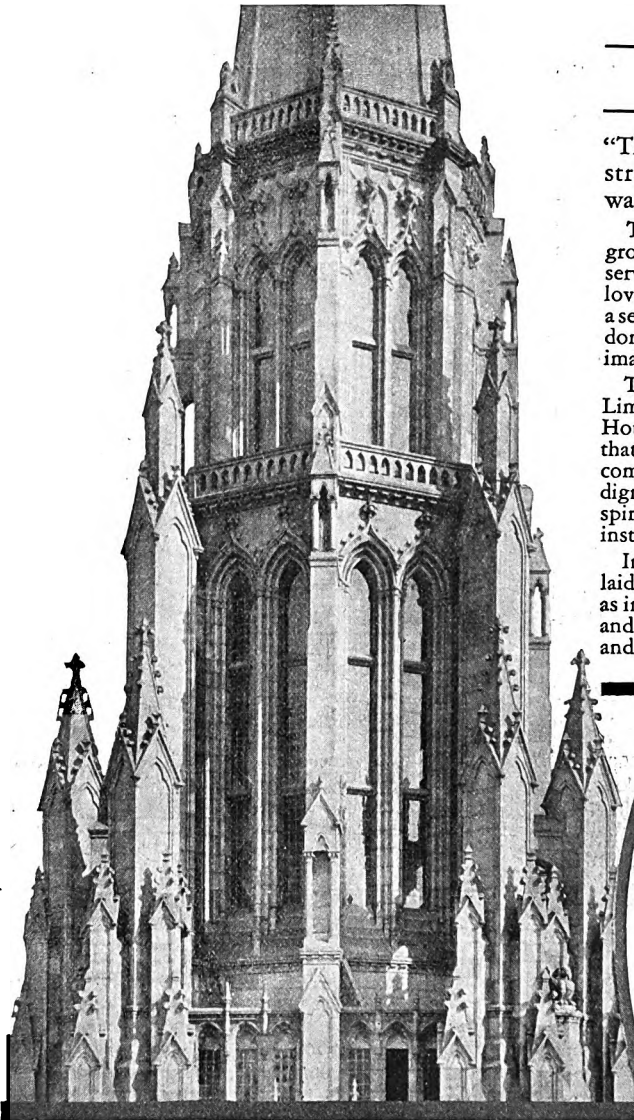
1884 — 1924

"The tower, in its origin, is a building for strength of defense, and faithfulness of watch," says Ruskin.

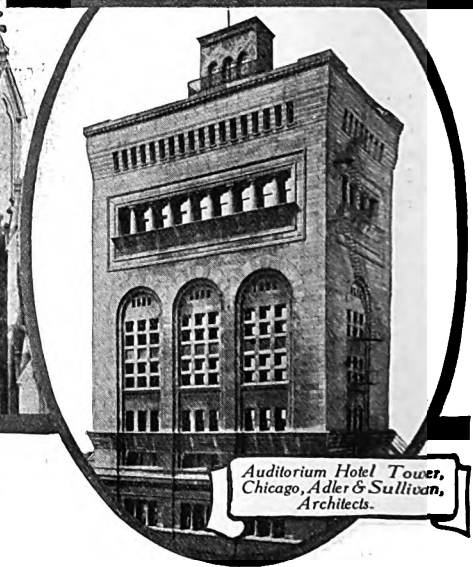
This original purpose has long since been outgrown; nevertheless, the tower has been preserved to us through the ages as one of the best loved traditions of architecture. Viewed across a sea of roofs and volleying smoke-stacks, a city's dominating towers are at once a challenge to the imagination and a stimulus to industry.

The towers here illustrated are built of Indiana Limestone, the one being that of the Auditorium Hotel, Chicago, erected forty years ago, the other that of the Temple Building, Chicago, recently completed. Note in the first, the expression of dignity and strength; in the other, grace and inspiration — expression made effective in both instances by the use of this natural stone.

Indiana Limestone is beautiful when simply laid, stone upon stone with no ornamentation, as in the Auditorium Tower, or when elaborately and precisely carved and fashioned into turrets and pinnacles as in the Temple Building Tower.



Temple Building Tower, Chicago,
Holabird & Roche, Architects.



Auditorium Hotel Tower,
Chicago, Adler & Sullivan,
Architects.

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The NATION'S BUILDING STONE

in his work for the Reserve Bank, well qualifies him for his new position, which will embrace the directing of the bank's interior operating methods.

NATIONAL PARK BANK PROMOTES WALTER S. JELLIFFE

At the last regular directors' meeting of The National Park Bank, of New York, Walter S. Jelliffe was promoted from assistant cashier to the position of assistant vice-president.

Mr. Jelliffe joined The National Park Bank in 1918, and was elected assistant cashier in May, 1920. He has traveled extensively in the interests of the bank, giving particular attention to the southern territory.

FRENCH AMERICAN BANKING CORPORATION

The statement of condition of the French American Banking Corporation of New York, as of December 31, 1923, shows total resources of \$20,222,195, capital of \$2,000,000, surplus of \$850,000 and undivided profits of \$264,659.

WALSH LEAVES BIGELOW STATE BANK

George W. Walsh, cashier of the Bigelow State Bank, New York, has resigned from that institution. He will join the staff of R. A. Irving, general agent in Philadelphia of the London Guaranty and Accident Company, Ltd., where he will be engaged in the credit insurance end of the business. For the last thirteen years Mr. Walsh has been in turn associated with Messrs. Kountze Brothers; Harris, Forbes & Co.; the Somerville Trust Company, Somerville, N. J., as assistant secretary and treasurer; and with the Bigelow State Bank.

FILM STARS MEET BANKERS

With a view to acquainting themselves at first hand with the methods and processes of the motion picture industry, about seventy-five prominent members of the Bankers' Forum, New York Chapter, American Institute of Banking, recently visited the Long Island City Studios of the Famous Players-Lasky Corporation as guests of Richard W. Saunders, comptroller of the corporation, ex-cashier of the National Bank of Commerce in New York, and an active member of the Forum.

To Build Bank Deposits

**Get Your Prospects
to Think Well of
You!**

It is necessary to create and maintain a favorable opinion of your services in the minds of your customers and prospects.

**By Giving Them a
Chance to Know
About You.**

You can do this by sending periodical messages to your prospects telling them about your bank and its services.

The Way is Clear.

This company can supply you with a deposit building service prepared to fit the needs of your particular bank. This service is under the direction of Mr. Withers Woolford, formerly Advertising Manager of the Bank of America, N. Y. C.

Begin Building Now.

To-day is not too soon to begin a campaign for new business.

Write us for complete details.



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Arrangements had been made for the bankers not only to visit the plant from top to bottom but also to see the filming of pictures now in production. As a result those present saw Lois Wilson, Bebe Daniels, Rudolph Valentino and Lowell Sherman in one of the large features soon to be released, and Tom Meighan and Virginia Valli preparing a picture soon to be shown.

Subsequently most of these prominent members of New York's banking fraternity met Miss Daniels and Mr. Valentino under the glare of the lights and to the click of the movie cameras and after dinner in the studio dining room witnessed a private showing of some of the company's latest releases.

AMERICAN NOW HEAD OF BRITISH CHAMBER

James Brown, of Brown Brothers & Company, New York, was elected president of

Assets and Security



AN investment security should be considered not only from the point of view of its yield but also from that of the values behind it.

The capital stock of the American Telephone and Telegraph Company is approximately \$733,519,300. The total assets of the Company are over \$1,223,000,000. Its current liabilities and funded debt are only 22% of its total assets.

Dividends have been paid regularly on the stock for over forty-one years. The dividends have been earned with a surplus which has been reinvested in the business. Investors in the stock get their regular dividends and have the satisfaction of knowing that there is a large stockholders' equity behind each share.

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It can be bought in the open market to
yield over 7%. Write for full information.*



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the British Empire Chamber of Commerce in the United States at the annual meeting of the chamber in New York on January 22. This is the first time in the history of this organization that the presidency has gone to an American.

J. Joyce Broderick, Commercial Counselor of the British Embassy, congratulating the chamber upon its selection, said that he



EDWARD F. DARRELL

Retiring president British Empire Chamber of Commerce in the United States

represented Sir Auckland Geddes, British Ambassador, who desired to express his approval of the election of Mr. Brown. He said that he was extremely gratified that a man who had accomplished the work of Mr. Brown in bringing about a more friendly relation between the two English speaking nations should be at the head of such an organization.

Other officers elected at the annual meeting were: Robert Y. Hebden of the Bank of Montreal, first vice-president; C. S. Le Poer Trench of C. S. Trench & Co., second vice-president; Robert R. Appleby of Kemsley, Milbourn & Co., Ltd., third vice-president, and Norman C. Stenning of the Anglo-South American Trust Company, honorary treasurer. R. F. Munro was re-elected secretary. Mr. Appleby was elected as the new chairman of the executive committee.

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IN thousands of banks, all over the country, this story is repeated: New accounts—new business—since *positive protection* became a fact.

Super-Safety INSURED Checks are *triple* safe-guarded against the check raiser. Made of the world's best safety paper. Each check protected by the world-famous Wm. J. Burns International Detective Agency, Inc.

And each depositor insured, in the amount of \$1,000, against loss by check alteration. This insurance is carried by the HARTFORD ACCIDENT AND INDEMNITY COMPANY—one of America's strongest companies. It enjoys an enviable and national reputation for the prompt payment of all just claims. It has over \$19,000,000 in assets. It is associated with the "old line" HARTFORD FIRE INSURANCE COMPANY, which has been in business over 113 years.

They protect bank and depositors. And they give the bank something definite, something tangible to "sell" to prospective depositors. Yet they cost you no more than unprotected checks of similar quality.

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*Largest Manufacturers of Bank
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The Corporation Manual

Twenty-fifth Edition, 1924

A systematic arrangement of the statutes affecting both foreign and domestic business corporations in all states.
The Uniform Stock Transfer Act.
The Blue Sky Laws.
The Anti-Trust Laws.
Forms and Precedents.

United States Corporation Company

65 Cedar Street, New York

Edward F. Darrell, the retiring president, was one of the organizers and pioneer president of the chamber. He was born in Bermuda, but at the age of 19 he came to New York, where he founded the well-known export house of E. F. Darrell & Company.

IRVING ISSUES BOOKLETS ON INCOME TAX LAWS

Answers to many problems which confront individuals and corporations in making up their annual income tax returns are supplied by the 1924 edition of "Questions and Answers on Federal Tax Laws" and "Questions and Answers on New York State Income Tax Laws," issued by Irving Bank-Columbia Trust Company, New York.

The former book, as its name implies, deals with the subject of Federal income taxes only; the book on the state income tax laws covers both the personal income tax law and the corporation income tax law. The text of these respective statutes, including amendments in 1923, are printed in full. In addition, each book treats in question-and-answer form a wide range of typical cases which arise in the computation of income taxes for the Federal Government and the state.

HEVENER GOES WITH BANK OF AMERICA

Osborn Fort Hevener, since 1921 assistant to the advertising manager of The Equitable Trust Company, New York, has resigned his position to become publicity manager of The Bank of America, New York.

Mr. Hevener was born and educated in

Newark, N. J. He spent some time in the newspaper field. He went with The Equitable in 1917, and served in several departments of the bank, entering the advertising and publicity department upon



OSBORN FORT HEVENER

Recently appointed publicity manager of
The Bank of America

its organization in January 1921. He has contributed to several banking magazines, and to well known publications outside the financial field.

ANNUAL BANQUET OF THE A. I. B.

The twenty-third annual banquet of the New York Chapter, American Institute of Banking, held at the Hotel Astor on February 16 was attended by a number of leading bankers and business men of the country. Clarence R. Chaney of Minneapolis, president of the Institute, addressed the gathering in part as follows:

"The inspiration of such gatherings as this sends Institute people out to their work with enthusiasm. That enthusiasm coupled with a program enables them to produce results. Enthusiasm without a program

To Bank Executives—

Sickness is largely caused by either "cooked" or stagnant bad air.

"Cooked" air is the devitalized product of heated air ventilating systems and does not maintain pure and healthful atmospheres.

Stagnant air is found where windows are kept closed to avoid drafts and chill. Leakage of fresh air through wind pressure usually prevents absolute devitalization.

Gerdes Electric Window Ventilators and Ventilating Systems diffuse healthful and invigorating unheated fresh air without causing draft or chill.

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Engineer, Manufacturer, Contractor

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means wasted effort, and a program without enthusiasm is doomed to defeat. In combination they can accomplish almost anything.

"We know that they can produce a system of education in technical banking knowledge in which more than 80,000 bank men and women of this country can receive the instruction which will ground them in their chosen profession. We know that they can produce bankers' forums and debating societies which will enable the senior bank employee and the junior bank officer to discuss current financial questions, to solve bank problems, and to receive the elements necessary to managerial success. We know that they can produce a society in which all

bank people can stand together on the same basis, sharing the benefits of the work.

"We know that these things are possible because they have been achieved by the American Institute of Banking. With the growth of this organization which, since its inception in 1900, has attained a membership in excess of 55,000, and which has 160 chapters in the principal cities of the country, much greater results are in prospect."

Among the speakers were A. C. Bedford, chairman of the Standard Oil Company of New Jersey, Charles E. Mitchell, president of the National City Bank, New York, and Judge H. R. Wells of New Jersey.

Jacob C. Klinck, president of the New York Chapter, presided as toastmaster at the banquet.



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FEDERAL RESERVE BANK MINNEAPOLIS	FEDERAL RESERVE BANK HOUSTON
FEDERAL RESERVE BANK HELENA	FEDERAL RESERVE BANK OKLAHOMA CITY
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New England States

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ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

BUSINESS sentiment in New England is hopeful but cautious. The volume of general business is fairly large, orders received by manufacturing concerns are coming with gratifying regularity, but buying in all lines, both wholesale and retail, is emphatically on the hand-to-mouth basis. This makes for sound fundamental conditions, and it does away with all fear of inflation and speculation, but it does serve to restrict initiative considerably. The opinion is very generally held in this section that underlying conditions are entirely favorable to the development of a growing volume of business as the year goes on. Money is easy, concerns generally are in a good financial position, inventories are well in hand, and, from the retailers' standpoint, the favorable employment situation assures a continuance of the steady buying which has marked the last few months.

The employment situation has been watched very carefully. The most recent report indicates that while the demand for help has dropped rather sharply there is little or no evidence of any cutting down of forces in any line, and the continuous flow of small orders to the mills creates a sufficient volume of work to keep present forces well occupied. Retail trade is fair, with customers laying particular stress on low prices. Collections have improved slightly and losses on bad accounts are not heavy. There has been a slight increase in the number of business failures, but the reports do not indicate any special strain in any one industry or locality.

The cotton mills are rather quiet, on account of uncertainties in the raw cotton market, and buyers are content to fill immediate needs only. The woolen and worsted mills are faring better and the outlook for spring is encouraging. The shoe factories have been through a period of quiet but feel that the outlook for spring and summer trade is materially better.

Real estate is unusually active for this

time of year and the records show the transfers of many large pieces of property, especially in the larger centers. Manufacturing property is again becoming a factor in the real estate market; business and apartment properties figure rather prominently in the reports of the last month, and while suburban property has been relatively quiet, the volume of inquiries along this line forecasts a very active spring.

The building industry has enjoyed a remarkably active winter season. Open weather in many parts of New England has been of material aid, but even this does not account entirely for the record volume

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Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

of building that has been done at what is usually a quiet time of year. Material prices have been fairly low—as low as they are likely to be for some time—and this, together with the fact that there has been an abundant supply of skilled labor which could be had without the use of bonus payments, has run the total volume of construction up to record figures. Material prices now show a slight tendency to rise, but it is not expected that this movement will go very far, for the disastrous slump that followed such a movement last spring is still fresh in mind.

New England is deeply interested in the proposed reduction of taxes. At this writing the tax bill is being discussed by Congress and no one can foretell the outcome, but this section of the country naturally has a good deal of faith in the quiet, forceful New Englander who is now the chief executive of the

nation, and who has put his strength solidly back of this and other constructive measures.



CONVENTION DATE

National Foreign Trade Council—at Boston, June 4-6.

GEORGE H. S. SOULE LEAVES NATIONAL SHAWMUT

George H. S. Soule, for the past sixteen years an assistant cashier of the National Shawmut Bank of Boston, has resigned from the bank to engage in the general investment business with Arthur M. Russell. Mr. Soule enjoys a wide acquaintance among bankers and investors throughout the country, and has represented the bank at all of the national and many of the state conventions during the past dozen years. Mr. Russell has had a long experience in the bond business with Hayden, Stone & Company, and more recently with Chase & Company, Boston.

ALLAN FORBES HONORED

In recognition of his twenty-five years of faithful and invaluable service to the State Street Trust Company of Boston, Allan Forbes, president of that institution, was presented with a handsome piece of silver, suitably inscribed, by his associates in the bank. In addition, he was voted a three months leave of absence at a meeting of the board of directors.

When Mr. Forbes joined the State Street Trust Company there were but ~~eight~~-employees, and the deposits amounted to less than \$2,000,000. The employees now number about 800, and the deposits have grown to more than \$38,000,000.

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

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

THREE Southern states have adopted agricultural programs in which boll weevil eradication is the prominent feature. They are Louisiana, Georgia and Arkansas. A New Orleans bank has offered \$500 in prizes for the best article on control. It is being deluged with replies. The National Boll Weevil Control Association reports that checks to finance the campaign against the pest are pouring in, and that Governor Whitfield of Mississippi has thrown himself strongly behind the movement.

From these indications may be deduced the increasing importance of the boll weevil problem, and the increasing attention that is being given to its solution. Boll weevil control should be the overshadowing effort of the South this year and the next two years; the section is recognizing it as being of the utmost import, and business in general may be expected to revolve around it. Expressed in a few words, the South is fighting for its economic life in taking the war path against the boll weevil.

Business interests feel that the natural optimism incident to a new calendar has not been misplaced in 1924. There have been some seasonal fluctuations, but the tone is clear.

One of the interesting developments has been the consolidation of the Gillican-Chipley Company with a number of other turpentine and rosin production interests. This affects the greater portion of the naval stores territory of the South.

In retail trade, January, according to representative reports, continued the steady advance of December. The severe weather in January was a strong stimulus. Detailed figures are not available for January, but the December comparisons for representative sections of the South show the general condition. Department stores throughout the Sixth Federal Reserve District did nearly 5 per cent. better business in December, 1923, than in December, 1922, this despite

the fact that the holiday sales were not quite up to expectations. While stocks of merchandise were 10 per cent. greater than in December of a year ago, they were 20 per cent. smaller than at the end of November. The rate of turnover improved, being at the rate of 2.8 times per year.

Chattanooga and Birmingham led in retail gains. They were 15.9 and 14.8 per cent., respectively, better than in December 1922. Savannah was third, 5.9 per cent. better. New Orleans and Atlanta followed, 2.9 and 2.8 per cent. better, respectively. Jackson and Nashville were slightly off.

As is to be expected at this season, the wholesale trade has been off. The warm weather of December made that month make a poorer showing than had been anticipated. January has to a certain extent offset this. The declines were more noticeable in shoes and dry goods. In farm implements, the December business was less than 2 per cent. under November's, but 16.1 per cent. larger than in December of 1922.

Last year was a big year for the southern pine industry—production was the largest since 1916. In addition to the domestic demand, there was a remarkable revival of the export trade.

From all indications, the movement should continue this year on the same basis. The national shortage of houses is estimated at 800,000, and all the signs point to a big building program. In the South, building has gotten away with a flying start. January's building permits in New Orleans, for instance, broke all records for that month. They were nearly \$2,000,000, or \$900,000 more than in January a year ago. It is true that the total was swelled by some unusually large contracts, but the impetus to the construction industry can not be discounted.

Banks report increased demand deposits and decreased loans and discounts. Loans secured by Government obligations increased. Savings deposits show a gain over last year.

Industrial employment throughout the South is satisfactory. Agricultural employment is likewise on a firm basis. The buy-



The Pilgrimage of a Lifetime

THESE SERVICES:

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Plymouth Havre

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LAFAYETTE

..

New York Havre Paris

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CHICAGO SUFFREN

ROCHAMBEAU

..

New York Vigo Bordeaux

LA BOURDONNAIS

ROUSSILLON

..

New Orleans Havre Paris

DE LA SALLE NIAGARA

..

North African Motor Tours

FIVE years of peace along the far-flung line of war. From the wave-swept shores of old Picardy and the poppy fields of Flanders clear east to the mountainous Vosges—Spring has come again. Swords are turned into ploughshares; vivid green carpets the fields so lately fought over. Again Nature and her children have taken up their appointed tasks of peace.

Bois Belleau, Château Thierry, and the Marne, St. Mihiel and Ypres, and last of all, Sedan. No longer just names—foreign names—but bits of our national pride such as Trenton and Yorktown, Antietam and Gettysburg.

The pilgrimage of a lifetime! And how better begun than on a French Line ship? These de luxe liners are indeed French throughout—in service, in cuisine, in the thousand old world customs and courtesies that make a crossing truly delightful. Veritably on these de luxe French liners your visit to France starts six days earlier and you land at a covered pier at Havre, which is the port of Paris, only three hours away. Whether you plan a quick trip on an express liner or a leisurely crossing, the French Line service provides the route idéale. It is the line of the experienced travellers.



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THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



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Est. 1865

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EXPERIENCE—Over fifty-eight
years

STRENGTH—Capital and Surplus
\$4,000,000.00

OFFICERS—Experienced, capable and
well versed on conditions
and credits thruout this
territory ;

invites your business

JOHN M. MILLER, JR.
President

Resources over \$30,000,000

ing power of the section is good because the earning power is good.

Production of iron in Alabama showed a slight decline in December, the total being 214,013 tons. December is usually a dull month, but business was generally better than expected. One of the factors in the optimistic feeling is the improved demand in the cast iron pipe industry.

Reverting to cotton: The high price of the staple resulting from the short crop last season should normally cause an increase in the acreage this year. A number of correspondents from cotton producing sections indicate that this will be the case. But "more cotton to the acre, not more acres to cotton" is the big endeavor to which the Association of Southern Agricultural Workers has dedicated itself. This organization is composed of scientists, executives and other leaders in the agricultural colleges and the U. S. Department of Agriculture. That, too, is the doctrine of the National Boll Weevil Control Association.

The following measures have been proposed, and to secure their adoption, bankers generally are lending their influence:

1. Extra preparation of the seed bed, and planting of pedigreed seed, closely spaced.

2. Fertilization at or before planting, with a later top dressing.

3. Dusting with calcium arsenate to kill the weevil, in pre-square stage.

4. Dusting at frequent intervals after the squares have formed.

5. The stalks to be turned under as soon as the crop is harvested, in order to cut off the weevil's food supply.

The outstanding economic conclusion is that profit in cotton growing under boll weevil conditions depends more upon intensive cultivation and treatment, than upon extension of acreage.



CONVENTION DATES

Association of Reserve City Bankers—at Dallas, Tex., April 14-16.

Georgia—at Augusta, April 24-26.

Florida—at Orlando, April 25-26.

Executive Council, A. B. A.—at Augusta, Ga., April 28-May 1.

Mississippi—at Columbus, May 6-7.

Texas—at Austin, May 6-8.

Arkansas—May 13-14.

Alabama—at Birmingham, May 16-17.

Virginia—at Norfolk, May 22-24.

North Carolina—at Asheville, June 4-6.

American Institute of Banking—at Baltimore, July 15-18.

THE BUSINESS LAW JOURNAL

THE Business Law Journal publishes and explains each month the current court decisions involving commercial transactions.

These decisions are of interest and importance to every business man. The best way to find out whether the Journal will be useful to you is to examine it.

This you can do without obligating yourself in any way.

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PLANTERS NATIONAL BANK OF RICHMOND

The Planters National Bank of Richmond, of which W. Meade Addison is president, during 1923 distributed dividends aggregating \$180,000. This is a return of 18 per cent. on capital stock of \$1,000,000 and is in line with total disbursements for the past five years.

A bonus of 10 per cent. on the year's salary was given every officer and employee of the institution.

R. S. HECHT ELECTED PRESIDENT OF NEW ORLEANS CLEARING HOUSE ASSOCIATION

At the recent meeting of the New Orleans Clearing House Association, R. S. Hecht, president Hibernia Bank and Trust Company, was elected president; Charles J. Theard, president Citizens Bank and Trust Company, vice-president, and Charles A. Morgan was re-elected manager. Mr. Hecht served as vice-president of the association during the past year and has served on the committee of management for several years.

WILLIAM T. GRAY JOINS NEW YORK ADVERTISING AGENCY

William T. Gray, formerly assistant managing editor of the *Louisville Courier-Journal*, has joined the copy staff of Edwin Bird Wilson, Inc., a New York advertising agency.

Mr. Gray has had extensive newspaper and advertising experience in Louisville and St. Louis, and several years ago was Washington correspondent of the *St. Louis Republic*.

INCREASE IN NORTH CAROLINA BANK RESOURCES

An increase in the total bank resources of North Carolina of \$29,597,585 in the period from December 29, 1922, to December 31, 1923, is shown in a report issued by Clarence Latham, chief bank examiner of the state.

AIRPLANE STOPS BANK RUN

Federal Reserve officials are swelling with pride over the enterprise of the regional bank at Dallas, which recently dispatched an airplane with \$500,000 currency to a member 500 miles away whose solvency had been threatened by a run, which was stopped by the expedient.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

CONVENTION DATES

Chamber of Commerce U. S. A.—at Cleveland, Ohio, May 5-8.

Missouri—at Kansas City, May 20-21.

Iowa—at Mason City, June 16-18.

Ohio—at Cedar Point, June 18-20.

Illinois—at Chicago, September 29-30,
October 1-2.

American Bankers Association—at Chicago, September 29-October 2.

THE FEDERAL COMMERCE TRUST COMPANY BEGINS OPERATIONS

The Federal Commerce Trust Company, organized by the National Bank of Commerce of St. Louis to undertake development financing throughout the Mississippi Valley, began operations on February 1.

The company, which is owned by the shareholders of the National Bank of Commerce, has a capital of \$800,000 and surplus of \$140,000. Offices of the concern are on the first floor of the Federal Reserve Building.

John G. Lonsdale, president of the National Bank of Commerce, is chairman of the board of the new company.

W. L. Hemingway, president of the new concern, has stated that the scope of the operations of the Commerce Company would serve to increase the regard for St. Louis as a financing center for the South and Southwest, and that the company would do much toward accumulating the financial resources of this vast region and applying them to the needs of the same section from which they are derived.

David Sommers, vice-president of the new concern, who has had extensive experience in real estate financing, will give attention to many phases of the business. W. W. Ainsworth, manager of the bond department of the National Bank of Commerce, becomes treasurer and active manager of the new company, which will take over entirely the bond selling and investment activities.

Other officers are: J. A. McCarthy, secretary; W. A. Bell, assistant secretary; J. C.

Walker and R. J. Whitfield, assistant treasurers.

The directors are: Sigmond Baer, W. Frank Carter, L. Wade Childress, W. B. Cowen, J. C. Doneghy, E. A. Faust, W. L. Hemingway, John G. Lonsdale, F. August Luyties, Carl F. G. Meyer, N. L. Moffitt, Charles Rebstock, David Sommers, John B. Strauch and F. W. A. Vesper.

FIRST NATIONAL, FORT WAYNE, OPENS NEW BUILDING

The First National Bank, one of the pioneer institutions of Fort Wayne, has moved into its new twelve story building. Beauty and utility were both attained in the construction of this building, which was erected at an approximate cost of \$1,000,000.

The main banking lobby, which is of gray Missouri marble and bronze, rises twenty-eight feet to great skylights which flood it with light. Additional light comes through large clerestory windows in the front and side walls. The lobby is 160 feet long by 48 feet wide, unbroken by columns. At the farther end is a large mural painting, "The Building of Fort Wayne," while at the other end is one entitled "The Wabash and Erie Canal," both by Robert B. Crofton.

The building, which is one of the very finest in Indiana, was designed by the Thomaas M. James Company, bank architects and engineers, while the massive vault was installed by the Mosler Safe Company.

CHICAGO BANK EXPANDS TRUST QUARTERS

Harris Trust and Savings Bank, of Chicago, now has in custody in its trust department approximately \$350,000,000. The new trust quarters of the bank occupy practically the entire third floor of the Harris Trust and Savings Bank Building, which gives more than double the space formerly devoted to that work.

MICHIGAN BANK RESOURCES

A compilation of abstracts from the reports of the 574 state banks, two indus-

Important Developments

PRE-EMINENTLY commercial for more than half a century, the Union Trust Company, Chicago, has made the following farsighted provisions in connection with the steady growth the Bank is experiencing in all departments:

- The election of Mr. Frederick H. Rawson to the newly created Chairmanship of the Board.
- The election of Mr. Harry A. Wheeler as President of the Bank.
- The purchase of the Tribune Building and leaseholds covering a quarter block at Madison and Dearborn Streets — in the very center of Chicago's commercial activities.

These new developments assure to our customers throughout the country a continuance of those high standards of service and that spirit of close co-operation for which the Bank has become widely and favorably known.

UNION TRUST COMPANY CHICAGO

The B/L Bank in America's Freight Center

trial banks and twelve trust companies in Michigan, issued by the Department of Banking of that state, shows resources totaling \$1,179,350,615. The total includes \$372,947,484 in loans and discounts and \$577,830,231 in bonds, mortgages and securities. Commercial deposits amount to \$359,261,194 and savings accounts total \$641,414,642.

NORTH-WESTERN BANKS PROMOTE OLD EMPLOYEES

The directors of the North-Western Banks, Chicago, have made several additions to the official staff. The changes in each case are the promotions of employees of long service.

Stanley Liczmanski, previously assistant manager of the real estate loan department of the North-Western Trust and Savings Bank, has been appointed vice-president in charge of the real estate loan department of the Second North-Western State Bank.

Bernard J. Woital, for two years assistant to the vice-president in charge of business extension and publicity, was promoted to assistant cashier and assistant manager of

the real estate loan department of the North-Western Trust and Savings Bank.

James V. Brodnicki, formerly chief clerk, and Joseph S. Frankowski, previously in the auditing department, were elected assistant cashiers of the North-Western Trust and Savings Bank.

Each of these four new officers has served the North-Western Banks for more than ten years.

EDWARD H. ROGERS ELECTED VICE-PRESIDENT OF THE CENTRAL SAVINGS BANK

Laurence P. Smith, president of the Central Savings Bank, Detroit, one of the First National Bank group, has announced the election of Edward H. Rogers as vice-president of the Central Savings Bank. Mr. Rogers, who is an attorney, was a member of the law firm of Douglas, Esman, Barbour and Rogers, Detroit. This organization has looked after the legal interests, particularly the papers and documents necessary in the making of real estate loans, for the Central Savings Bank for many years.

Your Bond Account—

The buying and selling of bonds is now one of the most important services a bank extends to its clients.

Our Bond Department is equipped to render a complete investment service to banks, and we invite you to make use of the facilities offered.

The NATIONAL CITY BANK ***of CHICAGO***

DAVID R. FORGAN, Chairman of Board

H. E. OTTE, President

Country Bank Department

FRED A. CRANDALL, Vice President

Bond Department

J. B. CHRISTERSON, Manager

Since a year ago last March the resources of the bank have grown from \$12,000,000 to more than \$27,000,000. "This great growth has reached a point," stated Mr. Smith, "where the entire time of Mr. Rogers is required by the bank." The directors have, therefore, elected him a vice-president, and he now has an office in the bank.

Mr. Rogers was born in Franklin, Pa., forty-four years ago. He is a graduate of the '09 law class of the University of Michigan.

CLEVELAND TRUST COMPANY SHOWS GROWTH

An increase in deposits of \$23,503,154 or 15.13 per cent., and in new accounts of 15,017 or 3.88 per cent. during 1923 was announced by President Harris Creech at the annual meeting of the Cleveland Trust Company, Cleveland. This was the greatest growth in deposits in any one year in the history of the bank.

Mr. Creech paid tribute to Frederick H. Goff, the late president of the bank, as "a man of far vision and tireless energy who builded better than he knew and left us a splendid heritage."

"The policies which he established and put into practice," continued Mr. Creech, "were sound and constructive, and the organization with which he surrounded himself was efficient and loyal. Not only the Cleveland Trust Company, but the whole city sustained a great loss in the passing of Frederick H. Goff."

A committee of bank officials are preparing a book which will contain a résumé of Mr. Goff's achievements, and tributes paid by associates. This will be distributed among stockholders and friends of the bank.

Four offices were opened last year, at Madison and West 124th street, at Woodland and East 55th street, at Miles and East 133d street, and at Cedar and Lee roads. This year new buildings have been approved for the Bedford and Hayden offices, while the remodeling of the St. Clair-East 105th street office is expected to be completed shortly.

The president paid tribute to the employees who engaged in the recent booster campaign when, while working for a quota of \$1,500,000, deposits totaling \$3,855,000 were acquired.

Officers and directors were re-elected and



IN CLEVELAND
The UNION TRUST Co.
Resources over 270 Millions

the following were made assistant branch managers: J. J. Rada, at Broadway-Harvard office; K. Kaneen, at Euclid-East 118th street office; E. C. Heil, at Detroit-West 58th street office.

**STATEMENT OF CONDITION OF THE
 UNION TRUST COMPANY,
 CLEVELAND**

The statement of condition of The Union Trust Company at the close of business on December 31, 1923, shows total resources of \$278,976,309, paid up capital of \$22,250,000, and surplus and current earnings of \$12,177,880. The deposits have shown a steady increase, being in 1921, \$194,526,704; in 1922, \$223,747,330, and in 1923, \$237,204,032.

**LEONARD P. AYRES NAMED ON
 REPARATION BOARD**

Col. Leonard P. Ayres, vice-president of the Cleveland Trust Company, Cleveland, has been appointed to serve as a technical adviser on the expert committee of American citizens invited by the Reparations Commission to participate in the inquiry into Germany's capacity to pay.

Col. Ayres is the sixth American designated for service in this inquiry, which is the only hope immediately in sight of composing the economic troubles which are keeping Europe on the verge of chaos. The other two technical advisers are Professor Edwin Walter Kemmerer of Princeton, a specialist in currency and fiscal systems and professor of economics and finances, and Dr. Davis of Harvard.

Estimates of the time Col. Ayres will be needed range from three weeks to three months. He is going as a statistical expert, his genius in that direction having been established by long experience. It is assumed that his connection with the Government's operations in the war as statistical expert led to his selection for the present mission.

The selection of Col. Ayres represents the appointment of a financial business man type of technical adviser rather than the academic type.

**OFFICER TWENTY YEARS IN NAVY
 ELECTED OFFICIAL OF BANK**

Ernest A. Brooks was elected assistant vice-president of the First National Bank

in St. Louis at a recent meeting of the board of directors.

Brooks entered the employ of the bank December 1, 1919, when he was mustered



E. A. BROOKS

Assistant vice-president First National Bank
in St. Louis

out of service after the war. He had had about twenty years' service as an officer in the United States Navy prior to his association with the bank.

FEDERAL TRUST OF KANSAS CITY

The Federal Trust Company of Kansas City, which opened for general banking on October 15 last with a \$250,000 capital, surplus and profits, and membership in the Federal Reserve System, for its first statement on December 31, 1923, showed in excess of \$1,000,000 in assets. This was perhaps a record showing, capital considered, for the sixty-three business days covered.

The bank is favorably located in the heart of the business district, being one-half block west of Kansas City's new \$6,000,000, twenty story Federal Reserve Building.

The fifteen directors of the bank are all well known local citizens actively identified with Kansas City's affairs.



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

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana,
Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

BY SAMUEL SOSLAND

MORE loans! To assist in solving the financial problems of that portion of the Western States known as the Northwest, a financial relief corporation is now in operation. With a capital of \$10,000,000 subscribed by bankers of New York, Chicago and other cities after the intercession of President Coolidge, the new corporation may lend, it is stated, as much as \$100,000,000 through the co-operation of the War Finance Corporation. Shall the Northwest manifest elation over this help? And shall other portions of the Western States ask for similar assistance? Is this the measure that will start the Western States, or that portion of them receiving the loans made available, on the road to recovery?

The last thing that can be said of the Western States is that they are ungrateful. This is a territory of gratefulness. It is grateful for friendship, and appreciates this far more than the portions of the country which are more thickly settled and which, as a consequence, often look upon human life as rather cheap. Therefore the Western States are not going to be slow to express their appreciation of what bankers have done for them, or offered them, under the leadership of President Coolidge, but there is no cause for elation over this measure of relief, nor can it be said that it will clear the road for recovery. The economic recovery of the Northwest and of the remainder of the group of Western States does not depend upon the piling up of more loans against them, nor upon offers of more loans.

As a temporary measure of assistance, as a factor in increasing confidence or in stemming the decline in confidence, the Northwestern relief corporation will accomplish at least a little good, but a corporation with ten times its capital and ten times the lending powers it claims would not start the Northwest on the road to recovery. The states in the district which are to be

assisted, and others of the Western group, should have some help where absolutely necessary to avoid abandonment of spring planting activities. There are doubtless instances where moderate assistance will help in tiding over banks and communities which cannot count on any income of importance until another harvest becomes available. However, the solution, after all, lies in readjustments in prices, and in the inflow and outflow of funds along lines that will leave a balance for retiring obligations.

To talk of price disparities is becoming tiresome perhaps, but the correction of such disparities will in the end accomplish far more for the Northwest than any other measure of relief. What the Northwest produces and what sister states such as Kansas, Nebraska and others produce are bringing prices below the quotations on what these states buy. The capital investment of the agricultural industry has been increased. Thus, interest obligations and expenses are higher. Prices, notably of wheat, which is probably the most sensitive commodity to world influences, are not satisfactory on farm markets, or are at least not in line with the higher interest obligations and the higher expenses as compared with pre-war days. To borrow to correct such disparities, that is, to make up the difference between outlays as compared with the income through the use of credit in the hope of enjoying a larger income in the future, is not a safe practice. It has been followed in the last few years in a majority of cases with a result anything but favorable to the economic status of the Western States.

On the surface, the loan plan for the Northwest makes a better showing, or holds out more hope, than when it is carefully diagnosed. Had President Coolidge and the bankers who have so liberally co-operated on the relief plan devoted their energies toward hastening a readjustment between prices rather than toward starting the new financial corporation, they would have rendered a more practicable service. Today there is held out hope of temporary relief to farmers who can furnish collateral

of some sort now that the relief corporation is in operation. Had steps been taken to effect readjustments, however, the farmers who are in need of relief and those who are in better financial condition would be able to look forward to more satisfactory returns from their crops. However, it must be admitted that the process of readjusting prices is not easily accomplished, nor is it something which can be done overnight. It is well, though, to bear in mind that the elimination of disparities is the main key to agricultural recovery.

Why are states other than those of the Northwest not asking for the same relief made available for the Dakotas and sister states? One reason is that there is a widespread appreciation of the fact that little if any help can be obtained from more loans. The older agricultural states of the Western group possess more resources than the newer localities in the Northwest which are most seriously affected. Also, there is a wider source of income for many other states of the West. Oil, now at a higher level, has helped Kansas and Oklahoma, for example. Nebraska has more feed, Colorado and New Mexico have benefitted from the profitableness of the sheep and lamb industry during the last few years. All of the Western states have been affected more or less by losses on wheat and other crops, but their conditions vary.

The action of markets in the last month, or thus far this year, only emphasizes to the Western States that their highest hope lies in price readjustments. A further advance in the tariff, which the White House advertised on wheat, did not help the wheat market materially. There has been a balance between demand and supply on the cattle market which does not serve as an encouragement to turn to beef production. Hog prices have made a fair showing, but corn has been relatively too high. Lambs alone have proved stimulating in the live stock business. Feedstuffs, which many wheat growers are urged to raise rather than wheat, have been easier. Even cottonseed products, which reflect the short cotton crop of 1923 as far as supplies are concerned, have been on the downgrade.

Considering foreign prices, notably the lower quotations in Canada and Argentina, wheat has held well on United States markets. Growers of this country, however, claim they are not getting enough. They point to the higher labor, the higher capital and the higher freight costs. With the aid

of a high tariff, prices on the whole are kept considerably above an international parity. While thus maintaining prices in America, which are still unsatisfactory to American farmers, Argentina and Canada are actively taking advantage of opportunities to sell wheat to European and other importers at relatively lower figures.

If the Northwest makes a great reduction in its spring wheat acreage, with some abandonment of winter wheat land already seeded, the United States may see a healthier domestic market for wheat later in 1924. However, good yields on the area which will be left standing in the winter states, according to present indications, and good yields on a reduced spring wheat area, may offset the effect of a shrinkage in the total number of acres producing the bread grain. Farmers will then again be back to the problem of selling their surplus for export in competition with countries more willing to market at low prices. "Well," some are saying, "let the wheat area be cut down more sharply." But what would happen? To what crop or crops shall wheat growers turn? Is there any strong call for other crops? The fact is that there is a pretty fair balance between demand and supply on nearly all farm products markets, excepting cotton, and that to expand the area to an important degree on any one crop would create a problem on that crop quite similar to that with which wheat growers are now dealing. Analyses of this character emphasize to the Western States that a level of costs on implements, freight, clothing and other goods and services on a par with their own prices is the key to their economic recovery.

With spring at hand, labor questions are frequently raised. Will farmers have enough hands to plow and seed for spring crops? A few years ago this question was the subject of some concern. It is not a matter of concern today, however. Probably there is more unemployment in the cities of the Western States today than at any other time in the last four years. Some of this slack will be taken up by farmers, but there will be opposition to their offers of wages. Also, farmers are strongly inclined to do their own work with as few employees as possible, even at sharp reductions in wages. That there is more unemployment in cities is due to the agricultural situation. Distributors of grain and grain products have made sharp reductions in their staffs. Wholesale mercantile houses,



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Your patrons and friends visiting California will be extended every courtesy and consideration at the *Security Bank* if they bear a letter of introduction from you.

Resources Exceed

\$200,000,000

Over 270,000

Accounts

**SECURITY TRUST
& SAVINGS BANK**
SAVINGS COMMERCIAL TRUST

Capital and Surplus \$10,525,000

Thirty-three Banking Offices in

Los Angeles

Hollywood - Long Beach - Pasadena - Glendale
South Pasadena - Highland Park - Eagle Rock
San Pedro - Huntington Beach - Burbank
Lankershim - Santa Monica - Montebello
Wilmington

which find rural merchants buying only to meet immediate needs and carrying very low stocks, have fewer employees. Implement houses need fewer because farmers are economizing. The merger of the Armour and the Morris packing interests has reduced employment in the large meat packing centers. The labor situation is a sign of some progress in bringing about readjustments which will eventually place farmers on a par with those with whom they deal in selling and buying. What progress will be made next month and in succeeding months depends upon domestic and foreign crop developments, as well as on intelligent recognition of the inevitable on markets.

With the passing of each month, the Western States are brought nearer the harvest days. They are using a minimum of funds. At Kansas City, for example, there has been a reduction in loans even with lighter marketings of crops than a year ago. In rural districts the frugality of farmers is still growing. The withdrawal of offers of Federal savings stamps will be of a little help in maintaining bank deposits. A larger percentage of automobile sales than a year ago are being made on credit, but conservatism in spending is the rule. Soil conditions are excellent. Live stock on ranges is in fair condition. So, banks can count on good crop prospects. New money from crops and from other products, and not from loans, will bring the Western States to the economic position they covet.



CONVENTION DATES

Kansas—at Kansas City, May 20-21.

Oklahoma—at Sulphur, May 27-28.

South Dakota—at Huron, June 17-18.

North Dakota—at Fargo, June 26-27.

NORTH SIDE STATE BANK, ROCK SPRINGS, WYOMING

The statement of condition of the North Side State Bank of Rock Springs, Wyoming, shows total resources of \$1,853,372, capital of \$75,000, surplus \$75,000 and undivided profits of \$14,780. Total deposits amount to \$1,659,062.

The bank has shown steady progress since its organization in 1912.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By ROBERT J. SEVITZ

WITH full reports of the year 1923 in practically all lines of economic activity available at this writing, it is found that with few exceptions the year was one of sound and substantial progress. The activity in the winter months has more than kept pace with the preceding summer and autumn months, the principal industries showing a less than normal decline over the holidays and the opening months of 1924, and trade, while reflecting some caution, continues at the high levels of the closing months of 1923.

Agriculturists and live stock growers of the entire region have been seriously concerned over the rainfall of the winter, which has been considerably under normal. In California only one third of the usual rainfall had fallen up to the fore part of February, and unless there is an abnormal amount of moisture in the spring months, the results will not fall short of a calamity. Irrigated sections are naturally in the best shape, but the ranges generally are in a very poor condition, and many live stock growers as early as January had diminished their herds quite considerably by shipments to a not altogether favorable market because of the lack of water and pasturage.

The Federal Reserve Agent at San Francisco has made public figures for 1923 compiled by the United States Department of Agriculture. These show that agriculture in the Twelfth District, comprising Arizona, California, Idaho, Nevada, Oregon, Utah, and Washington, showed gains of 20 and 23 per cent. respectively in the total dollar value of grain and field crops as compared with 1922. These gains are offset somewhat by a 10 per cent. decline in the dollar value of the fruit crops, but farm products collectively have advanced in price 1.4 per cent. while prices of other commodities have declined 8.2 per cent., thus improving the farmers' position without considering the dollar values mentioned above.

The principal industries, without exception, show marked increase in production and distribution for 1923. The lumber industry of Oregon and Washington shows a gain of 25 per cent. over 1922. The average daily production of petroleum declined somewhat rapidly in the last two or three months of 1923, and for the first time since 1921, in December 1923 the production of petroleum in California was less than the consumption, and stored stocks declined by a fraction of 1 per cent., but this condition has been a welcome one to the industry generally, which is now settling to a semblance of stability after a period of two years or more marked by a production month after month that was way ahead of current consumption and shipments.

Conditions in the mining industry are promising. The Director of the United States Mint has estimated the production of gold and silver in the states comprising the Twelfth Federal Reserve District to be 11.6 per cent. greater in 1923 than in the preceding year. The copper production is likewise ahead by an even larger percentage, and the silver production had recovered by the opening of the year 1924 to the levels of a year ago, after a decided slump in production through the summer and fall. Flour mills have been kept busier through the winter months, their activity being estimated at about 30 per cent. greater than a year ago. Canned fruit packs for 1923 are just a fraction over the average of the last four years, a decline of 20 per cent. from the record levels of 1922 coming about because of a difficult marketing situation at the opening of 1923, a situation which has steadily improved when a smaller pack was seen to be in prospect.

The activity in building which has characterized this region throughout 1923 continues unabated. Reports now available show that the year past records an increase of over 35 per cent. both in the number and value of building permits in the principal building centers of this section. This gives promise of continued activity in this line for some months to come. All of which means generally plenty of employment for

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THE BANK OF HAWAII, LTD.**HONOLULU, HAWAII**

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Capital, Surplus and Undivided Profits \$2,710,597.94

Total Resources 25,871,927.55

C. H. Cooke, *President*E. D. Tenney, *Vice-Pres.* E. F. Bishop, *Vice-Pres.*Roxor Damon, *Vice-Pres.* I. G. Fuller, *Vice-Pres.*Frank Crawford, *Vice-P.* R. McCorriston, *Cash'r*Branch Banks:—Lihue and Kapaa, *Island of Kauai*; Waipahu, Wailua, and Pearl Harbor, *Island of Oahu*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

all classes of labor in the metropolitan centers throughout the winter, the building absorbing the surplus of men that will drift to the cities with the end of harvesting and the slackening of lumbering activities until the spring season. It is noticeable that no labor troubles have been felt on this coast this winter. The usual seasonal variations of employment have been noticeable, but conditions have quickly adjusted themselves in most cases, and neither an overabundance nor a scarcity of man power has been seriously felt at any point.

Those who have interests in the Utah mining industry will be pleased to note that the total production of all the mines in that state for 1923 was 65 per cent. greater than in 1922, the total value of the metal products for the year past having been \$65,000,000. The largest increase in value was probably in copper, most likely due to the fact that the Utah Copper Company's holdings were operated at full capacity practically the entire year. The total of dividends paid by the metal mining industries of Utah in 1923 is \$9,993,373, as against \$5,130,626 paid in 1922.

The whole mining industry in Utah generally is looking up. It is understood that some of the big producers of the Park City District are working on a plan for the construction of a mill for the treatment of zinc-lead ore, which, if it materializes, will mean an expenditure of as much as \$1,500,000 for plant and equipment. It is also stated that high grade arsenic ores are being developed in the Gold Hill region, and a mill for the treatment of this ore is a possibility.

In Iron County, Utah, the Columbia Steel

Corporation has already begun operation of some of its holdings, and as soon as its blast furnaces, now under construction, are ready, probably about April 1, the total of this iron production will go to swell the total of the state's rapidly increasing metal output.

Improved conditions in the beet sugar industry of the Pacific region are reflected in the resumption of payment of dividends on the common stocks of some of the companies operating in this territory. While the yield of beets and production of sugar for this season will break no records, it has been most satisfactory to all concerned. Prices to growers have been good, and the market has been uniformly stronger than a year ago. The total output of sugar in Utah and Idaho, the two main producing states, will in round numbers be 4,000,000 bags for this year's run, a figure about equal to that of last year. The better prices in the market are responsible for the improvement noted.

Banking generally is prospering throughout this section. This may be readily seen when it is noted that the deposits in member banks in reserve cities of the Twelfth Federal Reserve District totaled \$1,344,183,000 on January 9, 1924. This is the highest figure ever recorded. Credit, which has been adequate at all times in all sections for worthy projects, was even more abundant with the turn of the New Year, and interest rates have declined slightly. It is interesting to note that figures compiled by the Federal Reserve Agent at San Francisco show a decline of 7.2 per cent. in 1923 of business failures as compared with 1922, the liabilities involved being less by 19.5 per cent. All this points to a fairly healthy state of finance in this region.

**CONVENTION DATES**

California—at Yosemite Valley, June 4-7.

Utah—at Ogden, June 13-14.

**NORTHWESTERN NATIONAL BANK
ELECTIONS**

Announcement has been made by the Northwestern National Bank of Portland, Oregon, of the election of Walter H. Brown and A. C. Longshore as assistant vice-presidents, and of Frank O. Bates as cashier.

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

HEADS of financial and industrial concerns find little change in the business situation with the progress of the new year. Statements at annual meetings of the banks, trust companies, mortgage companies and manufacturing concerns indicate confidence, but optimism is tempered. The consensus of opinion seems to be that while the bottom of the depression has been reached and passed the upward movement will be gradual and will require hard work, close application to business and economy—both public and personal. The situation is fairly summed up in the February letter of the Royal Bank of Canada:

At a time like the present, when business conditions are uneven, it is difficult to make any statement which will apply to the Dominion as a whole. The year 1923 we look on as having been a moderately good one, with certain striking exceptions, some favorable, others the reverse. We believe that 1924 is commencing with fundamental conditions sounder than they were at the beginning of 1923, and with sections of our weakest territory—the Middle West—in a vastly improved position. Finally, we see no reason why the improvement should not continue in moderate degree throughout the full twelve months of the present year.

Agriculture, Canada's great basic industry, is still suffering in the post-war adjustment. Further improvement in market prices, or reduction of production costs, will be necessary to give the farmer satisfactory returns for his efforts and his capital investment—his own and borrowed. The banks and the mortgage companies have been handling the farm credit situation in Western Canada with great care and consideration, and it is felt that their efforts, without government assistance, have been reasonably successful when comparison is made with conditions in the wheat belt in the United States. It is realized, of course, that as has been brought out by the United States Secretary of Agriculture in his report on the wheat situation, the Canadian farmer has advantages in lower farm values, high yields and favorable freight rates, in competing with the American grain producer. Even so, the advisability of getting away

from the one-crop gamble is being recognized and, although this can only be done gradually, it is a goal toward which Western farmers are shaping their course. In this connection is being emphasized the importance of a home market which would accompany the introduction of new capital in the development of industries based on the country's minerals, pulpwood and other natural resources.

The price situation in relation to agriculture shows some improvement. The Canadian Bank of Commerce reports increases in varying degrees for wheat, barley, corn, peas, hogs, butter, potatoes and wool, with some reduction in oats, bacon and cheese. Hon. T. A. Crerar, the recognized head of the farming organizations in Western Canada, expresses the opinion that the West has turned the corner and that better times are ahead. Mixed farming, he says, is noticeably on the increase. Increased immigration would be an important factor in aiding this improvement, and in this direction the outlook is now much brighter.

Car loadings are showing little change in the volume of freight being moved compared with a year ago; grain and livestock have fallen off while coal, pulpwood, pulp and paper show an increase. The lumber industry is suffering from high taxes and transportation costs, according to Angus Maclean, president of the Lumber Association, who declares that reductions are necessary if North American lumber is to regain its place in the export market; few lumber companies show normal profits for 1923 due to the lack of export trade with Europe, but volume of domestic business improved. The farm implement industry in Canada will benefit as the result of the French Government introducing a bill providing for the temporary reduction of duty on farm equipment, according to Thomas Bradshaw, general manager of the Massey Harris Company.

The agitation for lower taxes in Canada, which has accompanied the announcement of the Mellon proposals at Washington, has attained national proportions and is sup-

ported by all classes in the community, including the farmers and organized labor. A student of conditions at Ottawa says that not in twenty-five years has the Civil Service been so alarmed at demands for retrenchment and reorganization. There is a growing appreciation too, that as taxes are in the long run borne by the consumer, levies which burden and interfere with trade and industry are a distinct handicap to business. The pressure on Ottawa to do something to cut expenditures and lighten taxes will be greatly increased if Washington takes action along the lines of the Mellon proposals. Sir Herbert Holt, president of the Royal Bank of Canada, and Sir Edmund Walker, president of the Canadian Bank of Commerce, have added their arguments to those of other business and financial leaders that business must be relieved from the excessive burden of taxation if the expansion of industry is to be encouraged and prosperity restored.

In answer to the public demand for reduced public expenditures, the government has appointed a new auditor-general in George Gonthier, and it is understood that he will have similar powers to those which were given to General Dawes, as director-general of the budget in the United States. The budget system has long been in vogue in Canada, but it has not been getting results. The new auditor-general will pass on the estimates when they come up from the heads of departments before they go before the cabinet. This, it is expected, will cut the direct political connection that has existed between the heads of departments and the cabinet.

Agitations for the organization of provincial banks in Western Canada, which have gathered headway since the failure of the Home Bank, culminated in the discussion of resolutions favoring action at the conventions of the United Farmers of Alberta and the Saskatchewan Agricultural Society. At the Alberta convention there was a very strenuous fight put up by the advocates of government banks, but President Wood and his supporters stood firm and refused to endorse the idea. On the other hand the Saskatchewan farmers roundly applauded Professor Arthur Moxon, dean of the Law School of the University of Saskatchewan, who explained in a lucid and convincing address how no provincial bank could be established except by Dominion legislation, which could not be enacted without first amending the British North America Act. Even if such banks were to be established,

he asked, how could they possibly solve the question of long-term credit in which the farmers were most vitally interested?

At the last session of the Dominion parliament a commission of inquiry was appointed to investigate conditions in what has been admitted by some bankers to be "the barren field of credit" in Western Canada. It is anticipated that a recommendation will probably be made to the government for the formation of a new financial corporation in which the stock will be taken up by the government and by the banks and loaning institutions. Using the existing machinery, loans will be considered to those in need and with reasonably satisfactory security; the losses, if any, will be borne jointly by the government and the established financial institutions. All that would be required in addition to the present organization would be provincial boards to pass on loans which would be applied for through the banks and mortgage companies. It is felt that this system would overcome large losses which would be inevitable under a scheme of government credit. The idea would find favor with the government, it is believed, because, under the present demand for retrenchment, any proposal for free-handed loans would be strenuously opposed, particularly in the provinces where such credits are not necessary.



CONVENTION DATE

New York Bankers Association—at Mount Royal Hotel, Montreal, June 23-25.

UNION BANK OF CANADA HAS GOOD YEAR

The fifty-ninth annual meeting of the Union Bank of Canada was held in Winnipeg on January 15. The bank's annual statement for the year ending November 30, 1923, was presented and approved by the large number of shareholders present.

Despite the fact that the year 1923 was one of the most difficult in the history of Canadian banking, the bank showed net profits for the year amounting to \$1,033,432.15. This represented earnings of 10.3 per cent. on the bank's combined capital, rest and undivided profits. The bank now has assets of over \$128,000,000.

W. R. Allan, president of the bank, in

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

addressing the meeting, said that, taking the country as a whole, business in Canada has improved during the past year. Prices, he said, had become more stable and unemployment had lessened considerably.

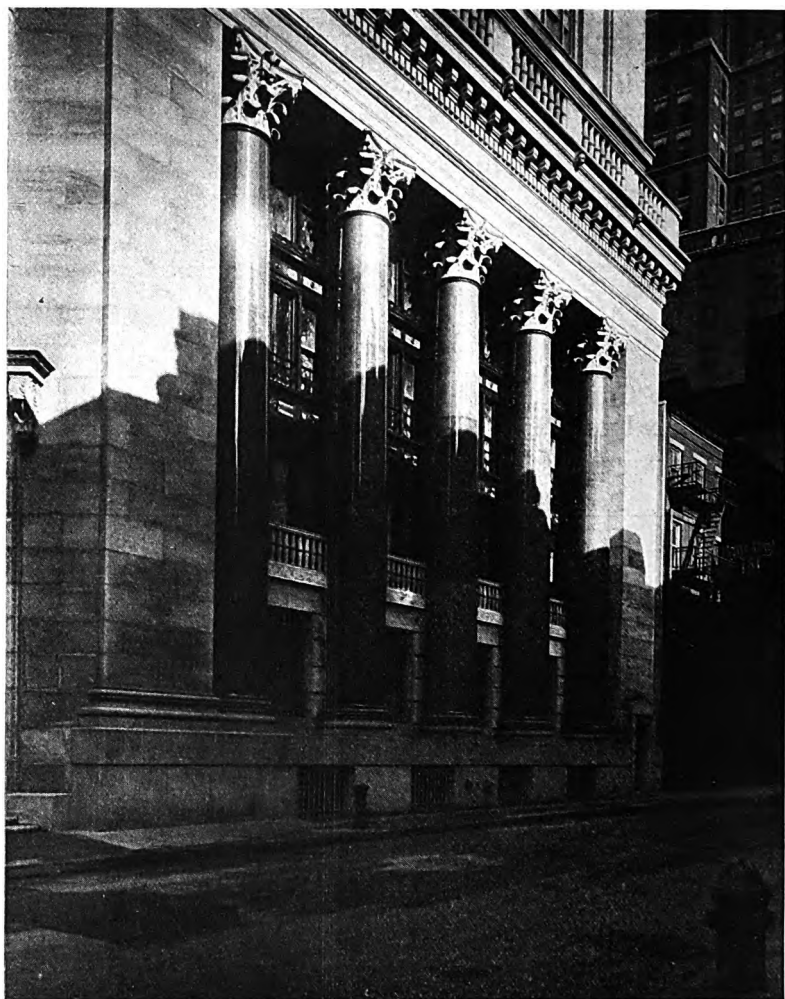
J. W. Hamilton, the general manager of the bank, followed Mr. Allan and pointed out that the past year had been one of great difficulty for the Canadian banks. He said that there was no sovereign remedy in legislation for many of the problems which confronted the Dominion, nor could any banking system be expected to save a community harmless in face of a world-wide shrinkage in value. Despite this, however, the effects of the shrinkage had been less severe in Canada than almost anywhere else and he could see many healthy signs on the threshold of the coming year.

F. E. Kenaston followed Mr. Hamilton with a review of business and agricultural conditions in the United States.

The following directors were elected for the year ending November 30, 1924: W. R. Allan, G. H. Balfour, G. M. Black, Hume Blake, K. C.; M. Bull, B. B. Cronyn, E. L. Drewry, John Galt, S. Haas, A. Hitchcock, J. S. Hough, K. C.; F. E. Kenaston, W. H. Malkin, R. O. McCulloch, Sir William Price, R. T. Riley, H. A. Robson, K. C.; William Shaw, George H. Thomson and J. B. Waddell.

At a subsequent meeting of the newly elected board of directors the following officers were elected: Sir William Price, honorary president; W. R. Allan, president; G. H. Thomson, Stephen Haas and M. Bull, vice-presidents.





The Seaboard National Bank, New York

THE striking yet dignified exterior of The Seaboard National Bank of New York is an effective advertisement of that bank which runs 365 days in the year, without additional expense.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
600 FIFTH AVENUE, NEW YORK

The Bank of America to be Housed in Monumental Building



First building occupied by The Bank of America at Wall and William streets, New York

MORE than a century of American banking is symbolized in the new twenty-three story skyscraper about to be erected at Wall and William streets, New York, by The Bank of America, which has been doing business at that corner since 1812 and is a direct successor to the First Bank of the United States, founded largely through the efforts of Alexander Hamilton in 1791.

The new building, a contract for which has just been let according to an announcement by Edward C. Delafield, president, will be a unique addition to the canyons and skylines of the financial district. Its architecture will be of the colonial style which prevailed on Wall street in the days when the bank was founded, and which is the only purely American type of architecture. The successive consolidations by which The Bank of America has acquired the Franklin Trust Company, the Atlantic National Bank and the Battery Park National Bank, will be represented by a decoration on the Wall street front

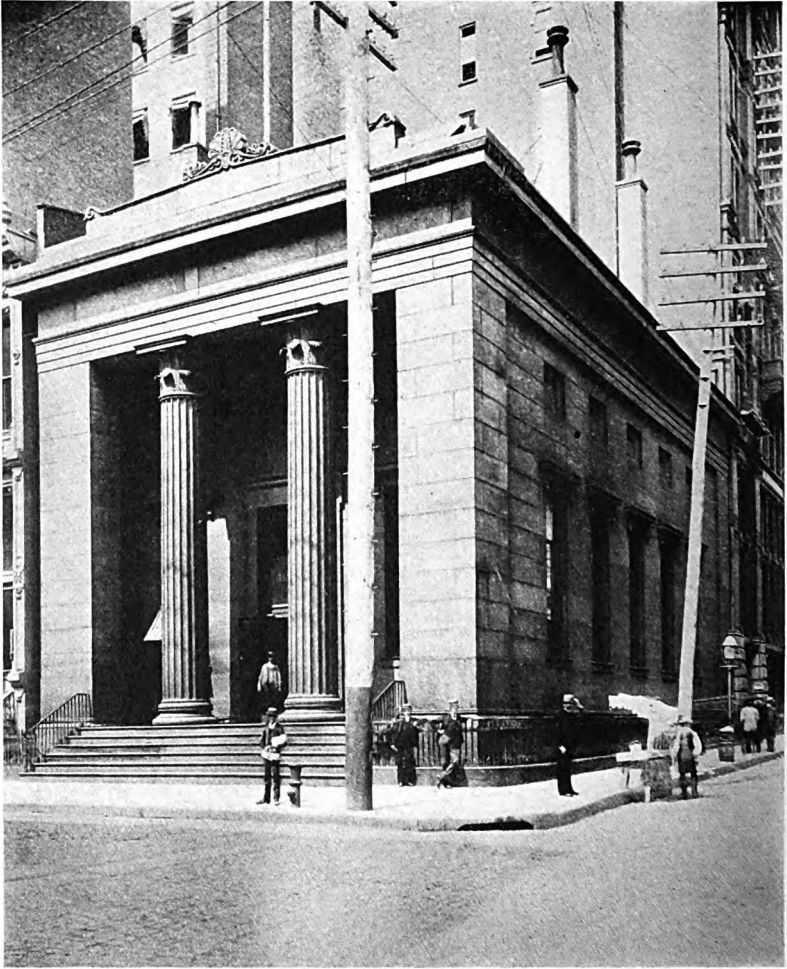
of the structure, embodying the seals of all four institutions—the spread eagle, the head of Franklin, the ship and the fort.

According to Trowbridge and Livingston, the architects, who designed also the J. P. Morgan & Co. Building, the Stock Exchange Office Building, and the Bankers Trust Building in New York, the Mellon Bank Building in Pittsburgh, and many other famous financial structures, the unusual type of architecture to be used is not only appropriate to the historical character of the bank, but lends itself especially well to the exigencies of the zoning law in down-town New York. The law requires a series of set-backs, to begin in this case at the fifteenth floor and to be repeated five times above that level. The fronts of these set-backs, as well as the first two floors of the building, are to be decorated with the arches, pilasters and fanlights which are the distinctive features of colonial architecture. The material of the building will be brick of a deep red color, similar to the English brick which was used in the first brick houses in America, with a light limestone for the first two stories, and decorations of terra cotta above.

The main banking room will be finished in gray marble, with fluted doric columns of that material supporting a panelled ceiling. The grills of the banking screen will be of copper-colored bronze.

The Bank of America will occupy four floors in addition to the main banking floor, and several floors above the fourth will be let on short leases to allow for expansion. A kitchen and dining rooms will be installed on the sixth floor.

The safe deposit and transfer departments will be in the first basement, locker rooms in the second, and three basements below that, extending to a depth of sixty feet, will be occupied by



Building erected by The Bank of America at Wall and William streets in 1835

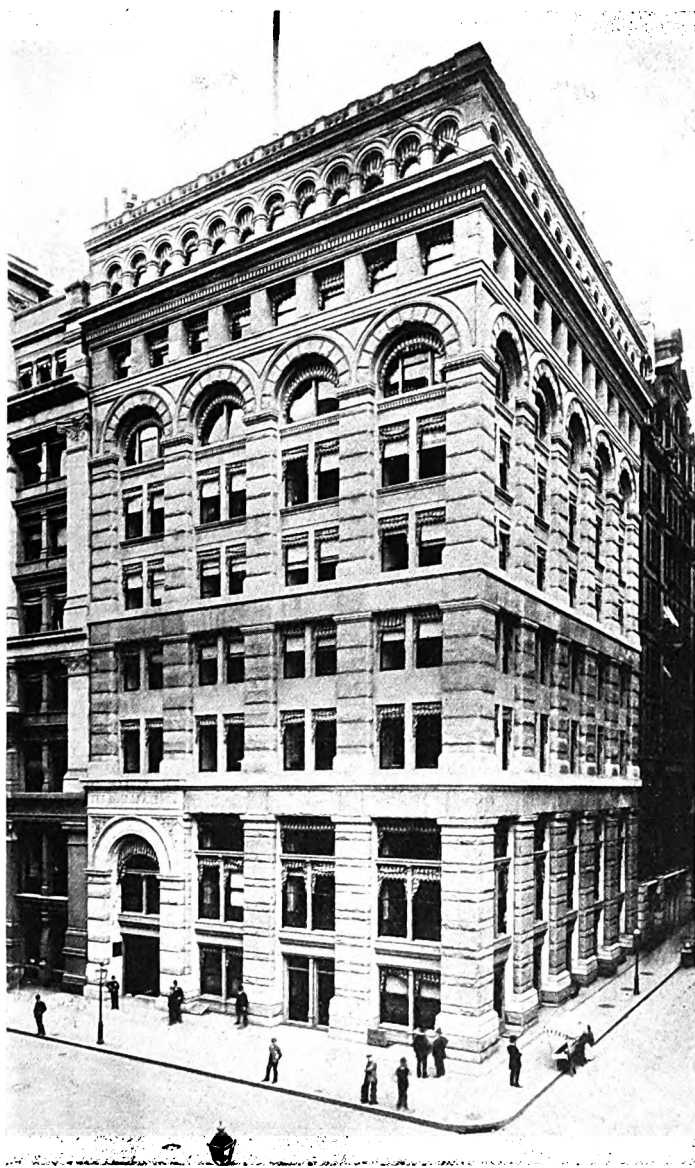
the mechanical equipment for the building, including a ventilating system to supply it with washed and filtered air.

The bank will have five elevators for its exclusive use, including a special elevator on the Pine street side for service to the safe deposit vaults. The rest of the building will be served by five local and six express elevators. Officials of the bank will have their offices on the Wall and William street sides.

The Bank of America will occupy its new home without interruption of business or removal from its historic location. It will remain in the present bank building while the two rear buildings

adjacent are being demolished and the new structure raised to the eighth floor on that part of its site, and capped by a temporary roof. The bank will then move into the completed part, the present bank building will be demolished, and the entire new structure carried to completion while its lower floors are in use. When finished it will occupy not only the corner of Wall and William streets, as does the present bank building, but it will have a full block frontage of 200 feet on William street, 70 feet on Wall street and 80 feet on Pine street.

The work of demolition will begin



Present home of The Bank of America at Wall and William streets, which is to be demolished to make room for the new twenty-three story skyscraper

shortly, and part of the new structure is scheduled to be ready for occupancy by January 1, 1925.

This will be the fourth building which The Bank of America has occupied on the same site, and the history of these structures dates back well over a century. The first was a house belonging to Francis Bayard Winthrop, and was

occupied by the First Bank of the United States when its charter expired in 1812, and the Bank of America was organized by its principal stockholders. That was in the days when Wall street was a residential thoroughfare, just beginning to be invaded by business.

The bank paid a rental of \$2000 a year for this corner in 1812; it pur-



Twenty-three story colonial building which The Bank of America will erect at Wall and William streets

chased the property for \$70,000 in 1831. It erected its second home, a structure of Corinthian design, in 1835, and the building narrowly escaped destruction in the great fire of that year. It was lighted by candles, and all the clerical work of that time was done with quill pens. The present home of the

bank, which is about to be demolished, was erected in 1888.

Many historical figures and events have been associated with The Bank of America, and on its books are accounts which have been there more than three-quarters of a century. There was a famous political battle over the grant-

ing of its charter in 1812, during which the legislature was prorogued by the governor for sixty days, it being the first time the governor of a state had made use of the power. In President Jackson's administration the bank was made a depository of public funds and remained so until the completion of the sub-treasury building at Wall and Nassau streets. During the Civil War James Punnett, then president of the bank, was a member of the committee

formed by New York banks to facilitate financial aid to the Government.

The latest statement of The Bank of America shows capital stock of \$6,500,000, surplus and undivided profits of \$5,242,737, and clearing house net deposits in excess of \$83,000,000.

The contract for the new Bank of America building has been awarded to C. T. Wills, Inc. The foundation work will be done by The Foundation Company and the steel work by Post and McCord.



Trust Companies Hold Conference

EMPHASIS on the human service side of trust company business and the effectiveness of advertising and the radio in increasing public understanding and confidence in respect to this class of banking, dominated the meetings of the trust companies of the United States at their annual conference. The conference was held at the Hotel Commodore, New York, on February 14, under the auspices of the Trust Company Division, American Bankers Association.

Francis H. Sisson, vice-president Guaranty Trust Company, New York, and chairman of the committee on publicity of the Trust Company Division, told of the committee's national advertising campaign to popularize the trust company idea. The subject was further discussed by F. W. Ellsworth, vice-president Hibernia Bank and Trust Company, New Orleans, La. He stressed the thought that fiduciary work was a form of real public service.

In this connection the development by means of radio lectures of the practice of leaving life insurance in trust to be applied for the benefit of dependents was taken up. It was pointed out that this means gave opportunity to bring the thought home to the family circle that an estate could be created by the head of the family and devoted to completing his children's education or pro-

viding a competence for his family. Co-operation rather than competition with the insurance companies and the legal profession was urged. Thomas P. Hennings, vice-president Mercantile Trust Company, St. Louis, and chairman of the committee on insurance trusts, said such activities by trust companies should be made supplemental in nature to the work of the insurance companies.

Topics of discussion were policies to be pursued in the acceptance of new business; fundamentals of correct trust charges; investing trust funds; auditing practice in connection with trusts; co-operation between trust companies; insurance trusts, and business extension.

The conference committee consisted of Frank W. Blair, president Union Trust Company, Detroit, Mich., chairman; Thomas P. Hennings, vice-president Mercantile Trust Company, St. Louis, Mo.; William S. Miller, vice-president The Northern Trust Company, Chicago, Ill.; Francis H. Sisson, vice-president Guaranty Trust Company of New York, New York; William P. Gest, president Fidelity Trust Company Philadelphia, Pa.; L. H. Roseberry, vice-president Security Trust and Savings Bank, Los Angeles, Calif., and Leroy A. Mershon, secretary, who was in charge of arrangements.

The Liberty National Bank in New York

WHEN over a year ago the announcement was made that W. C. Durant was planning the organization of a new national bank, considerable interest was aroused throughout the financial world. This was due not only to the prominence of Mr. Durant as a manufacturer and financier but also on account of certain novel features which were to be embodied in the plan of organization.

The first of these features was the provision that no shareholder should hold more than one share, thus securing a wide distribution of the ownership of the bank. This provision was designed to secure greater stabilization and to prevent the control of the bank from being concentrated in the hands of any one group.

The second feature of unusual interest was the announced intention of having a relatively large capitalization in proportion to the bank's deposits. It is Mr. Durant's belief that too much of the working capital of a commercial bank is furnished by depositors and not

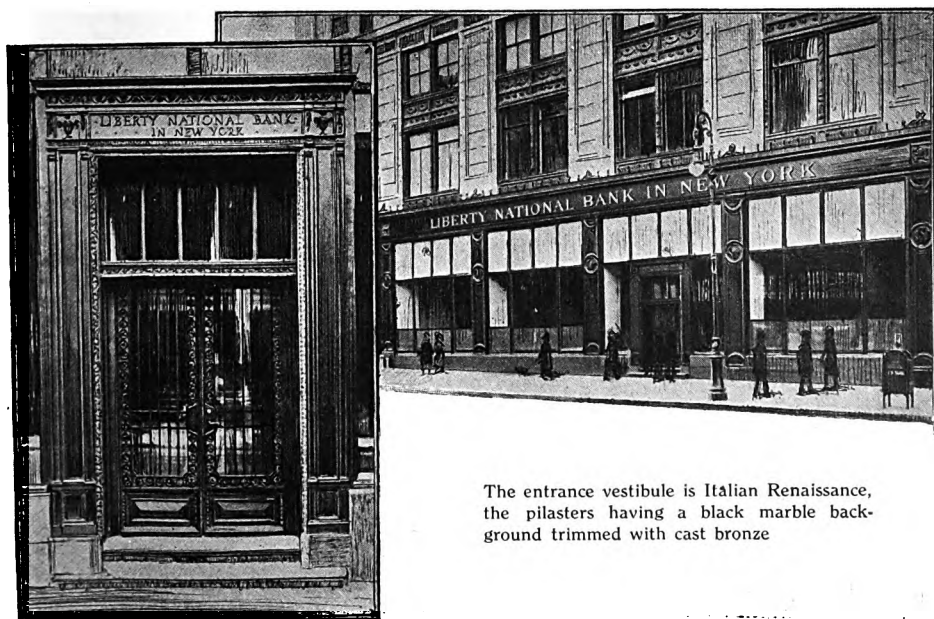
enough by stockholders. The reasons for Mr. Durant's views in this matter will be considered later.

With these general policies in view, the bank was organized as the Liberty National Bank in New York, and opened for business on October 10, 1923, with a capital of \$500,000 and a surplus of \$250,000.

STOCK OWNERSHIP

While 20,000 people have subscribed, it is expected that when further capital increases are sought and accepted, this bank will eventually have the largest number of stockholders of any bank in the world. Only directors, who are required by law to hold ten shares, will be permitted to own more than one share.

It is expected that this wide distribution of ownership will not only inculcate habits of thrift in the lives of a great many people, but will also automatically tend to promote new business for the bank through the personal in-



The entrance vestibule is Italian Renaissance, the pilasters having a black marble background trimmed with cast bronze

terest in its welfare which will be shared by so many people.

ADVANTAGES OF LARGE CAPITALIZATION

The Liberty National Bank in New York plans to maintain an unusually high ratio of capital to deposits. Mr. Durant believes that a large capitalization in proportion to deposits will make for greater stability and act as a protection for commercial borrowers. Bank capital, being a fixed investment, is not subject to sudden withdrawals as are deposits, so by loaning its own capital, in conjunction with the funds of its depositors, both bank and borrowers are relieved of the embarrassment which accompanies a sudden shrinkage of deposits.

For example, the greater portion of the capital of most banks is placed in fixed and permanent investments, so that the funds which are loaned to commercial borrowers are really furnished by depositors. For this reason if in times of financial stringency deposits are extensively and quickly withdrawn, the bank will find itself in a position where it must call in a certain proportion of its loans in order to maintain its reserves. Now if, on the other hand, the bank has a comparatively large capital invested in liquid assets, it will be possible to maintain reserves and still provide for the legitimate needs of its borrowers.

The fact that most banks operate largely on depositors' money rather than stockholders' capital, enables them to make a comparatively high rate of profit on their investment.

THE BANK'S FIRST STATEMENT

The Liberty National Bank in New York published its first statement of condition as of December 31, 1923. On this date deposits amounted to more than \$5,250,000, which is said to be a record achievement for a new bank which had only been operating for a little over two months. On this same date the statement shows cash in vault

and due from Federal Reserve Bank of over \$1,000,000. The demand loans were \$2,126,950. The present capital of the bank is \$500,000 and surplus and undivided profits on December 31, 1923, were \$156,259.56.

The original stock of the bank was nearly five times oversubscribed and according to present plans the capital will be ultimately increased to \$30,000,000, with a surplus of \$15,000,000.

Mr. Durant holds the office of chairman of the board. The president is Carroll Downes, who was formerly connected with the Philadelphia National Bank, and is financially and otherwise interested in large enterprises. Charles S. Andrews, Jr., is vice-president. Mr. Andrews has had many years of banking experience, both as a manager of the former Produce Exchange Bank and vice-president of the United States Mortgage and Trust Company of New York. Robert W. Daniel, also vice-president, was formerly connected with the National Bank Examining Department, New York, prior to which time he was a member of the firm of Daniel & Company of Philadelphia. W. Irving Granville is cashier and was formerly first assistant manager of the Broadway branch of the Mechanics and Metals National Bank of New York. The junior officers are all men of wide banking experience. The directors of the bank took particular pains to select officers who had a previous record of sound and conservative banking.

The directors were chosen not only from a banking but from a general business standpoint. Mr. Durant's idea of the formation of the board was to have practical business men in control. The board of directors is constituted at present as follows: Charles S. Andrews, Jr., Matthew G. Collins, C. F. Daly, Robert W. Daniel, Carroll Downes, W. C. Durant, David G. Evans, John L. Kuser, George MacDonald, C. O. Miniger and Elmer Schlesinger.

The Liberty National Bank in New York has selected as its emblem the



Entrance to the foreign department, Commonwealth Bank, New York

The Last Word in Banking Service

The Manager
of our
Foreign Dept
is going to Europe in April to see
our correspondents abroad.

HE WILL VISIT

ENGLAND · FRANCE · GERMANY
ITALY · GREECE · ROMANIA
AUSTRIA · CZECHO-SLOVAKIA

What can he do for you while there?

If you have relatives you wish to get in touch
with, business men you wish to see or any
commissioners you wish him to take care of

See: Mr. Arciero ~

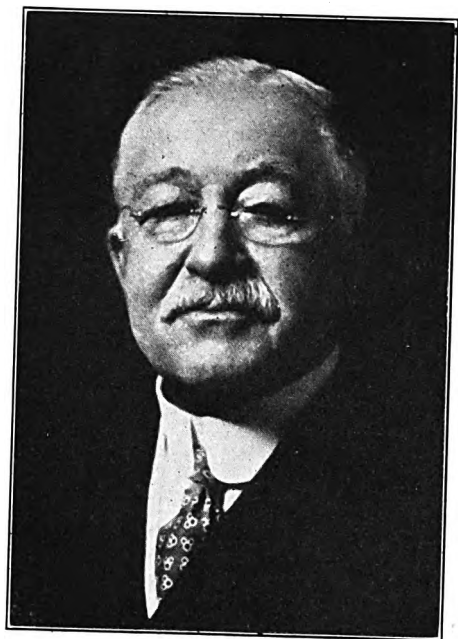
functions which twenty years ago would have been considered entirely without the realm of banking. Yet even in these days a service such as is described above is unique and unusual enough to attract public attention.

The Commonwealth Bank was organized in the year 1869, and was first located near the corner of the Bowery and Delancey street. The picturesque old Bowery of those days was inhabited principally by people of German and Irish stock, with here and there some Hebrews and a few Italians, and occasionally a sandal-footed Chinaman would emerge from Pell street to patter up or down this old historic street. The corner of the Bowery and Delancey street was, at that time, one of the most crowded and most cosmopolitan sections of the city.

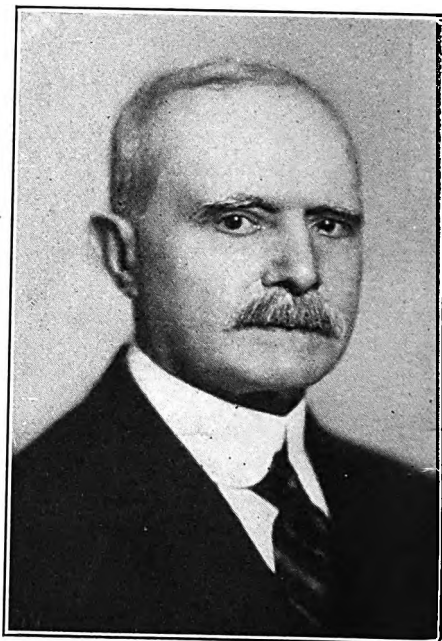
THE above sign prominently displayed is the first thing that greets the eye on entering the Commonwealth Bank, at the corner of the Bowery and Spring street, New York.

This is the day of service in banking when banks, in order to serve the interests of their clients, are performing

From the very first day, the bank showed a healthy progress, so much so that in a few years it was forced to seek larger quarters. In 1898 it had again outgrown its quarters and in June of that year the foundation was laid at the corner of Spring street and the



BERNHARD BEINECKE
Chairman, board of directors



CHARLES A. KING
President



LOUIS P. BACH
Vice-president



GEORGE F. A. OLT
Cashier



MAIN OFFICE
Corner Spring street and The Bowery

Bowery, the present location of its main office. A branch was installed at the corner of Seventy-seventh street and First avenue, and later on another branch was opened at 155th street and Third avenue.

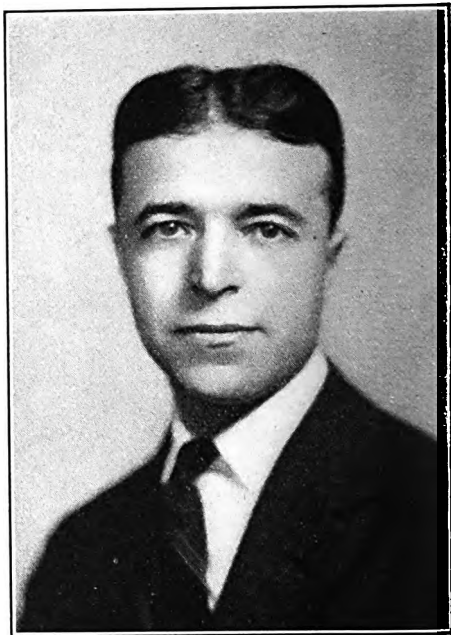
In the meantime the complexion of the district surrounding the main office was undergoing a decided change. Slow-

ly, but surely, the area east of the Bowery was becoming a solid Jewish district, and the area west of the Bowery was being thickly populated with Italians.

It became very apparent to the officials that some movement should be started, some procedure adopted that would enable them to cater more ef-



JULIUS R. von STERNBERG
Assistant cashier



GEORGE S. ARCIERO
Manager foreign department



Interior of the main office



Interior of the foreign department

ficiently to the particular needs of the racial element that made up that particular neighborhood.

To Bernhard Beinecke, chairman of the board, who is also president of the Plaza Hotel Operating Company and the Copley-Plaza Operating Company, and Louis P. Bach, vice-president of the bank and president of Kranich and Bach, piano manufacturers, belongs the credit for the establishment of this department that has gone to such unique ends to be of service to the people in its locality.

Having decided to install a complete foreign service department, they searched about for a man to direct the work. They finally engaged George S. Arciero, who in addition to being well known in the neighborhood through former banking connections, was thoroughly conversant with the foreign field.

In outlining their ideas and plans to Mr. Arciero, Mr. Beinecke and Mr. Bach made it very plain that the financial profit was not the most important

item in their minds. The financial gain could and would naturally come later. Of paramount importance was the fact that the service was one which was actually needed in the neighborhood, and they felt that the good will of the people could be acquired only in the measure by which their needs and requirements were met.

With these ideals before them, the department was started in a small way in a corner of the bank in May, 1923. Its growth was truly remarkable, and fully justified the attempt. The customers responded to the movement and pledged their fullest co-operation. So excellent was the progress made in a few months, that the bank was obliged to purchase the premises next door to it at 5 Spring street. And right there in the heart of the Italian section they built a beautiful banking floor. No expense was spared, and each and every branch of a fully organized foreign department was installed.

It is there that the foreigner finds

men in charge who speak his own particular tongue: Italian, French, German, Spanish, Polish, Hebrew and Bohemian. If he wishes letters written in his own language it is done at no cost to him whatsoever. He may engage passage on the various steamship lines, paying the minimum commission. He can buy or sell the currency of his country at the lowest possible rates. If he is a business man, doing business in any country on the globe, the foreign service department will handle efficiently his every transaction, and aid him in the general conduct of his business.

There is, of course, nothing particularly new or novel as far as the above-mentioned service is concerned. Quite a few banks have done and are doing the same thing today.

But it was while doing this work that the Commonwealth Bank found out what *more* they could do for their customers, and what else they could do to cater fully to the needs of their customers—which brings us back to the beginning of this article, and the reason for the sign.

Practically all of the customers who were sending remittances regularly to relatives abroad were continually asking questions regarding conditions in the country they were particularly interested in.

The business men who were importing or exporting merchandise were continually comparing the ease with which they carried on their business before the war, and the hazards they were being confronted with in doing business with foreign countries today, and bemoaning their inability to make the trip across to straighten out with their agents, customers and correspondents the various misunderstandings that came up as a result of the chaotic con-

ditions abroad. So many of them so often said, "If I could only go over there, and see exactly what conditions I am up against, go over the details face to face with my customers, I am sure I could do a bigger and more profitable business."

Still others wanted to enter the foreign field, but frankly admitted they didn't like conditions abroad, and further, did not know exactly where to begin or how to go about it.

This situation was often discussed by the officials of the bank, and when it became apparent that right here was an opportunity where the bank could be of real assistance to its customers, the sign, a reproduction of which appears at the beginning of this article, was immediately painted and hung up in the lobby of the bank.

Read it again. The bank means every word it says.

Mr. Arciero has already received enough requests to keep him busy in Europe for months and months.

His list of commissions ranges all the way from visiting the mother of one of their clients, in a little farming town in Czechoslovakia, to perfecting arrangements and details for the shipment of diamonds from Antwerp for a vast amount.

In addition to this, every one of the bank's correspondents in the countries mentioned will be visited with a view to perfecting present arrangements, and finding out exactly what can be done to expedite the handling of the various transactions between these countries and the bank.

Certainly the Commonwealth Bank is to be commended for its willingness to undertake a work which, to our minds, is the last thing in that much abused word "Service."





Importers and Traders Office of The Equitable Trust Company of New York

Equitable Consolidates Two Lower Broadway Offices

THE Equitable Trust Company of New York recently announced the consolidation of its Colonial Office, located at 222 Broadway, and its Importers and Traders Office at 247 Broadway, the business of the combined branches to be conducted at the latter address under the name of The Importers and Traders Office of The Equitable Trust Company of New York. The consolidation of these two offices was planned at the time of the merger

of the Importers and Traders National Bank into The Equitable Trust Company, which was consummated on June 29, 1923.

This announcement recalls some interesting bits of financial history.

HISTORY OF THE BRANCHES

The Colonial Office of The Equitable had been located in the St. Paul Building at 222 Broadway for over twenty-seven years. It was originally the



ALVIN W. KRECH
Chairman of the board



A. W. LOASBY
President

Colonial Trust Company, which was organized in 1897 and commenced business in October of that year at the above address, taking over the charter granted in 1873 to the New York Real Estate Guaranty Company.

The Importers and Traders Office, which now handles the business of lower Broadway for The Equitable, was sixty-nine years old on December 1, 1923. This office was formerly The Importers and Traders Bank, which was organized as a state bank on August 1, 1855, and later entered the national banking system.

STATEMENT OF CONDITION

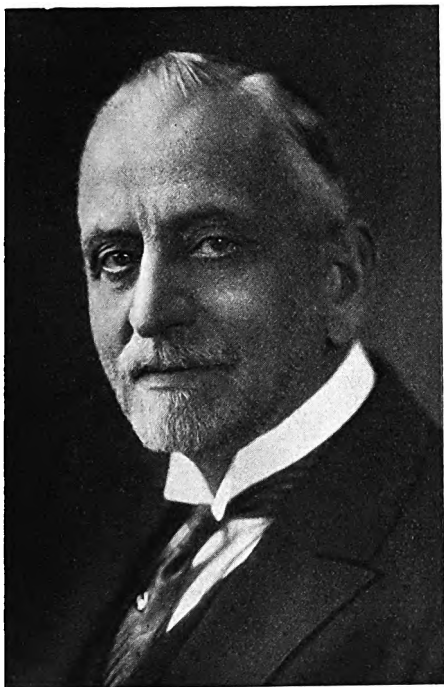
The statement of condition of The Equitable at the close of business December 31, 1923, shows total resources of \$394,022,605, with quick assets amounting to \$155,559,876. The capital is \$23,000,000, surplus and undivided profits \$9,798,393, and deposits \$325,924,539.

EQUITABLE'S PRODUCT—SERVICE

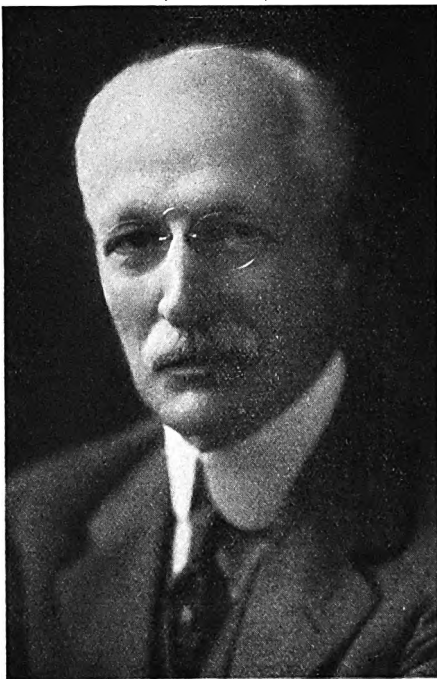
The Equitable's product for sale is service; service to individuals, business firms and corporations and to dealers and banks, both foreign and domestic. Its charter, organization and resources enable it to handle practically every kind of financial transaction and perform every variety of trust service.

To the individual, The Equitable offers a wide range of service, acting as depository for checking accounts, facilitating travel abroad and in the United States, encouraging and fostering saving and investing, safekeeping securities and other property, in the building of estates during life and in acting as executor, administrator, trustee, guardian or conservator after death.

It offers service in looking after insurance taxes, rents, and the collection of income. It offers service in expert advice and judgment in every variety of financial relationship or transaction.



EDWARD P. TOWNSEND, SR.
Vice-president



H. H. POWELL
Vice-president

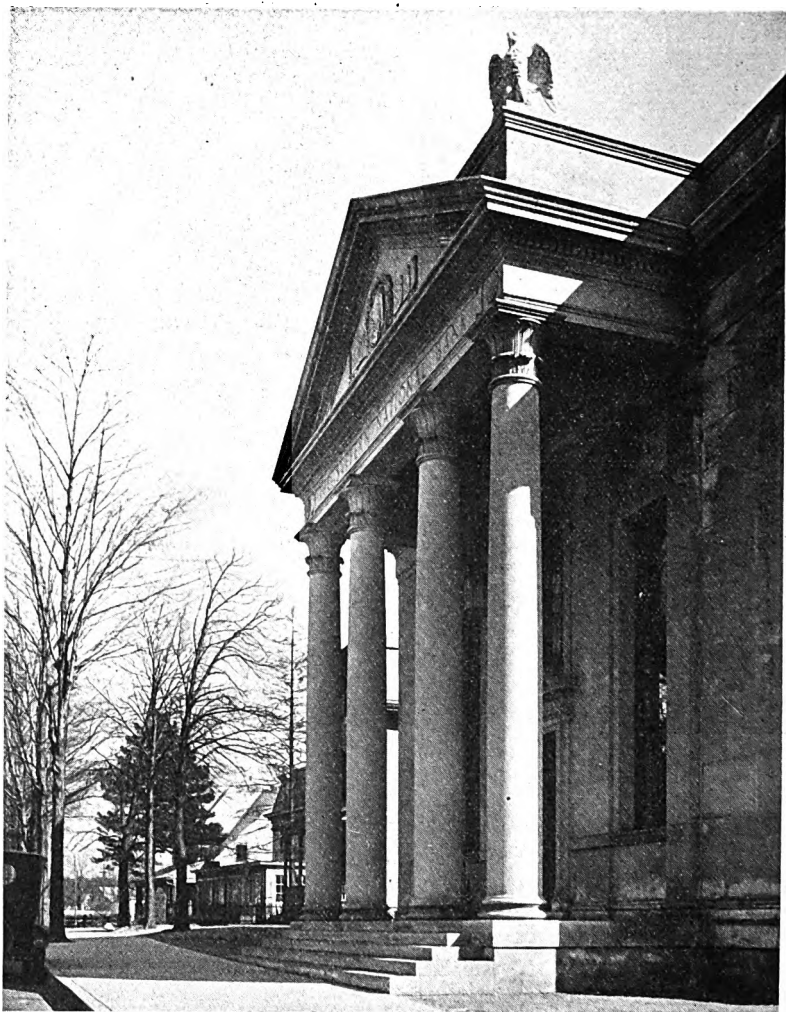
To the business firm or corporation The Equitable offers the same variety and scope of service extended to individuals. It finances exports and imports, makes collections on all parts of the world, collects credit information on domestic and foreign firms for customers, discounts bills, makes loans and performs every other bank service possible in domestic and foreign business. It acts as fiscal agent in the payment of coupons, interest and principal, as trustee for corporate bond issues, as registrar and transfer agent in corporate stock issues and handles railroad, public utility and industrial reorganizations.

To the individual and to the business concern The Equitable can be friend and adviser in every step requiring financial guidance.

To banks The Equitable offers special service based upon personal rather than routine, impersonal attention, and enabling them to better serve their own customers.



EDWARD P. TOWNSEND, JR.
Vice-president



Entrance to the Suffern National Bank, Suffern, N. Y. Building designed by Alfred Hopkins, New York

Some Recent Bank Building Operations

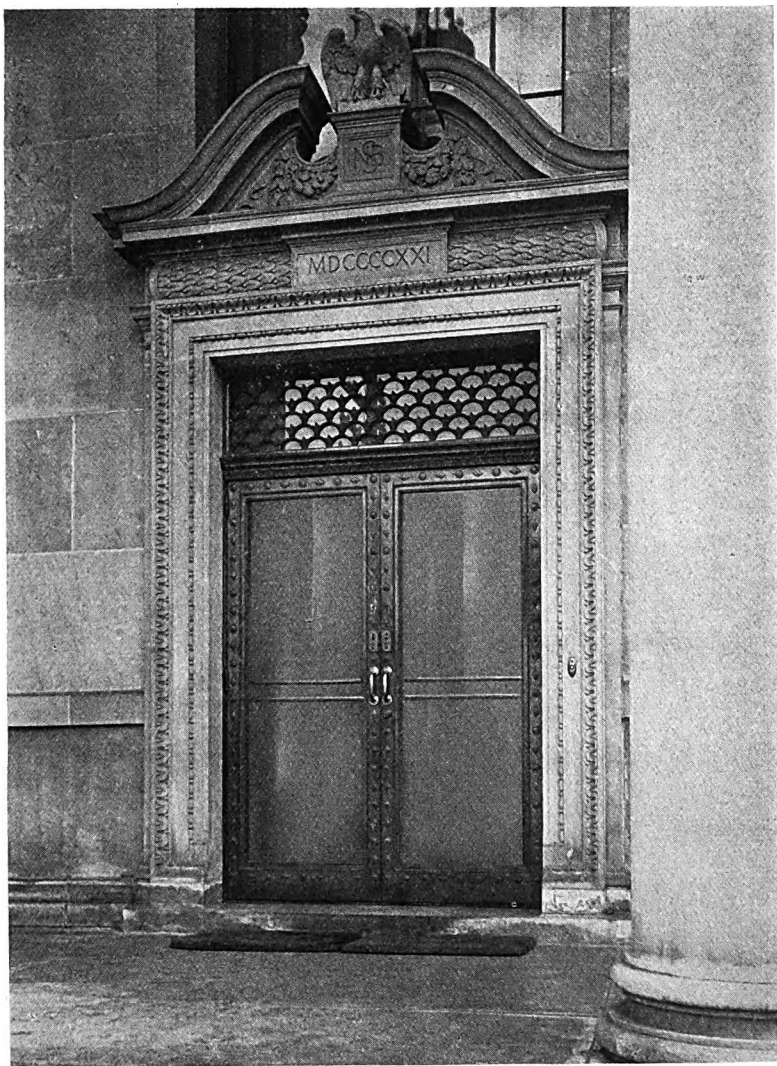
SUFFERN NATIONAL BANK,
SUFFERN, N. Y.

THE new building of the Suffern National Bank, Suffern, N. Y., some views of which are shown in this number, is believed by the directors to have been largely responsible for the remarkable increase in the bank's resources which has taken place since its completion.

About two years ago the directors decided to put up a building that would be

a credit to the community and would provide ample room for future expansion. At the time the expense involved appeared to some out of proportion to the size of the bank and the financial requirements of the community. But the record of the bank's growth since the completion of the building is an ample demonstration of its justification.

In the construction of this building scrupulous attention was given to the quality of material and equipment.



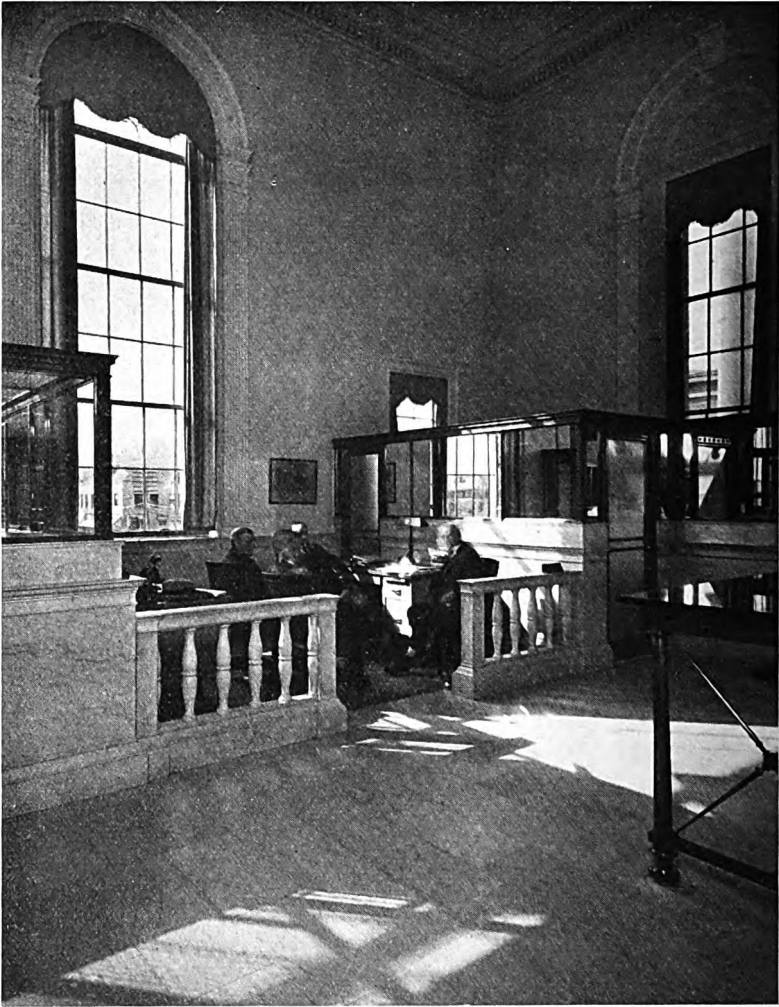
Detail of doorway of new building of the Suffern National Bank, designed by Alfred Hopkins, architect, of New York

Alfred Hopkins of New York was the architect.

The safe deposit department is located on the first floor, but room has been provided in the basement for a vault when the expansion of the bank's business necessitates giving up the main floor entirely to general banking purposes.

The vault has heavy, reinforced concrete walls and is lined throughout with

steel. It has a capacity of approximately 1500 boxes in addition to the bank's security chest. Safe deposit boxes are of the most modern construction. The entrance to the vault is protected by a massive steel circular door, similar to that of the Exchange National Bank of Tampa, Fla., illustrated in this number. The vault construction was by the Diebold Safe and Lock Company.



Officers' quarters, Suffern National Bank, Suffern, N. Y.

**ROOSEVELT SAVINGS BANK,
BROOKLYN, N. Y.**

THE Roosevelt Savings Bank, Brooklyn, N. Y., is one of the first savings banks to install a safe deposit vault after the State legislature passed the law permitting Class "A" cities to have safe deposit departments.

Their entire basement has been converted into a safe deposit room, and they have installed the most modern vaults.

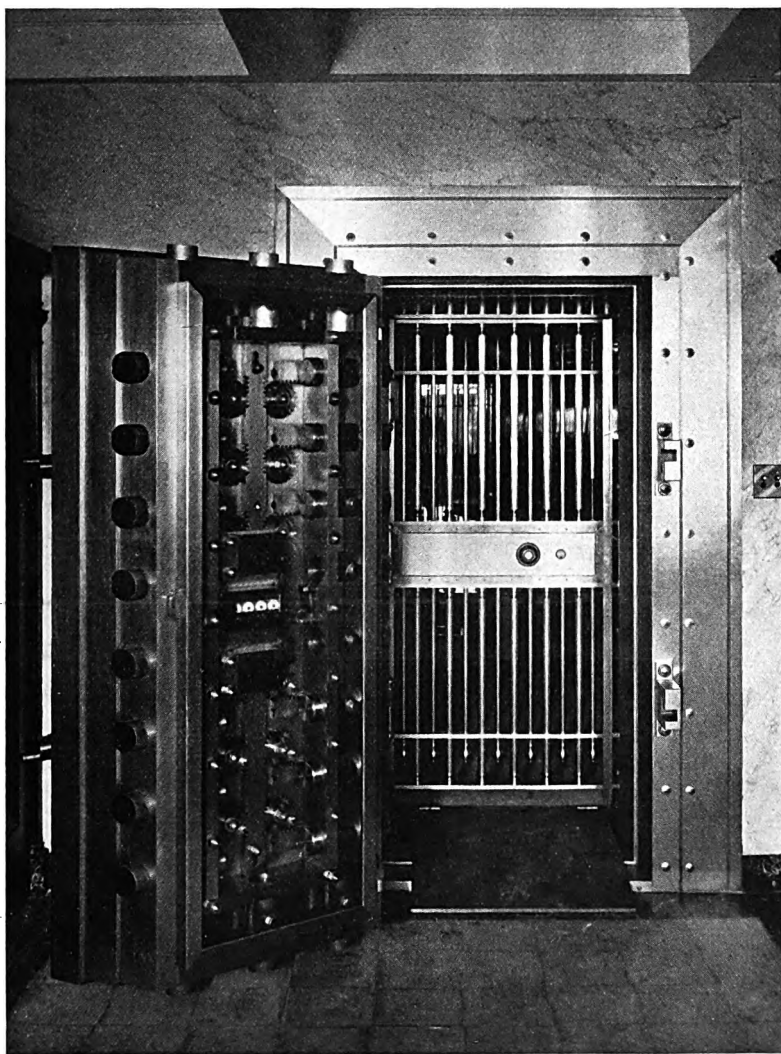
A heavy steel lining consisting of both open hearth and chrome steel is entirely

surrounded with a heavily reinforced concrete structure.

The steel lining measures 9 feet high, 23 feet wide, 15 feet deep, and has an ultimate capacity for 11,000 safe deposit boxes.

The rectangular entrance to the vault is 12 inches thick and the metals and construction used provide protection against all known methods of attack. The door is equipped with latest improved time and combination locks.

The emergency door, of equal



Entrance to the new safe deposit vault of the Roosevelt Savings Bank, Brooklyn, N. Y.
Installed by the Herring-Hall-Marvin Safe Company

strength, but having a 20 inch diameter opening, is placed at the rear of the vault and so located and provided with fans as to ventilate the vault properly.

In addition to the physical protection afforded by the above described vault, the bank has further provided protection by placing a burglar alarm system entirely around the vault and in the floor and ceiling. This protection consists of cables embedded in the concrete walls

placed approximately 4 inches on centers. Both the main and emergency door entrances are similarly protected with the burglar alarm system.

The entire vault was installed by the Herring-Hall-Marvin Safe Company.

LIBERTY BANK, BUFFALO, N. Y.

THE Liberty Bank of Buffalo, N. Y., has just announced that it has instructed its architect, Alfred C. Bossom

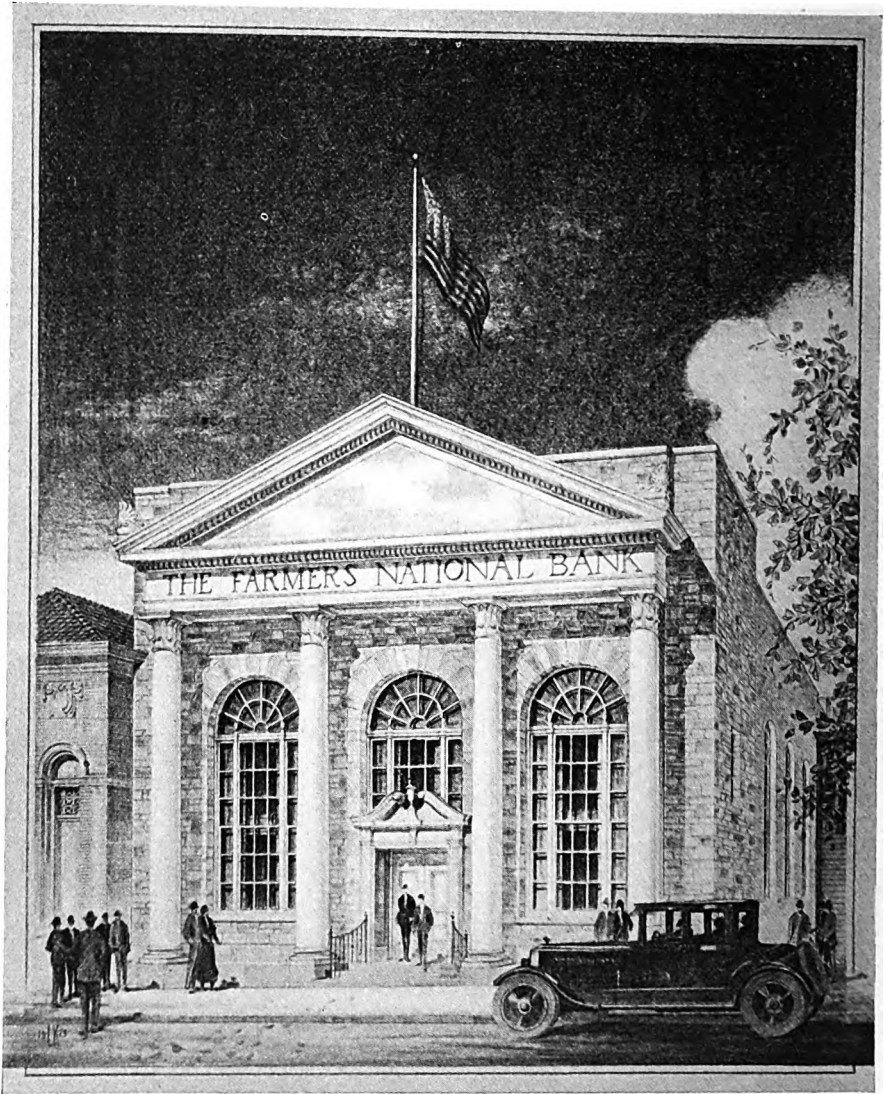


Proposed new building for the Liberty Bank of Buffalo, N. Y., designed by Alfred C. Bossom, bank architect, New York

of New York, to proceed at once with its new building, to be located on the corner of Main, Court and Pearl streets. It will have a frontage of 61 feet at either end, and 232 feet on Court street.

The Main street end of the structure

will be occupied by very handsome stores so that the bank will co-operate in the improvement of this section of Buffalo by providing a well-lighted street, which has formerly been dark. The same applies on the Pearl street



New building now under construction by Hoggson Brothers, for the Farmers National Bank of Lititz, Penn. This building is being constructed of rubble stone which is quarried locally, and will have limestone columns

end of the property, for due to the incline in Court street, the bank is literally on the second story when Pearl street is reached, although the Main street entrance is on street level.

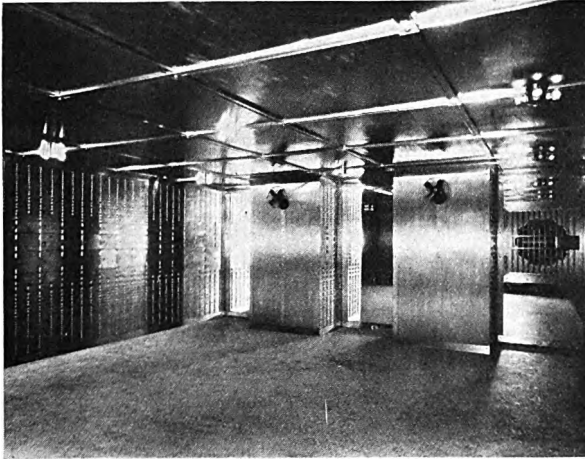
The building is being designed in conformity with all the latest zoning regulations and although it will be a mammoth structure, there will not be a single

office that is not on the outside, nor will there be a single door to an office that will not readily be visible when a passenger steps from an elevator on any floor.

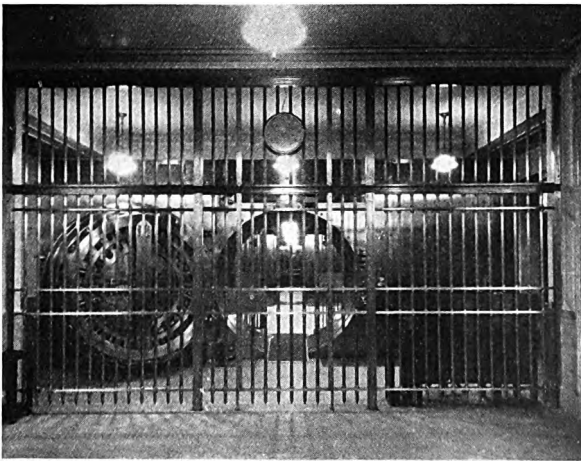
Particular attention has been given to the design of the safe deposit and trust departments so as to make them particularly accessible and commodious.

The bank itself will have twenty-four cages and room for fifteen offices, and the banking room will receive light from all three sides. A great many novel features are being introduced which will

The style of achitecture adopted for the design is based on Greek motifs, which lend themselves so aptly to the production of the appearance of both strength and dignity, elements essential



Interior of safe deposit vault of the National Bank of Baltimore, installed by York Safe and Lock Co.



Massive entrance door to the vault of the National Bank of Baltimore, Baltimore, Md.

make the bank's new building rank ahead of any other structure of its kind in the northern part of New York State. The lights to be installed on the top of the two flanking towers will be visible from Lake Erie, and undoubtedly this building will form a landmark conspicuous throughout this section for the next 100 years.

in modern bank and office building architecture.

THE NATIONAL BANK OF BALTIMORE

THE doors of the new National Bank of Baltimore and of the Century Trust Company were recently formally opened to the public.

The new building at Baltimore and

St. Paul streets is the fourth which "the oldest bank in Maryland" has occupied on the same site since the bank was organized in 1795.

The bank's resources are now in excess of \$23,000,000.

The main banking room of the National Bank of Baltimore was designed to effect the utmost convenience and saving of the depositors' time. Commercial, savings, collection, loan and discount, and foreign departments are all grouped conveniently on one floor.

The opening of the Century Trust Company under the same management as the National Bank of Baltimore

brings together under one roof all of the services that can be rendered by a national bank and a trust company.

The massive, impregnable 30 inch circular main entrance to the bank's vault is conceded to be the last word in architectural beauty and modern protection, and was built at the factory of the York Safe & Lock Company.

There are 3000 safe deposit boxes, which conveniently provide unsurpassed safe deposit facilities to the patrons of both the bank and the trust company. The boxes are of assorted sizes of all polished steel finish, and add much to the beauty of the safe deposit vault.



Electrical Banks

WHAT happens when a 100,000 horsepower hydro-electric station is constructed in a western mining and agricultural district? These things:

Some 60,000 persons buy and use current. About 1300 persons are employed in the electric industry at salaries aggregating \$2,000,000. About 9000 miles of wire are strung. More than \$37,000,000 is invested in generating plants, and in equipment for transmission and distribution. About 25,000 homes in which 100,000 people live are electrified. Some 240 miles of railroad are operated at an investment of over \$27,000,000, employing 1200 men and women, carrying 45,000,000 passengers and expending \$413,000,000 each year. Mines and production plants are opened, producing ore worth \$18,000,000 yearly and employing 4000 miners. Also 1300 factories are started, with investments of \$100,000,000, employing 27,000 operatives who produce goods each year worth \$140,000,000. And 125,000 acres of land are irrigated, resulting in improvements costing more than \$6,000,000, producing nearly \$10,000,000 in crops a year and employing 5000 persons.

Thus Waldemar Kaempffert states the case in *The Forum*. This one case of a western electrical development points the moral of what he expects the nation as a whole to witness. When the era of super-power comes—and it is not so very far away—great electrical banks from which energy can be drawn at will in any amount, large

or small, will supply electricity by transmission lines threading the whole country and reaching both cities and remote villages and producing such an extraordinary co-ordination of industry and agriculture as the world does not now conceive possible.

Power dispatchers will be stationed at strategic points in structures which do not generate but distribute power. Their main equipment at each station will be a great switchboard. And "from every community within a radius of hundreds of miles will come frequent reports by telegraph or telephone. New York needs 200,000 kilowatts at once; a thunderstorm has turned day into night, and every electric lamp will be in use. The dispatcher at Binghamton throws a switch or two and shoots to New York power from Niagara Falls, where the sun happens to be shining brightly and where there is an excess of energy. Philadelphia will want more power about 5 o'clock for its streets cars. The factories of the Susquehanna region are beginning to close at that time; the throwing of more switches diverts its power to Philadelphia. Thus the power-dispatcher will draw upon the Potomac, the Delaware, for hydro-electric power, and from great steam-driven power plants in Pennsylvania and West Virginia at the mouths of coal mines.

A wonderful "dip into the future." Will that time come? And will it come soon? Perhaps sooner than most of us expect.—Editorial from *Boston News Bureau*.

BOOK TALKS

Special Section of The Bankers Magazine

MARCH 1924

Cow Puncher in Summer—Agricultural Student in Winter

An Interview with R. A. Ward

"We find that so few people have mastered a small portion of a given subject, that if a person applies himself reasonably hard he will be able to outdistance the crowd." R. A. Ward found this out for himself, and promptly outdistanced many others in his chosen life-work. Because Mr. Ward is the author of "The Bank Agricultural Department" (Bankers Publishing Co., \$1.25) the intimate story of his business life will be of interest to BOOK TALKS readers.

"I DO not know just how I came to receive any of the promotions which may have come about during the past 10 years," said R. A. Ward, general manager of the Pacific Coöperative Wool Growers, in answer to a question as to what he may have done to advance himself in life. But he answered the question far more satisfactorily in his next words: "Perhaps it might have been due to the fact that I take a great deal of pleasure in anything that I am doing, and have always enjoyed reading and studying as extensively as possible about the subject under consideration." (By subject he meant agricultural work which he has specialized in and about which we were talking.)

"In other words," he went on, "it is my idea that a person, to succeed in endeavors of this nature, must know all that it is possible for him to know about the business he is conducting. Of course, to know this may take many, many years, and even then a person may not have mastered a great deal of his subject. However, we find that so few people have mastered a small portion of it that if a person applies himself reasonably hard he will be able to outdistance the crowd."

Each Step Opened Wider Fields

Always, in order to get a man to open up and talk about himself, it is necessary to lead him on by asking a few questions, so just about at this point we asked, "What has been the moving factor in your changing from one position to another?" His answer to this is about what one would expect, but is particularly interesting when read in conjunction with the details of his life, which he gave us later. It can be seen that his statement is no meaningless one to him, said for publication only, but is what has actuated him in making his "dreams come true".

"The factors that may have influenced me," he replied, "are chiefly those relating to the opportunities in the new work undertaken. I have always felt that each step I took opened up wider fields for me to



R. A. Ward with a fine specimen of sheep. Mr. Ward is now the general manager of the Pacific Coöperative Wool Growers.

work in and gave me an opportunity to put into execution and operation those plans which I may have dreamed of in times past."

It was surely as interesting for Mr. Ward to look back over his life, as it was

(Continued on page 4)

THE BANKERS MAGAZINE—BOOK TALKS

BOOK TALKS

EVELYN M. PRICE, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

MARCH 1924

Shop Talk

IT may be interesting to "effete Easterners" to know that one of the authors of our banking books has done his bit as a cow-puncher. R. A. Ward, who wrote *The Bank Agricultural Department*, says he "punched cows during the summer and went to the Colorado Agricultural College during the winter". He tells many other interesting things about himself in this issue of BOOK TALKS. Be sure you read his story before passing BOOK TALKS on to a friend.

FOR TWO years and a half Glenn G. Munn has been working on an *Encyclopedia of Banking and Finance*. Mr. Munn, who is keenly interested in business education, realized some time ago that while there are encyclopedias in practically every important subject—law, medicine, business, accounting, etc.—up to date there was no thoroughgoing and systematic treatment of terms used in banking and finance with references and bibliography. From this realization came the book that will soon be published by THE BANKERS PUBLISHING COMPANY.

JUST AS the twig is bent the tree's inclined. A small boy back in Canada used to clip and save cartoons from the *Montreal Witness*. Later when he came to New York State his home was near a country printing office and he grew up in the atmosphere of printer's ink. The small boy, grown up, remained true to advertising and newspaper traditions, for he has sponsored modern bank ad-

vertising since 1907. T. D. McGregor, vice-president of one of the large advertising agencies and author of the *Book of Bank Advertising*, is the grown-up Canadian boy.

MISS ANNE SEWARD of the Empire Trust Company, New York, whose book on the women's department will soon be published, addressed the annual stockholders' meeting of the Cleveland Women's Savings & Loan Company on recently. Appropriately, because of her long and successful experience in the banking field, Miss Seward's subject was "Women in the Financial Field." The Women's Savings & Loan Company is the first financial institution in the city of Cleveland operated entirely by women, and its success has been a proof of women's talents along banking lines.

"ONE CANNOT help, after reading the book (*Romance and Tragedy of Banking*), having an added respect for such Government officials as the author, national bank examiners and others, who, notwithstanding the small salary often received and the ever-present political interference, have year after year performed a high-grade service for the public. On a number of matters of public interest in connection with the comptroller's office, as, for example, the discussions arising in the latter part of Mr. Williams' administration, the author supplies information for a revised judgment." This opinion is part of the review of *Romance and Tragedy of Banking* which appeared in the *American Economic Review*.

BE SURE to look at the last page of BOOK TALKS for a complete list of our publications. We will be glad to answer any questions about the books by sending circulars or telling you by letter exactly what they cover.



Bankers Publishing Company, New York



The Bank Credit Investigator

A young man in the credit department of a large New York bank realized that though there were numerous theoretical works on credits there seemed to be no standard book giving practical ideas on the subject. With this idea in mind he put his actual daily experience on paper, conferred with his associates and with those older "in the game" than himself, and this book was the result.



In its review of the book "The Credit Monthly" said: "What more can be said than that this book completely serves the purpose for which it was designed?" Mr. Prudden succeeded in writing a book which every young credit worker needs—such a book as the author needed when he entered the credit department, but which was not available to him.

RUSSELL F. PRUDDEN

Price \$1.50 Postpaid

THE young man who is just starting in at bank credit investigation work should read this book in order to gain the fundamentals. It is designed to give him an understanding of the importance of this branch of bank work, an appreciation of the necessity for tact and diplomacy, and, by concrete examples, to explain the various steps in the scientific investigation and analysis of a credit risk. Credit managers will find it of the greatest usefulness in training the members of their staff and in helping them to avoid the errors that come from inexperience. It is not only for the beginner, for it contains much valuable information for the bank officer in credit work, especially executives in smaller banks that have not yet had the opportunity to establish up-to-date credit departments. It will also be valuable to financial and credit men in mercantile and manufacturing houses.

Some of the topics discussed in the book are: Development of Credit Work; Organization of the Credit Department; Filing Systems; Agency Reports; Elements of Accounting; Statement Analysis; Interviewing Commercial Paper Brokers, the Banker, Trade Houses; Summarizing the Investigation.

Bankers Publishing Co.

71 Murray St., New York

THE BANKERS MAGAZINE—BOOK TALKS

Cow Puncher in Summer—Agricultural Student in Winter

(Continued from page 1)

for me to hear him tell about it, for he certainly made and took opportunities to get into the work he enjoyed most. He went on to tell me about his first years out of school:

"I left Chicago when I was in high school and went to Colorado. This was when I was 17 years old. For the next three or four years I punched cows during the summer and went to the Colorado Agricultural College during the winter.

"From there I went to the U. S. Biological Survey, a bureau of the Department of Agriculture, which is in charge of the economic work connected with our wild animals and birds. For some five years I spent most of the time on the various national forests of the West and on the range conducting investigations for the control of coyotes, wolves, mountain lions, wild horses and other pests which were damaging live stock rangelands or crops. This also included campaigns against jack-rabbits, prairie dogs and ground squirrels in the Dakotas, Wyoming, Idaho, Oregon, Utah, California and Colorado.

"This work, while very interesting, necessitated continuous traveling, and as I was

interested in the economic phases of agriculture, particularly as it pertained to the live stock industry, I prepared to quit traveling and devote my efforts to some phase of my chosen work.

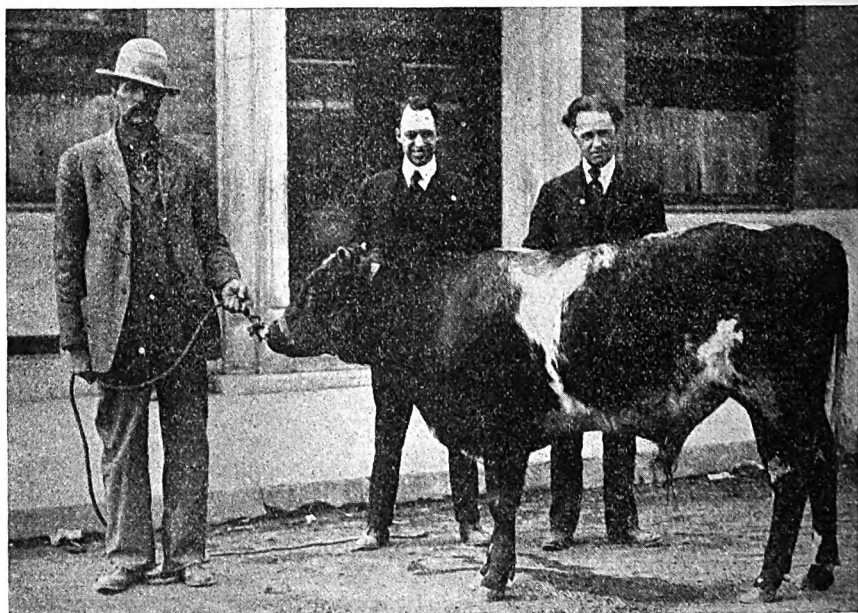
"I was greatly impressed with Oregon and the Northwest and after having spent seven months in the state of Oregon, during which time I addressed 103 meetings of farmers in various parts of the state on the control of animal pests, I decided to settle here."

Promotes Live Stock Development

After settling in Oregon, Mr. Ward was offered, by the Oregon Agricultural College, the position of District Agricultural Agent in charge of two counties, which he accepted, spending two years in the work.

"During that time I took great pleasure in promoting the live stock development of that region," he told me. "I organized the first Farm Bureau in the state of Oregon, the Deschutes County Potato Growers' Association, the Central Oregon Short Horn Association and the Central Oregon Rambouillet Breeders' Association.

"It was while I was engaged in this work, and on that of bringing better live stock to Central Oregon, that the First National Bank of Bend offered me a vice-presidency in charge of live stock work. However, at



The First National Bank of Bend, of which Mr. Ward was a vice-president in charge of live stock work for a time, financed the purchase of bulls. Mr. Ward is in the center of this picture, E. A. Griffin at the left and C. S. Hudson at the right.

THE BANKERS MAGAZINE—BOOK TALKS

the request of the Secretary of Agriculture I continued to remain in the County Agent service for another seven months, but at the termination of that period accepted the position as vice-president of the First National Bank of Bend and moved to that city to take up the new work.

"What was done while in this position is best described in the little book entitled *The Bank Agricultural Department* which was put out by The Bankers Publishing Company."

Keen Interest in Farmer

Mr. Ward has addressed the Oregon Bankers' Association on a "Bank Agricultural Program" and has assisted a number of banks in starting their agricultural departments, and in outlining their programs of work. His keen interest in agricultural work kept his eyes open to the fact that many things were needed by the farmer. One of the facts, he said, which came to his notice particularly was the inadequate marketing facilities of the American farmer.

"At Bend," he said, warming up to his subject, "one of the greatest examples of inefficiency in marketing was done by the range wool growers of Central Oregon in selling several million pounds of wool annually. It appeared that of all of the crops produced on the farm there was none about which the producer knew so little as wool. Accordingly, we interested ourselves in this phase of the work. In 1919 the wool clip of the West was left largely on the hands of the farmers and an attempt was made by them to market it coöperatively."

Organizes Wool Growers

The opportunities in this field appeared so large that when the organization committee offered Mr. Ward the position of organization manager of the infant organization, he accepted it and resigned from the First National Bank of Bend to become organization manager of the Pacific Coöperative Wool Growers.

Under his management the organization has grown to 2,600 wool growers in Oregon, Washington, Idaho and Northern California and markets the wool from 350,000 sheep. When its organization was perfected, Mr. Ward became general manager, which position he now holds. For the past year he has also been serving the Oregon Coöperative Council as president, an organization devoted to the interests of coöperative marketing.

The pictures which Mr. Ward kindly gave us for use in an article about himself tell



This mound of dead jack-rabbits is the result of part of the work for the Government in the control of animal pests, at which Mr. Ward spent five years after leaving college. Mr. Ward is at the right in the picture.

the story of his interest in his work even more than his words can. He is decidedly proud of the specimen of live stock which he displays in front of the bank and of the equally fine specimen of "wool in its natural state" with which he was snapped in another view. The mound of jack-rabbits is one of the results of his work for the government, mentioned in his first paragraphs about himself.

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Pictorial Presentation of Federal Reserve System

At the last annual convention of the American Bankers' Association there was displayed an exhibit treating of the functioning of the Federal Reserve System, and a pamphlet was distributed containing reproductions of the charts comprising the exhibit.

The idea of having an exhibit and at the same time publishing a pamphlet descriptive of it, was commented upon as novel and one calculated to be of assistance to visitors whose time for viewing an exhibit is always rather limited. There was such a widespread demand for this pamphlet that it has been necessary to publish a second edition. It now contains tabular matter and two additional charts which could not be prepared in time for the convention exhibit.

BOOK REVIEWS AND NEW BOOKS

BORROWING FROM YOUR BANK. By Stuart H. Patterson. New York: Ronald Press Co. \$1.25.

MR. PATTERSON, comptroller of the Guaranty Trust Co. of New York, believes that, possibly as a result of tradition, some men stand in awe of their bank and maintain no more contact with it than is absolutely necessary. Others have the impression that the bank is out to extract the last possible cent from those who need to borrow money, and feel that the less they have to do with banking institutions the better off they are. Mr. Patterson explains in his book why both attitudes are usually erroneous.

A bank is just as desirous of lending money, providing it can do so safely and at a fair rate, as a customer is to borrow it. If the borrower can safely and profitably use the money there is no reason why he should not borrow in moderation and in accordance with his circumstances. In fact, there is every reason why a customer should interview a bank on the subject, as the bank cannot well approach its clients and ask them to borrow money.

The author carefully analyzes the requirements of the banker from a business man as well as clearly defining how the business man can best prepare his information to meet these requirements. The volume explains fully:

What information and security a bank requires when applying for a loan. Just how it appraises ability to pay from the financial statement. What matters regarding its present condition and lending policy it must take into account when considering an application. What kind of credit accommodation it offers to meet various needs. What other valuable services are secured by close relations with the bank.

+

LAWYERS' AND BANKERS' DIRECTORY. New York: Sharp & Alleman Co.

THE January issue, forty-second year, of Sharp & Alleman Co.'s "Lawyers & Bankers' Directory" is now on the market. In addition to the Abstract of Laws, Court Calendars, Legal Forms and other matters for all of the states, there will be found several new features which includes a list of "Legal Journals" and a summary of the Inheritance Tax Laws, to be used in connection with the special digests of the Laws on Inheritance, to be found in the compilation of State Laws.

The directory also contains a special list of bank counsel for all of the states as well

as 8,000 names of selected attorneys in all parts of the world.

+

VAN DYKE'S COMPLETE BOND VALUE TABLES. New York: The Financial Press. Desk size, \$12.00; pocket size, \$9.00.

THIS BOOK covers all the coupon rates and yields and periods usually required in the ordinary course of the bond business.

The introduction contains explanations and illustrations of various methods of using the figures given in the book, to solve very many of the more intricate and unusual problems as well as those which come up daily in connection with bond investments.

Attention is especially called by the publisher to Problems P, Q and R in the introduction, which develop an entirely new method of figuring the values of bonds at the effective yield rate on any date between interest periods and also for periods of less than six months, and to the fact that there is furnished a "Table of Effective Ratios" for arriving at these values without recourse to elaborate logarithmic calculations. The method for finding the value of a bond having more than 100 years to run (Problem F) is believed to be original.

The values are extended to four decimals throughout and the complete range of yields from 3 per cent. to 15 per cent. are given on two pages facing each other. Each coupon rate is in a section by itself and a thumb index facilitates the finding of each rate.

New Books

ESSENTIALS OF INTERNATIONAL TRADE. By Simon Litman. Wiley. \$3.50.

FOREIGN CREDIT FACILITIES IN THE UNITED KINGDOM. A sketch of post-war development and present status. By Leland R. Robinson. Longmans, Green. \$2.50.

MEXICO: AN INTERPRETATION. By Carleton Beals. Huebsch. \$2.50.

A SURVEY, political, economic, racial and religious, with sufficient reference to the history and tradition of Mexico to enable the reader to understand present conditions in that country.

A. BARTON HEPBURN: His Life and Service to His Time. Scribner. \$3.00.

AN ACCOUNT of the life of one of the foremost authorities on the subject of finance.

Looking back with

THE BANKERS MAGAZINE

and looking forward

IN September, 1921, THE BANKERS MAGAZINE celebrated its 75th anniversary. Rather a ripe old age, isn't it? And the best thing about age for a magazine is the fact that it must be better at 75 than it was at 25, otherwise we wouldn't have it with us any longer. We have no excuse for existence if we are not wanted, but 75 years seems to prove that we are.

AT that time we received endless letters of congratulation and appreciation from readers, some of which we reprinted in the MAGAZINE, but we honestly believe that we kept too many of the "nice things" that were said about us to ourselves. Hereafter, we are not going to do so, but are going to let them leak out occasionally. Magazines and newspapers have always had the special privilege of saying "nice things" about themselves, you know. We give one below.

"YOUR well-known journal has proved extremely useful to bankers and financiers on both sides of the Atlantic, and will, I have no doubt, deserve and maintain in the future the same wide reputation which it has enjoyed in the past."—The Right Hon. Reginald McKenna, Chairman, Midland Bank, London.

ARTICLES of importance, such as those that appear in THE BANKERS MAGAZINE, do not lose their value a few short weeks after they are published, so we are going to call attention to some that have appeared in the January and February issues. (Copies of these issues can be ordered from the publisher, the price being 50 cents.)

ARTHUR CAPPER, United States Senator from Kansas and one of the largest publishers of farm publications in the country, believes that the farmer is not getting a square deal now and that he failed to get one both during the war and during the after-war period. In an article in the January issue, "A Square Deal for the Farmer," Senator Capper stressed the importance of the farming industry, diagnosed four factors which tend to sap its strength and waste its productive energy and discussed remedial

acts and measures which, with the farmers' coöperation, will help to solve the distressing problems confronting the industry. You may not agree with everything the Senator says, but it will broaden your point of view to read his article.

BECAUSE of his thorough practical knowledge of both banking and motion pictures, Richard W. Saunders, comptroller of the Famous Players-Lasky Corporation and formerly cashier of the National Bank of Commerce in New York, is particularly well qualified to present an authoritative outline of the motion picture industry, written for the banker from a banker's viewpoint. The banker's principal interest in the motion picture industry lies in the following three things: He wants to know first of all if it is here to stay. Then he wants to know how substantial it is as a basis for credit. Finally, he wants to know what accounting methods have been established to show the true condition of any specific company. Mr. Saunders answers these questions clearly in "Motion Pictures and the Banker" in the January issue.

SOME years ago in a certain section of Pennsylvania the Federal Government was looking for a suitable location for an experimental creamery. The bankers of Grove City, Pa., believed that if the Government could be persuaded to locate the creamery there and provide a market, the farmers could be educated in raising better cattle. Pure-bred cattle were needed in the community. The farmers of the community were not in a position to finance their purchase. The Grove City National Bank undertook to finance the purchase of some pure-bred cattle and to distribute them through the community. How the bank and the community mutually profited is told in "Helping the Farmer" (February issue) by E. B. Harshaw, cashier of the bank. The bank feels that the increase in deposits from \$765,000 to \$129,000,000 in six years has been due fundamentally to the farmers' increased income and purchasing power.

BOOKS FOR BANKERS

BANK CREDIT METHODS AND PRACTICE

By THOMAS J. KAVANAUGH

An accurate description of the operation of a credit department in a modern bank. Useful not only to the banker but also to the business executive interested in learning the banker's attitude on credit risks.

\$2.50

THE BANK CREDIT INVESTIGATOR

By RUSSELL F. PRUDDEN

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. Advice as to the steps to be taken in a credit investigation and analyzation of a credit risk.

\$1.50

Paying Teller's Department

By GLENN G. MUNN

Presents in a practical manner the functions of the paying teller and related departments in every phase—whether in a city or country bank, in the East or West. A reference book answering questions which constantly arise with regard to checks and disposition of money.

\$1.25

Bank Agricultural Department

By R. A. WARD

Shows the bank in an agricultural district how to serve the farming interests of the community and tells why such service is profitable for the bank and its customers.

\$1.25

New Business Department

By T. D. MACGREGOR

Completely revised for its third edition. This book is unique in its field and will serve as an excellent guide when organizing such a department.

\$1.25

THE ROMANCE AND TRAGEDY OF BANKING

By THOMAS P. KANE

The author of this book was connected with the Comptroller's office for 36 years, knew personally most of the Comptrollers of the Currency, and was intimately acquainted with the many incidents, both romantic and tragic, that took 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.

\$5.00

Practical Work of a Bank

By WM. H. KNIFFIN

Not a banking problem nor 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.

\$5.00

Book of Bank Advertising

By T. D. MACGREGOR

The most exhaustive book on the subject yet published. Contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising.

\$5.00

Bank Directors

By O. W. BIRCKHEAD

Written by a former national bank examiner to explain in simple outline just how directors should proceed with an examination of their bank.

\$1.25

Commercial Paper, Acceptances and Analysis of Credit Statements

By WM. H. KNIFFIN

Of the few books entirely devoted to this subject, this one is a safe investment; 205 pages, with over 80 pages of actual statements completely analyzed on facing pages.

\$2.50

Bank Deposit Building

By W. R. MOREHOUSE

\$4.00

Bank Window Advertising

By W. R. MOREHOUSE

\$3.00

Trust Companies

By CLAY HERRICK

\$5.00

Elements of Foreign Exchange

By FRANKLIN ESCHER

For those who wish to understand the general principles of foreign exchange, a good working knowledge of the subject can be gained in a few hours from this little book.

\$1.60

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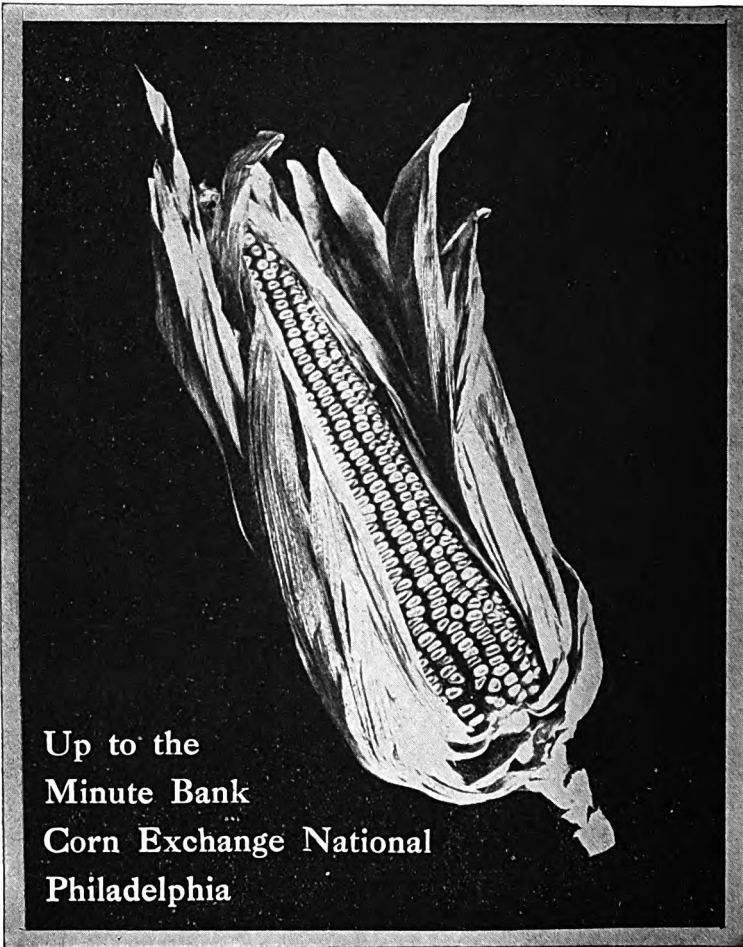
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Up to the
Minute Bank
Corn Exchange National
Philadelphia

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

The Publisher's Page

THE loss of millions of dollars and the ruin of hundreds of men are the annual toll of bank defalcations. And these figures show a dangerous and unnecessary increase every year. For the year 1922, on bank defalcations only, one surety company alone showed a net loss of \$500,000. The report of the Attorney General of the United States for the fiscal year 1922 shows that 338 cases were reported to his office during that period. Beginning in an early number, THE BANKERS MAGAZINE will run a series of interesting and highly informative articles on The Cause and Prevention of Bank Defalcations. This series has been prepared by Martin K. Fowler, now of the New Jersey State Banking Department, and formerly special bank accountant for the Federal Department of Justice, in which capacity it was his duty to investigate and aid in the prosecution of violations of the national banking laws. During the course of his experiences, Mr. Fowler has been a banker, an investigator and a bank customer, so there is no angle of the banking business with which he is not familiar. He has come in direct contact with many bank defaulters and from talking with them and examining the circumstances of their crimes he has acquired an insight into their methods and motives which is shared by few other authorities in the country. Mr. Fowler says, regarding his series of articles: "Bank defalcations could be prevented, not entirely perhaps, but a very large majority of them, if all directors were up to their jobs. Most directors labor under a misconception as to an examiner's duties, and do not realize that they themselves are liable and that the responsibility of preventing a defalcation rests on their shoulders. I have tried to analyze the subject in a brief yet comprehensive manner so that directors generally will be put on notice of the many danger signals."



AN Ohio manufacturing concern didn't recover properly from the period of deflation. For years it had been successful, but, clearly, something was wrong. Balance sheets and operating statements supplied to the credit department of the firm's bank showed losses even when a comparable degree of prosperity was evident in most industries. The executives of the concern were worried. It looked as if the bank would have to call upon the corporation or liquidate its borrowings. But, before making any move in this direc-

tion, the bank in question sent a representative of its industrial department to the plant to interview the executives and to survey their methods of production, cost-accounting and marketing. One or two of the firm's officers were skeptical of this move. What could a banker know about their industry, anyhow? But the president of the concern welcomed the bank's representative. "Go to it," he said. "I've known for some time that we've trouble somewhere. Perhaps you can help us find it." The inspection was made. The layout, operations, accounting methods and distribution plans were investigated, and a report prepared for the bank's credit committee. . . . The rest of this story is told by Harry E. Martin in his article Better Banking for Industry, soon to appear in THE BANKERS MAGAZINE. The incidents in this, and other cases cited by Mr. Martin in his article, are drawn from actual banking experiences, and emphasize the importance of an industrial department as a part of the large present day bank in industrial centers.



THE term "farmer" is made to cover unnumbered identities, and one section of the press starts a campaign against the unfortunate, unjustifiable and unendurable position of "the farmer," while another group of papers proclaims that hard times for "the farmer" are mostly imaginary, based on false premises, or due to speculation in land. "One root of the farm troubles," says Carlton P. Fuller, in his article, Does the Farmer Need Charity? to appear in THE BANKERS MAGAZINE, "will certainly be found in inflated land values, but it is easy to get lost in 'a vicious circle' of argument: land values depend upon the income obtainable from the land, which depends not only upon the yield of crops but also upon the price obtained for those crops; hence, is the land too high or are the crop prices too low?" "The inevitable answer," continues Mr. Fuller, "is that some land is too high and some prices are too low. That the general farm situation should not be precarious is apparent from the 1920 census figures, giving the average value of the mortgaged farm as \$11,500 and the average mortgage as \$3350, while 53 per cent. of the owner-operated farms were free from any mortgage at all." Mr. Fuller, in a lucid analysis of the farm situation and the farmer's difficulties, presents some very interesting facts and figures, and draws some pertinent conclusions. Read his article in the May issue of the Magazine.

An Ancient Check on "The Bank"

AT 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!

There are many other banking institutions in New York of today, but none is better equipped to give careful attention to financial business of all kinds than the Bank of New York and Trust Company, with one hundred and forty years' experience as a Bank and ninety-four years' experience as a Trust Company.



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



NATIONAL
BANK
OF THE
CITY OF NEW YORK

200 Million Dollars Resources

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

APRIL 1924

VOLUME CVIII, NO. 4

Editorial Comment

Oil on the Troubled Waters

THE troubled waters of American politics, instead of being calmed by oil, are being greatly disturbed by it. Revelations in regard to the leasing of oil reserves, held for the use of the United States Navy, have seriously damaged the reputations of several gentlemen prominent in the political life of the country, and have perhaps put out of the running at least one leading aspirant for the Presidency, whose offense so far as revealed merely consisted in acting as attorney for one of the great oil concerns. Since official and judicial inquiries are being made in regard to the leasing of the reserves, opinion respecting the matter may well be delayed until the result of these inquiries is known. There has been so much smoke, dust and fog already raised by the various charges and counter-charges that the facts have been largely obscured, though what can be discerned does not present a pleasing appearance. On the contrary, it has a very ugly look. Not for a long while has there been such a serious scandal in American politics. Serious as the affair looks, however, the public will do well to ascertain the exact truth before reaching conclusions. President Coolidge has promised a complete investigation, and full punishment of those whose guilt may be established.

This oil controversy has renewed interest in a question of considerable public importance. It is this: Can a former cabinet officer accept retainers from large corporations without damag-

ing his chances of future political preferment, and especially without making him ineligible as a candidate for the Presidency? The question is one to be settled according to ethical rather than legal principles, for there is no statute covering the case. Hence the question of legal guilt can not arise. Indeed, the matter is not ethical in the strict sense, for a man who has been a cabinet officer hardly infringes any moral law by accepting, on his retirement, retainers for legal services from individuals, rich or poor, or corporations, large or small. There can not be said to be anything illegal or immoral in doing so. It is rather a matter of taste, and of taste it has been well declared, *de gustibus non est disputandum*. There the matter might rest, for why argue about things that can not be disputed?

The fact is that a cabinet officer who becomes an attorney for large interests, while violating neither statutory nor moral law, does violate an unwritten tradition of great sanction. This is the feeling on the part of the people of the United States that any one so acting has shown a lack of recognition of this tradition and is thus unfitted for the Presidency. Is this tradition well founded? Very likely it is. One can hardly suppose that the great corporations employ these ex-cabinet officials solely for their legal abilities, and pay them fabulous salaries for such services. Better lawyers could be hired at a lower price. No; these ex-cabinet officers are employed because of their real or sup-

posed political influences, and they are expected to perform services which much keener lawyers could not supply. The ex-cabinet officers have thus, when they leave office, capitalized their public service. From a legal and moral standpoint this action scarcely admits of criticism. But it is opposed to the fine American tradition that no one who aspires to the Presidency ought ever to be open to the suspicion of having placed his political influence at the disposition of private interests. He who does so use his influence, or who even lays himself open to the suspicion of having so used it, has made his choice between monetary reward and the Presidency, and should be content with his corporation fees. He can not expect to have these and the Presidency also. It is a question of taste, of propriety. Offenses against these are not readily overlooked.

Frequently men have gone from the Treasury to high offices in banks, as they had a perfect right to do; but this would hardly add to their availability as Presidential candidates. It would be unreasonable for the public to expect that men who have occupied high official station should for this reason be debarred from serving banks or other corporations in any manner consistent with law. If there were any such rule in force, it would keep many of the best men out of public life, whose rewards are notoriously meager. It would call for a sacrifice greater than most men are prepared to make. There is no call for anything of the kind. But it is entirely reasonable for the public to insist that men who have held high office, and who immediately on their retirement have apparently put their political experience at the service of great corporations, shall not again be entrusted with high political honors, and more especially the Presidency of the United States. This demand will be all the more reasonable when the corporation employing such former cabinet officers is itself the object of public suspicion.

Foreign Loans by American Banks

THE large loans which American banks are making to foreign countries are not in all cases productive of the unalloyed satisfaction supposed to be the usual concomitant of the granting of credit. Complaints of foreign borrowers generally relate to the terms of the loan, though in some instances details of the issues have been subjected to criticism. It may be pointed out, however, that the complaint is not altogether one-sided, American bankers having insisted that some of the borrowing countries have acted indiscreetly in prematurely making public certain of the loan arrangements.

In regard to the rate of interest which most foreign borrowers are required to pay in the New York market, several factors must be taken into consideration. Prior to the war such borrowings were made chiefly at London, Paris and Berlin. At that time the United States itself figured more frequently as borrower than lender. The reason why the great capitals named could make loans at a low rate was due to several causes. In the first place, the countries of which these cities were the respective financial centers were so highly developed that the demand for capital funds was not so strong as in the newer countries of the world; there was, besides, at these centers a great accumulation of wealth which had grown through centuries of successful trading with the world, aided by laws and habits which tended to conserve this wealth; again, there was in existence a gigantic yet flexible financial mechanism thoroughly experienced in the making of foreign loans.

Although the war reversed some of these conditions, and gave to New York a larger control of capital funds than it had ever known before, nevertheless the situation was less completely changed than many think. As before, the United States continues to offer within its own borders the most inviting field for the investment of capital. In-

deed, without reflecting on any other country in the least, it may be truthfully said that hardly anywhere else in the world can capital be more profitably or safely invested. This constitutes a factor of immense importance in maintaining a high domestic interest rate, for it implies an almost continuously active demand for investment funds. So great were the political and commercial disturbances growing out of the war, that many foreign countries do not at this time offer a specially inviting field for the investment of outside capital. The unsettled conditions in some countries reflect unfavorably on others where the situation is more satisfactory.

The United States has not as yet developed as complete mechanism for handling foreign investments as exists at London and some other European centers, nor have our people, to any very great extent, shown a liking for foreign investments.

It must be remembered, also, that a rate of 6 or 7 per cent., which seems high for foreign government loans, is far less attractive to American investors than the rate of interest indicates. There are plenty of high-grade local securities, issued by states and municipalities, which offer as satisfactory a return to large capitalists when it is considered that these securities are not subject to the income tax.

As foreign investing gains in popularity among our people, the American market should be able to absorb a very large volume of outside securities. This will, of course, depend upon the general record for safety which such investments make.



He Suspects the Banks

FEW Americans have a better right than Henry Ford to speak of the effect of high taxes upon industry, and he has pointed out with great clearness and truth how heavy taxation operates to hamper industry. But Mr. Ford can not quite understand

why the bankers favor lower taxes. He is thus quoted by *Colliers Weekly*:

"If the surplus of industry be taken away, then in hard times a concern must borrow and soon we have industry owned by banks. That is what has happened in Europe. Sometimes I wonder if the support of the Mellon bill by the banks is sincere.

"It is all rather funny in a way. The radicals support a high tax program, which would throw industry into the hands of the banks, while the banks support a program which would keep industry in the hands of the owners and operated for the benefit of the people!"

Mr. Ford seems to think that what the bankers want is to get hold of the country's industries and operate them. This shows that he is not a banker and has little understanding of the real nature of banking. For if there is anything a bank dreads it is precisely that for which Mr. Ford thinks they are planning. And therefore it is far less surprising than he thinks that the banks should "support a program which would keep industry in the hands of the owners and operated for the benefit of the people." The banks are shrewd enough to realize that these owners can operate these industries far more profitably than could the banks that may have lent them money, and the banks also wish the industries operated for the benefit of the people, because in this way the general prosperity will be best promoted, and this is best for the banks as well as the people. This is merely a common-sense view of the matter, which none ought to be better able to take than Mr. Ford, did he not allow some feeling of prejudice against banks to warp his better judgment.

But, at any rate, though the compliment is a trifle left-handed, Mr. Ford has recognized that the banks are sound on the taxation question, and has correctly intimated, though in a roundabout way, that the interests of the banks and the people are the same.

Tax-Exempt Securities

WHATEVER hope there may have been of securing additional income through putting a ban on tax-exempt securities was destroyed by the vote in the House of Representatives on February 8, when the proposal to amend the Constitution so as to permit the Federal taxation of incomes derived from investment in state securities received a vote of 247 to 133, or seven votes less than the required two-thirds. Any expectation of procuring revenue from this source that may have been entertained is upset, which makes the tax reductions proposed by Secretary Mellon all the more essential. For it will be recalled that the Secretary's proposals for relieving the taxes on large incomes were based upon the fact that to avoid these high taxes the very wealthy were buying state securities, incomes on which are exempt from Federal taxation. It has been estimated that there are already outstanding tax-exempt securities to the amount of \$11,000,000,000, and the readiness with which they are marketable on good terms tends to encourage state and municipal extravagance.

Even should Congress authorize a constitutional amendment permitting Federal taxation of incomes derived from state and municipal securities, it is by no means certain that the amendment would be approved by the legislatures of three-fourths of the states as is necessary to make it effective. The privilege of issuing tax-exempt securities is one which the states can hardly be expected to surrender without obtaining some compensating advantages. They are more directly concerned in obtaining loans on a favorable basis than in augmenting the Federal revenue. But they may consent to the proposed change if they are made to realize that it is necessary in order to secure adequate capital for investment in business enterprise. The states at present probably look at the matter in the light of obtaining funds at a low rate for the public expenditures they are called on to make.

Still, in the long run, any policy which tends to dry up the sources of capital available for investment in business enterprise, is a mistaken one.



Government Going Into Banking

OBSERVERS of American banking developments must have observed that a most important step was taken in the direction of putting the Government into the banking business when the Federal Reserve Act was passed. This was brought about in two ways. In the first place, the Secretary of the Treasury and the Comptroller of the Currency were made ex-officio members of the Federal Reserve Board, whose other members were all appointed by the President. The Federal Reserve Board was also given the power to remove the directors of the Federal Reserve Banks. Moreover, the Federal Government became, through the Federal Reserve Act, the chief recipient of the profits of the Federal Reserve System. The Government of the United States was thus put into the business of banking, through control of the management and participation in the profits.

The tendency thus so markedly inaugurated in 1913 has continued since that time, the war no doubt being partly responsible for it. This tendency was illustrated by the activities of the War Finance Corporation, which are still being exercised, and by the actual or proposed organizations designed to relieve the agricultural situation.

By those who think the Government should take over an enlarged share of private business, the tendency mentioned will be approved, as it will be as strongly condemned by those who look with disfavor upon this development.

One thing has operated to encourage the encroachment of the Government into the domain of private business, and that is the fact that the war so com-

pletely demoralized enterprise in many directions that extraordinary measures of relief have been demanded, and the Government has been called on to supply them. Every distressful experience, in any section of the country, is made the pretext for adopting extraordinary remedial measures by the Government. Political pressure is put upon the Administration to an extent not easy to ignore. Thus we are coming more and more to rely upon palliative measures and to trust less and less to the working out of unhampered economic laws, which will probably have their way in the end. In the extraordinary expedients resorted to in recent American finance it will be found that the Government has participated to an extent which renders them decidedly socialistic in character.



Interest on Federal Reserves

SOME banks are making demands that they should receive interest of not less than 2 per cent. per annum on reserves or other balances with the Federal Reserve Banks. Not infrequently banks have presented lengthy arguments to show that the payment of interest on deposits is both immoral and dangerous. They now see nothing wrong in receiving such interest themselves, though it is difficult to see why if the argument was sound in one instance it is not equally valid in the other.

An ordinary commercial bank has a good excuse for offering to pay interest on deposits; it wants the deposits, and can get them in the desired volume in no other way. But the case is different with the Federal Reserve Banks so far as concerns the reserves they hold for other banks. The latter are compelled to deposit their reserves with the Federal Reserve Banks. This compulsory provision of the reserve law, as applied to member banks, apparently rests upon the theory that by thus aggregating the bank reserves of the country, a sufficient

compensation is afforded the member banks, even if they receive no interest on their deposited reserves. They have contributed something to the public good, as others have to theirs, by providing a fund in which all share. It may be shown that if the Federal Reserve Banks paid interest on reserves of member banks, the rate of discount would be correspondingly raised, so that the bank receiving interest would in turn have to pay a higher rate when it rediscounted with the Federal Reserve Bank.

A familiar argument against the payment of interest on deposits runs to the effect that by paying interest a bank is placed under the necessity of keeping its loans well expanded, so that there shall be little idle money on hand, and that in doing this the tendency will be to exercise less discrimination in regard to its loans. It need hardly be said that these are influences from which it is desirable that Federal Reserve Banks should be exempt.

The required reserve to be held in the Federal Reserve Banks is not large, and perhaps the loss of interest on it is a sacrifice the member banks may well make in behalf of the soundness of the general banking situation. Besides their reserves, they have considerable balances which they may deposit with their correspondents at the most convenient points, and on which they are at liberty to receive such interest as the depository banks may see fit to pay.



National Bank Branches

AUTHORIZED branches of national banks are provided for in a bill introduced in the House of Representatives by Hon. L. T. McFadden, Chairman of the Banking and Currency Committee. The provisions of the bill follow:

"That section 5190 of the Revised Statutes of the United States be amended to read as follows:

"SEC. 5190 (a) The general business of each national banking association shall be transacted at only one office or banking house, which shall be located in the place specified in its organization certificate.

"(b) The Comptroller of the Currency may, in his discretion, upon application to him, permit any national banking association to establish a branch or branches within the corporate limits of the municipality wherein such association is located, but he shall not permit the establishment of a branch or branches by any such association in any state which by law or regulation prohibits the establishment of branches by the state banks therein. All such branches of national banking associations shall be subject to the general supervisory powers of the Comptroller of the Currency and shall operate under such regulations as he may prescribe.

"That section 9 of the Federal Reserve Act, paragraph 1 thereof, be amended by adding at the end thereof the following language:

"*Provided*, That on and after the approval of the act the board shall not

permit any such applying bank to become a stockholder of such Federal Reserve Bank except upon condition that such applying bank relinquish any branches which it may have established on or after the above-mentioned date beyond the corporate limits of the municipality in which the parent bank is located: *Provided further*, That no member bank shall, after the approval of this act, be permitted to establish a branch beyond the corporate limits of the municipality in which such bank is located. The board may, upon violation of this provision by any member bank, exclude such member bank from the Federal Reserve System.

"The term 'branch or branches' as used in this and the preceding section shall be held to embrace any additional office maintained by an association at which deposits are received or checks cashed outside of the parent bank."

It will be seen that the bill would limit branches of national banks to the same municipality as that of the parent bank, and that such branches would not be permitted except where branches of state banks are allowed.



"I AGREE perfectly with those who wish to relieve the small taxpayer by getting the largest possible contribution from the people with large incomes. But if the rates on large incomes are so high that they disappear, the small taxpayer will be left to bear the entire burden. If, on the other hand, the rates are placed where they will produce the most revenue from large incomes, then the small taxpayer will be relieved. The experience of the Treasury Department and the opinion of the best experts place the rate which will collect most from the people of great wealth, thus giving the largest relief to people of moderate wealth, at not over 25 per cent."—*Calvin Coolidge*.

The Fundamental Balance Sheet

Do You Analyze It in Extending Credit?

By Roger W. Babson

I ONCE knew a banker who prided himself on his ability to analyze a balance sheet. He was extremely careful and conscientious; he insisted on a most thorough analysis of the figures on condition supplied by the depositor borrower. When the loan was finally made he was satisfied that it was safe. Yet it did not always prove so.

One might assume that such a thorough and careful analysis would indicate conservative banking. This particular banker believed that it did. As a matter of fact he gambled on every loan he made.

He figuratively put to sea in an open boat after a painstaking examination of the boat itself to be sure that it is tight, but taking into account neither tide nor business weather.

More recently, since the importance of fundamental progressive or outside conditions has been recognized by all bankers, I have been tempted to draw a second balance sheet with the idea of organizing this information as an aid to the banker's judgment. I submit this Fundamental Balance Sheet in the hope that it may suggest some practical ideas which may help us all toward more thorough banking and sounder business.

The basis of our present system of determining credits must be altered if we are to work on a basis that is scientific. The difficulty lies in the fact that credit is ordinarily determined by the borrower's condition at the time the loan is made, whereas it really should be determined upon his ability to meet the obligation when it is due. Analysis indicates that it is developments between these two dates that actually determine the risk involved, and a further examination shows that the majority of these developments are due to the trend of fundamental business conditions out-

side the individual concern and entirely beyond the control of its management.

IMPORTANCE OF OUTSIDE CONDITIONS

These outside conditions, affecting the progress and profits of every individual concern, are quite as important as the comparative conditions reflected on the ordinary balance sheet. Let us assume, for instance, that two concerns approach the Second National Bank for a commercial loan in the early part of 1923. The first, doing a foundry business, is carrying a fairly large inventory of pig iron. The second, a building supply house, is interested in financing a large shipment of cement. Examining the balance sheet and comparative financial condition of the two concerns we find that they are almost identical, and in all the usual tests and ratios employed in determining credit, they are as near alike as two concerns can be. Both are in sound position and both succeed in negotiating a loan.

Let's see what happens.

By July of 1923 pig iron declined approximately 30 per cent. in price. The foundry sustained a heavy loss and the bank is still involved. In the meantime cement increased about 5 per cent. in price, and the building supply concern was in much better shape when the loan was paid than it was when the loan was made. If the banker had examined the fundamental balance sheet as it affected each of these concerns when they applied for credit he would have found the statistical position of pig iron extremely weak, while that of cement was much stronger than the average. In this particular case the trend of commodity prices entirely outside the individual concern was the most important single factor involved in the loan.

Let us assume another and slightly

<u>The Fundamental Balance Sheet</u>			
Outlining conditions affecting			
<i>Blank Motor Co. Mfg. Cars & Trucks</i>			
Period <i>Jan 1924 to June 1924</i>	Increase	Horizontal	Decrease
Probable trend of:--			
General Business Activity	<i>Temporary</i>	-----	-----
Commodity Prices (General)	<i>Moderate</i>	-----	-----
Important Individual Commodities	-----	-----	-----
<i>Steel</i>	-----	✓	-----
<i>Glass</i>	-----	✓	-----
<i>Copper</i>	-----	✓	-----
<i>Gires</i>	-----	✓	-----
Industrial Conditions			
Wages	-----	✓	-----
Cost per Unit	-----	✓	-----
Activity in Industry	<i>Slight</i>	-----	-----
Competition	<i>Marked</i>	-----	-----
Robert Morris Associates' Index	-----	-----	-----
Markets			
Purchasing power of Consumer Industries	-----	-----	-----
<i>Building</i>	-----	✓	-----
<i>R.R. & Transportation</i>	✓	-----	-----
<i>Cotton Goods</i>	-----	-----	✓
<i>Retail Stores</i>	✓	-----	-----
<i>Silk Goods</i>	-----	✓	-----
Purchasing power of Consumer Localities	-----	-----	-----
<i>Industrial Northeast</i>	-----	-----	✓
<i>Middle West</i>	✓	-----	-----
<i>Northwest</i>	-----	✓	-----
<i>South</i>	✓	-----	-----
<i>Canada</i>	✓	-----	-----

The "Fundamental Balance Sheet," outlining outside conditions affecting a particular business

different case in which two borrowers present balance sheets showing an equally sound current position. One of them is a manufacturing furrier, who has enjoyed unusually good business during the last year; the other is a maker of electrical goods, who has turned a part of his production into the making of radio apparatus. Both of

them are busy and want money to finance increased volume. Again the loans are made on conditions as reflected in the ordinary balance sheet, but the fur industry, as a whole, was over-expanded and headed for a decline. The borrowing concern, honest, industrious and efficient, in and of itself, suffered from the general decline of the industry.

Meanwhile the demand for radio apparatus increased and we find the radio parts manufacturer running his plant twenty-four hours a day in an effort to keep up with his orders as his loan becomes due. A survey of the general trend of these individual industries as determined by fundamental conditions would have indicated these developments in advance and would have enabled the banker to protect himself in the matter of the manufacturing furrier, but at the same time to take advantage of the profitable business offered by the equipment manufacturer.

TRENDS MAY DIVIDE INDUSTRY INTO OPPOSING TERMS

These fundamental trends may even divide a given industry into opposing terms. The risk involved in loaning money to an automobile manufacturer at this time, for instance, is determined very largely upon whether he is making light or heavy automobiles. Fundamental conditions existing in the market today greatly favor the manufacturer of light, economically operated cars.

The retailer's ability to meet his obligations when due depends to a large extent upon his own cash receipts. His sales and collections in turn depend to a large extent upon the psychology of his customers.

If a community is favored by the current situation in fundamental conditions its income increases. Its citizens, enjoying a greater income, begin to feel prosperous; they are in a buying mood and sales resistance diminishes even more rapidly than actual purchasing power has increased. Under these circumstances people buy a good many of the things they have wanted for a long time. Retail business is brisk, collections are good, the retailer not only makes a fair profit on his business, but is able to meet his obligations without any difficulty.

Now suppose, for a moment, that adverse fundamental conditions set in between the time the loan was made and

the time it was due. The general public, suffering from a diminished purchasing power, begin to curtail expenses. Economy becomes the fashion, and sales resistance increases by leaps and bounds. The merchant, financially sound, faces diminished cash sales and slow collections. He has difficulty in getting money enough to meet his obligations when due.

This change in purchasing power due to fundamental conditions is much more radical than is popularly supposed. The purchasing power of half-a-dozen Iowa cities in February, 1919, measured \$198,000,000; by March, 1920, this monthly purchasing power had increased to \$422,000,000. It had doubled within twelve months. By February, 1921, it had shrunk to \$204,000,000, or approximately our first figure. It is apparent that the purchasing power of an agricultural community may be doubled or cut in half by changing fundamental conditions. Examining the industrial section of Michigan for this same period we find that purchases in February, 1919, amounted to \$511,000,000; by March, 1920, this monthly purchasing power had increased to \$1,055,000,000, almost exactly double the February figure. By February, 1921, it had fallen back to \$535,000,000.

BANKER SHOULD KNOW PURCHASING POWER OF ULTIMATE CUSTOMER

It is particularly important that the banker know whether the purchasing power of the customer, who ultimately uses his client's goods, is increasing or decreasing.

As an experiment I suggest an addition to the ordinary balance sheet; a form, if you like, which would provide spaces for information on the probable trend of the fundamental condition affecting commodities, production costs, markets, credit, and collection of the borrower, this sheet to be filled in with such information as is available on these facts, and to be considered with the usual balance sheet in the determination

of credit limit, and in deciding on individual loans.

I admit that it is more difficult to get information on the probable trend of the prices of pig iron than it is to ascertain the amount of a borrower's receivables. I know that a part of this information is readily available and assume that the remainder of it may be estimated carefully by the banker himself, to the benefit of all concerned. Even if conclusive figures are not available on all of these factors, the fact that they have been considered individ-

ually in deciding on an application for extension of credit insures an added safeguard, and it is certain that the banker, as trustee of the public's funds, as adviser to his clients and as business representative of the bank's stockholders, cannot afford to take unnecessary chances. He, if any one, should have the advantage of all the available facts.

I submit the Fundamental Balance Sheet as a starting point in the discussion which I hope will lead to better and more profitable banking for everyone concerned.



The Rise of the Community Trust

By Ralph Hayes

Director The New York Community Trust

TEN years ago the Community Trust movement didn't exist. Today, it is established in more than fifty cities. It has resources of perhaps \$15,000,000. It is distributing annually upwards of \$500,000. And it has funds assigned to it in wills and otherwise, running no one knows how far into the hundreds of millions. Its propagation had no artificial stimulus. Much of its ten short years has been war time. But Topsy-like it has grown—grown from Boston and Providence to Spokane and Seattle; from Detroit and Minneapolis to Houston and New Orleans.

These half-a-hundred scattered organizations, however far from identical, do follow a common pattern. In the main it may be said that they exist to furnish an arrangement for directing philanthropic funds, great or small, into the safe-keeping of competent, corporate custodians; for preserving the name and identity of any fund while enabling it, nevertheless, to be associated with other funds when desirable; for centering fiscal administration in the hands of permanent, expert trustees; for concentrating supervision over the employment of income in a common committee, appointed for the most part by public agencies; and finally and most im-

portant, for giving that common committee authority and instructions to prevent any gift ever becoming moribund through changing social and economic conditions.

But despite the rapid growth of these foundations—or perhaps *because* of it—the Community Trust has not been wholly immune from criticism, nor should it be. Some few people say it is too conservative—they point to the members of the Distribution Committee subject to the control of banking houses. And some other few people say it is too liberal; *they* point to the members of the Distribution Committee recruited from the public at large. That these two criticisms pretty much balance each other in number is dependable evidence that the Community Trust is neither revolutionary nor reactionary.

A little while ago, the Community Trust was only a name—a hope and a promise. Now it has something of a past—more of a past and more of a future than ever it had before. It is here to stay. Some of us may fail to carry it on in our localities, but none of us can stop the march of it any more. It has acquired too many growing points and the logic of its development is too compelling to be successfully resisted.

The Outlook in the Wheat Belt

By Carl H. Getz

[The author has just completed a six weeks' trip through twenty states, including the entire wheat belt and the states on the Pacific Coast. During that time he has had an excellent opportunity to talk to bankers about existing business conditions locally and in that way to get a quick bird's eye picture of economic conditions throughout all of these states.—THE EDITOR.]

TALK to bankers and business men in twenty states extending from New York to California, Oregon and Washington and back through the wheat belt, and one will be impressed with two facts:

The sane and sound economic growth and prosperity which most of the states are enjoying.

The tragic conditions which exist in certain wheat states, notably Montana and the Dakotas.

In most of the states the number and value of building permits, the amount of money on deposit in the banks, the bank clearings, the increase in the amount of life insurance written, the increase in the amount of money on deposit in savings banks, the amount of local newspaper advertising, real estate sales and the sales of new motor cars, all indicate a most substantial prosperity. Even Los Angeles County in Southern California, which went through the post-war period without feeling any depression and which today boasts of a population of 1,250,000, is building soundly if rapidly. It is true that large fortunes have been made in Southern California selling real estate, motor cars and sunshine, but it is also true that the Los Angeles Chamber of Commerce has been instrumental in attracting to Southern California a large number of industries which individually are small but which in the aggregate are large and important.

It is inevitable that the tremendous growth of Los Angeles cannot continue at the present rate forever and that some day someone will find himself holding the bag, but it is extremely

doubtful whether Los Angeles will ever experience a serious depression unless the rest of the country is having more serious troubles.

MONTANA AND THE DAKOTAS

But in Montana and the Dakotas one finds an entirely different situation. To paint the picture accurately, dull and dark colors must be used, because it is a genuinely tragic picture. It is commendable that the people of the United States should feed the starving children of Central Europe, but it would be entirely within reason to send relief expeditions to the wheat states. And the alarming fact is that the wheat farmer is charged with being a victim of his own follies and that it is up to him to work out his own salvation. The American people never took that attitude toward the peoples of other lands. The same criticism might be leveled at Russia, but America set to work just the same to alleviate the suffering of the people of that country. And there are families in Montana and the Dakotas that are actually suffering.

Just why the wheat states are in trouble is a story familiar to most bankers and business men. But the seriousness of the situation even today is not as fully appreciated throughout the country as it should be. Regardless of whether the wheat farmer is entirely responsible for his troubles today, the matter should be of national concern when a substantial part of the country's agricultural population is in distress. And in real distress is what certain wheat farmers are today.

Whether the banking difficulties in the farm region have been due to poor banking or to distressed agriculture, it can not be denied that not only is better farming needed, but also better banking.

In 1923 the gross farm income from all products was a half billion more

than in 1922, and two billions more than in 1921. The distress in certain areas is due to the excess of credit to one-crop farmers by weak banks. The farmers and the banks had pyramided their war profits, and fell together at the first stress, which proved they both lacked capital in proportion to their risks. There are some who conscientiously believe that the banks which the farmers need are those of Chicago rather than the prairies, and that too much of the farmers' credits come from commercial banks with too small a capital.

HAS WHEAT BELT BEEN OVERBANKED?

A study of the troubles of the wheat belt will lead almost anyone to conclude that the country has been overbanked with too many banks of too many sorts, and especially with too limited capital.

More than 8½ per cent. of the owner-farmers in fifteen corn and wheat producing states lost their farms with or without legal process between 1920 and the spring of 1923. And the interesting fact is that much of this has been due to unwise investments in enterprises other than farming.

There are those who argue that branch banks, which the farmer fears, would serve him best. Even though it has been pointed out to the farmer that other things being equal, two banks together are stronger than one, and three are stronger than two, the farmer continues to be skeptical. But ownership of land appears to be conducive to independent thought and action, and the farmer still clings to the hope that he alone with the help of his local bank can work out of his own difficulties without the help of any city bank and its branches.

There are many towns of considerable size in Montana which are without a single bank.

Take the experience of a certain Montana farmer who owns one of the finest farms near Billings in the eastern part of the state.

In two years he lost \$750,000 because

of the difference in the prices of the products which he had to sell and the things which he had to buy. Included in that sum was \$60,000 which was lost when a certain bank closed its doors.

To get liquid money this farmer decided to sell eighty acres of land for \$15,000, and another strip of forty acres for \$3000 cash and the balance on time. Within exactly forty-eight hours before the sale was to have been concluded, a bank which had this \$18,000 on deposit for two different farmers, closed. Imagine the state of mind of a farmer who has had to face a series of losses like this. And this man's experience is typical.

Even from car windows, while traveling through the wheat states, one will see crowds of farmers attracted to farms which are about to be deserted. A sign which has attracted them reads, "Auction." And the tragedy written on the faces of the farmer and his wife as they watch their last possessions sold for a song, and a cheap song at that, surpasses anything told on any stage.

THE WHEAT FARMER AND THE MOTOR CAR

The wheat farmer has been accused of buying automobiles when he should be buying tractors. It has been pointed out that last year Montana registered 73,817 motor cars, an increase of 17.8 per cent. over 1922. But out of fairness to the farmer it must be remembered that more than half of those cars were Fords, which to the farmer is simply a necessary investment in transportation.

Many a farmer has gone into debt to buy a motor car and then gotten out of debt with the help of his improved means of transportation.

The states which in 1923 showed the largest increase in registration of motor cars over 1922 were the most prosperous states. And there is a distinct relationship between capacity to buy motor cars and the economic conditions which result following the purchase of those cars. The cars themselves played

an important part in making that prosperity possible.

Farmers usually have difficulty in agreeing upon anything, but they are in accord that either one of two things must happen:

1. They must be assured of a price for their products which will enable them to live decently, or else

2. They intend to pay less for the things which they buy, which is but another way to express the same thought.

The railroads of the country, say the farmers, are demanding that the Transportation Act of 1920 be left alone, that existing freight rates be unaltered. "All right," says the farmer, "that is agreeable to us provided the railroads help us to get better prices for our products." Either the farmer will get better prices or he intends to take such steps as he can to lower freight rates.

THE CO-OPERATIVE MOVEMENT

The co-operative movement has helped the wheat farmers materially. The American Wheat Growers, Associated, has done a splendid piece of work, but even that organization is having its difficulties today. There are those who believe it is disintegrating. A man capable of administering the affairs of an organization able to borrow \$10,000,000 from the Government, with 60,000 members and 60,000,000 bushels of wheat to market, must be paid and paid well. But when such an executive receives, say \$35,000 a year and the farmer himself is wondering how he is going to feed and clothe his family, an impossible situation is created. The wheat growers know this.

But while the wheat growers are troubled, the apple growers in Washington, Idaho and Oregon are proceeding to organize a great co-operative organization which will compare with similar organizations of Southern California. The apple growers have made money because they haven't attempted

to control production. Scientific marketing is what they are interested in, and in that they have been amazingly successful.

Alexander Hamilton at one time counseled, "Think continentally." To do that takes a few trips from one end of the continent to the other, by different routes. Then and then only will one realize the vastness of the United States.

It takes three days to go from one end of California to another, to say nothing of Texas.

It is as far across Montana as it is from New York to Cincinnati.

RECOVERY WILL TAKE FOUR OR FIVE YEARS

The nation today as a whole faces a period of sound prosperity. The country has not yet forgotten the lessons of the post-war depression. Wheat farmers are in trouble, but with the President of the United States profoundly appreciative of just what is the matter in the wheat states, it can confidently be expected that even where the depression is most serious, everything will work out eventually. But make no mistake about it, Montana and the Dakotas need all of four or five years to recover economically. That is more time than most people want to wait for a state to right itself. That is why as many as 70 per cent. of the farms in certain counties of Montana have been abandoned.

The banking profession can learn much from the troubles of the Montana and Dakota banks. For one thing, the lesson can be learned that it takes money to operate a bank—also a banker. This sounds obvious, but many a bank didn't seem to understand that when it opened for business in some Montana or Dakota town.

A frozen bank is just as hard to liquidate as any other kind of an enterprise that has been frozen up.

Your Government

By Carlton P. Fuller

TAXES—an ominous word, unless modified by “lower” or “reduced.”

No one has ever disputed the assertion that the power to tax is the power to destroy. Hence the keen interest which citizens take in tax laws as contrasted to their lethargy about other matters is merely one aspect of self-preservation. Unfortunately governments cannot run long without taxes, and the voter who wants more parks, more roads, more free seeds, must be prepared to pay for them at current rates by increased taxes.

Just as each individual has found his expenses mounting incredibly, the Federal Government has had to meet rapidly increasing demands—and both can blame the war. As recently as 1916, the annual cost of the United States Government to each person was only \$7.00, while last year it had grown to over \$29.00. A significant item is the jump in interest charges from \$.23 to \$9.49 apiece. If distributed among inhabitants, the United States debt would now amount to \$200 for each man, woman, and child, instead of the \$9.82 of 1916. Another legacy of the war is a new Government department, the Veterans' Bureau, which is third in expenditures, with 18 per cent. of the total, compared with 21 per cent. for the Navy and 20 per cent. for the War Department.

During the last ten years, the local and state governments have also expanded their budgets: During 1922 the average citizen paid 183 per cent. more taxes to the state than in 1912, 141 per cent. more to the county, and 80 per cent. more to the city. One large element in these expenses is the public payroll, which for all divisions now includes 3,400,000 persons, or one to every eleven wage-earners over 16, and the cost of this payroll to each wage-earner is \$91 a year. Debts of local and state governments play the

same important role as at Washington, and the total of all three amounts to \$780 per worker.

The final summing up shows annual taxes of \$68 per person, \$29 going to the Federal Government, and \$39 to the state and local governments. Putting it another way, \$7,000,000,000 out of a total national income of \$65,000,000,000 go for taxes.

Of the occasional attempts to put a brake on this large expenditure, the most successful has been the budget system, which centralizes control in the hands of a committee interested solely in economy. This system has by constant whittling reduced expenses from \$57.72 a person in 1920 to \$29.77 in 1928. Since tax rates are still designed to cover larger outgo, the Federal Government is receiving a surplus which can either be spent, or saved to the taxpayers. (Incidentally, every person is a taxpayer either directly or indirectly; theater admission and telephone taxes, for example, cost each resident 91 cents a year.)

CLAIMANTS FOR NATIONAL SURPLUS

The most extensive plan for spending the money is a soldier's bonus, which would eventually cost each voter \$93, starting with \$3 in 1924. There would of course be additional incidental costs due to the rise in interest rates the Government would have to pay and to administrative expenses. To this should be added the cost of the many state bonuses already paid.

Other claimants for the surplus are the wheat farmers and the Shipping Board. Perhaps the Treasury Department should adopt as a motto, “Though the people support the Government, the Government should not support the people.”

The idea of returning the surplus by reducing taxes was most effectively

framed by Secretary Mellon. His plan would have shaved \$223,000,000 off the Federal tax bill; income tax reductions (42 per cent. from incomes less than \$6000) would have received most relief and the rest would have come from elimination of nuisance taxes on telephone calls and admissions—so-called not because they bother the payers (all taxes do that to some extent) but because they are hard to collect.

Everyone agrees that tax reduction is a fine idea, but many differ as to who shall get the reduction. This should not be a question of politics; it is a question of economics. It is well known that all taxes have a well-defined limit of productivity; beyond that limit, evasion is

certain. For the much-discussed surtax on incomes, Secretary Mellon after careful study believes that the limit is 25 per cent. or thereabouts. Anything over that forces money into tax-exempt securities. He realizes that it is easy to kill the goose which lays the golden egg.

Taxes have an all-pervading influence which familiarity sometimes obscures; for example, men will not start new enterprises at great risk if their major profits are taken by the Government. For the individual citizen, taxes are an overhead expense on the enjoyment of life. As such, they should be reduced to the minimum, and political expediency should not be allowed to endanger sound economic policy.



The Remedy for Low Wheat Prices

By George E. Roberts

Vice-president National City Bank of New York

IF the Government is to guarantee a price for wheat, the natural question is—why not for copper, cotton goods and everything else? It is said that wheat is a necessity of life, and that for this reason the Government should be especially interested in its production. Now it is true that wheat is a very important product and we wouldn't want all the wheat-growers to suddenly go on a strike like the coal miners, and refuse to sow any wheat because the price was unsatisfactory. But I think that would be an unreasonable and mistaken policy, for they have another and better remedy in their own hands. It is simply for some of them to stop growing wheat and go into something else, or for them as a whole to scale down the production of wheat to such an extent as will bring the situation back into balance. And I am sure that this is what will happen unless some artificial inducement is offered to persuade them to keep on at the present rate.

It may be said, however, that there is nothing else that the farmers can turn

to instead of wheat; that if they turn to other crops there will be over-production in these also. If that is true, it indicates that we have over-developed agriculture generally, and the remedy is a movement from agriculture into the other industries. Does that seem hard? There is nothing so hard to go up against as an economic fact. Hard times result from disregarding economic facts, not from being told about them. I do not believe, however, that there is any serious over-development of agriculture, although a moderate movement to the town industries would help to make our agriculture more independent of Europe.

For some products the only remedy is to reduce production, but it is not for the Government to say who shall curtail or change his business. If it is desirable that some of the people on farms go to other occupations they will make the determination themselves, according to their circumstances. Those will go who can do so most conveniently and who will derive the most benefit.

Federal Reserve Banks and the Rate of Discount

By J. A. Estey

AMONG the various advantages anticipated from the establishment of the Federal Reserve System, a high place has always been given to the central control over discount rates assumed to be in the power of the Federal Reserve Banks. And the recent widespread interest in the possibility of general changes in the rediscount rates of the reserve banks would seem to indicate that the importance thus taken for granted was not over-estimated. Moreover, there has gradually grown up a realization of the possible effects of discount policy which goes much beyond our former ideas, and makes the question of the proper use of discount rates one of very wide significance.

It has always been common knowledge that the inability, under the unreformed National Banking System, to control discount rates through any central authority, has made it impossible either to influence the inflow or outflow of gold, or, what is more important, to check those dangerous periods of inflation which preceded every crisis. But in addition to this, our greater knowledge of business cycles, and the contemporary realization that crises are only a part of a series of greater movements, have emphasized the necessity not merely of preventing crises, but of stabilizing the whole course of business; and in the very important part which the banks must play in this process, control of discount rates by reserve institutions naturally assumes first place.

POSSIBLE USES OF DISCOUNT CONTROL

Indeed the possible uses of discount control go even farther. For it is evident that if the Reserve Banks could by discount policy do something to check and control inflation, they would by the same process check the rise in general prices that seems to be the invariable symptom of an inflationary period. And

it has therefore been suggested that changes in discount rates, and manipulation of discount control in general, might be purposely employed not only to stabilize general business conditions, but also to achieve that stabilization of the price level which many economists regard as so desirable; so would they accomplish with greater ease and with less uncertainty the results aimed at by Irving Fisher's "Compensated Dollar."

Now all these possible effects of central control over discount rates by the Federal Reserve Banks—control over gold movements, smoothing out the excesses of the business cycle, stabilization of the price level—are based on the assumption that changes in the discount rates of the reserve banks will have corresponding effects on the general market rates of discount, and that these changes in their turn will serve to stimulate or check the general course of business. It would therefore be worth while to state briefly the problems involved in any such use of rediscount rates in this country. And one must bear in mind that although borrowing may be, and is, checked by direct action of banks through closer scrutiny of borrowers, through refusing certain kinds of loans, and so on, there is an undoubted impression that the much simpler device of raising rates of rediscount will, of itself, and as it were automatically, effect the desirable result of keeping business within wholesome limits.

The whole problem centers about two questions: 1. Will increasing the rates of Federal Reserve Banks raise the market rates for business borrowing? That is, will the banks be compelled to pass on to their customers the increase in rates of rediscount? 2. Will the increase in market rates (granting it takes place) affect borrowing as it ought to? That is, will it reduce or shut off the borrowing of that business whose bor-

rowing ought to be reduced or shut off? And perhaps we may reasonably assume that those who should be thus affected are (a) *speculative borrowers*, because of their evil effects in the matter of crises; (b) *producers of luxuries* because of their relatively uncertain business, and to allow more essential borrowers access to credit and goods; and (c) *marginal producers*, those who are barely getting along, who are, presumably, the least efficient, and (economically) the most easily sacrificed.

RELATION OF CHANGES IN REDISCOUNT RATES TO THE MARKET RATES

Most discussion of this first question has been based upon the experience of the English money market, for it has been traditionally claimed for the Bank of England that it can and does influence the market rate through changes in the bank rate. The publication of the bank rate every Thursday has always been regarded as of prime importance in the money market; its changes have been commonly regarded as an index of financial conditions; and, indeed historically there has always been a substantial (though far from complete) correlation between bank rate and market rate fluctuations. There has consequently been a tendency to assume that a rise (for example) in the Bank of England rate makes loans more costly to the joint-stock and other banks, that they in their turn raise their rates to their customers, and that thus the desired result is achieved.

This, however, is only a very superficial account of the situation. If the bank rate is to be effective, it must impose a burden on other banks. But banks would not be burdened save as they were borrowers at the Bank of England, and they would be borrowers only when their own facilities were unusually restricted. The rate, of itself, could therefore only be effective if the demands for credit were of such extent as to tax to the limit the capacity of the banks. But such a situation is by no means the rule. It does not hold at all

in dull times; it does not necessarily hold even in the flood of prosperity which marks the expansion of business in the cycle of trade. Thus, for a good deal of the time, the bank rate may be of merely nominal significance.

There are occasions, therefore, when the bank, in order to make its rate effective, is obliged to enter the money market as a bidder for funds, selling bills and securities, thereby causing an artificial scarcity of credit, driving bill brokers and other borrowers to the banks for accommodation, and so, at considerable cost and with some uncertainty, driving up the general market rate. Such a method of action is commonly undertaken to prevent undue exportation of gold, but it may equally be used to check an extravagant expansion of business by the force of high discount rates and a scarcity of loanable funds.

It would seem, then, that control of discount rates is not necessarily achieved by mere manipulation of "bank rates," even in England, and the suspicion arises that the problem of control would present even greater difficulties in the United States, where there is no single central bank, no highly developed discount market (as yet) and an army of institutions with no particular dependence on the aid of the Federal Reserve Banks.

Let us examine the situation in detail.

If rediscount rates are effective only for borrowers, they would seem to be of singularly limited effectiveness. For not only are a great many institutions even yet outside the Federal Reserve System, but the member banks themselves are by no means consistent borrowers. Hundreds of national banks, many of them thoroughly reliable, have never, even in the crisis of 1920-21, borrowed a dollar from the Federal Reserve Banks.

Moreover, the amount of funds available outside the immediate control of the reserve banks has so far been ample to meet all save the extravagant demands of war-time manufacturing and Govern-

ment finance, and the post-armistice boom. Even during the unusual manufacturing activity of the past spring, borrowings at the Reserve Banks showed no notable tendency to increase. The heavy volume of gold imports during 1922, and the sale of considerable masses of securities bought with idle funds during depression, made the banking community practically independent of aid from above. Doubtless the gold situation is abnormal, but the purchase of securities in depression is a common practice, and would be even more widely adopted were the Government, for the sake of stabilizing business, to issue increasing quantities of securities to finance construction and Government works in general during periods of depression.

Under such circumstances control over market rates by the device of changing rates of rediscount at Reserve Banks, is evidently uncertain in the extreme. For the borrowing banks to raise their rates to customers in the face of competition from banks under no necessity of charging higher discount would be to invite loss of business, and is practically out of the question. Just what difficulties this situation involves is admirably illustrated by the history of Federal Reserve banking in the reserve district of Kansas City during the tight times of 1920-21.

THE KANSAS PLAN

The abnormal demands for accommodation in this district having forced a considerable number of banks to fall back on the resources of the Federal Reserve Banks, the latter undertook to reduce the borrowings of such banks as seemed to be in an overextended position by the levy of progressive rates of discount on all borrowings over and above certain basic lines established for every member bank. This device, which practically classified banks as penalized and unpenalized according as they had or had not exceeded their basic lines, had the results one might have expected. The penalized banks, faced with the

competition of the unpenalized, were quite unable to shift to their customers the burden of high rates, and throughout the entire period from April 1920 on into 1921, market rates did not rise, nor was there any difference in the rates charged by one set of banks as compared with another.

Nor did the scheme even reduce the sum total of loans made by the Federal Reserve Banks, for while the penalized banks reduced their demands for accommodation, the reduction was more than counteracted by the increased borrowings of the non-penalized. On December 31, 1920, loans at the Federal Reserve Banks stood at \$117,328,475, as compared with \$106,851,047 in April 19, 1920, when progressive rates were first applied, and this despite the general fall in the price level during the same time.

The net result of this scheme, the detailed history of which is set forth in the report of the Joint Commission of Agricultural Inquiry appointed in 1921 to consider the causes of the agricultural crisis, was thus not merely to penalize heavily a small number of banks (which, incidentally, claimed to be doing the most to relieve a very serious situation) but also to frustrate the main purpose of higher rates of discount, namely, the raising of the cost of credit to the ultimate borrower, and the subsequent discouragement of unnecessary borrowing.

The point is that the pressure, being only partial, could not be successful, and such pressure, as things now stand in American banking, is bound to continue to be partial. For the dependence of banks in general is as yet too limited to make the latter's re-discount rates effective of themselves and without recourse to open market operations.

OPEN MARKET OPERATIONS

But it seems to be generally conceded that the open market operations of the Federal Reserve Banks cannot at present hope to enjoy anything like the effectiveness of those of the Bank of

England. Such transactions, to be successful, need a well-developed and unified discount market, a market which for various reasons has not yet reached satisfactory development in the United States.

The Federal Reserve Banks do not necessarily have the kind of bills (for example, bank acceptances) that find a ready sale in a discount market, nor are the bill brokers, discount houses and acceptance banks sufficiently numerous and widespread to constitute that large and available market that is essential to the free sale of bills and securities, and its accompanying consequences in regard to market rates of discount.

Moreover an additional and peculiar difficulty arises from the system of twelve regional banks. It may be possible, through the influences of the Federal Reserve Board and the Conference of Governors, to achieve uniformity of action in respect to discount control, but it has not yet been done, and in the absence thereof open market operations in one district with a view to raising market rates may be seriously hampered by the competition of low-rate districts. It is on record that member banks, rather than borrow at high rates in their own districts, obtain funds from correspondents in districts where rates are low; and while this undoubtedly helps to smooth out inequalities in different markets, it heavily handicaps the Federal Reserve Banks in any attempt to make their discount rates effective by open market dealings.

LIMITED EFFECT OF HIGH MARKET RATES, IF ACHIEVED

As a matter of fact, the efficacy of mere changes in interest rates, even though they be successfully transferred to the borrowers themselves, may be seriously doubted.

It is true that a rise in the price of any good serves as a convenient means of rationing out a relatively limited supply; and to some extent it may be argued from analogy that there must be

some way of reducing the demand for a limited supply of credit, and that high discount rates are the means of doing it. But it is very far from certain either that the discouragement of high money rates is adequately effective, or, if effective, that it affects the people who ought to be affected. For if we assume that those who should be affected are speculative borrowers, producers of luxuries and marginal or sub-marginal producers, we are anything but sure that the businesses in question are going to be effectively discouraged.

The situation of the marginal producer would seem to depend very largely on the importance of interest rates in his expenses, and in his policy in regard to working capital. If he relied on bank accommodation for working capital, and working capital meant a good deal to him, high rates might hit him hard. If not, he might survive an increase in rates of interest that would be ruinous to more efficient concerns with heavy liabilities for working capital.

The producer of luxuries could weather any change provided the demand for his products went on; and this, as experience shows, often increases right into the very midst of a crisis, long after the time when high interest should have had its intended effect.

As to speculative business, when has it ever been adequately checked by high rates of interest? If high rates add to risk, the speculative concern thrives on risk. The speculator may be cut down by the direct refusal of the bank to deal with him, but the high rates in themselves will not accomplish the result. In fact, the most common phenomenon of prosperity is the willingness of borrowers to borrow all they can get hold of, irrespective of rates of interest.

And in all cases, one must remember that law, custom and banking conservatism keep any change of rates within very narrow bounds and necessarily by this very limitation restrict their effectiveness.

HIGH RATES NO SUBSTITUTE FOR
DIRECT PRESSURE

The fact is that the popular view of the efficacy of high rates of discount and rediscount and the common tendency even among bankers to assume that rising interest rates effectively check borrowing when borrowing is dangerously active, has no very reliable foundation.

The real situation is more complex. Rising rates for funds may result from pressure on the existing facilities, but they are also a symptom of a strain on the money market which promptly leads, among the best bankers, to greater conservatism in lending. Borrowers are required to furnish more security, loans are refused, certain types of business find it hard to get accommodation; and it is this direct pressure, not the rate of interest, which largely serves to check the exuberance of business expansion. Indeed, the greatest hope for business stability lies not in the manipulation of interest rates either by Reserve Banks or by banks in general, but in the education of the banks to utilize with intelligence the direct pressure which they can undoubtedly exert, and which would be of such obvious effectiveness in controlling the excesses of the business cycle. And this education would be directed toward developing a bank policy in harmony with the course of the business cycle, so that at the proper moment the screws could be applied, closer scrutiny would be made of security, higher standards exacted in regard to current ratios, and in addition, and as a part of the process, higher rates of discount charged.

Now in this deniable process the rates of rediscount of the Federal Reserve Banks play a part of very great importance. For they can be used not so much as a form of pressure but as a signal to the banking world that pressure is desirable. The points of vantage which the reserve banks occupy, and the information which comes to them from every quarter, make them peculiarly able to give the lead in any change of

banking policy. There may be many banks so amply equipped both with information and intelligent leadership that they could decide for themselves when the psychological moment for additional conservatism has arrived. But the great majority of banks are not in this fortunate situation, and to them the guidance of the Federal Reserve Banks would be invaluable.

From this point of view, then, the rate of discount becomes a signal to indicate the need for checking or stimulating the volume of business borrowing. At its rise, the banks would be justified, whether borrowers at Reserve Banks or not, not merely in raising their own rates to their customers (a further signal to business in general) but in applying the other and more efficient brakes with which the banking machinery is adequately equipped. Doubtless a campaign of education would be needed before this beneficent result could be attained, but there lies far greater hope therein than in the immediate effects of changes in Federal Reserve discount rates, or in open market operations on the part of the Federal Reserve Banks.

THE RESERVE RATIO AS AN INDEX

Assuming then the value of the Federal Reserve discount policy as a signal to the banking community, it remains to ask what principles the Reserve Banks should follow, by what index they should be guided in determining changes in their rates of discount.

To the question, what index, the answer commonly is, the reserve ratio, or ratio of cash assets to deposit and note liabilities; and evidently this answer has been largely dictated by reference to the experience of central banks in Europe, more particularly the Bank of England. In England, of course, the reserve ratio has always been exceedingly sensitive to changes in the demands for funds. For, being the ratio of the cash resources of the bank to its deposit liabilities, it reflects very quickly either large withdrawals

of cash, or large increase of deposits, both of which phenomena indicate an increasing demand for funds and a greater strain on the machinery of the money market.

Consequently the policy of the bank in the past has been (generally speaking) to regard somewhere about 45 per cent. reserve as normal and to be inclined to raise the rate when reserves fall noticeably below this level. Moreover the reserve ratio has been the more sensitive because of the peculiar status of the Bank of England note, whose unfluctuating 100 per cent. gold reserve segregated in the bank of issue made the fluctuations of "reserve" as published in the bank statements purely a reflection of the cash assets behind deposit liabilities. On this convenient and relatively trustworthy index the bank has always put a good deal of reliance. But it must not be overlooked that there have always been other considerations dictating changes in discount rates, notably the state of the foreign exchanges, and other financial and economic conditions; factors always taken for granted in the direction of bank policy.

Now the application of the same methods to American banking, and the suggestion that changes in the reserve ratio of the Federal Reserve Banks away from a figure of, say, 50 per cent. would justify reconsideration of Federal Reserve discount rates, meet with some serious difficulties, particularly at the present time.

(1) There are occasions when the reserve ratio is so meaningless that its indications, if followed, would be exceedingly misleading. When, for instance, the volume of gold in the custody of the Reserve Bank is abnormally large, the ratio represents little save these abnormal assets; and the only result of lowering rediscount rates at such times would be disastrous inflation.

Such is clearly the situation now. That the gold influx since 1920 has practically destroyed the present significance of the ratio, is admitted on all

sides. And there is a good deal to be said for the current proposal that in view of the dangers lurking in our present stock of gold, and of the peculiar circumstances of its acquisition, one billion of dollars in gold be set aside from the assets of the reserve banks, to be held as a trust fund for the rest of the world, and not to be used for ordinary business expansion. It is a proposal that might not find ready acceptance from those able to put it into effect, but it is hard to see how else the reserve ratio could acquire any present significance.

(2) But another difficulty attends the use of the reserve ratio as an index, a difficulty due to the present method of lumping reserves against deposits with those against Federal Reserve notes. Owing to this lack of segregation of the two reserve funds, the reserve ratio does not exhibit as completely as is desirable the fluctuations of business pressure upon the funds of the Federal Reserve Banks. For the effect of business demands as evidenced in deposits is obscured by the operations of the banks in regard to the issue and retirement of bank notes.

This objection could, however, be removed by measures, either administrative or legislative, designed to enhance the sensitiveness of the ratio. A measure of this sort has already been suggested by A. S. Miller of the Federal Reserve Board in the *American Economic Review* for June 1921. His proposal is that there be set aside as a reserve against the deposit liabilities of each Federal Reserve Bank a fixed sum in gold, in amount determined by the present "normal" needs of business; that the remaining gold constitute a fluctuating reserve against note issue, and that all acquisitions or withdrawals of gold be handled through this latter fluctuating fund. The fixed sum against deposits would, of course, be changed from time to time according to the apparent requirements of business; but its freedom from current changes in amount would obviously make its ratio

to deposits (the real reserve ratio) extremely sensitive to any increase or decrease in loans at the Federal Reserve Banks.

(3) Despite, however, the undoubtedly greater value of the reserve ratio if thus revised, there still remains the objection that at the best the ratio can only be of limited and partial significance.

After all, the adjustment of discount rates according to changes in the reserve ratio of Reserve Banks has always had for its final purpose the checking of undue increase of credit during periods of business prosperity. And whereas, in the past, it has been generally assumed that the reserve ratio was a fair index of such changing pressure, nowadays, with our greater knowledge of the phenomena of business cycles, it is a matter of common realization that a far richer background of data is not only advisable but absolutely essential for any competent regulation of discount policy. Statisticians hesitate to base their conclusions save on a simultaneous use of a variety of different indexes, and the Reserve Banks undoubtedly must do the same.

As Mr. Miller has pointed out in the article already quoted, *all* the following factors are of importance in determining change of discount rates: (1) State of business and trade, domestic and foreign; (2) state of the money market, domestic and foreign; (3) international gold movements; (4) seasonal need for funds; (5) accidental disturbances; (6) political conditions, domestic and foreign; (7) stage of the business cycle; (8) price movements; (9) state of banking reserves.

In short, though the reserve ratio may continue to be "the most suggestive

clue," it is not to be relied on exclusively, but may be held to indicate a line of policy which may be corrected as seems necessary by the scrutiny of all other valuable sources of information and forecasting.

CONCLUSION

The task, therefore, with which the Federal Reserve Banks are faced, is a much more formidable one than has often been assumed. Faith in the efficacy of changes in discount rates, and easy reliance on the index value of the reserve ratio, may end in disillusion. At present the Reserve Banks can hope to do very little more than give a lead to the banking world through the signal of the rediscount rate. Changes in market rates, pressure on borrowers, and any stabilization of business which might thereby result, must be undertaken by the banking community itself; and undertaken not because of pressure from the Federal Reserve authorities, but because of its intelligent knowledge of the needs of the situation.

The time will probably come when, with the more extensive spread of borrowing by member banks, and the more elaborate development of a competent discount market, the control of market rates of interest by the Federal Reserve Banks will be practically achieved; but the financial market has not yet by any means progressed as far as that. For the present, the greatest need is a continued and searching study of the facts of the business cycle, the key to this entire question of discount policy. Fortunately there is every evidence that this need is recognized and is being adequately met.



Banking Publicity

Special Section of The Bankers Magazine

APRIL 1924

Making the Bank Magazine Succeed

By W. E. WALKER

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

BANK magazines are like kind words. They should either be distributed generously, or if given out in limited numbers, be sent where they will do the most good.

In the case of a bank magazine, just what that good will be depends on the purpose of the publication. It may be to win good will, to increase savings deposits, to get customers to use more departments of the institution, to induce prospects to open accounts, or it may be a combination of all of these purposes, and others.

In the experience of The First National Bank-Central Wisconsin Trust Company of Madison, with a bank magazine, we have passed through many stages but have at last determined upon a fixed policy which appears to be the most effective magazine policy for us to employ.

Years ago the bank put out its first magazine. A forceful salesman sold it to the officers. They thought it would be nice to get out something like that. The monthly magazines were placed in a rack with a sign above, "Take One." The first month most of the small edition disappeared. It was a novelty and the employees helped to get the copies out. The second month, however, its popularity fell off and thereafter the janitor usually had to clean out the last edition to make way for the succeeding number. Publication was finally suspended and no one seemed to notice the loss.

Then came a lull in bank magazines hereabouts. Our officers have always strongly favored localized material and so when we decided later to put out *The Teller* we agreed to make it a distinctly local product. We realized, incidentally, that there was nothing very unique about

the name, "Teller," but it hit the nail on the head and was just as new to the people of Madison as it may have been to the people of Dallas, Texas, or of Portland, Maine, when it was introduced there.

The Teller was to be a monthly magazine devoted to the best interests of all the departments of The First National Bank and Central Wisconsin Trust Company. That gave us plenty to talk about. The first few edi-

(Continued on page 541)



Vol. 1, No. 5

MADISON, WISCONSIN

August, 1923

Be In Says "Buy Bonds Now"

BABSON, authority on business conditions, says, "From the investor's point of view, the present bond market offers a real opportunity. Prices may react slightly, but I am not at all sure that the investor who waits and tries to pick up these exact low points will have enough to make up for the interest he may lose in the meantime. If you are buying securities for a regular income, I suggest that you buy sound, long term bonds now, and that you continue to buy them for the remainder of 1923, as funds become available."

In saying "as funds become available," Babson meant as you secure \$100 or \$500 or \$1,000 in surplus funds to invest.

Under our simplified partial payment bond plan, however, you can buy sound bonds at The First National Bank, by paying \$10 down and \$10 a month. While you are making deposits, your money is earning an attractive rate of interest. This is the most direct, yet safe, road to wealth.

For Workers Only

EDUCATION is not a scheme to enable a man to live without working. It is a preliminary training to enable him to do more and better work.



Outside front page of an issue of "The Teller," the publication described by W. E. Walker in this number of "Banking Publicity," in his article which begins on this page, "Making the Bank Magazine Succeed."



Friendship—All That's Needed

If every one would do for his neighbor just what he knows his neighbor would like him to do, percent of congenial tastes would automatically segregate, and the prevailing contentment would cause social and industrial problems to fade away through lack of interest or even need of attention.

George F. Johnson Had Eight Cents

THAT'S all the money George F. Johnson, now the head of the great Endicott-Johnson Shoe Company in New York State, had in his pocket when he landed in Bismarck in 1882. He went to work right away in a shoe factory at \$18.00, and it wasn't long until he rose from the bench to a foremanship.

Things were not going very well in that factory and Johnson knew it, so he confronted the management one day with this proposition: "If you make me superintendent of this place I'll make it a going concern, and to prove to you that I am in earnest I'll work, if you say so, for a year for nothing."

The owners of that business were more interested in trying to make profits than they were trying to render a service, so as a natural consequence they lost their business, and when Henry B. Endicott, one of the creditors, appeared on the scene to take over the enterprise, Johnson said to him: "I want to buy \$150,000 worth of the ownership of the business but I haven't got the \$150,000. Will you take my note?"

Mr. Endicott said he would. "Another thing," said Johnson, "the revenue stamps on the note will amount to \$150.00 and I haven't got the \$150.00. Will you add that to the note?"

To that Endicott also said he would. Although Mr. Johnson brought nothing into the business except a working knowledge of shoe making, a head full of brains, today he is head of the corporation, and is beloved by his thousands of workers simply because he treats them all like human beings and isn't afraid to practice the golden rule. He treats his workers right, treats the public right and as a result receives right treatment from both of them.

Banking Publicity

RICHARD F. DURHAM, Editor
Monthly Publicity Section

THE BANKERS MAGAZINE
71-73 Murray St., New York

APRIL 1924

"ADVERTISING." as Edwin Bird Wilson says in an article in this number of **BANKING PUBLICITY**, "is not always essential to banking success and growth." "But," he adds, "it is always mighty useful."

To carry this argument a step further, we might add that telephones and railroads, while very useful, very helpful and very convenient, are not absolutely essential. If you are in Chicago and you want to talk to a man in Cleveland, you don't have to telephone him; you don't even have to take a train to go and see him. You can always walk—that is provided you have plenty of time, and your legs are still good.

What is advertising, after all, but the shortest distance between two points—such as, for example, your bank and the public? Why walk, when you can telephone?



BANKS have often been accused of being asleep to the real value of timely advertising. It is not always so. As an illustration of when it was not so—

On the night of December 23, last, robbers, blew the safe of one of the large De-

troit department stores and got away with \$15,000. Frank J. Campbell, advertising manager of the First National Bank of Detroit, saw an account of the robbery in an early edition of the morning paper. At 8 a. m. he was on the job. Newspaper photographers were getting pictures of the safe at the time. Mr. Campbell not only got permission from the president and treasurer of the store to use the picture, but rented them a box in the bank's so-called Late Deposit Vault. He then arranged with the newspaper to run an advertisement on the page where the story was to appear. The page of the newspaper containing the story and the advertisement is reproduced elsewhere in this number of **BANKING PUBLICITY**. We cite this incident as an excellent example of being "on the job" in every sense of the word.



MANY a bank has put out a good magazine, interesting and well edited, only to see it fall by the wayside in the course of a few months' time—and then wonder why.

Assuming that a given bank magazine is competently edited and economically published, and that it fails to "get across," the trouble can usually be traced to one of three sources: 1. Failure to fulfill any particular purpose. 2. Lack of enthusiasm and support on

the part of the officers and employees. 3. Faulty methods of distribution.

A bank magazine, lest it be like a ship without a rudder, must, first of all, have a purpose. And "purpose" does not mean deciding to publish a magazine because "it would be nice to get out something like that."

Once it has been decided just what the purpose of the magazine shall be, i. e., to gain good will, to increase savings deposits, to get new business, etc., the next step should be to try to get the officers and employees back of it; to arouse their enthusiasm and to win their active support in the project, and to sustain that support once the magazine is launched on its career.

Finally there is the question of distribution. Unless the magazine reaches the right people in the right way its usefulness is lost.

W. E. Walker, author of the article "Making the Bank Magazine Succeed" in this issue of **BANKING PUBLICITY**, has been through the mill on the question of bank magazines. His bank, in a city of about 50,000, has finally hit upon a style of magazine that it believes will succeed over a good long period of time. And whatever the size of your bank, or the city or town in which it is located, you will find Mr. Walker's article interesting as a practical exposition of what can be done with a bank magazine.

**Which Shall
It Be?**

To appoint an individual
executor is to be animated
by sentiment for a friend. To
appoint this Bank is to be
animated by sentiment for
your beneficiaries. Which do
you wish to befriend?

SEEKING NEW BUSINESS ON OUR RECORD

CHIEF BANK CONTINUAL
10 YEARS OLD—100% MODERN

**THE
NATIONAL
BANK
OF NEW YORK**
Incorporated 1854

BROADWAY AT CHAMBERS, FACING CITY HALL



"That's Just My Trouble"

—How many times have you heard or even indulged in a common remark meaning something like this—

"You know, Bill, I'd give anything to be able to save a little money, but a dollar seems significant to my salary."

And Bill counts right back: "It's like this."

"That's just my trouble."

There are hundreds of other young men who like Bill and Jack blame their inability to save upon the insignificance of their salaries. But that line of reasoning is all wrong.

If Bill's salary suddenly were cut five dollars Bill would have no alternative except to live in the street. He would quit and look for another job which would be very foolish, as he could readily find his budget to maintain in the new salary. And being a pretty reasonable chap would do just that. We all would.

Now, if we can get along on five dollars less than we are making, and you know we can—the paper pays for that five in the bank.

What about it?

Saving Department
Hibernia Bank and Trust Co.
New Orleans, U. S. A.

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

Times change, and bank advertising changes with them. But the advertising of this large and progressive Boston bank did not change until three months ago. Then it changed with a bang! Compare this stereotyped advertisement with the one reproduced in the upper right of the opposite page, and published, lo and behold, by the same bank.

And occasionally too much of this advertising material would detract from the interest of the reader.

Regarding the distribution of *The Teller*, inasmuch as it was published in behalf of all of the departments of the bank and trust company, we could not very well concentrate its circulation upon any one class of customers or prospects. With a view to reaching as many customers and prospects as possible, accordingly, and with another view to economy in distribution costs, we decided to circulate them from house to house.

The Teller was hitting on about three, but we felt we were making some progress; enough,

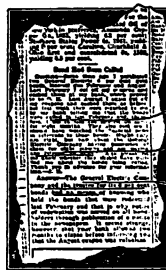
at least, to cause us to staunchly defend *The Teller's* cause if we were approached by some salesman with a form publication. Somewhat irregular though its appearance was, we felt it had more value for us than most of the more expensive, syndicated magazines.

Finally, however, came a man out of the east. He was selling bank magazines. He had a good magazine containing live, human, interesting stories with morals that got across, stories that were short enough to be easily read, also clever cartoons that were unusually effective. His was one bank magazine that I liked to read myself and 'most everybody else liked it also, I found.

But our president was unwilling to give up our localized *Teller*. In fact, after I heard him praise it I was unwilling to give it up myself. So we effected a compromise.

Hereafter *The Teller* was going to get out every month on time. We were going to get some of this man's inspirational copy written by such men as B. C. Forbes, Roe Fulkerson, Thomas Drier and others. We were going to get some of his live cartoons. We were going to make it a fifty-fifty proposition between this inspirational material and our localized copy and features. We were going to make it primarily a magazine of inspiration and success. And instead of trying to boost all of the departments of The First National Bank-Central Wisconsin Trust Company directly, we were going to try and boost

This is happening
to investors every day
yet such losses can easily be avoided



If you own assets which are callable, you can protect yourself against such an occurrence through the use of The Equitable's Safe-Keeping Service.

For a nominal yearly fee we will collect income, prepare ownership certificates, and endeavor to assist you promptly of anything affecting your holdings. We will hold your securities. Write or call for particulars.

**THE EQUITABLE
TRUST COMPANY**

NEW YORK
37 WALL STREET
CHICAGO OFFICE
200 N. LAKE STREET
ST. LOUIS OFFICE
100 N. 3RD STREET
SAN FRANCISCO OFFICE
100 CALIFORNIA STREET
PHILADELPHIA OFFICE
100 N. 3RD STREET
BOSTON OFFICE
100 N. 3RD STREET
WASHINGTON OFFICE
100 N. 3RD STREET

Four things that happened to one investor. These points are brought home tellingly by the reproduction of a newspaper clipping and the marginal notes in brief and pertinent comment on it. Then follows some copy on how the bank's safe keeping service forestalls such avoidable losses.

but one department indirectly, and that was our savings department. In addition, of course, *The Teller* would also serve as a good will winner for the entire institution.

A change was also made in our method of distribution. I never did like to see the paper lying around on doorsteps, especially in rainy weather. But a limited budget almost necessitated it then. We decided, however, to cut down the circulation from 10,000 to 5000 and to send it out in more dignified form where it would do the most good. It may be all right to send an inspirational magazine to everybody, but why inspire all your competitors' customers as well as your own, it was urged.

So we got a postal permit and started sending *The Teller* out in more dignified form. We employed two colors consistently in its makeup. We increased its size somewhat to give us more space. And we wrote everything for savings deposi-

**Good
Better
Best**

Capital
Surplus
and
Undivided
Profits
Over
Three
Million
Dollars

If there were but one bank in Richmond suited to handle the business of Southern correspondents, you would not find it very difficult to make a selection. But there are at least half a dozen banks in Richmond amply qualified to take care of your needs here.

And the service all give is good!

Perhaps because the Planters National Bank is a strictly commercial bank a number of our friends think we are the best of them all. Of course we wouldn't claim that much, but you can easily imagine that we are trying mighty hard to make it true.

**Planters
National Bank**

Richmond, Virginia

W. MEADE ADDISON
PRESIDENT

A Richmond bank boosts other Richmond bank, and in the process gives itself a boost. This advertisement was prepared by R. E. Hotze, Jr., assistant cashier and advertising manager of the Planters National.



He measures "service" in split-seconds

A BUSINESS MAN, whose affairs touch distant parts of the world, measures The First National Bank's service to him in split seconds.

You won't recognize his picture—just his typical. He picks out the spot on the world map where his fortunes are turning at the moment, calls the bank, and gives an order to be executed half way round the world.

Do you realize how the wires are humming to carry out his orders—and yours?

In a single month 15,000 messages went to Chicago over our private wires, and as many to New York. Six thousand telephone conversations were carried on with New York alone, 1,500 with Philadelphia. From Chicago some 3,000 messages flash out each month to the

cities of the Middle West—bound on your business.

While you are dressing we can cable London and get an answer. Before you are half through breakfast we can exchange messages with Buenos Aires; we can hear from London, or Havana before you have finished reading this advertisement.

And out at the forks of the road on this network of wire-ways stand our alert correspondents, some 697 leading banks in the United States, and over the world some 16,000—ready, all of them, to act upon your orders.

Pick out the spot on your map. Then turn to the bank whose communications reach that spot and place the world at the other end of your desk telephone.

The FIRST NATIONAL BANK of BOSTON

1784 :: :: 1924

MAIN OFFICE, 70 FEDERAL STREET

Upriver Office, 116 Beacon Street

47 MAY STREET

UTAHN CARRIERS
RICHMOND

Boston Branches
BANK OF AMERICA
BANK OF NEW YORK
BANK OF THE CITY OF NEW YORK

HYDE PARK
ALLIANCE

815 BROADWAY STREET

An example of the up-to-the-minute type of advertising that the First National Bank of Boston is using today, after long adherence to the ultra-conservative style shown on the opposite page.

tors and for prospective savings depositors.

In building our new magazine's mailing list, we first put on the names of all ministers, editors, doctors' and dentists' offices, barber shops, police stations and libraries in our area. We attempted to put into the publication material that would win for *The Teller* a place on the library table. In securing new names to be added to the list, we stated not that "your name will be added to the list free," but that "you will be favored with a year's subscription to *The Teller* without charge." We added the names of all our dormant and smaller savings depositors, feeling that

these people most needed the inspirational material on saving money. We add the names of all new savings customers so they will not get into the dormant class. By getting up the magazine's mailing list in this way, we felt that we were making a persistent appeal and that it was going into the homes where it would accomplish the most good.

Since determining on this new policy, not an issue has appeared but what some portion of it has been quoted in one or more local publications as well as from the pulpit. A limited number of copies is placed in the lobby each month and these are taken away quickly. More

The Verdict!

Only through a record of long years, judgment has been gained on every side and out of this consensus by a discriminating public.

By reason of these long banks, bankers and individuals the very best of the business world completely trust these banking units.

We could have you place in so that you may obtain judgment and that your words of approval may be added to that large company whose we are sure.

"A Great Bank for Great Results"

AMERICAN BANKS
NASHVILLE
Nashville, Tenn.

Under One Management — And Specialization

The greatest advancement of bank performance has been attained through the concentration of management, thought, and skill directed by competent administration.

In building the American Bank has been built to work, as that has been the result of the concentration of a great deal of thought and skill directed by competent administration.

With every kind of high class financial service, we will ensure the success of a business.

Your business reflected on this bank.

"A Great Bank for Great Results"

AMERICAN BANKS
NASHVILLE
Nashville, Tenn.

Keeping Faith — and Confidence

The whole structure of moral and business life is based upon confidence in our friends and ourselves. The confidence of the masses of our representatives with their depositors—these sources of saving their obligations and keeping faith.

We have upon this confidence has been built and makes sure that our depositors are confident in the future confidence or in the future confidence.

We would value the opportunity to keep faith with you.

"A Great Bank for Great Results"

AMERICAN BANKS
NASHVILLE
Nashville, Tenn.

Generation after Generation

Of Nashville have looked upon the institution as a particularly safe place to deposit money.

Grandfathers, fathers, and grandsons—each have come to cherish the value of their continuous relationship with these strong and well-known banks.

With the use of our facilities, this pride of banking connection may come to you and yours.

"A Great Bank for Great Results"

AMERICAN BANKS
NASHVILLE
Nashville, Tenn.

Having chosen a distinctive frame for the copy used in the advertisements of the group, the American Banks hold to this frame in all newspaper advertising. The advertising of this group, under the able direction of C. H. Wetterau, assistant vice-president, has become widely known and is readily recognizable.

the stock argument against college education: "John Smith never went to college and see how successful he has been."

The explanation in both instances is that the "natural endowments" have been such that success was almost inevitable. And one might fairly say: "But how much greater and more useful the bank might have been if it had advertised intelligently, and how much better and bigger a man Mr. Smith might have been had he been given collegiate advantages."

Advertising is not always essential but it is always mighty helpful, and very often it is absolutely essential.

By means of intelligent advertising a strong but obscure bank may rise to first rank in its community, while a non-advertising bank, with a century's honorable history behind it, stands still or slips backward.

Look over the country and you will find many illustrations of this fact. Banks that were leaders a century or a generation or a decade ago have been passed and left far behind by newer banks committed to an intelligent policy of advertising, and the progressive spirit that begets such a policy. The exceptions are those banks previously mentioned as having peculiar "natural endowments."

About twenty years ago a

new trust company was born. It was endowed with intelligence as well as a strong directorate, and one of its very first acts was to establish a policy

of persistent advertising. In twenty years that institution has attained such heights of influence and usefulness as might not have been reached in a

HOW TO AVOID VULNERABLE FIRE

THE WORK OF SAFE BANKERS



SIXE WRECKED \$15,000 STOLEN

Elopes With Teacher

FORD CLUB LIKELY
TO BACK COLLUSION



KIN OF KILLING VICTIM SOUGHT

GUIN FIGHT REVEALS
UNFORTUNATE HOLDUP

OBITUARY

PUEBLA TAKEN AFTER FIGHTING

INCOMPETENT
GOOD

AUERBACH
SOLD CAR

LEAPERRIN'S
SAUCE

3 MONTH

FIRST NATIONAL BANK VAULTS



Burglar Proof

Heads of Department Stores,
Theaters, Garages and Retail Stores
of every nature, your attention is
again called to our

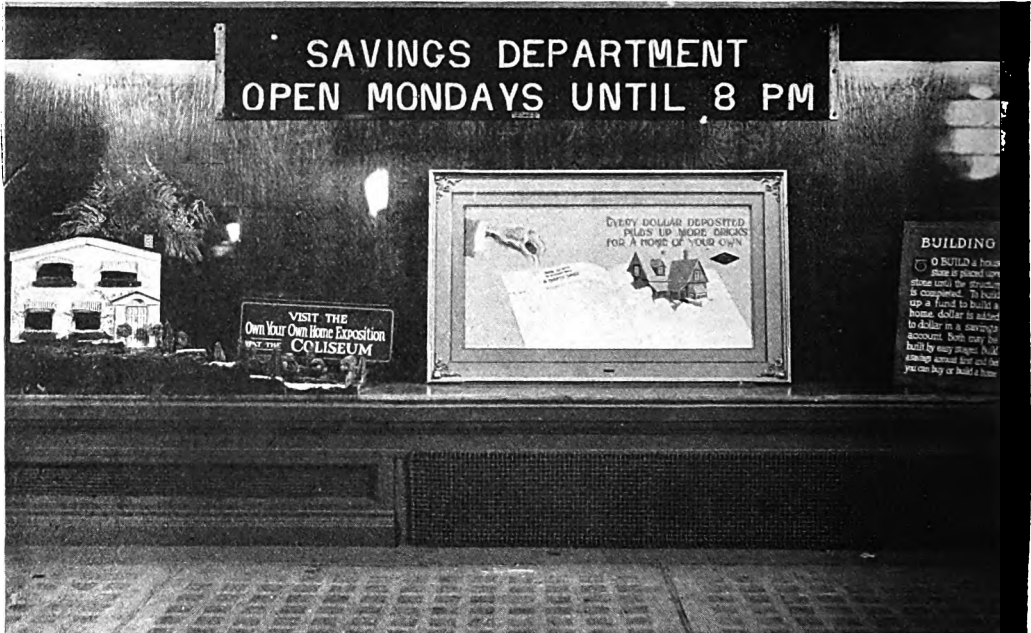
Late Deposit Vault Service

Outside of regular banking hours and until
midnight, including Sundays, your representatives
may deposit money in these vaults.

By telephoning the Police Department a
special officer will accompany you here. When
the banks are open the money may be removed
and deposited in the usual way.

Arrange at once for this service. Telephone Main 6300.

On the morning of the announcement in a morning newspaper of a \$15,000 robbery through the blowing of a safe in a large Detroit department store, the First National Bank ran a vault advertisement on the same page that the story of the robbery and a photograph of the wrecked safe appeared. See the editorial page of this number of "Banking Publicity" for further comment on this.



An unusually effective window prepared by the State Bank of Chicago during an "Own Your Own Home" exposition in that city. On the left is a model home, complete in every detail, including the hedge and shrubbery along the approach to the entrance. The framed poster in the center shows a bank book with a home breaking through its pages, and bears the caption, "Every Dollar Deposited Piles Up More Bricks for a Home of Your Own." The poster at the right, headed "Building," reads: "To build a house stone is placed upon stone until the building is completed. To build up a fund to build a home dollar is added to dollar in a savings account. Both may be built by easy stages. Build a savings account first and then you can buy or build a home."

hundred years of old-school banking methods and with a non-advertising policy. The trust company in mind had ideals of service, believed itself a public service institution and proceeded to let the public know what its ideals and services were. Its reputation now is of world-wide reach and hundreds of thousands of people

have been served by it. A century of benefit to the public has been crowded into twenty years because of this company's eager personal, public services and the extension of those services through the knowledge of them spread by advertising.

Advertising is not always essential to a bank, but it is always mighty helpful.



How To Capitalize Your Windows

By M. E. CHASE

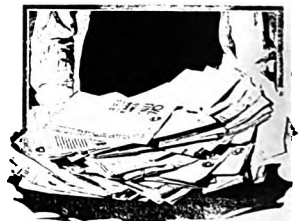
YOUR windows may either be cold empty panes of glass, whose only function is to let sunshine in to you, or they may serve a double purpose and also be "glad hands," beckoning new customers through your doors. It is the most natural thing in the world for people to

walk along the street with their eyes toward show windows—a much stronger habit than to read advertisements. Then why should not bankers capitalize that great American habit of window shopping, as much as the merchant? They should.

And this is why: Your win-

How Much Is A "Sucker" Worth?

Read how valuable he is to the advertiser and the advertiser.



The advertiser who is not careful to select his medium for advertising is like the man who is not careful to select his food. He is sure to get what he deserves. The advertiser who is not careful to select his medium for advertising is like the man who is not careful to select his food. He is sure to get what he deserves.

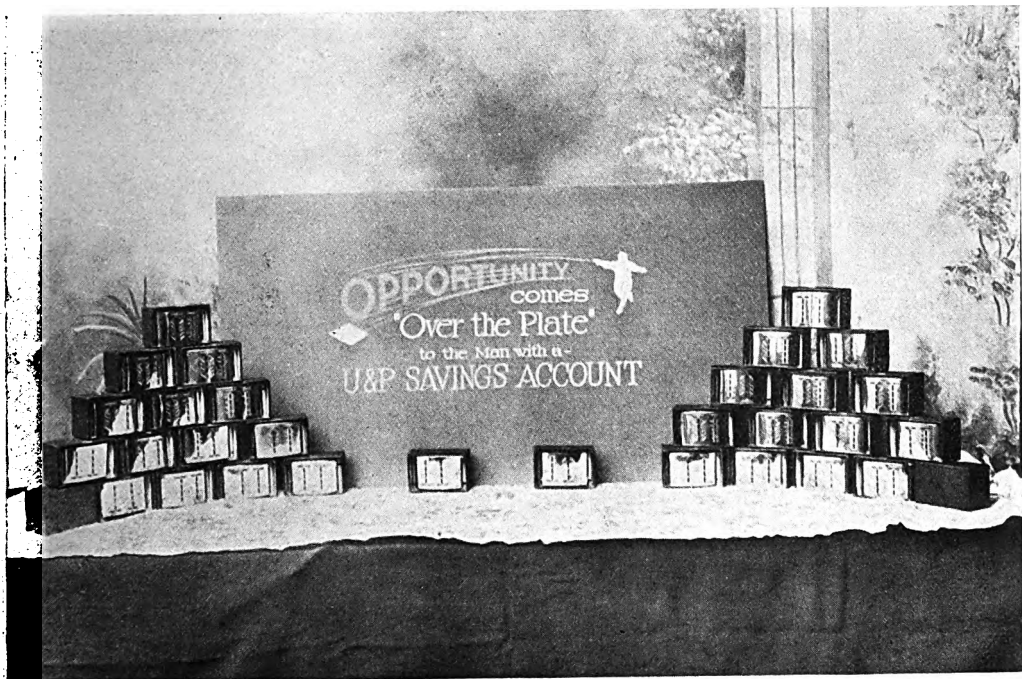
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"Before You Invest—Investigate"

Consult the Better Business Bureau of St. Louis
SERVICES FREE

An example of how the St. Louis Better Business Bureau is combating the seller of fraudulent securities through newspaper advertising.



A window display of home safes in which the "punch" is supplied by the large "Opportunity Comes Over the Plate" poster in the background

\$380,000.00
TO BE MAILED MONDAY
Will YOU get part of it ?

Thirty California... 1,500 of them... will receive on Monday the Christmas money they have been earning in consecutive years during 1937.

Many of our club members will come down on Monday and join the 1938 Christmas Savings Club so that they will be sure to have plenty of money for their Christmas spending next year.

There is no membership fee, and there is no loan or red tape connected with joining. Just pick out the share which is best suited to your needs and call the office or member of your account. It's easy. Try it! Start Monday, Dec. 14.

CHRISTMAS SAVINGS CLUB

Central Savings Bank
Central National Bank

FOURTEENTH & BROADWAY
SAN FRANCISCO, CALIFORNIA
CALIFORNIA SAVINGS AND INVESTMENT

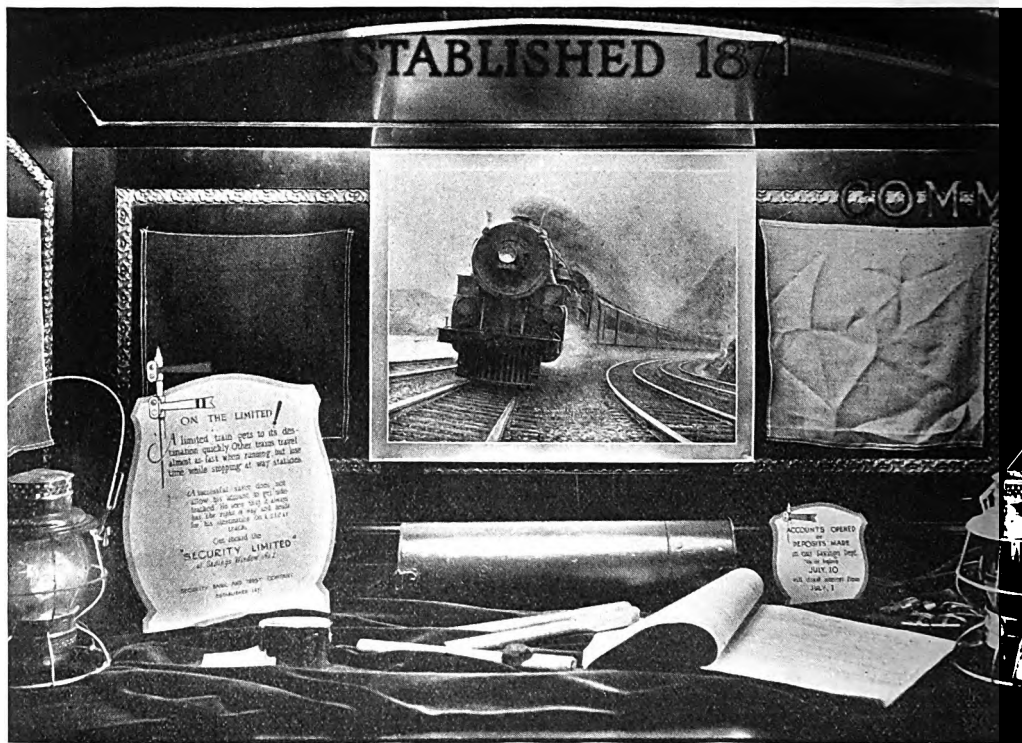
An unusually good Christmas Savings Club advertisement published by an Oakland, California, bank. It has an attention compelling headline, and an interesting layout and illustration. The fact that the copy has been sandwiched in between the caption and illustration weakens the effectiveness of the advertisement somewhat.

down display gets your message across to people without the slightest intrusion upon their habits or pleasures—without forcing. Passers-by gaze upon your, and other windows as they walk along, in much the same way they look through the rotogravure section of the Sunday paper—to catch what is new, quickly and entertainingly. If you make your windows "glad hands"—that is, make your displays something that at once establishes a common ground between your bank and people's needs — you create prospects who are right at your very door when they get the impulse to act upon your suggestions. Those same suggestions read at home in the newspaper or in a letter might impress, but remember there will be half a hundred other interests crowding into your prospects' lives before they can get to your bank to act. If the impulse your advertisement makes upon them be just a

flash, "Yes, that's a good thing, I ought to open a savings account," chances are that the impulse will wane and wane and then die before they find occasion to call at your place of business. That same impulse, created by your window display, has a much stronger possibility of being acted upon then and there, in the first warmth of enthusiasm.

Too, people feel that they sell themselves on the idea of doing business with you, far more than if their action has been the result of your going out after them in person or by letter. There is a funny twist in human nature that makes us all better satisfied to act of our own free will.

Or, if folks are not then "in the market," seeing your advertisement on your own premises, ties it up firmly with your institution, and when they are "in the market" the chances are excellent that you will get their business.



A good window display for a bank in a railroad town, with the striking poster of the Twentieth Century Limited in the background and lanterns and other trainmen's paraphernalia in the foreground. The copy on the poster at the left, headed "On the Limited," reads: "A limited train gets to its destination quickly. Other trains travel almost as fast when running, but lose time while stopping at way stations. A successful saver does not allow his account to get side-tracked. He sees that it always has the right of way and heads for his destination on a clear track. Get aboard the 'Security Limited' at savings window No. 1." This window was prepared by the Security Savings and Trust Company of Los Angeles.

Those banks getting the best results from their windows are visualizing, or picturing, the uses of their banks in a way that is interesting and understandable to those who have not yet used that particular function of a bank. The keynote of a successful window display is elemental simplicity. By elemental simplicity is not meant something cheap and tawdry; not a childish array of A B C blocks; nor yet a "talking down" to passers-by. What is meant, is an absence of the technical and any suggestion that banking or investing is mysterious and complicated.

Displays, to be effective, should be in harmony with your particular community and the class of business you desire to

**Helping Americans get
their 29 pounds of cotton**

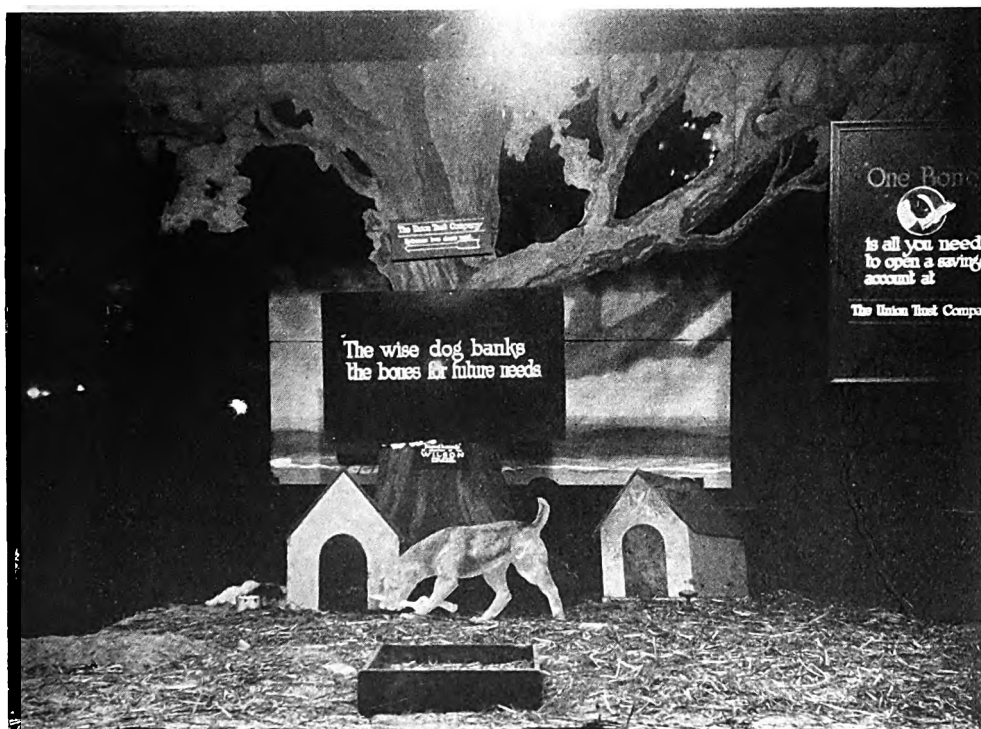
The per capita consumption of cotton in the United States is 29.2 pounds a year—cotton used in shirts or other clothing, automobile tires, cordage, belting, paper and innumerable other articles. Growing, storing, shipping and marketing cotton, or procuring and marketing its products requires well rounded banking service at every stage of the journey from planting to ultimate consumer. This requirement is constantly being met through the services of The Bank of America.

Carefully selected connections throughout the South, in New England and in other sections of continental importance to the world—ample resources for all substantial trade activities—trade knowledge obtained through long practical experience—personal attention to customers—these are salient factors of the comprehensive service we offer.

**THE BANK OF
AMERICA**
ESTABLISHED 1812
NEW YORK CITY

This advertisement has a very original and interesting headline. The copy, while good, is handicapped by a very uninviting layout. The impression is given that as much copy as possible was crammed into a given space.

attract. To make new friends for your institution, you must first establish a common ground between it and your prospective customer. Your "attention getter" (sometimes something quite off the subject of banking or investing, but of keen interest to your prospect) forms that common ground. When a common ground has been established, then it is an easy matter to get your prospect's favorable attention to your real message. For instance, if yours is a railroad town, and you wish railroad business, a headlight shining out from the center of your window, will get the attention of railroad men. With their attention, and your message in railroad vernacular tying up with the headlight idea, you will



Dog and kennel display gotten up by the Union Trust Company of Cleveland. When this picture was taken the live puppies which were a feature of the window were asleep in the kennel. The display card in the center reads: "The wise dog banks bones for future needs," while in the right hand corner of the window is a poster reading: "One bone is all you need to open a savings account."

make them warm up to your institution. If they are then prospects, what is more natural than that they should come in and get an account going with you instead of with the bank across the street, where they see nothing but cold stone walls and barred windows. Once inside, of course, these railroad men will expect a "glad you came in" or its equivalent from your tellers—else it is like biting into a luscious looking bonbon and finding a sour lemon filling.

Don't merely entertain your public with attention getters, or you will not play square with yourself. Make the attention getter strong—then make your tie-up stronger. That is, do not have it seem that your home safes and captions are made to play up to your headlight idea.

300,000,000 Meals a Day!



CONSIDER what it means to provide food for the people of our United States.

The thousands upon thousands of farms and ranches in the great agricultural States are only the beginning. To all of the soils and packing plants, the canneries and fisheries, scattered from coast to coast, all heavily engaged in preparing the products of the farm for use, the organization needs of food pass through them annually.

Think of the billions to convert them, the machinery to equip them, the power to drive them, the men to operate them.

Think of \$1,000,000,000 for new farm implements in a single year of another 25,000,000 for fertilizers.

Think of labor costs dependent upon the harvesting, of waste laboriousness in preparing for the markets that transport the food, and behind them many thousands getting out the seed and sowing the crops.

Think of the many trucks that must be provided, and the gasoline to propel them.

Consider all that and you begin to appreciate not only the size of our Country but the care dependence of millions upon that size and those upon those. How many and how many all.

The Bank of the Manhattan Company has served America industry for nearly 125 years.

BANK OF THE MANHATTAN COMPANY
40 WALL STREET, New York
INCORPORATED 1857
Capital \$10,000,000 Surplus and Undivided Profits \$12,000,000
Liquor Office—31 Union Square, New York
38 offices conveniently located throughout the Boroughs of Queens and Brooklyn

An unattractive layout, confusing to the eye. The headline is good, but there is too much copy for the space provided, and it is very poorly arranged.

While your headlight is the big thing in your window, make your live looking caption leave the distinct impression that the headlight's only purpose is to illustrate the message you are trying to get over; make your caption to read so as to include the headlight in a metaphorical way. Your message is about savings accounts, not headlights.

One bank had a very fine window display of sponges. It was wonderfully interesting. Crowds of people stopped to look at the different specimens and the sub-sea photographs; but not anywhere in the display was there a tie-up with the bank's business.

Another instance of over-playing the attention getter: A bond house put in a very extensive collection of postage stamps, and it, too, drew

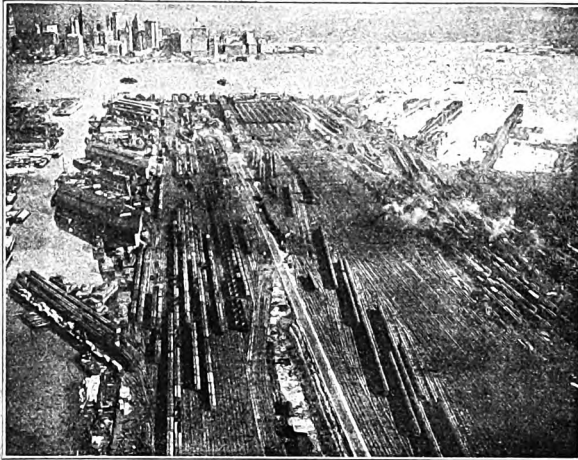


Photo by Pittsburgh Courier Camera Corp.

Broad Views— for FAR-SIGHTED INVESTORS

Great railroads and terminals must be constantly improved to meet the country's needs for efficient transportation.

The far-sighted investor places a portion of his funds in the bonds of good railroad and vital terminal companies, not only because the properties themselves have immense actual value, but also because they are bound

to become increasingly important to national prosperity.

Every such bond offered to investors by The National City Company has been painstakingly analyzed for sound values. Come into the local office, or write, and a copy of the current issue of "Recommended Bonds" will be gladly given to you.



The National City Company

National City Bank Building, New York

Offices in more than 50 leading cities throughout the World

BONDS SHORT TERM NOTES ACCEPTANCES

An impressive combination of headline and illustration. This advertisement, which appeared in the so-called "Quality Group" magazines, is well adapted to the investment advertising pages of high type general publications of the "Atlantic Monthly" class.

crowds to the window, but it did not bring folks in, for there was no message.

Each window display should have but one idea. If you are bidding for savings accounts, do not also bid for checking accounts and trust business in that same display. Let your next two displays bid for that business, separately. In so doing, you give passers-by one clear cut idea at a time and not a jumbled mass. That is the policy of all higher class institutions. Look along your street—isn't it the cheaper stores that crowd their windows full to bursting with a little of everything in stock? Isn't it your better class merchant who one week features a display of street wear, and everything in that window pertains to the street? Another week he may have a sport clothes display, with everything suggestive of tennis, golf, boating, etc. There may be many articles, but they all bear upon the one subject. That makes unity. Unity is pleasing—inviting.

A successful window is never monotonous by being all in one color, or having many similar articles, without some kind of relief. Color, light, motion—one or all three are needed in

The Inefficiency of Overburdened Shoulders

When the duties of an executive are placed upon a few men, how can both his business and the work be handled efficiently? It is unreasonable to expect him to neglect his own business and attend to the many duties that arise in connection with the conduct of an estate.

To relieve this work on your men, to concentrate, for the special attention, the collective expertness, and the full force of a financial institution can be obtained for the same fee as an individual manager in paid. Our organization is equipped to administer and manage estates. Our trust office operates in this work.

We will gladly explain the advantages of Trust Company administration.

The Fidelity Trust Company of Buffalo
Mails at State Street
Branches at Buffalo, Albany, and Syracuse

Why Don't More Men Retire?

Most business men talk of retiring, but few actually do. They think as long as the business they have built up is going to bring in a comfortable income, they will continue to work. But they are not taking into account the fact that their business will eventually fail, and they will be left with nothing.

Every man is to his family what he is to his business. If you have taken away his business, there would be no one to provide your wife and children for your responsibilities. This might result in the spending of the remainder of your life.

Such a possibility can be avoided and you can secure your family's future with a few dollars' investment. Members of our Trust Department will gladly discuss this matter with you at further detail.

The Fidelity Trust Company of Buffalo
Mails at State Street
Branches at Buffalo, Albany, and Syracuse

Build With What You Have

Little might have expected unexpected and given us an answer to the lack of opportunity. It is not the man who has the money who is the successful one, but the man who has the money and the opportunity to use it.

To the man who is working for an income, the money is not the answer. It is the man who has the money and the opportunity to use it.

The money is not the answer. It is the man who has the money and the opportunity to use it.

The Fidelity Trust Company of Buffalo
Mails at State Street
Branches at Buffalo, Albany, and Syracuse

Will Your Life Be an Unscored Goal?

A man's ability is measured not by what he might have done, but by the things he has actually accomplished.

So when a man has worked hard all his life in order to secure financial independence for his wife and children in case of his death, his life's work may end in a purposeless career. He has made great preparations for the distant and promotion of the property he has earned.

Don't leave the future welfare of your family to chance. Call today for a copy of our booklet, "The Last Word on Will-Making."

The Fidelity Trust Company of Buffalo
Mails at State Street
Branches at Buffalo, Albany, and Syracuse

A well prepared series published by a Buffalo bank. The two advertisements on the left discuss the advantages of trust company administration, while the two on the right discuss, respectively, savings, and the importance of making a will.

your attention getter. The more brilliant your color spot, the smaller it must be, and the more elegant in texture. If you employ automatic action for your attention getter, use it as you would a brilliant color—the more intense the action, the smaller the device should be.

In making your "framed pic-

Who's Who in Bank Advertising

Your Banker's Services to You—and His Banking Connections in New York

EVEN so recently as twenty years ago, home-town business was pretty much a local affair.

Today the business man, wherever he may live, figures in *National* business much more than he may suppose.

Your local bank and its activities have grown with your activities—or even somewhat in advance, anticipating the next forward step in the affairs of its customers.

Few people stop to realize the highly perfected coöperation that exists today between the home bank and the banking institutions of the great trading centers.

Through this coöperation, and the facilities of telegraph and telephone—the business man in any of the 48 states trades as freely in New York as in his home city.

This makes the New York connections of your local bank all the more important—to the bank, and to you, its customer.

For not the least of your local banker's services is his ability to execute your personal and commercial banking business in New York.

THE FARMERS' LOAN AND TRUST COMPANY

16-22 WILLIAM STREET
FIFTH AVE. OFFICE, 475 FIFTH AVE.
NEW YORK

CHARTERED IN 1822
"FOR THE PURPOSE OF ACCOMMODATING
THE CITIZENS OF THE STATE"

An advertisement of the good will series which a long established New York trust company has been running in the "Saturday Evening Post." This advertisement talks to the man in the street about the importance of his local banker's New York banking connections.

tures" the same rules of color harmony, balance, elegant simplicity and unity of idea apply as in a picture made of oils. All go toward creating a pleasing and receptive attitude on the part of the passer-by toward your institution.



F. A. STEARNS

Bank Business Builders, Inc.

MR. STEARNS has just resigned as advertising manager of the Security Trust & Savings Bank of Los Angeles, after seven years of handling the advertising of that well known California institution, which now has resources exceeding \$200,000,000. He leaves the Security to assume active charge of Bank Business Builders, Inc., of Los Angeles, a publishing and advertising firm engaged in publishing advertising literature and books on banking. Mr. Stearns has been prominently identified with the development of many of the most successful bank advertising mediums now in use. He was chosen by the Publicity Committee of the American Bankers Association to prepare a series of sixty newspaper advertisements to popularize thrift and banking services. These advertisements are now being run by banks in hundreds of newspapers throughout the United States. He was also responsible for developing the first window displays to be successfully used for advertising purposes by banks.

Bank Advertising Exchange

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

Watch for New Names and Other Changes.

Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy-treas.
 Berkeley, Cal., 1st Nat'l Bank, G. L. Pape, V. P.
 Boston, Mass., 1st Nat'l Bank, Brighton office, T. F. Megan, asst. manager.
 Boston, Mass., National Shawmut Bank.
 Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. vice-president.
 Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
 Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
 Brooklyn, N. Y., Williamsburgh Svgs. Bank, A. E. Leighton, adv. mgr.
 Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
 Buffalo, N. Y., Marine Tr. Co., Harold McDougall, asst. secy.
 Buffalo, N. Y., Peoples Bank, Clarence E. Horton, mgr. bus. extension dept.
 Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
 Camden, Ark., Merchants & Planters Bank, P. T. Hildebrand, cash.
 Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Auracher, adv. mgr.
 Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman, V. P.
 Charleston, W. Va., Kanawha Nat'l Bank, Lee S. Trimble, trust officer.
 Chattanooga, Tenn., American Tr. & Bkg. Co., E. Lee Smith, asst. cash.
 Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, asst. tr. off.
 Chicago, Ill., Ray E. Bauder, 746 S. Michigan Ave.
 Chicago, Ill., Central Trust Co. of Ill., Louis W. Carboy, adv. mgr.
 Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, secy.
 Chicago, Ill., Liberty Tr. & Svgs. Bank, Milton Rosenthal, asst. cash.
 Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
 Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
 Chicago, Ill., Union Tr. Co., P. L. Hardesty, pub. mgr.
 Chicago, Ill., Utility Securities Co., Paul A. Jenkins, adv. dept.
 Cleveland, Ohio, Central Nat'l Bank, R. J. Izant, adv. mgr.
 Cleveland, Ohio, Cleveland Tr. Co., I. I. Sperling, pub. mgr.
 Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
 Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
 Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.
 Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
 Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
 Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, cash.
 Elmira, N. Y., 2nd Nat'l Bank, Helen E. Mal-lory, adv. mgr.
 Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
 Flint, Mich., Citizens Com'l & Svgs. Bank, H. E. Potter, cash.
 Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
 Gardner, Mass., Gardner Tr. Co.
 Haverhill, Mass., 1st Nat'l Bank, C. A. Rath-bone, V. P.

Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buchnagel, mgr. serv. dept.
 Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
 Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell, adv. dept.
 Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
 Kankakee, Ill., City Tr. & Svgs. Bank, C. A. Mueller, cash.
 Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
 Lansing, Mich., Am. State Savings Bank, James H. Shepherd, mgr. new bus. dept.
 Lima, Peru, S. A., Banco Mercantil Americano del Peru.
 Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr., pub. and new bus. mgr.
 Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, asst. cash.
 Los Angeles, Cal., Pacific-Southwest Tr. & Svgs. Bk., R. M. MacLennan, adv. mgr.
 Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, pres.
 Milwaukee, Wis., Second Ward Securities Co., Burr E. Lee, mgr. bus. serv. dept.
 Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. E. 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.
 Montreal, Que., Banque d'Hoche-la-ga, 112 St. James St., Léon Lorrain, dir. pub.
 Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
 New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, secy. to pres.
 New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. B. Wisdom, adv. mgr.
 N. Y. C., Bank of America, O. F. Hevener, adv. mgr.
 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.
 N. Y. C., The Manhattan Svgs. Institution, H. J. Molloy.
 N. Y. C., Manufacturers Tr. Co., Daniel Lipsky.
 N. Y. C., Mechanics & Metals Nat'l Bank, S. J. Keator, adv. mgr.
 N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 N. Y. C., Trade Bank of N. Y., Rudolph Stein.
 N. Y. C., Union Bank of Canada, A. G. Slater, adv. mgr.
 Northampton, Mass., Hampshire Co. Trust Co., G. L. Willis, pres.
 Norwich, Conn., The Chelsea Svgs. Bank.
 Oak Park, Ill., Oak Park Tr. & Svgs. Bank, L. A. Clarahan, mgr. new bus. dept.
 Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hosbach, adv. mgr.
 Phila., Pa., Overbrook Bank, R. H. Thompson, V. P.

- Phila., Pa., Tradesmens Nat'l Bank, H. E. Delly, asst. cash.
- Pittsburgh, Pa., Pennsylvania Tr. Co., F. Le Myne Page, sec'y.
- Plainfield, N. J., The Plainfield Trust Co., Miss M. E. Schoeffel.
- Prague, Czechoslovakia, Industrial and Agricultural Bank of Bohemia.
- Raleigh, N. C., Citizens Nat'l Bank, R. A. Brown, asst. cash.
- Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., asst. cash.
- Richmond, Va., Va. Tr. Co., Walker Scott, V. P.
- Rochester, N. Y., East Side Svgs. Bank, C. C. Davy, atty.
- Rochester, N. Y., Union Tr. Co., Arthur J. Meyer, pub. mgr.
- San Antonio, Tex., Central Tr. Co., D. Ansley, V. P.
- San Antonio, Tex., City Nat'l Bank, H. M. Hart, V. P.
- San Francisco, Cal., Wells Fargo Bank & Union Trust Co., G. W. Wickland, pub. mgr.
- Santa Rosa, Cal., The 1st Nat'l Bk. of Santa Rosa, J. G. Morrow, V. P. & cash.
- Schenectady, N. Y., Schenectady Svgs. Bk., Miss A. I. Waldron, director serv. dept.
- Scranton, Pa., 3rd Nat'l Bank, Theda A. Hopps, mgr. new bus. dept.
- Smithtown Branch, N. Y., Bank of Smithtown, J. A. Overton, cash.
- South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
- Spokane, Wash., Old Nat'l Bank-Union Tr. Co., A. F. Brunkow, pub. mgr.
- St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, pub. mgr.
- St. Louis, Mo., 1st Nat'l Bank in St. Louis, Frank Fuchs, pub. mgr.
- St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
- St. Louis, Mo., Nat'l Bank of Commerce, W. B. Weisenburger, asst. to pres.
- Stockholm, Sweden, Svenska Handelsbanken, P. G. Norberg, pub. mgr.
- Stroudsburg, Pa., Stroudsburg Nat'l Bank, F. L. Stackhouse, cash.
- Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Elze, pres.
- Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, asst. secy-treas.
- Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off. & pub. mgr.
- Tuscaloosa, Ala., City Nat'l Bank, S. F. Claubaugh, V. P. & cash.
- Valdosta, Ga., Merchants Bank, A. F. Winn, Jr., V. P.
- Warren, Pa., Warren Nat'l Bk., R. W. Mackay, cash.
- Washington, D. C., Union Tr. Co. of D. C., W. S. Lyons, asst. secy.
- Washington, D. C., Washington Loan & Tr. Co., E. H. Thompson, pub. mgr.
- Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
- Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
- Wellsboro, Pa., 1st Nat'l Bank, M. L. Matson, adv. dept.
- Wilkes-Barre, Pa., Miners Bank, W. J. Ruff, cash.
- Wilkes-Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. pub. and new bus. dept.
- Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, pres.
- Youngstown, Ohio, 1st Nat'l Bank & Dollar Svgs. & Tr. Co., J. N. Higley, pub. mgr.
- Zurich, Switzerland, J. Muller, 49 Sunnegg-strasse.

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New Names

- N. Y. C., American Trust Co., Horace W. Foster, asst. to pres.

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Those Girls on the Individual Books

By T. N. T.

"JIM, come up right away, will you?" It was the president's voice. Jim Brannon felt a sinking sensation in the pit of his stomach as he hung up the receiver and hurried upstairs.

When the president spoke in that tone of voice it meant that something had happened.

"Jim," the president began, "Hopple was just in here—says we paid a \$300 check he had stopped payment on five days ago."

Jim said nothing. What was there to say?

"Jim, how long have you been in charge of the individual books?"

"Four months."

"Four months, eh? Well sir, that is time enough for a good man to learn to run that department efficiently. You are not doing it. I've been lenient with you, and I've given you plenty of time to get broken in—but now you've got to come through or get out. Those slip-ups on stop payments must stop—and debits and credits to wrong accounts. They're losing us too much business. Take Hopple, for instance—I managed to smooth him out, and he'll stick with us, but it was hard work. Took me a whole half hour. I'm sick and tired of interviewing customers who get sore because of mistakes in your department. We lost three good accounts last month because of errors in book-keeping, and Hopple's will go on the next mistake. Now Jim—hereafter I'm not going to smooth over your mistakes for you. I'm through playing diplomat to save your skin. From now on I'm going to send every man who complains about an error in his account right down to you—you handle them for a while. See how you like calming down a good customer who is sore as a boil, and for good reason. See whether you can save his account for the bank. Maybe it will give you some idea of the responsibility of your job."

"Mr. Briggs, I'm trying hard," Jim began, "but with that bunch of girls we've got on the books—"

"Trying to blame it on the girls, eh? Nothing doing. Other banks use girls on the books, and get results. The trouble is with you. If the girls won't do the work, it's because you don't know how to handle them."

The president waved his hand—and the interview was at an end.

Sadly Jim Brannon walked down the stairs to the bookkeeping department. He knew before he reached the room, what he would see—ten young girls all talking at once, giggling, fussing with their hair; ledgers, machines and checks forgotten. Try as he would, he simply could not make those girls tend to business when he was out of the room.

Jim didn't exactly like those girls.

He understood how to handle men. He had been in the army, and knew how to deliver a tongue-lashing that would transform a crowd of irresponsible, undisciplined boys into orderly, industrious workmen. But it was different with girls. A man simply couldn't cut loose and abuse them.

Jim went as far as he dared. He endeavored to enforce severe discipline. He allowed practically no conversation between the girls during working hours, except that pertaining to bank business. Candy was taboo. Working hours were carefully watched, and tardiness severely reprimanded.

He prided himself that the relations between himself and the girls under him were as impersonal as possible under the circumstances. He called every girl by her last name, although the girls were few of them over 19 and he was well over 30. He never spoke to them except upon bank matters. He maintained a certain aloofness which, he believed, was necessary to assert his authority.

He was especially severe in the reprimands which he issued as punish-

same old way, forgetting, mis-posting, giggling and chewing gum.

They were for all the world like a bunch of eighth grade school children, just as naughty, just as inanely foolish, just as lacking in sense of responsibility.

And now the president had said that he must make good or get out.

That afternoon he delivered to the girls such a tongue-lashing as they had never received before.

But the very next day occurred two errors in posting, followed shortly by two irate customers. It happened that the errors were not serious, and that the customers had discovered them soon after they had happened. Jim succeeded in "smoothing them out" and keeping their accounts.

Then he delivered another scolding even more severe than the first.

The next week seven customers reported errors in their accounts—and three took their accounts elsewhere.

Jim received these irate customers in a little ante-room outside the main book-keeping room, and was always careful to shut the door so that the girls would not hear what was going on. When the customer made the complaint, Jim would go out into the bookkeeping room, look up the proper ledger and check file if necessary, and then go back into the little room. Then, when the customer had gone, he would call into the little room the girl who had made the mistake, and give her what he termed a "scientific bawling-out."

These he made more and more severe, until he found that they simply made the girls burst into a torrent of tears, without apparently doing any good.

The third week Jim had ten callers—ten angry customers to interview—ten apologies to make—ten nerve-racking arguments to keep accounts in the bank—ten promises that "it will never happen again."

At the end of the third week the president meeting him in the hall, said curtly: "I'll give you three more weeks—that's all, unless you show a startling improvement."

That night Jim walked the streets, thinking.

He remembered what the president had said to him three weeks before—"You handle them for a while. Maybe it will give you some idea of the responsibility of your job."

It certainly had. Never before had he realized how downright angry customers got when an error was made on their accounts. Never before had he realized what actual damage could be done by mis-posting or slipping up on a stop-payment.

And then, suddenly, Jim Brannon got a brand new idea. At last he made a decision.

The very next time an angry customer came in, he would try something new.

The opportunity came the next morning.

The telephone rang. It was the president.

"Hopple's coming down to see you," he said.

Hopple!

Hopple had sworn, last time, that if another error was made in his account, he would take it to another bank. And he kept an average balance of about \$20,000.

Hopple! That would be in Florence Plumb's ledger. That girl again!

Of all of them she was certainly the worst. She was bright, quick and tireless—but she was also very good looking, popular, and inclined to be impudent—an extremely hard girl to manage. She simply didn't care.

She made more mistakes than any of the others.

Hopple was pounding on the door.

Jim opened it quickly.

"Come in, Mr. Hopple," he said, and before Hopple could say a word Jim led him right over to where Florence Plumb was posting her ledger.

"Miss Plumb, here, is the girl who keeps our records of your account," he said. "What's the trouble?"

"Trouble!" Hopple exclaimed. He was fairly sputtering. "Trouble! I wrote a \$15,000 check to close a big

deal—the man I gave it to, not knowing me, came in here to get it certified and the bank told him I didn't have enough in my account to cover it! He got sore because he said I had given him a bum check, called off the deal, and I stand to lose an even \$5000. Trouble! Now see here—I had plenty in this bank to cover that check—I had made a deposit of \$18,000 just the day before! That's a fine thing for a bank to do! Here—"

"Just a minute," Jim interposed. "Miss Plumb, can you explain this situation?"

Florence Plumb had turned pale. With trembling fingers she opened her ledger to the name Hopple.

"Oh!" she cried, and buried her face in her hands.

"What did you do?" asked Jim in an even tone.

"I credited that \$18,000 check to E. L. Hopple instead of E. J. Hopple!" she wailed.

"You did, eh?" Hopple broke in. "Well, Brannon, there you are. Now what have you got to say? How are you going to fix up that? I tell you, I'm through with this bank. I just want to tell you what I think of you before I take my account across the street. You're the most inefficient, inaccurate, unbusinesslike institution that ever masqueraded under the name of a bank. Look at your bookkeepers—a bunch of half-baked flappers that ought to be in kindergarten, learning how to cut out paper dolls. No wonder you make mistakes on your books. I mean you, young lady—you did this. You cost me \$5000. Now let me get out of here. I wouldn't—"

"Just a moment," Jim broke in.

"Not a second! You needn't think you can wheedle me into giving you another chance. I've done that once too often, to my sorrow. Never again for me! I'm going—"

Then a surprising thing happened—surprising, at least, to Jim Brannon.

Florence Plumb sprang to her feet, seized Hopple by the front of his coat

and raised her pretty, tear-stained face to his.

"Oh, please, Mr. Hopple!" she begged. "It's all my fault. I knew better. Mr. Brannon has scolded me hundreds and hundreds of times, but I just *wouldn't* be careful! Please don't take your account away! I'll look it over specially, every day—honest I will. Oh, Mr. Hopple!"

Hopple hesitated—and in that instant the battle was won. For the first time in his life Brannon thanked the powers that be that Florence Plumb was good-looking.

Florence buried her face on Hopple's coat and wept.

"There, there," said Hopple, at last, "I'll give you another chance. I oughtn't to—but I will. Mind, now—never again. Goodby, Brannon."

It was a very tearful, contrite Florence Plumb who talked to Jim Brannon, that afternoon, in the little private room.

"And I just didn't understand!" she pleaded. "I never knew that terrible things like that really happened just because 'little me' made a mistake! I thought you were scolding us just for the sake of scolding! You're so—so strict, you know—you make us stop talking, and—and—we just didn't take it seriously, about the bank losing customers. Oh, I'm so ashamed!"

"There, there, Florence," Jim found himself saying, much to his surprise. "Don't cry. I've learned something too."

With that he went out into the book-keeping room and called out: "Mame! Gertrude! Jessie! And all the rest of you—just a few words."

"In the first place, I want to apologize to you. I've been scolding you when I ought to have been explaining things to you."

"I've treated you like a bunch of school children, and so you've treated me like a teacher you didn't like."

"I was wrong. You girls are grown up, and you are able to take a little responsibility on your own shoulders."

"I'm going to stop scolding you. There will be no more lectures. You can talk if you like, any time you like, as long as you get out your work. I don't care how much candy you eat. All I ask is that you get down to work on time.

"But—every one of you is responsible for your own book. And if a serious

mistake is made—like the one on Hopple's account—the customer on whose account it was made is going to come right in here and talk to the girl who made the mistake, just as Hopple did today."

That's all there is to the story—except the fact that Jim Brancon still has his job.

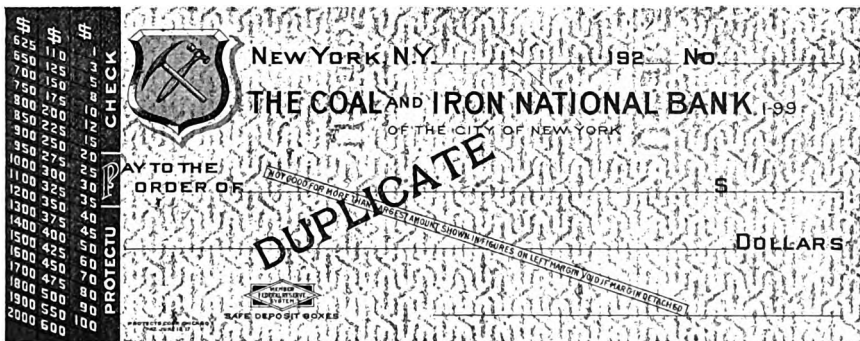


Novel Check Adopted by New York Bank

IN the banking center of New York below Chambers street where most of the large banks have their main offices, considerable interest is being aroused by a novel form of check recently introduced by The Coal and Iron National Bank.

This check cannot be raised to any appreciable extent if it happens to fall into the hands of a dishonest person. There are figures on the left side of the face of the check which correspond approximately to any amount which may be drawn from \$1 to \$50,000. By inserting these figures on the check under an ingenious metal cutter which

is riveted to the inside front cover of the check book, the left hand edge of the check may be torn in such a manner that the highest figure remaining corresponds to the amount for which the check is drawn. Thus, if the check is for \$9.76 the left hand edge may be torn so that the highest figure left on this cut section will read \$10.00. It means that no matter how unscrupulous a person receives the check, he will be unable to raise the check above \$10. The Coal and Iron National Bank has the exclusive use in New York below Chambers street of this novel check.



By inserting figures on left of check under a cutter attached to check book cover, highest figure remaining on left hand side corresponds to amount for which check is drawn

High Points

The Banker and Morals

By Richard W. Saunders

THERE was a time, not so very many years ago, when any allusions in the comic section of the papers or by humorists generally, to the banker, were to a certain elusive habit he was supposed to possess, namely that of disappearing overnight with the major part of his depositors' funds. Even now an occasional reference is made to this in jocular wise, showing how an ancient superstition can be invoked to make the people laugh.

When it is realized how seldom, out of the thousands of bankers, one is found recreant to his trust, it is certainly a tribute to the men who follow that profession. There can be no doubt that the standard is higher than ever before, and the occasional few who do go wrong are generally outside of the real banking field and on the border line where the difference between real banking and the selling of steamboat tickets, is not very great. Not that there is anything reprehensible in selling steamboat tickets. Far from it; for the commission, we understand, is quite a decent percentage. It must be that the idea of travel, underlying both, has a pernicious effect leading to perigrinations.

However, in a search for poetic expressions that would extol the banking profession, which search, in spite of almost complete failure, is still persisted in, one comes across poems here and there, that have the old joke as a basis. For example, the genial autocrat Oliver Wendell Holmes has written "The Banker's Secret" in quite the old style. After more than one stanza about the banker's festive board where "Damask and silver catch and spread the rays," etc.—which one is not very apt to condemn, unless not invited to such

feasts—he runs over the invited guests, including "a congressman, distinguished guest! We don't count him—they asked him with the rest!" (You see the same tendency to utilize the prehistoric joke—perhaps with more basis, however.) Then the banker himself is introduced, but at once we see something must be wrong for he pushes aside the wine and instead: "Ha! That is brandy; see him fill his glass!" Speeches, follow, and laughter, anecdote, music. "The jocund evening whirls itself along. Till the last chorus shrieks its loud encore, and the white neckcloths vanish through the door."

Then the banker, from a secret iron closet, brings out the treasures with which and with a companion, "The bride of shame, the wife without the ring," he vanishes into the world outside:

The lives he wrecked were scattered far and wide;

One never blamed nor wept—she only died.
None knew his lot, though idle tongues would say

He sought a lonely refuge far away
And there, with borrowed name and altered mien.

He died unheeded, as he lived unseen.

The whole story sounds like an old bit of folk-lore from generations past. And while wholesome laws, improved organizations, strict examinations and above all, the gradual departure of the "one man bank" have done their share, it may readily be maintained that the men in the banking field are of caliber second to none and deserve, as they are receiving, the respect and confidence of the public.

We need a new joke on the banker, but the trouble is, we don't seem able to find one.

Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

1810

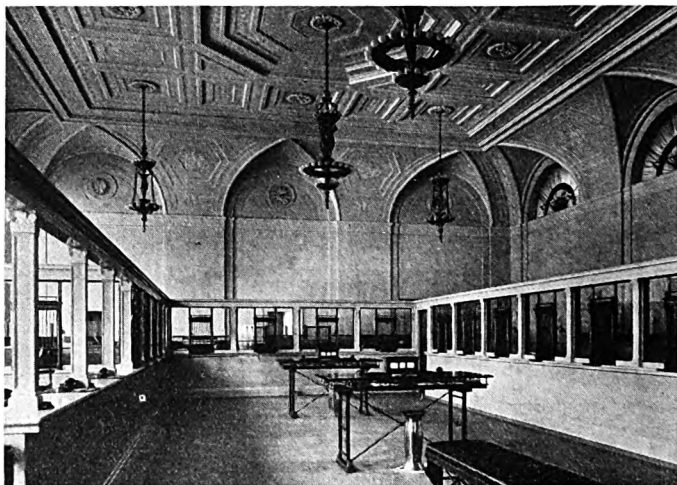


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Banking and Commercial Law

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

Federal Reserve Bank Liable in Forwarding Check for Collection Direct to Drawee Bank

Federal Reserve Bank of Richmond v. D. J. Malloy & J. H. Malloy, Trading as Malloy Brothers, Supreme Court of United States, February 18, 1924.

THE United States Supreme Court has decided that a Federal Reserve Bank assumes the responsibility in forwarding a check, deposited with it for collection, direct to the bank on which it is drawn, and is liable to the owner of the check where the drawee bank fails before the draft which it sends in payment of the check can be collected.

It appeared that the plaintiffs, Malloy Brothers, deposited a check for \$9000, payable to their order, in a bank in Florida for collection and credit. The check was drawn on the Bank of Lumber Bridge, N. C. The deposit slip provided that "checks, drafts, etc., received for collection or deposit, are taken at the risk of the indorser until actual payment is received."

After passing through two other banks in the process of collection, the check came into the hands of the Federal Reserve Bank of Richmond.

On December 10, 1920, the Federal Reserve Bank of Richmond, or the "Richmond bank," as it is referred to in the court opinion, sent the check direct to the drawee bank at Lumber Bridge for collection and return. The check was received, or should have been received, by the drawee bank on Saturday, the eleventh. On Tuesday, the fourteenth, it was stamped "Paid" by the drawee bank and charged to the account of the drawer. On the same day, the drawee bank sent to the Richmond bank a draft on a bank in

Greensboro, N. C., in payment of the check. The drawee, Bank of Lumber Bridge, failed before the draft could be collected.

This action was brought by Malloy Brothers against the Richmond bank to recover the amount of the check on the theory that the loss had been due to the method of collection adopted by the Richmond bank.

The court decided, in the first place, that if the loss was due to any negligent or unauthorized act on the part of the Richmond bank, that bank was liable to Malloy Brothers for the amount.

It has always been held that it is negligent for a collecting bank to forward a check, delivered to it for collection, direct to the bank on which it is drawn. The reason is that this action, in effect, makes the debtor an agent for the very purpose of collecting the debt. It makes it possible for the drawee bank to delay payment in cases where prompt payment is inconvenient.

But this rule does not apply to Federal Reserve Banks for the reason that, in Regulation J (8) 1920, Federal Reserve Banks are authorized, and in fact required to forward checks received by them for collection, direct to the banks on which the checks are drawn.

It has also been generally held that, where a collecting bank presents a check for collection to the bank upon which it is drawn, it should receive payment in cash only, and that the collecting bank is responsible for any loss that results from its act in receiving payment by drafts or otherwise than in money.

On behalf of the Federal Reserve Bank, it was urged that authority to forward the check direct to the drawee bank constituted authority to receive payment by draft. The court held that this argument was not sound. There is nothing in the regulation referred to

which expressly authorizes an acceptance or payment in anything other than money. The check could have been paid by the forwarding of currency to the Federal Reserve Bank and, as the court pointed out, currency frequently is sent in transactions of this kind. Therefore, the Federal Reserve Bank of Richmond was held liable for the amount of the check.

Mr. Justice Sutherland delivered the opinion of the court.

Malloy Brothers brought this action against the Federal Reserve Bank of Richmond in a state court, to recover \$9000, alleged to be the amount of a check drawn to their order upon the Bank of Lumber Bridge, North Carolina. The case was removed to the Federal District Court for the Eastern District of North Carolina, where it was tried without a jury and judgment rendered for plaintiffs, 281 Fed. 997, which was affirmed by the Court of Appeals. 291 Fed. 768.

The check was drawn on November 30, 1920, delivered to and received by plaintiffs and the amount credited to the drawer. It was properly indorsed and deposited with the Perry Banking Company of Perry, Florida, for collection and credit, on December 1. A credit card was delivered to plaintiffs upon which was printed: "Checks, drafts, etc., received for collection or deposit, are taken at the risk of the indorser until actual payment is received."

A statute of Florida, then and ever since in force (Laws of Florida, 1909, c. 5951, p. 146) provides 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, endorser, 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 case of want of due diligence on its part, as aforesaid.

The Perry Banking Company indorsed and transmitted the check to a bank at Jacksonville, Florida, which, in turn, indorsed and transmitted it, on account of the Atlanta Federal Reserve Bank, to a bank at Atlanta, Georgia; and by the latter bank it was transmitted for collection to the Richmond bank, defendant herein.

On December 10, 1920, the Richmond bank transmitted the check, together with several other small checks, to the Lumber Bridge bank for collection and return. The letter containing these checks, by regular course of mail, should have been received, and, so far as appears, was received, by the Lumber Bridge bank on Saturday, December 11. On Tuesday, December 14, the check in question was stamped "Paid" and charged to the account of the drawer, and on the same day the Lumber Bridge bank transmitted to the Richmond bank its draft on the Atlantic Banking & Trust Company, of Greensboro, North Carolina, for the aggregate amount of the checks, including the one here in question. The draft was received by the Richmond bank on December 15, and immediately forwarded to the bank at Greensboro for payment. On December 17 the Greensboro bank notified the Richmond bank by wire that the Lumber Bridge bank did not have sufficient funds to its credit to pay the draft. Thereupon the Richmond bank wired the Lumber Bridge bank that its draft had been dishonored and called upon it to make it good. The Lumber Bridge bank answered, promising to do so. It failed, however, and the Richmond bank thereupon sent a representative to Lumber Bridge, who reached there on the morning of December 20, and demanded payment of the draft from the cashier of the Lumber Bridge bank. The cashier of that bank, after stating that it did not have sufficient funds to pay

the dishonored draft, promised that steps would be taken to meet it.

On December 21 the representative of the Richmond bank was informed that the dishonored draft could not be paid and on the same day the Richmond bank notified the Atlanta bank of the situation and this notice was promptly transmitted to the plaintiffs. The amount of the check was thereupon charged by the Richmond bank to Atlanta bank, which, in turn, charged the amount to its immediate correspondent and so on until it was finally charged back to the plaintiffs.

In view of the conclusion which we have reached, we find it necessary to consider but two questions:

1. Can the present action be maintained by plaintiffs, Malloy Brothers, against the Richmond bank? and

2. If so, did the failure of the Richmond bank to require payment of the Malloy check in money, and its acceptance of what turned out to be a worthless draft in lieu thereof, create a liability against it and in favor of Malloy Brothers, for the amount of the loss?

1. The state decisions in respect of the liability of a correspondent bank to the owner of a check forwarded for collection by the initial bank of deposit are in conflict beyond the possibility of reconciliation. A number of states, following the "New York rule," so-called, have held that there is no such direct liability, but that the initial bank alone is responsible to the owner. On the other hand, an equal, if not a greater, number of states following the "Massachusetts rule" have held exactly the contrary, viz: that the initial bank, by the mere fact of deposit for collection, is authorized to employ subagents, who thereupon become the agents of the owner and directly responsible to him for their defaults. This court, in *Exchange National Bank v. Third National Bank*, 112 U. S. 276, after reviewing the two lines of decisions, approved the "New York rule." But the rule may, of course, be varied by con-

tract, express or implied. Id. 289. Here the relations of the drawee to the initial bank of deposit are controlled by the Florida statute with respect to which it must be presumed they dealt with each other. This statute had the effect of importing the "Massachusetts rule" into the contract, with the result that the initial bank had implied authority to intrust the collection of the check to a subagent and that subagent, in turn, to another; and the risk of any default or neglect on their part, rested upon the owners. 112 U. S. 281. It follows that the action was properly brought against the Richmond bank.

2. For the purposes of the case, we assume the correctness of the decision below, holding that the Richmond bank was not negligent in sending the check directly to the bank on which it was drawn, and consider only whether the acceptance of an exchange draft, found to be worthless, instead of money, creates an enforceable liability.

It is settled law that a collecting agent is without authority to accept for the debt of his principal anything but "that which the law declares to be a legal tender, or which is by common consent considered and treated as money and passes as such at par." *Ward v. Smith*, 7 Wall. 447, 452. The rule applies to a bank receiving commercial paper for collection, and if such bank accepts the check of the party bound to make payment and surrenders the paper, it is responsible to the owner for any resulting loss. *Fifth National Bank v. Ashworth*, 128 Pa. St. 212, 218; *Hazlett v. Commercial National Bank*, 132 Pa. St. 118, 125; *Bank v. Bank*, 151 Mo. 320, 329; *Essex County National Bank v. Bank of Montreal*, 7 Biss. 193, 8 Fed. Cas. No. 4532; *Noble v. Doughton*, 72 Kan. 536, 351-353; *Anderson v. Gill*, 79 Md. 312, 317; *Bank of Antigo v. Union Trust Co.*, 149 111, 343, 351. It is unnecessary to cite other decisions since they are all practically uniform. *Anderson v. Gill*, *supra*, presented a situation practically the same as that we are here dealing with, and

the Supreme Court of Maryland, in disposing of it, said:

Now, a check on a bank or banker is payable in money, and in nothing else. Morse, "Banks and Banking" (2d edition), p. 268. The drawer having funds to his credit with the drawee has a right to assume that the payee will, upon presentation, exact in payment precisely what the check was given for, and that he will not accept, in lieu thereof, something for which it had not been drawn. It is certainly not within his contemplation that the payee should, upon presentation, instead of requiring the cash to be paid, accept at the drawer's risk a check of the drawee upon some other bank or banker. The holder had a right to make immediate demand for payment upon receipt of Anderson's check, though she was not bound to do so. When her agent, the Old Town Bank—the collecting bank being the agent of the holder—(Dodge v. Freeman's Sav. & Tru. Co. 93 U. S. 379) did make demand it was only authorized to receive money (Ward v. Smith, 74 U. S. 451); and the acceptance by the collecting agent of anything else rendered it as liable to the holder as though it had collected the cash.

Acceptance of the draft by the Richmond bank as payment of the Malloy check had the effect of releasing the drawer and therefore materially altering the relations of the parties. Technically, there resulted a transfer of the drawer's funds and his right of action against the drawee bank, and previous rights and obligations between the owners of the check and the drawer were superseded. It follows—this result having been brought about by the unauthorized act of the Richmond bank, standing in that transaction in the relation of agent to the owners of the check—that such owners are entitled to recover from the Richmond bank for the loss which they sustained, unless the case falls within some exception to the general rule.

And as to this, the Richmond bank says: (1) That its immediate correspondent, from whom it received the check, was bound by a regulation of the Federal Reserve Board, which authorized the method of collection pursued, and that, since that correspondent was the agent of the owners of the check in

the transaction, they are likewise bound; (2) that the method was justified by a custom, binding upon Malloy Brothers. We consider these contentions in their order.

1. The regulation relied on, as far as pertinent, is to the effect that a Federal Reserve Bank will act as agent only in handling items for member and non-member banks, who are required to authorize "its Federal Reserve Bank to send checks for collection to banks on which checks are drawn and, except for negligence, Federal Reserve Banks will assume no liability." Regulation J (8) of 1920. This regulation, while it contemplates the sending of checks for collection to the drawee banks, does not expressly permit the acceptance of payment other than in money. It is insisted, however, that the authority to send checks to the drawee bank carries with it necessary implication, authority to accept a draft in payment from the drawee. We assume, for the purposes of the argument, that the obligation which the law imposes to collect only in money may be varied by a regulation, clearly and positively so providing, although, in terms, it relates only to the banks *inter se*, upon the ground that the owner of the check is bound by the knowledge and consent of his subagent. But to justify an extension by implication of the terms of the regulation, it must be made to appear, at least, that the addition sought to be annexed is a necessary means to carry into effect the authority expressly given by the regulation. See *First National Bank v. Missouri*—U. S.—decided January 28, 1924. It follows from this limitation upon the extent and purpose of implied powers, that a distinct and independent power cannot be brought into existence by implication from the grant of another distinct power. In other words, authority to do a specific thing carries with it by implication the power to do whatever is necessary to effectuate the thing authorized—not to do another and separate thing, since that would be, not to carry the authority granted into effect,

but to add an authority beyond the terms of the grant. The authority expressed by the regulation is "to send checks for collection to banks on which checks were drawn;" the authority now sought to be annexed by implication is "to accept exchange drafts in payment," instead of money, as required by law. That neither is a necessary means of carrying the other into effect, is clear. Nor are they necessary to each other in the sense that they are corollary or dependent. Certainly a check may be sent for collection to the drawee bank without entailing the necessity of remitting the amount in the form of exchange. Currency itself may be sent; and, as will appear presently, frequently is sent. The first form of remittance, to be sure, is more convenient; but it is not of such necessity as to exclude the second on the score of impracticability. There is nothing to prevent the sending bank from requiring the drawee to remit currency as a condition upon which the check may be satisfied and charged to the account of the drawer. We must not lose sight of the fact that we are here dealing with two distinct rules of law, both of which are sought to be avoided: (a) that which forbids a bank having paper for collection to use the drawee bank as a collecting agent; and (b) that which forbids a collecting agent accepting anything but money in payment. The first rule is probably based upon the theory that the drawee is not a suitable agent for the enforcement of his own obligation, and that commercial paper calling upon him to pay should not be surrendered to and satisfied by him, with the consequent release of the drawer, except upon previous or contemporaneous payment. The second rule proceeds upon the fact that the obligation of the drawee is to pay in money and nothing else. Plainly, the two rules are of such nature that one may be abrogated without the other; and it is obvious, since the law imposes upon a collecting agent the duty to collect in money, that none of the various subagents receiving the paper to be collected upon the basis of that duty, can

waive the requirement of the law in favor of the agent to whom it is transmitted. Indeed, in transmitting the check here in question to the Richmond bank the intermediate banks, in effect, served only as instruments for effectuating the transmission. In essence and in substance the check was delivered by its owners to the Richmond bank; it is to that bank, as we have said, that they must look for redress; and the responsibility of that bank is the same as though the check had been delivered directly to it for collection by the owners.

In this connection, certain state statutes are also referred to, but, if applicable, we find nothing in them that justifies a different conclusion from that reached in respect of the regulation just considered. Their provisions are in substance the same.

2. Finally, it is urged that the acceptance of the drawee's own draft, instead of money, was justified by custom. The testimony relied upon to establish the custom follows:

The business of check collecting is handled by the Federal Reserve Bank in a way very similar to that in which it is handled by collecting banks throughout the country. When one bank receives checks on another in a distant city, it usually sends them to the bank on which they are drawn or to some other bank in that city, and receives settlement by means of exchange draft drawn by the bank to which the checks are sent upon some one of its correspondents. When checks are sent with the expectation that the bank receiving them will remit at once we call it sending for collection and return. When this is done, the bank upon which the checks are drawn is expected to cancel the checks and charge them to the accounts of the drawers and to remit by means of its exchange draft or by a shipment of currency. An exchange draft is used more frequently than a shipment of currency.

It thus appears that the custom, if otherwise established, does not fix a definite and uniform method of remittance. When checks are sent for collection and return, the bank is expected to cancel the checks and charge them to the account of the drawers and remit "by means of its exchange draft or by a shipment of currency," the former

being used more frequently than the latter. Whether the choice of methods is at the election of the drawee bank or the collecting bank does not appear. If it be the later, it would seem to result that the election to have remittance by draft instead of currency, being wholly a matter of its discretion or even of its caprice, as to which the owners are not consulted, would be at its peril rather than at the risk of the owner of the check.

But the proof shows that the alleged custom was not known to plaintiffs; and they could not be held to it without such knowledge, because, all other reasons aside, by its uncertainty and lack of uniformity, it furnishes no definite standard by which the terms of the implied consent sought to be established thereby, can be determined. It furnishes no rule by which it can be ascertained when an exchange draft shall be remitted and when currency shall be required, or who is to exercise the right of election. "A custom to pay two pence in lieu of tithes is good; but to pay sometimes two pence, and sometimes three pence, as the occupier of the land pleases, is bad for uncertainty." 1. Bl. Comm. 78. An alleged custom to remit either in exchange or in currency at somebody's option, means nothing more than a practice sometimes to remit by exchange and sometimes not, and therefore lacks the essential qualities of certainty and uniformity to make it a custom of accepting payment by exchange draft binding upon the owners of the check. *Oelricks v. Ford*, 23 How. 49, 62; *Kalamazoo Corset Co. v. Simon*, 129 Fed. 144, 146; *Chicago M. & St. P. Ry. Co. v. Lindeman*, 143 Fed. 946, 949; *Foley v. Mason*, 6 Md. 37, 50; *Wilson v. Willes*, 7 East, 121, 127. A custom to do a thing in either one or the other of two modes, as the person

relying upon it may choose, can furnish no basis for an implication that the person sought to be bound by it had in mind one mode rather than the other.

It is said, however, that there is a custom among banks to settle among themselves by means of drafts so well established and notorious, that judicial notice of it may be taken. But the usage here invoked is not that, but is one of special application to a case where the collection of a check is intrusted to the very bank upon which the check is drawn and where payment is accepted in a medium which the contract, read in the light of the law, forbids. The special situation with which we are dealing is controlled by a definite rule of law which it is sought to upset by a custom to the contrary effect. It is not now necessary to consider the effect of a custom which contravenes a settled rule of law or the limits within which such a custom can be upheld. See *Barnard v. Kellogg*, 10 Wall. 383, 390-394. Decisions upon that question are in great confusion. But whatever may be the doctrine in other respects certainly a custom relied upon to take the place of a settled principle of law, and therefore to have the force of law, ought to be as definite and specific in negating the principle as the law which it assumes to supplant is in affirming it. Judgment affirmed.

NOTE: This decision involves a collection transaction which occurred in December, 1920. The effect of the decision is largely overcome by the fact that, at the present time, Federal Reserve Banks collect checks under agreements with the banks from which they are received, which agreements expressly permit Federal Reserve Banks to accept exchange drafts in payment of checks forwarded for collection.

Regulation J of the Series of 1923, expressly authorizes Federal Reserve Banks "to present or send checks for payment in cash or exchange draft direct to the bank on which they are drawn." While this regulation has been suspended by the Federal Reserve Banks and is not now in effect, it is quite likely that it will be put into effect in a somewhat amended form in the near future.



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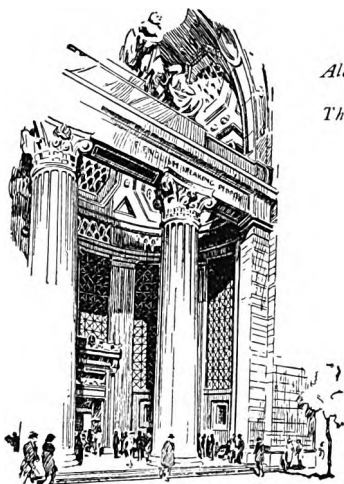
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The Philippine International Economic Position

By Vicente Villamin

THE overwhelming majority of the inhabitants of the Philippines depend on agriculture for support. And in a direct manner the fortune of Philippine agriculture rests on foreign markets. The basic problems, then, of the Philippines, are those involving international economics.

The principal products of the Philippines are sugar, hemp, cocoanut, tobacco, rice and corn, all being articles of international commerce, and, with the exception of hemp on which that country has a natural monopoly, highly competitive. The Philippines export approximately 75 per cent. of the sugar produced, 85 per cent. of the hemp, 90 per cent. of the cocoanuts in the form of oil, copra and by-products, and 85 per cent. of the tobacco, having an aggregate value of around \$100,000,000 a year. All the rice and corn produced are locally consumed. About \$3,000,000 worth of rice is imported annually to supplement local production to meet the demand.

Increased production will go entirely to exportable surplus. This naturally means more intimate relations with markets abroad. Since the Philippines are only on the threshold of economic expansion and development the problem of foreign trade should appeal to the Filipino people as one fraught with vital possibilities. Political and social institutions would collapse beyond identification if their economic foundation were removed.

Exported staples constitute the principal buttress to the economic structure of the Philippines. By their sales, credit balances are established abroad against which imports are debited. The standard of living is higher than two decades ago, the wants of the inhabitants are more diversified, and naturally the outlook of the entire country has

become more extensive and more ambitious. These manifestations of progress in an agricultural country, economically so largely dependent on foreign countries, demand conscientious and exhaustive examination of its international economic position.

WAGE STANDARDS AND THE PROBLEM OF CHEAP LABOR

The Philippines are the only Christian country in the Orient, having been under the influences of Western civilization for 300 years. Of all the tropical peoples the Filipinos have advanced the farthest, politically, socially and culturally, making for a higher and more expensive living standard. There are only 11,000,000 inhabitants in the Philippines, a country which can easily support five times that number, and within five days' steaming distance are crowded hundreds of millions of people who furnish labor at almost nominal compensation gaged by Philippine wage standards. This cheap labor, directed by highly organized European financial, industrial and commercial enterprises, produces in the neighboring countries all the exportable agricultural staples of the Philippines. With it, therefore, the comparatively expensive Philippine labor has to compete.

Can the Philippines survive this competition? The answer to this question furnishes the key to the fundamental economic problems of that country.

Geographically the Philippines are a part of that Far Eastern tropical domain that supplies the bulk of the raw materials needed in the temperate zone. That country bears the same distance to the consuming countries as the others surrounding her, and therefore does not possess the advantage of proximity. The Philippines control only an infinitesimal portion of the ocean-

carrying facilities, whereas transportation companies, agricultural estates, industrial establishments and overseas trading concerns are more or less operated under interlocking directorates in the competitor countries. Philippine products will therefore have only second-choice position in the European markets, generally speaking, besides requiring more expenditures to place them in those markets.

Besides this handicap there is the question of the tariff, which is coming to be a more and more important element in international trade. Recent events point whither national economic policies are headed to. In the British Imperial Economic Conference held in London last autumn the question of free trade within the Empire received the most serious consideration. It may be recalled that the members of the Empire enjoy only one-sixth preferential tariff treatment from each other. The colonies and dominions are a unit in advocating a full measure of imperial preference. The trend is clear that in time more articles, especially those produced within the Empire in competition with those outside, will be placed in the dutiable list. Australia has a tropical area greater than the entire Philippine territory, already producing sugar, cocoanuts, tobacco, rice, bananas, pineapples and fibers. British India and both the East and West Indies are formidable competitors in tropical raw and semi-manufactured materials. Tropical British Africa is undergoing intensive development. If ever the Philippines are to develop the rubber industry on a large scale, account will have to be taken of the low production costs of rubber in the Federated Malay States as well as in the Dutch East Indies. Although the government in England which espoused the imperial preference policy was overthrown, the fact remains that there are strong and decisive tendencies in the British Empire to establish free trade within and eventually, as a corollary, more extend-

ed and undoubtedly higher tariff walls on foreign countries.

POSITION OF THE DUTCH EAST INDIES

The position of the Dutch East Indies, with which the Philippines have to compete in production and marketing, deserves serious study. Under the new constitution of the Netherlands the Dutch East Indies was abolished as a colony and incorporated as an integral part of the Kingdom of the Netherlands. Before the World War the products of the Dutch East Indies were brought to the Rotterdam and Amsterdam markets and from there distributed to all parts of the world, including America. During and since the war this process was changed, and direct dealings with consumer countries, especially with America, were established. This caused critical commercial depression in the Netherlands as the function of that country as intermediary was greatly impaired and its exports to her colonies adversely affected on account of the reduced import credit balance. The new political status of the Dutch East Indies will, according to Dutch economists, induce more Dutch capital to invest in that territory to make up for the loss of the intermediate trade, which will mean more intensive and extensive development. More foreign capital will follow, and there will be greater economic expansion. Then there will be witnessed a competitor of the Philippines acquiring more sinews, more wealth, more power.

Japan and China are not competitors to any extent, although both of them are producing increasing quantities of sugar. As buyers of Philippine products they are relatively unimportant, their combined purchases representing less than 15 per cent. of the total exports of that country. China is infinitely more interested in selling to, than in buying from, the Philippines. To be sure Japan's ambition is to be a manufacturing country. She would buy very much more from the Philippines, perhaps she would be the largest buyer

of Philippine staples, if she had the assurance that her manufactured goods could enter the world's markets, especially the United States, free of duty. As the United States Tariff Law is the exclusive business of Americans, the logic of the situation argues that Japan will buy for local consumption only and not for fabrication for re-export.

WHERE DO THE PHILIPPINES STAND?

Pitted thus against lower production costs, more friendly markets in Europe, co-operating transportation facilities, more organized distributing agencies and stronger financial support, where do the Philippines stand and where does their opportunity lie? The matter of cost of producing a commodity involves both mechanical and human efficiency, besides the multitude of other considerations like capital, fertility of soil, climatic conditions, and natural destructive causes.

The Philippines are more healthful than any other country in the tropical Far East, and the Filipinos are more intelligent and normally should be more effective. These facts contribute to the attainment of higher efficiency. However, it is certain that the results from this advantage will be offset several times by the higher wages paid. In other words, the higher labor cost in the Philippines will militate markedly against her capacity to meet competition. Longer experience in modern production processes is with the neighboring countries, while the employment of advanced types of labor-saving devices and heavy machinery is not confined to any country. All in all, a competitive commodity can be produced at less cost in the competing countries.

To survive international competition, therefore, the cost of labor in the Philippines must be materially lessened. If Filipino labor will agree to a drastic reduction in wages the production of exportable commodities can be placed on a competitive basis. This step would naturally result in the lowering of the standard of living and marked social

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and economic retrogression. For a thousand and one reasons the Philippines cannot afford to deal this mortal blow on the producing class, the very backbone of the country.

The other way of meeting competition is to secure for Philippine products artificial aid like the tariff from a big consuming country. This aid the Philippines receive from the United States. It has been a great boon to that country. The humblest Filipino farmer and the smallest Filipino merchant receive benefit from it. Since it was extended to the Philippines the value of her exports increased from \$33,000,000 to \$120,000,000 a year. That the price of the exports came back to that country is shown by the proportionate increase in the exports. This means that the increased exports made for higher buying capacity, which, in turn, was translated into better homes, improved living con-



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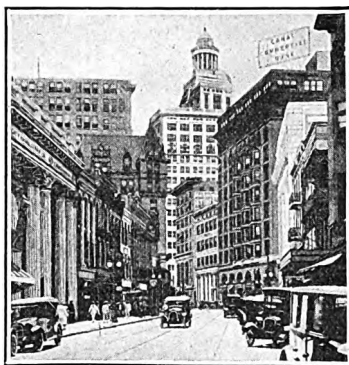
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ditions, bigger social and commercial undertakings, wider prospects in life and more power to embrace opportunities and realize aspirations. That all the income has not been thus spent, but kept in the country or used for pleasure and educational enterprises of Filipinos abroad, paying off interest on government debts, and the like, is shown by the fact that since the inauguration of free trade the Philippines have piled up a favorable trade balance amounting to a grand total of approximately \$75,000,000.

THE EFFECT OF FREE TRADE BETWEEN THE UNITED STATES AND PHILIPPINES

The effect of free trade between the United States and the Philippines is to place about 65 per cent. of the imports on the free list (the Philippines have their own tariff law) which brought fear to the bureaucrats that the Insular Treasury would be depleted. There would never have been the slightest fear on that score if it had been realized that free trade would bring great business expansion that would mean wealth to the country and increased capacity of the tax-payers to bear heavier tax burdens. Statistical data fully prove this. The customs collections today on 35 per cent. of the dutiable imports are greater than those formerly imposed on the entire imports. The reason is that the country is able to sell infinitely more now, so that 35 per cent. of the imported goods today is more than the entire imported goods then, and thus, of course, the purchases are infinitely greater. Internal revenue collections have increased from \$6,000,000 to \$17,000,000. The total government income has increased from \$15,000,000 to \$33,000,000. This bigger revenue has enabled the Philippine Government to build more roads and bridges, educate more children, undertake more extensive work in sanitation and social welfare, promote general economic advancement and generally accelerate the progress of the Filipino people.

The tariff protection extended Phil-



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XII

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ippine staples, which brought great prosperity to the Philippines, is quite heavy, and the Philippines will undergo a profound change involving economic retrenchment, vertical and horizontal reduction of the levels of production, diminution of government activities and general lowering down of standards if that protection is abolished. Sugar is protected at the rate of approximately \$50 a ton; cocoanut oil, \$56; cigars, \$5.50 a pound; embroideries, 75 per cent. ad valorem; wood, 25 per cent. ad valorem.

In 1922 the Philippines produced 483,706 metric tons of sugar valued, on the basis of prices prevailing in local municipal markets, at \$29,974,125. Nearly 75 per cent. of the sugar was exported, and of this amount 67 per cent. went to the United States, bringing \$20,010,245. About 85 per cent. of the sugar produced was 96-degree

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centrifugal, and nearly all the sugar sent to the United States was of this polarization. This sugar commands a rough differential of 1 cent a pound over the muscovado sugar, which was the output of the Philippines before the modern sugar centrals were established a few years ago. Oriental markets absorb mostly muscavado sugar. The tariff protection gave the Philippines during that year more than \$10,000,000, and the production of centrifugal sugar netted more than \$5,000,000.

More than 107,000 metric tons of cocoanut oil valued at \$15,000,000 were exported, of which 106,600 tons went to the United States. The local consumption in the Philippines during that year was less than 3000 tons. On account of the tariff on cocanut oil, about 99 per cent. of this article imported into the United States came from the Philippines, Java and Ceylon, the principal competitors, having been completely shut off. Manila cigars will have to be

sold at prices ranging from 200 to 400 per cent. more than the present prices if the tariff duty is levied on them. Hemp is free and so is copra, but the rest of the products are tariff-protected. There are growing industries and new ones that can be created which will prove profitable investments on account of the free market offered by the United States, the largest consumer of tropical raw materials.

AGRICULTURE DEPENDENT ON UNITED STATES TARIFF LAW

The conclusion deducible from the above facts is that Philippine agriculture, the keystone of the entire Philippine economic structure, is dependent on the United States tariff law for its prosperous and progressive existence. The international economic position of the Philippines is maintainable largely by the tariff protection given by the United States, which serves the double purpose of giving momentum to Philippine en-

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terprises and equalizing the costs of production with those of the competitors, thus guaranteeing to Filipino labor a scale of wages adequate to maintain and improve the present standard of living.

Economically and otherwise the Philippines are by far the bigger gainer from the relationship existing between them and the United States. The severance of that relationship would tell heavily on the entire economic and social structure of the Philippines, while its effect on the United States would hardly be felt or even noticed. Moreover that severance would be a great relief to the United States, while it is the beginning of tremendous worries to the Philippines. The economic position of the Philippines in a world often moved by economic motives should provoke serious and comprehensive thought among Filipinos who would build a country on firm and secure foundations, a nation that will endure and command the respect of other nations.



Great Britain

REDUCTION OF LEVY ON GERMAN IMPORTS

The realization in England that German exporters were, in effect, taxing the British consumer has led to a reduction in the levy on German imports. The London Conference of 1921 imposed a

levy of 26 per cent. on reparations account. The purpose of the levy was to enable Germany to use a painless method of paying on her reparations account. The German Government undertook to reimburse the German exporter on his impost payments, but a few months ago the government declined to make the payments on the ground of inability to do so. The German exporter then added the amount of the levy to his price to the importer.

The result of this has been that the British purchaser has, in effect, been paying German reparations in addition to buying German goods. Because of this development the levy was reduced in late February from 26 per cent. to 5 per cent. on all goods imported from Germany. The government announced the following arrangement.

In order to guarantee that no part of the levy shall be charged to the British importers, the German Government has agreed to arrange for compensation of the German exporters at a later date, and to make it a punishable offense to charge any part of the levy to the British importer.

Customs receipts in respect of all goods imported prior to March 26, at the rate of 26 per cent., will be reimbursed by the German Government in gold bonds.

BUSINESS AND THE LABOR GOVERNMENT

The first reaction on the part of the business world to the Labor Ministry was one of relief. This feeling manifested itself as early as the announcement of the cabinet, especially on

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learning that several posts would go to titled men. Premier MacDonald's early speeches and especially his first pronouncement on the convening of Parliament were also reassuring.

Nevertheless business is inactive and London markets especially so. The city's feeling is that while, as Reginald McKenna pointed out, the new ministry is moderate, this moderation results from compulsory circumstances. Labor seems determined to disappoint those who joined in an almost hysteric expectation of disaster. In spite of the new government's moderation there persists a feeling of uncertainty. The *New York Times'* financial correspondent in London reported as follows on March 9:

The absence of real financial activity has become a matter of general discussion in the city. At this season of the year it is customary to look for good business, not so much on the stock exchange as in those quarters whose activities go to make up our manifold international and domestic financial business. There has certainly been a fair output of new securities, but even this

is below what was promised. Nobody appears to be able to point to any individual factor of an unsettling character, which might explain this financial slackness. However there is a general lack of confidence and a feeling of unsettlement.

Nobody knows even from hour to hour what is going to happen in the exchange market, while labor is clamoring up and down the country for higher wages, and strikes and threatened strikes are hampering business. Moreover, domestic politics ring hollow. There is an underlying sense of unreality and insecurity. We have not yet become accustomed to a Labor Government.

LABOR GOVERNMENT AND THE CURRENCY

What was described as the event of outstanding importance to the London financial markets was the reassuring attitude of the Labor Government toward the monetary policy. The government announced, in reply to an interpellation, that it would be guided by the conclusions of the Cunliffe committee.

The London correspondent of the *New York Times* makes the govern-

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ment's decision the subject of a comprehensive report describing the significance of the Cunliffe Plan and of the government's action in following it. The *Times'* report reads:

What the Cunliffe committee recommended, several years ago, was restoration of the gold standard at the earliest possible moment, this to be accomplished through cessation of governmental borrowing as soon after the war as possible, through the establishment of an adequate sinking fund out of revenues for debt redemption, through regulation of money rates by the bank rate, limitation by law of fiduciary note issue, establishment of a central gold reserve of at least £150,000,000, free import of gold with exports controlled by the Bank of England, and transfer of all gold held by other banks to the Bank of England.

Owing to the extraordinary conditions immediately following the war, and to the subsequent period in which the complete financial collapse of several European countries has been witnessed, not all of these suggestions have been found practicable; but during the last few years the policy laid down by the Cunliffe committee has been followed in some important respects. Inflation by means of government borrowing from the Bank of England has ceased and a large measure of deflation has been carried out. All gold reserves are centered at the Bank of England and the fiduciary note issue limited by law, making the maximum fiduciary circulation in one year the legal maximum for the following year.

The city regards the government's statement as of utmost importance, not only because the economic principles followed during recent years have been sound, but because this declaration of the Labor Government that it does not propose to depart from those principles should finally dispose of the idea, which has been fostered abroad, that England was about to throw over the

policy which has given it relatively stable currency. It seems safe to assume now, however, that the mischievous statements and rumors which have been circulated abroad for the purpose of damaging Great Britain's credit will be finally disposed of.

REGROUPING OF BRITISH RAILWAYS

A report to the commerce department on the British railway reorganization during 1923, submitted by Trade Commissioner H. B. Allin-Smith, states that the consolidated railroads of Great Britain are now rapidly attaining a height of efficiency that surpasses pre-war operations in many respects. The outstanding accomplishments of 1923 fall into the following categories: Further co-ordination of new groups; introduction of modernized equipment and revised operating schedules; expanded replacement programs for unemployment relief; reduction of charges; preparation of standard tariffs, and revision of goods classification; adjustments of hours and service conditions of railway staffs; increases of traffic accompanying better trading year which require additional facilities.

By order of the Amalgamation Tribunal, the effective date of consolidation of the four railway groups was fixed at January 1, 1928. By the end of September the members found their task completed, so that the tribunal dissolved in October, 1928, leaving the new groups—London, Midland & Scottish, London & Northwestern, Great Western and Southern—controlling total route mileages of 7790, 6590, 3800 and



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2200 respectively. This area arrangement has paved the way for many co-operative changes that are hardly apparent to the railway user except in improved service. The rolling stock of all groups is in process of standardization, both as to color and design, and a small part already done stands to the credit of the first year of grouping.

France

FRANCE WINS BATTLE OF THE FRANC

An international exchange situation which had become known as the "Battle of the Franc" and whose ramifications extended into the European political situation came to a crisis in the week ending March 15 and ended in a victory for France. How spectacular was the advance of the franc during that week is shown by the fact that the week's gain of 1 1/3 cents restored the franc to the position as of January 11, the week's

gain winning back the losses of the two months' period. A new low level for the franc was touched on March 8 at 3.42—on March 15 it recovered to 4.78.

CAUSES OF THE FRANC'S DECLINE

Prior to the sudden change in the franc's standing, there had been a continuous period of decline. Just before January 1 it was at the 5 cent mark, and its steady loss in prestige took it below the Italian lira on January 14 bringing it steadily down to the new low of 3.42. The explanations of this decline have been various, but always it was maintained by the French that the situation at home did not truly account for the franc's fall.

In London the decline was explained by fear lest the Poincare financial reforms should fail to win in the Senate (as they had won in the Chamber of Deputies). The increase of 921,000,000 in the Bank of France's note circulation for the week ending March 1 was

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German financial genius has not diminished."

CAUSE OF THE FRANC'S RALLY

The cause of France's victory in this "battle of the franc" was a credit obtained in New York and in London. In New York the Morgan Syndicate extended a loan of \$100,000,000, and in London another credit of \$50,000,000 was secured by the Bank of France. The purpose of these credits was to enable the French Government to buy francs in the market in an effort to check the widespread selling hysteria that had set in.

The French Government during the sharp January decline had taken action to stabilize the franc and to improve the French financial position (which had been at least a contributory factor to the decline). That action had been legislative in nature, a program of retrenchment and increased revenue. The March decline of the franc, engineered as it was by speculators' operations, was a further challenge to the French nation and one that was taken up by the government. France, with the same preference for offensive rather than merely defensive operations, characteristic of her military genius, struck back. The loans obtained in New York and London gave her the weapon with which to fight the "wolves of international finance," as the *New York Evening Post* editorially described the speculators in exchange who made huge profits out of the mark and other depreciated currencies in Europe.

The situation changed almost over night and on March 15 it was reported that the French bankers were in a position to squeeze the speculators and that they were of a temper to do so. The loans from New York and London enabled France to trap the bears short 500,000,000 francs, and Amsterdam, recognized as the center of operations against the franc, was reported hard hit. The *New York Times'* Paris correspondent cabled that "when the bull operations began on Tuesday (March

seen as another cause. Rome was skeptical of the franc's rally, being influenced to that judgment by loans at the Bank of France. Berlin, naturally, believed, or pretended to believe, that the occupation of the Ruhr was the cause.

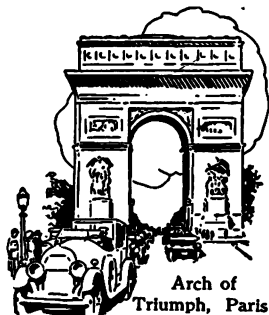
The acceleration in the rate of decline around March 1 seems, however, to be chargeable to operations against the franc on a very large scale on the part of speculators. This operation centered largely in Amsterdam. Officials of the Bank of France from time to time referred to a "conspiracy against the franc." During the early March break of the franc the French Government published an excerpt from the report of a Soviet agent in Berlin which read as follows: "The campaign against the French franc which is carried out very adroitly with great science proves that

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11) the bears continued two days selling francs for sterling and dollars, and the Paris bankers say that only on Thursday (March 18) did the selling by speculators cease."

AMERICAN INTEREST IN THE FRANC'S VICTORY

The dramatic crisis of the franc situation with its financial and political import, was closely followed and featured by the American press. The *New York Times* wrote as follows:

Rarely does an incident on the financial markets occur in such seemingly dramatic circumstances as to become the foremost topic of interest, even to people unfamiliar with finance. This happened frequently in the headlong fall of the German mark; it happened when sterling exchange fell from \$3.79 to \$3.18 in the first five weeks of 1920. The violent decline and equally violent recovery of the franc have had even more of an appeal to public interest.

The deeper meaning of the loans to France, as seen by the American press, received much editorial attention. A new chapter in financial and political developments in Europe is foreseen and the following editorial expression from the *New York World* indicates American opinion and hope:

It is not in itself the Morgan syndicate loan of \$100,000,000 to the Bank of France which has stampeded the speculative or

short sellers of the franc and ended the alleged enemy campaign to put the franc where the German mark is. It is the fact that the loan follows and rests on assurances of the French Government that taxes will be increased, expenditure cut down and other measures taken to balance the budget.

The important thing about the loan is thus its virtual international proclamation that the French budget is now to be balanced. It is for the purpose of effecting an immediate stabilization of the franc on the exchanges pending that more basic remedy.

SIGNIFICANCE OF THE LOANS

That this significance attaches to the credits advanced to France is shown by the statement made to the Morgan Syndicate by the Governor of the Bank of France. This statement follows:

After conferring with the government, I am in a position to assure you that complete measures are going to be taken to ameliorate the financial situation. As a matter of fact, the government will insist that the Senate (the Chambre des Deputes having already voted favorably) takes a rapid decision on the vote relative to the increase of the taxes, realizing the equilibrium of the totality of the budget, and ratifies a policy for suppressing all new expenditure which would not have its counterpart in corresponding receipts.

As long as the financial situation will not have been seriously ameliorated, the government will make no appeal for credit except for the funding of the floating debt, and subsequently it will issue no loan even for the completion of the reconstruction.

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the liberated regions without having assured the service of the loan by normal budgetary receipts. The Bank of France will continue to associate itself with all the efforts of the government and will itself take all the measures which are dependent upon it.

Italy

LIRA "FREED FROM BONDAGE"

Italian business experienced during February and March an upward swing based on the expectation that Mussolini will be victorious at the coming election. There was, also, much satisfaction over the firmness of the lira when other exchanges were oscillating, and it was felt that the lira had "freed itself from bondage to the reparations currencies." This firmness of the lira is ascribed to the fiscal policy of the government, the restoration of the budget, and more particularly to the recent policy of "economic discipline."

SUMMARY OF ITALIAN BUSINESS

The Rome financial correspondent of the *New York Times* reported in early March the following summary of business conditions in Italy:

Italian production continues with normal regularity but without prospects of any notable variation in exports. These continue in the main satisfactory, though the trade balance shows a considerable excess of importations. The period from July to February shows decreased importation of wheat and cotton, but notable increase in import of petroleum, gasoline and alcohol. The smaller importation of wheat is due to Italy's own excellent harvest in 1923.

The Italian cotton industry is only just beginning to show good recovery. In the last six months, capital invested in all new business enterprises in Italy increased 1,116,000,000 lire. Deposits in the savings banks are also increasing steadily.

As regards the general European trade outlook, Italian financiers look for substantial increase in international trade between England, France and Germany if MacDonald and Poincare can work out a satisfactory agreement after the impending decisions of the Dawes Committee on Reparations have been made. The recent slight depression in the Austrian crown is explained by the constant increase of a trade balance unfavorable to Austria, which has forced the National Bank at Vienna to sell 11 per cent. of its foreign currency. This is naturally not regarded as a good symptom, since it shows that Austria has not yet reached settled commercial conditions.

The reason why the lira has successfully maintained its position in international markets during the disturbance in the franc, is ascribed to the more optimistic view now taken abroad of Italy's economic capacity. There is also a smaller amount of Italian currency available for foreign speculators as a result of the constant decrease in the note circulation and the deflation of treasury bonds.

COMMERCIAL SIGNIFICANCE OF THE ITALO-JUGOSLAVIA TREATY

The signing of the accord between Italy and Yugoslavia regarding the points at issue in the Adriatic was held to promise much business gain for both countries. In an editorial on the commercial significance of this treaty the *London Economist* said:

The whole hinterland is now the commercial prize of the Delta and Porto Barros,

a stone's throw away, which are annexed to Jugoslavia. The line of partition is as awkward from the practical point of view as that which was recently driven across Upper Silesia; but in this case, as in the other, the authors of the arrangement would probably contend that ultimate success depends, not upon the local topography, but upon the psychological relations of two great nations with one another. If the Fiume Agreement really removes the tension between the Italian and the Yugoslav peoples, and enables them to deal with questions of common interest in an amicable and reasonable manner, no insuperable economic barrier need be involved in the new political boundary. Indeed, its very awkwardness may lead, all the more quickly, toward its being surmounted in the economic sphere. Italy will desire to secure trade for Fiume, Jugoslavia to secure facilities for a greater volume of trade than Porto Barros and the Delta can handle. Given mutual goodwill, it will be strange if these factors do not soon restore Fiume at least to that level of prosperity which she enjoyed while port and hinterland were united, politically as well as economically, under the Hapsburg flag.

ITALIAN NEWS NOTES

Imports of agricultural machinery into Italy during the first nine months of 1923 were valued at 16,578,532 lira, a gain of almost a million lira over the corresponding period in the preceding year.——Italian commodity prices for 1923 have just been compiled by Professor Bachi (his figures are accepted as standard in Italy). These figures show reductions, except in textile materials, minerals and metals.——The estimated deficit for the current six-months' period has been placed at 206,000,000 lira instead of at the original estimate of 1,300,000,000. Increased revenues and decreased expenditures make this reduction possible.——Bank clearings reflect the increased financial activity throughout Italy, reaching 80,548,000,000 lira in October as compared with an average of 55,000,000,000 lira in the final quarter of the preceding year.——In December 1923 new capital investments in industrial enterprises totaled a net investment of 60,000,000 lira. For the entire year the net increase was 2,130,000,000 lira. Total corporate capital in

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Italy on January 1 was 23,824,000,000, an increase of 10 per cent. over 1922.——On March 12 an agreement was signed in Rome for a loan by Italy to Poland of 400,000,000 lira (at normal exchange, about \$20,000,000).

Germany

OBSERVERS PREDICT GERMAN REVIVAL

Of interest from the point of view of the German business revival are the views of two authoritative observers who predict great German recovery. G. E. Tripp, chairman of the board of directors of the Westinghouse Electric and Manufacturing Company on his return from Europe said: "But behind every phase of the individual and commercial situation in Europe lies Germany. She possesses unequaled industrial resources, both as to physical plant

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and trained men, and she will quickly place herself in position to challenge the leadership of any other nation just as soon as she can free herself from her present difficulties."

Dr. Alfred Zimmerman, the League of Nations Commissioner in the Austrian rehabilitation also predicts rapid German recovery once certain conditions are met. He said that as soon as a stable currency is given Germany the world will be astonished at the rapidity of her national recovery and her capacity to pay reparations.

Commenting on Dr. Zimmerman's views the *New York Times* said editorially:

This view bears out the conclusions of many others familiar with German conditions. The change inside of Germany even since the temporary stabilization of the mark has been extraordinary. Industry has revived, prices have declined and the food shortage has been alleviated. This has been done with a precarious form of stabilization, and while Germany still is under the handicap of the Ruhr occupation. How much greater the improvement would be with a sound currency, with re-established finances, with large commercial credits, and with no economic barriers separating one part of Germany from another, can readily be imagined.

German currency, finance and business continue to improve, and in certain lines, notably in the textile and clothing branches, something of a boom is under way. It is reported that for the first time since the war Germans have begun to buy in quantity high-quality goods.

The Eastern Fair at Konigsberg was a great success. For the month ending February 15 unemployment dropped almost 300,000. In addition to textiles, the iron industry also reports great activity. Up to March 9 thirty-four agreements had been signed by industrial branches in the occupied regions with the French Rhineland Commission.

PROGRESS OF COMMITTEES

One of the New York newspapers pointedly observed that everybody was able to tell just what the Dawes Committee would recommend except the best-informed financial experts. Certainly, there have been plenty of announcements, more or less semi-official in nature, of what the committee would recommend.

Among these "reported" conclusions will be:

First—A bank of issue to give Germany good money, this bank to be internationally controlled to keep it out of reach of the German Government.

Second—A moratorium for cash payments to give Germany a chance to recover financially.

Third—A loan to be raised as soon as possible on the security of Germany's railroad system as a whole to enable Germany to meet payments for reparations in kind during the moratorium period.

Fourth—A budget with a section for reparations into which shall go the surplus over the actual cost of running the government, certain revenues—for instance, a part of the customs—to be definitely earmarked for this fund.

Fifth—A system by which revenues from



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the state monopolies may be used to raise the loans Germany may need.

Sixth—International supervision of Germany's fiscal system to see that she carries out her part of the bargain.

Seventh—A direct lien on the German railroad system for the Allies in return for Franco-Belgian surrender of the Ruhr and Rhineland railroads, this lien to be a guarantee for reparations payments.

The plan for international audit of German finances is the result of French suspicion of Germany's good faith and it is felt to be necessary in order to make certain that the expected budget surplus in Germany shall be applied on reparations. . . . The gold bank plan has received much publicity. It is of interest that such a plan was suggested before the meeting of the Dawes Committee by G. Vissering, head of the Netherlands Bank of Issue. Dr. Schacht, president of the Reichsbank, is strongly in favor of this proposition and on March 7 he explained it to the Budget Committee of the Reichstag. . . . The international receivership of German railways is described as the basis of the experts' reparation plan.

It is the opinion of the experts that German industry, being free from debt, with excellent machinery and a first-class transport system, is in the position to produce enormous wealth when Germany gets seriously back to work with her reorganized economic system. It is their impression that if taxes were placed upon this industry proportional to the tax paid in England, France and

the United States the Germans, having no large military machine to support, can pay over and above the running costs of the government a handsome surplus which can go to reparations payments.

ESSENTIAL ECONOMIC SOUNDNESS

The findings of the Dawes Committee with respect to the German railway systems and other industrial factors constitute the most significant fact, so far announced, of the experts' inquiry. Sir William Ackworth, expert supervisor of Austrian railroads under the League Loan provisions, and M. Leverve, a French engineer, were appointed as experts to investigate the German railways. In their report to the Dawes Committee they stated it to be their belief that the railways of the Reich could, properly managed, yield a profit of 800,000,000 gold marks.

It is for this reason that international control of German railways forms the basis of the Dawes plan, as so far known. The sub-committee on the German budget is understood to have reported to the full committee that as soon as German finances have been re-established during the proposed period of a two or three year moratorium, Germany should have a surplus of at least 4,500,000,000 gold marks annually to apply to reparations. The gist of this sub-committee's report is: That Germany can pay the total the Allies ask.

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Austria

AUSTRIAN REFORMS AT THE TEST

Financial Vienna now feels that the most difficult part of Austria's reconstruction has been reached and that the reform measures are now at the test. The disappearance of the favorable industrial situation caused by inactivity in the Ruhr has produced a period of stress in Austria, and unemployment is increasing. Meanwhile, the heavy taxes imposed to meet the requirements of economic reconstruction are being severely felt.

The government, however, does not propose to reduce taxation, even for the sake of assisting private enterprise. In Chancellor Seipel's words, "the greatest sacrifice must be made to shorten the period of reconstruction, and timidity in the tax levy would only prolong the process of recovery indefinitely."

AUSTRIA WARNED OF PERILS

Although Austria has made remarkable recovery during the last year and has been used as an example "to point a moral and adorn a tale," the people of Austria are warned that their heroic efforts must not be slackened. Dr. Zimmerman, the League of Nations Commissioner at Vienna, and the leading figure in Austria's reconstruction, in his latest report, covering the entire fiscal year, took occasion to state that extravagances must end if the financial reforms are to win.

Dr. Zimmerman pointed out that if judged only by figures the second year of reconstruction would appear to be easier, but he argued that the continuance of reform calls for a change in the attitude of the Austrian people. On this point the commissioner said:

If their efforts are to be successful, there must first be a change in the whole atmosphere in which the work of reform is being pursued, there must be a return to notions of



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economy and saving the full significance of which has not yet been grasped by the public.

LEAGUE CONTROL MAY BE EXTENDED

Because of the fact that state expenditures have not been cut according to the schedule made by the Economic Section of the League of Nations, the control exercised over the finances of Austria may be extended. It is held to be certain that by the end of the period of control foreseen by the League the budget will not have been reduced within the limits desired, and for this reason extension of control is being discussed.

The prospect is favorably considered in business circles. The heavy taxation which has produced the favorable balance sheet shown during the past months in Dr. Zimmerman's report is a great burden on trade and industry. There is little chance of its being reduced without losing advantage of a sound budget unless expenditure is cut down to the extent foreseen in the

League's plan. It is felt, if it is left to the Austrian Government to complete the plan next year without the moral support of the League of Nations behind it, there is little chance of this being done.

BUDGET DISPUTE IN AUSTRIA

The report made by Commissioner Zimmerman, referred to above, led to a controversy that may lead to an international incident. The Austrian Minister of Finance Kienbock took exception to certain passages in the Commissioner's report and a sharp difference of opinion developed regarding the state budget. When Dr. Zimmerman left for Geneva to report on the Austrian situation to the League, Minister Kienbock also went to attend the conference to present his case. It was regretted that this situation arose, the more so because of the fact that it came in the midst of the preparations for the Hungarian loan.

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AUSTRIAN NEWS NOTES

The returns of the National Bank of Austria at the beginning of the year are extremely favorable, as they show decreased note circulation and that the gold reserve is now 55 per cent.. as against 30 per cent. a year ago.—— Vienna reports that the receipts from customs and tobacco taxes, which had been assigned as security for the reconstruction loans, amounted to five times the sum required monthly for the loans, the excess over the monthly requirement being nearly 15,000,000 gold crowns.

——Austria and Roumania have conducted negotiations looking toward a trade pact. Austria is especially eager to alleviate food conditions and will furnish rolling stock and rail repairs in exchange.

Holland

HOLLAND AND THE RUHR

The commercial axiom that trade recognizes no national boundaries is strikingly illustrated by the effect on Holland's business conditions of French occupation of certain German territory. At the beginning of this year Dutch business circles experienced a decided feeling of optimism, the cause of which was the cessation of passive resistance in the Ruhr. "From a purely Dutch point of view," says the London *Economist*, "Germany is still so important that every indication of a re-

turn to normal conditions in that country is a fact to be eagerly welcomed."

Statistical proof of the relation between Ruhr activity and Dutch prosperity is given by the following figures:

(a) Between January and November 1922 clearances of Rhine craft at the Dutch frontier amounted to 9,800,000 tons inwards and 11,600,000 tons outwards. For the period January-October, 1923, the tonnage was 5,000,000 and 7,700,000 respectively.

(b) During January to November 1922, imports from Germany amounted to 562,000,000 guilders. For the corresponding period of 1923 the figure was 453,000,000 guilders.

Activity in the Ruhr is, therefore, welcomed in Holland as presaging a trade revival.

HOLLAND AND GERMAN CURRENCY

Because of the fact that depreciation of the German currency has inflicted great harm on Holland, not only in trade and industry, but also from a purely financial point of view, the attempted currency reforms in Germany are a matter of moment to Dutch financiers, and events are closely followed.

The depreciation of the German currency was harmful not only to the thousands of Dutch people who suffered direct losses by the purchase of millions of marks, but also was disastrous in its indirect consequences. The Amsterdam correspondent of the London *Economist* analyzes the repercussive effects in

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Holland of the collapse of the German mark as follows:

1. There are approximately 300,000,000 guilders in the hands of foreigners, mostly German. This transfer of national currencies, which came about through the purchase by Dutch people of paper marks, now worthless, makes it impossible to restrict the circulation of paper currency by the Netherlands Bank.

2. Other German capital, which found its way to Holland by other channels, has also for a number of years helped the state actually to live beyond its means and made money readily obtainable for various expenditures, as a result of which there is now a floating debt of more than 600,000,000 guilders. Recently, there has been restriction in state expenditure. Coincident with this changed governmental attitude there has occurred some measure of return of German capital to its home, probably as a reflex of currency reform begun in Germany. One immediate effect of the departure of some German capital was the undersubscription of the recent issue of Holland Treasury notes. Whereas in 1923 all such issues were promptly oversubscribed the last issue, of 115,000,000 guilders, was absorbed only to the amount of 79,000,000.

3. The third effect of depreciated German money was the invasion of Holland by German undertakings. German capital, in order to escape losses through depreciation of the home currency, has forced its way into Dutch industrial undertakings and has, in many instances, ousted Dutch concerns. This has been particularly the case in the banking world. Recent investigations revealed the fact that in Amsterdam alone there are fifteen banks, the German origin of which can be proved.

Every day, says this Amsterdam financial expert, new commercial undertakings are established, with good Dutch names and Dutch directors, but which are in reality German concerns. To a certain degree this influx of German capital and enterprise would not in itself be bad for the commercial life of Holland, but it has assumed such proportions as to constitute a grave menace to Dutch interests. All of which, incidentally, is of surpassing interest in view of the aim of the committee investigating German capital exported to escape depreciation losses.

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Czechoslovakia

YEAR OF RECOVERY

A review of the developments of the year 1923 as affecting Czechoslovakia shows that it was a year of considerable progress toward recovery and prosperity. One of the chief gains was that of recovery from the "deflation prices" of 1922, which were caused by the doubling of the Czech crown exchange. There was improved activity in most industries in the last quarter of 1923. Unemployment dropped from 350,000 in 1922 to 180,000 at the end of 1923. For the first nine months of 1923 the average monthly export surplus was 248,000,000 crowns.

One of the chief factors in the industrial activity of Czechoslovakia was the shortage of iron and coal created in unoccupied Germany by the occupation of the Ruhr. The resumption of industrial operations in the Ruhr during the last two months of 1923 had an im-

mediate repercussion in Czechoslovakia, which thus lost very largely the German market. The iron and steel industries experienced an adverse effect from the Ruhr activity.

The November foreign trade balance shows decided improvement over those of October and September, and the export surplus totaled 180,000,000 crowns. Toward the end of the year there was a radical change in the trade policy whereby the government abolished restrictions on the import of a large number of important wares. The budget for 1924 calls for a reduction in governmental expenditure of 19 per cent. as compared with 1923.

LEAN PERIOD FOR CZECH TEXTILES

One striking exception to the general industrial activity in Czechoslovakia is the depression of the textile industry. This industry is operating at about 40 per cent. of normal capacity. In order for this industry to thrive, exports of

textiles must be developed on a large scale for the reason that only about 20 per cent. of the production can be consumed by the home market.

The difficult situation in which this industry now finds itself is attributed to the high production costs which, in turn, are attributed to the rapid appreciation of Czech currency during 1922. The industry has not as yet been able to adjust its production costs to the increased exchange value of the currency. This situation has made it possible, during the past two years, for British, French, Polish and Italian mills, which are the rivals of the Czech mills, to invade the markets which formerly were monopolized by the Czech factories.

THE SUGAR INDUSTRY

In an article on the Czechoslovakian sugar industry the London *Economist* develops the point that the present scarcity of sugar in the markets of the world, together with the fact that Czechoslovakia is the chief European country which has exported sugar since the war, gives significance to the development of this industry. A record of production and export of sugar shows a gain in production of 237,031 metric tons for 1922-1923 over 1919-1920. Exports of sugar increased 228,555 metric tons for the period 1922-1923 over 1918-1919.

The government is making efforts to increase the acreage devoted to sugar beet production. Recently the government prohibited exportation of sugar, but the Minister of Commerce now proposes to modify somewhat this sweeping order and to permit exportation upon payment of a tax of 30 Czech crowns (or about 90 cents) on each quintal (220 pounds) sent out of the country.

Jugoslavia

FISCAL DISTRESS

The shortage of money, which continues to be very acute, has been responsible for the closing down of more

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businesses and the failure of several banks. In commenting on this situation the correspondent of the London *Economist* considered the bank failures not surprising in view of the rapidity with which new banks sprang up during the inflation period. (In Belgrade and Zagreb fourteen new banks have been founded since the war.) The great amount of speculation in the dinar is also regarded as a contributory factor toward the financial disturbance.

BUDGET AND TRADE

The 1924 budget is balanced, both receipts and expenditures amounting to 10,344,000,000 dinars. Most of the receipts come from indirect taxation, such as customs, tolls and taxes. State monopolies yield 2,500,000,000 dinars, while direct taxation accounted for 850,000,000 dinars. The stoppage of

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German reparations caused great excitement in government and financial circles. A direct result of the non-payment of German reparations was the postponement of the visit to the United States of the Commission to discuss the national debt.

The commercial treaty with Austria is expected to further exports, as Austria takes more than one-third of Jugoslav trade. The accord with Italy also includes important economic clauses. Preliminary steps have been taken for trade treaties with Hungary and Albania.

An event of considerable importance to Jugoslavia was the formation of a new shipping syndicate, to comprise the ships belonging to the state and those of the Serbian Shipping Company. The capital will be 150,000,000 dinars, 51 per cent. subscribed by the state and

49 per cent. by the company and private shareholders.

Poland

GOVERNMENTAL CONCESSIONS

In line with the announcement made by M. Kucharski that the Polish Government would obtain a loan of \$40,000,000 secured on a lease of the tobacco monopoly for forty-five years to a foreign concern, negotiations have been carried on with two Russians, connected with the Russo-Asiatic Bank of Paris. Negotiations have also been conducted for the concession of exploitation rights in the Bialovesha Forest, over about 300,000 acres of virgin woods. A British concern is competing for this concession with a Polish concern financed by Austrian capital.

BANK OF ISSUE

The cabinet on January 19 approved the statutes of the Bank of Issue. Under the terms of these statutes the government will own 25 per cent. of the shares and will appoint the director and the vice-director. Its indebtedness to the bank will be limited to 50,000,000 gold francs (\$10,000,000) and it will not be authorized to issue currency, a privilege which will belong exclusively to the bank.

The government will hand over to the bank all property now belonging to the Polish State Loan Bank, as well as the metal reserve, and in this way will increase its credit to a total of 100,000,000 gold francs. The bank is not expected to open for some months.

OIL PRODUCTION RECOVERING

In view of the present special interest in oil in all parts of the world special significance attaches to the gradual recovery of this industry in Poland. The maximum production of this commodity was reached in 1909 when 2,076,740 metric tons were produced. There followed a decline in 1911 due to damage by water. Then came a period of in-

creased production which was terminated by the destruction done by the retreating Russian Army in 1915. Another period of increased production was ended by the invasion of the Soviet Army in 1920, when production fell off to 704,870 metric tons or 1,371,870 tons less than in 1909.

The year 1923 showed an increased production of 5 per cent. over that of 1922. Owing to the previous exhaustion of stocks, however, refinery output is said to have declined, with the result that markets in Austria, Czechoslovakia, Hungary and Germany have been affected, these countries having been Poland's best oil customers. Because of the world-wide significance of oil and this recovery in Poland there is special importance to the commercial agreement contracted between Poland and Great Britain at Warsaw on November 26 last whereby favored-nation treatment is accorded in everything pertaining to commerce and by which associations and companies established for the development of the petroleum industry and regarded by the two contracting nations as being of British nationality are to enjoy all the rights and privileges accorded to any other company of any third power.



International Banking Notes

The National Foreign Trade Convention will be held at Boston, June 4, 5 and 6, next. Indications are that this will be one of the most successful conventions yet held. This is the first time the convention has been held in New England, the birthplace of American industry. The central theme of the convention will be "Our Need for Wider Markets."

This is also the first time that a session specially devoted to the interests of importers has been included in the program. It will be held in co-operation with the National Council of American Importers and Traders.

In sending the call for the convention to all Americans engaged in foreign trade, or

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connected with any factor of our international commerce—agriculture, education, industry, finance, or transportation—James A. Farrell, president of the United States Steel Corporation and chairman of the National Foreign Trade Council, has cordially invited all chambers of commerce, boards of trade, national and state associations, and other industrial and commercial organizations, to be represented.

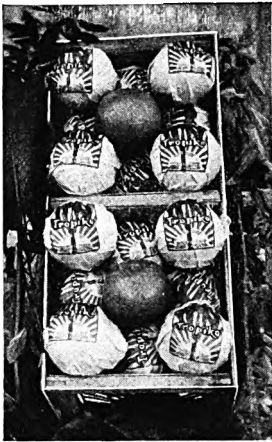
Mr. Farrell declared that the present foreign trade situation of the United States offers an inspiration and encouragement to American foreign traders.

The program promises to be an unusually interesting one. The names of the speakers will be announced at a later date.



For payment of interest on the debt of the Dutch East Indian Government during 1924 merely 14 per cent. of the ordinary revenue had to be set aside.

The statistics of capital invested in agricultural enterprises in these Indies show that



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in the last five years large extensions have taken place. They ensure greater prosperity in the near future, not only to the inhabitants but also the government. This latter collects income taxes at the source and operates the harbors, as well as part of the railroads.

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Banco de Descuento, Guayaquil, Ecuador, is making a specialty of financing exports to Ecuador on the basis of irrevocable letters of credit, enabling American exporters to obtain cash in New York against shipping documents. On December 31, 1923, this bank had total resources of over \$13,000,000. It has a capital of \$6,000,000 and a surplus of \$166,279.

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The first complete returns of the Austrian National Bank for 1923 show that note circulation during the year increased by 230,000,000 gold crowns, an expansion of 75 per cent. But ready cash in the reserve, including sound foreign currencies, also increased by 228,000,000 gold crowns. The bank is thus steadily approaching a full covering of its circulation; the percentage at the end of 1923 amounted to 58 per cent.

It is shown that the adverse foreign trade balance of 1923 had no effect on the bank's reserve, the increase of ready cash having been larger than the Government's deposit of residue from the League of Nations loan. There is also some confirmation of the be-

lief that the deficiency in the trade balance is compensated by profits in intermediate trade and of Austrian banks.

The stock of foreign currencies at the National Bank was increased during the recent bank strike, numerous customers being obliged to deposit foreign currencies in exchange for paper crowns, the circulation of which simultaneously increased by 600,000,000,000. The bank's directors announced that they were doing their utmost to restrain this "strike inflation."

The National Bank will pay a dividend of 8½ gold crowns for the first business year. Deducting the coupon, this makes the interest on the shares at their present quotation 10 per cent.

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Russian advices show that the Soviet paper ruble is now practically extinguished. After its rise late last year in relation to the tchervonetz it declined again, and the government then decreed that no more ruble notes should be issued after February 15, when the ruble printing plates should be removed to the National Museum.

It was hoped that the ruble would be stabilized on the lines of the German mark, so that it should be used practically as a token currency. Since that time, however, the ruble has fallen from the rate of 80,000 to 1 tchervonetz to the rate of 500,000. It is now stated that the Soviet has decreed the circulation of its first silver coins; these to go exclusively among the

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Ernest A. Hamill	Charles H. Wacker



Foreign Exchange

Letters of Credit

Cable Transfers

peasants in order to revive their confidence in the currency.

⊙

William Whyte has been appointed manager and John Robb deputy-manager of the Royal Bank of Scotland in London. Mr. Whyte became joint manager with the late Mr. Dick two years ago, when Mr. Wallace retired. He is very well known in London, having been in the London office of the Royal Bank for over twenty years. Mr. Robb, who is a son of one of the bank's managers in Scotland, came to London as joint accountant two years ago from Edinburgh, where he had considerable experience in the inspectors, law, and security departments.

⊙

British Imperial coins which have hitherto circulated in South Africa will be withdrawn following the issuance by the government of the Union of South Africa of silver and copper coins of its own, according to William E. Vaughan, American Trade Com-

missioner at Johannesburg, in reports to the Department of Commerce.

The new coins, which will be in denominations of half-crowns, florins, farthings, shillings, sixpence, threepence, pennies and half pennies, will be issued from the mint at Pretoria.

⊙

The Bulgarian Consulate General has announced a ruling which affects all holders of Bulgarian bank notes in the United States. The new ruling provides that the owners of the old notes residing outside of Bulgaria will not receive the new Bulgarian bank notes, but instead currency of any country in which they may reside or they may desire, as the new Bulgarian currency will not be permitted to be exported. Holders will be paid at the current rate of exchange.

⊙

The statement of condition of the London Merchant Bank, Limited, for the year ended December 31, 1923, showed net profits, after making provision for bad and doubtful

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

debts, amounting to £24,575. Of this amount the dividend on the "A" shares at the rate of 7 per cent. absorbed £8655, leaving the sum of £20,919 to be carried forward. The bank has total resources of £3,481,540, and a paid-up capital of £789,545.

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The statement of condition of the Imperial Bank of India, Calcutta, for the half-year ended December 31, 1923, showed net profits amounting to Rs. 49,13,332, which with Rs. 19,07,825 brought forward from the half-year ended June 30, 1923, made a total of Rs. 68,21,157. This sum has been disposed of as follows:

	Rs.
In payment of a dividend to the shareholders at the rate of 16 per cent. per annum free of income tax	45,00,000
Transferred to reserve fund	10,00,000
Transferred to pension funds	3,00,000
Carried forward to profit and loss account of the current half-year	10,21,157

The bank's report says regarding the last half year that:

"The half-year opened with a 4 per cent. bank rate and money easy. Dullness of trade characterized the period up to November 15 when the seasonal demand for the finance of the cotton crop set in, and the bank rate was raised to 5 per cent. From then onwards money rapidly became scarce and the bank rate was raised to 6 per cent. on November 29, and 7 per cent. on December 20, when it was found necessary to borrow 4 crores from the paper currency reserve against trade bills in order to strengthen the cash resources. This was subsequently increased to 8 crores on December 28. The average bank rate for the half-year was 4.5 per cent."

Since the publication of the report for the half-year ended June 30, 1923, seven new branches of the Imperial Bank have been opened, viz., Gorakhpur, Hathras, Jaipur, Viramgaum, Yeotmal, Ambala (Canton-

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with the Argentine and Contiguous Countries

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ment) and Peshawar City. The Simla Town Office was closed on December 22, 1923.

During the half-year Sir Robert Aitken resigned the bank's service and S. A. H. Sitwell was appointed managing governor in his stead.

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The statement of condition of the Central Bank of India, Limited, Bombay, for the year ended December 31, 1923, showed net profits for the year, including the sum of Rs. 1,06,967, brought forward from the previous year's account, amounting to Rs. 22,41,578. This sum has been disposed of as follows:

	Rs.
To ad-interim dividend paid for the half-year ended June 30, 1923 on 2,00,000 shares of Rs. 25/- each	3,50,000
To final dividend at the rate of 10 per cent. per annum (free of income-tax) for the half-year ended December 31, 1923, on 6,72,528 shares of Rs. 25/- each	8,40,660
To bonus at 1 per cent. (free of income-tax) on the paid-up capital of Rs. 1,68,13,200/- i. e., four annas per share on 6,72,528 shares	1,68,132
Set aside for income-tax and super-tax and bonus to the staff	2,40,000
Carried forward to next year's account.....	6,42,781

The annual report of the board of directors of the Central Bank of India says that:

"The result of the bank's working, as seen from the balance sheet, justifies the action of the directors in bringing about the amalgamation with the Tata Bank, and this result, the directors feel confident, will be a source of gratification to the shareholders.

"In order to remove, once and for all, any misapprehension in regard to the amalgamation with the Tata Bank and also in regard to the industrial and other investments of that bank, the directors think it desirable to place before the shareholders the following detailed information, which, in the ordinary course, is not customary or necessary to be included in the bank's annual report.

"By an extraordinary resolution passed by the shareholders in July 1923, the capital of the bank was increased to Rs. 8,50,00,000/-. After confirmation in August 1923 of the agreement for amalgamation we took over the Tata Industrial Bank, Limited, as a going concern as from July 5, 1923, on terms of exchanging one share of the Central Bank for two shares of the Tata In-

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Capital	£ 75,000,000
Reserve	£ 36,500,000

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dustrial Bank, Limited, crediting the amalgamated capital account with Rs. 25/- and reserve fund with Rs. 15/- for every new share issued, making Rs. 40 for every two shares in the Tata Industrial Bank, Limited, against their paid-up value of Rs. 45.

"The subscribed capital of the bank now amounts to Rs. 3,86,26,400/- with Rs. 1,68,13,200/- as paid-up and a reserve fund of Rs. 1,00,00,000/-. With this increase in the

bank's capital and reserve, we are offering greater security to our depositors and feel confident of expanding our business by extending better facilities to the mercantile community."

During the year the Central Bank opened a branch at Ahmedabad and closed the London office of the Tata Industrial Bank, Limited, appointing Lloyds Bank, Limited, as London agents.



Commercial Credit Company

IN submitting the twelfth annual report of the Commercial Credit Company of Baltimore, the chairman of the board, A. E. Duncan, gave the following information respecting the company's operations:

This report shows the consolidated result of operations of the company, including its branch at San Francisco; and its affiliations, Commercial Credit Corporation, New York, with its subsidiary at Montreal; Commercial Acceptance Trust, Chicago; and Commercial Credit Company, Inc., New Orleans. As the company owns all of the common shares of the affiliated companies, all of their respective earnings above interest and dividends on preferred stock accrue to the benefit of the stockholders of the company.

This report further shows the financial statement at December 31, 1923, of the company and of each affiliated company, after all bad or doubtful items have been charged off. The assets of each company are in first-class shape as shown by the analysis of receivables appearing below the financial statement of each company.

The company began business June 15, 1912, with a cash capital of \$300,000, which through various increases and earnings (affiliations included) has grown to a consolidated net cash capital, surplus and undivided profits of \$17,514,364.29, with aggregate resources of \$64,208,624.31 on December 31, 1923. The number of employees has likewise grown from 5 to 1057 and the combined volume of business for 1923 was \$170,384,600.32.

The New York company was purchased October 22, 1922, and for a few months earnings there were absorbed in setting up proper "unearned" charges which previously had been credited in advance. The New York company and its subsidiary at Montreal have shown splendid progress, their organizations are in first-class shape, and their combined net earnings from operations for 1923 were \$413,853.11.

The reduction of \$150,504.86 in the surplus and undivided profits in the consolidated financial statement between November 30, 1923, and December 31, 1923, is due to payment of common stock dividend for three months ended December 31, 1923; annual bonus to employees paid during December; the cost of additional financing; and usual sundry end of the year adjustments.

In 1923 the company and its affiliations financed the sale at retail, upon time, of 179,226 motor vehicles, involving an average obligation of only \$445.05 per car at time of purchase.



A. E. DUNCAN

Chairman, Commercial Credit Company

Practically every employee of the company and its affiliations is now a common stock holder of the Baltimore company.

The financial success of the Commercial Credit Company is indicated by the fact that since its inception June 15, 1912, it has never failed to earn and regularly pay full dividends on outstanding preferred and preferred class "B" stocks, and since July 1, 1913, it has paid from 6 per cent. to 16 per cent. annual cash dividends on its outstanding common stock. From January 1, 1924, \$1.50 a share will be paid on its no par value common stock. In addition the company has paid several substantial common stock dividends.

The officers of the Commercial Credit Company are: A. E. Duncan, chairman of the board; William H. Grimes, president; R. Walter Graham, vice-president; S. G. Rosson, vice-president; E. C. Wareheim, vice-president; J. J. Mack, secretary; F. M. Nicodemus, treasurer.



THIS sunny, spacious main banking room of the new home of the First National Bank of Fort Wayne, Indiana, is carried out in Missouri gray marble and bronze. There are five large skylights in the ceiling, with clerestory windows on both sides of the room. At either end is a handsome mural painting of historic nature.

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Bank Auditing and the Auditing Department

Article XIII of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, Elizabeth and Hudson County (New Jersey) Chapters, American Institute of Banking

THE purposes of audits and examinations are similar, yet quite distinct. Audits are undertaken, and the auditing department maintained, in the interests and for the purpose of safeguarding stockholders. On the other hand, it is the main object of examinations to protect the public, and primarily the depositors. Incidentally, however, in safeguarding depositors, examinations, perforce, also protect the stockholders.

Audits are non-official, mostly internal (conducted by the bank's own auditing staff or by outside public accountants), and are designed to disclose financial condition, operating results, and defalcations, if any have occurred. Since it is to the bank's self-interest to instigate audits, bank managements can generally be relied upon to put into effect some kind of system of internal check. Examinations, however, are external (conducted by national or state examiners), official, and legally compulsory. In this article, audits are dealt with; but in the following article, examinations will be treated.

WHAT AUDITING ACCOMPLISHES

Without particular reference to banking, an audit is an inspection of the books and records of a business with a view to determining: (1) the financial status—culminating in a balance sheet; and (2) the results of operations—culminating in a profit and loss statement.

There are three principal kinds of audits, the so-called "cash" audit, the "balance sheet" audit, and the "detailed" audit. Classified by method, there are "spot" and "continuous"

audits. The "cash" audit tests the accountability of one who has cash or its equivalent in his custody. The "balance sheet" audit involves a complete inspection and verification of the assets and liabilities. The "detailed" audit is a complete examination and verification of all the accounts, books, records, and transactions, in detail.

While the final result of an audit is the disclosure of the financial condition of the business, in whole or in part, there are several incidental objects of considerable importance, e. g., to test the accuracy of the bookkeeping, to prevent recurrences of errors or fraud, to insure against overvaluation of assets and undervaluation of liabilities, and to determine improved methods of expediting clerical and bookkeeping procedure. Books and records are examined, not only to test their arithmetical accuracy, but to test their agreement with the physical existence of assets, and in banking, to test the existence of collateral against loan records, etc. An audit should also disclose any possible defalcation, or misappropriation or conversion of funds.

Most internal auditing is of the "continuous" type. The daily review of the work of the various departments, summarizations and adjustments of errors in proofs, etc. constitute continuous audits. They must be made immediately after transactions occur, and require close supervision in order to secure protection against theft or defalcation, and to prevent clerical errors.

"Spot" examinations are irregular, the element of surprise being their chief characteristic. In this type of audit,

OUTLINE OF ARTICLE XIII

I. General:

1. Audits are not to be confused with examinations. The first are internal and non-official, and for the protection of stockholders; the second are external and official, and designed to safeguard the public.
2. Directors are responsible by law for the operations of their banks—to see that loans are legally made, that true reports are submitted, that banking laws are not violated, and that safeguards are set up against possible defalcations.
3. In keeping a check on operations, authority may be delegated to the comptroller or auditor, or assistance may be obtained from public accountants.

II. Functions of the auditing department:

1. To secure a daily accounting control over all transactions by an assembly and condensation of department proofs.
2. To secure periodical reconcilements of customers' accounts and to make investigations of errors and exceptions reported.
3. To make adjustments in customers' accounts for the correction of errors.
4. To analyze expenses and earnings.
5. To conduct audits of the departments having custody of the bank's assets, to secure two results:
 - a. To verify the physical existence of the assets as reported upon the books;
 - b. To appraise these assets as a safeguard against possible overvaluation.
6. To secure an independent accounting control over each department to test the accuracy of its records.
7. To compile various reports and statements of condition as required by officers of the bank, and Government and state banking authorities.

III. Work of the auditing department:

1. Customers' adjustments.
 - a. Reconciliation of depositors' balances.
2. Disposing of incoming inquiries.
 - a. From customers.
 - b. From officers.
 - c. From banking authorities.
3. Accounting control.
 - a. Daily summarizations of department proofs and preparation of auditor's proof.
 - b. Daily customers' ledgers (overdrafts) proof.
 - c. Verification of balances available for interest purposes and interest computations on deposits.
 - d. Control of deposit and withdrawal of securities from vault—whether bank securities, customers' securities, or trust department securities.
 - e. Control of bank's direct obligations—cashier's checks, etc.
4. Examinations of departments having continuous custody of assets, e. g., paying teller, loan and discount, securities, trust, etc.
5. Examinations of departments having temporary custody of assets, e. g., receiving teller.
6. Analytical work.
 - a. Earnings and expense statements.
 - b. Account analysis.
 - c. Preparation of reports—for:
 - (1) Comptroller of the Currency.
 - (2) Federal Reserve Bank, etc.
 - (3) Bank's officers.
 - (4) Bank's directors.
 - (5) Income tax reports.
7. Constructive accounting installations, etc.

the examiners make their appearance in a department and check up the assets under custody without being announced. It is calculated that this type of audit tends to insure constant alertness on the part of the clerks, and has the effect of increasing their efficiency.

On account of the "surprise" feature of "spot" examinations, the procedure involved in their conduct differs with each inspection made. No uniform procedure can be described. For purposes of illustration, however, some of the points involved in an examination of the paying teller's department, are stated. Instructions are previously given to the inspectors by the head of the auditing department (comptroller in a large bank) to enter unannounced the paying teller's cage at a previously designated hour, probably after the close of business. A seal is placed on the lock of the compartment of the vault containing the paying teller's cash, and all the cash in the paying teller's cage is counted. Whenever differences are discovered they must be verified by the paying teller himself to insure against mistakes in counting. Each inspector keeps working papers upon which he notes all figures in connection with this work and on which irregularities which come to his attention, may be listed. Counting the money is performed in the presence of members of the department to avoid any doubt of theft in the event of there being a difference in the cash at a date subsequent to the audit.

THE AUDITING DEPARTMENT

It is only in the larger city banks that a separate department is organized to perform the work of auditing. In smaller banks, however, some system of "checks and balances" is normally provided to prevent errors, whether mechanical or of principle.

The basic precautionary principles of insuring an effective system of internal check are simple, and are well known to every auditor. As they apply particularly to banking, they may be stated paraphrasing from the American In-

stitute of Banking text "Standard Banking") as follows:

1. No clerk should have access to both the original and final entry record of the same transactions, i. e., have access to the books recording entries which go to check the entries made by the same clerk. For example, tellers should not be permitted to keep or assist in keeping the individual ledgers, or checking off trial balances therefrom.

2. Clerks should be transferred from one window or ledger or post at odd intervals, so that fraud, even if committed, may be easily detected by a different clerk who later goes over the same work.

3. No important entries (particularly those involving the transfer of cash or securities) should be made without authority from an officer, confirmation of which should be secured by the initials of the authorizing officer on the original entry record.

4. Overchumminess among tellers and bookkeepers, or development of "cliques" among auditors and clerks acting as tellers or bookkeepers should be regarded with suspicion. Collusion among clerks sometimes results from this practice.

Although each operating department of a large bank is provided with a system of internal check and control over its transactions by reason of its own records and daily proofs, this is not considered sufficient in an organization where the volume of transactions is large and where departments are closely interrelated. This large volume of transactions must be dispatched with all due speed, thereby increasing the chances of error. *To reduce this error to the minimum, some further factor of safety must be introduced.* For this reason the automatic control within each department is strengthened by the "checking" and inspecting functions of the auditing department.

The objects of the auditing department are to test the accuracy with which the work of the operating departments is carried out, to prevent recurrence of errors or fraud, to insure against overvaluation of assets and undervaluation

GENERAL MOTORS ACCEPTANCE CORPORATION

NEW YORK CITY

JANUARY 31, 1924

Capital\$7,600,000
Surplus & Undivided Profits.... 3,099,000
Total Resources\$94,683,000

DIRECTORS

CURTIS C. COOPER, *President*
ALBERT L. DEANE,
Vice President
IRÈNÉE DU PONT, *President*,
E. I. du Pont de Nemours & Co.;
and, Director General Motors Cor-
poration.
LAMMOT DU PONT, *Vice Presi-*
dent, E. I. du Pont de Nemours &
Co.; and, Director General Motors
Corporation.
PIERRE S. DU PONT, *Chairman*,
E. I. du Pont de Nemours & Co.;
and, General Motors Corporation.
O. H. P. LA FARGE, *General*
Motors Corporation.
JOHN J. RASKOB, *Chairman Fi-*
nance Committee, General Motors
Corporation; and, Director E. I
du Pont de Nemours & Co.
JOHN J. SCHUMANN, JR.,
Vice President
DONALD M. SPAIDAL,
Vice President
ALFRED H. SWAYNE, *Vice*
President and Director, General
Motors Corporation.

OFFICERS

ALFRED H. SWAYNE,
Chairman
CURTIS C. COOPER, *President*
JOHN J. SCHUMANN, JR.,
Vice President
ALBERT L. DEANE,
Vice President
DONALD M. SPAIDAL,
Vice President
JAMES H. McMAHON,
Vice President
REUNE MARTIN, *Treasurer*
GEO. H. BARTHOLOMEW,
Secretary
LIVINGSTON L. SHORT,
Counsel
F. STANLEY PARSON, *Auditor*
JOSEPH L. MYERS, *General*
Manager, Financial Sales Depart-
ment.

THE obligations of this institution are regarded as an appropriate and sound medium for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Address inquiries to Financial Sales Department at any office.

EXECUTIVE OFFICES

224 West 57th Street, New York City

BRANCHES

ATLANTA	DAYTON	NEW YORK
BOSTON	DENVER	PHILADELPHIA
BUFFALO	DETROIT	PITTSBURGH
CHICAGO	KANSAS CITY	PORTLAND, ORE.
CINCINNATI	LOS ANGELES	ST. LOUIS
CLEVELAND	MINNEAPOLIS	SAN FRANCISCO
DALLAS	WASHINGTON, D. C.	
LONDON, ENG.	TORONTO, CANADA	

of liabilities, and to provide means of expediting clerical procedure.

The person in charge of the auditing department is known as auditor, and is generally an officer of the bank. Larger banks also employ a comptroller. The comptroller supervises the entire book-keeping, accounting, auditing, reporting, and budgeting procedure of the bank. He is also responsible for initiating and installing improvements in accounting and auditing methods. All reports, internal statistics and other data concerning the financial condition should be prepared under his direction and come to him for approval.

To be most effective, the comptroller should report to the president or chairman of the board of directors. This is because he is constantly dealing with the bank's financial records, and should be the first person to appreciate significant changes in the bank's operations—whether profits are tending upward or downward, and why. By communicating these trends to the head of the bank, it may be possible to adopt new policies before untoward developments, leading perhaps to losses, occur.

The comptroller must have a thorough knowledge of bank organization and operations, banking principles and law, ability to analyze and interpret operating statistics and to prepare budgets, as well as training in accounting and auditing technique.

RECONCILING CUSTOMERS' ACCOUNTS

Upon the auditing department devolves the task of reconciling depositors' accounts. One of the most important tests of accuracy of the clerical force is that provided by periodical reconciling of depositors' accounts.

Statements of account are forwarded to customers, or are available when they call, usually once a month. Statements are accompanied with the cancelled checks for the month in question, together with reconciliation blanks, as a means by which reconciling is effected. Since customers are expected to report back the correctness or incorrectness of the account rendered on the

reconciliation blank, a mutual verification of accounts is established.

The great majority of reconciling returns by customers naturally contain no exceptions, but whether exceptions appear in them or not, the balance as reported in the reconciliation blank is compared with the balance as of the same date, recorded in the auditing department's reconciliation book. This book is maintained for this specific purpose, balances being transferred therein from the customers' ledgers. If the two versions of the balance agree, the reconciliation blank is filed after the depositor's signature has been verified. If the two versions do not agree, or exceptions are noted, the discrepancies are investigated.

In making investigations of discrepancies reported in reconciliation blanks, the sources of information are the customers' ledgers, general files, duplicate statements, or if necessary, recourse is had to the original entry posting mediums, e. g., tickets, deposit slips, etc. Very often when a difference cannot be located from these sources, the department in which the error occurred and which is responsible for the entry in dispute, is investigated to obtain its report, thereby leading to a discovery of the disagreement.

INQUIRIES FROM CUSTOMERS

Inquiries by letter, telephone, telegraph and personal calls are received by the auditing department daily in rather large volume. These come from customers, officers of the bank, and banking authorities.

Some letters of inquiry are routed directly to the department concerned for a report and sometimes for final disposition. The greater part of the inquiries, however, are distributed among the auditing department's force to be traced and a satisfactory answer found.

The following types of inquiries are the most usual:

1. My account has not been credited with the proper amount of interest for January. You have it \$_____, and it should be \$_____.



Measuring bank service in split-seconds

BY the second hand of your watch you can test one phase of the usefulness of The First National Bank of Boston to its customers.

In a single month 15,000 messages went to Chicago over our private wires, and as many to New York. Six thousand telephone conversations were carried on with New York alone, 1,500 with Philadelphia. From Chicago some 3,000 messages flash out each month to the cities of the Middle West—bound on *your* business.

Within a few minutes we

can cable London and get an acknowledgment. In half the time your breakfast requires we can exchange messages with Buenos Aires; we can hear from London or Havana before you have finished reading this advertisement.

IN the principal cities of the world there are 16,000 of our correspondent banks ready, all of them, to act upon your orders. And 697, in cities of this country, are waiting to put this vast—and useful—organization to work for you.

The FIRST NATIONAL BANK of BOSTON

1784 :: :: 1924

MAIN OFFICE, 70 FEDERAL ST.

Foreign Branches

BUENOS AIRES, ARGENTINA. HAVANA, CUBA

London Representative

GRESHAM HOUSE, 24, OLD BROAD STREET

2. What is the amount of our monthly interest?

3. What was my balance on September 15?

4. Has check No. 314 to _____ been paid?

5. Has collection item No. _____ been paid and credited?

6. Has So-and-So wired funds for our account?

7. You have overcharged us for exchange.

8. What was the amount of check No. _____ drawn by us?

9. Our deposit of last Monday was credited to the wrong account; kindly credit it to our "special account."

10. When are checks drawn on a Denver bank available for interest purposes?

Personal inquiries are cared for at the "auditor's" or "bookkeeper's" window. Here customers receive their statements and cancelled vouchers, have their pass books written up, and apply for the rectification and adjustment of errors. Many questions are directed by customers regarding their accounts at this window.

Many banks require the clerk in charge of this window to keep a chronological record of the errors reported and corrections made at this window. The purpose of this record is threefold: (a) to compare the efficiency of the various departments in making errors and to discover the reasons therefor; (b) to maintain a record of correction entries; and (c) to prevent possible duplication of adjustments by consulting this record before adjusting entries are given effect to.

DEPARTMENTAL ACCOUNTING CONTROL

One of the most important functions of the auditing department is to provide for a system of accounting control or internal check which will insure the accuracy of the work of the separate departments. The best method of securing this control is through reaching the same result or proof through two independent paths.

One example of this is the system used in proving customers' ledgers. Entries in the customers' ledgers are paralleled by entries on customers' statements which must always be in agreement. Proof of totals is secured by

means of the daily department proofs and ledger section summaries furnishing the general bookkeeper a control total for each of the customers' ledgers.

READING ASSIGNMENT

L. H. Langston: Practical Bank Operation, Chap. 24. (The auditing department in a large bank.)

Langston & Whitney: Banking Practice, Chap. 22. (Audits and examinations.)

American Institute of Banking: Standard Banking, pp. 186-191. (A brief statement of the work of bank auditing.)

American Institute of Banking: Elementary Banking, Chap. 14. (Accrued items and the audit.)

W. H. Kniffin: Practical Work of a Bank, Chap. 16. (Cost accounting and analysis of accounts.)

QUESTIONS

1. Distinguish between an audit and an examination.

2. For whose benefit is an examination conducted? An audit?

3. What is meant by saying that an audit is "internal" and "non-official?"

4. Name three kinds of audits.

5. What is meant by a "continuous" audit? "Spot" audit?

6. What are the advantages of these two methods of auditing?

7. What are the principal objects of a detailed audit?

8. Name seven functions of a bank auditing department.

9. Into what parts may the work of an auditing department be divided?

10. Describe the procedure used in a "spot" audit of the paying teller's department.

11. What is the function of a comptroller in a bank?

12. What training should a comptroller have?

13. Why should a comptroller or an auditor (if there is no comptroller) report to the president or chairman of the board of directors?

14. What benefits accrue to a bank from having an auditing department?

15. Why is it desirable that a bank should effect a periodic reconciliation of depositors' accounts?

16. Mention some of the most typical exceptions reported by depositors on reconciliation blanks.

17. Describe the procedure used in "checking" returned reconciliation blanks.

18. From what principal sources do inquiries requiring the attention of the auditing department come?

Consolidated Financial Statement
as of December 31st, 1923, of

Commercial Credit Company

BALTIMORE

SAN FRANCISCO

COMMERCIAL CREDIT CORPORATION, NEW YORK, MONTREAL

COMMERCIAL ACCEPTANCE TRUST, CHICAGO

COMMERCIAL CREDIT COMPANY, Inc., NEW ORLEANS

(After giving effect to recent financing which has been completed)

Officers

A. E. DUNCAN
Chairman of the Board

WM. H. GRIMES
President

R. WALTER GRAHAM
Vice-President

S. G. ROSSON
Vice-President

E. C. WAREHEIM
Vice-President

J. J. MACK
Secretary

F. M. NICODEMUS
Treasurer

Directors

A. E. DUNCAN
Chairman of the Board,
Baltimore

R. WALTER GRAHAM
Comptroller, City of
Baltimore

JAS. C. FENHAGEN
of Robert Garrett &
Sons, Baltimore

THOS. H. GAITHER
Real Estate and Invest-
ments, Baltimore

S. H. LAUCHHEIMER
Attorney, Baltimore

WM. H. GRIMES
President, Baltimore

S. G. ROSSON
Vice-President,
Baltimore

JOHN H. O'DONOVAN
President Merchants
Coffee Co., Baltimore

R. HOWARD BLAND
President U. S. Fidelity
& Guaranty Co.,
Baltimore

DAVID R. FORGAN
President National City
Bank, Chicago

CHARLES W. FOLDS
of Hathaway, Smith,
Folds & Co., Chicago

LOUIS K. LIGGETT
President United Drug
Co., Boston

W. CAMERON FORBES
of J. M. Forbes & Co.,
Boston

E. C. WAREHEIM
Vice-President,
Baltimore

ASSETS

Cash and Due from Banks	\$15,970,825.95
Open Accounts, Notes and Acceptances	7,306,664.32
Instalment Lien Obligations	1,614,290.35
Motor Lien Retail Time Sales Notes (over 170,000 different buyers owe an average of less than \$250, each secured by lien upon the car).....	36,157,653.49
Motor Lien Storage Notes and Acceptances.....	1,564,883.48
Sundry Accounts and Notes Receivable.....	714,460.98
Repossessed Cars:	
Companies' Possession, Appraised at \$200,484.77	
Dealers' Possession and Liability.....	154,408.05
	354,892.82
Investments of New York Company: Bank Cer- tificates of Deposit, etc.	86,000.00
Deferred Charges: Interest Prepaid	438,948.92
Furniture and Fixtures (Cost \$425,142.54).....	4.00
	<u>\$64,208,624.31</u>

LIABILITIES

Collateral Trust Notes Payable	\$30,764,000.00
Notes Payable, Secured	1,910,800.00
Notes Payable, Unsecured	8,860,000.00
Sundry Accounts Payable	488,985.77
Accrued Taxes (due 1924)	320,411.86
Contingent Reserve (Due Customers only when Open Accounts, Notes, Acceptances and Instal- ment Lien Obligations are paid to Companies)	2,323,694.72
Deferred Interest and Charges	2,026,367.67
Capital Stock:	
Preferred	\$6,000,000.00
Preferred, "B" (Baltimore Co.).....	4,000,000.00
Common (Baltimore Co.)	4,000,000.00
	14,000,000.00
Surplus and Undivided Profits	3,514,364.29
	<u>\$64,208,624.31</u>

(NOTE: Remaining Contingent Liability \$126,446
—\$545,851.57 on Discounts of London Company,
which Company has been sold.)

**Unused Credit Lines on December 31, 1923, with Depository Banks
in the United States \$18,331,000, and in Canada
\$2,769,200 for Canadian Business.**

Each of the above Companies is controlled by a separate Board
and is operated and financed separately and distinctly in
every way. These Companies buy Open Accounts,
Notes, Acceptances and Instalment Lien Obl-
gations from Responsible Manufacturers,
Wholesalers and Dealers.

19. Describe the nature of the work at the auditor's window.

20. What record should be kept by the clerk stationed at the auditor's window? Why?

21. By what means does the auditing department secure control over the daily work of the operating departments?

22. Outline the procedure of the auditing staff in making a "spot" audit of the loan department.

23. Outline the procedure of the auditing staff in making a "spot" audit of the trust department.

24. In connection with what operations or departments of a bank are the opportunities for defalcations among the employees most likely?

25. What steps should be taken to minimize the possibility of misappropriation of funds and embezzlement?

26. Why is the examination of demand loans and collateral one of the most impor-

tant factors in the investigation of a bank's condition?

27. How is control of customers' securities effected?

28. What assets of a bank are most likely to be overvalued?

29. What liabilities of a bank are most likely to be undervalued?

30. What is the best way to insure that a bank's deposit liabilities are no greater than the sum indicated in the general ledger?

31. How is control over the bank's own obligations, e. g., cashier's checks, certified checks, etc., obtained?

32. What is meant by the "number control" system?

33. In connection with what transactions can it be used effectively?

34. What is the difference between book-keeping on a cash and on an accrual basis?

35. How would you go about to determine the degree of profitability of any given depositor's account?



Savings Banks of Fifteen States Meet in Chicago

THE regional conference of the Savings Banks Division of the American Bankers Association, comprising bankers from the states of Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin and Wyoming, was held for two days, March 19 and 20, at the Hotel La Salle, Chicago. More than 500 bankers attended.

A feature of the conference was the display of advertising, said to be the most complete exhibit ever prepared devoted entirely to savings. The advertising material of more than sixty banks was shown on 100 display boards. Included in the display were exhibits of bank window advertising by the First Trust and Savings Bank and the National City Bank of Chicago. All types of publicity material were shown, including samples of newspaper advertising, pamphlets, car cards, blotters; display signs, calendars, thrift maga-

zines and even a newspaper published by the Dime Savings Bank of Detroit. The advertising was not only aimed at general thrift inculcation but included samples of such special kinds as agricultural savings, "save at the factory," church savings, saving to build a home, etc.

There were three sessions to the conference, a morning and afternoon session on Wednesday and a morning session on Thursday. Luncheons were given on both days and a dinner and smoker on Wednesday night. The principal outside speaker was Julius H. Barnes, president of the Chamber of Commerce of the United States, whose subject was "The Foundation of the National Wealth." Other prominent speakers were E. T. Meredith, former Secretary of Agriculture, and George W. Hinman, Chicago financial writer. The balance of the discussions were by bank men and were divided into two broad classifications.

One classification was entitled "Pro-

Serving On and Above and Below the Earth's Surface

Westinghouse products touch every corner of the globe and reach millions of people, serving in the home, in the office, the store, the farm, the factory, the mill, in the light and power plants, the street railways, the street lighting system, the automobile, in the mines, in the air, and at sea.

The average citizen cannot be expected to know all the finer details and refinements connected with the electrical apparatus he uses. He is too busy with his other daily problems.

At his command, however, he has the service and can benefit by the experience of Westinghouse engineering specialists — engineers who have probably met time and again the problem that faces the average engineer for the first time.

These modern and efficient methods instill confidence—confidence that Westinghouse products are as good as human intelligence and experience can devise.

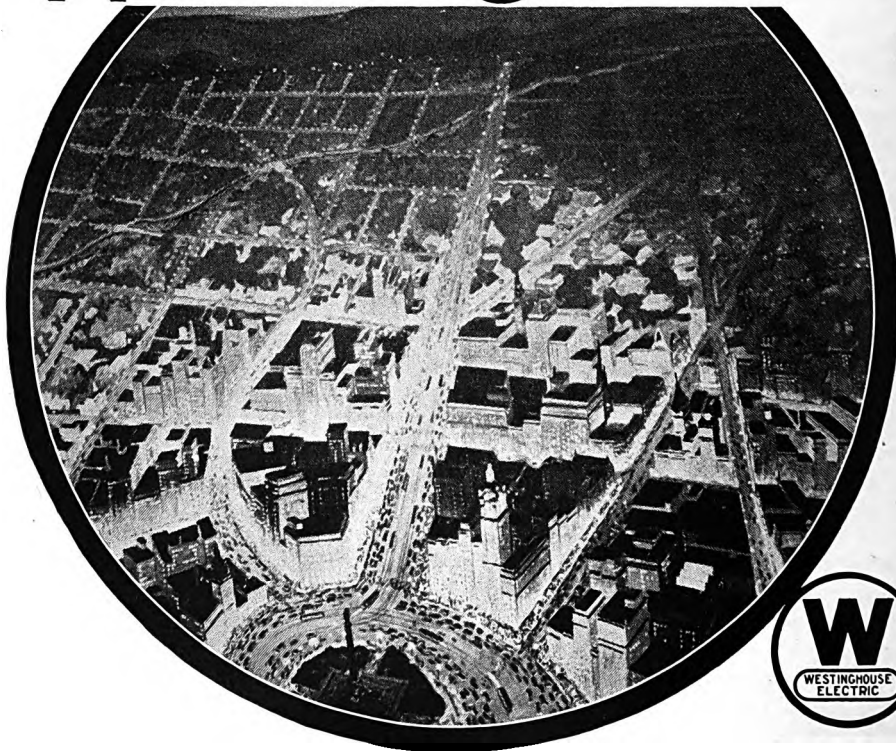
The name Westinghouse on electrical apparatus is synonymous with science and service.

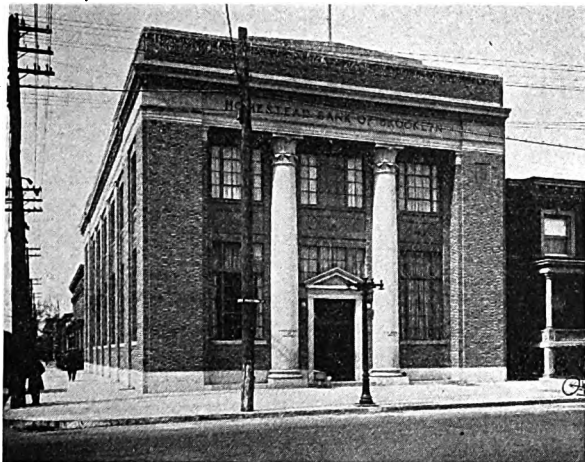
WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY

Offices in All Principal Cities

Representatives Everywhere

Westinghouse





THIS new building of the Homestead branch of the Peoples Trust Company of Brooklyn is done in tapestry brick with Bedford Indiana limestone columns. The building is three stories in height with mezzanine at the front and rear and a complete second story, all occupied by the bank

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street - - - New York

moting the Savings Business" and included nine 10-minute talks on various promotional methods. The other classification was called "One Thing That Worked," and included eleven 3-minute talks on special features of savings development. A. D. Welton, publicity manager of the Continental and Commercial Banks, Chicago, wound up the meeting with a talk on "The Savings Outlook."

The subjects of the banker discussions and the speakers were as follows:

PROMOTING THE SAVINGS BUSINESS (Nine 10-minute talks)

- (a) "Savers Actual and Potential," by Ray Nyemaster, vice-president American Commercial and Savings Bank, Davenport, Iowa.
- (b) "The Personality of the Savings Department," by C. B. Hazelwood, vice-president Union Trust Company, Chicago.
- (c) "The Promotion Budget," by Fred G. Heuchling, vice-president North Western Trust and Savings Bank, Chicago.
- (d) "Newspaper Advertising," by Sam Judd, publicity manager Mercantile Trust Company, St. Louis, Missouri.
- (e) "Direct by Mail," by A. T. Huizinga, Jr., Peoples Stock Yards State Bank, Chicago.
- (f) "Outdoor Advertising," by Frank Fuchs, advertising manager, First National Bank in St. Louis, Missouri.
- (g) "Lobby and Window Display," by Miss

Jessamine G. Hoagland, savings manager National City Bank, Chicago.

(h) "Personal Solicitation," by W. E. Walker, assistant vice-president The First National Bank, Madison, Wisconsin.

(i) "Centralizing Responsibility," by R. O. Bisbee, vice-president National Union Bank, Jackson, Michigan.

ONE THING THAT WORKED (3-minute talks)

(a) "Industrial Savings," by C. H. Handerson, publicity manager The Union Trust Company, Cleveland, Ohio.

(b) "School Savings," by C. N. Stevens, president City National Bank, Evanston, Ill.

(c) "Snapping an Opportunity," by H. J. Plogstedt, manager commercial service department The Union Trust Company, Cincinnati, Ohio.

(d) "Buying \$1000 On Easy Payments," by J. M. Case, manager business extension department Dime Savings Bank, Detroit, Mich.

(e) "Christmas Savings Club," by C. F. Monahan, manager savings department, Illinois Merchants Trust Company, Chicago, Ill.

(f) "Three Psychological Moments," by J. N. Higley, publicity manager The Dollar Savings and Trust Co., Youngstown, Ohio.

(g) "Boys and Girls Clubs," by Carl F. Schleselman, secretary Rochester Loan and Trust Co., Rochester, Minn.

(h) "Co-operation from Within," by Burr E. Lee, advertising manager Second Ward Savings Bank, Milwaukee, Wisconsin.

(i) "Start Them Early," by Jay G. Wallick, cashier St. Joseph Valley Bank, Elkhart, Indiana.

(j) "Church Savings Plan," by R. J. Campbell, assistant treasurer Fidelity Savings Trust Co., Kansas City, Mo.

(k) "Direct by Mail Campaign," by Gaylord S. Morse, assistant cashier State Bank of Chicago.

Bethlehem Steel Corporation

UNAPPROPRIATED SURPLUS ACCOUNT

Balance at December 31, 1922	\$10,050,674.29
Net income for year	14,374,152.22
	<hr/>
	\$24,424,826.51

Less—Dividends:

8% Cumulative convertible preferred stock	\$1,623,613.43	
7% Preferred stocks	2,694,640.26	
Common and Class B common stock.....	7,767,073.75	12,085,327.44
	<hr/>	
		\$12,389,499.07

Less:

Appropriated for, and invested in, additions to property and working capital	150,696.10
	<hr/>
Balance December 31, 1923	\$12,188,802.97

APPROPRIATED SURPLUS ACCOUNT

Balance December 31, 1922	\$ 94,000,000.00
Surplus acquired through purchase of prop- erties	\$22,881,565.67
Transferred from Unappropriated Surplus.....	150,696.10 23,082,261.77
	<hr/>
	\$117,032,261.77

Deduct:

Adjustment of Surplus acquired through purchase of properties in 1922.....	\$ 1,331,661.77	
Premium in converting Eight Per Cent. Cumulative Preferred Stock into Seven Per Cent. Cumulative Preferred Stock	1,700,600.00	3,032,261.77
	<hr/>	

Balance December 31, 1923	\$114,000,000.00
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Bethlehem Steel Corporation

COMPARATIVE INCOME ACCOUNT

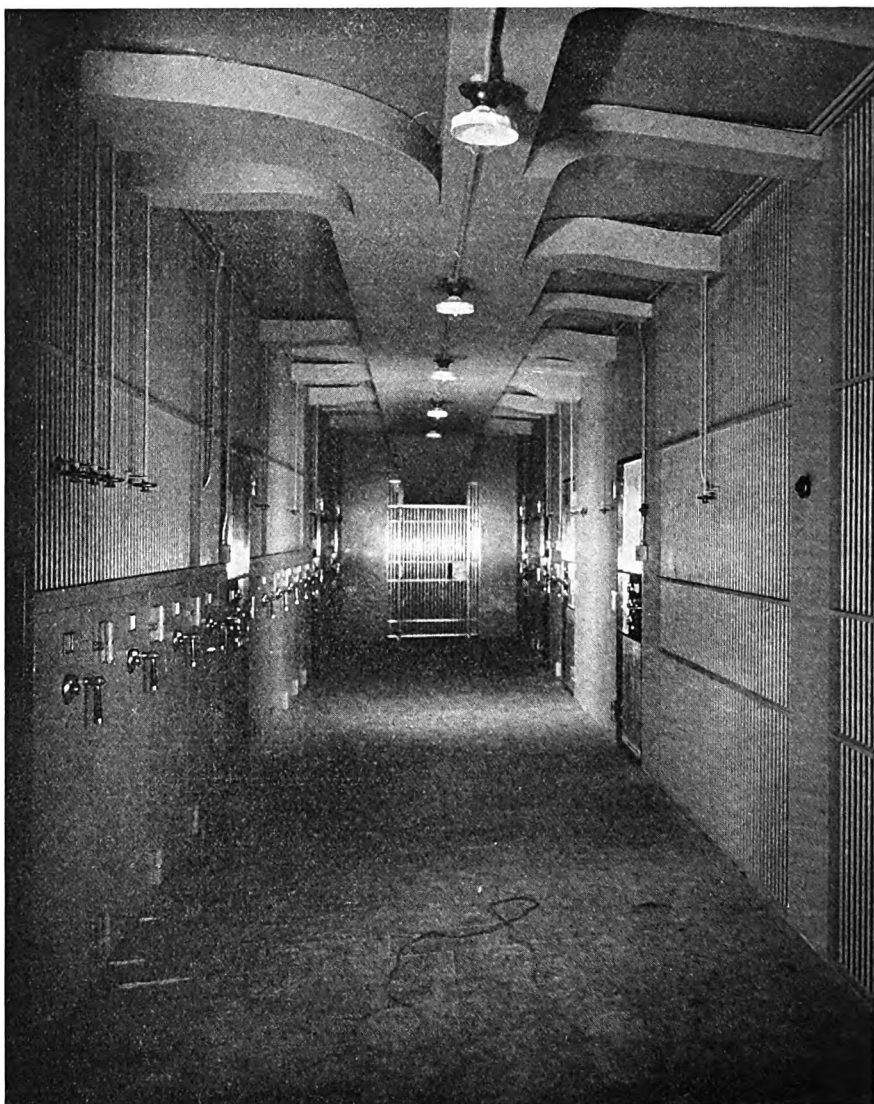
YEARS ENDED DECEMBER 31, 1923 AND 1922

	1923 (a)	1922 (b)	
	AMOUNT	AMOUNT	INCREASE
GROSS SALES AND EARNINGS.....	\$275,213,422.65	\$131,866,111.39	\$143,347,311.26
Less—Manufacturing cost, administrative, selling and general expense, and taxes	239,115,639.82	114,957,170.61	124,158,469.21
NET OPERATING INCOME.....	\$ 36,097,782.83	\$ 16,908,940.78	\$ 19,188,842.05
Interest, dividends and other miscellaneous income	1,275,445.17	2,884,771.92	*1,609,326.75
TOTAL INCOME	\$ 37,373,228.00	\$ 19,793,712.70	\$ 17,579,515.30
Less—Interest charges, including proportion of discount on, and expense of, bond and note issues.....	12,322,997.53	8,689,193.32	3,633,804.21
BALANCE	\$ 25,050,230.47	\$ 11,104,519.38	\$ 13,945,711.09
Provision for depreciation, obsolescence and depletion.....	10,676,078.25	6,499,188.84	4,176,889.41
NET INCOME FOR THE YEAR...	\$ 14,374,152.22	\$ 4,605,330.54	\$ 9,768,821.68

*Decrease.

(a) Includes the results of the operations of the properties acquired from Cambria Steel Company and Midvale Steel and Ordnance Company after March 30, 1923.

(b) Includes the results of the operations of the properties acquired from Lackawanna Steel Company after October 10, 1922.



ONE of the aisles in the vaults of the Federal Reserve Bank of San Francisco. Each compartment is divided into several aisles separated by grille partitions. A feature of the vault is the ventilating system which keeps the interior constantly supplied with pure air.

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Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

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

QUESTION: I have often heard the expression "Notification Plan" and "Non-Notification Plan" used in connection with the purchase of receivables by the so-called credit or finance companies. Will you explain to me what is meant by these terms?—F. B. N.

ANSWER: These terms apply to the method of collection by the credit company of the assigned accounts receivable. When a mercantile house decides to finance itself through a credit company it sells or assigns to the latter organization a certain portion of its receivables. The credit company usually advances 80 per cent. cash against these receivables (first setting aside from this cash a reserve to cover its own charges, usually about 3 per cent. of the face amount of the receivables.) Collection of the assigned or sold accounts may be made in two ways: by what is called the "notification" plan; or the "non-notification" plan. Under the first named plan invoices billed to the debtors contain a statement that the accounts have been assigned to the credit company and that payment must be made direct to it. Under the non-notification plan invoices are sent out without any notice of the assignment of the accounts and collections are made in the usual way, payment being sent to the concern to whom the receivables are owing for goods shipped. It is customary, however, for the latter to deposit all remittances received in payment of the accounts with the credit company instead of with its bank.

QUESTION: I have before me the statement of a manufacturer of automobiles and am interested in getting some comparative statistics as to what is the normal investment in fixed assets of a company in this industry. The concern in question has what seems

to me a very large fixed investment. Can you give me any idea as to what is the normal ratio of fixed assets to total assets in this industry? Also, how should the current position shape up?—O. S.

ANSWER: A comparison of the statements of a number of leading automobile manufacturers over a period of years indicates that investment in fixed assets in the industry is fairly heavy. In recent years the ratio of fixed assets to total assets has been on the increase. We should say that at the present time a company showing fixed assets of 40 to 50 per cent. of total assets would make a normal showing. Companies in this line should be in a very comfortable current position at the present time. The year 1923 was one of the best in the industry's history. The current ratio should be at least three of current assets to one of current debt.

QUESTION: I have occasionally seen statements in which goods in transit have been excluded from the inventory of the company to whom they have been shipped, as well as from the liabilities of that company. Is this proper? Should goods be included in the inventory only when they are in the possession of the buyer?—C. M.

ANSWER: The generally accepted rule is that all merchandise to which legal title has passed to the buyer, regardless of whether it is in transit or not, should be included in the inventory of the buyer and the usual account payable set up on the buyer's books. The customary procedure is that as soon as goods are shipped by the seller and the buyer billed for them, the legal title passes to the buyer, and the merchandise is at once entered on his books as

part of the inventory. Advance commitments for merchandise, or contracts to buy goods in the future are of course not direct liabilities and do not appear as accounts payable; they should merely be shown as a contingent debt on the buyer's statement. Until the transaction is actually completed by the shipping and billing of the goods the merchandise should not be included in the buyer's inventory and likewise no account payable should be set up.

A CORRECTION

Our attention has been called to a misstatement which was made in the February number of THE BANKERS MAGAZINE as follows:

No national bank can declare dividends until surplus is at least 20 per cent. of the capital stock.

The paragraph covering this in the Revised Statutes of the United States, Section 5199, is as follows:

The directors of any association may, semi-

annually, declare a dividend of so much of the net profits of the association as they shall judge expedient but each association shall, before the declaration of a dividend, carry one-tenth part of its net profits of the preceding half-year to its surplus fund until the same shall amount to 20 per centum of its capital stock.

Pratt's Digest, Section 119, also states as follows:

Dividends and Surplus Funds—The surplus fund provided for in this section up to 20 per cent. of capital must be maintained. Any amount in excess may be distributed in dividends.

It is evident from the above that it is permissible for a banking association to declare dividends semi-annually even though its surplus is not 20 per cent. of capital, provided that before the declaration of a dividend one-tenth part of the net profits of the preceding half-year are carried to surplus. After the surplus reaches 20 per cent. of the capital stock no restrictions are placed other than the maintenance of this figure.



Bethlehem Steel Corporation

THE nineteenth annual statement of the Bethlehem Steel Corporation, made public on March 17, shows the business and operations of the corporation and its subsidiary companies for the fiscal year ended December 31, 1923. During this period the total income account was \$37,373,228, less interest charges, including proportion of discount on, and expense of, bond and note issues, \$12,322,997.53, and a further deduction of \$10,676,078.25 provision for depreciation, obsolescence and depletion, leaving the net income for the year \$14,374,152.22. This, after providing for preferred dividends, was equivalent to \$6.46 per share on the average amount of common stock outstanding during the year, \$97,681,400 of common stock having been issued on March 30, 1923, in part payment for the Midvale-Cambria properties. After paying dividends of \$12,085,327.44 there was a surplus of \$2,288,824.78 for

1923 as compared to a deficit of \$2,332,685.71 in 1922.

Full dividends were paid during the year upon the 8 per cent. cumulative convertible preferred stock and the 7 per cent. preferred stocks, and regular quarterly dividends of $1\frac{1}{4}$ per cent. were paid upon the common stocks.

In accordance with a plan approved by the stockholders in 1922, substantial progress has been made in the simplification of the capital stock structure of the Bethlehem Steel Corporation. Practically all of the 7 per cent. non-cumulative preferred stock outstanding at the beginning of the year was exchanged for the 7 per cent. cumulative preferred stock, and a fund provided for the retirement of the small unchanged balance, so that there now exists only one class of 7 per cent. preferred stock. One of the results of this exchange was to confer full voting powers upon the class B common stock

in accordance with the provisions of the certificate of incorporation as amended September 18, 1922, so that the class B common stock was merged in the common stock and has ceased to exist as a separate class. During the year the holders of \$11,337,700, par amount, of the 8 per cent. cumulative convertible preferred stock exchanged their stock for the 7 per cent. cumulative preferred stock leaving \$18,662,300, par amount, of the 8 per cent. cumulative convertible preferred stock outstanding on December 31, 1923. Since that date and to March 1, the date of closing of the books for the transfer of stock, an additional 26,055 shares have been exchanged. The exchange of the balance will complete the simplification planned and the corporation will then have outstanding only two classes of stock, namely, the 7 per cent. cumulative preferred stock and the common stock.

The number of stockholders to whom the dividends due January 2, 1924, were paid was 49,497, as compared with 27,080 the previous year.

The insurance fund plan, inaugurated in 1918, continues in successful operation. During the last half-year the twelve-hour workday for employees was eliminated, and while this has increased the cost of producing steel, the change is regarded as socially and industrially beneficial.

Coming to the operations during the year, it is found that the value of shipments and deliveries by subsidiary companies as represented by gross sales and earnings, was \$275,213,422.65 as compared with \$131,866,111.39 for the preceding year. The net income of \$14,374,152.22 for the year compares

with \$4,605,330.54 for the preceding year.

The value of orders booked during the year, including \$25,261,000 of orders on the books of Midvale Steel and Ordnance Company and Cambria Steel Company on the date of the acquisition of their properties, aggregated \$260,968,326 as compared with \$149,211,499 for the year 1922. The unfilled orders on December 31, 1923, amounted to \$53,264,911 as compared with \$67,510,007 on December 31, 1922.

As of December 31, 1923, the estimated cost of completing construction authorized and in progress was \$13,550,000. Cash expenditures for additions and improvements during the year amounted to \$19,914,660.36.

The early part of the year 1923 was characterized by an unusually large demand for steel products requiring capacity operations for some months. The demand materially lessened during the second quarter, reaching a low point in the late summer, since which time there has been a gradually increasing demand, each succeeding month since August having shown an increased volume of new business. The depression in the shipbuilding industry continued throughout the year. The volume of ship repair work, however, was in excess of that for the previous year and established a record for the plants of the corporation.

As the steel industry sustains a commanding relation to the business of the country, the record set forth above constitutes a source of satisfaction in regard to the general outlook, as well as to the Bethlehem Steel Corporation.



First Federal—Manhattan Bank Merger



ARTHUR H. TITUS

President of the First Federal Foreign Banking Association

THE First Federal Foreign Banking Association has approved a plan to merge that institution into the Bank of the Manhattan Company, and a special meeting of stockholders has been called for April 7 to take action on the plan.

The merger will bring together one of America's oldest banks with one of its newest and would merge an institution doing business in both the foreign and the domestic field with a new bank which was created under the Edge law to specialize in foreign banking. The Bank of the Manhattan Company was chartered in 1799 and the First Federal Foreign Banking Association opened in June, 1920. Both institutions have offices at 40 Wall street.

The proposed merger is the result of negotiations which have been carefully kept under cover pending a vote by the

stockholders themselves. The merger proposal, it was learned, came from the Bank of the Manhattan Company and contemplates the transfer by the younger bank to the older institution of all of its interests, including assets, contracts, good will and business.

The personnel of the First Federal Foreign Banking Association will be absorbed by the Bank of the Manhattan Company and Arthur H. Titus, who has been president of the First Federal Foreign Banking Association since its organization, will become a vice-president of the Bank of the Manhattan Company. Mr. Titus will continue to have direct charge over the personnel engaged in the work of the corporation. Prior to his connection with this association he was a vice-president of the National City Bank, with which institution he had been connected for twenty years. As directing head of that bank's South American branches he performed notable service in fostering closer relations between this country and its southern neighbors.

Other officers, after the union, will be Stephen Baker, president of the Bank of the Manhattan Company, who will be in charge of all classes of business of the merged institution, and Raymond E. Jones, first vice-president of the Bank of the Manhattan Company. Both Mr. Baker and Mr. Jones have been familiar with the affairs of the First Federal Foreign Banking Association, having served as members of the corporation's board of directors and the executive committee.

By the merger the Bank of the Manhattan Company will widely extend its foreign service. The association has representatives in England, France, Belgium, Germany, Switzerland, Sweden, Norway, Denmark, Holland, Italy, Czechoslovakia, Spain, Australia, New Zealand, Canada, Cuba and Mexico. Its stockholders include the Bank of the Manhattan Company and the New York Trust Company, in New York,

and also banks in twelve other American cities and the Canadian Bank of Commerce in Canada. Resources of the association total \$13,748,913, including cash deposits of \$1,688,324.

The First Federal Foreign Banking Association has devoted its attention to the development of the acceptance method of financing foreign trade, and its latest statement shows that this business has been carried on at a profit, although the decline in foreign commerce has limited its scope. Its retirement from the field leaves in operation only one Edge law bank, a New Orleans association built on somewhat the same lines. These two were the only corporations which were organized to take advantage of the special machinery provided by that legislation.

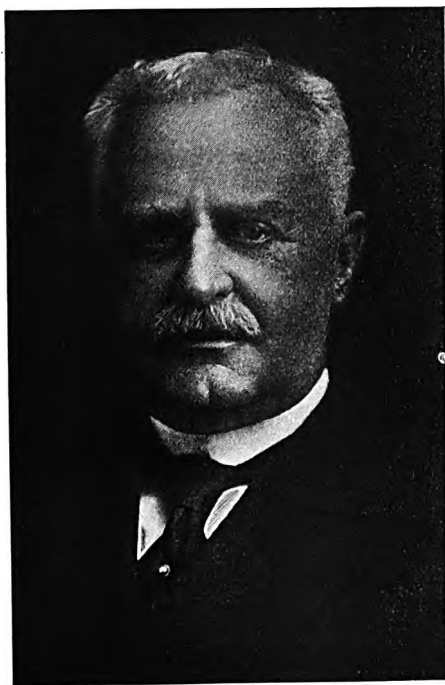
The announcement of the deal set forth its details as follows:

The plan contemplates the transfer and delivery by the First Federal Foreign Banking Association to the Bank of the Manhattan Company immediately upon the ap-

proval by a two-thirds vote of the stock of the association, of all its interests, including its assets, contracts, good will and business, and the Bank of the Manhattan Company will also absorb into its organization the personnel of the association. Arthur H. Titus, who has been president of the association since its organization, will become a vice-president of the Bank of the Manhattan Company.

The Bank of the Manhattan Company will proceed at once toward the liquidation of the assets of the association for the benefit of its stockholders and will pay the net proceeds over to the stockholders in full, pro rata, according to their respective holdings. This liquidation will result in the repayment to the stockholders of the entire paid in capital and surplus, together with a profit.

The effective date of the plan will be April 14, following the approval by the stockholders, and a committee has been designated by the board of directors of the association, consisting of J. E. Aldred, M. N. Buckner and A. H. Titus, to carry out the details of the proposed merger of interests. Assurances have been received that considerably more than the necessary amount of stock will be deposited and voted in favor of the plan at the coming stockholders' meeting.



STEPHEN BAKER
President Bank of the Manhattan Company



RAYMOND E. JONES
First vice-president Bank of the Manhattan Company

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Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

THE following is a summary of general business and financial conditions throughout the several Federal Reserve Districts, based upon statistics for the months of January and February, as contained in the current issue of the Federal Reserve Bulletin.

Production of basic commodities increased sharply in January, the volume of distribution continued larger than a year ago, and the wholesale price level remained unchanged. In February there was an increase in the demand for credit for commercial purposes.

The Federal Reserve Board's index of production in basic industries increased 8 per cent. in January and was at approximately the same level as a year ago. This increase followed a downward movement which had been under way since May, 1923. The increases over December, which occurred in most of the industries, were particularly large in the production of steel ingots, lumber, and bituminous coal, and in mill consumption of cotton. A small but general reduction of working forces at industrial establishments resulted in a slight decline in the index of factory employment. The largest decreases occurred at plants manufacturing food products and tobacco. Contract awards for new buildings in January were slightly higher in value than in December and were 26 per cent. above a year ago.

Railroad shipments, particularly of miscellaneous merchandise, increased during January, and total car loadings were somewhat above the high level of January, 1923. The index of wholesale trade increased 11 per cent. during January and was slightly higher than a year ago. Sales of groceries,

meat, and drugs were larger than in January, 1923, while sales of dry goods and shoes were smaller. Retail trade in January showed the usual seasonal decline. Compared with a year ago, department store sales were 7 per cent. larger and stocks of merchandise at these stores, after declining in January, were 6 per cent. above last year's level. Sales of mail order houses in January exceeded those of a year ago by 11 per cent.

RETRENCHMENT IN STATE AND MUNICIPAL EXPENSES

The Mechanics & Metals National Bank of New York is not hopeful that retrenchment in state and municipal expenses in the United States, following national economies, will go all the way to the rock bottom of necessary expenditures in the present year.

"It is not an easy task," says this bank in its February business review, "to force extensive Government economies or to curtail a system of taxation so complex as ours, which takes more money indirectly from the individual's income than it takes at the source. After all, the remedies are in the hands of Government officials and elected representatives who move slowly, with their minds devoted not only to the greater good, but also to the immediate effect of what they do on those whom they directly represent. A politician's tenure of office is determined by his constituency, and experienced observers point out that the politician does not indulge in extravagance with public

money out of perversity, but has learned by long experience that economy usually wins only perfunctory approval and costs him votes." The bank continues:

Just now there is a resounding demand for a removal of the ball and chain of excessive taxation from those who are willing to work, but it will be only the continuing assurance that the community really wants retrenchment, and that economy means votes, that will lead the politician wholeheartedly to champion public retrenchment and economy. This is something to consider, for there is a difference in the popular attitude toward Federal and local taxation, which may make a difference in the degree of force that is exercised upon proposed reductions. The \$3,204,000,000 paid in taxes to the National Government last year was expended in a manner that brought no direct or apparent benefit to the individual citizen, save where an appropriation for a local improvement was secured. Hence in the popular mind there is no question regarding how far in the knife of Federal economy should go.

On the other hand, the \$4,288,000,000 paid in 1922 in state and local taxes, after bond interest and wages of public officials were taken care of, went with the proceeds of bond issues into schools, public buildings, highways, streets, water supplies, fire apparatus, parks, play grounds, social centers, stadiums, swimming pools, monuments and other visible improvements, all of which appealed to public pride. Though states and cities may be living beyond their means, individual citizens have reservations with respect to economies here, and those who are charged with effecting tax economies know those reservations and may be expected to be governed by them.

COTTON AND COTTON GOODS

The current letter of the First National Bank of Boston notes that: "The world's visible supply of cotton is estimated at 4,477,084 bales, a decline of nearly half a million bales from a year ago, and comparing with 6,361,444 bales two years ago. Of the present supply, 3,030,084 bales are American, compared with 3,359,121 bales last year, and 4,202,444 in 1922. Exports of American cotton this year have risen approximately 600,000 bales above last year, to a total of better than 4,000,000 bales to date. On the other hand, there has been a substantial reduction in cotton consumption in this country to a low of 461,000 bales in

December, against a monthly average of nearly 575,000 bales for the first six months of 1923. Raw cotton prices have fluctuated within narrower limits, but have ruled from 5 cents to 6 cents a pound higher than a year ago for New York spots." The bank continues:

Curtailment of production has increased steadily and is now affecting many southern mills. In New England, some centers are operating under 60 per cent. capacity. Prices for goods have been unsatisfactory and highly competitive. In opening flannels for the new season the large mills specified prices current a year ago, although cotton was much higher. Buying has been light on narrow fancies and of moderate volume on the wider goods. Gray cloths are down fully 10 per cent. from the top limits of the year, while bleached cottons are $\frac{1}{2}$ -cent a yard lower on unbranded cloths. Demand for novelties and fancies in fabrics of all kinds has been much more active than for staples. Some bedspread mills have sold all the fancies they can make for two months, and some fine goods mills have their fancy mills fully engaged while their plain looms are more than half idle. Since February 1 there has been a gradual improvement in the demand for cloths, but it is still sub-normal, and agents find it impracticable to secure values in keeping with cotton at better than 30 cents a pound.

FREIGHT RATES AND FARM PRICES

A letter written to Mayor Hylan of New York by Representative Cole of Iowa, and reprinted in the *New York Journal of Commerce* reads:

We raise hogs in Iowa and you eat hams in New York. In Iowa we want more money for our hogs, and in New York you want more ham for your money. Can we supply both these wants by your suggested reduction in freight rates?

With the wholesale price of best hams at Iowa packing plants around 24 cents a pound, the retail price of select hams in New York was around 60 cents. The freight rate on a pound of ham from Cedar Rapids, Iowa, to New York City is 71/100 of a cent.

Do you think the New York retailer would give his one-eighth of a cent, or any part of it, to the consumer? I am sure the packer would not take the trouble to add his one-eighth to the price of hogs.

But while neither your consumers nor our producers would realize the effects of this reduction in freight rates, the railroads would. If the reduction of one-third in rates were made general, and all reductions

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and all rates ought to be general, I doubt not the roads would all be in the hands of receivers within ninety days, and even children in the eighth grades know that receivers cannot operate roads as economically as their owners.

My anxiety "to do something" for the producers of hogs in Iowa is as keen as is yours to "do something" for the consumers of hams in New York. But may I suggest that both you and I must address ourselves to propositions that will yield more than an eighth of a cent in return if we would do something really worth while for either?

For my part I shall attempt nothing for my constituents as inadequate as this, especially when it is so fraught with disaster to our transportation systems, upon which my constituents are so dependent.

To co-ordinate hogs with corn and to base both on cost of production we must somehow add more to their price than can safely be taken out of even the present high railroad rates.

PER CAPITA BUILDING EXPENDITURES

Southern cities of from 100,000 to 200,000 population are growing far more rapidly than representative cities

of the same population in other parts of the country. This is the outstanding fact revealed by an analysis of building operations during 1923 just prepared by G. L. Miller & Company, New York.

On the other hand, the very large cities of the North and West expended a larger amount per capita during 1923 for building construction than the largest cities of the South. Los Angeles, for example, issued building permits totaling \$346 per capita during 1923; St. Paul, \$153 per capita; and New York City, \$137 per capita. The largest per capita expenditure in any Southern city of more than 200,000 population was in Atlanta, Ga., where the expenditure was \$135.

Some of the smaller cities of the South carried on last year a remarkably vigorous building program. In the class of cities between 25,000 and 100,000 population, Miami had an expenditure of \$244 per capita; Shreveport, La., \$215; Asheville, N. C., \$160.

The heaviest expenditure among the

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,500,000 Undivided Profits \$319,000

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ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

smaller Southern cities was recorded by St. Petersburg, Fla., where building permits to the amount of \$500 per capita were issued. Orlando, Fla., followed with \$352; Lakeland, Fla., \$307, and West Palm Beach with \$263.

Commenting on these figures, G. L. Miller & Company, who have just issued a comprehensive Southern building survey, said:

Building expansion in the South is being carefully controlled and regulated. The cities of that section have carefully avoided the danger of overbuilding. Their conservatism is indicated by the checking of expenditures in the cities where construction work has been previously carried on with vigor.

The growth of the smaller places, however, is a clear demonstration of the active business life which is rapidly building up the population of these cities. The issue of building permits in Miami to the extent of \$244 per capita may appear to be rather rapid expansion, but it is only necessary to recall that the population of Miami, according to the United States Census, increased 440 per cent. between 1910 and 1920. In the larger Southern cities, the capital for building operations is being raised to an increasing extent within the communities themselves, although the growing popularity of Southern first mortgage investments has brought in a great deal of outside capital. This is especially true of the smaller centers, where the accumulations of local wealth are not yet sufficient to meet the needs for new construction.

STATE AND FEDERAL BANKS

"The recent decision of the Supreme Court rather raised than settled pending questions regarding the relations be-

tween state and national banks," says a recent editorial appearing in the *New York Times*. The *Times* continues: "It left the existing relations unaltered. But the situation is one of unstable equilibrium, as appears from the contrast between what is happening at Washington and in New York. At Washington there is a flood of applications for the sort of quasi branch banks, or 'teller window' facilities, authorized if not legalized by the opinion of the Comptroller of the Currency. At New York Mr. Wickersham heads a 'nation-wide movement' to declare such near-branches unlawful." The editorial goes on to say:

The difficulty is that some states have the ability and disposition to give state banks facilities which weaken the Federal Reserve System by attracting member banks from it, or deterring them from seeking membership. Even the Federal Reserve Board is divided on the point of giving national banks competitive equality with state banks. Last November it committed itself to abandoning the attempt to secure for national banks such rights regarding branch banking as the states allow state banks. The majority left the remedy to the time when the branch banks should displace the unit banks. The minority report favoring branch banking was stoutly supported by New York's vice-governor on the Federal Reserve Board, Mr. Platt, but its rejection avoided joining of issue on that point. The spokesman for the Farmer-Labor Party even proposes a Government banking monopoly, with bank offices in the post offices.

The situation calls for legislation on banking principles, fortified by experience, with politics sent to the rear. In Canada seventeen banks have 4879 branches and no un-

usual troubles. Compare the conditions in the wheat states with the agricultural state of California, where eighty-two state banks have 475 branches, and national bank failures exceed state bank failures, not only this year but over long terms of years. In California, branch banks frequently loan double the deposits in the borrowing districts. What might not our farmers hope from enlargement of the branch bank system on terms of equality for all banks?

THE FIRST SIX WEEKS

The first six weeks of 1924 witnessed a marked restoration of confidence in the immediate future of general business, according to the Cleveland Trust Company in its midmonth Business Bulletin for February. The bank says:

At the beginning of January the possibility of a moderate upturn in business was being debated. In February the upturn was accepted as an accomplished fact and discussions of the possibility of an inflationary boom, based upon our enormous gold reserves, began to appear.

Since the first of the year the outstanding developments have been distinctly favorable. Interest rates have remained low. Stock and bond markets have continued active. In industry, the iron and steel trades have shown astonishing recovery and winter building has been abnormally active.

The automobile industry has substantially exceeded its January 1923 record. Record breaking car loadings have offered encouraging evidence of increased activity of general trade. In domestic politics the probability of immediate tax reduction has more than counterbalanced the depressing effects of the oil investigation.

In international politics the work of two special committees appointed by the reparations commission offers some hope for a satisfactory settlement of the complex question of reparations payments.

This combination of favorable influences has brought a revival of a vigorous optimism strongly reminiscent of the early months of 1923. At that time serious shortages were plainly evident in building construction, railroad equipment, automobiles and general retail stocks of merchandise. The filling of these deficits stimulated industry to a point of record-breaking activity.

SURVEY OF CURRENT BUSINESS

The Department of Commerce announces the following figures represent-



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—The Gateway of the Great Lakes

Buffalo's position at the head of the Great Lakes and the terminal of the Erie Canal means cheaper transportation. It's the natural shipping and re-shipping point for both east and west bound freight. Within six hundred miles of Buffalo are located more than two thirds of the population of the United States.

Buffalo is well served by the largest and oldest commercial bank on the Niagara Frontier.

THE MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus - - \$20,000,000

ing basic commercial and industrial movements in January:

January business indicators, based upon the 1918 average as 100, show the following changes from the preceding month and from January a year ago:

Pig-iron production to 118 from 114 in December and 126 a year ago; defaulted liabilities to 226 from 227 and 217; price of twenty-five industrial stocks to 193 from 187 and 190; bank clearings in New York City to 262 from 247 and 251; clearings for the rest of the country to 281 from 277 and 291; commercial interest rates to 84 from 86 and 80.

Silk consumption as shown by deliveries to textile mills totaled 32,925 bales, as against 23,274 in the preceding month and 34,680 bales in January, 1923. Stocks of silk at the end of January aggregated 44,398 bales, as compared with 47,087 bales a year ago.

The output of pig iron in January totaled 3,019,000 tons, compared with 2,921,000 in December and 3,230,000 a year ago. Steel- ingot production in January aggregated 3,599,938 tons as against 2,843,764 in the preceding month and 3,822,369 tons in January, 1923. Unfilled steel orders at the end of January totaled 4,798,429 tons as against

4,445,339 on December 31, and 6,910,776 tons on January 31, 1923. The composite pig-iron price averaged \$23.80 per ton, as against \$22.80 in December and \$27.31 a year ago. Shipments of locomotives by principal manufacturers totaled 151 in January as against 329 in December and 229 a year ago. Unfilled locomotive orders at the close of January called for 376 locomotives as against 1788 a year ago.

A total of 2,006,100 employees were on the payrolls of 1428 representative factories on January 31, as against 1,986,182 on December 31, and 1,988,447 on January 31, 1923, increases occurring in the iron and steel, leather, paper, automobile, and chemical groups. Dun's index of wholesale prices, computed on a 1913 base, stood at 158 for January as compared with 157 for the preceding month and 154 a year ago. Total sales of four leading 10-cent chains aggregated \$21,096,000 in January as against \$19,265,000 a year ago. Domestic money orders issued in fifty principal cities during December totaled \$81,812,000 as against \$27,610,000 in December, 1922. Domestic money orders paid in these cities during December totaled \$91,314,000 as against \$83,484,000 a year ago. Foreign money orders issued on ten principal countries totaled \$2,773,000 in January as against \$5,491,000 in December and \$2,472,000 in January, 1923.

Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

CONVENTION DATES

Savings Bank Division—at New York, April 24-25.

Pennsylvania Bankers Association—at Philadelphia, Pa., May 21-23.

National Association of Credit Men—at Buffalo, N. Y., June 10-13.

New York—at Mount Royal Hotel, Montreal, Canada, June 23-25.

NEW TRUST COMPANY OPENS

The opening of the Trust Company of North America at 93 Liberty street, Singer Building, New York City, represents the carrying out of a financial plan somewhat different from the usual. This company—American owned and controlled—in addition to the prospects and assurances of business that come to it in the form of domestic accounts, steps into a very profitable line of business through an arrangement whereby it has taken over and absorbed the New York agency of the Banco Nacional Ultramarino, which during the four years since its establishment has materially increased the world-wide connections of the parent organization, founded over sixty years ago at Lisbon, Portugal. This arrangement gives to the new trust company all of the advantages of the eighty-four branches of the older bank in South America, Europe, Africa and Asia, without assuming any of the obligations generally contingent to foreign offices.

Colonel Thomas H. Birch, president of the Trust Company, served the United States for a period of nine years as Minister to Portugal, and before that in 1912-13, he was personal aide to Woodrow Wilson, then governor of New Jersey. Associated with Col. Birch are executives with long experience in banking. Joseph McCurrach, vice-president, has acted as manager of the New York agency of the Banco Nacional Ultramarino from the date of its opening. He was formerly vice-president of the Continental and Commercial National Bank of Chicago, and is known throughout the coun-

try as a practical and progressive bank officer. The Trust Company of North America has on its board of directors experienced bankers and capable business men, including former Governor E. I. Edwards of New Jersey, president of the First National Bank of Jersey City, and now United



COL. THOMAS H. BIRCH
President Trust Company of North America,
New York

States Senator, and former Governor William C. Sproul of Pennsylvania, and now president of the General Refractories Company of Philadelphia.

It is the intention of the Trust Company of North America to conduct a general banking and trust company business. It will also be in position to facilitate sound foreign banking transactions and assist in

promoting legitimate business opportunities at home and abroad. The growth and prosperity of trust companies in New York State during the past decade is an outstanding financial fact. The liberal charter privileges of these institutions and the facilities which they offer for business requiring special departments and skilled handling, are among the reasons for their rapid expansion. The Trust Company of North America will enjoy in common with like institutions all these privileges, but it will have a decided advantage in the acquirement of the large business which it takes over, and also the facilities which its world-wide branch and agency affiliations permit.

With a start so auspicious, the Trust Company of North America takes its place in the banking world of New York City with the certainty that it will add another strong link in the chain of American banks that have done so much to build up American business prestige both at home and abroad.

The capital and surplus of the new institution is \$750,000. The directors are as follows: Thomas H. Birch, president of the company, former American Minister to Portugal; E. I. Edwards, president First National Bank of Jersey City and United States Senator from New Jersey; William C. Sproul, president General Refractories Company, Philadelphia, Pa., and former Governor of Pennsylvania; J. H. Ulrich, governor Banco Nacional Ultramarino, Lisbon; Walter J. Green, vice-president Utica City National Bank of Utica; William J. Keeley, director Autopiano Company, and Auto Pneumatic Action Company, New York; Edw. J. Noble, president Life Savers, Inc., Port Chester, N. Y.; James H. Birch, Jr., vice-president and director Mechanics National Bank, Burlington, N. J., and director Burlington Savings Institution; Wilson P. Tanner, director W. P. Tanner, Gross & Co., New York; Joseph T. McCaddon, director Bailey Estates, Inc., New York; Charles Paul Brown of the law firm of Brown, Cooksey and Hines, New York; J. L. Cunha Gomes, sub-manager Banco Nacional Ultramarino, New York; Wilfred Kurth, vice-president Home Insurance Company, New York; G. Taylor, investment banker; William M. Evans, president Rockwood & Co., Brooklyn; C. F. Scherer, sub-manager Banco Nacional Ultramarino, New York; Eugene Lamb Richards, trustee Empire City Savings Bank, New York, and former Superintendent of Banks, State of New York; Joseph

McCurrach, vice-president of the company, manager Banco Nacional Ultramarino, New York, and formerly vice-president Continental and Commercial National Bank of Chicago.

ALBERT H. WIGGIN COMPLETES TWENTY YEARS WITH CHASE NATIONAL.

Twenty years ago, on February 9, 1904, Albert H. Wiggin was elected a director and vice-president of the Chase National Bank of New York. At that time the capital of the bank was \$1,000,000, the sur-



UNDERWOOD & UNDERWOOD, N. Y.

ALBERT H. WIGGIN

President Chase National Bank, New York

plus an equal sum, and the undivided profits \$2,829,216. Deposits stood at \$52,853,636. In those days there was but one vice-president.

Today the capital of the bank is twenty times what it was in 1904; the surplus and profits show an increase of almost exactly twenty million in the twenty years that have passed, standing now at \$23,706,884, while deposits today are \$487,467,181, or

approximately eight times as high as in 1904.

Whereas twenty years ago the bank had but 125 clerks, six officers and eight directors, there are today 1486 clerks, sixty-four officers and twenty-five directors.

Mr. Wiggin has, ever since his association with the Chase, endeavored to increase the bank's service to business, manufacture and industry. Due largely to these efforts, the commercial deposits have increased to the present total of \$318,000,000. This is in addition to the bank accounts which total \$116,000,000.

At the present time Mr. Wiggin is enjoying a vacation abroad.

INTERNATIONAL ACCEPTANCE BANK TO MOVE

The International Acceptance Bank of New York has purchased the seven-story building at 52 to 56 Cedar street. The bank has been located since its establishment in 1921 at 31 Pine street, and the steady growth of its activities since its incorporation has made necessary larger quarters.

Paul M. Warburg is chairman of the board of directors and F. Abbot Goodhue is president of the bank.

BROTHERHOOD BANK ASSETS DOUBLE

Assets of the new Brotherhood of Locomotive Engineers Co-operative Trust Company have doubled since the opening of its offices in Thirty-third street, New York, on December 29, last, according to Warren S. Stone, the president. Assets are now in excess of \$2,000,000. The number of depositors also is said to have doubled in that period.

NATIONAL CITY OFFICERS VISIT FOREIGN BRANCHES

Joseph T. Cosby, vice-president of the National City Bank of New York, has recently returned from a long business trip, covering a distance of 18,000 miles. He visited branches of the City Bank in South America and in Europe.

Charles E. Mitchell, president of the bank, visited Cuba, confining his trip primarily to a study of banking conditions there. He visited the headquarters of the bank in Havana, and some of its branches in the sugar-making centers.

CONTACT

Three of the reasons why the Peoples Bank of Buffalo can offer exceptional facilities to correspondents—

Our Directors are intimately identified with Buffalo's basic industries;

We operate a Branch in the heart of Buffalo's produce and fruit markets;

Our depositors call the Peoples Bank of Buffalo "The Bank where you feel at home," and friendly, efficient service has conveyed this same impression to our many correspondents.

THE PEOPLES BANK OF BUFFALO

Resources over \$24,000,000

NEW DEPARTMENT IN BOWERY SAVINGS BANK DIRECTED BY MISS LEISER

The Bowery Savings Bank, New York, has announced the opening of a personal service department in its Forty-second street branch with Miss Adeline E. Leiser as director.

Through this department the bank aims to assist its depositors and the public generally with problems that affect the management of their personal finances, especially as they pertain to the necessity of a plan for spending and saving money.

During the last year Miss Leiser has been associated with William Ganson Rose, Inc., financial advertisers of Cleveland, Ohio. Formerly she was director of the home service department of the Williamsburgh Savings Bank, New York, the first service department in a New York City bank. She is the author of "The Household Budget Account Book," extensively used by the



ADELINE E. LEISER

Director of the new personal service department
of the Bowery Savings Bank, New York

Williamsburg Savings Bank and other institutions throughout the country.

Miss Leiser is recognized as one of the pioneers in the women's movement in banks, as evidenced by her selection as the first chairman of the Women's Division of the National Association of Mutual Savings Banks.

She has been active in the American Institute of Banking, having been chairman of the Women's Committee of the New York Chapter, author of a recently published history of the New York Chapter, and past chairman of the National Women's Committee of the American Institute of Banking.

Miss Leiser comes to the Bowery Savings Bank highly qualified to fill this important position.

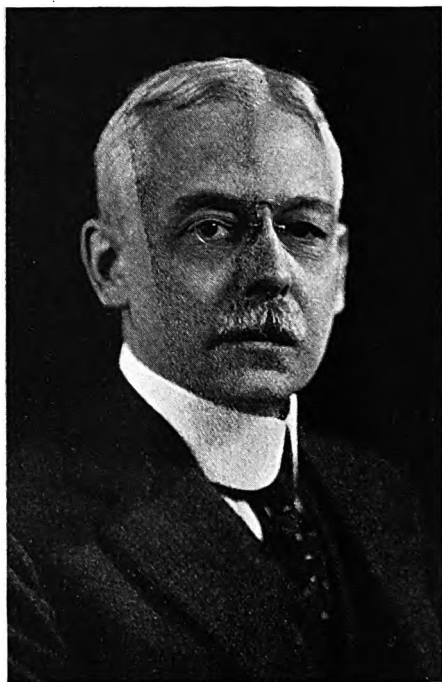
DIVIDENDS DECLARED BY NEW YORK BANKS

A quarterly dividend of 4 per cent. has been declared by the American Exchange National Bank, payable April 1 to stockholders of record March 26.

The Bank of the Manhattan Company has declared a quarterly dividend of 3 per cent., together with an extra dividend of 1 per cent. payable April 1 to stockholders of record March 21.

A dividend of \$5 a share, payable April 1 to stockholders of record March 21, has been declared by the Bank of New York and Trust Company.

The Bank of the United States has declared a quarterly dividend of 2½ per cent.,



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COL. EDMUND L. JUDSON

Colonel Edmund L. Judson, vice-president at the Colonial Office of The Equitable Trust Company, New York, which was recently merged with The Importers and Traders Branch of the bank, is now a senior officer of the consolidated branch. Mr. Judson first became affiliated with The Equitable in April, 1907, when the Colonial Trust Company was merged with the Trust Company of America. He was placed in charge of the new branch at that time. Colonel Judson before his affiliation with The Equitable had been connected with a banking house in Albany, New York, and had been military secretary to Governors Hill and Flower during their administrations. He later served as examiner in the New York State Banking Department, acting in this capacity for four years. Until January 1922, when he was elected vice-president of the company, Colonel Judson was manager of the Colonial Office of The Equitable. Next month he will celebrate his twenty-seventh birthday as a member of The Equitable organization.

payable April 1 to stockholders of record March 20.

The board of directors of the Bankers Trust Company has declared a 5 per cent. dividend, payable April 1 to stockholders of record March 15.

The quarterly dividend declared by the Central Union Trust Company is 6 per cent., payable April 1 to stockholders of record March 21.

The Chase National Bank has declared a dividend of 4 per cent., and the Chase Securities Company a dividend of \$1 a share, both of which are payable April 1 to stockholders of record March 18.

A dividend of \$4 a share for the quarter was declared by the Chatham and Phenix National Bank, payable April 1 to stockholders of record March 15.

The Coal and Iron bank has declared a quarterly dividend of 3 per cent., payable April 1.

A quarterly dividend of 3 per cent., was declared by the Empire Trust Company, payable March 29 to stockholders of record March 22.

The directors of the First National Bank have placed the stock on a regular \$60 annual dividend basis by declaring a quarterly dividend of \$15 a share, payable April 1 to stockholders of record March 31. In 1923 the company paid quarterly dividends of \$10 a share, but in the last quarter of the year an extra dividend of \$20 a share was declared.

The Guaranty Trust Company has declared a quarterly dividend of 3 per cent. on the capital stock, payable March 31.

A quarterly dividend of 6 per cent. was declared by the Hanover National Bank, payable April 1 to stockholders of record March 19.

The Hudson Trust Company has declared a 2½ per cent. quarterly dividend, payable March 31 to stockholders of record March 22.

The directors of the Irving Bank-Columbia Trust Company have declared a dividend of \$3 a share, payable April 1 to stockholders of record March 21.

A 4 per cent. quarterly dividend was declared by the Manufacturers Trust Company, payable April 1 to stockholders of record March 20.

The National City Bank has declared a quarterly dividend of 4 per cent. and the National City Company a quarterly dividend of 2 per cent. with the customary extra dividend of 2 per cent., payable April 1 to stockholders of record March 15.

The board of directors of the National

In Cleveland

(33 Years)

An institution nation wide
in its service to bankers,
and one to which industry
looks for guidance.

Central National Bank

Savings & Trust Co.

of Cleveland

Capital and Surplus \$4,000,000

Park Bank has declared a quarterly dividend of 6 per cent. on the capital stock, payable April 1 to stockholders of record March 24.

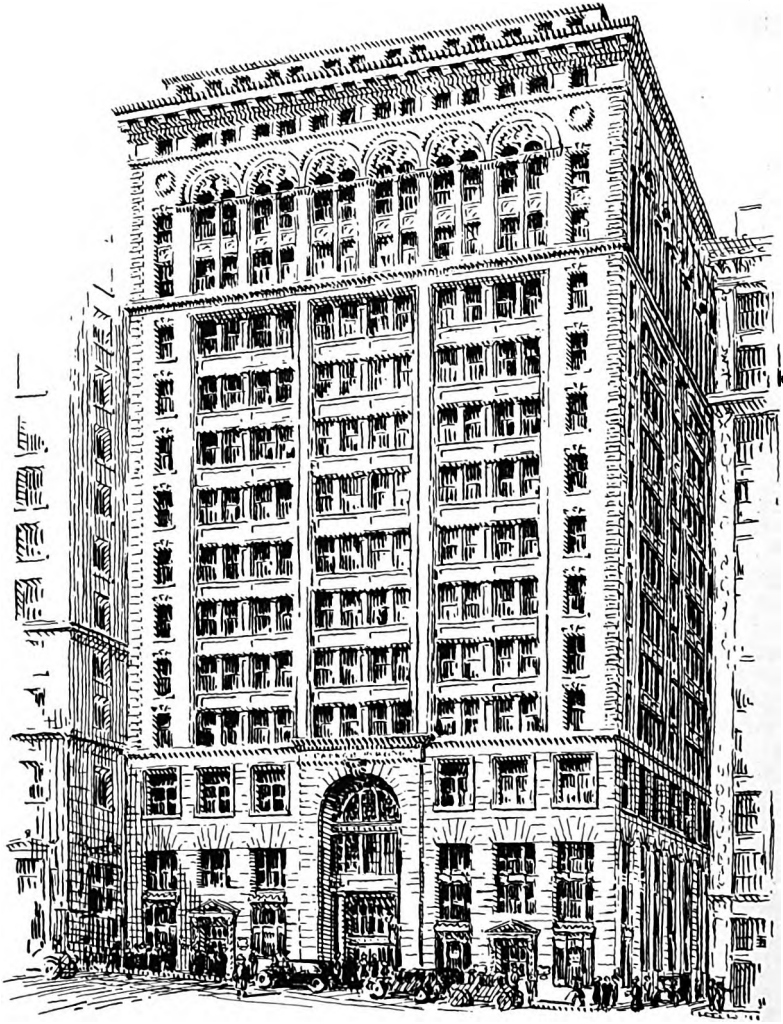
The board of directors of the Seaboard National Bank has declared a quarterly dividend of 4 per cent., payable April 1 to stockholders of record March 24. The stock formerly paid 12 per cent., and last year paid an extra 4 per cent. This action places it on a 16 per cent. basis.

A quarterly dividend of 4 per cent. on the capital stock has been declared by the State Bank, payable April 1 to stockholders of record March 20.

The United States Trust Company has declared a quarterly dividend of 12½ per cent., payable April 1 to stockholders of record March 31.

JAMES P. WARBURG MADE
DIRECTOR

James P. Warburg, vice-president of the International Acceptance Bank, New York,



The new home of the Pennsylvania Trust Company of Pittsburgh

has been elected a director of the American Ship and Commerce Corporation.

PENNSYLVANIA TRUST IN NEW HOME

Twenty thousand persons inspected the new and enlarged quarters of the Pennsylvania Trust Company, Pittsburgh, during a reception given by officers and directors to the public and friends of the institution at the opening of the remodeled banking rooms, on December 19, last.

A steady stream of interested Pittsburghers passed through the immense doors throughout the day. Among the thousands

who visited the new quarters were more than 100 honored guests of the company, including bank presidents, judges, and others prominent in the city's professional, industrial and financial circles.

During the day the officers of the institution were the recipients of many felicitations from their associates in the banking world. Many of these were symbolized in beautiful floral gifts, which were placed attractively about the remodeled interior.

The opening of the new quarters was preceded by a banquet given the night before at which addresses were delivered by Dr. Henry Van Dyke, Princeton University; Benjamin Page, president of the Pennsyl-

vania Trust Company; Frederick W. Gehle, vice-president of the Mechanics and Metals National Bank of New York City, and Judge H. B. Wells of Burlington county court of New Jersey. James H. Duff was toastmaster.

The company has taken over the entire first floor of the Carnegie building, approximately doubling its business space. The quarters have been remodeled at great expense, and one of the most modern safe deposit vaults in the country has been installed. The work of remodeling and construction was carried on without interruption of business.

The safe deposit vault, inclosed in a room constructed of "steelcrete," a new preparation required in the construction of all Federal Reserve Banks, contains 1250 individual boxes. It is located on the first floor, easily accessible, and is entered by a large door weighing 60,000 pounds.

More than \$50,000 has been expended in remodeling and redecorating the walls and ceiling of the main banking room. Additional lights and conveniences have been provided for the customers' desks.

Under the new arrangements, both paying and receiving service in the tellers' department is provided at the same windows. These are arranged in alphabetical order, with facilities for three tellers to work at once when business is rushed.

A private consultation room, in which security business of a confidential nature may be conducted, has been provided in the new bond department, which is under J. Willard Anderson. A board room entirely separated from the rest of the banking departments has been constructed.

The completion of the new quarters of the Pennsylvania Trust Company follows closely the opening of new banking quarters by two other institutions of Pittsburgh, the Union Trust Company and the Exchange National Bank.

MELLON NATIONAL BANK HAS NEW HOME

The Mellon National Bank of Pittsburgh has just moved into its newly completed home, which is situated on the identical site selected by Thomas Mellon, founder of the bank over half a century ago as the location for his banking enterprise.

Thomas Mellon, after serving for many years as Judge of the Court of Common Pleas of Allegheny County, retired from the bench and in 1869 opened a private banking

\$1000000

insurance against check raisers

—for bank and depositors

positive protection

that gets new accounts!

Here is an added feature of safety in a bank's service which not only offers positive protection for bank and depositor

But is a powerful force for increasing deposits—building new business!

It adds nothing to present operating costs—simply turns the hitherto "dead expense" of check supplies to active, promotional investment.

Super-Safety INSURED Checks are triply safeguarded: made of the world's safest check paper; protected by The Wm. J. Burns International Detective Agency, Inc. Then—your bank and each depositor is insured for \$1000.00 against loss through fraudulent alteration. This insurance bond is issued by the Hartford Accident & Indemnity Company—one of America's strongest Insurance Companies.

These fine, positively protected checks cost no more than checks of similar quality. They are nationally advertised in the most widely read publications—and you are furnished with valuable display and advertising matter which brings in the new depositors.

Get the facts. They are worth money to every progressive banker.

**SUPER-SAFETY
Insured
BANK CHECKS**

THE BANKERS SUPPLY COMPANY

*World's Largest Manufacturers of
Bank Checks*

New York
Atlanta

Chicago
Dallas

San Francisco
Denver

To Bank Executives—

Mezzanines cause sickness and inefficiency!

Heated air rises and the temperature on mezzanines is about ten degrees higher than on the main floor. No one can do effective work and remain well under such conditions. The abnormal conditions should be corrected and mezzanines be made ideal working spaces.

Gerdes Electric Window Ventilators and Ventilating Systems cause uniform temperature to prevail from floor to ceiling. They also maintain a pure and healthful atmosphere by the continuous diffusion unheated fresh air.

The smaller self-contained electric window ventilators can be installed anywhere on approval or to demonstrate the effectiveness of the Gerdes Method.

A booklet listing installations in banks and giving references 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

house under the name of T. Mellon and Sons. The bank prospered, and in 1902 was incorporated as the Mellon National Bank.

Since the incorporation of the bank, deposits have grown from \$8,000,000 to \$110,934,418 on December 31, 1923, and its activities have extended to cover every phase of modern banking service.

This remarkable growth necessitated enlarged facilities and has resulted in the magnificent new building now occupied by the bank.

The present head of the Mellon National Bank is Richard B. Mellon, a son of the founder, who succeeded his brother, Andrew W. Mellon, as president when the latter resigned to accept the portfolio of Secretary of the Treasury.

BANKERS ASSOCIATION OF MERCER COUNTY ELECTS NEW OFFICERS

The Mercer County Bankers Association, New Jersey, which was formed about a year ago, held their first annual banquet at

the Stacy Trent Hotel at Trenton, N. J., on February 26. About 200 bankers of the county, including officers and directors, were present. Professor William Starr Myers of Princeton University was the main speaker of the evening. His subject was "Business and Politics."

The following officers were elected for the ensuing year: President, Walter F. Volk, secretary Trenton Trust Co.; first vice-president, Edward A. Frohling, cashier First National Bank of Princeton; second vice-president, Carl K. Withers, trust officer, Mechanics National Bank of Trenton; secretary, John L. Williamson, treasurer Walker Trust Co., of Trenton; treasurer, Joseph H. Johnnes, vice-president First National Bank of Hightstown. The executive committee just selected are Howard F. Tomlinson, vice-president Mercer Trust Co., of Trenton; Raymond W. Woolsey, cashier First National Bank of Pennington; Ira Frost, assistant cashier, Trenton Banking Co., and John W. Leigh, treasurer Princeton Bank and Trust Co.

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

WHILE business has slowed down quite appreciably in one or two of the major industries of this section, this can be laid to no new developments, but is due in part to seasonal causes and in part to a caution generated by the conditions in the raw cotton market, uncertainty over prices, and a continuance of the hand-to-mouth buying policy on the part of retailers. Slowing down has been more evident in textiles than in any other line. Cotton goods manufacturers have been loath to stock up on raw cotton, even at the lower prices quoted, and they have been inclined to curtail production rather than pile up stocks until the buying public shows more interest in cotton goods. The trade realizes that low prices are the only thing that will bring cotton goods prominently to the fore again, and it is working carefully in that direction. In the woolen and worsted end of the textile trade conditions are better. Curtailment has almost ceased, and here and there we find mills that are extremely busy on trade marked goods for which there is an active demand. The principal factors in the woolen and worsted industry, at the opening of their new lines of goods for this year, held prices at about the same level as a year ago, and orders have been encouragingly good.

The shoe trade has experienced a little seasonal dullness but looks for a steady improvement from now on. The leather trade is still a bit depressed, but here also the future is much more promising than it was a few months ago.

The banking situation is comfortable. Money is plentiful and rates show no sign of change. There is a steady demand for mortgage money; most of the loaning institutions report all available funds for the next two months as already allotted. Savings accounts show a healthy growth, and the long era of almost full time employment that New England has enjoyed—and which promises to continue—is strikingly reflected in these savings reports.

Retail trade is fair. The between-season period of bargain sales, special offerings and stock clearing has disclosed the fact that there is no curtailment of the buying power of the public when prices are attractive. Collections are fair. They have been a little slower for the past few weeks, due, perhaps, to its being tax time, but on the whole losses on poor accounts are not above normal. Business failures, which showed an increase the last part of the year and the first of this year, seem to be on the decrease again, and from all present indications they should remain normal or below in volume for the balance of the year.

Construction work—which many have

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

Established 1837

ADRIAN H. MULLER & SON

55 WILLIAM STREET

(Corner of Pine Street, New York)

STOCKS AND BONDS AT AUCTION

Regular Auction Sales of all Classes of Securities Every Wednesday

The Business of Banks, Bankers, Investors and Dealers in Securities Receives
Prompt and Careful Attention

come to look upon as the best index to general conditions—is increasing rapidly all through New England. The winter just past has recorded an unusually heavy volume of construction work, and if prices are held at or near present levels, this spring and summer promise to make new records. Every form of construction is figuring prominently in the reports. Factory construction, which for two or three years has been almost negligible in volume, is now an important factor. Apartments, small homes, business buildings—all are increasing rapidly. In some centers there is a tendency to get away from the further construction of two and three family houses, as there is an oversupply of this form of housing. Real estate is very active. Prices have reached a normal basis and there is not only a great deal of buying for immediate use,

but also for investment purposes. All indications are good for a remarkably active year in real estate.



CONVENTION DATES

National Foreign Trade Council—at Boston, June 4-6.

New England—at South Poland, Me., comprising all New England States, June 20-21.

NATIONAL BANKS LOSE TAX SUITS

Judge Lowell, in District Court, recently ruled that twelve national banks in Boston and elsewhere throughout Massachusetts may not recover taxes on capital stock paid under the state law to the cities and towns in which the banks are situated. In Boston the amount involved is more than \$3,500,000. The court held that the banks could not recover because they failed to bring suit within the time limit of three months. The disputed taxes were for the years 1917, 1918, 1919 and 1920.

SAVINGS BANKS MAY INVEST AGAIN

The Department of Public Utilities of Massachusetts has certified the bonds of the Boston Elevated Railroad as legal investments for savings banks in that state. This action terminates the five-year suspension due to the company's failure to fulfill the requirement that dividends of at least 5 per cent. a year must have been earned and paid for in five years. The report of the trustees for last year showed this requirement had been complied with.

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

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

BLOSSOM time for the wild flowers in the lower portion of the South has already come, and throughout the section, preparations are under way for putting in the year's crops. That's always an optimistic period of the year—when the spirit of prophecy is strongest. But leaving aside the natural ebullience of spirits incident to the time when a young man's fancy lightly turns to thoughts of plowing—there is abundant reason for optimism in the South.

The general decline in industrial production, under way since the middle of 1923, has been checked, and basic industries are now riding on an even keel, which means bigger payrolls and increased consumption for the products of the South, agricultural and other. That forecasts good prices for the output of farm and factory.

Building operations reflect the general strength of the situation. Except in a few places building activities are considerably more active now than they were at the same period last year. New Orleans is a typical example—conservative, careful New Orleans, in which the pendulum never swings as far in either direction as in other cities. Its building permits were more than \$1,000,000 in both January and February—the first time on record when those two months reached such a total. Similar large increases are noted in other principal centers. The general average for the opening months of 1924 is considerably above the general average for November and December.

In retail business, Atlanta is the only city of the Sixth Federal Reserve District that does not show an increase compared with the same period last year. The January increase as shown by the Federal Reserve report averaged 6.1 per cent. for the district, compared with the same month of 1923, and there is no doubt that the movement in February has been in the same measure, perhaps a little accentuated. Birmingham and Chattanooga show the largest increases, 35 and 20 per cent., respectively

—local conditions being responsible for this exaggerated showing. Jackson is 3 per cent. better, Savannah 7 per cent., Nashville 2 per cent., New Orleans 1 per cent.

The expected improvement in the wholesale trade took place with the turn of the year. Though unusually cold weather retarded the buying of spring merchandise, particularly dry goods, hardware and shoes, sales nevertheless showed a healthy increase. Groceries are 10 per cent. better than this time last year; dry goods, 60 per cent. better; hardware, 11 per cent.; shoes, 27 per cent.; stationery, .2 per cent.; drugs, 11 per cent. There were declines in furniture, 8 per cent.; electrical supplies, 23 per cent.; farm implements, 10 per cent.

Savings deposits show a substantial increase over 1923. Some of the country banks are lending funds to their depositors to buy fertilizer for cash instead of paying the higher price for credit. The Federal Reserve Bank, however, reports an increase in demand deposits. In loans and discounts, there has been a considerable reduction.

Reports so far indicate that there will be a greatly increased acreage in cotton. One economist has even predicted that there will be overproduction in that staple. High prices this past season are of course responsible. Meanwhile, the National Boll Weevil Control Association is plunging ahead on its program of "More cotton to the acre, not more acres to cotton." An index of the interest on pest-control is given in the remarkable response to the \$500 contest the Hibernia Bank of New Orleans has staged, on the best methods to raise cotton under boll weevil conditions. Hundreds of replies have been received, a few from scientists and swivel-chair agriculturists, but the great bulk from the man with the plow. They have come from every section of the white belt, and the similarity of methods suggested indicates that control measures are pretty generally understood. That they have not been more generally followed is due to the long-recognized difficulty of getting farmers to pull together. However, it is believed that this obstacle is at last being surmounted. Certainly the Boll Weevil Control Asso-



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North African Motor Tours

WHAT really does make France? . . . Not her land and sky and water, but her people. What they have builded . . . what they have lived! A thousand years of daring. Joan of Arc . . . Louis XIV . . . Napoleon . . . the Marne!

And this child of France, the French Line . . . whence comes its amazing differences? Not so many boats on so many seas—so many tours across the sands. But the life that beats in those boats like the heart in the body. The splendor of vision that caught North Africa in the Gallic spell. The art that makes a little poem of a breakfast tray—the gayety that turns a six-day crossing into an adventure!

If you're going to France, walk into France right up the gangplank and land at a covered pier at Havre, which is the port of Paris, only three hours away. Get six days more of France. Begin to understand France before you've dropped Sandy Hook astern . . .

Whether you plan a quick trip on an express liner or a leisurely crossing, the French Line service provides the route idéale.



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THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
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with

EXPERIENCE—Over fifty - eight
years

STRENGTH—Capital and Surplus
\$4,000,000.00

OFFICERS—Experienced, capable and
well versed on conditions
and credits thruout this
territory ;

invites your business

JOHN M. MILLER, JR.
President

Resources over \$30,000,000

ciation is not letting anyone forget that all things are possible to the cotton planter who forgets dad and obeys that impulse.

The New Orleans dock board has just authorized the issue of \$3,000,000 of bonds for further wharf extensions. This has more than a local significance, for New Orleans is the port of the Mississippi Valley, and the larger preparations it must make to handle foreign commerce means that the valley is entering more and more fully into the import and export trade of the nation. New Orleans, the port, is and has been expanding at the rate of 2000 feet of wharf frontage a year. One of the largest wharves, now under construction, is on the industrial canal—the first public facility to be built on that waterway. Its co-ordination of river, rail and ocean transportation facilities, together with the advantages of a fixed water level, will lead the way in a rapid development of this section, according to the belief of engineers and economists.



CONVENTION DATES

Association of Reserve City Bankers—at
Dallas, Tex., April 14-16.

Louisiana—at Alexander, April 22-23.
Georgia—at Augusta, April 24-26.
Florida—at Orlando, April 25-26.
Executive Council, A. B. A.—at Augusta,
Ga., April 28-May 1.
Arkansas—at Little Rock, April 29-30.
Mississippi—at Columbus, May 6-7.
Tennessee—at Memphis, May 8-9.
Alabama—at Birmingham, May 16-17.
Texas—at Austin, May 20-22.
Virginia—at Norfolk, May 22-24.
North Carolina—at Asheville, June 4-6.
American Institute of Banking—at Baltimore, July 15-18.

TOBACCO BANK ASSURED

The establishment of an agricultural credit bank in Danville, Va., where growers of tobacco affiliated with the Tobacco Growers' Co-operative Marketing Association could borrow on their crops, was assured when Danville interests recently pledged themselves to subscribe \$100,000 of the \$300,000 minimum stock. The rest of the stock will be subscribed in the contiguous territory.

It is proposed after a time to increase the scope of the bank, interesting wheat and

Superior Transit Service

Is an actual
attainment at

Commerce Trust Company

Capital and Surplus 8 Million

Kansas City, Missouri

truck growers, and to make it of service to the entire state, and not only to tobacco raisers.

BIRMINGHAM BANK DOUBLES CAPITAL

The directors and stockholders of the American Trust and Savings Bank of Birmingham, Ala., recently voted to increase the capital stock of the institution 100 per cent. by the issuance of 5000 shares of new stock at a par value of \$100 each, and thereby raise its present capital of \$500,000 to \$1,000,000.

GEORGIA BANK CONSOLIDATION EFFECTED

The consolidation of the Atlanta National Bank and the Lowry Bank and Trust Company of Georgia, to form the Atlanta and Lowry National Bank and the Trust Com-

pany of Georgia, has been accomplished. The invested capital of the Atlanta and Lowry National Bank is \$7,500,000 and that of the Trust Company of Georgia \$3,500,000 (the latter is entirely owned by the shareholders of the Atlanta and Lowry National Bank) making the total invested capital of the affiliated institutions \$11,000,000. The combined resources of the banks is more than \$60,000,000. The new national bank maintains three offices in Atlanta,



ROBERT F. MADDOX

Chairman of the boards of the newly organized Atlanta and Lowry National Bank and the Trust Company of Georgia, Atlanta, Georgia

namely at Whitehall and Alabama streets; North Prior street and Edgewood avenue, and at Peachtree and Luckie streets. Robert F. Maddox is chairman of the board and Thomas K. Glenn, president. Mr. Maddox and Mr. Glenn are also chairman of the board and president, respectively, of the Trust Company of Georgia.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

CONVENTION DATES

Chamber of Commerce U. S. A.—at Cleveland, Ohio, May 5-8.

Missouri—at Kansas City, May 20-21.

Minnesota—at St. Paul, June 3-5.

Iowa—at Mason City, June 16-18.

Michigan—at Grand Haven, June 17-20.

Ohio—at Cedar Point, June 18-20.

Illinois—at Decatur, June 19-20.

Wisconsin—at Milwaukee, June 24-25.

Illinois—at Chicago, September 29-30,
October 1-2.

American Bankers Association—at Chicago, September 29-October 2.

Investment Bankers Association—at Chicago, Sept. 29-Oct. 2.

PEOPLES STATE BANK MAKES PROMOTIONS

The board of directors of the Peoples State Bank of Detroit, at their meeting on Monday, March 10, made several promotions in their official staff, adding three new assistant cashiers.

Arnott H. Moody, who has been cashier since 1919, was elected a vice-president, succeeding the late Henry P. Borgman. Mr. Moody entered the service of the Peoples State Bank in 1907 as a branch manager, later becoming an assistant cashier, and in 1919 cashier.

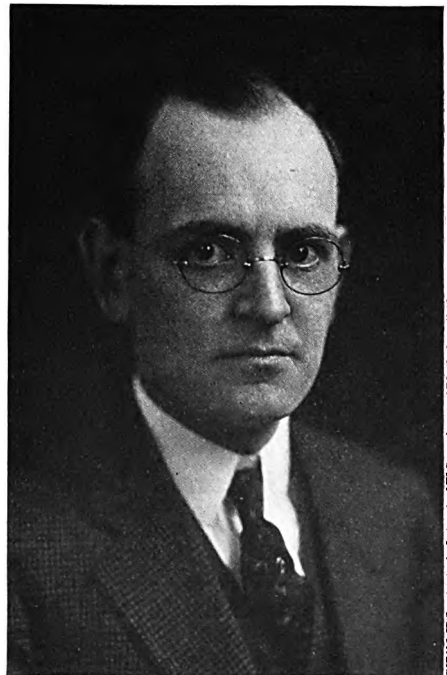
Donald N. Sweeney, who was elected cashier to fill the vacancy caused by the



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ARNOTT H. MOODY

Newly elected vice-president of the Peoples State
Bank of Detroit

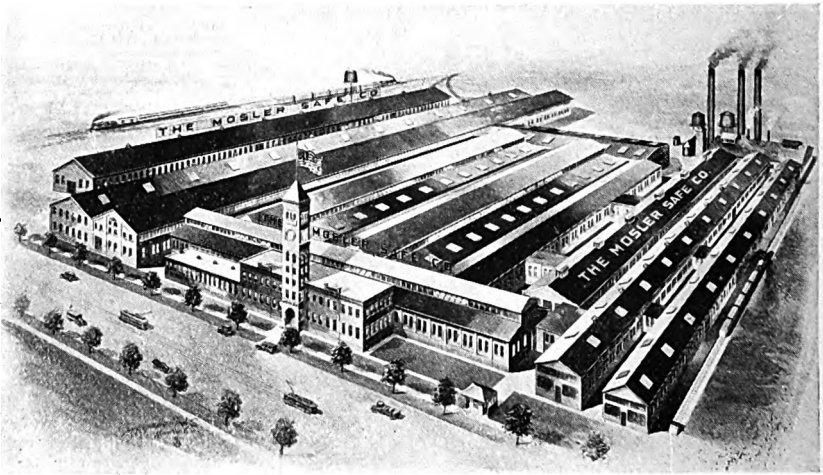


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DONALD N. SWEENEY

Cashier of the Peoples State Bank of Detroit,
succeeding A. H. Moody

MOSLER PATENT SAFES BANK VAULTS SAFE DEPOSIT BOXES VAULT DOORS LOCKS



Plant of the Mosler Safe Co., Hamilton, Ohio
THE LARGEST SAFE WORKS IN THE WORLD

Plans, Specifications and Prices on Application

THE MOSLER SAFE CO.

**373-375 Broadway
NEW YORK CITY, U. S. A.**



"Take the Night Train — and Advise Them Personally"

One of our correspondent banks recently received a short time deposit of half a million dollars, on which it would have to pay a special rate. The cashier asked our advice as to how these funds could best be invested.

Instead of answering by letter, one of our vice-presidents sent a Union Trust representative by the night train to give the correspondent bank the full benefit of our information and experience.

The trip occupied 36 hours, but there was no charge to the customer—we simply served him heartily because we believe this is sound policy for any business institution.

UNION TRUST COMPANY CHICAGO

advancement of Mr. Moody, became identified with the bank in 1911. In 1915 he was made manager of the Delray branch, which position he held until 1919, when he was appointed an assistant cashier.

The three new assistant cashiers who were appointed are Hugh McClelland, Jr., who entered the services of the bank in 1904 and was advanced through the positions of receiving and paying tellers to manager of the Chene street branch; Herbert W. Boyes, who also started with the bank in 1904 and, after serving in the position of teller for some years, had charge of the Northwestern branch since its opening; and Joseph E. Totten, who became associated with the bank in November, 1920, had previous to that six years banking experience with the Fourth and First National Bank, Nashville, Tennessee.

FRONT OF MINNEAPOLIS BANK TO BE WINDOWLESS

Indicative of the progress of Minneapolis as a financial center is the new \$2,000,000 Federal Reserve Bank building now under construction—a veritable safety vault in monumental stone.

Impregnability seems to have been the dominating thought of the architects, for not a single window has been built in the first four stories of the six-story structure. It is one of the first Reserve Bank buildings to be built in the United States having the windowless feature, according to John Rich, Federal agent for the ninth district.

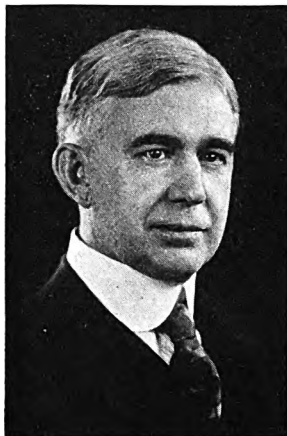
The windowless floors will receive light through enamel-lined courts. The two upper floors, to be used as offices, have windows on two sides of the building only.

In addition to the solid walls, which make the building exterior most conspicuous, the bank is still more impregnable by reason of the single entrance for pedestrians. Here a solid piece of bronze, moved by machinery, is lowered into the floor when the entrance is open.

The new bank, which will be a noteworthy addition to the Minneapolis financial center, is to be opened formally during July, according to present plans.

TOLEDO BANKS TO MERGE

Plans for the merger of the Toledo Trust Company, and the Northern National Bank, both of Toledo, Ohio, with capital and



FRANK E. EATON
Vice-president



H. H. REINHARD
Vice-president



F. J. PARO
Vice-president

Newly elected officers of the National Bank of Commerce in St. Louis

surplus of \$5,000,000 and total assets of nearly \$20,000,000, have been unanimously approved by directors of both institutions. Use will be made of the name Toledo Trust Company. Plans will be submitted to stockholders for final ratification on April 10.

NATIONAL BANK OF COMMERCE IN ST. LOUIS ELECTS NEW OFFICERS

Five vice-presidents and one new assistant cashier were made by the board of directors of the National Bank of Commerce in St. Louis at their meeting on March 11. The new vice-presidents are F. E. Eaton, H. H. Reinhard, F. J. Paro, L. D. Kelly and W. B.

Weisenburger, and the assistant cashier, W. L. Rehfeld. All of the offices created were filled from within the ranks of the bank.

Frank Eaton, who was assistant cashier, started his banking career with the St. Louis National Bank in 1890 in the city bookkeeping department. Fred Paro entered the banking field as secretary to the president of the Commonwealth Trust Company in 1903. In 1908 when that institution was taken over by the National Bank of Commerce, he became a traveling representative. Leo Kelly was assistant cashier. In 1906 he went with the Commonwealth Trust as a stenographer. His connection with the



L. D. KELLY
Vice-president



W. B. WEISENBURGER
Vice-president



W. L. REHFELD
Assistant cashier

Newly elected officers of the National Bank of Commerce in St. Louis

Your Bond Account—

The buying and selling of bonds is now one of the most important services a bank extends to its clients.

Our Bond Department is equipped to render a complete investment service to banks, and we invite you to make use of the facilities offered.

The NATIONAL CITY BANK ***of CHICAGO***

DAVID R. FORGAN, Chairman of Board

H. E. OTTE, President

Country Bank Department

FRED A. CRANDALL, Vice President

Bond Department

J. B. CHRISTERSON, Manager

National Bank of Commerce started in 1908. Herman Reinhard began with the bank as an office boy twenty-nine years ago. Since the savings department was established six years ago, he has been in charge. Walter Weisenburger has been secretary to President Lonsdale for two and a half years. He went to the bank from the position of assistant general secretary of the Chamber of Commerce. He handled the Public Relations work for the American Bankers Association under President R. S. Hawes, and is a national director of the Financial Advertisers Association. Walter Rehfeld entered the bank's service fifteen years ago as an office boy. He has been promoted up through the ranks of the loan and discount, credit and other departments to his new position as assistant cashier. He is in charge of the new accounts received in the bank.

UNION TRUST TO MOVE SOON

The Union Trust Company of Cleveland, O., will shortly be housed in its quarters in the new Union Trust Building, according to C. L. Bradley, vice-president.

This move will mark the culmination of

Cleveland's most extensive banking development as well as what is probably Cleveland's largest construction project. At the time of the consolidation of the six large Cleveland banks which went to form the Union Trust Company in 1921, there was first conceived the idea of a big bank and office building which would be commensurate with the size of the Union Trust Company and which would unite the downtown offices of the company under a single roof. Owing to conditions in the building field, however, actual construction was not begun until July, 1922.

By July, 1923, the first office tenant had moved in—less than one year from the day that construction began. Succeeding tenants have moved in as fast as suites could be made ready for them, until at the present time the directory of the new Union Trust Building constitutes a significant index to industrial Cleveland. The shops and stores occupying Euclid, East Ninth and Chester frontages are creating a new and distinctive merchandising center. The moving of the bank itself into its new quarters, resulting as it will in the bringing of many thousands of people daily into the bank

To Build Bank Deposits

**Get Your Prospects
to Think Well of
You!**

It is necessary to create and maintain a favorable opinion of your services in the minds of your customers and prospects.

**By Giving Them a
Chance to Know
About You.**

You can do this by sending periodical messages to your prospects telling them about your bank and its services.

The Way is Clear.

This company can supply you with a deposit building service prepared to fit the needs of your particular bank. This service is under the direction of Mr. Withers Woolford, formerly Advertising Manager of the Bank of America, N. Y. C.

Begin Building Now.

To-day is not too soon to begin a campaign for new business.

Write us for complete details.

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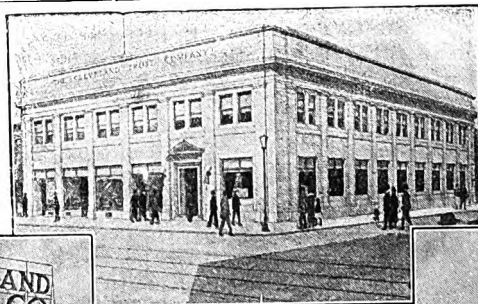
lobby and into the building, will complete the picture, making the new Union Trust Building almost a city in itself. In fact, it is estimated that the building will have a population of 8000, and will be visited by 50,000 daily.

Present plans for the opening of the new banking quarters include one day which will be a general opening to the public, with a special reception for local business men in the evening; a dinner and dance for employees; an entertainment and reception for out-of-town bankers and business men, and a children's day.

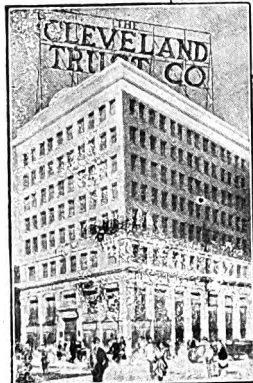
CLEVELAND TRUST BRANCHES IN NEW BUILDINGS

The Cleveland Trust has announced three new buildings for this year to provide adequate service for the increased business of branches placed in neighborhoods which years ago were deemed capable of just such a growth. The pictures show the new homes of the Euclid-79th, the Bedford, Ohio and the St. Clair-East 138th street branches.

The Euclid-79th building reflects the modern tendency in bank architecture. With stores located on the street frontage, and the banking rooms on the main floor off the building lobby, the building contains in addition seven floors, the lower ones used for

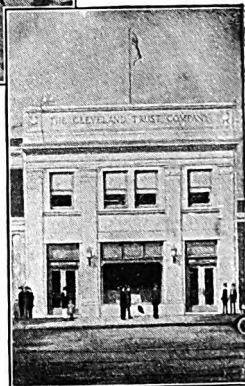


Bedford, Ohio branch



Euclid-79th street branch

New branches of the
Cleveland Trust Com-
pany, Cleveland, Ohio



St. Clair-East 138th street branch.

professional offices and the upper for kitchenette apartments. In the basement is located one of the most modern safe deposit vaults in Cleveland, with some twelve coupon booths. There are fourteen tellers' windows in the main banking room. A conference room and a rest room for women is also provided.

The Bedford and the St. Clair-East 138th buildings are each two stories, with offices for rent on the upper floor. Both will also have modern safe deposit facilities.

All three banking rooms make it easy for the public to meet the manager. A new camera device which photographs safe deposit customers adds to the protection which customers of this department are given.

A fifty-fourth bank of The Cleveland Trust Company is scheduled for construction during 1924 at the corner of Madison and Warren Roads in Lakewood.

The Cleveland Trust Company now has resources of nearly \$200,000,000. Its depositors number more than 408,000, said to be the largest number of any bank in the United States and constituting practically half of Cleveland's population.

BANKING OF THE PAST YEAR IN NORTHWEST

Reviewing the episode of bank failures in the Northwest during the past year, the Federal Reserve Bank of Minneapolis treats the matter as follows: "Banking conditions in this territory improved during the year, mainly on the side of writing off large losses in the rural districts, which had not hitherto been recognized as such. As a result a considerable number of banks were forced to close, but the remaining banks are in a better competitive position. In the cities, also, a healthier condition was shown by more normal seasonal fluctuations in deposits, loans and Federal Reserve Bank credit extensions.

"Loans and deposits of city banks declined in the first half of the year and increased in the fall, but were smaller at the end of the year than at the beginning. Security holdings and borrowings were increased during the year."

CLEVELAND CHAPTER HAS FIRST WOMAN DEBATER

The Cleveland Chapter, American Institute of Banking, has the distinction of being the first chapter to select a woman as a member of the debating team. Miss Con-

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



To Mr. and Mrs. Public:

More than 46,000 of you, to whom this is addressed, own the business of Swift & Company.

The officers and directors of Swift & Company, are responsible to these owners.

When Gustavus F. Swift first started in business in New England in 1868, he was alone.

When he incorporated the business in 1885 as Swift & Company, six persons comprised the list of shareholders.

Today, in 1924, there are consumers, retailers, producers of live stock, employes of Swift & Company, in fact, thousands of Mr. and Mrs. Publics in the list of shareholders.

No one man or family owns as much as 50 per cent of the stock of the Company; in fact, it would take about 900 of the largest shareholders to vote 51 per cent of the shares.

We are proud of the fact that about one-third of the list is made up of employes -- and that these employes own over \$20,000,000 worth of our stock.

Swift & Company's 1924 Year Book tells more about this on page 22, and also about many other interesting phases of the packing business.

You may have a copy free for the asking.

L. F. Swift
President

Swift & Company
Public Relations Dept., U. S. Yards
Chicago, Ill.

Please send me, free of charge, a copy of Swift & Company's 1924 Year Book.

Name _____

Address _____

128

stance R. Nelson, editor of the *Cleveland Banker*, official publication of the chapter, was chosen as one of the four members of the public speaking class to represent the chapter in the debate in Chicago on February 21 on the independence of the Philippines. Cleveland took the negative side.

Miss Nelson is also editor of the *Federal Reserve Notes*, publication of the Federal Reserve Bank of Cleveland, and a member of the Cleveland Woman's Advertising Club.

ST. LOUIS A. I. B. OPENS BUREAU FOR EMPLOYMENT

The St. Louis Chapter, American Institute of Banking, has instituted a new service for local banks. Through an employment bureau conducted by Executive Secretary L. E. Walter, they may obtain applicants for clerical positions who previously have been interviewed and whose references have been checked up, and may further save themselves from being subjected to the great influx of down-and-outers which always follows a "help wanted" advertisement.

It is the rule of the chapter that no employee of a bank be allowed to file his name for a new position without the knowledge of his present employer. This is considered essential to prevent unpleasant situations from arising. Most applications are received as a result of newspaper advertising.

The St. Louis banks are using this service freely, over twenty clerks being placed during the first month of the service. There is no charge to banks, and only a \$2 charge to applicants. This is to cover the cost of advertisements.

INVESTMENT BANKERS TO MEET AT CLEVELAND

Cleveland, Ohio, has been selected as the convention site for the Investment Bankers Association of America, which will hold its annual session there in the early autumn, according to announcement made by Frederick R. Fenton, secretary.

A larger attendance is expected at the next meeting than was present at the Washington convention, when more than 1000 investment bankers were addressed by President Coolidge. Plans for the next convention are being worked over by a committee under John W. Prentiss, who is president of the association. Special committees are preparing reports on live questions that will



IN CLEVELAND

The UNION TRUST Co.

Resources over 270 Millions

come up for decision at Cleveland, among these problems being the continued fight by investment bankers on fraudulent stock and bond schemes.

MISSISSIPPI VALLEY TRUST ADDS TWO NEW DIRECTORS

At the annual stockholders' meeting of the Mississippi Valley Trust Company of St. Louis, two new directors were elected to serve three years. They were Frank R. Henry, president Majestic Range Company of St. Louis and F. J. Lewis, president F. J. Lewis Manufacturing Company of Chicago.

J. HARVEY EVANS

The death was announced in Pittsburgh on February 24 of J. Harvey Evans, treasurer of the Union Trust Company of that city. Mr. Evans was at his office the day before his death. He entered the Union Trust Company as a teller in 1900, subsequently being promoted to assistant treasurer, and in 1918 to treasurer, the position he held at the time of his death.

TWO CHICAGO STATE BANKS TO MERGE

The respective directors of the Pioneer State Savings Bank and of the Scheubert and Amberg State Bank, both of Chicago, have recommended to the stockholders of each institution the consolidation of the business of the two banks under the title of the "Pioneer Trust Company." Under the plan recommended a new \$500,000 building will be constructed at the northwest corner of North and Crawford avenues, which will have every facility to care for the 30,000 depositors of the consolidated institutions. The new bank will have a capital of \$500,000; surplus and undivided profits of \$150,000 and deposits in excess of \$7,000,000. It will be affiliated, it is said, with the Chicago Clearing House Association.

The officers contemplated for the new Pioneer Trust Company are: John J. Lovett, chairman of the board; C. J. Peebles, president; Charles E. Scheubert, R. H. Lovett and John F. Amberg, vice-presidents; Norton F. Stone, cashier, and Harry G. Ostlund and Frank W. Collins, assistant cashiers.

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

FUNDAMENTALISTS and modernists in the theological world appear to be far from an agreement, or even a point where they can begin to iron out their differences. In the economic world, at least in that portion designated as the Western States of the United States, the fundamentalists and the modernists are very near an agreement. In other words, those of the Western States who hold fast to the theory that to effect improvement in trade and industry the thing that must be done is to return to the old fundamentals—to thrift and to frugality—are rapidly winning to their side the modernists who dream all about quick roads to prosperity. There is only one road to better times, the Western States now realize more generally than for months past.

The Western States have learned several lessons lately that have united them more closely than at any other time since their financial and agricultural troubles began. The latest lesson is on the tariff question. Give us higher wheat and flour duties! So the Western States cried in recent months. President Coolidge responded by making the first changes under the flexible provisions of the Fordney-McCumber tariff law on wheat, flour and mill feed. Has the West profited as a result? Yes, in a lesson in the folly of trying to ignore economic principles. From a financial standpoint, the Western States would have fared better had no change been made in the tariffs on wheat, flour and mill feed. This territory has learned something about the folly of trying to get easy money, or to create new channels for borrowing, as a means of righting itself financially.

The President's order changing the tariff rates on wheat, flour and mill feed provided that the wheat duty be raised from 30 cents to 42 cents a bushel and the flour tariff be advanced from 78 cents per 100 pounds to \$1.04 per 100 pounds. At the same time, the order provided for a reduction in the

duty on mill feed from 15 per cent. ad valorem to 7½ per cent., this being the sharpest reduction, 50 per cent. permitted under the flexible provisions of the Fordney-McCumber law. The great majority of Western millers are protesting these changes, especially the reduction on mill feed. An inspired story from Washington, a story that bears the earmarks of propaganda, tells of the benefits which the Western States have derived from the goodness of the President in modifying these tariffs, but the farmers of the wheat states are not getting as much for wheat now as before the order was issued, and are seeing that a blunder was committed, to their own injury.

It is well to give some detailed consideration to the wheat, flour and mill feed tariff question because wheat is the principal money crop of the Western States and also because a study of what has happened tends to discourage what it is well to discourage—the search for short cuts to economic recovery.

The reduction in the mill feed import duty means that Canada can sell mill feed, the by-product in the conversion of wheat into flour, at less of a disadvantage in the United States. Even the 15 per cent. ad valorem impost did not prevent large importations of Canadian mill feed into the United States. With this rate cut in two, Canada will receive more money for its mill feed. This will enable the millers of the Dominion to offer flour at a reduced price. If President Coolidge had made the import duty on wheat \$1 a bushel and the import duty on flour \$4.50 a barrel when he lowered the duty on mill feed, he would have injured millers and injured farmers who grow wheat to the same extent as he did when he issued the first tariff revision order under the new tariff law. His reduction in the mill feed rate more than vitiates any benefits from the higher wheat and flour tariffs.

America, after all, is a surplus wheat country and will continue a surplus wheat land for generations. America needs foreign markets for flour. Under the tariff rates that had prevailed, it succeeded last year

in enlarging flour exports while its wheat clearances fell off sharply. Under the new tariff rates, the United States will be hampered by the fact that Canada now has a better market for mill feed. Competition in the world's flour market is so keen that a slight change on mill feed, the by-product, is quickly reflected in flour prices. With the new rates in effect, the grain trade must give more consideration to the fact that there is a surplus of wheat in this country which must be sold. If the comparatively small imports of Canadian wheat and flour are eliminated entirely, the fact remains that Canada, a powerful competitor, has received a gift at the hands of President Coolidge that will strengthen the ability of its millers to undersell United States millers in foreign markets.

Thus, as has been aptly said, a bungle was committed in trying to devise a short cut to better times. This, though, is not the only bungle.

It is said a lobby of New England dairymen had a part in the lowering of the mill feed rate. This has not been confirmed. However, those who buy feed would find it to their advantage to join in protesting the addition of another handicap on the wheat industry through the mill feed tariff reduction.

The defeat of the Norbeck-Burtness bill, which originated in the spring wheat states, notably North Dakota, led the Western States to a closer realization of the futility of expecting Congress to pour money into their laps. This bill proposed a loan of \$50,000,000 of Government money with which to buy live stock to replace wheat farming. The indications, according to a Federal compilation, are that a reduction of 14 per cent. will be effected in the spring wheat area of the northwestern states this season. This confirms the unpopularity of wheat as a crop. But why should these states or any others turn on a wholesale scale to live stock? Excepting in the case of sheep and lambs, prices of live stock are not bringing profits over which producers can enthuse. In fact, many cattle and hog raisers say they would enthuse if they could avoid showing a loss on this season's operations. Other new loan plans are also proving idle dreams.

Some weeks ago the Oklahoma State Supreme Court declared unconstitutional a law that proposed to lend state money to encourage co-operative marketing. This is a forward step. The fact is that if the

entire cost of marketing was eliminated, the problems of wheat farmers and of others who want a better margin would not be solved. Co-operative marketing is costing the Western States money, not saving them anything. All that this movement has done in the aggregate is to raise false hopes, to increase wastefulness in marketing and, finally, to disillusion farmers.

Nothing is so constructive as an awakening. Wheat is cheaper, and other markets little, if any, better, but the Western States have advanced in the past month. They have had a further awakening. Also, they have on the whole enjoyed good weather. In Nebraska, Kansas and Oklahoma the winter wheat plant has come out from the winter period in fine condition. What insect pests, which are more numerous than a year ago, will do is a question, but the soil and plant conditions make it reasonable to anticipate a harvest of 150,000,000 bushels in Kansas alone, with the maintenance of present prospects. Soil conditions are favorable for the seeding of spring crops. Frugality is apparent in the rural districts. The Western States are working out of their problems, and fewer farmers are dreaming of a solution through the magic of politicians who would do almost anything for votes.

At this writing there is agitation over the possibility of the enactment of the McNary-Haugen bill to create a Federal commission to market wheat and some other crops in export channels through a complicated scheme, but if common sense prevails this will not make any headway. If the bill is passed, an economic revolution will ensue in the Western territory.

While financial relief measures are still talked about at Washington in this national election year, some Western States money is being loaned on the call market in Wall Street. The bankers making such loans are not disloyal to their own districts. They have been holding the funds loaned on call for the spring demand. There has thus far been a smaller actual demand than expected because farmers are practicing even more thrift than anticipated. The implement trade was dull a year ago; it is still dull. Fewer automobiles were sold to farmers a year ago than in the spring before; the sales this season show a decrease of fully 25 per cent. from 1923. Very little outside labor is being used. The trade of country merchants and, in turn, of wholesalers who cater to them is lighter than a year ago. Why? Farmers

are saving and working to readjust their financial position.

Sheep, lambs, wool and cotton stand out as the most profitable commodities to the Western States. Mutton and wool markets are surprisingly high. Millions of pounds of wool of the 1924 clip, which is still on the backs of flocks, have already been contracted for by buyers at comparatively high prices—above 40 cents a pound for the better grades in the grease. Cotton has slumped, but is still high. Hogs show a little improvement. Cattle average about the same as last month. The lumber trade is below the volume of a year ago. The metal markets are without bloom. Building is behind a year ago. Labor is not quite so well employed as a year ago. Further progress has been made in removing disparities between cities and farms.

Now that spring is here, there is more hopefulness in the Western States. Spring is naturally a season of hope. The spring of 1924 is starting more auspiciously from an agricultural standpoint, for there are better prospects for harvests than at this time in 1923. Will the present prospects mature? How will markets absorb the crops? Will more readjustments to the agricultural level be witnessed on industrial markets? The answers to these questions furnish the key to what the new growing season will bring to the Western States.



CONVENTION DATES

Kansas—at Kansas City, May 20-21.
 Oklahoma—at Sulphur, May 27-28.
 South Dakota—at Huron, June 17-18.
 Colorado—at Boulder, June 20-21.
 North Dakota—at Fargo, June 26-27.
 Montana—at Bozeman, July 17-19.
 New Mexico—at Albuquerque, September 12-13.

TWO MUSKOGEE, OKLA., MERGERS ANNOUNCED

The Security National Bank of Muskogee, Okla., and the Muskogee National Bank have been merged under the title of the Muskogee Security National Bank, according to a press dispatch from that place on February 23, which appeared in the *Dallas News* of the following day. The new bank, it was said, would have a capital of \$200,000, with a surplus of \$40,000 and deposits aggregating \$2,750,000. The dispatch further stated that A. C. Trumbo (the former president of the Muskogee National Bank) would be chairman of the board, and M. G. Young (heretofore president of the Security National Bank) would be president of the new institution.

According to a press dispatch from the *Oklahoman* of March 16, the Commercial National Bank of Muskogee (capital \$250,000) has purchased the Exchange National Bank of that city (capital \$800,000). Deposits of the combined banks will exceed \$5,000,000, it is said.

FIDELITY NATIONAL OF OKLAHOMA ELECTS OFFICERS

Roy E. Finerty was on March 1 elected chairman of the board of the Fidelity National Bank of Oklahoma City, Oklahoma, and John A. Campbell was elected president of the institution. Mr. Finerty is president of the Finerty Investment Company. As president of the bank, Mr. Campbell, who had heretofore been cashier, succeeds the late F. P. Finerty. Royal C. Stuart, formerly active vice-president, has been made cashier.



Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By ROBERT J. SEVITZ

THUS far in 1924, activity in all lines of economic endeavor has kept pace with the unusual prosperity shown in this section in the year just passed, and apparently the New Year gives promise of even surpassing the predictions made through these columns that 1924 should continue to show the steady sound upward business progress that has characterized the Pacific section now for several years past. No obstacles have been noted by any of the authorities as yet, and barring some serious catastrophe, this region bids fair to establish itself this year as being even more favored economically than its sister sections of this country.

Production and distribution of goods reflect this strong position and have been maintained at the high levels of the closing months of 1923. The banking and credit situation has been particularly strong, and funds for all worthy projects, both industrial and agricultural, have been adequate, with interest rates uniformly low. According to reports made public by the Federal Reserve Agent at San Francisco, the Twelfth Federal Reserve Bank at the middle of February showed a reserve ratio of 82.7 per cent. This is the highest point reached since late in 1918, and reflects very notably the banking strength of this district in general.

No decline has been detected in industrial activity. Lumber mills of the Northwest produced 11 per cent. more marketable lumber in January, 1924, than in January, 1923, and both shipments and orders were ahead of the month's cut, laying the foundation for a normal seasonal increase in this industry in the spring months. Flour mills have been favored with an active market to begin the New Year, and consequently have shown approximately a 15 per cent. increase in output in January, as compared with a year ago. Early reports from the mining industry would indicate that all of the important metals (including copper,

gold, silver, lead and zinc) are being produced in even greater volume than in the closing months of 1923. The copper miners and producers have been favored with a sluggish but gradually strengthening market since the first of the year.

As is usual in the Pacific section during the winter months, there has been quite an influx of workers from other states seeking employment, and in the metropolitan centers quite a little unemployment is the result. These are generally unskilled laborers and clerical workers who drift to the warmer winter climate on the West Coast during the winter months. No serious difficulties have been reported however, and the situation may fairly be said to be about the same as in previous years.

The production of petroleum in California continues the decline started in October, 1923. Stored stocks in this section increased 2.5 per cent. in January, but this was due to a decrease in consumption locally and in shipments to both domestic and foreign ports. As a result of the decline in production, prices of California crude oil advanced sharply in February, the advance totaling about 35 per cent. This advance was reflected to the general public by two advances in station prices of gasoline of 2 cents per gallon each, the increases coming within fifteen days of each other. Prices of gasoline and oil to the retail consumer had been at record low levels since last September, however, and the increase had been predicted for some months, since the curtailment of production was noted.

Reports available to February 1 indicate that the producers of the bumper wheat and deciduous fruit crops of this region during 1923 are still faced with a sluggish market. The total volume of wheat exported from this growing section up to February 1 has been 23.6 per cent. smaller than in the same period a year ago, and barley shipments have been 42.4 per cent. less. These figures take into consideration the size of the crops of the two years compared. Apple shipments have exceeded those of a year ago, but a large volume of this fruit is reported held

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In most sections of the Pacific States the winter moisture has been normal or greater than normal, improving soil conditions for future plantings, and favoring grain and field crops already in the ground. California, however, has suffered an unusually dry winter, and in some sections the consequences are held to be serious. The northern section of the state was favored with good rains in January and February, which have improved the farmers' and live stock growers' positions somewhat, but more moisture is needed, particularly in the mountain sections, where the snow fall has been the lightest in years, and some concern is already expressed for summer irrigation. In Southern California there had been practically no rain up to March 1, and unless there is an abnormal amount of moisture in the spring months, the result may not fall far short of a catastrophe. Last summer saw many disastrous fires in the dry prairie lands and in the wooded hills and water sheds, following a dry winter, and with an even dryer winter drawing to a close, it is difficult to foretell what the result may be. Already there is talk of sending sections of the National Guard to patrol certain mountain sections of the state, and some authorities have advanced the suggestion that all visitors and tourists be denied admission to the mountain parks in Southern California until all danger of fire is past.

The livestock industry has closed a satisfactory year in 1923, and with the exception of those in California, growers generally report conditions good in January and February, 1924. The situation for California

growers was improved a great deal by the rains of February, but more moisture is needed in the grazing and pasture land sections if the year is to be one of uniform profit. An epidemic of hoof and mouth disease was discovered early in the year in certain counties of California, but prompt action by Federal and state authorities in placing a strict quarantine over the affected areas, has prevented any spread of the disease. In the affected areas all livestock under suspicion has been slaughtered, and while some few growers have been set back irreparably, the total effect has been negligible, owing to the fact that the disease has been confined to so small an area.



CONVENTION DATES

California—at Yosemite Valley, June 4-7.

Washington—at Olympia, June 10-12.

Oregon—at Seaside, June 13-14.

Utah—at Ogden, June 13-14.

Idaho—at Boise, June 16-17.

Arizona—at Prescott, October 24-25.

BANK OF ITALY EMPLOYEES TO GAIN CONTROL

Control of the Bank of Italy, California's largest bank in financial resources and eighth ranking financial institution in the United States, gradually is to be passed to its employees, it is announced by 'A. P. Giannini, the president. "I am convinced," he explained, "that the day has come when those who establish and upbuild an enterprise should own it. My plan is not for the benefit of big executives. It is all for our workers."

This policy is also being followed out in the East River National Bank and the Commercial Trust Company, both of New York, which are headed by A. H. Giannini.

SEATTLE BANKS MERGE

Formal consolidation of the Dexter Horton National Bank and the Union National Bank of Seattle under the name of the former was effected on March 10 following the receipt of an official telegram from the Comptroller of the Currency at Washington authorizing the new bank to commence business on that day. The consolidated board

of directors thereupon elected the following officers to serve until the next annual election: J. A. Swalwell (heretofore president of the Union National Bank), chairman of the board; J. D. Hoge (formerly chairman of the board of the Union National Bank), vice-chairman of the board; W. H. Parsons (heretofore chief executive of the old Dexter Horton National Bank), president; C. E. Burnside, A. B. Stewart, R. H. MacMichael, J. D. Lowman, C. H. Dodd, Ralph S. Stacy, H. L. Merritt, O. W. Tupper and C. L. LeSourd (also trust officer), vice-presidents; W. W. Scruby, cashier, and C. T. Glass, B. C. Yancey, B. W. Pettit, C. M. Latimer, N. C. Neilsen and J. F. Lawson, assistant cashiers.

BANK BRANCHES MULTIPLY IN LOS ANGELES

With the United States National Bank having entered the field of branch banking, there remain only four of the leading banks of Los Angeles that still cling to the "under-one-roof" plan of doing business, says the *Coast Banker*. They are the Farmers & Merchants National Bank, the Continental National Bank, the Union Trust & Savings Bank and the National City Bank. The National City Bank will probably establish branches after its occupancy of its new building now under construction. There are no indications, however, that the other three banks will join in the popular movement which has reached its greatest development in the last few months with many of the national banks opening agencies in various parts of the city.

The United States National Bank has launched three agencies—at Eighth and Santee, in the industrial district; at Third and Figueroa, and at Twelfth and Olive. Permission to establish these branches was received from the Federal Comptroller of Currency. President O. M. Souden says that each of the agencies will be a complete unit in itself and will be able to transact all lines of ordinary business subject to the supervision of the main office.

The decision of the United States National to operate branch agencies was reached only after much discussion among officers of the bank. The United States National was established on March 1, 1905, and the opening of the first branch served as a celebration of the nineteenth anniversary of the institution.



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ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

THE anticipated improvement in business conditions with the approach of spring is being experienced in a moderate way. It is shown by such indicators as car loadings, bank clearings and the volume of employment. Since the first of the year the trend of market prices for farm products has been upward—a change from the tendency of some months previous—and this has given a more hopeful outlook in the agricultural industry, particularly as there is a substantial portion of last year's crop which is yet to be marketed. Commenting on this situation the *Teller*, issued by the Sterling Bank, says that it has been quite some time since there was such a general feeling of optimism for the farmer's prospects as seemingly exists today; it looks as if there were certain real reasons why there will be considerably better times on the farm this year than last. The *Teller* looks for a continuation of the downward movement in commodity prices, while prices for farm products should hold steady or continue to rise. It is realized, however, that the buying power of the agricultural community is still far below normal and that there will have to be further adjustments to bring a return of prosperity. The outlook at writing in this connection is complicated by the attitude of the American Government on the tariff on Canadian farm products.

The improvement in bank clearings for January and February amounted to about 12.5 per cent. over all Canada. In some portions of the country the increase was very marked. In Calgary, for instance, where the figures reflect the big crop in Southern Alberta last year, the total clearings for February of \$30,000,000 compared with only \$16,000,000 in February last year. Business conditions in that city and district are said to have improved about 100 per cent. Car loadings in all Canada are showing an improvement of about 10 per cent. The resumption of work in iron and steel plants in February led to the reinstatement

of nearly 9000 workers in automobile and railway car shops, and in shipyards. In textile plants about 4300 were added to the payrolls. In saw mills, furniture, boot and shoe, pulp and paper, rubber, tobacco, brick and some other plants, there was considerable improvement; the trend in logging, mining and railway construction was also satisfactory. This resumption of industrial activity is dealt with by the Canadian Bank of Commerce, which, however, says that there is no evidence of exceptional activity except in the pulp and paper industry; heavy taxation is mentioned by the bank as a depressing factor, but an improvement in the Western situation is noted "where payments on debts continue to be made on a much larger scale than a year ago," after somewhat disappointing returns during November and December.

Heavier purchases for current needs, reflecting growing orders, are reported in the iron and steel industry. Placings for second-quarter requirements indicate that much buying will soon be done for spring work. Additional equipment orders are being placed by the railroads, including locomotives for the National lines. Further contracts for freight and passenger cars are expected. Steel mills are busy on rail orders. Capacity operations are assured until well into the summer. The Sault Ste Mills have approximately 100,000 tons of rails on order now. Automobile firms are increasing their output in anticipation of the largest distribution of cars in their history. Structural steel business is improving. Fabricators have come into the market for substantial tonnages, and the construction industry as a whole is anticipating an active season. Inquiries for equipment are appearing more frequently and there is a little improvement in the machinery business. In the lumber industry activities in the woods have been on a large scale. In British Columbia Japanese orders are an important factor.

Labor conditions have been somewhat disturbed in the steel and coal industry in Cape Breton, and in the lumber industry in

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British Columbia. The coal miners in Cape Breton went out on strike and were finally ordered back to work by International President Lewis, only to complicate the situation after returning to their jobs by voting against the agreement negotiated by the union representatives. The situation is made more difficult by the fact that there is a strong red element which advocates breaking away from international authority. In British Columbia a strike of the lumber men has been staged by the I. W. W., and is being largely financed by funds secured in the United States. One of the unreasonable demands of the strikers is that I. W. W. prisoners in the United States should be released. The agitators behind this strike are planning to extend the scope of the organization to the lumber camps of Ontario, and throughout other provinces of Canada. The boards of trade of British Columbia are calling on the government to suppress this movement on the ground that it is aimed against constitutional control.

The business outlook is somewhat clouded by political developments at Ottawa. Along the lines of the Mellon tax proposals in the United States, there has been a wide agitation for relief from taxation in this country. It is argued that the levies here are considerably higher than they were in the United States even before the Mellon reductions, and that, if Canadian business is to compete on a fair basis, an adjustment is imperative. The government has been impressed with the importance of meeting public opinion and is making an effort to bring in a balanced budget. However, it is a

question if savings will not be wiped out if the Progressives use their balance of power as a third party to force the government to reduce the tariff in the interests of the farmer, and cut freight rates, not to mention the demands, with strong political backing, from various parts of the country for heavy expenditures on public works. Manufacturers are not only protesting emphatically against any reduction of the tariff, but in the textile and shoe industries are asking that something be done to curb the flood of British and European products entering the country under reduced tariffs because of depreciated currency. A number of woolen mills have been closed down.

Further changes in the Bank Act may be brought into effect during the Ottawa session. The government has appointed a commission to inquire into the Home Bank failure and is evidently desirous that the amendments to the Bank Act made at last session should be given a chance to prove their efficacy in maintaining sound conditions in the banks. However, there is a great deal of public dissatisfaction which seems almost certain to be capitalized by the politicians to the extent of introducing measures proposing the guarantee of deposits, government inspection, etc. Even though these measures may not receive wide support, the throwing of the whole question into the political arena may have the unfortunate effect of further disturbing public confidence. Bank officials are unanimous that the amended Bank Act should be given an opportunity, but different opinions are held as to the advisability of some form of

government supervision to meet public opinion if the politicians succeed in raising a serious agitation; some of the banks have already suffered losses in deposits.



CONVENTION DATE

New York Bankers Association—at Mount Royal Hotel, Montreal, June 23-25.

STANDARD BANK MAINTAINS GOOD LIQUID POSITION

Substantial improvement in the proportion of liquid assets of the Standard Bank of Canada (head office Toronto) is indicated in the annual statement. An increase of over \$750,000 in investments on government securities is largely responsible for this. Total assets, however, show a contraction of slightly more than \$9,000,000, which is largely accounted for in a falling off in savings deposits. The reserve fund has been reduced as the result of the readjustment which was made during the year. Current loans are considerably reduced, reflecting industrial conditions and the bank's policy in carefully checking up outstanding credits; the small sum of \$674,000 appears for non-current loans under the new provisions of the Bank Act. Following are comparative figures from the balance sheet (condensed):

ASSETS			
	1923	1922	Change
Liquid assets	\$23,894,270	\$25,187,231	\$1,292,961
Other assets	45,743,416	53,532,033	7,788,618
Total assets	\$69,637,685	\$78,719,264	\$9,081,579
LIABILITIES			
Capital	\$ 4,000,000	\$ 4,000,000
Reserve	2,750,000	5,000,000	\$2,250,000
Dividends	120,729	140,751	20,022
Other	62,551,294	69,417,946	6,866,652
Balance	215,662	160,567	55,095
Total liabilities	\$69,637,685	\$78,719,264	\$9,081,579

Considering all the circumstances, the profits of \$695,095, compared with \$728,074 in the previous year, will no doubt be regarded as satisfactory by the shareholders. Dividend requirements were reduced and a considerable sum was added to the profit balance.

"The year just closed has been one of the most difficult with which not only financial, but also commercial business has had to contend," said Vice-President T. W. Wood, at the annual meeting. "Instead of recording progressive prosperity, the commencement of new enterprises and the extension of existing ones, it has been characterized by contraction and readjustment."

The vice-president stressed the point that the values placed upon the assets, after most careful examination and investigation, not only by the management and officials of the bank, but by a committee of the directors, were most conservative.

The general manager, Norman L. McLeod, referred to criticisms which have been current regarding alleged extravagances in bank management, and that these criticisms could not fairly be charged to the Standard Bank. On the question of government inspection of banks, the general manager had this story to say:

"There has been a persistent agitation in the press for government inspection of banks. This bank has an efficient inspection department that inspects all branches, including the head office, once every year, as well as a most reliable auditor who has been untiring in the performance of his duties, but if government inspectors can assist us with our problems, we will welcome this innovation by the government."



Central States Conference

TWELVE states—Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio and Wisconsin—were represented at the thirteenth annual conference of the presidents, vice-presidents and secretaries of the Central States bankers associations, held in Indianapolis, March 17 and 18. There were also present Secretary H. G. Huddleston of Tennessee, and Secretary W. A. Philpott of Texas, the latter being accompanied by M. A. Graves, president of the Texas association. President S. A. Roach, who is secretary of the Ohio Bankers Association, presided at the four sessions. There were few set addresses, much of the time being devoted to informal discussions of subjects of particular interest to state associations.

Fred N. Shepherd, executive manager of the American Bankers Association, addressed the conference on "Our Common Purposes," in which he stressed the fact that the success of the A. B. A. is largely dependent upon the success of the state organizations, the work of which is complementary to it, and made a plea for closer co-operation between the state and national organizations.

Under the title: "What Shall We Do With the Slow Credit," B. G. Huntington, vice-president of the Ohio Bankers Association, presented a plan whereby the banks may be enabled to cope successfully with the competition now afforded by the building and loan associations, through the establishment of a new department to take care of the slow credit, and outlined the principal features of proposed legislation providing for the establishment of such departments, which it is hoped to have enacted in his state.

Secretary M. A. Graettinger of Illinois related his experience in the organization of a bankers' mutual insurance company and some of the unethical opposing propaganda that has been indulged in by the stock company interests. He stated that since the mutual

company had received its license on January 2, a large volume of business had been written and 75 per cent. of the expiring policies, formerly placed with stock companies through the secretary's office, had been renewed in the mutual company. His report of the present status of the company and its prospects for effecting a saving in insurance cost to policy holders was very encouraging to other state associations which have been watching the venture in Illinois with much interest.

One of the most interesting features of the meeting was the explanation by C. E. Narey, president of the Iowa Bankers Association, of the methods of apprehending burglars and bandits used by the Iowa organization in co-operation with the peace officers of the state. The general plan of the organization is the selection by the county sheriffs of several men living in every community in the county as members of a vigilance committee. These men are sworn in as deputy sheriffs and adequately armed, with the understanding that they are to serve only in an emergency such as a bank robbery or burglary. Through the co-operation of the telephone company, emergency calls, in the event of an attack on a bank, are telephoned to the sheriff and the vigilance committees in the entire county and surrounding counties immediately. In this way the capture of the criminals is made comparatively easy. The state supplies agents who work in close harmony with the bankers association in suppressing crime and the association co-operates with the state authorities in the trial of cases.

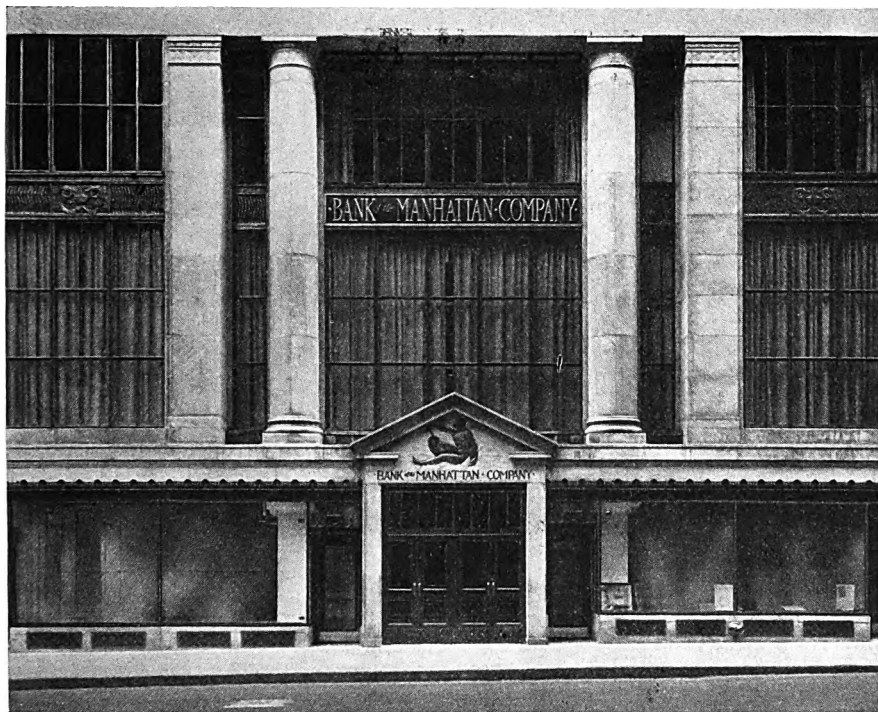
Co-operative selling of farm products was suggested by Murray D. Lincoln, secretary of the Ohio Farm Bureau Federation, as the greatest economic stride made in recent years. He said further that reduction of cost of distribution, a cut in the cost of marketing most farm products except grain, has been of great and lasting benefit to the farmer.



The First National Bank of Salisbury, N. C.

THE Roman triumphal arch used in the new home of the First National Bank of Salisbury is an emblem which has stood for strength and security since the beginning of the Christian era.

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Entrance to new building of Bank of the Manhattan Company

Bank of the Manhattan Company Opens New Uptown Office

THE Bank of the Manhattan Company has recently opened a commodious new office at Madison avenue and Forty-third street, New York, in the heart of the uptown business district. This splendid modern banking floor, which is illustrated in this number of *THE BANKERS MAGAZINE*, will meet a constantly growing need for additional banking facilities among business houses located in this neighborhood.

The history of the Bank of the Manhattan Company is well known to the banking world. At the time that it received its original charter in 1799 there were only two banks in the City of New York. It is interesting to note that today this bank, in spite of its age and traditions, is one of the most modern and vigorous in the city.

The development of the bank during recent years has been exceptionally

noteworthy. In 1917 it became a member of the Federal Reserve System, and one year later, by acquiring the Bank of the Metropolis, an uptown office at 31 Union Square was provided. Early in 1920 the bank acquired the Bank of Long Island, with thirteen offices in growing industrial centers of Queens Borough. Later in 1920 the consolidation with the Merchants Bank took place, bringing the capital of the Bank of the Manhattan Company up to \$5,000,000. In 1922 a stock dividend of 100 per cent. was declared, increasing the bank's capital to \$10,000,000. The total resources of the Bank of the Manhattan Company today are over \$200,000,000, with a capital, surplus and undivided profits of approximately \$24,000,000.

There is probably no other financial institution in the country which has



Main banking room, showing tellers' windows

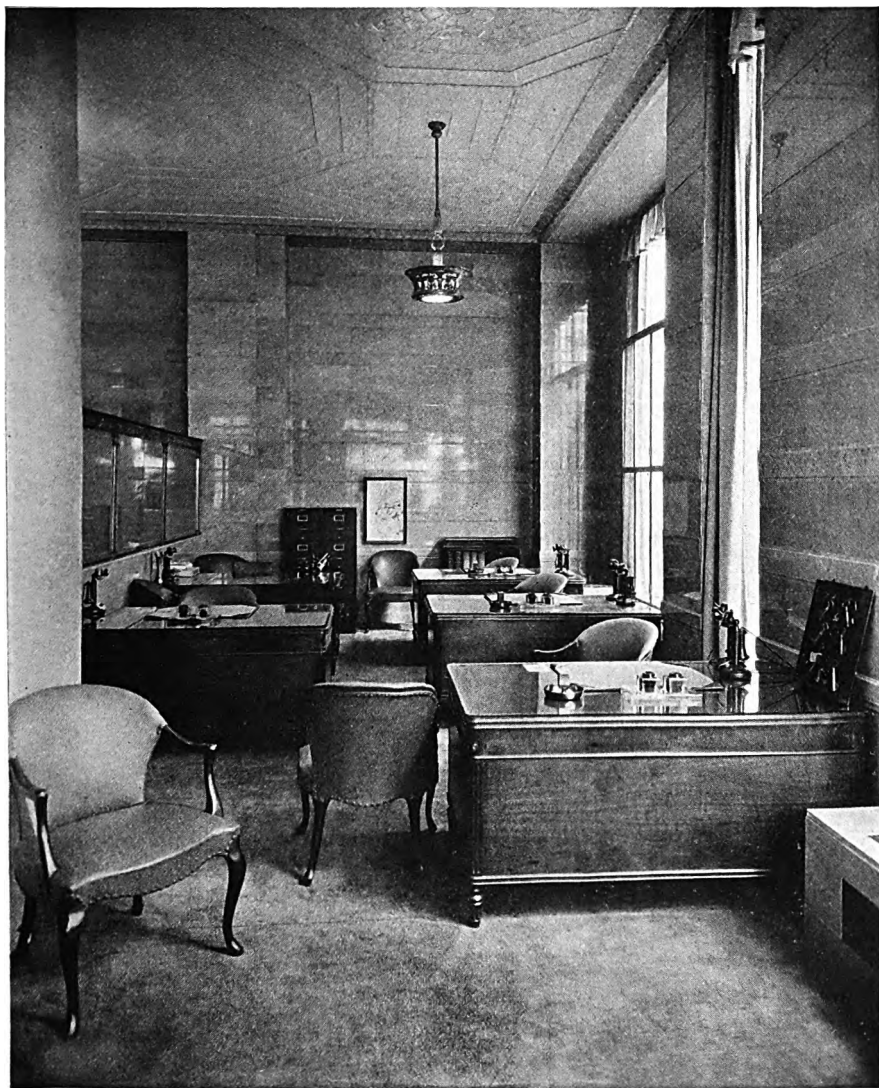
played a more important or more useful part in the economic development of the nation than the Bank of the Manhattan Company. This bank has seen the United States develop from a struggling frontier nation at the beginning of the nineteenth century to its present world position of leadership. It has played its part in the financial operations of the War of 1812, the Civil War, the war with Spain and the great World conflict of 1914. Throughout the many financial panics of the past century this bank has not only maintained its own sound condition but has helped to stabilize conditions generally. It has played a leading part in all movements for bettering bank organization and practice. For example, it played a large part in the founding of the New York Clearing House Association in 1857, and still stands second on its membership rolls. Up to October 1923 the bank had paid \$26,947,800 in dividends.

The officers of the bank are as follows:

President, Stephen Baker; first vice-president, Raymond E. Jones; vice-presidents, James McNeil, B. D. Forster, Harry T. Hall; P. A. Rowley, D. H. Pierson, Frank L. Hilton, Valentine W. Smith, John Stewart Baker and O. E. Paynter; cashier, Walter A. Rush. Basil B. Elmer and Charles T. Greenwood, assistant cashiers, are in charge of the Madison avenue office.

Mr. Baker was born at Poughkeepsie, N. Y., August 12, 1859. He was educated at Riverside Academy, and came to New York in 1875, where he entered a dry goods commission house. His banking career began in 1881 when he entered the service of the American Exchange Bank. In 1885 he became associated with John S. Kennedy, private banker, and in 1891 became associated with the Bank of the Manhattan Company as vice-president. Mr. Baker was elected president in 1893.

Mr. Jones was born in New York and educated in New York schools. His



The credit and service departments are located here

first banking connection was with the New York agency of the Royal Bank of Canada. By reason of his energy and personality Mr. Jones worked his way up rapidly from a subordinate position to that of head agent, which position he resigned in 1918 to become vice-president of the Merchants National Bank. Shortly afterwards he was elected president. Under his administration the Merchants National Bank enjoyed a period of continuous expansion

until its merger with the Bank of the Manhattan Company.

The following are directors: J. E. Aldred, Stephen Baker, Bertam H. Borden, Marshall Field, Michael Friedsam, Walter Jennings, Raymond E. Jones, Henry K. McHarg, George McNeir, Arthur G. Meyer, John C. Moore, Charles E. Potts, P. A. Rowley, Samuel Sloan, James Speyer, Carl F. Sturhahn, George Zabriskie, John Stewart Baker.



This new building, for the City National Bank, Binghamton, N. Y., was designed by Alfred Hopkins, New York. The vault work is to be installed by the York Safe and Lock Company

Some Recent Bank Building Operations

THE *Architectural Forum* in its annual building survey and forecast estimates the total value of bank buildings to be erected in 1924 to be \$201,165,200, divided as follows:

Northeastern States	\$29,871,600
North Atlantic States	76,083,300
Southeastern States	7,052,500
Southwestern States	6,844,800
Middle States	65,406,900
Western States	15,906,100

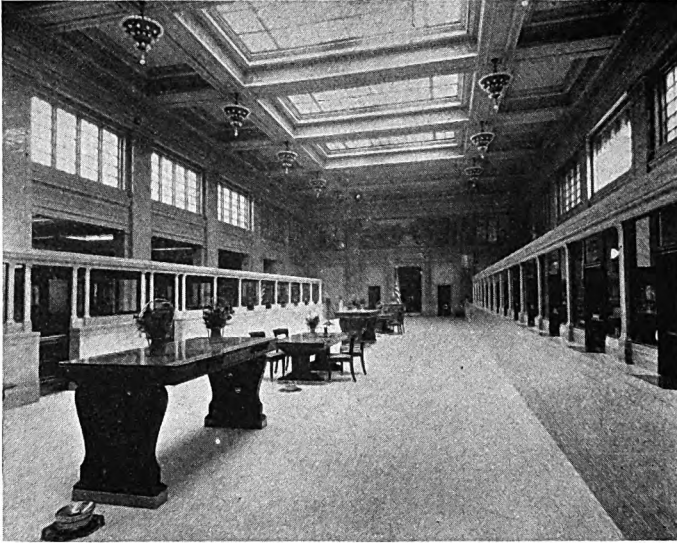
Commenting on conditions in the building trades in general the *Forum* says: "Naturally, certain offsetting conditions may appear, such as the definite development of a buyer's strike, which will occur in the late spring of 1924 if the great volume of building material orders are placed at that time, and bring about a considerable increase in prices. If this condition actually develops, the figures for the latter half of 1924 will be smaller than anticipated. It is expected, unless prices go too high, there will be a late reaction in the fall of 1924, providing during the year two peaks of building activity, totaling more than \$5,000,000,000 for the year."

AKRON SAVINGS AND LOAN COMPANY, AKRON, OHIO

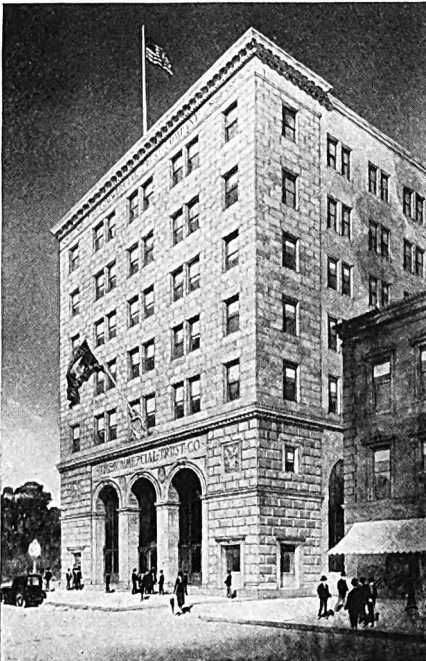
THE architect's drawing for the new building of the Akron Savings and Loan Company of Akron, Ohio, is reproduced in this department this month. This building was designed by Alfred Hopkins, New York architect. A feature of the building will be the ample provision of windows and the mezzanine stores over the main banking room just below the main cornice of the first story. Mezzanine stores in the smaller cities of the country are becoming more and more popular, and even in New York City merchants are using second story and even third story windows for the display of their wares.

It is interesting to know that the building was originally designed with a tower which was to be illuminated at night and used as an advertising feature. Owing to the divided opinion of the board of directors, however, this feature was omitted.

The vaults of this bank are to be installed by the Herring-Hall-Marvin Safe Company.



The main banking lobby of the First National Bank of Fort Wayne, Indiana. This lobby is flooded with light from the clerestory windows paralleling each side, and from the great skylights overhead. The vault work for the bank was installed by the Mosler Safe Company



Proposed building for the Commercial Trust Company of New Britain, Connecticut, designed by Alfred Hopkins, New York. The first story will be occupied by the bank, the remaining five stories being occupied by offices. The design of this building, while very simple, is well adapted to the character of the institution it will house, as it accentuates the bank's quarters, making them the important feature of the whole building

FIRST NATIONAL BANK, FORT WAYNE,
INDIANA

THE First National Bank of Fort Wayne, Indiana, has moved into its new twelve-story building, which is considered the finest bank building in the State of Indiana.

The bronze doors of the main entrance form the side panels of the vestibule during banking hours. The main



New building of the Akron Savings and Loan Company of Akron, Ohio, designed by Alfred Hopkins, New York. Vault work is to be installed by the Herring-Hall-Marvin Safe Company.

banking room is 28 feet high, with a skylight which floods the room with sunshine; it is 160 feet long and 48 feet wide, unbroken by columns.

Warm gray Missouri marble has been used throughout the bank, and the floor is of marble tile. The architect is the Thomas M. James Company of Boston.

In accordance with the custom of modern banks, the officers' desks are easily accessible to the public, being walled off by a low marble balustrade with a bronze gate.

Convenience, efficiency and security

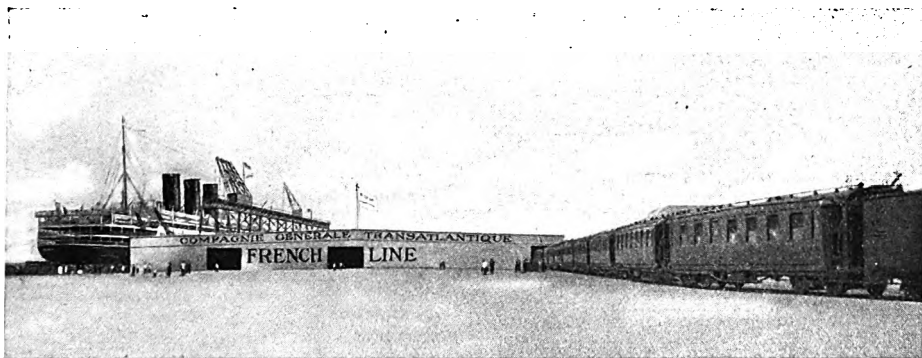


New building for the First National Bank of Fort Wayne, Indiana, designed by the Thomas M. James Company

are combined with beauty in the vault equipment, which was supplied by the Mosler Safe Company. There are two doors to the security vault, one of which is entirely for use in an emergency. Both are of special construction so that they will withstand drilling and the oxy-acetylene blow torch. They are fitted with four time locks, so that a lockout is impossible, as any one of these locks will release the bolts at the proper time.

In the upper stories of this building there are accommodations for about fifty offices.





S. S. "Paris" at her dock in Havre

A Connecting Link Between France and America

[The maintenance of friendly relations between the countries of the world, and the steady and healthy growth of international financial and commercial intercourse, are so interwoven with the travel of one country's citizens in the lands of other peoples, and the exchange of ideas and viewpoints between the nations so essential to progress in the present-day world of business, that the great steamship lines which connect America with the rest of the globe may no longer be considered as private enterprises, conducted solely for the profit of their stockholders; they have become public servants, using that term in its finest sense.—THE EDITOR.]

THE Compagnie Générale Transatlantique (or French Line, as it is known on this side of the Atlantic), has, throughout its almost seventy years of service, remained in the front rank of these utilities, and now maintains extensive services on many routes throughout the seven seas.

During the war it suffered the loss of several of its finest vessels, chief among them the "La Provence," which was torpedoed in the Mediterranean, but since that time has added to its fleet a number of splendid steamers, notably the new flagship "Paris," put into service in the summer of 1921, and the "De Grasse," the last word in one-class cabin liners, launched early this year.

The "Paris," of 37,198 tons displacement, and the "France," of 30,900 tons, are the two largest units of the immense fleet of 107 vessels now operated by the French Line. Both are oil-burners of the giant type, making the crossing in six days, and both are among the most luxuriously appointed liners afloat. The "Paris," the newer of the two, is the ultimate word in modern interior decoration, beautiful inlaid woods, hand-

wrought iron-work, rare marbles, tapestries and fabrics, and a gorgeous color scheme having been combined with remarkable effect. On the other hand, the decoration of the "France" is in the manner of Louis XIV, and is a magnificent example of this style.

The French Government last month voted a loan of 210 million francs for the laying-down of two new monster steamers for this company, of 42,000 tons each. They will, when completed, surpass the "Paris" and the "France" in size, but it is doubtful if a more finished beauty can be achieved in their decoration than has been attained in the two ships now in service.

The "Lafayette," of 14,815 tons displacement, and her two larger sisters maintain a weekly service between New York, Plymouth and Havre, carrying first, second and third-class passengers.

The one class cabin service between New York and Havre is maintained by a fleet of four comfortable steamers of this class, "Suffren," "La Savoie," "Rochambeau" and "Chicago;" the "De Grasse" will augment this service late this summer. This unique class of serv-



Dining room on S. S. "France"

ice, in which first class is eliminated, thereby automatically advancing the second class to the dignity of the first, was inaugurated by the French Line some twelve years ago, and has proved so popular as to be widely copied. One class cabin service is also carried on between New York, Vigo (Spain) and Bordeaux by the steamers "Roussillon" and "La Bourdonnais," and between New Orleans, Havana, Vigo and Havre by the "De La Salle" and "Niagara."

An extensive Mediterranean service, with daily sailings from Marseilles to Casablanca, Oran, Algiers, Tunis and other North African ports, comprises a dozen splendid steamers. These serve, as well as travelers bound for those ports, the large number of tourists who each year journey through Morocco, Algeria and Tunisia on the famous North African Motor Tours operated by the French Line.

A word about these unusual motor



Dining room on S. S. "Paris"

tours, the brain-child of John dal Piaz, president of the Compagnie Générale Transatlantique. The company has built up a huge organization, working with machine-like precision, which enables the casual tourist to travel, without the slightest sacrifice of comfort, safety or the conveniences of modern civilization, across the breadth of North Africa from Casablanca to Tunis, and even far into the mysterious Sahara, in luxurious, high-powered motor cars with adjustable Pullman seats. Scattered throughout this entire territory are twenty-four excellent hotels, owned and operated by the company, to welcome the traveler at the close of his or her day of riding and sight-seeing. These hotels—in some instances they are converted palaces of former Moslem rulers—are managed by French hotel men, and Parisian chefs preside over their kitchens.

Off the beaten path of the usual tourist travel, these tours are growing each year more and more popular with

those globe-trotters to whom London, Paris, Brussels, Rome, Athens or the Riviera is an old story, and returning travelers enthusiastically speak of this "Land of the Arabian Nights" as a fascinating Mohammedan paradise, from which one tears oneself away reluctantly.

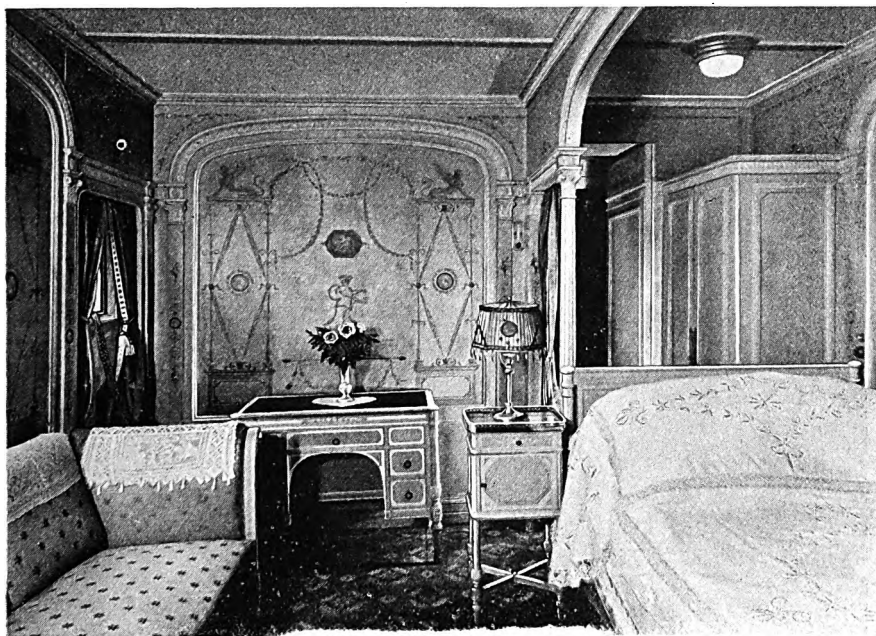
An extensive passenger and freight service, comprising fourteen large steamers, maintains a schedule of regular sailings between France and her very prosperous colonies in the West Indies, also Mexico and Central America.

In addition to the various services described above, a great fleet of cargo steamers links the ports of France in coastwise trade, and with the Baltic, the Antilles, and the east and west coasts of North and South America.

All these services combined have made the houseflag of the Compagnie Générale Transatlantique well and favorably known in most of the principal ports of the world.



S. S. "Paris" at her New York pier



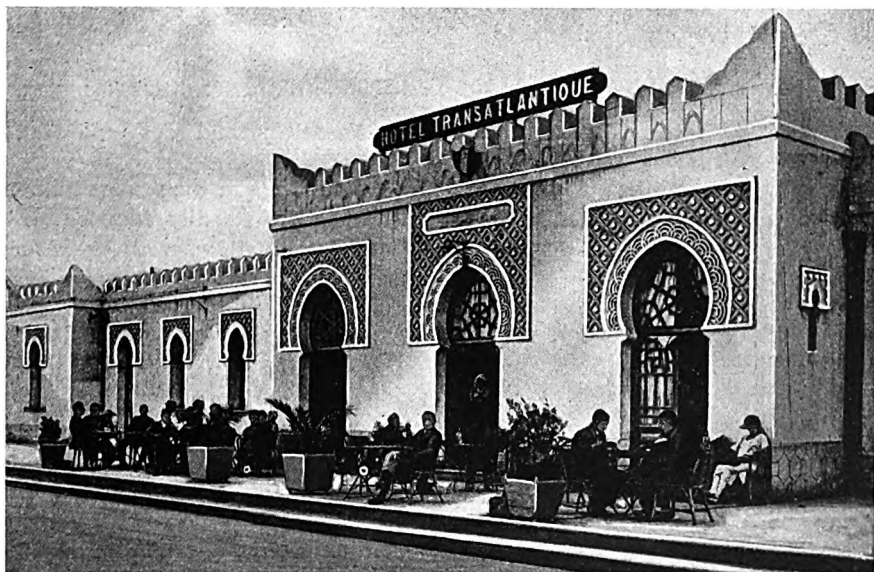
S. S. "France." De luxe bedroom



S. S. "France." Another bedroom of the same suite



A stairway on S. S. "Paris"



Hotel Transatlantique, at Taza, Morocco

Eastern District Savings Conference

THE Eastern District Regional Conference of the Savings Bank Division, American Bankers Association, will be held April 24 and 25 at the Commodore Hotel, New York City. The conference district includes all the territory east of Ohio and north of South Carolina. This conference, to which all banks in the district are invited to send representatives, is the last of four regional meetings held under the auspices of the Savings Bank Division, others already having been held at Los Angeles, New Orleans and Chicago.

The program will present practical experiences in the savings field by successful bankers. Bankers from the agricultural states will explain how savings and farming prosperity are coordinated. The pay roll savings method will be explained in its practical operations by industrialists and bankers from the district of its most active development. Advertising in all its phases, including advertising by radio, will be discussed. "Life Insurance and Savings" will be another topic presented by savings bankers who have had experience in applying this idea. School sav-

ings, which has developed rapidly in the last few years, will be presented by the superintendent of a leading school in which it is in operation, and the bankers' side of the plan will be told by a representative of one of the largest depositories of school savings funds. Other subjects will be "Savings Banking in the South," "Services and Facilities for Customers," and "How Depositors Can Be Saved from Fraudulent Investments." A forum discussion will follow the presentation of each address to give opportunity for the analysis of all subjects presented.

"The steadily increasing volume of savings deposits, which in the district represented at the New York Conference, amount to more than \$5,000,000,000, and in the whole United States to more than \$18,000,000,000 dollars, approximating more than 50 per cent. of the total reported bank deposits of the country, gives ample evidence of the importance of savings and the necessity for the cultivation of a field yielding such rich returns even under the present inadequate attention given it," the statement of the Savings Bank Division says.



Mellon Scores Present Tax System

DECLARING that the time is now ripe for a reformation of our entire tax system, so that the burden of taxation may be more equitably distributed, Andrew W. Mellon, Secretary of the Treasury, scores the present system in an article appearing in the current *Independent*. The most glaring fault, Mr. Mellon points out, is that the burden of taxes is borne by wealth in the making, not by capital already in existence.

"We place a tax on energy and initiative," he says, "and at the same time provide a refuge in the form of tax-exempt securities into which wealth that has been accumulated or inherited can

retire safely and defy the tax collector.

"Since the war the productivity of the surtaxes has steadily declined. Statistics show that, whereas the country's total net income reported for taxation increased over three times during the period from 1916 to 1921, the total amount of incomes in excess of \$800,000 a year decreased from nearly \$1,000,000,000 in 1916 to about \$150,000,000 in 1921. During the same period the number of taxpayers having incomes of \$300,000, as disclosed by their tax returns, decreased from about 1300 to about 250."

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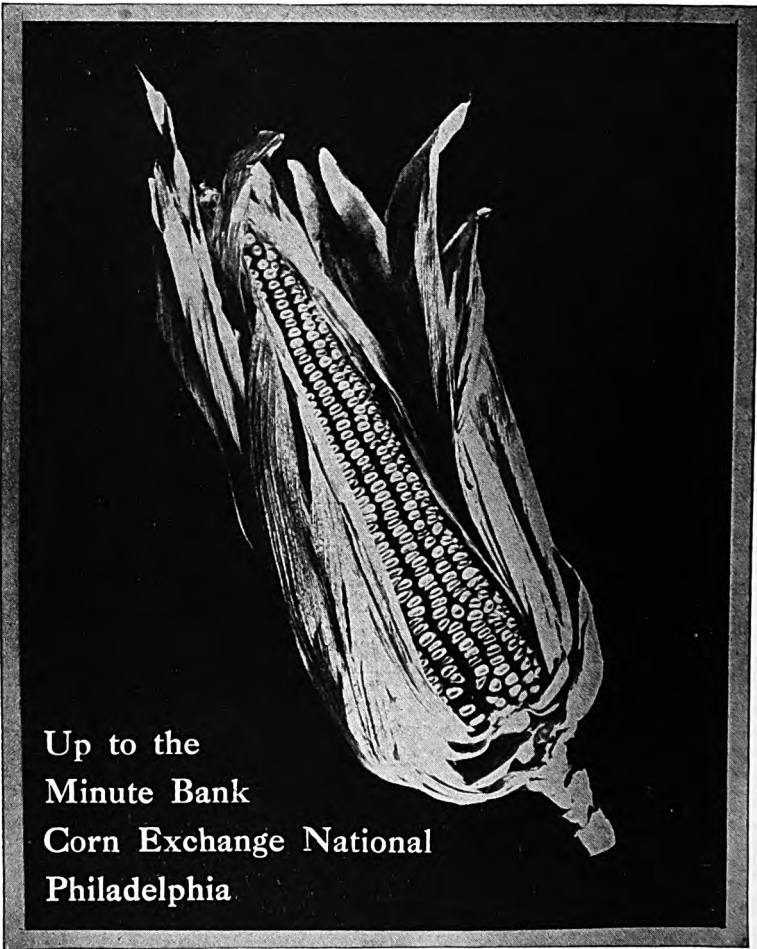
This Department is a monthly feature which many banks find indispensable. It takes up the leading cases of the month involving points that concern bankers. It enables the reader to keep in touch with the general trend of court opinion on banking matters.

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PHILADELPHIA

The Publisher's Page

THE "Great Misunderstanding About Oil" as Frederic E. Sturdevant terms it in his article, *The Paradox of Petroleum*, which will appear in the June number of *THE BANKERS MAGAZINE*, will observe its sixty-fifth anniversary in August. "And," says Mr. Sturdevant, "it is old enough to know better." Ever since Col. Edwin Drake brought in the pioneer well in 1859, prejudices inimical to the oil industry have not only survived—they have multiplied. The march of oil has been too swift for the public to follow—its accumulation too voluminous to visualize clearly. At first it was trickled into bottles to be used as a home remedy for mild ailments. Since then it has become a mighty factor in the world's marts. Nations are competing for its mastery. And why? How in the name of applied economics has this tremendous business, with assets now valued at well over \$8,000,000,000, succeeded in expanding under an unrequited reign of misunderstanding and discord? An amazing paradox is apparently presented. To set the readers of *THE BANKERS MAGAZINE* right on the true explanation of this paradox, and to tell them a straightforward story of just what has happened in the oil industry through its various stages of development up to the present, is the purpose of Mr. Sturdevant's article.



IN answer to the question, "is there anything the matter with the automotive industry," almost as many answers have been given as there are makes of motor cars. The public assumes that something must be the matter because dealers are not placing the usual orders with the factories and automotive stocks have been declining rather than increasing at the time of the year when they should have the stimulus of spring orders. Walter P. Chrysler, chairman of the Maxwell and Chrysler Motor Corporations, Detroit, says, in his article, *The Present Situation of the Automotive Industry*, which is soon to appear in *THE BANKERS MAGAZINE*, that "something is the matter." He says that, in a word, it is overproduction. "The charge cannot be fairly made," adds Mr. Chrysler, "of the industry as a whole, but it can be made of certain companies and those companies have influenced the entire industry." He then goes on to explain, in his article, just what this situation is, and why it has arisen. Walter Chrysler speaks authoritatively about the automotive industry. He is one of the recognized leaders in the automotive field.

He went, in 1911, from the general management of 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. His amazing success at the Buick and the Willys-Overland companies is automobile history. His extraordinary success in handling the Maxwell and Chalmers companies has been a frequent topic of conversation in the industry.



DOES the attack of our banks upon the problems of thrift and savings among wage earners need shifting? O. R. Johnson believes that it does. He tells you why in his article, *Promoting Thrift Among Wage Earners*, which will appear in the June number of *THE BANKERS MAGAZINE*. "Twenty years ago," Mr. Johnson says, "the banker had the viewpoint of the professional rather than the business man. He had a definite service to render which was given principally upon consultation. People came to him—and he has developed an apparently ineradicable habit of waiting for them to do so. Today the banker is in the position of a national advertiser who has spent millions of dollars advertising his wares but not one cent to distribute them. The situation is similar to what would have happened had Campbell, or Wrigley, or the National Biscuit Company, carried through their present advertising policy without ever having placed their products on sale except at their home office. What is needed is the organization and machinery that will make saving as easy as buying cigarettes. Banks must come out of the caves of their forefathers into the light of a busy and practical world. Less selling and more delivering of service will have to be their guiding principle. The wage earner is willing to save, but he won't go out of his way to do it." There will be objections on the part of some readers to some of the things that Mr. Johnson says. A few of the more obvious ones, such as, "But banks are different!" and, "Banks can't deliver their services—banking laws don't permit it!" as well as some objections that are not so obvious, have been foreseen by Mr. Johnson and answered by him in this article.

An Ancient Check on "The Bank"

AT 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!

There are many other banking institutions in New York of today, but none is better equipped to give careful attention to financial business of all kinds than the Bank of New York and Trust Company, with one hundred and forty years' experience as a Bank and ninety-four years' experience as a Trust Company.



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Correspondence cordially invited.

200 MILLION DOLLARS RESOURCES

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

MAY 1924

VOLUME CVIII, NO. 5

Editorial Comment

The Dawes Report

GERMANY'S moral obligation to make adequate reparation payments, her capacity to make these payments, and the means of making them, are plainly set forth in the report of the Dawes committee, presented to the Reparation Commission on April 9. It now remains to be seen what attitude the German Government and people will take in reference to these recommendations. In his letter, covering the transmission of the report, General Dawes says on this point:

"The rejection of these proposals by the German Government means the deliberate choice of a continuance of economic demoralization, eventually involving her people in hopeless misery."

The report is voluminous, and unavoidably so considering all the details with which the committee had to deal. But it is in all respects clear and able. Its main features relate to the balancing of the German budget, the stabilization of the currency—to be effected by the creation of a gold bank of issue with a capital of 400,000,000 gold marks—and the determination of annual payments on reparation account over a period of five years; that is, for the first year, 1,000,000,000 gold marks; for the second year, 1,220,000,000 gold marks; third year, 1,200,000,000 gold marks, subject to a contingent addition or reduction of not more than 250,000,000 gold marks; fourth year, 1,750,000,000 gold marks, subject to the same contingent addition or reduc-

tion as for the third year; fifth year, 2,500,000,000 gold marks.

It will be seen that the total sum to be paid is not fixed, that being left to the Reparation Commission.

Supplementing the Dawes report is another document giving the conclusions of a committee appointed to consider means of estimating the amount of German exported capital and bringing it back to Germany. Of this committee Hon. Reginald McKenna was chairman. It was found by this committee that Germany has abroad capital of every kind to the amount of about 6,000,000,000 of gold marks. In addition, foreign currency in Germany is placed at 1,200,000,000 gold marks. Here are the reasons given for the flight of capital from Germany:

"The so-called flight of capital in this instance was, in the main, a result of unusual factors. It arose principally through the failure of the government to bring its budget into a proper relation, and as a corollary of such failure, from the raising of large loans and the direct issue of paper money.

"Secondly, it was due to the action of speculators and timid investors, who sold marks against the currency of other countries while exporters of goods retained abroad all that was possible of the proceeds of their sales.

"In the particular case under inquiry, however, the flight of capital was accentuated by the attitude of the people of Germany toward payments to her war creditors, and was marked by new and ingenious devices and schemes for

evading restrictive legislation and for cloaking the real ownership of foreign balances."

The committee says that "the only way to prevent the exodus of capital from Germany and to encourage its return is to eradicate the cause of the outward movement."

These two reports represent the conscientious efforts of men who are experts in business and finance to find a way out of the reparations tangle. It has been the opinion of many people, and of bankers especially, that the reparations question could be settled only after an expert investigation of Germany's capacity to pay had been made, the amount of reparations fixed, and the means of payment indicated. All this is furnished by these two reports; for although the total amount to be paid is not prescribed, the annual payments for a five-year period are fixed.

The plan provided is obviously one whose acceptance would go far toward relieving the present state of uncertainty and controversy. That it completely satisfies either side can not be said. No plan could do that. But it does offer a practicable means of extrication from a dangerous situation, and no doubt both France and Germany, as well as the world at large, would greatly profit by its acceptance.

As stated at the outset, the Dawes report deals with the technical rather than the political aspects of the problem, the latter being outside the scope of the investigation.

There is a division of opinion as to the major aspects of the reparation problem. In the view of many—perhaps of most—competent observers who have given long study to the situation in Europe, the reparation problem is chiefly political in its nature. But there is an opposite view, prevailing, as has been said, largely among bankers, which holds that the problem is economic in character. Necessarily by its limitations, this is the phase of the problem which the Dawes committee investiga-

ted and with whose aspects the report deals.

America has failed to make any contribution toward the settlement of Europe's political problem, but in lending the services of General Dawes, Mr. Young and Mr. Robinson in the study of the reparation problem a very substantial contribution has been made to the solution of that problem, if it is to be solved at all by economic measures.

If through this plan the reparations controversy is adjusted, General Charles G. Dawes will, in winning the peace, rank with Marshal Foch in winning the war.



The Government and the People

EVENTS at Washington in recent weeks have tended to bring both the legislative and executive departments of the Government under suspicion, and to unsettle public confidence. The oil inquiry has produced many sickening revelations. For this the investigation is not itself to be blamed. The difficulty lies with those who have shamelessly betrayed the public interest. In saying this the fact is not lost sight of that both the motives and the methods of the investigation are open to serious criticism. No doubt the inquiry was in part prompted by a desire to make political capital. This attempt has happily recoiled upon the heads of its inventors, for the smirched reputations have been limited to neither party. Undoubtedly the methods employed in bringing out the truth have been more sensational than was necessary. But, admitting all this, the fact remains that behind this investigation there has existed a patriotic determination to drag evil-doers and their deeds into the light of day. And, sensational as the methods have been, and nauseating as the disclosures are, justification for it all will be found in the cleaning up of foul conditions and in the enjoyment of the purer atmosphere that must follow.

The remedy for the state of affairs



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BRIGADIER GENERAL CHARLES G. DAWES

The guiding spirit of the Dawes Expert Committee whose report, submitted to the Reparation Commission on April 9, shows that Germany can pay

GENERAL Dawes was born in Marietta, Ohio, in 1865. He attended the public schools of that city; was graduated from Marietta College in 1884, and took his law degree at Cincinnati Law School in 1886. After practicing law for seven years in Lincoln, Nebraska, he returned to Illinois and became interested in the gas business. He was appointed Comptroller of the Currency in 1898 at the age of 33. He resigned this office in 1901. In 1902 he organized the Central Trust Company of Illinois, Chicago, became its first president, and is now chairman. He went to France in 1917 as lieutenant-colonel of engineers, becoming shortly thereafter brigadier general and chief of the General Purchasing Board, A. E. F. In 1921 he was appointed director of the Federal Budget System, which he very successfully established. He resigned this office in July, 1922, and returned to Chicago to resume his banking business. In December, 1923, he was chosen by the Allied Reparation Commission to serve with a committee of experts to investigate Germany's financial position, becoming chairman of this committee upon its formation as a working unit.

which the oil investigation has disclosed is not to be found in hushing up the scandal, or in putting the soft pedal upon the inquiry. For, as already said, the fault lies neither in the investigation nor in the manner in which it has been conducted, but in the disregard of the people's welfare which some public servants have callously displayed. These should be made to feel the utmost severity of popular indignation.

But it is not alone certain branches of the executive department which have incurred public distrust. Congress is equally discredited in the popular mind. And there is abundant reason for it. Months have been allowed to go by without that relief from the crushing burden of taxation which people have demanded with substantial unanimity. On the other hand, the House of Representatives, with cynical contempt for public opinion and the public welfare, after only forty minutes of debate, voted away from two to four billion dollars of the taxpayers' money for the so-called Bonus Bill, which might with greater exactness be called an election-eering scheme. And, along the same line of attempting to curry favor with certain classes of voters, munificently contributed ten millions additional of the taxpayers' money for the relief of the starving children of Germany—a form of relief that should have been left to private charity.

In fact, while the distrust of the executive branch of the Government is but partial, reaching to only one or two of the departments, the lack of confidence in the Congress of the United States is well-nigh complete.

Probably the majority of the people of the country would be glad to see every member of the present House and Senate permanently retired to private life, even though this would result in the sacrifice of a few members of integrity and ability.

For the present unsatisfactory state of affairs at Washington the responsibility primarily rests neither upon the Executive nor upon Congress. It be-

longs squarely upon the shoulders of the voters, who are either too indifferent or too lazy to perform the duties of citizenship. And until there is a thorough awakening of the people, and a determination on their part to meet this responsibility, all hopes of better government will be in vain.



Prices and Credit Regulation

ACCORDING to the new economic doctrine, the wages received by labor are to be moved up or down as the cost of living rises or falls. In other words, the value of a man's services is no longer to be estimated by what he produces, but by what he consumes. Since advances in wages are usually followed by a rise in the cost of living, the increase of wages may be expected to continue indefinitely, at least so long as this practice continues.

There has been some opinion to the effect that credit ought to be regulated in somewhat the same way; that is, according to the fluctuation in prices. The Federal Reserve Board declines to assent to this opinion, and in the annual report, recently issued, gives the following reasons for its decision in the matter:

"Particular prominence has been given in discussions of new proposals to the suggestion frequently made that the credit issuing from the Federal Reserve Banks should be regulated with immediate reference to the price level, particularly in such manner as to avoid fluctuations of general prices. Entirely apart from the difficult administrative problems that would arise in connection with the adoption of the price index as a guide and entirely apart from the serious political difficulties which would attend a system of credit administration based on prices, there is no reason for believing that the results attained would be as satisfactory as can be reached by other means economically valid and administratively practicable. In saying,

this the board is not unmindful of the abundant evidence recent years have given of the economic and business disturbances occasioned by violent fluctuations of prices. But it must not be overlooked that price fluctuations proceed from a great variety of causes, most of which lie outside the range of influence of the credit system. No credit system could undertake to perform the function of regulating credit by reference to prices without failing in the endeavor."

While the Federal Reserve Board admits that the price situation and the credit situation are no doubt frequently involved in one another, it is held that the inter-relationship of prices and credits is too complex to admit of any simple statement, still less of a formula of invariable application. The statement goes on to say:

"It is the view of the Federal Reserve Board that the price situation and the credit situation, while sometimes closely related, are nevertheless not related to one another as simple cause and effect; they are rather both to be regarded as the outcome of common causes that work in the economic and business situation. The same conditions which predispose to a rise of prices also predispose to an increased demand for credit. The demand for credit is conditioned upon the business outlook. Credit is created in increasing volume only as the community wishes to use more credit—when the opportunity for the employment of credit appears more profitable. Sometimes borrowers want to borrow more and sometimes they are content with less. Sometimes lenders are ready to lend more and at other times less. Why this should be so depends on all those multifarious conditions and circumstances that affect the temper of the business community. For the most part these conditions lie beyond the radius of action of the Federal Reserve Banks. When the business outlook is inviting, business men are apt to adventure and new business commitments are made in increasing volume. But only later will these com-

mitments be reflected in the possible rise of prices and an increase in the volume of credit provided by the commercial banks of the country. The Federal Reserve Banks will not to any considerable extent feel the impact of the increased demand for credit until the whole train of antecedent circumstances which has occasioned it is well advanced on its course; that is, until a forward movement of business, no matter from what impulse it is proceeding, has gained momentum.

"Credit administration must be cognizant of what is under way or in process in the movement of business before it is registered in the price index. The price index records an accomplished fact. Good credit administration in times of active business expansion should not encourage or assist the excessive accumulation of forward commitments in business and banking which only later on will definitely reflect the rate at which they have been taking place in resulting changes of credit volume and changes of price levels; and in times of business reaction should discourage enforced liquidation of past commitments which also will only later on reflect the rate at which it has been taking place in altered credit volume and price levels. The problem of efficient credit administration is, therefore, largely a question of timeliness of action.

"No statistical mechanism alone, however carefully contrived, can furnish an adequate guide to credit administration. Credit is an intensely human institution and as such reflects the moods and impulses of the community—its hopes, its fears, its expectations. The business and credit situation at any particular time is weighted and charged with these invisible factors. They are elusive and can not be fitted into any mechanical formula, but the fact that they are refractory to methods of the statistical laboratory makes them neither nonexistent nor nonimportant. They are factors which must always patiently and skillfully be evaluated as best they may and dealt

with in any banking administration that is animated by a desire to secure to the community the results of an efficient credit system. In its ultimate analysis credit administration is not a matter of mechanical rules, but is and must be a matter of judgment—of judgment concerning each specific credit situation at the particular moment of time when it has arisen or is developing.”

There is so much confidence in legislative and administrative activities to regulate and control everything and everybody, that it is refreshing to have the Federal Reserve Board concede that in reality it does not control credit, and that it does not propose to attempt to regulate prices.



France's Currency

SENSATIONAL fluctuations in the value of the French franc attracted unusual attention recently in the financial world. During the early part of March a marked decline in the value of the franc occurred, and by the eighth of that month a new low record of 3.48 cents was reached. A day or so later it became known that an American loan to the Bank of France was being arranged, and from that time forward the value of the French currency rapidly increased.

While charges were freely made that the franc's decline was to be attributed to short selling by exchange speculators, opinion in financial circles was not lacking that the temporary success of such operations was made possible by the condition of the French budget and the continued uncertainty regarding the reparations problem. For the time being the loan of \$100,000,000 by J. P. Morgan & Co., to the Bank of France has bridged over the difficulty. Meanwhile measures looking to an increase of taxes and the introduction of other financial reforms have been put into effect by the French Government.

Until such time as a more substantial

recovery from Germany can be expected, France will have to face the continued deficit in the “recoverable budget” by means of taxation or by foreign loans, since it has been found that increased circulation by the Bank of France and short-term domestic loans have been instrumental in contributing to inflation and have resulted in serious depreciation of the franc. Despite the temporary fall in the value of the currency, the general economic situation of France remains sound.



Foreign Loans by America

ALTHOUGH the American Government at present sternly opposes participation in the political affairs of Europe it is apparently quite willing that financial aid in the shape of loans shall be extended by American bankers and investors. This conclusion follows from a recent Washington dispatch, in which the views of President Coolidge are thus stated:

“President Coolidge, although not asked by New York financiers to give his approval to their loan to the Bank of France, regards loans by American financial interests to foreign governments as worthy of Governmental and private encouragement.

“The economic recovery of Europe, in the opinion of the President, should be assisted because of the world-wide benefits to be enjoyed as a result, and specifically because of the fact that Europe owes the United States millions of dollars which it cannot easily pay unless prosperity is restored.

“The President also feels that investments abroad by American financiers will aid American trade, as proved by the practice of the British in assisting trade through extensive loans.

“The loan of \$100,000,000 by New York bankers to the Bank of France is understood to have been approved by the State Department on the ground that it was in line with the policy laid

down during the Harding Administration and reiterated by Mr. Coolidge in his recent New York speech. The President in that address said:

"The export of such capital as is not required for domestic business, and which the American people feel can be profitably done, having in view the financial returns, enlargement of our trade, and the discharge of the moral obligation of bearing our share of the burdens of the world, entirely in accordance with the choice of our own independent judgment, ought to be encouraged."

Bankers are not strangers to the practice of making loans to disabled debtors for the purpose of setting them on the road to solvency, and under the peculiar conditions now prevailing in several of the European countries a similar course will have to be followed. The Government has not had specially fortunate experiences with its European loans, and hereafter will be quite willing that the bankers should shoulder the responsibility of making foreign loans. Of course, the loans which the Government made were of a peculiar character, relating to the carrying on of the war or to help in cleaning up some of its aftermath, and it is not fair that they should be judged by the same rules as apply to advances made by bankers in the ordinary course of business.

The making of loans for foreign trade and financial purposes, under ordinary conditions, is a banking function, and one which the Government does not wish to assume. It is gratifying, however, to learn that the American Government looks with favor upon the granting of such loans, for undoubtedly they will have to be made, and in pretty large volume, if Europe is to be set on its feet financially, and if our trade with that quarter of the world is to be maintained.

An interesting sidelight was thrown on the subject of foreign credits at a recent meeting of the Export Managers' Club in New York where it was given as the conclusion of an experi-

enced foreign credit man that if losses on domestic and foreign credits over a series of years were compared, the percentage of domestic losses would be shown to exceed those on foreign credits. The opinion was further expressed that these latter losses were so small that they would not be sufficient to pay the overhead cost of administration of an insurance company formed for protection against them, without considering the premium charge for such insurance. This view was generally acquiesced in by a large number of export managers present at the meeting. It is specially interesting, since it runs counter to the prevailing opinion that foreign credits at present involve exceptional risks.

It may be that the favorable showing made for foreign credits, compared with those of a domestic character, is partly due to the fact that greater restrictions are thrown around the former; but, at least, the conclusion is warranted that with the exercise of proper care it is quite safe to extend credit to foreign dealers.

That there is no sound reason for taking a gloomy view of our present overseas trade was further evidenced at the meeting already referred to in a statement made by Dr. Julius Klein, Director of the Bureau of Foreign and Domestic Commerce. Doctor Klein pointed out that in the most recent eight-months period for which statistics were available the exports of the United States exceeded those of any similar period in the country's history, excepting only the abnormal years 1920 and 1921.

An inspection of the list of foreign securities dealt in on the New York Stock Exchange will show that this list is much larger than in former years, that it is continually growing, and has already attained quite respectable proportions.

That we must in the future make loans to foreign countries for the purposes named by President Coolidge is evident from the situation in many of

those countries. That it is a wise policy the experience of Great Britain and other countries fully demonstrates. Nevertheless, under present conditions, its success calls for full information and the exercise of exceptional care. Loans, foreign or otherwise, that do not benefit the borrower in the first instance are usually unsatisfactory all round.



Business Prospects

ACTION of the United States Steel Corporation in increasing its dividend rate leads to the belief that the prospects ahead for business are good. This belief persists notwithstanding the lower rates for money, which ordinarily foreshadow a recession of productive and commercial activities. But these low rates are held by competent observers to be of a temporary character only, due in part to Treasury operations, rather than to any present or prospective falling off in production and trade.

Usually the year of a Presidential election is marked by a decline in business, and this is especially so when the possibility of a party change carries with it the probability of important legislation relating to economic matters such as the currency, banking and the tariff, or the regulation of business by the Government. Except in the latter field, there does not appear to be much probability of any decided change in legislative policy whichever party may triumph in the coming election, though the tariff schedules would likely be overhauled if the Democrats win.

There are signs of radical parties springing into prominence between now and November, but their strength can hardly be expected to develop sufficiently to overthrow the allegiance of the believers in the two leading parties. If one may judge from recent American history, it is quite safe to predict that the next President of the United States will be either a Democrat or a Republi-

can. As to the political complexion of the next Congress, predictions are less easy. In fact, much of the present uncertainty in public affairs is due to the lack of a strong majority in Congress for either party. If such majority existed, responsibility could be more easily placed for legislative shortcomings. Probably it would conduce greatly to continued business prosperity if in the coming election there should be a decisive majority for one party or the other. Uncertainty in politics, or a half-way policy, does not favor business stability.



Growth of Public Expenditure

THAT the complaint about the increasing scale of public expenditures is not without justification may be seen from the following statement, taken from a recent issue of *The Budget*:

"The costs of all forms of Government, with the exception of the Federal Government, increased rapidly from 1917 to 1922, the total for the latter year running in excess of \$8,000,000,000 certainly, with the possibility that another billion will be added when the complete returns are revised. In the case of the states the increase was about 125 per cent. City government costs reflect a similar trend. From 1912 to 1922 the increase in specified tax collections by the state governments was at the rate of 188 per cent. For the same period the average rate of increase in specified taxes collected by county governments was 141 per cent., while collections from incorporated places of more than 2500 inhabitants increased 80 per cent.

"The figures on indebtedness are even more startling. The public debt of the states was nearly trebled from 1912 to 1922. County governments increased their indebtedness by 268 per cent. during the same period, while cities and other civil divisions, including school districts, increased their indebtedness

total by 149 per cent. In the case of the National Government the increase in indebtedness was nearly 700 per cent. during the decade, mounting from \$2,916,205,000 on June 30, 1912, to \$22,996,416,000 on June 30, 1922. The total public debt of the country on the latter date was \$33,257,358,000. The Census Bureau estimates the annual interest on this indebtedness at from \$12.06 to \$16.59 per capita. The average family of five persons resident in a city, is therefore paying from \$63 to \$83 every year as interest on the public debt alone.

"Much of this increase in the cost of government and in public indebtedness can be attributed to the war, either directly or indirectly, but in the case of governmental divisions other than the Federal Government, by far the larger portion of the increase must be due to causes which are less contingent in their nature. Of the \$1,280,980,302 expended in 1922 by state governments, \$920,884,820 was for the maintenance and operation of government, wherein the chief items were \$106,337,199 for highways, \$162,468,927 for charities, hospitals and correction, and \$329,863,282 for schools. Interest on the public debt accounted for \$41,308,039 of the \$1,280,980,302 and payments for permanent improvements totalled \$318,045,039. A significant fact is that while these expenditures were at the rate of \$11.82 per capita, revenues to meet them were collected at the rate of \$10.71 per capita. In other words the states are failing to effect a balance between expenditures and receipts and

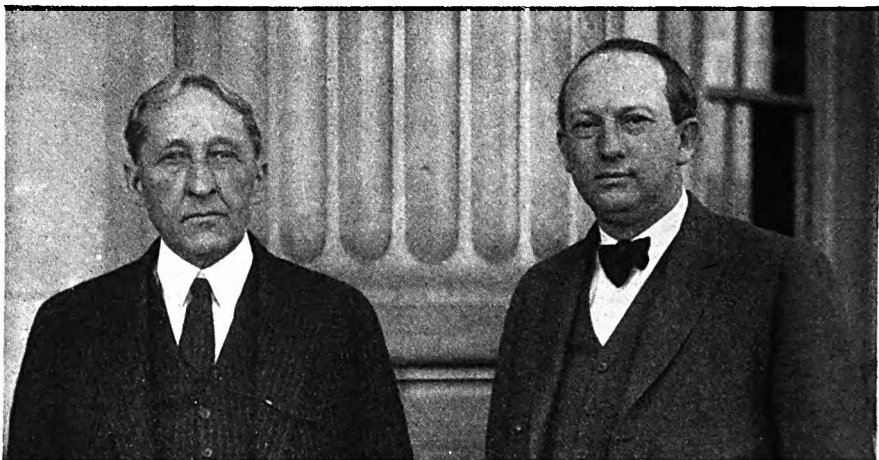
their indebtedness is being annually increased by the amount of the deficit."

It is easy to take a more alarming view of these statistics than the situation warrants. If capital expenditures, for example, produce an equivalent return, their increase may be considered as beneficial rather than otherwise. It is, of course, a question as to whether outlays of this character are not going on at a more rapid rate than can well be borne by private productive enterprise, which must supply the funds for expenditures of this kind. But it does not necessarily follow because such expenditures are large and increasing that they are to be regarded as alarming. The large outlays for highways are productive of much benefit to the respective communities, though it is probable that the expenditures are going on at too rapid a rate for the comfort of the taxpayers.

The growth in wealth and population calls naturally for enlarged public expenditures. We can only be sure of the danger involved by comparing present outlays with those of like periods in former years, taking into account also the rise in prices of commodities and labor.

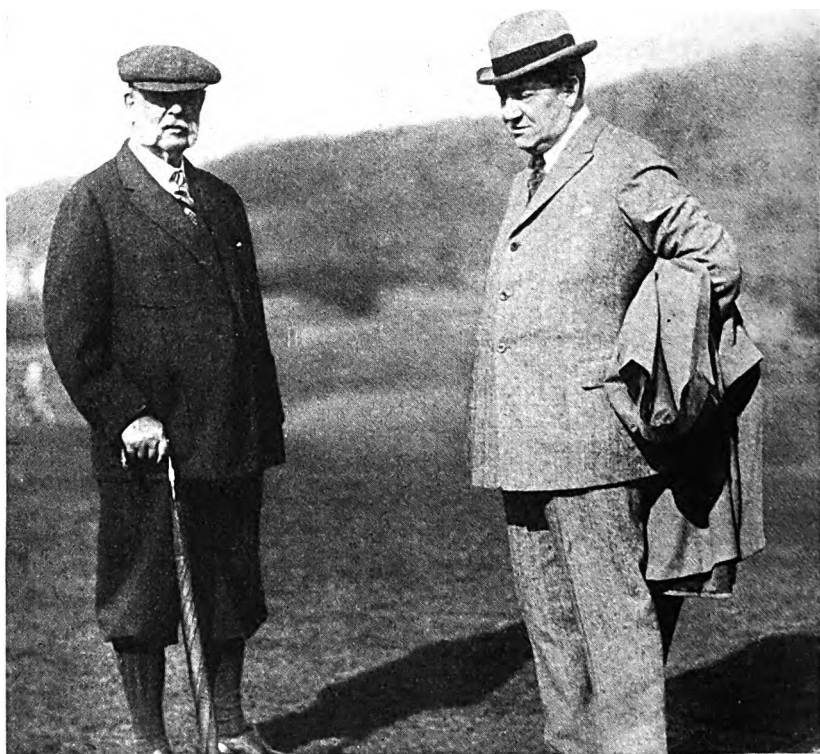
Public expenditures grow chiefly because the people insist that government shall do more and more things; and so long as this demand lasts, people can not very well complain with justice of heavy taxes. One way to reduce taxes would be to have the governments quit trying to do so many things for which they are conspicuously unfitted.





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Two prominent members of the Senate Finance Committee. Left to right: Senator Pat Harrison of Mississippi; Senator William H. King of Utah



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George F. Baker (left) chairman of the First National Bank of New York and one of the patriarchs of banking, having recently observed his eighty-fourth birthday and now approaching the sixty-first anniversary of his active association with the First National, pauses on the golf course of the Asheville, N. C. Country Club for a chat with E. E. Loomis, president of the Lehigh Valley Railroad

Better Banking Service for Industry

An Operating Point of View, Supplied by the Industrial Department, Protects Bank and Benefits Customers

By Harry E. Martin

AN Ohio manufacturing concern didn't recover properly from the period of deflation. For years it had been successful, but, clearly, something was wrong. Balance sheets and operating statements supplied to the credit department of the firm's bank showed losses even when a comparable degree of prosperity was evident in most industries. The executives of the concern were worried. It looked as if the bank would have to call upon the corporation to reduce or liquidate its borrowings.

But, before making any move in this direction, the bank in question sent a representative of its industrial department to the plant to interview the executives and to survey their methods of production, cost-accounting and marketing.

One or two of the firm's officers were skeptical of this move. What could a banker know about their industry, anyway? But the president of the concern welcomed the bank's representative.

"Go to it," he said. "I've known for some time that we've trouble somewhere. Perhaps you can help us find it."

The inspection was made. The layout, operations, accounting methods and distribution plans were investigated, and a report prepared for the bank's credit committee.

"The cost system is inadequate," the report intimated. "Costs are based too much on estimates and guess work. Following one product through the plant from raw material to shipping room, we find that it would show a profit of only \$10, whereas the old cost-keeping system indicated \$18." No wonder the cost sheets showed apparent profit and the balance sheets frequently revealed actual losses.

The credit committee and loan de-

partment, through the bank's industrial engineers, advised a revision of the cost system. The firm called in a cost expert and soon had the old methods overhauled.

The other day the president of the corporation called up a senior officer of the bank: "Send one of your engineers out tomorrow. We'd like to have him check up on our cost system. You helped us find the leaks, and we'd like you to know how things are going."

Of course, the engineer visited the plant. One can readily surmise the good feeling of the customer toward the bank. And the bank in thus helping its customer at the same time protected itself.

Another company set up plans for doubling its output. Equipment and buildings, with little additional expense, would make this possible, and the management asked the bank for an additional line of credit. There was no question about the integrity or the satisfactory assets of the company.

"It certainly looks as if we might give the additional credit so that they can carry on their larger volume of business," said one member of the committee.

"Yes, that's true," remarked another officer, "but perhaps we had better have the industrial department look over the situation before making a final decision."

One of the engineers made a survey. He found only one obstacle to granting the loan, and it was a big one. The firm had trackage for handling only about one-half of the proposed increase in production, and there was not sufficient space available to provide track for unloading and loading the additional cars.

This knowledge enabled the bank

MANUFACTURING STATEMENT					
FOR _____ ENDED _____ 19__					
Work in Process—Beginning of Period	%	\$	\$		
Direct Labor		\$			
Direct Material		\$			
Direct Overhead—Operating Depts. Expenses		\$	\$		
Factory Expenses					
Superintendence and General Expense		\$			
Other Factory Overhead Depts. Expenses					
Spoiled Work					
Light, Heat and Power					
Depreciation—Buildings (Or—Rent)					
Depreciation—Machinery and Equipment					
Maintenance—Buildings					
Maintenance—Machinery and Equipment					
Insurance and Taxes					
Experimental Expense					
Other Expenses			\$		
Total Charges to Manufacturing			\$		
Less—Work in Process at End of Period					
Production for Period <small>(Actual or Estimated)</small> Cost	100%				\$

Value of total orders on hand - \$.....

Certified correct..... Company.

(To be signed by an Officer of the Company.) By.....

Title.

Form manufacturing statement which bank supplies to clients

committee to act for both its customer's and its own interests.

These and other citable examples emphasize the practical importance of an industrial department as a part of the large present-day bank in industrial centers.

A DEFINITE OPERATING POINT OF VIEW

"Such a department brings to bear upon each situation what the average banker needs—a definite operating point of view," said H. C. Robinson, senior vice-president of the Guardian Savings and Trust Company of Cleveland, in discussing the value of an industrial department as seen from that bank's experience.

"The bank official and his credit department may thoroughly analyze the borrower's statements and operating re-

ports; he may, perhaps, go so far as to inspect the books and personnel; but even so, the banker, unless he has sometime been a manufacturer, cannot readily grasp the status of things from a manufacturing angle as well as from the banking viewpoint. If business conditions change, if the customer's balance sheet begins to show losses, he may not know exactly how to help the borrower in a constructive way. Nor is he always sure of the right step to take to safeguard the bank.

"The manufacturer, on the other hand, not infrequently believes that the banker views his customer's situation wholly from a banking standpoint, and, therefore, the customer sometimes hesitates to lay all the cards upon the table.

"It was just this lack of understanding between banker and manufacturer,

STATEMENT TO THE GUARDIAN SAVINGS AND TRUST COMPANY				
BALANCE SHEET				
OF THE _____		COMPANY		
Form 787-3M-6-23-137534		AS OF _____ 19__		
ASSETS				
Current Assets				
Cash on Hand	\$			
Cash in Banks (as per Detail No. 1)		\$		
Trade Acceptances Receivable		\$		
Notes Receivable—Customers (as per Detail No. 2)		\$		
Accounts Receivable—Customers (as per Detail No. 3)	\$			
Less: Reserve for Bad and Doubtful Accounts	\$		\$	
Inventory—Finished	\$			
—In Process—(Unfinished)				
—Raw Materials			\$	
—Paid for in Advance by Accepts. or Notes			\$	
U. S. Government Securities				
Other Current Assets (as per Detail No. 4)				\$
Investments				
Stocks, Bonds, Mortgages, etc.		\$		
Controlled or Subsidiary Companies				
Real Estate—Not Used in Business				\$
Prepaid Expense (as per Detail No. 5)				\$
Deferred Expense (If Any Additions—Detail No. 6)				\$
Sinking Fund				\$
Miscellaneous Assets				
Due from Controlled or Subsidiary Concerns—Advances		\$		
Due from Controlled or Subsidiary Concerns—Mds.				
Notes Receivable—Officers, Stockholders and Employees				
Accts. Receivable—Officers, Stockholders and Employees				
Stores, Stationery, Supplies, etc.				
Other Assets (If Any Additions—Detail No. 7)				\$
Goodwill, Patents and Trade Marks				\$
Fixed Assets (as per Detail No. 12)				\$
Total Assets				\$
LIABILITIES				
Current Liabilities				
Accounts Payable (as per Detail No. 8)	\$			
Accounts Payable—Officers, Stockholders, etc.				
Notes Payable (as per Detail No. 9)				
Trade Acceptances Payable				
Provision for Federal Taxes				
Accrued Payroll, Interest, Other Taxes, etc.				
Other Current Liabilities			\$	
Reserves (as per Detail No. 10)			\$	
Mortgages or Liens on Real Estate			\$	
Chattel Mortgages			\$	
Bonded Debt			\$	
Any Other Liabilities (as per Detail No. 11)			\$	
Total Liabilities				\$
Net Worth—Represented as Follows:				
Capital Stock—Outstanding				\$
Preferred	\$			
Common	\$		\$	
Surplus—(See Detail No. 13)			\$	
(OVER)				

Specimen of form balance sheet which client fills out for bank

this failure of the banker to view his industrial customer's problems from an operating point of view, and the manufacturer's misunderstanding of the use of credit mediums and failure to attain a proper relationship with his bank, that basically explains many of the business failures of 1921, 1922 and 1923," continued Mr. Robinson. "Over-expansion, misuse of credit, faulty accounting, or inefficient operating and selling methods is the diagnosis of numerous disasters of the deflation period. And many of these wrecks could have been prevented if bankers and manufacturers had reached a fundamental understanding of each other's functions, needs and problems.

"We are finding a practicable way to bring this operating point of view to bear upon the situation. It is through our industrial department. . . marily, its function is to protect the bank in dealing with industrial borrowers; but, at the same time, it is a constructive factor in bringing banker and manufacturer into a better understanding of each other. The banker learns definitely about his customer's plant, production and sales and their relation to profits and losses. The manufacturer sees that his bank, seeking to serve business and industry, can do so only as it has all the facts and gets the ready, intelligent co-operation of its customers. He discovers, too, that the banker is trying to see conditions from the manufacturing as well as the banking point of view.

"Thus, the industrial department, supplementing the work of the credit department, performs a valuable service. First, it protects the bank's loans. Second, in doing their work of investigation, the engineers often find faulty manufacturing practices, waste of material, want of co-ordination in methods or among departments, and thereby they are able to help the customer by pointing out such conditions."

HOW THE DEPARTMENT FUNCTIONS

The industrial department of the Guardian Savings and Trust Company,

in charge of two experienced industrial engineers, functions under the supervision of the credit committee, made up of the chairman, H. I. Shepherd, vice-president, who devotes all his time to the analyses of the group, and the heads of the loan, credit, and industrial departments.

When the credit committee, in considering the information furnished by the credit department, finds that a creditor's business is apparently not being operated profitably and that reason for this seems to be improper plant management or faulty methods of production or marketing, the problem is immediately referred to the engineers for investigation. The credit department supplies the committee with analyses of the firm's balance sheets, statements and operating reports. If the data reveal losses, unbalanced inventories, or other danger signals, the operating reports are then turned over to the industrial department with the request that, after revising them, a survey be made of the concern's personnel and operations. Upon making such an investigation, the engineers prepare a detailed report of their findings for the credit committee's consideration. Recommendations for action are thereupon passed to the finance committee.

But it should be stated that the bank doesn't limit the work of the industrial department only to surveys of firms which, the committee has reason to believe, are in unfavorable condition. Frequently, when a new industrial customer asks for a line of credit or loan, the reports of the credit department are supplemented by an operating view.

When I asked F. W. Bishop, head of the industrial department, to explain what he and his associate, B. F. Higdon, did when they made a survey, he said, "Go with us some day and see for yourself." I did.

It was a comparatively new corporation, and it had been doing business with the bank since organization. The concern was growing: balance sheets and operating reports indicated an in-

DETAIL - SUPPORTING ITEMS IN BALANCE SHEET																					
Cash in Banks—No. 1 (Give Name) Guardian Savings & Trust Co.						Other Assets—No. 7 Stock Subscriptions Receivable															
Notes Receivable—No. 2 Due within 90 days Due beyond 90 days Past due (Amount of Renewals \$.....)						Accounts Payable—No. 8 Not due Past due—within 60 days Past due—beyond 60 days															
Accounts Rec.—Customers—No. 3 Not due Past due within 60 days Past due beyond 60 days						Notes Payable—No. 9 Due date Guardian Sav. & Tr.															
Other Current Assets—No. 4						Total Due to Banks For Mds.—Within 90 days " " —Beyond 90 days " " —Past due Total Purchase Notes Other Notes Payable Total Notes Payable															
Prepaid Expenses—No. 5 Unexpired Insurance Prepaid Interest						Reserves—No. 10 (Itemize)															
Deferred Expenses—No. 6 Organization Expense Disc. on Stock or Bond Issues						Any Other Liabilities—No. 11															
Fixed Assets—No. 12 Land Buildings Machinery, Equipment and Fixtures Autos, Trucks, Horses and Wagons TOTALS	Book Value	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center; font-size: small;">DEPRECIATION RESERVE</th> </tr> <tr> <th style="text-align: center; font-size: x-small;">Rate</th> <th style="text-align: center; font-size: x-small;">Per Month</th> <th style="text-align: center; font-size: x-small;">Total</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">xx</td> <td style="text-align: center;">x x</td> <td style="text-align: center;">x x</td> </tr> <tr> <td style="height: 20px;"></td> <td></td> <td></td> </tr> <tr> <td style="height: 20px;"></td> <td></td> <td></td> </tr> <tr> <td style="height: 20px;"></td> <td></td> <td></td> </tr> </tbody> </table>	DEPRECIATION RESERVE			Rate	Per Month	Total	xx	x x	x x										Net Value
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<p style="text-align: center;">RECONCILEMENT OF SURPLUS No. 13</p> <p>If balance of this account has been changed during the period by any items other than the period's profit or loss as shown by the Operating Statement, give details.....</p>																					
<p style="text-align: right;">Certified correct..... Company.</p> <p>(To be signed by an Officer of the Company.) By.....</p> <p style="text-align: right;">Title.....</p>																					

Reverse of balance sheet, showing detail-supporting items in sheet

creasingly better position. The bank, however, wanted a closer view of the situation, and the executives of the concern, appreciating the value of mutual understanding, urged the visit.

Upon arrival at the plant, meeting the officers was the preliminary move. In this very informal conference, Mr. Bishop and the executives discussed the company's sales policies and methods. There was no prying, no constrained feeling. It was a pleasant, informal conference, in which the bank's representatives learned important facts about the firm; and its officers, I could see, realized that their bank was definitely bringing an operating point of view to bear upon the situation.

The next move was into the factory manager's office, where cost-keeping, production control, spoilage, and labor supervision were discussed, supplemented by the examination of the company's departmental and factory control reports, covering production, costs, spoilage. Here the engineers had a view of how this factory operated under a budget, how it had within a year reduced production costs approximately 25 per cent. and waste and spoiled materials more than 50 per cent.

After lunch, accompanied by the factory manager, we went over the plant, seeing every nook and corner from receiving department to stock rooms and shipping office. Factory layout, operations, handling and moving materials, inspection, storing and shipping—all steps in the manufacturing and packing of the firm's goods were observed.

Then followed an informal conference with the president, the secretary and treasurer.

This preliminary survey undoubtedly resulted in a report which reflected favorably upon the personnel and methods of this particular corporation. There are others, of course, which are not so encouraging to the banker, and these invariably must receive the most attention.

FOCUSING ON PERSONNEL AND OPERATION

"Two things in particular get our attention in making these surveys," explained Mr. Bishop. "They are personnel and operation.

"We look into the suitability of the executives in their respective positions. The general manager's ability is estimated by his grasp of the company's policies, methods and products. The sales manager is judged by his capacity to organize and bring to completion constructive, economical sales campaigns. If it is found that he is visionary, extravagant, or both, correction or a change is recommended.

"The factory manager is judged by his methods of operating the plant, by his system of production control, by the percentage which he delivers compared with the amount he wastes, by the general aspects of the job and the work people, by the amount of lost motion and wasted energy in the manufacture and movement of products, by the quantity of raw material compared with the work in process, and by the amount of scrap, the value of the spoiled work and the number of returns from customers.

"In making the surveys of the plants, we discover many things. Such data give very definite material for the credit and finance committees and not infrequently furnish surprises for heads of the plants inspected.

"For example, it is sometimes found that concerns average their costs and then fail to carry the average out in sufficient detail to arrive at the actual cost figures. Now and then we discover that the cost system does not tie into the general books and that the overhead is improperly applied.

"Examinations of inventories almost invariably reveal whether they are quick, slow-moving or obsolete, and this fact is of great importance to the bank. Sometimes, too, the method of inventory-keeping is faulty.

"Not infrequently we find that by the re-arrangement of a unit or two

much saving can be accomplished in proper routing of materials.

"The value and condition of equipment are often open questions in examining a firm's statement. But an inspection furnishes not only this information but also that as to the efficiency of the factory supervision. Our impression that a certain factory manager was inefficient was based, primarily, upon the discovery that the main shaft in the power house vibrated. This type of manager, we find, lets the machinery shake itself to pieces.

"As the bank's representatives, it must be understood that we do not go in a professional capacity to advise the manufacturer as to methods or to direct the setting up of any systems. That's the business of the manufacturer's own engineering and accounting depart-

ments or of the professional industrial engineers whose services are available for such work. We represent the point of contact between the banker and the manufacturer. If, in doing this, we can be of service in pointing out ways and means of getting better products, in reducing overhead, in increasing production-efficiency, and in developing better co-ordination of personnel and departments, the help is gladly given."

Obviously, the experiences of this bank indicate the advantages of having this operating point of view in handling the problems incident to lending money to industry. It brings banker and manufacturer to an understanding of each other's problems, limits and functions. It protects the bank, and it protects the customers.



The Growth of the Radio Industry

By GUY E. TRIPP

Chairman Westinghouse Electric and Manufacturing Company

RADIO is no longer a fad, but a fact. As an industry it has doffed its swaddling clothes over night, as it were. In the short space of three years over 3000 manufacturers of radio supplies have risen throughout the country. Over a quarter of a million people, directly or indirectly are connected with the production, distribution and sale of radio products. A library of over 250 books has been written on the subject, and more than thirty radio magazines are now published. It is estimated that over \$150,000,000 was spent by the

people of the United States for radio products last year, that \$300,000,000 will be spent this year, and there are signs that radio soon will become a half billion dollar industry.

No other art has made such an immediate appeal to human imagination. Probably 10,000,000 people in this country alone, now search the air for musical and other programs sent broadcast by radio, and it is likely that within a few years radio may have audience of fifty million people.

Does the Farmer Need Charity?

By Carlton P. Fuller

A MAN is apparently considered an "engineer" whether he graduated from a technical school, or restyled his plumbing business "sanitary engineering," or dignified his garage with the sign "automotive engineering." Just so, the term "farmer" is made to cover unnumbered identities, and one section of the press starts a campaign of protest against the unfortunate, unjustified, unendurable position of "the farmer," while another group of papers proclaims that hard times for "the farmer" are mostly imaginary, based on false premises, or due to speculation in land. Of course, it is as legitimate to label the agricultural population with one brand for convenience sake as it is to refer to the wage-earning class, the professional class, etc., if the understanding remains that a dairy farmer meets problems altogether different from those of a corn-hog raiser, and that a cotton grower is not in the same category as a wheat farmer. Moreover, it is well to remember that dairy products each year are worth more than any one crop, and show a value of 2.4 billion dollars against 5.7 for the eleven principal crops.

When a farmer must toil over an acre of wheat all summer to receive the amount a New York plasterer receives in one short day, there is some excuse for his complaints; but his son indicates the fundamental, long-time remedy by going to the city to become a plasterer. Even "the wheat farmer" is not a unit of unrelieved suffering; it so happens this year that our much heralded surplus of wheat consists of durum, which is always exported to manufacturers of macaroni and spaghetti, and Pacific Coast growths, which are also always exported; there may even be a local shortage of grades the mills wish to use. Of course this does not pacify the North Dakota farmers whose wheat cost last

year was \$1.49 a bushel. They, like the "marginal producers" (those closest to bankruptcy) in all industries, can thrive only in boom times. And nothing can satisfy the Minnesota farmers who paid \$300 an acre for their land three years ago and now find it worth \$150.

ONE ROOT OF FARM TROUBLES

One root of the farm troubles will certainly be found in inflated land values, but it is easy to get lost in "a vicious circle" of argument: land values depend upon the income obtainable from the land, which depends not only upon the yield of crops but also upon the price obtained for those crops; hence, is the land too high or are the crop prices too low? The inevitable answer is that some land is too high and some prices are too low. That the general farm land situation should not be precarious is apparent from the 1920 Census figures, giving the average value of the mortgaged farm as \$11,500 and the average mortgage as \$3350, while 53 per cent. of owner-operated farms were free from any mortgage at all. Moreover, the value of the land is not altogether a fixed, unchangeable quantity; beyond the correct amount of fertilizing, cultivating and rotating, the farmer can frequently develop his property by planting more diversified crops, following the example of some Minnesotans, who have supplimented their wheat with flax seed, and North Carolinans, who have given cotton only the center, not the whole, of the stage. While in any particular year of high prices for the one main crop a farmer might lose money by giving over some of his acreage to other growths, he would be repaid in other years and in the fertility of his soil. It is the old moral of all the eggs in one basket.

Whenever consideration is given to agricultural problems, the most per-

sistent complaint heard is this: the farmer's dollar will not buy the same relative amount of manufactured goods it would in 1918. Price indices apparently confirm this assertion, although some economists believe the farmer's position was much more advantageous in 1918 than usual and point out that he is as well off now as in 1899—a good agricultural year. Arguing on such bases is likely to prove deceptive, since indices are based on averages and give little comfort to the poor livestock raiser who is averaged upward by the wealthy cotton grower. In addition, the farmer needs actual cash about as often as the rest of us do; the fact that corn and hay may be high in price is only an irritation if he has to feed all his crops to livestock which are low-priced (75 per cent. of corn is so fed); and by next year, when he can cut down on his livestock, corn and hay may be low again. Now, corn represents 28 per cent. of the farm value of the principal crops, and hay 21 per cent., while wheat—a big “cash crop”—forms only 14 per cent. and cotton, 16 per cent. Hence, the ready-money position of the farm population is not accurately measured by indices, though even these show that the situation is improving. The Department of Agriculture finds the farmer's purchasing power to be the highest in three years, and the mail-order houses confirm this fact by increased sales in rural communities.

THE FARMER'S SUPPLY OF CREDIT

Some people still believe that farmers would have no worries about buying

power if they could get all the credit they want, despite the well-considered opinion of experts that they have all they need. Farmers form the only section of the population which has had a special banking system established in its favor, and with the advent of the Federal, and Joint-Stock, Land Banks, there would seem to be little call for more credit, though it is true that our commercial banking system has been ill-adapted to the long-time loans needed in agriculture. Most of the financial panaceas advocated are designed to raise prices by holding back crops, sometimes temporarily successful, but always eventually disastrous. If, instead of butting his head against economic forces, the farmer should turn his attention to such man-made inequalities as the tax burden (according to the National Industrial Conference Board, farmers spend over 16 per cent. of their income for taxes, and the rest of the community only 12 per cent.), or uneven freight rates (though freight in general is as low relatively as farm prices; \$700,000,000 worth of wheat this year will pay \$105,000,000 of freight, while \$1,400,000,000 worth of cotton pays only \$40,000,000), he would make more progress. And salvation through diversification of crops is far more sound and sure than Government subsidy of any kind. The farmer should heed the words of an able President, who said as long ago as 1887, “Though the people support the Government, the Government should not support the people.”



The Unit Plan for Savings Departments

By H. C. Hausman

SEVERAL questions that have been asked regarding the unit plan for savings departments are:

1. On what basis is the unit established?
2. Can this plan be applied to departments with less than 20,000 accounts?
3. How do you provide for relieving the bookkeepers and tellers during the lunch period?
4. Do you not experience congestion at a unit?
5. How do you go about establishing this plan?
6. Will not the re-use of an account number eventually cause trouble?

In order properly to establish the unit plan, one principal factor must be considered: What is the activity of the department and how does this activity affect the normal peak? For be it thoroughly understood that there is a daily peak which usually occurs between 12 o'clock and 2; a weekly peak—Monday ordinarily averaging greater activity than the other days; the first of the month peak, certain seasonal peaks, and the interest period peak. Naturally, then, between 12 and 2 on a Monday that falls on the first few days of a month, would ordinarily determine the normal peak with a fair margin. Dividing this figure into the total number of accounts will give us the average activity per 1000; then, by ascertaining the number one teller can efficiently serve, the total number of accounts per unit can readily be established.

For example, a 40,000 account institution on the basis of this description has 1000 changes on a normal peak day from 9 to 4—400 of which come between 12 and 2. It is then established that these depositors can be served at the rate of one a minute. There are 120 minutes in the period, which, divided into the 400 to be served, would result in $3\frac{1}{3}$ units. This, with allowances,

would be four units of 10,000 accounts each. The allowance of one per minute provides for the posting of withdrawals to the ledger, extending the balance, making the same notation in the pass book, and O. K'ing the signature. These functions are to be attended to by the bookkeeper—the teller paying out, receiving, and entering the deposits in the pass book.

One very progressive institution complained that it's officers desired to further expedite the handling of a withdrawal by paying from the pass book without checking the signature, the ledger balance or posting the ledger. Surely, nothing could give speedier service, but should not safety be taken into consideration? A savings account is not a checking account—the depositor is not known nor has he established a credit standing with the bank, and the possession of a pass book is not sufficient evidence of ownership or the correctness of the balance shown in it. Safety should never be sacrificed for speed, and the bank's obligation of protection applies not only to itself but also to the employees and the depositors. Therefore service means *accurate speed*, and not just speed.

THREE TYPES OF UNITS FEASIBLE

Having determined the normal peak activity per 1000 accounts, it will be found that three types of units are feasible:

1. A unit of 10,000 accounts with one bookkeeper and one teller.
2. A unit of 20,000 accounts with one bookkeeper and one teller.
3. A unit of 20,000 accounts with one bookkeeper and two tellers.

This explanation also answers the second question, as it is seen that either one or two units can be established for an institution with less than 20,000 accounts.

Relief is purely a matter of organization, and is less a problem with the unit plan. To each two units is assigned an auditor whose function is to keep the control accounts and prove the teller's cage and the daily postings of the accounts. The auditor also relieves the bookkeeper, and the tellers relieve each other.

Certainly there are times when there is a line at one unit; 100 per cent. perfection is not likely to be attained, but it must be remembered that ordinarily the activity is equally distributed over the entire department and that occasional congestion is very quickly disposed of.

The principal factor to be considered, as mentioned before, is the activity of the department. This having been determined, it will be noticed that the greater activity is with the newer accounts. These should, therefore, be distributed among the older ones, which is done by re-arranging the sectional controls—keeping the first section as it is, making the last section No. 2, the present No. 2 section becomes No. 3, the next to the last section No. 4, and so on; arranging the signature cards in the same way.

Then it is vitally important to check the arrangement of the accounts to be sure that they are in the proper sequence.

From then on the procedure is as follows:

1. Take a trial balance and prove old controls.
2. Re-number the accounts from one up.
3. Re-number the signature cards.
4. Provide a register of old and new numbers—with sufficient copies for the clerks and tellers.
5. List the old numbers on the register from the ledger.
6. Check same against the signature cards.
7. Set up new controls on a basis of 1000 accounts to each section.
8. Arrange the counter and cages ac-

cording to the number of accounts to each unit.

ACTUAL OPERATION OF PLAN

When these details are completed, everything is in readiness for operating under the new plan. The depositor presents himself at one of the windows (which of course have been marked with both old and new numbers) the change is explained to him and he is instructed to go to window No. 1, or 2, or 3, and that from then on he shall continue to do so. Then the number of his pass book is changed and checked off the register.

Should he want to make a deposit, he is served by the teller just as he has been in the past; if a withdrawal, he presents his book and receipt to the bookkeeper who locates the account, passes on the signature, enters the amount and extends the balance on both pass book and ledger, O. K's the receipt and hands it to the depositor, passing the book through the dividing grill to the teller. The depositor steps to the teller's window, presents the receipt, is given his book and money, and departs.

At the close of the day the auditing clerk lists the receipt slips by controls, doing the same with the deposit slips. The accounts affected are listed in the same way, withdrawals and deposits separately, and the controls, accounts posted, and teller's cash are checked and proved.

As accounts are closed out a record of them is made and the available numbers listed and applied to the new accounts as they are opened.

This seems to be the feature that is hard to understand, yet it has many very positive advantages. There is always the feeling that something is going to develop sometime in the future that will cause all kinds of trouble due to having two or more names represented by the same number.

RE-USE OF ACCOUNT NUMBERS

1. By assigning new accounts in the places of accounts closed out, the sec-

tional controls or trays of 1000 accounts are automatically maintained and replenished with an equal distribution of the fresh and active accounts. Each control unit then has approximately the same number of daily transactions as every other unit, and each contains approximately the same number of active accounts and the same number of accounts closed. The piling up of activity on the recent or new end of the ledger is eliminated. The necessity of frequent consolidation of ledgers and the corresponding change in sectional controls is also eliminated.

2. The control units are not merely theoretical or imaginary sub-divisions of the ledger, but are actual tangible units which can be referred to en bloc at any time without interference.

3. Equal distribution of activity over the entire ledger means less interference and greater speed in posting, and an opportunity to apportion the posting and proving equally among the clerks by units, with the assurance that each will have approximately the same amount of work to do.

4. The number of active accounts can be determined easily at all times. The highest or last account number minus the total number closed out is the number of active accounts. This valuable figure for statistical purposes can be had within three or four minutes at any time.

5. The practice of re-using closed out account numbers constantly operates to save space. When the ordinary ledger is consolidated to gain this end there is involved the necessity of running up a total of balances on those accounts which are to be transferred from one control unit to another, and the corresponding addition and subtraction from the control figures involved. These operations not only consume time and require great care, but cannot be absolutely proved as to their accuracy until the next trial balance is taken.

6. Furthermore, at each consolidation the positions of active accounts are changed. Bookkeepers soon become

familiar with the positions of the accounts as closely as thousands and hundreds, but this familiarity and its advantages is destroyed at each consolidation. The re-use of numbers assures that each account is always in the same place regardless of how many times it may have been closed out or re-assigned.

7. This maintenance of a check over the numerical sequence of the accounts results in the practicability of running trial balances which identify the individual balances with their account numbers. This is accomplished by listing the balances from accounts to sheets which are ruled and spaced to show the account number against which each balance applies. The sheets are spaced for adding machine use so that upon completion of the work, the bookkeepers have, without any additional work, the balance and corresponding account number of every active account. These sheets may be placed in the vault together with the daily proof sheets, which also show account numbers and amounts of transactions, with the knowledge that in case of loss or destruction of any or all of the ledger accounts they could be duplicated without reference or consideration of the outstanding pass books.

8. The common error in trial balances is the duplicating or omission of an item in turning the accounts and listing on the machine. The use of numbered sheets will detect such errors at the foot of each column owing to the fact that provision in spacing is made for 100 accounts in each column. Consequently if over or short one space on the column it is known that either one balance is duplicated or omitted, and the error is located within a maximum group of 100 accounts.

THE FEAR OF TROUBLE FROM RE-USING NUMBERS

The fear that trouble will develop from re-using numbers will quickly vanish upon mature thought. First let it be distinctly understood that account

numbers are never duplicated—they are only re-issued after the first holder has closed his account. The number is simply a convenience—the name is always the main factor of identity. Therefore when John Doe, who has account 17684, withdraws his patronage, his account is removed from the active ledger and very plainly marked "closed," and transferred to the closed ledger. Later number 17684 is assigned to Richard Roe, and the same process gone through when his account closes. That number is then assigned to James

Black. A number of years elapse. A demand is made on the bank in behalf of John Doe, Acct. No. 17684; whereupon that number is found in the active ledger but it is in the name of James Black. Naturally, then, recourse is had to the closed ledger, where there are two accounts numbered 17684, one for Richard Roe the other for John Doe, and the supporting entries are just as readily found as if the number had never been re-assigned. Can you imagine any possible complications arising?



The Young Man in Banking

By George J. Scott

Treasurer Bank of Scotland, Edinburgh

IT is too easy to fall into routine, and to be contented with the groove in which we find ourselves. I do not mean by that to commend the man who has an eternal grievance against everyone else, but rather that healthy discontent of the poet:

For thence—a paradox
Which comforts while it mocks—
Shall life succeed in that it seems to fail:
What I aspired to be
And was not, comforts me:
A brute I might have been, but would not
sink i' the scale.

There is no greater paradox in life than life itself. Some one has said that we are all "living under sentence of death—with a sort of indefinite reprieve," and yet a serious reflection upon the meaning of existence is not a noticeable feature of the average man. Convention is one of the great snares of civilized life, and it is easier to follow its lead blindly than to question its authority. Man is inevitably, in a measure, the creature of circumstance: heredity and environment are factors in

the composition of each one of us; but, none the less, I prefer Henley's lines of revolt:

It matters not how strait the gate,
How charged with punishment the scroll,
I am the master of my fate:
I am the captain of my soul.

And yet I am afraid that the banking profession is by no means free from the weakness that generally clings to long-established institutions: a conservative acquiescence in the routine of things is the too-frequent characteristic, and the spirit of virile independence is very often absent. I remember discussing with a successful and well-known banker in London a few years ago, the subject of success in a bank, and speaking with his usual humility regarding his own career, he said, "Of course there is one thing a young man must always have, if he wishes to make his way, and that is ambition."

THE TENDENCY TO BECOME STEREOTYPED

In our profession, where for a large number the duties must be of a distinctly

routine nature, the inclination is to become stereotyped, so much so that, in middle life, many men accustomed to this mode of existence, shrink from accepting positions where responsibility, initiative, and enterprise are involved. In another sphere of life, Henry Ford writes in his autobiography, "There is no difficulty in picking out men. They pick themselves out, because—although one hears a great deal about the lack of opportunity for advancement—the average workman is more interested in a steady job than he is in advancement. Scarcely more than 5 per cent. of those who work for wages, while they have the desire to receive more money, have also the willingness to accept the additional responsibility and the additional work which go with the higher places."

Whilst this indisposition to exceptional strain in work or responsibility necessary to enable a man to go ahead varies in different occupations, it is universally in operation, and determines to a large extent the destinies of men. If we take our own profession we find it there. Young men by the score have no steady ambition to succeed. Some think they have, but they will not give the time necessary for study, nor do they even apply all their latent ability to the everyday duties that fall to their lot. They wait for something to come their way, and are surprised that it does not generally do so. They see others who started with them now doing well, whilst they have been left behind, and they complain that they have never had a chance. I am quite well aware that some men, who deserved to succeed, have made little progress, but owing to a block on the direct line of succession,

they have missed their opportunity, and yet for every case of this kind I have known several who had the chance, but were not ready when the opportunity presented itself. The difficulty is to get men to break away from the conventional standard. They do their work as well as those round about them, but they have no vision beyond it. They make no serious, well-planned effort to qualify themselves for higher work—and go on the principle that they can do so, when there is a likelihood of the post becoming vacant.

Success is almost invariably won by steady, hard work, although other factors have to be included, and the opportunities are open to far more than take advantage of them. There never was a time in the banking profession when so many prizes were available, and there has never been a time when educational facilities were so easily obtained as they are at the present day. The opportunities are awaiting the young man of today in the years to come, and it is for him to say whether, when the hour strikes, he will be there. The greatness of civilized countries has been made by the leaders in science, industry, literature, politics, exploration, art, and religion, who by their enthusiasm, their learning, their enterprise, their devotion to duty, and their spiritual vision have lured men to follow them, and when we consider some of our present-day problems, we shall find that fundamentally the solution of these is in no wild theories divorced from the facts of human existence, but along lines which each of us may travel, provided we have courage to take up the stiff job, and, if necessary, to live laborious days.



Bank Versus Mercantile Credits*

By W. H. Steiner

BANK and mercantile credits are fundamentally alike, and the same problems confront both the bank credit man and the mercantile credit man. Mercantile credit work is the father of bank credit work, which has developed from it only within recent years. As late as 1906 Prendergast could state in his work on "Credit and Its Uses:"

"The credit department is the work of the past ten years, barring the days of those who blazed the way for its institution, and even today it is not as pronounced a feature in banking as it is in commercial circles."

Both forms of credit, too, are vitally interrelated. Mercantile credit supplements bank credit, and those who extend it must in turn rely largely on their banks to carry them.

But in actual practice differences no less significant than similarities are found. The problems which are encountered appear in a somewhat different guise to mercantile credit men, the relative emphasis they place differs from that of bank credit men, and the methods of attack differ accordingly. Just what these differences are, it is the purpose of the present article to point out.

The contrasts may be drawn more sharply by discussing in turn three aspects of credits:

1. Work of the credit department.
2. Sources of data and methods of analysis.
3. Size of line of credit extended.

The contrast between bank and mercantile credits with respect to each of these matters will be readily apparent if the reader will keep clearly in mind certain factors which give rise to the differences in policy found. These factors, whose influence will be evident throughout the course of the discussion, may be stated as follows:

1. Mercantile credit is of everyday occurrence, and is normally extended for relatively small amounts.

2. The relation existing between buyer and seller is less intimate than that between the borrower and his bank.

3. Mercantile credit is extended through giving the buyer possession of certain goods, so that it is related to a specific trade transaction.

4. The bank takes far greater precautions than does the seller of merchandise, hence it does not extend credit relatively as liberally.

5. The mercantile credit field is far less uniform or standardized, so that practice differs in various parts of it.

WORK OF THE CREDIT DEPARTMENT

The work of the mercantile credit department is decidedly more inclusive than is that of the bank credit department. Not only does it perform the same tasks in gathering information and passing credit judgment on names, but it often decides questions of policy, such as with respect to cancellations (in 1920-1921), and makes collections. While in the largest houses collections are separated from the regular credit work, ordinarily they devolve upon the credit man, who must therefore devote considerable attention to legal questions. In passing upon credits, too, the mercantile credit man acts in a capacity similar to the bank loan officer, and does not restrict himself as does the bank credit man. He is therefore also less closely supervised on the whole than is the bank credit man.

FACTORS IN THE ANALYSIS

The larger the concern, the more specialized and systematized its credit

*Acknowledgement is due the American Institute of Banking for kindly permitting the use of certain material gathered by the writer in preparing their text on Credits.

work, and the more nearly does it approach that of the bank. On the whole, however, the mercantile credit man obtains far less complete information than does the bank credit man. In addition, there is a difference in the emphasis placed upon the various sources. The bank credit man has as the center of his work the financial statement; the mercantile credit man frequently either obtains no statement, or else merely the statement contained in the agency report. Experience has taught him that this should be carefully checked to be sure that it actually portrays the condition of the concern, but often he has neither the time nor the facilities to make this check. Therefore he places principal emphasis upon other sources of information. For him the general agency report does more than merely furnish "leads" for additional checking, which is all the bank credit man uses it for. Giving the history and antecedents of the concern, it furnishes him with an indication of the moral and business risk. He can supplement it by reports of special agencies, as well as by information from other merchants and from interchange bureaus, so as to give the ledger experience of those who have sold the customer and thus afford an indication of the latter's habits of payment. Special attorney's reports, which often disclose whether concerns allow claims to get in the hands of attorneys for collection, data from the salesmen of the house (the value and extent to which this should be done is a much debated question) and records of suits and judgments, constitute the mercantile credit man's usual remaining list of sources. Banks furnish some data, although the fact that the intimate relation existing between borrower and bank places limitations upon its ability to furnish information has often not been understood clearly in the past by the mercantile credit man.

It is apparent that the mercantile credit man checks his customers far less closely than does the bank credit man,

in addition to obtaining less information from them. Furthermore, he adopts a different attitude in his analysis, so that he is willing to take a much greater "chance" on a concern and grant it much more liberal credit. His analysis of the financial statement is, therefore, not nearly as detailed as is that of the bank credit man, nor does it place as much emphasis upon the current ratio and other comparisons between the various items. The mercantile credit man merely expects the statement to show a reasonably satisfactory condition in support of the customers' business record as developed by the other data he obtains. The difference in both content and emphasis is fully realized when the usual mercantile statement forms prepared by organizations such as the National Association of Credit Men are contrasted with those prepared for bank use by the American Bankers Association, Cleveland Clearing House or Federal Reserve Banks.

FIXING LINES OF CREDIT

While some mercantile credit men attempt to fix lines of credit, others do not, and prefer to consider each individual application for credit on its own merits. Many fix lines merely as a general guide, not because they expect rigid adherence, while others use them only on weak accounts and first purchases.

The flexible nature of mercantile credit arrangements is readily apparent when the size of the line of credit is considered, especially in relation to the concern's net worth. Mercantile credit practice, as is well known, is far less standardized than is bank credit practice. An entirely different situation exists where the concern sells a customer his entire requirements, from that which exists where it is merely one of a considerable number of sellers. In the latter case, a mercantile credit man frequently limits the credit granted to a specified percentage of the concern's net worth, say, for first grades of credit, 10 to 15 per cent., or, in very stable lines, occasionally 20

or 25 per cent. As would be expected, the greater the normal risk existing in the line, the less the credit granted, while the higher the margin of profit obtained, the more liberal the credit extended. Where the seller has a customer's entire business, however, he is willing to go much further than the limits just given. The net worth fades into the background and the ability of the concern to move the merchandise assumes prime importance. Furthermore, in retail trade practice is often much more liberal than in wholesale, and in some cases the bank man may well wonder at the basis on which the credit rests.

Contrast with this bank credit practice. In general the bank, although it may be likened to a business house which has the buyer's entire business, extends smaller lines. As Bagehot said many years ago, "There is a cardinal difference between banking and other forms of commerce; you can afford to take less risk in banking than in commerce, and you must take much greater precautions." This difference is usually ascribed to several causes.

1. The bank lends chiefly, not its own, but borrowed funds, and it is obligated to repay these on demand. Hence, it must be more conservative in the amount it lends as well as take special precautions and use special methods.

2. The nature of the advance differs. Mercantile credit merely serves to effect an advance of merchandise. that is,

to postpone the date of payment for the goods in question. The margin of profit is much greater, hence the risks which can be taken are correspondingly increased. Especially is this true, for example, of concerns like manufacturers of specialties, as contrasted with concerns like wholesalers of staple commodities. The bank obtains a small margin of profit on a large turnover, so that as a result, the bad debt loss it expects is far smaller.

Looked at in another way, it is in order to aid sales that the mercantile credit man has to go much further with the concern than the bank credit man does. He must strike a balance between maximizing sales and minimizing losses, in order to achieve as a net result the largest possible net profit to the house. He must not aim at smallest possible absolute loss, refusing all buyers concerning whose standing any doubt may arise, nor must he aim at largest possible sales regardless of credit risk. It will pay him to accept orders just as long as losses do not equal or exceed the profit he obtains on them. The problem of the bank, though similar, is much less acute. The mercantile credit man must work very closely with his sales department in order to achieve the best results. If necessary to extend credit very liberally in any given case, he must be prepared to supervise the credit carefully, almost to the extent of putting a man on the books and working with the customer.



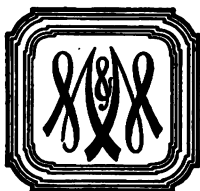
Banking and Commercial Law

SPECIAL

**BANKERS
MAGAZINE**

SECTION

1810



1924

A Distinctive Banking Service

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

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

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The New Home of the Consolidated First National and First Trust and Savings Banks of Hammond, Indiana
(size 83 feet by 154 feet)

This building will be of fireproof construction, with structural steel frame and Indiana Limestone exterior. The general layout, the apportionment of space for banking and rental purposes, and the resultant earning power of the property warrant the careful investigation of any banker facing a similar building problem. Full particulars will be furnished without obligation.

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Banking and Commercial Law

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

Bank Liable to Depositor Where Funds Were Seized by Soviet Republic

Boris N. Sokoloff v. National City Bank of
New York, New York Supreme Court,
Appellate Division, April 4, 1924

IN June, 1917, the plaintiff, a citizen and subject of Russia, paid to the defendant bank \$30,225. The bank agreed to open in its Petrograd branch a deposit account in the plaintiff's favor for an equivalent amount in rubles. The account was opened and a portion withdrawn. Subsequently the defendant failed to honor demands for the balance, and this suit to recover the balance was brought.

One of the defenses set up by the bank was that, before the bank could open a branch in Petrograd, it had to agree to certain rules which provided, among other things, that litigation in connection with its Russian business must be in the Russian courts and subject to the Russian laws; that in March and November, 1917, revolutions took place in Russia, as a result of which the Soviet Republic Government was established, and that the Soviet Republic, by force of arms, took possession of the defendant's Petrograd branch and all of its assets and liabilities, including the liability of the plaintiff.

The court held that this was not a sufficient defense. When the account was opened, the relation of debtor and creditor arose between the plaintiff and the defendant bank. There was nothing belonging to the plaintiff in the hands of the bank which the Russian Government could seize. The bank was in the same position as an individual who alleged, in defense to an action for money loaned, that he was robbed of the money while carrying it from his bank to the creditor.

OPINION

Appeal from an order of the Supreme Court, New York County, denying plaintiff's motion to strike out the first and second separate defenses contained in the amended answer of the defendant.

FINCH, J.—The complaint alleges that in June, 1917, the plaintiff paid to the defendant \$30,225 in consideration of an agreement on defendant's part to open in its Petrograd branch bank a deposit account in plaintiff's favor for an equivalent amount in rubles; that said account was opened and a portion of the rubles withdrawn, but that the defendant failed to honor demands for withdrawals of the balance, for which balance the plaintiff demands judgment.

For the first defence the answer alleges that the defendant opened a branch in Petrograd, Russia, in January, 1917; that before doing any business in Russia it had to obtain the permission of the Russian Government, and to agree to certain rules, which provided, among other things, that litigations in connection with defendant's operations in Russia must be had in Russian courts of law, and otherwise be subject to the Russian laws and decisions of the Russian Government; that in March, 1917, a revolution took place in Russia, followed by a second revolution in November, 1917, which latter resulted in the establishment of a government known as the Russian Socialist Federated Soviet Republic, which thereafter and now exercises the sole sovereign governmental authority therein; that in and after November, 1917, said Soviet Government decreed the nationalization of various forms of property, including that of all the private or joint stock banks operating in Russia, merged the same into a State Bank, which took over all the assets and liabilities of the liquidated enterprises, acting for the

Soviet Government, and to said State Bank was entrusted the temporary administration of the affairs of the private banks so taken over. Said defense further alleges that the Soviet Government took possession of defendant's branch bank in Petrograd and of all its assets and liabilities, including its liability to the plaintiff, by force of arms, and has refused to return the same; that plaintiff was a citizen and subject of Russia and as such bound to respect the acts of its government; that at the time of making the agreement in question plaintiff was aware of the unsettled political condition in Russia, and it was intended by the parties that the agreement should be performed in Russia and be governed by its laws and the orders or decrees of any government therein. The defense further alleges that the means of performance contemplated by the parties were destroyed by the aforesaid acts of the Soviet Government.

The same facts are alleged as a second and partial defense.

The difficulty with the contention urged by the defendant that the defense is valid, is two-fold: first, that when the plaintiff executed its contract with the defendant, the well-recognized relationship between a depositor and a bank arose, namely, that the bank became simply a debtor of the plaintiff, without the plaintiff having a right to claim any specific property belonging to the bank. When the bank had difficulties with the Russian Government, there arose an independent claim between the bank and the Russian Government. There was, however, no specific res belonging to the plaintiff to which the doctrine of frustration could apply. As was said by Mr. Justice Field in *Williams v. Bruffy* (96 U. S. 176, 187), which was a case where a resident of Pennsylvania sued a resident of Virginia in assumpsit for goods sold and delivered and the defendant pleaded that he was forced to pay the amount of the indebtedness under a decree of the Confederate States Government confiscating all claims of

citizens of the Union against citizens of the Confederate States: "But debts not being tangible things subject to physical seizure and removal, the debtors cannot claim release from liability to their creditors by reason of the coerced payment of equivalent sums to an unlawful combination."

Both parties urge that this confiscation by the Soviet Government was justifiable on the ground of a war tax. The respondent maintains that the tax was a tax against the plaintiff as a resident of Russia and was a confiscation of the account, which was owed to the plaintiff. The appellant, on the other hand, contends that there was an appropriation of the entire money of the defendant in Russia as a war tax. The fact that the plaintiff has a claim as a creditor of the National City Bank separate and distinct from the claim of the defendant as against the Russian Government is more clearly seen, however, if we assume that instead of the war tax being the confiscation of 100 per cent. of the assets of the defendant bank, the Soviet Government had placed a tax of 75 per cent. upon the assets of the defendant bank, in which case the defendant could not urge this tax in diminution of its debt to the plaintiff. As regards the claim of the plaintiff, the defendant bank is in no different position than would be a private person who alleged in defense to a suit for money loaned, that he was robbed of the money which he had accumulated to pay the debt while he was carrying it from the bank to his creditor.

A second objection to the defence is that while a defense of impossibility is recognized where the parties enter into a contract upon the assumption that a particular thing essential to its performance will continue to exist and be available for the purpose and neither party agrees to be responsible if it is not so available, the contract must be subjected to an implied condition that if before the time of performance, without fault of either party, the thing ceases to exist or be available, the con-

tract shall be dissolved and the parties excused from performance. This defense, however, only goes so far as to excuse the performance of an executory contract. It has never been held available for the purpose of unjustly enriching one party at the expense of the other (*Tobac v. Fetner*, 189 App. Div. 248). The utmost that the defendant can urge is that it be relieved from the performance of its agreement in so far as the agreement has been rendered impossible of performance, but on no principle can it be urged that the defendant became relieved from the obligation of repayment of the amount received when through no fault on the part of the plaintiff it was unable to complete the contract. If the defense were pleaded as an excuse to an action for damages for failure further to perform the contract, a different question would arise, but here the defendant is seeking to excuse itself not from further performance of the contract, but from payment of a debt owing the plaintiff arising from the receipt of money from the plaintiff for a specific purpose which the defendant is unable to carry out, and hence there arises an obligation to repay the plaintiff.

It follows that the order appealed from should be reversed with \$10 costs and disbursements, and the motion to strike out the complete and partial defense granted with \$10 costs.

All concur.



Bank Allowed to Charge Overdraft Against Account in Name of Depositor's Daughter

Rose Cooper v. The Republic National Bank of New York, New York Supreme Court Appellate Division, March, 1924

Where a depositor who has two accounts with a bank, one in his own name and one in the name of another, makes an overdraft on the first account, he subjects the second account to being offset by the amount of his overdraft on his first account.

In this action against the defendant bank to recover a balance due on an account with the bank, it appeared that the ownership of the account in plaintiff's name was in fact in her father and that the father was indebted to the bank by reason of a dishonest withdrawal of moneys from the bank. It was held that the bank was justified in offsetting the father's indebtedness to it against the said account.

A bank is not estopped from offering testimony or claiming facts inconsistent with the entry in the pass book which it issues to its depositor. A bank book at most is no more than a receipt for the amount deposited, and like other receipts is subject to explanation.

OPINION

MERRELL, J.—The action is brought by this plaintiff, Rose Cooper, to receive moneys claimed to be the property of, and which have been deposited by, the plaintiff with the defendant, and which the defendant refused to pay upon plaintiff's demand.

The plaintiff claimed upon the trial that on or about the fourth day of March, 1920, she opened an account in the defendant bank under the name of Rose Cooper, Charles Cooper, Power of Attorney, by making a deposit in the sum of \$850. It was the contention of the defendant that while such deposit was made in the name of the plaintiff by Charles Cooper, the moneys in fact belonged to, and the account was really that of, Charles Cooper, plaintiff's father.

Charles Cooper, plaintiff's father, prior to the opening of the account in question, had had an account for some time with the defendant bank. His account, however, had been reduced to a small balance of \$9.76, and for some time said small balance had remained in the defendant bank to the credit of Charles Cooper and his said account had become dormant. It appears, however, that monthly statements were rendered by the bank to all of its depositors, including Charles Cooper. It

further appears from the testimony that another concern, the Eureka Supply Company, made a deposit with the defendant bank which was erroneously credited to the dormant account of Charles Cooper in the sum of \$254.68. This credit was posted to Charles Cooper on March 10, 1920, and on March 20, 1920, Charles Cooper, evidently discovering that his dormant account had been swelled by the erroneous posting of the bank to \$264.44, drew his check for the whole amount and closed his personal account. This check was honored by the bank. Shortly thereafter the bank discovered its mistake and sought to find Cooper, but was unable to do so after diligent search and inquiry. The bank then discovered facts which convinced it that the account in the name of the plaintiff, Rose Cooper, Charles Cooper, Power of Attorney, was in fact the account of Charles Cooper, who had dishonestly withdrawn the moneys erroneously posted to the credit of his personal account, and thereupon the bank offset the amount of his overdraft against the account in the name of the plaintiff. When plaintiff was furnished a monthly statement showing the withdrawal of \$254.68, she visited the defendant bank and claimed that the account was hers and that it was entirely separate and distinct from her father's business. The bank officials then inquired of the plaintiff as to the whereabouts of her father, but she refused to divulge the same, but demanded that she be paid the amount which had been offset against the account in her name. This the bank refused to do, and the present action was brought to recover the same.

It appeared from the evidence upon the trial that Charles Cooper, the father, had been for some time in the business of buying and selling junk in a small way, and that a few days prior to the deposit of \$850 in the name of the plaintiff, "Charles Cooper, Power of Attorney," he had ceased doing business, and that the plaintiff claimed to have succeeded to his business. The

plaintiff testified that her father had ceased doing business about a week before she commenced. The testimony was that the plaintiff was a young girl just out of high school, having taken a two years' course in a college night school, and at the time of the alleged opening of the account and taking over of the business she was engaged to be married and was in fact married two months later and moved to Pottsville, Pa., where she made her permanent residence and resided at the time of the trial. The evidence showed that all checks drawn upon the plaintiff's account were drawn by her father, and that he managed the business entirely and attended to all the details thereof, and that the plaintiff had little or no connection therewith. The plaintiff was unable to give any definite light as to where she obtained the money with which she claims to have made the deposit of \$850 on March 4. Her testimony was most evasive and indefinite and highly contradictory of that which she had given on a previous trial of the action. She was unable to state whether the money was in cash entirely or whether it was represented in part by checks, or where it came from. She testified on the prior trial that it was in a certain savings institution, and the testimony of the savings bank official contradicted such testimony on the part of the plaintiff. She finally testified on the present trial that the money was furnished by her sweetheart, and admitted that she had given no such testimony at the prior trial, but had then claimed that she had the money herself. The plaintiff was able to give no coherent testimony as to the source or character of the money which she claims to have deposited. It appeared that no part of it was ever checked out by her personally. The circumstances as revealed by the evidence raised a strong inference that there was in fact no change in the business of Charles Cooper at the time when plaintiff claims to have taken it over, and that the deposit, while in plaintiff's name, was in fact a deposit of

the moneys of Charles Cooper, and that plaintiff had no personal interest therein. Under such circumstances, the real owner having dishonestly withdrawn the said moneys which concededly belonged to others, subjected the account in plaintiff's name, which he in fact owned, to being offset by the amount of his dishonest withdrawal; and where it appeared, as I think it did fairly from the testimony in the case, that the ownership of the account in plaintiff's name was in fact in her father, the bank was entirely justified in offsetting his indebtedness to it against said account. (*Falkland v. St. Nicholas National Bank of New York*, 84 N. Y., 145; *Strauss v. T. N. Bank*, 122 N. Y. 379; *Delahunty v. Central National Bank*, 68 App. Div. 177; *Aidala v. Savoy Trust Co.*, 128 N. Y. Supp. 619.) The case last cited was a decision of the Appellate Term. The opinion of Justice Seabury so succinctly states the law upon the subject that I quote as follows:

SEABURY, J. The plaintiff, an infant, brings this action through his guardian ad litem to recover the amount of a deposit made with the defendant. For a defense the defendant alleged that the deposit was in fact made by Guiseppe Aidala, who represented himself to be Rosario Aidala, in which name the account was kept, and that such depositor was indebted to it in a sum in excess of the amount claimed. The Court below found the facts to be as alleged by the defendant, and gave judgment accordingly. From that judgment, the plaintiff appeals to this Court.

The only question in issue is as to who was in fact the real depositor of the money for the recovery of which this action is brought. It is true that the money was deposited in the name of "Rosario Aidala;" but the evidence established that Guiseppe Aidala, representing himself to be Rosario Aidala, in fact made the deposit. It was also shown that, at the time of the deposit by Guiseppe Aidala, he signed the signature book at the bank, and that subsequently he personally drew checks upon that account. It was also shown that Guiseppe Aidala was indebted to the defendant to an amount in excess of the deposit claimed. Under these circumstances, we think the court below properly gave judgment for the defendant.

The fact that Guiseppe Aidala deposited the money under the name of Rosario Aidala does not alter the situation. The defendant's liability for the amount of the deposit made with it was to the real owner of the deposit, regardless of the name under which the deposit was made. The use of a name other than the true name of the depositor cannot be permitted to serve as a shield under which the depositor may prevent the bank from deducting from the amount of his deposit a debt which he owed to it. This is not a case where a deposit was made for the benefit of some person other than the depositor. In such a case a different rule of law would be applicable. Here the bank has offset the debt due to it by the depositor, who represented his true name to be that under which he made the deposit.

The evidence justified the conclusion that the present action was a fraudulent attempt on the part of Guiseppe Aidala to collect the full amount of his deposit from the bank, notwithstanding the fact that he was indebted to the bank to an amount in excess of that deposit.

In an action for money had and received, it was competent to show the true facts under which it had received the deposit. The facts as found by the Court below upon ample evidence justified the refusal of the bank to pay.

(Justices Page and Bijur concurred.)

The Municipal Court in the case at bar, in rendering its decision in favor of the defendant, held that the funds in the defendant bank in the name of the plaintiff belonged to her father, and that the bank paid him \$254.68 through error. This finding of fact by the trial court was not reversed by the Appellate Term, and we are of the opinion that it is amply sustained by the evidence at the trial.

It is the contention of the plaintiff-respondent that the defendant, having issued its bank book wherein the plaintiff is credited with the amount deposited, is bound thereby and is estopped from offering testimony or claiming facts inconsistent with the entry in the pass book. We think this position is untenable. The bank book at most was no more than a receipt for the amount deposited and, like other receipts, was subject to explanation. (*Schwartz v. State Bank*, 185 App. Div.

42, Republic L. Ins. Co. v. Hudson Trust Co., 180 App. Div. 618. Aff'd. 198 N. Y. 590). It was said in Schwartz v. State Bank, *supra*, at page 43:

But the mere fact that a customer pays money into a bank does not necessarily create the relation of debtor and creditor between the payee and the bank; for it is quite a common thing for one to pay money into a bank to the credit of another. Unexplained, the fact that a bank book contained an entry showing that the holder of the book had paid money into a bank would presumptively show that the bank had become the depositor's debtor to the extent of the deposit. But the bank book being merely a receipt or series of receipts is open to explanation * * * .

We think the testimony not only put in doubt but overcame the plaintiff's contention that she was the owner of the bank account from which the deduction was made by the defendant to the amount of the moneys dishonestly checked out by her father, and that the father was in fact the real owner of said account.

The determination of the Appellate Term should be reversed and the judgment of the Municipal Court reinstated and affirmed, with the cost to the appellant in this Court and in the Appellate Term.

All concur.



Nation's Wealth Put at \$320,863,862,000

THE wealth of the nation is \$320,863,862,000, more than one-half of which is in real property and improvements. The per capita wealth is \$2918.

Statistics of the country's wealth, as of December 31, 1922, issued on March 31, last, by the Census Bureau, showed that the total wealth increased 72.2 per cent. and the per capita wealth 49.6 per cent. in the ten years from 1912.

All classes of property increased in value in the decade, except live stock, which decreased 6.9 per cent., to \$5,807,104,000. The increases in money value of other classes of property, Census Bureau officials state, are to a large extent due to the rise in prices in recent years, and so far as that is the case, they do not represent corresponding increases in the quantity of wealth.

Taxed real property and improvements were valued at \$155,908,625,000, an increase of 6.9 per cent. in ten years; exempt real property, exclusive of national parks and monuments, \$20,505,819,000, an increase of 66.5 per cent.; farm implements and machinery, \$2,604,638,000, an increase of 90.4 per

cent.; manufacturing machinery, tools and implements, \$15,783,260,000, an increase of 159.1 per cent.; railroads and their equipment, \$19,950,800,000, an increase of 23.5 per cent.; stocks of goods, vehicles other than motor, furniture and clothing, \$75,983,607,000, an increase of 121.3 per cent.; and motor vehicles, \$4,567,407,000. No comparison is possible for motor vehicles, as no separate estimate was made in 1912.

The value of the United States Navy is placed at \$1,455,992,000, an increase of 259.4 per cent.; privately owned water works, \$360,885,000, an increase of 24.4 per cent., and gold and silver coin and bullion, \$4,278,155,000, an increase of 63.5 per cent.

In connection with the survey of the national wealth state by state, which the Census Bureau has been announcing from time to time, the wealth of Oklahoma was estimated in a recent announcement at \$3,773,524,000 as of December 31, 1922. This is an increase of 29.5 per cent. over 1912. The state's per capita wealth was placed at \$1864, an increase of 12 per cent.

On Becoming a Surety

By Richard W. Saunders

WHENEVER an old playwright wanted his hero to get into trouble without casting too great an aspersion upon his monetary ability, he used the good old device of having him endorse somebody's note, which action by the way was always seemingly extolled as the greatest act of friendship. The note was of course always dishonored and as imprisonment for debt was the usual practice the hero generally found himself in jail (or gaol as they spelled it) for some time until some noble friend came to his relief.

The old law books have many cases on "accommodation paper" as it was called, and a few equities were allowed in its favor, that is, the burden of the law was somewhat softened. While it is hard to distinguish such a note we feel we are justified in the belief that the practice has been greatly lessened. When a man puts his name on a note it should be for value received and not otherwise.

"Be very wary for whom thou becomest security and for no more than thou art able to discharge, if thou lovest thy liberty. The borrower is a slave to the lender: the security is a slave to both."—*Quarles*.

The old emblem maker and author of the *Enchiridion* is absolutely right. No man has a right to ask his friend to jeopardize his financial independence for him. There is an old adage that "Each tub should stand on its own bottom." Old Jeremiah wrote "He that is surety for a stranger shall smart for it." And friends, alas, sometimes turn out to be veritable strangers. In fact, the easiest way to lose a friend is to have money dealings with him.

There is, I am advised, a company formed for helping needy borrowers who have no good loanable security

(which is a laudable venture) and at moderate interest rates, which is equally laudable. But one provision is that two sureties be found to protect the loan. The writer does not criticise the plan and understands much good is done and that the venture is a successful one. But one wonders how many of the loans are paid back by one or both of the sureties and again the words of Quarles might be quoted as printed above. A man's first duty is to himself. If he can afford the luxury of being a surety that is different.

The most outstanding example of the danger of becoming surety is in the *Merchant of Venice* where Antonio also risks his life. Shakespeare has Shylock say:

You take my house when you do take the
prop
That doth sustain my house; you take my
life
When you do take the means whereby I live.

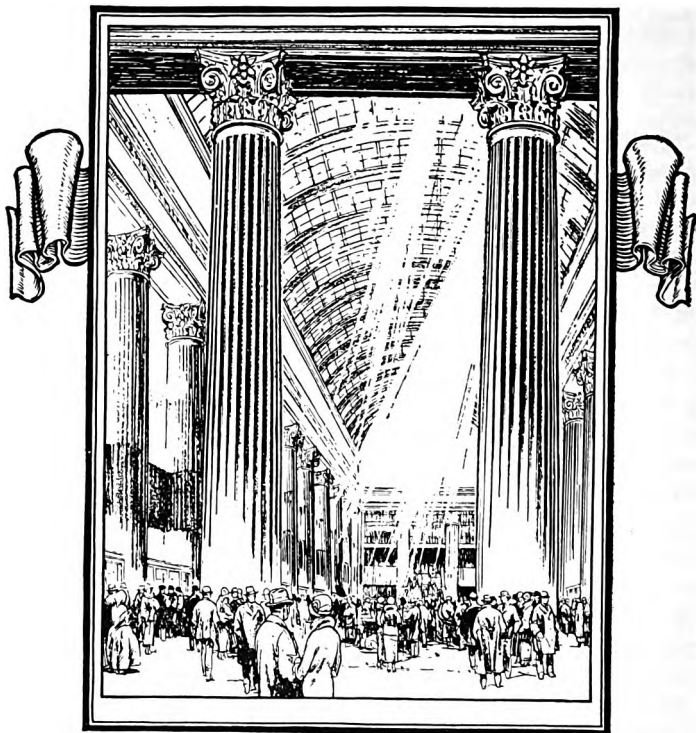
No man has the right to so disorder his affairs that he must call in his more cautious friends to help him at such a risk, and especially in such an insidious manner as becoming a surety. The apparently remote chance of being called upon to pay is a lure that disarms a friend.

And when Antonio is taken to jail upon the writ of Shylock who demands his pound of flesh, he says:


These griefs and losses have so bated me,
That I shall hardly spare a pound of flesh
Tomorrow to my bloody creditor.

And in one of the wisest speeches father ever gave to son, Polonius said to Laertes:

Neither a borrower, nor a lender be;
For loan oft loses both itself and friend,
And borrowing dulls the edge of husbandry.



ANNOUNCING

 the opening of the new
twenty story office building
and banking home of

The UNION TRUST CO.
Cleveland.

A bank as big as your future
RESOURCES OVER TWO HUNDRED SEVENTY MILLION

Banking Publicity

Special Section of The Bankers Magazine

MAY 1924

In Defense of the Novelty

By B. W. GRIFFIN

Assistant to President, Gotham National Bank, New York

ADVERTISING by means of novelties is a live wire method and is dangerous like all live wires, whether human or metallic. Like a live wire, too, it is something one is sure to get burned with, and is hard to let go of.

The largest bank in one of the Southern states gave as a reason why it discontinued novelty advertising: "We do not use novelties because they go to persons wanting something for nothing."

A leading St. Louis trust company discontinued because: "As a rule they go to people who are already our customers."

A Michigan bank refused to distribute them because in their experience those who are omitted will be offended.

Every bank that has used novelties in any variety knows that each of these three objections is a valid one. The bank advertising man does not have to go south, east or west to find that everyone wants something for nothing, and that a great many persons will go from one place to another for a hand out. He knows how many thousands of novelties go into the hands of depositors of the bank and what happens when a depositor fails to get one. Inevitably there will be some big man, depositorily speaking, who will come into the bank and make a big row over some little thing.

When novelties are used, experience surely charges the rates of a specialist.

In the weakness of the novelty is its strength. "They go to persons wanting something for nothing." In other words the novelty is in demand. It is wanted. It does not go into the waste basket unread and unnoticed.

To avoid the very real pitfalls

of novelty advertising and to make the most of this unusually expensive means of getting business, at least three general principles stand out as a result of experience.

First: the novelty must be connected with the advertiser, connected not by some catch word but logically. A mirror is a good form of advertising for a beauty parlor; a fan for a summer resort; a coin bank for

(Continued on page 727)

The FIRST NATIONAL BANK of BOSTON

The Bank's Borrowers:

ON October 31st, there was a total of 5601 loans on the books of The First National Bank of Boston.

There were:

1316 for less than \$1000.
1481 between \$1000 and \$5000.
1461 between \$5000 and \$25,000.
802 between \$25,000 and \$100,000.
463 between \$100,000 and \$500,000.
46 between \$500,000 and \$1,000,000.
32 of \$1,000,000 or more.

These figures did not include the direct mortgage loans, numbering 724. Of these, 338 were for \$5000 or less; the average amount was \$13,300.

FOR the seasonal demands of a small merchant, as well as for the financial needs of a great industrial enterprise, the resources of The First National Bank afford ample accommodation. And for each class of borrower there is the same courtesy and consideration, the same intelligent understanding of his needs.

The facilities of The First National Bank are available at any of the following addresses:

Main Office

70 FEDERAL STREET

Boston Branches

45 MILK STREET
UPHAM'S CORNER
FIELD'S CORNER
HYDE PARK

115 SUMMER STREET
ROSLINDALE
BRIGHTON
ALLSTON

Some pertinent and very definite facts regarding a bank and its borrowers. This information can be readily absorbed in a minute's time. It leaves no question in the mind of the reader as to the number of loans this bank made over a given period of time, the amounts of these loans, and the relative proportions of their distribution among borrowers.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

MAY 1924

THE commencement season approaches, and soon thousands of boys, girls, young men and young women will go forth armed with brand new diplomas, unlimited optimism and a great many good intentions. Some of them will already have started savings accounts. Others will have savings accounts opened for them when they graduate. Still others will have money given them. They may put some of this money into savings accounts if the matter is brought to their attention sufficiently strongly.

The habit of saving is like other useful habits in this, that the earlier in life it is acquired, the easier it is to stick to and the more likely the saver is to stick to it. It is a timely moment to suggest a savings account as a graduation gift.



WHAT about novelties?

Some banks have used them to good effect. Others have tried them and found them wanting. B. W. Griffin tells, in an article in this number of **BANKING PUBLICITY**, of banks that have used novelties with success.

Novelties have their faults. Mr. Griffin points

some of these faults out. It has been said that novelties go to persons wanting something for nothing. In this weakness of the novelty, says Mr. Griffin, lies its strength. "In other words," he says, "the novelty is in demand. It is wanted. It does not go into the waste basket unread and unnoticed."



WHEN a Detroit trust company launched a campaign in the press of three counties on the establishment, beginning last January, of five \$1000 scholarships to be awarded annually to the winners of an essay contest among high school seniors, the campaign was conceived of at the start as a matter of good advertising for the bank and more or less in the nature of philanthropy.

It was soon found that the educational possibilities of the scholarship award movement for enlisting the interest of school students in financial questions far surpassed the primary conception of the idea, and the company reports that more than 100 high school seniors are already at work on the theme selected for the year, which is "The Selection of Investments." More about the interest which these scholarship awards have aroused will be found on pages 784 and 785 of this number of **BANKING PUBLICITY**.

This innovation is a splendid thing. It is pioneer work of a very high and much needed order. It will tend to promote among the younger people, where such promotion is of vital importance, a sounder understanding of the basic principles of finance and a clearer conception of the real purpose and function of that much maligned institution—the bank.

What does the bank get out of it, you ask? Well, the type of good will that a bank can gain, and does gain from this sort of thing, will in time inevitably be translated into terms of something very tangible in the way of business that comes in which might otherwise have gone elsewhere. There is some sentiment in business—even in the banking business. And the value of the sentiment aroused by such a step as this Detroit trust company has taken in establishing these scholarship awards, will be cumulative.



A WAVE of employee new business contests seems to be sweeping through the banks in some of the larger cities of the country.

Some of these contests arouse enthusiasm to a high pitch. Three very recent employee contests described in this number of **BANKING PUBLICITY** produced, respectively, 9800, 1738, and 8728 new accounts for total amounts of \$800,000, \$510,000, and \$5,540,285.

In Defence of the Novelty

(Continued from page 725)

a bank, and a key case for a safe deposit corporation.

L. L. Joseph, past president and for many years an officer of the specialty division of the Advertising Clubs of the World, suggests indirectly a second vital principle when he says: "The one big thing in all commercial transactions is the human element or the personal contact, which has been too much overlooked in banking business. The employee, no matter how well disposed he may be towards the public, is often too rushed to give the new depositor the necessary time to express the bank's appreciation, and here is where the specialty would serve to very good advantage."

This infers the personal dis-

tribution of novelties. Where novelties are passed out promiscuously, they will litter up the alley way.

In the third place, as a rule novelties should be inexpensive. This statement will raise a storm of protest, especially from the novelty men. The article should be desirable enough so the bank is glad to give it out, knowing it will be wanted and retained, and still one where the bank can rather laugh in giving it out. Novelties can't be taken too seriously.

After all, the purpose is ad-

The Thoughtful Gift to the Graduate

The gift that suggests thoughtfulness in the giver is far more valuable than merely a gift. To give your young friends a start toward a growing savings account will identify you as a thoughtful giver. And the gift will steadily increase as the account grows with the aid of 4% interest



Union National Bank
 1000 MAIN STREET
 HOUSTON

More commencement copy, this time on the value of a savings account as a gift to the young graduate. Note that the copy suggests giving "a start toward a growing savings account." Isn't there a good opportunity here to suggest the giving of a savings account itself, opened by the giver in the name of the recipient? The "start" toward a savings account is so apt to be put to other uses.

vertising, and if novelties are too valuable, they become gifts rather, or in the nature of a bribe. Then too, the depositor who is overlooked is insulted. With an expensive novelty, one opens an account or whatever is required to get the desideratum without being necessarily sold on the content of the advertising.

An inexpensive article logically linked up to the bank or the department that it is given out to sell, and given out in a



The Graduation Gift

HAVE you a boy or a girl graduating from high school this month? If you have there's the gift to be given to one of the members of the happy trio.

A new fund that will greatly grow your daughter's college fund or your son's business fund in the best graduation gift.

Our sales officers will be glad to explain the plan of fund to you.

FIDELITY TITLE AND TRUST CO.

Commencement time copy on the appropriateness of a trust fund as a graduation gift. Run by a Pittsburgh bank.

personal, pleasant way, will get favorable attention and results free from serious complications.

Novelties are used more generally in securing savings accounts than in getting business for any other department of a bank. In this field the principle of an inexpensive article is quite openly violated, and often with good results. As a typical case, E. P. Fellows, vice-president of the Capital Trust and Savings Bank of St. Paul, states that a reliable agency was employed to undertake a campaign of personal solicitation for new savings accounts and in about three days close to 6000 attractive new accounts were secured. Initial deposits were in the neighborhood of \$50,000 and subsequent deposits have been nearly \$40,000 more, an average of about \$30 an account. Fountain pens and coin boxes were distributed as premiums, for the most part fountain pens.

For a bank without sufficient territory to warrant a new business department, these service companies perform a splendid service for \$3.00 or \$3.50 an account. They go to a territory with a crew of experienced solicitors who get a commission of about \$1.00 an account, and give out desirable articles as premiums. These articles would often cost a customer as much as his savings account, but are bought up by the service companies at bargain rates.

Where particularly tempting

One of Our Customers Wrote This Ad!



Commenced National Bank
 Madison, Wis.
 January 12, 1923.

With the closing of my account with THE COMMERCIAL NATIONAL BANK yesterday, came the pleasant realization of the delightfully agreeable business relations I have enjoyed with you.

Three years ago I reached Madison from the east-coast, and finally as unfamiliar with banking accounts as with Madison and every one in it. The kindly attention, excellent service and friendly attitude of the whole bank have not only made my dealings with you all especially pleasant to remember, but have also made me prefer yours to patronizing another bank one fifth of the distance from my place of residence.

I therefore take this opportunity to assure you of my appreciation for the service and courtesy I have always received from your bank and to express my regret at having to withdraw my account.

Very truly yours

Dorothy Bickler

There's the Same Service Waiting Here for YOU!
 That's Why Fifteen Thousand Madison People Bank at

The Commercial National Bank

State Street at the Square

A strikingly effective advertisement run by a bank in Madison, Wis., a college town, in the form of a letter written by one of the bank's customers, a young woman graduate. Such an advertisement lends itself particularly well to the opening of the fall term, when old students are returning and new ones are arriving for the first time.

ESTABLISHED MAY 1, 1883

OUR 40th YEAR OF FINANCING
1922 to 1923

*An Envious Record Which Forecasts
Greater Achievements for the Future*

THE MINNESOTA LOAN AND TRUST COMPANY, the Northwest's oldest trust company, first offered its services to the people of Minnesota, on May 1, 1883, the same year in which the Northern Pacific completed the first transcontinental line connecting Minnesota with the Pacific. Organized when industry west of the Mississippi was still in its pioneer days, it was natural that this institution should take the lead in the development of the Northwest.

As a result of its timely aid extending over a period of nearly a half century, the people of the territory now known as the Ninth Federal Reserve District, have rightly learned to depend upon its reliable and comprehensive service. During the past twelve months, there have been but few sections of the Northwest that have not called upon this institution for the loan of funds.

The illustration above graphically depicts loans made and bond issues sold (exclusive of market sales, Canadian and Foreign issues) between May 1, 1922, and May 1, 1923—our 40th year of financing, a total of 1,714 loans, the proceeds of which have been used in the development of those projects, the prosperity of which is reflected in the life of this community.

By reason of this active part taken by The Minnesota Loan and Trust Company in the financing of the Northwest, this institution is able to offer for sale bonds and first mortgages, secured by the most substantial industries and richest communities.

Through the purchase of local securities originated by this company, both small and large investors not only contribute to the development of home industry, but share in the earnings of those organizations and industries whose growth their capital has stimulated.

THE MINNESOTA LOAN AND TRUST COMPANY
405 MARQUETTE MINNEAPOLIS

CAPITAL AND SURPLUS . . . \$2,000,000.00

A graphic depiction of the part that a Minneapolis trust company has played in the development of projects which have built up the prosperity of the Northwest. This advertisement presents a strong appeal to the imagination.

premiums have been used to induce people to open an account, a check-up a year later will show an appalling number of persons who have not added to the account, showing that they were not sold on the idea of saving or of saving in the particular bank furnishing the bargain. On the other side, a larger proportion will continue to build up a savings account once started, and those who do not, make a splendid list for treatment with folders and letters because they are already introduced to the bank and must feel obligated to it.

Where a personal solicitor is employed by a bank a novelty of the right type multiplies his productiveness. A man going out from day to day soliciting savings accounts will do well to bring in ten accounts a day. If he goes out with the right kind of a novelty in a city of any size, ten accounts a day would be very small.

A national bank, with a savings department, used a solicitor with novelties in the form of an inexpensive dime bank securing in two years 12,000 accounts, with an average, at the end of two years, of \$200

an account, the initial deposit being made either with the contents of a dime bank or the contents of a dime bank added to other money.

A careful check of the number of banks put out to the number opening savings accounts showed that in the course of one year four out of five never showed up, but as an initial deposit, covering pretty much the cost of the bank, was required, the loss was borne by the individual who failed to make use of his bank.

In distributing these dime banks to offices and factories it is well to arrange to speak at noon meetings of the employees. If any manager of a business extension department of a bank reading this article has never addressed the employees of his city in noon meetings, he has missed a bet both in results and in having a lively time. For the most part the working men or the office girls will be attentive as you talk to them from a box or balancing on a paint ladder, but sometimes there will be a disposition to heckle the representative of such a distasteful organization as a bank. However, you will find in the majority of cases that there will be as many banks taken and deposits paid, as the total number of persons in your audience. A good many will not take them, but others will take quite a few for their families.

Such a use of dime banks covers the three required principles. They are inexpensive, and are not used as a bribe or hand out. They are personally distributed, and the novelty itself is directly connected with the advertiser or the department being advertised.

By using dime safes or banks in employees' contests a personal distribution is insured, and selling savings accounts is much easier for the employee.

The National Bank of Commerce of St. Louis succeeded

very well in the distribution of flags for savings accounts of \$10 or more. There is no direct connection between the flags and the bank, but there was a direct connection between the time the flags were given out, which was on Flag Day, May 30, and on Independence Day, July 4.

As a development later on churches will ask to be supplied with the dime banks to raise the mortgage fund. Boy Scout masters will ask for them to save for a summer camp.

The bank can charge for these novelties but they will gain more if they do not, because they will obtain a great deal of advertising of far more value and at less cost than space on the program by giving the organization the required number of these banks. After they have been used for the church mortgage or whatever purpose designated, the banks are retained by those to whom they have been distributed, and will often be used for opening up new accounts. Besides, the charitable organization which gets the banks, if not already a depositor, will probably be glad to transfer its account in appreciation for being furnished with these safes.

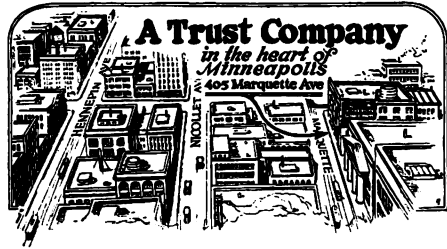
Novelties can be used by the bank itself as premiums to depositors for getting in new savings accounts or Christmas Club accounts. The East New York Savings Bank secured 3500 new members for their Christmas Club through their special offer to their 1922 Christmas Club depositors as follows:

**SPECIAL OFFER TO
Our 1922 Christmas Club
Depositors**

Every year we spend money advertising our Christmas Savings Club. This year we plan to distribute the value of this money to our 1922 Christmas Club members. Here is our plan and your opportunity.

To every member of our 1922 Christmas Savings Club who secures five new members for our 1923 Club we will give a handsome combination clock and bank.

FORTY YEARS OF FINANCIAL EXPERIENCE



This Institution--

1. Pays 2½% on Checking Accounts.
Balances of \$100 or more.
2. Sells High Grade Investment Bonds.
Corporation, Government, Municipal.
3. Pays Quarterly Interest on Savings.
January, April, July and October.
4. Makes First Mortgage Real Estate Loans.
Prompt Service on City Loans.
5. Acts as Executor, Administrator, Guardian.
Fiscal Agent or Trustee.
6. Offers Safe Deposit Facilities.
Safekeeping for your Bonds.

Invites Your Account.

**THE MINNESOTA LOAN
AND TRUST COMPANY**
405 MARQUETTE MINNEAPOLIS

Another advertisement of the Minnesota Loan and Trust Company, showing just where the company's building is, telling just what the company does, and wasting neither words nor space in doing these two things.

We enclose five introduction cards. See your friends between now and January 15. Write in the name of your friend and sign your own name and address. Hand the card to your friend and tell your friend to hand it in at the bank when he or she calls to open a Christmas Savings Club account. When we have opened accounts for and received cards from five different people bearing your name as introducer, we will notify you to call for your clock bank.

For renting safe deposit boxes, key rings or key cases are connected with the business, for one can keep his keys to his safe deposit box. It is easy to number these cases or rings with a numbering tag, and on the case advertise that a reward will be offered for the return of

the case. The key ring is of no value to the finder, but of great value to the loser, and often if a corporation is to pay a couple of dollars a year for the return of these rings it is nothing, and those who get the rings or cases are more than pleased to have both the case and this insurance against loss on their keys.

If a card is sent out something like the following, the distribution becomes personal:

**A Registered Leather Key Case
Offered You**

This printed folder when presented by you in person is good for one registered leather key case.

These key cases are all numbered to facilitate their return to you in case of loss.

If I'd only had the ready cash



Bank of Italy
Savings Department
100 Broadway
New York City

Bank of Italy
Savings Department
100 Broadway
New York City

Bank of Italy
Savings Department
100 Broadway
New York City

Another case of the tortoise and hare



Bank of Italy
Savings Department
100 Broadway
New York City

Bank of Italy
Savings Department
100 Broadway
New York City

Bank of Italy
Savings Department
100 Broadway
New York City

don't let money slip thru your fingers!



Bank of Italy
Savings Department
100 Broadway
New York City

Bank of Italy
Savings Department
100 Broadway
New York City

Bank of Italy
Savings Department
100 Broadway
New York City

Like the snowball that rolls downhill



Bank of Italy
Savings Department
100 Broadway
New York City

Bank of Italy
Savings Department
100 Broadway
New York City

Bank of Italy
Savings Department
100 Broadway
New York City

Four advertisements from a savings series run by a California bank. This group presents distinctive typography in headlines and copy, combined with skillful illustrations. The copy for each of these advertisements has been extremely well written.

We are making you this offer simply because everyone who has seen the vault has expressed absolute astonishment at the size and perfection of the equipment. There are only a half dozen vaults in the city to compare with it.

We cordially invite you to visit us and take away this remembrance. If you have a box elsewhere, but feel it would be more convenient to have one in our vault, or if you might possibly want a box later on, won't you just mention it at the time you call?

Any manager of publicity in a bank will remember with amusement the different articles that are brought to him with the idea that the bank can use them for advertising purposes. Perhaps it can. A good many banks do or the salesmen would not be so persistent or frequent. They want you to put your advertisement on a cake of soap, on a safety razor, on a tape measure, a coffee percolator, a photograph of

the city, a fly swatter, life insurance, a gold chain, a powder puff, a lead pencil, a map, a paper weight.

The new business manager will be exasperated sometimes by the persistency of these salesmen and the ridiculousness of their propositions. Here and there he will pick up something which will be a real business getter for the bank, and besides we might forget how to sell the bank services to prospects were it not for these salesmen, fresh from the coaching of their sales managers, who stand before you, directly across the desk, hold their hands so and so, and invariably begin: "Mr. Smith, if I were to tell you how you could get 5000 new accounts in sixty days, I am sure you would be interested."

ten to anything, even to an essay on the importance of will making and the appointment of a corporate fiduciary, or to an elucidation of the advantages of mortgage bonds over municipals or railroads or utilities. A great many radio fans, however, prefer to listen to operatic selections or even to the Orphean Quintette rendering "Yes, We Have No Bananas Today," and when anything commercial wanders through the ether into their receiving sets, they promptly tune in to something they regard as more entertaining.

From my own observation, I am inclined to believe that the audience for any one commer-

Radio Fans In Banks And Out

By EDWIN BIRD WILSON
President Edwin Bird Wilson, Inc.

THERE is something dramatic and imaginatively appealing about sending one's voice through the ether for "hundreds of thousands" to listen to. The radio fans are not all listeners. Some of the greatest fans are those who are doing the talking and among these are quite a number of bankers. A good deal of loose thinking is

being done on the subject of bank advertising broadcasting, and it is my purpose to try to get the right wave length and tune in, so as to get as true a valuation as possible of this latest form of bank publicity.

There is no question that many persons are so much interested in their newly installed receiving sets that they will lis-



She would have lost \$25,000
but for the fact that she had the Fidelity Trust Company of Buffalo.

Her husband had just died, leaving her a large sum of money. She was very young and had no experience in the management of money. She was very anxious to get the money out of the bank and put it in a safe place. She was very anxious to get the money out of the bank and put it in a safe place. She was very anxious to get the money out of the bank and put it in a safe place.

The Fidelity Trust Company of Buffalo
Made at Green Street

Made at Green Street
Made at Green Street

A good example of the so-called heart, or human interest, type of advertisement on the advantages of leaving money held in trust as a safeguard against unwise investment.

cial message is much smaller than the sum total of all owners of radio outfits within range! "Hundreds of thousands" should be written down considerably.

Many times I have heard messages of an advertising character begun, but seldom have heard one finished, because the "audience" promptly shut out the orator and fumbled for something of a less obviously commercial nature.

There is a sentiment of growing resentment on the part of radio listeners against using their receiving sets and ears for uninvited advertising stunts.

Striking evidence of this sentiment was observed by the writer at a luncheon of the New York Rotary Club recently, when Dr. Lee De Forest's strongly expressed disapproval of the radio for advertising was received by the audience of business men with enthusiastic applause. Dr. De Forest, whose record in radio investigation and invention gives him the right to speak with authority, said: "Newspapers, magazines and possibly billboards are the proper mediums for advertising, but not the ether. How would you like to go to a concert and have an announcer come out between numbers and tell you about each member of the orchestra and each instrument played, or to the opera and have somebody advertise each singer? You would soon cease to patronize the box office."

"If this feeling continues to grow, the use of the radio for advertising will be short lived. The banking institutions that have gotten in early, therefore, are perhaps the lucky ones, because only a limited amount of advertising, and that very carefully disguised, is likely to be welcomed by radio fans outside the broadcasting stations.

Banks that have tried the

Who's Who in Bank Advertising



EDWIN G. FOREMAN, JR.,

Cashier Foreman Trust and Savings Bank and publicity manager Foreman Trust and Savings Bank and Foreman National Bank, Chicago

MR. FOREMAN entered the banking business seven years ago, as a bank messenger, going through all departments of the bank. He was assistant cashier of the Foreman Bros. Banking Company of Chicago until the organization of the Foreman Trust and Savings Bank, at which time he was given charge of that institution as cashier, also retaining the assistant cashiership of the Foreman National Bank, and handling the publicity for both banks. His excellent handling of the advertising of these two institutions has brought his name prominently before the eyes of the financial advertising fraternity.

radio for advertising have reported the receipt of interesting letters from some who have heard the messages. This reaction is a natural one, growing out of the present wave of enthusiasm for the new toy. It does not necessarily mean more than a mere radio interest. The amateur singer who makes her first appearance gets the same kind of a response, at least

when the announcer says: "Miss Alphonsa Jones-Smythe, who has just sung for you, will be glad to receive letters or postcards from any one hearing her beautiful solo."

Some banks report actual business resulting from their broadcasting, but in the long run will it pay them to run counter to the sentiment of the listening public?

cial plan as presented to the bank was a misfit or whether it really suited his immediate and permanent requirements was not a subject delved into in any great measure—the bank being wholly satisfied with a visit to the plant, an audit by an accountant, and in some cases an appraisal by some independent firm of appraisers who were not, as a rule, familiarized with the purpose of the financial plan of which their findings became an authoritative part. Of course, the borrower who was not a student of finance did not always know his real financing needs. The manufacturer was considered a good account and he often made good, unless the trend of things went against

Progress of Banking Service

By LOUIS E. DELSON

President Central Advertising Company

WITH the application of sales promotion or business development work to commercial bank practice in relation to industrial and mercantile accounts, a bank enters a new day in the progress of general banking service.

Ten years ago solicitation for new banking business was construed unethical. Commercial accounts were not held to the bank by any outstanding service. In fact, the manufacturer considered his bank pri-

marily as a convenient cash drawer—a service that was uniform—one that did not bind the customer to the bank. A line of credit was usually supplied after the formal filing of the manufacturer's balance sheet. Relatively no control over the credit created, existed at that time.

In recent years banks have tasted of the fruits of growth, due in a great measure to the departure from the old methods—they got business by going after it.

But the plan of service did not keep pace with the plan of selling. Although the last few years has seen the universal adoption of the so-called new business department, banks have not become fully appreciative of their place in the business world as financial counselors and management advisers. It is true that they have installed central files with statistical information. But essentially the manufacturer and the merchant shifted for themselves in the securing or the spending of the temporary or permanent moneys supplied. The bank still supplied credit after the usual balance sheet was filed and reference made to the statistical files.

Whether the customer's finan-



He Used His Friends

ROBERT FULTON never forgot the fact that two—or more—good hands are better than one. While studying his dream of a ship propelled by steam, he always made a point of seeking the advice of experts. He knew how to use his friends.

Your banker is your friend in business. Use him! His constant contact with every phase of finance enables him to counsel you well. The Officers of the Coal & Iron National Bank feel it is not only a duty, but a pleasure, to talk over with you anything pertaining to your financial affairs, business or personal. You will like their sympathetic interest, and you may profit greatly by their advice.

Personal Service Headquarters

The COAL & IRON NATIONAL BANK

Library of the Bank

As a means of persuading the business man to consult his banker regarding his financial affairs, a New York bank uses the fact that Robert Fulton always sought the advice of experts regarding his plans for a steam propelled ship.



Grape men

Crop returns deposited in a Reserve Fund bring financial independence.

GRAPE GROWERS are enjoying another year of large crops. Reports from all over this section of California indicate that the yield compares favorably with that of the last two years.

Reference to war times and war prices is worth while for grape men at this time. During the times of high prices, the wise became rich and speculators placed part of their unusual profits in Reserve Funds. When business had later, they had their Reserve Funds to carry them through.

Grape growing, or any other agricultural pursuit, is a business that pays. Business methods and principles are applied in raising crops and money, if the proper methods of prices and crops are intelligently watched from year to year.

You certainly cannot start a Reserve Fund when crops are your only price are low. But that's when you need it.

NOW, is the time to make your start. Open an interest-bearing Reserve Fund with the crop money you have left after allowing for all expenses and recreation. It is good business practice. Come in and let us explain in detail.



THE PEOPLES BANK
COMMERCIAL AND SAVINGS
8th & J Streets - Sacramento, Calif.

A California bank talks to the men in a great California industry, at a time when business is good, about the value of building up a reserve fund to pull them through at a time when business is poor. This advertisement has a striking and an effective layout.



In the Heart of the Shopping District

Get away from the congestion of Main Street to the quiet, comfortable and convenient atmosphere of the Shopping District. Here you will find the most complete selection of goods and services in the city.

Women's Department
Delaware Avenue Branch
The Fidelity Trust Company of Buffalo

Head Office: Buffalo, N. Y.
Branches: Buffalo, N. Y., and other cities.



Banking for Women

Banking for women is a new and important service. It is a service that is designed to meet the needs of women in all their financial affairs. It is a service that is given in a friendly and confidential manner.

Women's Department
Delaware Avenue Branch
The Fidelity Trust Company of Buffalo

Head Office: Buffalo, N. Y.
Branches: Buffalo, N. Y., and other cities.



Specialized Banking Service for Women

At the Women's Department of the Fidelity Trust Company of Buffalo, you will find the most complete selection of goods and services in the city. Here you will find the most complete selection of goods and services in the city.

Women's Department
Delaware Avenue Branch
The Fidelity Trust Company of Buffalo

Head Office: Buffalo, N. Y.
Branches: Buffalo, N. Y., and other cities.

Banking for women, and particularly that specialized form of banking service known as the women's department, has developed into a highly important institution. This group of advertisements of a Buffalo bank talks to women about the facilities offered them by the women's department. The copy is written in an easy conversational style. The excellent illustrations in black and white add materially to the effectiveness of these three advertisements.

him. His account, aside from the usual service rendered, was held to the bank through personal friendship.

But the problem of shifting of accounts because of keen competition and similarity of service offered, still remained, the bank little realizing the great field for operation through the offering of a fuller service to the merchant and manufacturer.

Following the example of progressive manufacturers offering a well-rounded service to back up their sales efforts, a goodly number of banks installed industrial or business development departments. These departments not only became service departments for merchants and manufacturers, but also filled the long felt want for sales promotion bureaus for the banks.

The progress of banking service, evolving from the days when the solicitation of accounts was unethical to the days of the new business and statistical department, is now entering upon the highest rung in the ladder of profitable marketing of a bank's service through the business develop-

ment plan that enables the merchandising of a bank's service in the same scientific manner that the manufacturer merchandises his products today.


The underlying reason for the success of a business development service is its unique position of being able to secure accurate information through the business survey, the audit, and appraisal—forming a basis for the needs of the customer or prospective customer.

It is through this business

development service that a bank can offer credit recommendations to customers that are based on the actual knowledge of actual needs. This enables the bank not only to keep accounts out of the reach of competition, but to develop small accounts and to help the business of the larger manufacturer.

The bank in turn is benefited by reducing the cost of getting new business, by reducing the turnover of accounts, and by possessing a new arm of service that enables the merchandising of its individual and collective services.

A stronger credit control is also possible, the bank supplying loans only after open and above-board investigations, business surveys, audits and appraisals made under its own supervision. By not relying wholly upon outside authorities for vital information, the bank is enabled to give intimate co-operation to the merchant or manufacturer and guide him in the wise expenditure of the fund loaned, whether it happens to be a 30, 60 or 90 day bank loan, a 5, 10 or 15 year bond issue, or a stock issue for permanent capital.



Balthazar's Oath


"Balthazar P. Balthazar swears that I will, to the best of my knowledge and ability, in all things, be true and honest to the Fidelity Trust Company of Buffalo, and will faithfully execute the duties of my office as President of the same."

At Buffalo, N. Y., this 1st day of January, 1924.

Seeking New Business On Our Record

THE CHEMICAL NATIONAL BANK OF NEW YORK

BROADWAY AND CHAMBERS, FACING CITY HALL



IN TWENTY TONGUES

"If I could speak twenty tongues, I'd preach politeness to them all," said George G. Williams, one of the Chemical's earliest patrons.

Courtesy and the human element are outstanding features of this bank.

Collection of debts anywhere, on behalf of all tongues, is but one of the all-encompassing services of the Chemical National Bank—a commercial bank performing every function of a bank.

Seeking New Business On Our Record

THE CHEMICAL NATIONAL BANK OF NEW YORK

BROADWAY AND CHAMBERS, FACING CITY HALL



Backing Legitimate Industry

"A well-known journalist during the progress of 1917 writing about industrial development, said: 'The Chemical National Bank of New York is the only bank in the city which is ready to back up the legitimate industry of the city.'"

"It is a fact that the bank is a well-known and respected institution in the city."

Seeking New Business On Our Record

THE CHEMICAL NATIONAL BANK OF NEW YORK

BROADWAY AND CHAMBERS, FACING CITY HALL

This long established New York bank draws on its rich historical background for the very interesting copy used in the above trio of advertisements.



The GREATER MEMORIAL

OVER the doorway of a great public building is carved the name of a famous man. His memory is perpetuated by a gift that cost thousands of dollars.

In the home of a woman and two sturdy youngsters is enshrined the loving memory of another man, a man of moderate means. His gift to them cost him a lifetime of hard work—and a few moments of desegregated thinking.

This man knew that he might not always be with his family. He left them a memorial to his courage in facing that knowledge as all men should—nearly and calmly. He knew, too, what the end of his guardianship might mean to them unless they were wisely provided for; so he left them a memorial to his cool-headed business sense.

He left them a will that does more than say how much this or that parent shall receive from his estate. It protects his widow from the false glitter of speculation; it provides a wise, safe handling of his property that will always keep his family out of the shadow of uncertainty. It does all this and more, simply because in it he named the Industrial Trust Company his Executor and Trustee.

This man did not leave a great fortune. But in the few sheets of paper that contain his will, he left a greater memorial to his character than could be made from fancy-dressed business suits.

We are happy to give your will to the will of the Industrial Trust Company. We will take care of your will and your family. We will take care of your will and your family. We will take care of your will and your family.

INDUSTRIAL TRUST COMPANY

Reserves More Than \$100,000,000

PROVIDENCE WATERBURY	BALTIMORE PARKERSBURG	SEATTLE WARRICK	WOODBRIDGE WILKINSON	BRISTOL & PHOENIX
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Member of Federal Reserve System

One of a series of splendid trust advertisements published by a Rhode Island bank. Full page newspaper space was used for this and other advertisements of the series. Note the care used in the layout of this advertisement, and the excellence of the art work.

How Banks Are Advertising

AMONG a number of book-lets published by the Hibernia Bank and Trust Company, New Orleans, which have recently come in to this office are: "Living Trusts and Custodianships;" "Protecting the Permanent Income of Your Loved Ones;" "Ask the Hibernia Bank," an interesting résumé of the service rendered by the bank's research department; "A Little Journey Through the Vaults of the Hibernia Bank and Trust Company," interestingly illustrated; "Inheritance Taxes, State and Federal;" "What the Louisiana Trust Law Means To You;" "Domestic Prosperity and Foreign Trade," by R. S. Hecht, president of the Hibernia; and,

"The Hibernia Bank and Trust Company," a well illustrated outline of the facilities offered and services rendered by the Hibernia.

In addition to the above mentioned booklets, the Hibernia has issued an excellent little series on savings. Each of the booklets of this series is illustrated with an appropriate and well drawn cartoon, and each of them has an attention compelling title. These titles read as follows: "Sound Asleep—and Snoring!" "Hey, Judge! Look at My Lead!" "Getting the Habit;" "Something for Nothing;" "Good Resolutions;" "Are Your Dollars at Work?" "Fake Investment vs. Savings Ac-

count;" "Saving vs. Slaving;" and, "Bromides."

"A Study of Bank Advertising" is the title of a new book by F. LeMoyné Page, secretary of the Pennsylvania Trust Company of Pittsburgh. The book, while not going into any particular phase of bank advertising at exhaustive length, has been written with the purpose of showing the possibilities of bank advertising—what it has done, and what it can do—and its ideal is well set forth in the inscription of the last page of the book: "In an earnest spirit of desire to raise the standard of the typography of financial publications."

The book is exceptionally well gotten up. It is of the unusually large dimensions of 9 by 13 inches, with deckled edges, and is printed in a large clear 14-point Caslon type on a fine quality of American vellum paper.

The paragraph initials and running heads are hand-lettered and are carried out in blue and gold, while the cover is of Japan vellum.

The edition is limited to 500 copies, of which each one is especially numbered and signed.

New impetus was given to the Scholarship Plan of the Union Trust Company, Detroit, by a dinner-meeting held in that city Saturday evening, March 29, attended by 300 school people of three counties.

This scholarship movement has attracted considerable attention in banking and trust company circles beyond the territory affected.

The Union Trust Company announced last fall that it would present five \$1000 college scholarships to the five winners of an essay contest among the senior classes of parochial and public high schools in the counties of Wayne (which includes the city

of Detroit), Macomb and Oakland, Michigan.

Announcements were made at the time in the local press of the three counties, and large advertising space taken in the same mediums shortly after. Endorsement of parochial and public school authorities was secured, and it then became necessary to enlist the interest of the student body. On March 1 this work was transferred to the department of Edward M. Heermans, director of public relations for the trust company, after it had been originally launched by Clinton F. Berry, advertising manager.

Soon it became apparent that the educational possibilities of enlisting the interest of school pupils in financial questions, surpassed the primary conception of the idea, which was advertising and philanthropy of a sort.

The dinner meeting was a sort of climax to the campaign, attended as it was by the president of each senior class, each high school editor, and school authorities, including superintendents and principals.

The public libraries have since endorsed the movement and have come forward to aid the pupils in research, preparatory to writing their essays, which are to be submitted by May 15.

The response has been magnificent, Union Trust officials report, and the subject for this year, "The Selection of Investments," has already set more than 100 high school seniors to work on the theme, delving into financial topics as they never did before. The influence upon the three communities, it is thought, will be widespread and generally advantageous.

Incidentally, the Union Trust Company officials gave sanction to the social feature mentioned here by attending and participating. Frank W. Blair, president, presided. John N. Stalker, vice-president and secretary,



A Man-to-Man Talk With the HEAD of the HOUSE

MOST men are taking risks with their families' future that would not be tolerated for a cent in their business affairs.

The very man who takes upon written instructions and legal counsel will carry around in his mind a well-mannered plan for the protection of his wife and children—and the plan will be tested with him because he has not put it in writing.

By their neglect, men are risking every day the future of dependents who cannot be expected to handle new and unfamiliar duties with the efficiency of an expert, or to change their mode of living in a moment.

Do you realize that there is a right law which provisions will order the division of your property if you die without leaving a valid will?

The law can take no account of individual needs and circumstances. It must be carried out to the letter.

A valid will enables you to make sure of a distribution in accordance with your wishes and your own good judgment. One of its provisions should be the appointment of a successor. Executor to carry out its terms and an experienced Trustee who conserve the property you leave and to protect the interests of your beneficiaries.

Our booklets on these subjects are interesting and helpful. The officers of our Trust Department will be glad to supplement this information with any additional facts you may want. A conference with one of them, when convenient for you, will not obligate you in any way.

3 Helpful Booklets Copies Ready Now

Why Make a Will?
You'll find the answer in this booklet in "What the law says" and "What a will can do for the protection of your family."

Who will be your Executor?
You'll find the answer in this booklet in "What the law says" and "What a will can do for the protection of your family."

'Living Trust'
Do you want to get your affairs in order now? This booklet tells you how in "What the law says" and "What a will can do for the protection of your family."

Request your nearest branch of the Industrial Trust Company for a copy of these booklets.

INDUSTRIAL TRUST COMPANY
Reserve Bank Trust Building, 1000
HARRISON ST. CHICAGO, ILL.
MEMBERS OF FEDERAL RESERVE SYSTEM
WILLIAMSON, CHICAGO, ILL.
WILLIAMSON, CHICAGO, ILL.
WILLIAMSON, CHICAGO, ILL.

Another trust advertisement of the series published by the Industrial Trust Company. The advertisements of this series were planned and executed under the direction and personal supervision of William G. Roelker, vice-president of the institution.

was on the program for the keynote address. Henry Ledyard, member of the company's general counsel law firm, was toastmaster. The superintendent of Detroit city public schools spoke, and Rev. Father McNichols, S. J., president of the University of Detroit, delivered the principal address. Other representatives at the speakers' table were members of the bar, the local courts, Protestant churches and women educators.

A VERY interesting and novel exhibit in the bank's lobby of manikins gowned in silk; was recently arranged by the National Bank of America in Paterson, N. J., through the courtesy of "Women's Wear." There are twenty-nine of these dolls, which have traveled all over

the country from Iowa to Texas and Kentucky, appearing in schools, museums, colleges and department stores, but never before in a bank.

The figures represent prominent characters in history and tell the story of silk through the centuries from 3500 B. C. to 1923. They are two feet high, dressed tastefully and accurately in the costumes of the country and period they represent.

THAT the First National Bank in St. Louis with its affiliated institutions, the First National Company and the St. Louis Union Trust Company, was a great power house alive with the "dynamic energy" of over 700 employees, who could easily generate several thousand new savings accounts and three quarters of a million or more in

announcing the contest to the public, and requesting them to assist their friends in the institution. Advertisements were frequently released in the newspapers, inviting the public to come in to the bank to see the big test board on display, and other important announcements regarding the contest.

The amount of current to the credit of a "live wire" was determined by the size of the savings account brought in.

The wires (employees) were divided into four units (generators) and there were four special team prizes, awarded according to "horsepower," as follows: First prize, \$350; second prize, \$225; third prize, \$100; fourth prize, \$50.

The prizes were equally divided among all "live wires" in each unit who had at least five horsepower to their credit.

Based on horsepower credit, prizes were awarded to individual live wires for highest horsepower at the close of the contest, as follows: First prize, \$100; second prize, \$75; third prize, \$50; fourth prize, \$35; Fifth prize, \$25; sixth prize, \$15.

A special prize of \$50 was awarded to the group of "live wire" girls in the unit which produced the greatest number of horsepower.

A cash bonus was paid to every employee bringing in one or more savings accounts, as some did not qualify for the special cash prizes. The bonuses were paid as follows: Accounts of \$1 to \$10, 25 cents; accounts of \$10 to \$25, 50 cents; accounts of \$25 and up, 65 cents. In addition to the foregoing, on May 24 special bonuses will be paid on all new accounts which have increased to \$500 and over, provided they are still on the books at the time special bonuses are paid. Special bonuses will be as follows: Accounts of \$500 to \$1000, \$1.00; accounts of \$1000 to \$3000, \$3.00; accounts of \$3000 and up, \$4.00.

In addition to the prizes mentioned above, the bank offered a \$5.00 gold piece to the high "live wire" boy and high "live wire" girl each week during the contest. The second highest "live wire" girl and boy, in addition to the individual prizes and bonuses, were each given an extra week's vacation.

N. A. McMillan, chairman of the board, awarded a substantial cash prize to the high "live wire" boy. President F. O. Watts awarded cash prizes to the high "live wire" girl and high "live wire" boy. Some of the directors also offered cash prizes to the winners, as did some of the other officers of the bank. No accounts were credited to the employees unless they were bona fide and secured through personal work.

THE Chatam and Phenix National Bank, New York, pub-

lishes three little booklets on savings which contain some readable copy and have a very attractive layout and typographical arrangement. The titles of these booklets are: "Forming a Habit;" "Sticking to It;" and, "It's a Matter of Habit."

An employees' campaign for new business that resulted in remarkable records has recently been concluded by the First Trust & Savings Bank of Akron, Ohio.

In January the institution tendered a banquet to its employees, and President C. I. Bruner announced that a profit sharing plan had just been adopted by the directors and that it would be effective for the year of 1923.

The staff expressed its enthusiastic appreciation in a practical way when it asked for

Get this, men—

For Strength—

Capital	\$2,000,000.00
Surplus and Profits	1,299,940.37
Resources	31,636,582.79

For Service—

Modernly equipped departments, supervised by trained executives, for handling every phase of high class financial transactions.

For Satisfaction—

A banking affiliation capable of handling large transactions, with an attitude of interested helpfulness in modest transactions as well.

In all financial transactions use

The **AMERICAN BANKS**
 American National Bank American Trust Company
 American National Company
 (INCORPORATED)

A striking headline, straight from the shoulder, coupled with concise and effective copy in a distinctive frame.

the privilege of conducting a month's campaign for new business. The idea was approved, and an organization was formed with C. G. Faine as campaign general.

One hundred and sixteen workers were assigned to eleven teams, and for four weeks there was lively competition. The final report showed that 1738 new accounts were secured, totalling approximately \$510,000.

Prizes were awarded at a celebration banquet held the evening of March 10 in the City Club of Akron, and William Ganson Rose of Cleveland was the speaker. In congratulating the organization, Mr. Rose pointed out that this was one of the most successful new business drives ever held in the country; that it had profited the bank through city-wide good will as well as good business, and that it had profited the em-

ployees by increasing their knowledge of human nature and strengthening their ability in salesmanship.

The First Trust & Savings Bank now has resources of more than \$29,000,000 and is the largest bank in Summit County, Ohio.

ALL previous records were broken by the 625 employees of the Guardian Savings & Trust Co., Cleveland, in this year's contest for new business, which ended April 5. Accounts brought in during the five weeks campaign were 8728, totalling \$5,540,285. Of these 8388 were new savings and checking accounts with initial deposits of more than \$3,723,000; trust funds and other items of new business numbered 840, with a total of \$1,817,000.

The contest this spring was in the nature of a transconti-

ental motor-bus race. The employees were divided into thirty groups, make-believe busloads. Each new account secured sent the team's car thirty miles. The first objective was Los Angeles; the second, San Francisco; and the last, Cleveland. It took 214 accounts to get a bus home. Those busses which reached Cleveland before the end of the contest went joyriding to Florida and then north along the Atlantic seaboard.

By means of a large map of the United States, 12 by 23 feet, suspended in the lobby of the bank, and the use of miniature busses, the progress of the race was shown each day. A poster on each side of the map announced the leaders of the previous day, and daily cartoon bulletins kept the employees informed of the high spots of the contest and stimulated their interest.



STRAIGHT TO THE MARK

Have you an objective? Saving is easier if you have a definite purpose. Your savings account will be more useful if you will look ahead and put aside part of your earnings.

For Christmas
For investment
For your next vacation
For insurance premiums
For the sums you must meet at a particular time.

THE BLUEFIELD NATIONAL BANK

Bland and Raleigh Streets
BLUEFIELD, W. VA.
Member Federal Reserve System



OUR TELLERS

Do not care how often you ask them to make entries on the deposit side of your pass book. We hope you will come in and help keep them busy.

You can make your interest bearing account a constant source of satisfaction to yourself.

THE BLUEFIELD NATIONAL BANK

Bland and Raleigh Streets
BLUEFIELD, W. VA.
Member Federal Reserve System



OVER AND ABOVE

Banking is something more than bookkeeping—here. We bring to our patron's financial transactions an interest that goes beyond the bounds of routine.

We try always to render a service above that which the depositor expects of his bank.

Try us and find out what real service means.

THE BLUEFIELD NATIONAL BANK

Bland and Raleigh Streets
BLUEFIELD, W. VA.
Member Federal Reserve System



HAVE YOU

just a little money—not enough to invest to advantage and yet too much to remain idle—a sum that you are keeping about the house because you are unable to find a safe investment for so small an amount.

Your problem of investing is solved when you open a Savings account here. It will earn you a reasonable rate of interest and will be available when you need.

Why don't you put every dollar at work?

THE BLUEFIELD NATIONAL BANK

Bland and Raleigh Streets
BLUEFIELD, W. VA.
Member Federal Reserve System

There is nothing spectacular about these four advertisements. But they have certain merits that are not to be overlooked. The copy in them is good copy, and the headlines are appropriate.

Bank Advertising Exchange

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

Watch for New Names and Other Changes.

- Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy-treas.
 Berkeley, Cal., 1st Nat'l Bank, G. L. Pape, V. P.
 Boston, Mass., 1st Nat'l Bank, Brighton office, T. F. Megan, asst. manager.
 Boston, Mass., National Shawmut Bank.
 Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. vice-president.
 Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
 Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
 Brooklyn, N. Y., Williamaburgh Svgs. Bank, A. E. Leighton, adv. mgr.
 Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
 Buffalo, N. Y., Marine Tr. Co., Harold McDougal, asst. secy.
 Buffalo, N. Y., Peoples Bank, Clarence E. Horton, mgr. bus. extension dept.
 Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
 Camden, Ark., Merchants & Planters Bank, P. T. Hildebrand, cash.
 Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. B. Auracher, adv. mgr.
 Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman, V. P.
 Charleston, W. Va., Kanawha Nat'l Bank, Lee S. Trimble, trust officer.
 Chattanooga, Tenn., American Tr. & Bkg. Co., E. Lee Smith, asst. cash.
 Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, asst. tr. off.
 Chicago, Ill., Ray E. Bauder, 746 S. Michigan Ave.
 Chicago, Ill., Central Trust Co. of Ill., Louis W. Carboy, adv. mgr.
 Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, secy.
 Chicago, Ill., Liberty Tr. & Svgs. Bank, Milton Rosenthal, asst. cash.
 Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
 Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
 Chicago, Ill., Union Tr. Co., P. L. Hardesty, pub. mgr.
 Chicago, Ill., Utility Securities Co., Paul A. Jenkins, adv. dept.
 Cleveland, Ohio, Central Nat'l Bank, R. J. Izant, adv. mgr.
 Cleveland, Ohio, Cleveland Tr. Co., I. I. Sperling, pub. mgr.
 Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
 Dayton, O., City Nat'l Bank, W. F. Grieser, cash.
 Dayton, O., Dayton Svgs. & Tr. Co.
 Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
 Denver, Colo., Denver Nat'l Bank, E. J. Tracy, mgr. bus. ext. dept.
 Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.
 Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
 Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
 Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, cash.
 Elmira, N. Y., 2nd Nat'l Bank, Helen E. Mallory, adv. mgr.
 Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
 Flint, Mich., Citizens Com'l & Svgs. Bank, H. E. Potter, cash.
 Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
 Gardner, Mass., Gardner Tr. Co.
 Haverhill, Mass., 1st Nat'l Bank, C. A. Rathbone, V. P.
 Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
 Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
 Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell, adv. dept.
 Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
 Kankakee, Ill., City Tr. & Svgs. Bank, C. A. Mueller, cash.
 Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
 Lansing, Mich., Am. State Savings Bank, James H. Shepherd, mgr. new bus. dept.
 Lima, Peru, S. A., Banco Mercantil Americano del Peru.
 Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr., pub. and new bus. mgr.
 Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, asst. cash.
 Los Angeles, Cal., Pacific-Southwest Tr. & Svgs. Bk., R. M. MacLennan, adv. mgr.
 Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, pres.
 Manila, P. I., Bank of the Philippine Islands, Wm. T. Nolting, pres.
 Milwaukee, Wis., Second Ward Securities Co., Second Ward Savings Bank, Burr E. Lee, mgr. bus. serv. dept.
 Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. E. Wallace, treas.
 Minneapolis, Minn., Minnesota Loan & Tr. Co., W. E. Brockman, pub. mgr.
 Minneapolis, Minn., Northwestern Nat'l Bank, F. Merrill, adv. mgr.
 Missoula, Mont., Western Montana Nat'l Bank, J. Bennett.
 Montreal, Que., Banque d'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.
 N. Y. C., American Trust Co., Horace W. Foster, asst. to pres.
 N. Y. C., Bank of America, O. F. Hevener, adv. mgr.
 N. Y. C., The Bankers Magazine.
 N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gating, V. P.
 N. Y. C., Coal & Iron Nat'l Bank, M. Wheeler, pub. mgr.
 N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
 N. Y. C., The Farmers Loan & Tr. Co., I. H. Meehan, asst. V. P.
 N. Y. C., Gotham Nat'l Bank, B. W. Griffin, pub. mgr.
 N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd St.
 N. Y. C., The Manhattan Svgs. Institution, H. J. Molloy.
 N. Y. C., Manufacturers Tr. Co., Daniel Lipsky.
 N. Y. C., Mechanics & Metals Nat'l Bank, S. J. Keator, adv. mgr.
 N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 N. Y. C., Trade Bank of N. Y., Rudolph Stein.
 N. Y. C., Union Bank of Canada, A. G. Slater, adv. mgr.
 Northampton, Mass., Hampshire Co. Trust Co., G. L. Willis, pres.
 Norwich, Conn., The Chelsea Svgs. Bank.
 Oak Park, Ill., Oak Park Tr. & Svgs. Bank, L. A. Claranhan, mgr. new bus. dept.
 Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hoshbach, adv. mgr.
 Phila., Pa., Overbrook Bank, R. H. Thompson, V. P.

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

©

New Names

- Brooklyn, N. Y., Globe Exchange Bank, J. H. Van Bramer, new bus. mgr.
 Chicago, Ill., Schiff Trust & Svgs. Bank, Benjamin L. Cohen, bus. ext. dept.
 Paterson, N. J., National Bank of America, J. DeM. Van Dien, mgr. new bus. dept.
 Utica, N. Y., Utica City Nat'l Bank, C. J. Quinlivan, adv. & serv. mgr.

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

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

BROWN BROTHERS & CO.

Established 1818

4th and Chestnut Sts.
Philadelphia

59 Wall Street
NEW YORK

60 State Street
Boston

Investment Securities
Foreign Exchange
Commercial Credits
Travelers' Credits



A Century of Service

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ASSETS

Cash on Hand and in Banks	\$ 44,549,585.24
Exchanges for Clearing House	23,633,649.26
Due from Foreign Banks	11,090,489.78
Bonds and Mortgages	8,978,464.00
Public Securities	18,994,697.92
Short Term Investments	3,447,118.32
Other Stocks and Bonds	16,053,614.17
Demand Loans	61,445,970.51
Time Loans	36,557,546.33
Bills Discounted	93,612,776.17
Customers' Liability on Acceptances (Less Anticipations)	23,684,679.82
Real Estate	4,518,770.00
Foreign Offices	55,398,680.00
Accrued Interest Receivable and Other Assets	3,042,949.72
	<hr/>
	\$405,008,991.24

LIABILITIES

Capital	\$ 23,000,000.00
Surplus and Undivided Profits	10,659,486.64
Deposits (Including Foreign Offices)	336,884,603.41
Acceptances (Less in Portfolio)	27,393,925.19
Notes Payable and Rediscounts	NONE
Accrued Interest Payable, Reserve for Taxes, and Other Liabilities	7,070,976.00
	<hr/>
	\$405,008,991.24



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Eleventh National Foreign Trade Convention at Boston, June 4, 5 and 6

ALL indications point to the unusual success of the Eleventh Convention of the National Foreign Trade Council which will be held at Boston on June 4, 5 and 6. This is the first time that the convention has been held in New England, the birthplace of American industry. The central theme of the convention will be "Our Need for Wider Markets."

This is also the first time that a session specially devoted to the interests of the importers has been included in the program. This session will be held in co-operation with the National Council of American Importers and Traders.

James A. Farrell, president of the United States Steel Corporation and chairman of the National Foreign Trade Council, in sending the call for the convention to all Americans engaged in foreign trade or connected with any factor of our international commerce, has cordially invited all chambers of commerce, boards of trade, national and state associations and other industrial and commercial associations to be represented. Mr. Farrell remarks that the present foreign trade situation of the United States offers inspiration and encouragement to American foreign traders. He says:

"The foreign trade of the United States for 1923 averaged more than \$26,500,000 for each working day of the year. Exports alone averaged \$13,880,000 per working day. Imports were over \$12,600,000 a day. Almost two-thirds of these exports were the manufactured products of American industry. More than one-half of the imports were raw material required in the manufacture of goods for home and foreign consumption. The Department of Commerce report for January shows imports valued at \$299,000,000 against exports amounting to \$394,000,000.

"We must be ready to meet the new situations constantly arising. Europe's increasing productivity emphasizes the importance of intensifying American effort in all markets.

"The National Foreign Trade Council will at this Eleventh National Foreign Trade Convention in Boston examine the present situation of our foreign trade, study its prospects for the future; provide an opportunity for co-operative consideration of the problems confronting America, and secure the judgment of experienced business men on these matters of vital concern to all the American people."

TRADE ADVISER SERVICE

One of the most helpful features of the convention will be the trade adviser service, which will occupy the entire evening of Thursday, June 5. The purpose of this service is to bring every convention delegate who has some foreign trade problem in mind, into personal contact with an adviser who has met and handled successfully the same kind of problem in which the delegate is interested.

In recent years the trade adviser service has become an increasingly important part of the foreign trade convention. This year an unusually strong staff of leading export executives from all parts of the United States will be present at the Boston convention to make available, without charge or obligation, the advice and information on foreign trade problems which they have obtained through actual experience.

These trade advisers are practical men who wish to be of real assistance, and who believe that their own business and American foreign trade can best be advanced through helping other American foreign traders to meet their problems as intelligently as possible.

In addition to these advisers drawn from the ranks of American foreign trade, there will be special delegations of Government experts who will be prepared to discuss with convention delegates those foreign markets and foreign trade problems with which their official work has brought them into intimate contact.

The trade adviser service at Boston will be particularly well equipped to deal with problems relating to export organization, sales methods, finance and credits, foreign advertising, traffic management and marine insurance, purchasing methods and the legal phases of foreign trade.

REGISTRATION

A registration fee of \$10 is required from each delegate, and none but registered delegates will be allowed to participate in the convention. Payment should be made in advance of the convention by sending a check for \$10 to the secretary of the National Foreign Trade Council, 1 Hanover Square, New York City. Those who have not already done so, may register at the Copley-Plaza Hotel during the convention. Reduced rates on the certificate plan will apply to convention delegates and members of their families. During the time delegates are occupied with convention business, the ladies accompanying delegates will be suitably entertained. Delegates should secure hotel reservations by writing to P. Dyson-Skinner, Bureau of Foreign Trade, Boston Chamber of Commerce, 177 Milk street, Boston 9, Mass.

The program as thus far announced follows:

PRELIMINARY PROGRAM

Wednesday, June 4

FIRST GENERAL SESSION.....10.00 A. M.

1. Call to order by James A. Farrell, chairman, National Foreign Trade Council.

2. Organization of Convention.
3. Address: *Foreign Trade—The Key to Prosperity.*
4. Address: *The Profit Side of Export.*

GROUP SESSIONS.....2.30 P. M.

Group I. Education for Foreign Trade.

1. Address: *What Should be Included in a Single General Course in Foreign Trade.*
2. Discussion: *Putting the Foreign Trade Student to Work.*
 - (a) *The Need for a Solution.*
 - (b) *European Practices.*
 - (c) *How Trade Organizations Can Assist.*
 - (d) *What Business Men Can and Should Do.*

Group II. Banking Facilities for Foreign Trade. (In co-operation with the American Bankers Association.)

GROUP SESSIONS.....8.00 P. M.

Group III. Problems of the Export Manager. (In co-operation with the Export Managers Club of New York.)

Session Topic: *How to Get More Customers.*

Informal meeting of Foreign Department Executives of Banks.

Thursday, June 5

SECOND GENERAL SESSION.....10.00 A. M.

1. Address: *What Wider Markets Mean to American Prosperity.*
2. Report on American Foreign Trade Policy—covering a series of obstacles now encountered and suggestions for overcoming them—By a special committee of the National Foreign Trade Council.
3. Address: *Selling America Abroad.*
4. Address: *Transportation and Foreign Trade.*

GROUP SESSIONS.....2.30 P. M.

Group IV. Direct Selling. (In co-operation with the American Manufacturers Export Association.)

Group V. Importing Problems. (In co-operation with the National Council of American Importers and Traders.)

TRADE ADVISER SERVICE.....8.00 TO 10.30 P. M.

Friday, June 6

GROUP SESSIONS.....10.00 A. M.

Group VI. Foreign Credits and Credit Information. (In co-operation with the National Association of Credit Men.) This will be a question and answer session. Questionnaire has gone to 450 selected credit men and foreign sales managers all over the United States, asking what problems connected with financing of credits, credit technique, credit information, and collections most need consideration and answer. The committee will choose what it considers the ten or a dozen most pressing questions outlined in the replies to this questionnaire. Questions will be printed and circulated in advance of the sessions, and will be considered and answered at the session.

Group VII. Advertising in Foreign Trade. (In co-operation with all National Advertising Organizations.) The special committee on advertising which has organized this session for the last two conventions is now at work on the Boston session. The exhibit shown at New Orleans will be replaced by a new and larger one, which will include samples of foreign competitors' advertising as well as wholly American campaigns.

THIRD GENERAL SESSION.....2.30 P. M.

Session Topic: *Merchant Marine Problems.*

1. Address: *A Practical Solution of the Stevedoring Problem.*
2. Address: *The Government Fleet and Policy.*
3. Address: *American Shipping.*
4. Report of the General Convention Committee.

ADJOURNMENT



American Aid in World Agriculture

THE farmers of the world bought from the American manufacturer last year over \$50,000,000 worth of agricultural machinery and implements, a larger value than in any earlier year,

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and this big total was distributed to more than 100 different countries, colonies and islands of the world. The 1923 exports, says the *Trade Record of The National City Bank of New York*, not only exceeded in value those of any earlier year but are practically double those of 1910, three times as much as in 1900 and thirteen times as large as in 1890.

The United States is by far the world's largest producer of agricultural implements. The census of 1920 showed the capital invested in this industry at \$367,000,000 as against \$62,000,000 in 1880, and puts the value of the outturn of "agricultural implements" at \$305,000,000 in 1919 against \$69,000,000 in 1880. Canada, Australia, Mexico, Argentina, South Africa, and the European countries are the largest takers of our exportation of this class of product.

The Fiume Settlement

Stanislao Corvino

[The importance of the recent Fiume settlement in relation to peace in the old world is generally recognized, and THE BANKERS MAGAZINE takes pleasure in publishing the following article, contributed by a competent observer who is thoroughly acquainted with the political and economic situation in Europe, as well as in other parts of the world, which he has had occasion to study during many years of travel and residence in an official capacity. —THE EDITOR.]

EVER since the Armistice the problem of the port of Fiume in the Northeastern corner of the Adriatic has proved a serious danger spot threatening the peace of Europe. Up to then Fiume had belonged to Hun-



STANISLAO CORVINO

Well known European economist and financial expert, and adviser to the Bank of Italy, Rome, on international questions

gary, but as a separate unit, and had succeeded in preserving her original Italian character. Accordingly, after the collapse of the Hapsburg Monarchy, the Fiumani wished to be annexed to

Italy; but although their claim was explicitly based upon the right of self-determination, President Wilson opposed it, insisting that the city be handed over to the Yugoslavs, whom the inhabitants—right or wrongly—considered hostile to themselves. The conflict, which had assumed a somewhat dramatic character in April, 1919, when the President's position in the matter induced the Italian delegation in Paris to leave the Peace Conference for a time, resulted in a deadlock, as all proposals tending to a compromise were rejected one after another by Mr. Wilson (June 1919-January 1920). Direct negotiations between Italy and Jugoslavia were then once more resorted to, and after a first conference at Pallanza on the Lago Maggiore in May, 1920, an agreement was finally reached in the following autumn. By the treaty signed at Rapallo on the Riviera di Levante on November 12, 1920, Fiume, which neither of the parties was willing to leave to the other, was erected, much against the will of her inhabitants, into an independent state, with a small territory, that was purely Croatian and had little in common with the city, added to the latter and wedged in between the frontiers of Italy and Jugoslavia.

The Italian Government proved its earnest intention of fulfilling its obligations by driving out of Fiume by military force, notwithstanding the outcry of their partisans, the irregulars led by the poet D'Annunzio, who had entered the city nearly a year before, after a conflict between the inhabitants and French troops, and had remained in occupation after the subsequent withdrawal of the interallied contingents. Unfortunately internal difficulties prevented the provisions of the treaty being carried out in a similar spirit by the other party, although a number of additional conventions were signed in Rome on October 23, 1922.

The Yugoslav frontier against Fiume remained closed to traffic, cutting the city off from its natural Slav, Austrian and Hungarian hinterland, upon the trade with which its prosperity had always depended. Her commerce and industry gone, the financial situation soon became desperate, and Fiume lived upon subsidies granted by Italy in order to spare the residents an even worse fate. Party strife was still as bitter as ever in the city.

Various means were tried with the idea of finding a way out of the difficulties, but they all failed to improve the situation, which eventually became intolerable to everybody concerned. Finally, all parties agreed that the existing arrangements would have to be radically modified. Public opinion in the Serb provinces of Yugoslavia saw the necessity of putting an end to the futile and dangerous policy of pinpricks against the most powerful of the neighbors of the country; at the same time the Pashich Cabinet, having consolidated its parliamentary position, became less dependent upon the support of the Slovenes and the Croats, who were the chief opponents of a friendly solution, and was naturally anxious to avail itself of the opportunity of settling the most important difficulty in the domain of foreign politics, in order to be able to cope with the many serious and urgent internal tasks. On the other side, Italy had always wished to get rid of an unpleasant problem that had been hampering her freedom of action for a number of years. Finally, the people of Fiume were ready to accept any solution that would allow a revival of their former prosperity while preserving the traditional Italian character of the city.

Given the changed spirit of the parties, negotiations were resumed on different lines, and eventually a new treaty was signed in Rome on January 24, last, by Signor Mussolini for Italy and MM. Pashich and Ninchich, the veteran Prime Minister and the Foreign



New Orleans

XII

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THE PLAN OF SETTLEMENT

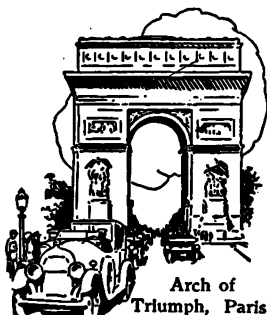
By the new treaty the Free State of Fiume, that had been created as a compromise, much against the will of its people, three years ago, disappears, and its territory is divided between the two countries, Italy annexing the city itself, except a suburb situated in the delta of the Fiumara river and the secondary port called Porto Baross, which go to Yugoslavia. The latter country obtains besides on lease for fifty years, against payment of a nominal rent, a part of the main harbor of Fiume, to be put under her direct administration, while the railway station of the city will be treated as an international frontier station, and have separate staffs of both Italian and Yugoslav police, customs and railway

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officials. Two additional conventions contain detailed arrangements with regard to the border traffic. All requirements of the Yugoslav trade are thus largely provided for, while the aspiration of Fiume to be united with Italy is finally realized.

On the whole the arrangements made now differ but slightly from those which had been proposed by Italy on several occasions before, but always refused both by the people of Fiume, who objected to what amounted to a practical dismemberment of their city, and by the Yugoslav Government, which insisted upon getting the whole of the latter. As a matter of fact, the provisions of the treaty may prove not too easy to carry out in practice, and eventually a settlement on different lines may be found more convenient to all the parties concerned. Anyhow, the new agreement has been received with much satisfaction and a feeling of relief not only in Italy and Jugoslavia, but also in Fiume, the voice of common sense having at last reasserted itself everywhere.

Of course, the success of the settlement will largely depend upon both parties keeping that spirit of good will and mutual forbearance which they have shown during the negotiations. For-

tunately, both governments have given another proof of their friendly disposition by signing, on the same day as the arrangement about Fiume, a "pact of friendship" in which the two countries undertake to co-operate with the view of maintaining the order of things established by the treaties of peace with Austria, Hungary and Bulgaria, to keep in touch in case of international complications, to assist each other in the event of either being threatened, and to remain neutral if the other party is a victim of an unprovoked aggression.

In contrast with the treaty of alliance signed in Paris only a few days before between France and Czechoslovakia, the new "pact of friendship" is not directed against any other power. Nor could it be otherwise, as Italy entertains excellent relations with all the states of Southeastern Europe. Her friendship for Rumania dates as far back as the formation of the Eastern Kingdom, and her ancient cordial relations with Bulgaria were only interrupted by the great war itself. The position is similar with regard to Hungary, while new Austria has found Italy willing to help her ever since the Armistice. The existence of an independent and prosperous Albania is of great importance to Italy, and the

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Correspondents in All Parts of the World

Shkipetars are once more looking with confidence toward Rome. The relations with Turkey are as good as they can be, and even Greece is beginning to show a friendlier attitude.

On account of her geographical proximity, and of her commercial and industrial expansion, Italy is more directly interested than any other Western power in the advent of a new period of peace and prosperity in Southeastern Europe, and now that her differences with Jugoslavia are happily settled, she will be hampered no longer in exercising her moderating influence in that part of the Continent. Besides, the existence of cordial relations between the two countries will by itself discourage those elements of unrest that counted upon the eventuality of a conflict for a favorable opportunity of venting their griefs against Jugoslavia. In consequence the latter country, feeling now for the first time all her frontiers

secure, will be able to undertake finally the great task of national reconstruction upon which all her future depends.

BRIGHTER POLITICAL SKIES

The effects of the Fiume settlement will not, however, be limited to South-eastern Europe. The expected return of more or less normal conditions in what used to be up to a short time ago a particularly turbulent region will make itself felt in a much wider area, and all nations having commercial interests in that part of the continent will necessarily benefit by the expansion of trade which is bound to follow, and by the increased security for foreign capital.

Not the least interested in the new development ought to prove American investors, who would no doubt be particularly welcome, as they cannot be suspected by anybody of harboring political designs. As a matter of fact, the

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necessary consolidation of the economic structure of the various states of South-eastern Europe might well induce American business men, who up to now have wisely shown but little inclination to invest money in that part of the world, to reconsider their position, on account of the great possibilities offered by the potential wealth of those countries, and especially of Yugoslavia, Bulgaria and Rumania, all of which, having badly suffered in the war, are in need of foreign capital for the reorganization of their traffic and industry.

At any rate, while heavy clouds are still hanging on the Rhine, and the advent of real peace in Central Europe seems still distant, the elimination of the well-known danger spot on the Adriatic comes as a relief, and it can only be wished that the example set by Italy and Yugoslavia in settling a difference of long standing in a spirit of good will and moderation may be followed elsewhere.

Great Britain

"JOHN BULL" STILL SAVING

The British Exchequer at the beginning of April made the significant and welcome announcement that the surplus for the fiscal year ending March 31 was \$215,000,000. "John Bull," remarks the *New York Times* correspondent, "continues the excellent practice of living well within his means, a pre-war habit not yet resumed by all of his European neighbors." The official figures announced were: Revenue, £837,169,284; expenditure, £788,840,211.

The surplus last year was almost double that of this year, but this year's decline results from last year's great surplus, as sweeping tax cuts were effected last year. In view of another surplus this year there is agitation for still further tax reduction, especially on amusement and liquor taxes. The Stock Exchange was favorably influ-

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[Yokohama Shokin Ginko]

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enced by the high yield from income taxes, which produced nearly £330,000,000. Because of this high yield (where a decline of £60,000,000 had been estimated) there is hope that the income tax rate will also be cut, although it is also feared that the Labor Government will have little sympathy with such reduction.

A STRIKE PER MONTH

In each month of 1924 there has been a serious strike in England. The railway workers, the dock workers, the employees of the London transportation system have all enjoyed strikes, and as the miners' agreement expires this month trouble is expected from that industry.

In spite of these disturbances the stock market, according to the London observer of the *New York Times*, is "quite unruffled." The same writer adds, however, that "nobody can be got to look at industrial securities or railroad

stocks" and reports that the successive disputes seriously threaten trade revival.

The relation, if any, between these strikes and the fact of a Labor Ministry being in power is speculated upon. The London *Times* commented editorially as follows:

Why they (the strikes) should crowd so much upon one another just now is worth consideration. The explanation in part may be found in the fact that a Labor Government is in office. It appears to be assumed that because the administration of the political affairs of the country has been committed to a Labor Administration, circumstances are more favorable to a successful prosecution of wage applications. There exists at the same time a curiously exaggerated idea of the necessity for asserting the independence of labor as industrially organized from labor as politically organized. The politicians are held to owe an obligation to the trade unionists, whose levies and whose votes returned them to the House of Commons, but there is not a corresponding recognition of an obligation on trade unionists to refrain from actions



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which might embarrass a necessarily unstable ministry. It comes about that some of the unions are the more emphatically proclaiming their reliance on industrial action. The whole cause of the industrial unrest of the present day is not economic. It is in some measure a psychological effect of labor's political success.

THE TRADE BOARDS FIGHT

An attempt is being made by officials of the Labor Department to apply the Trade Board Acts to all trades, instead of restricting them to trades in which low wages are being paid. This attempt has led to a counter-movement by employers who desire to modify or wipe out the Trade Board Acts.

The *New York Evening Post* of April 4 carried an article on the trade board fight by H. N. Casson of London. This article reviewed the development of the Trade Board Acts from the first of such acts, passed by Parliament in 1909, to correct underpayment of women workers in four sweated trades—making of chains, boxes, nets and cheap clothing.

The application of these acts has grown until today there are sixty-three trade boards covering thirty-nine trades and fixing the wages of 3,000,000. "The purpose of a trade board is to fix minimum rates of pay for a whole trade so that no employer can pay less than another. A board consists of an equal number of employers and workers, plus several people outside the trade."

Mr. Casson points out that the trade board situation is "as important to the United States as it is to England, as there are at present sixteen states that have passed similar acts; and the question in both countries now is: Shall we extend these trade boards or abolish them?"

After reviewing the general situation and citing several absurdities growing out of trade board control, the writer concludes as follows:

The fact seems to be that trade boards have, on the whole, created as many evils as they have cured, and greatly added to

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Capital Paid-up	5,250,000 (£1,050,000)
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the daily vexations of thousands of sorely harassed employees.

The minimum wage idea is a well meant reform, but in practice it creates a vast amount of ill-will and confusion.

It is no new idea—this minimum wage. It was tried in Babylon more than 4000 years ago, and it crops up again and again, as governments move toward paternalism.

At present, the probability in England is that trade boards will be rejected by labor as well as capital and that a national minimum wage law will take its place.

CONVERSION OF WAR LOANS

Financial circles in Great Britain are pleased by the proposal of the government to convert £200,000,000 of the 5 per cent. War Loan into a new $4\frac{1}{2}$ per cent. conversion loan. There are about 1,500,000 holders of this loan. The War Loan does not mature at the earliest until 1929, but for some time past the city had expected a start to be made with its conversion, as it would obviously be impossible to deal with so large a loan in one operation as there are £2,000,000,000 of War Loan 5s outstanding.

Financial opinion welcomes this attempt to still further improve the government's credit. Allowing for redemption in 1924, the new conversion loan yields just under $4\frac{3}{4}$ per cent. with a flat yield of $4\frac{5}{8}$ per cent. This is from $\frac{1}{8}$ to $\frac{3}{8}$ per cent. more than is obtainable at present on other government loans, which, however, have longer periods to run.

Later on, no doubt, another offer will be made to convert more of this stock,

and it is unlikely that the government will have to offer better terms than at this time. Its credit, indeed, is slowly improving, while by this operation it will save about £750,000 per year in debt interest. Many large American holders sold their War Loan bonds a few months ago, owing to inflation and the capital levy scare. A steady elimination of foreign holders is likely as the conversion proceeds, because of the withdrawal of the valuable privilege of having interest paid without the deduction of the income tax. Government stocks have risen $\frac{3}{4}$ to 2 per cent. on this offer, while all gilt-edged securities have appreciated substantially.

The moment of making the offer was opportunely chosen, because the government's fiscal year closed last week with a revenue surplus of £48,300,000. This compares with a surplus last year of £101,500,000 and a surplus of £45,600,000 for 1921-22.

France

FRANC'S POSITION FIRMER

On April 2 the franc reached the highest level since last autumn. From the "rout of the bears" in early March when the Bank of France secured credits of \$100,000,000 in New York through J. P. Morgan & Co., and of \$20,000,000 in London through Lazard Brothers, the position of the franc improved steadily. The end of March saw a marked change in the situation of the franc, so much so that the Bank

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of France acted to prevent a too rapid rise of the franc.

At the end of March settlements the mastery of the Bank of France was absolute. It had been expected that the Bank would take full advantage of the situation by "squeezing the shorts." However, the desire of the banks to prevent excessive movements in the franc operated to save the bears from complete disaster as the bank, in order too prevent further rise of the franc at that time, resold francs. The bank's attitude was ascribed to recognition of the fact that too violent a recovery in the franc's value would be disturbing to trade and securities.

The French Government is understood to have done its buying of francs through the Bank of France at a time when the franc was selling below the 4 cent level. The rise of the franc enabled the government, it is said, to accumulate a profit sufficient to defray the cost of the credit advanced by J. P. Morgan & Co. Another very interesting operation in francs was that undertaken by the United States Ambassador in Paris, Mr. Herrick, who bought francs at their lowest. The turn of the market

netted him a profit of around \$75,000, which the Ambassador turned over toward the purchase of a permanent American Embassy building in Paris.

FRANC'S "DANGER NOT YET PAST"

While there was widespread gratification in the Allied countries over the franc's victory there has not been lacking expression of the point of view that the franc's danger is not yet over. The London *Times* gave editorial expression to this belief on March 20:

What is the future of the franc? This is the question to which everybody is seeking an answer. For a proper understanding of the subject it is of the utmost importance to realize, in the first place, that no country has at any time solved a monetary problem—such as confronts France and Germany—by borrowing, either at home or abroad. Excessive borrowing, indeed, is the very root of the evil. To borrow abroad, or to attempt to regulate exchange by prohibitions or by any of the artificial devices to which Europe has so often resorted, is to court failure and embarrassment, if not something worse. As the chief cause of the present rise in the franc is an expedient of a temporary nature which will last just as long as the credits are unexpended, it can be ignored in any calculation as to the permanent future of

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the franc. The clue lies hidden wholly in the budget of this and the succeeding years. Equilibrium of the two French budgets—ordinary and extraordinary—can be obtained if expenditure on reconstruction is reduced or postponed.

BREAD AND ELECTRICITY

A recent article in the *New York Times* by Stephane Lauzanne, editor of *Le Matin*, called attention to two significant economic developments in France. One is the increase of the wheat-growing area and the other the development of electricity from water-power.

M. Lauzanne shows that France is making a determined effort to grow the 94,000,000 quintals of wheat (the quintal equals about 220 pounds) necessary for her needs so that "foreign bread" will be no longer needed. Already the acreage devoted to wheat growing is increased by about 1,000,000 acres.

Similarly, France is ambitious to rid herself of the necessity of importing the 20,000,000 tons of coal now imported annually. To this end "white coal," as waterpower is called, is utilized on a constantly increasing scale to supply electric power. The electrification of railroads is proceeding rapidly. Of the 9,000,000 hydroelectric horsepower available in France 2,000,000 have already been harnessed and by the end of 1924 it is expected the total will be 8,000,000, with a consequent saving of coal estimated at 18,000,000 tons a year.

More than 200 applications for water-

power development are on file with the Public Works Department, an agency similar to the Federal Power Commission here, which will add 1,500,000 horsepower to the present output, and in the Maritime Alps alone four sites are under development whose total production will be 500,000 horsepower.

M. Lauzanne concludes his article in this summary:

Here we have the two great ambitions of France: To be self-dependent for the two things which she needs most—bread and coal. All her energy, all her ardor, and all her intelligence are bent on this goal. She no longer wants to pay, as she has done in the last year, a tribute of 1,000,000,000 francs to foreign countries in order to feed herself, nor another tribute of 8,000,000,000 francs for heat and power. She has no desire to be mistress of the world—but just simply of herself.

Italy

TRADE SECURITY AND ITALIAN POLITICS

Even those who are not admirers of Mussolini and those who are apprehensive of danger to constitutional government in Italy admit pretty generally that the Fascist movement, by putting an end to the communistic tendency and to the resultant disturbances in industry, has accomplished much good. This view undoubtedly explains the overwhelming victory won by Mussolini in the Italian election of April 6.

Mussolini won 64 per cent. of the votes and controls 400 seats in the Chamber of Deputies, while the party



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of opposition will have only thirty-five seats. This sweeping victory is attributed to the relief enjoyed by the Italian people from the harassing strikes and communistic agitations which so severely crippled Italian business and industry before Mussolini's rise to power.

INCREASE OF ELECTRIC POWER

Just as France is rapidly increasing her hydroelectric industries Italy also is developing this important industry and all its related branches. A review of hydroelectric development in Italy from 1915 to 1922 has just been issued in a Department of Commerce report. In 1915 the horsepower generated was 1,520,000—in 1922 the figure was 2,170,000, an increase of 55 per cent.

During 1921-22 there was an increase of 300,000 horsepower, and sixty-seven new plants were opened. Developments now under way will increase the power harnessed to industry to 3,000,000 horsepower in the next three years. All this expansion will represent an investment, during the next three years, of 5,000,000,000 lire.

ECHO OF BANCA ITALIANA DI SCONTO

In the review of financial condition in Italy the special report referred to above discusses the settlement of the affairs of the Banca Italiana di Sconto as follows:

The opening months of the year 1922 were clouded by the failure of the Banca Italiana

di Sconto, one of the largest credit institutions, and the effect of this failure upon some of the most important Italian industries. The settlement of this affair, while not as favorable as had been hoped for at first, was considered a remarkable proof of Italy's stability. Final figures showed the ratio of assets to liabilities to be about 77 per cent. A new bank was founded on the ruins of the old institution, by means of which depositors and creditors should receive at least a portion of the money which had been invested, and an indemnity in the form of stock in the new corporation. The failure of the bank naturally caused uncertainty in the financial field. Fortunately, however, as soon as the end-of-the-year business was liquidated the stock market continued its activities much as usual. Money was easy to obtain and in sufficient quantities, first for short-time contracts and later for longer loans. Investments were made, especially in well-known and favored companies, partly because of faith in these concerns, partly as a speculation.

Germany

REPORT OF THE INQUIRY COMMITTEES

The long-awaited reports of the Committees of Inquiry into Germany's financial condition were announced on April 9. In the official summary of the report it is significantly pointed out that "the standpoint adopted has been that of business and not politics" and it is further stated that the plan "is based upon this principle—the reconstruction of Germany is not an end in itself, it is only part of the larger problem of the reconstruction of Europe."

The Dawes report proposed these seven recommendations:

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Foreign Exchange

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Cable Transfers

(1) Creation of a bank of emission to issue paper money for Germany and handle the reparations account;

(2) The taking over of German railways by a company which will run them for the benefit of both Germany and her creditors;

(3) A foreign loan of 800,000,000 gold marks (about \$200,000,000), to stabilize Germany's currency and take care of her immediate treaty obligations;

(4) Obtaining reparations payments from sale of railway and industrial bonds, and from revenue from monopolies on luxuries;

(5) A sliding scale of reparations payments, starting at 1,000,000,000 gold marks the first year, and increasing as Germany prospers;

(6) France and Belgium must release their economic hold on the Ruhr, but may retain their armies of occupation;

(7) Appointment of a general board consisting of seven Germans and seven foreigners, who will work in harmony with the managing board.

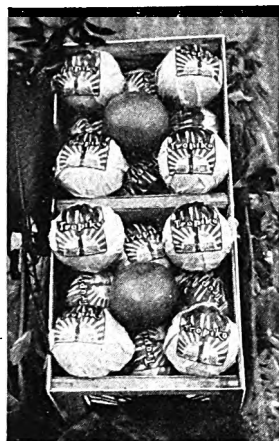
The committee describes the functions of the Bank of Issue as follows:

(1) To issue notes on a basis stable in relation to gold with an exchange privilege.

(2) To serve as a bankers' bank, establishing the official rate of exchange discount.

(3) To act as the government banker, but free of government control; advances to government to be strictly limited. (4) To hold on deposit reparation payments. (5) The capital of the bank will be 400,000,000 gold marks. (6) It will be directed by a German president and managing board, who can be assisted by a German consultative committee. (7) The due observance of its statutes will be further safeguarded by a general board, of which half of the members, including a commissioner, will be foreign.

Referring to the economic future of Germany the committee pointed out "(1) Productivity is expected from increasing population, technical skill, material resources and eminence in industrial science; (2) Plant capacity has been increased and improved since the war." These factors form the basis of the committee's recommendations for the "pawning" of Germany's industries and railways to the amount of \$4,000,000,000.



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GERMANY'S EXPORTED WEALTH

Committee Number Two, under the chairmanship of Reginald McKenna, also rendered its report on April 9. This committee reported that Germany has 6,750,000,000 gold marks abroad, and that "all this sum represents purchases of paper marks at a dead loss by a million of foreigners." In addition to this there is in Germany foreign money to the approximate amount of 1,200,000,000 gold marks, and foreign-owned property in the amount of 1,500,000,000, this latter subject to special taxation.

The methods whereby foreign holdings have been increased from the Armistice to the end of 1923 are described as follows:

(1) Chiefly the direct sale of paper marks and mark bank credits; (2) the sale of goods, real estate, precious metals; (3) interest on accumulations, tourist expenditures, foreign money expended by armies of occupation in Germany; (4) remittances from Germans abroad, earnings of transportation companies for transportation for foreign goods, insurance, profits, etc.

RECOMMENDATIONS OF COMMITTEE NUMBER TWO

The McKenna Committee announced the following conclusions as to the means of bringing exported capital back to Germany:

(A) Flight of capital was a result in the main of the usual economic factors, namely, the failure to balance the budget, inflation and the raising of large national loans, but it was accentuated by the attitude of the German people toward the payment of Germany's war creditors and was marked by ingenious devices to evade restrictive legislation. It was also influenced by the action of speculators and timid investors.

(B) Neither legal enactments nor severe penalties hampered the flight of capital or resulted in the disclosure of assets abroad. Under the economic conditions above stated this demonstrates the ineffectiveness of restrictive legislation and the committee feels that it would have been ineffective whether or not the laws had been fully enforced.

(C) The only way to prevent exodus of capital and encourage return is to eradicate fundamental causes. Inflation must be permanently stopped; the budget must be balanced and a bank of issue on a sound basis established.

(D) The committee knows the conclusions of the first committee of experts and if effect is given to their recommendations it thinks that a considerable part of German assets abroad will return to the ordinary course of trade.

(E) Austria is a case in point where under a stabilized currency the necessities of trade bring back existing foreign holdings.

(F) While believing that special legislation is not required when a country's finance is on stable basis, nevertheless during the period of transition the committee suggests that Germany might grant an amnesty for a limited time to those bringing their capital back, who violated German law in sending it abroad, and that special terms be offered for

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subscriptions to government loans which are made in foreign countries.

THE LEIPSIK FAIR

German exporters looked forward with great hopes to the Leipsic Fair, which closed in the middle of March. These hopes proved disappointing, and for a reason which is significant as regards Germany's come-back in international trade—German prices were too high.

Special correspondence to the *New York Times* from Berlin reports depression among German exporters at the close of the fair. It was admitted that foreign firms are in a position at present to offer wares at a price that prohibits competition from German manufacturers and it is felt that this situation will continue for some years to come. One circumstance was comforting to German firms and that was the visit of customers of long standing, whose renewed interest in the fair is felt to promise much for the future. The attendance of 170,000—a record attendance—was also cheering. There was a strong home demand, especially in textiles, footwear, porcelain and glass.

It was especially bitter for the German traders to find that foreign buyers turned their business to the French market. The *New York Times* report regarding this feature of the fair reports that:

One curious result of stabilization of the mark has been a marked tendency on the

part of foreign buyers, Americans among them, to scorn German wares on account of high prices and turn their attention instead to French wares, since prices in France, on account of the low rate of the franc, are far more favorable to such purchasers. This state of affairs causes much soreness in German business circles, since it serves to spoil the satisfaction with which they would otherwise view the lack of stability of the French franc.

As matters stand, each successive slump of the franc during the last few days has been a source of mixed joy and pain to Germans. Just as their rejoicing at contemplating the "sickness" of the franc was really warming up they would suddenly remember that it meant a boom in French exports, to the detriment of German, whereupon their smiles changed to frowns.

Austria

REDUCTION OF EXPENSES URGED

An interesting situation has developed between Austria and the League of Nations which is administering financial tonic. Under the schedule laid down by the Economic Section of the League when undertaking the task, Austria was required to increase state income by 30 per cent. and decrease expenditures by 70 per cent. Instead, Austria has increased income 92 per cent. and cut down expenses only 8 per cent. This caused an issue between the League Commissioner, Dr. Zimmerman, and the Austrian Minister of Finance, M. Kienbock.

Dr. Zimmerman insists that in reaching the high revenues too heavy a burden of taxation has been imposed, and that unless expenses are cut the deficit

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will recur. The government argues that taxation is not excessive, that further reduction of expenses is not feasible, and that reduction of the number of state employees would only aggravate the unemployment situation.

Both these points of view were presented at the League meeting in Geneva in early March. At that meeting Austria was warned that the terms of the loan agreement must be met. During March the issue was more sharply joined and on April 9 Dr. Zimmerman, in submitting his monthly report, insisted that balancing the budget was not enough and again reminded Austria of the terms of the loan, requiring 70 per cent. decrease in expenditure. It then appeared that unless these terms should be met pressure would be applied by withholding the monthly instalment of the loan.

FIRST YEAR OF NEW AUSTRIAN BANK

In the middle of March the Austrian National Bank issued its report for the first year of reorganized operation. The report showed an increase of ready cash in reserve of 228,000,000 gold crowns (including sound foreign currencies) and it is clear that the bank is steadily approaching a full covering of its circulation.

The Vienna correspondent of the *New York Times* reports that:

The adverse foreign trade balance of 1923 had no effect on the bank's reserve, the increase of ready cash having been larger than the government's deposit of residue from the

League of Nations loan. There is also some confirmation of the belief that the deficiency in the trade balance is compensated by profits in intermediate trade and of Austrian banks.

The stock of foreign currencies at the National Bank was increased during the recent bank strike, numerous customers being obliged to deposit foreign currencies in exchange for paper crowns, the circulation of which simultaneously increased by 600,000,000,000. The bank's directors announced that they were doing their utmost to restrain this "strike inflation."

The National Bank will pay a dividend of 8½ gold crowns for the first business year. Deducting the coupon, this makes the interest on the shares at their present quotation 10 per cent.

AUSTRIAN NEWS NOTES

Information from Vienna indicates that there is considerable anxiety in Austria over the revival of German industrial activities. During the latter part of 1923 Austrian industry benefited largely both at home and abroad from the decline of German competition. The introduction of the rentenmark, with the consequent steadying of foreign exchange, enabled the German manufacturer to compete actively with Austrian goods.—During January savings deposits increased 14 per cent., thus giving evidence of a continuation of the confidence which has marked the attitude of the Austrian people since currency stability was achieved in the Autumn of 1922.—The last week of March saw a decline on the market to so marked an extent that the leading banks decided to place at the market's

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disposal a sum of money large enough to protect the situation. Speculative shares sold at 30 to 50 per cent. less than a few months ago.—During the last quarter of 1923 the excess of Austrian imports over exports increased to 297,000,000 gold crowns. The conclusion drawn in financial circles from this development is that in spite of the success of the reconstruction efforts Austria still has much improvement to effect.

Hungary

COLLAPSE OF THE CROWN

It has been expected for some months that Hungary would accept some form of internationally administered financial tonic to improve her "sick currency." The collapse of the Hungarian crown in February ensured Hungary's

favorable attitude toward the League of Nations' proposition. That collapse carried the crown to a point for stabilization below the Austrian crown, although three weeks previous to the decline the Hungarian crown was twice the value of the Austrian. Panic conditions prevailed in Hungary as the crown fell to 100,000 to the dollar. and a buying fever boosted prices 100 per cent. The crash of the crown augmented Hungary's poverty and convinced the nation of the need of drastic action.

FINANCIAL REFORMS

Accordingly, the conference of League of Nation delegates for Hungarian aid attracted international attention. After three weeks of work in Budapest the delegates completed the plan, patterned somewhat after the Austrian relief. The scheme calls for a foreign loan of 250,000,000 gold crowns (over \$50,000,000) and a new bank which will take over the issuing of currency notes from the government and do it on sound business principles.

In discussing the Hungarian plan one of the members of the League of Nations committee, Sir Henry Strakosch, gave out the following Associated Press interview:

In the Hungarian reconstruction scheme the Austrian pattern must be followed, but with some changes, due to consideration that Hungary is an agricultural, and not an industrial, state. The League committee is here to look over the monetary situation and work out the details, but the big lines of the plan have already been fixed in the protocols prepared by the League of Nations' Financial Committee.

Our efforts will tend to stabilize Hungarian currency, by which the present evils will end. Inflation must be stopped, and while this stage is being reached Hungary must give proof of her loyal intentions to carry out her financial plan and restore her credit abroad.

On April 8 it was announced that M. Jeremiah Smith, of Boston, had been appointed League of Nation's High Commissioner for Hungary, taking the position which W. P. G. Harding, gov-

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ernor of the Boston Federal Reserve Bank, was unable to accept owing to ill health.

ATTITUDE TOWARD THE PLAN

Special correspondence to the *New York Evening Post* on the Hungarian plan, in commenting on the proposed foreign loan, said:

As to the bankers of Western Europe, they are expected to look twice before taking hold of a Hungarian loan, and they will insist that the amount be kept at a minimum, as they have no way of reckoning on subscribers in Hungary itself, and the co-operation of these is essential to make the loan a success. There are many who are quite willing to subscribe for Hungarian issues under certain conditions, but these conditions make the loan a speculation rather than an investment. The buyers wish to get the securities far below their real value and to sell them at a profit, but every banker knows that these are not the proper persons to depend on in floating a government loan.

There is also a difficulty that will be encountered in obtaining subscriptions in Hungary itself to the proposed new bank, as is contemplated in the League plan. Wealthy landowners will desire to offer gold mortgage notes in payment for their subscriptions. The economic experts would probably reject such an offer, as the bank in that event would lack the necessary prestige. It will be seen, then, that Hungarian reconstruction presents many difficult problems, and that the question is wholly different from that which was presented by Austria.

Belgium

SPECIAL BANKING REVIEW

In a review of the financial and business situation in Belgium the banking situation receives the following special attention in Kimber's Foreign Report issued April 7:

The past year was, on the whole, profitable for Belgian banks. Business was active and the demand for money keen, but it must be remembered that no small part of this activity was generated by the continuous decline of the Belgian franc. During the year the two leading British banks in Belgium moved into more imposing quarters, comparable to those occupied by their two American competitors, the National City and the Guaranty Trust. The tendency toward the consolidation of small banks continued, the merger of the Banque d'Anvers and the Credit Mobilier de Belgique, effected last February, being the most recent instance. There are still, however, about 200 separate banks operating in Belgium—apparently enough for this small but active country.

Kimber's Report describes the progress of the National Bank of Belgium from its founding in 1850. This bank has a monopoly on note circulation. From 1919 to the end of 1921 the operation of the bank was largely for government account. In 1922 business in Belgium began to improve and the private transactions of the National Bank in-

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creased. The occupation of the Ruhr greatly stimulated Belgian trade and this fact, together with the 1923 decline of Belgian exchange, caused an increase in the amount of notes in circulation. As a result of this situation depositors converted their deposits in current accounts into notes and the bank deposits declined from 1,159,000,000 in 1920 to 430,000,000 on December 31, 1923.

BANQUE BELGE POUR L'ETRANGER

From the same Report is taken the following description of a Belgian bank of especial importance in the international trade of the country:

The Banque Belge pour l'Etranger is one of the most important banks in Belgium, and, as the name implies, it specializes in international financial transactions. It operates not only at home, but has a large number of branches scattered all over the world, as for instance, in London, Manchester, Paris, New York, Bucharest, Cologne, Cairo, Peking, Shanghai and other

places. It is affiliated with the Société Générale de Belgique and represents that institution abroad, and also with the Banco de Cartagena, Madrid. In 1920 the bank participated in the reorganization of the branches of the Wiener Bank Verein located in the Succession States, and thus acquired an important block of shares in the Landesbank fuer Bosnian and Herzogovina in Jugoslavia, and in the Allgemeine Boehmischer Bankverein in Czechoslovakia. It further has strong affiliations in China, where its branches are allowed to issue notes; at the end of June, 1922, there were notes of the bank of about Fcs. 1,679,000,000 in circulation in China. These affiliations abroad were of considerable importance to the bank during the period of German occupation.

The balance sheet of the bank for June 30, 1923, was about Fcs. 23,000,000 higher than in 1922, thus amounting to about Fcs. 810,000,000. Especially noteworthy was the increase in holdings of acceptances from Fcs. 26,687,381 at the end of June, 1922, to Fcs. 69,266,319 at the end of June, 1923, which in part reflects the increased foreign trade of the country, stimulated by the occupation of the Ruhr and the decline of the franc.

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Argentina

OPTIMISTIC OUTLOOK

By OWEN ROBERTS, F. R. G. S.

In the commercial atmosphere generally there is a decided feeling of optimism regarding Argentine trade. In the country's staple products there has been considerable activity. Up to January 7 the shipments of wheat alone exceeded by 50,000 tons the quantity despatched in the corresponding period of 1923. Wool prices are higher, though stocks are much lower.

In the minor exports similar activity has prevailed. A recent passenger steamer to Brazil and the states carried an almost representative cargo made up of jerked beef, fresh fruit, quebracho extract, goat skins, hair, guanaco skins, leopard skins, mica, gold, bladders, ostrich feathers, cheese, butter, canned meat, ox-tongues, osier twigs, nuts, etc.

Reports from Tucuman announce that

the sugar-cane plantations are in excellent condition and the crops will in all probability be enormous. More than 20,000 additional hectares are under cultivation this year. Potato and maize crops also promise excellent yields.

A curious state of affairs has just been revealed at the extraordinary meeting of the Banco Español del Rio de la Plata. For some time it had been known that unfortunate operations had resulted in important losses for the bank, which necessitated a reduction in the capital, and the meeting was called to approve the steps taken and to authorize the capital reduction. Total losses were stated to be \$103,450,000 paper, which is to be partly met by the capital reduction from 100,000,000 to 25,000,000 dollars paper, i. e. 75 per cent., and by an issue of 7 per cent. preference shares to the extent of \$25,000,000. The deficit is attributed to a variety of causes. Twenty-four million dollars represents exchange losses at Rio

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LIEUT.-COL. SIR ALBERT STERN, K. B. E. C. M. G.

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

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

de Janeiro. Unfortunate purchases of marks resulted in a loss of \$5,750,000 paper; while equally disastrous dealings in pesetas cost the bank \$9,485,000 paper.

It is hoped now that with such drastic measures and the election of a new directorate the bank will enter upon a more prosperous phase in its career.

Delay in promulgating the necessary by-laws incident to the new customs tariff has given rise to unnecessary confusion in the interpretation of the various clauses specifying increased duties. The absence of the official view leaves the interpretation of the law to the custom house officials and importers respectively, who naturally are rarely in agreement as to the exact meaning of many ambiguous descriptions.

Coal imports in January totalled 259,000 tons, which came entirely from the United Kingdom with the exception of 4300 tons from the United States.

francs 97,146,715 against francs 90,372,414 at December 31, 1922.

The deposits of the bank reached at the end of the year 1923 to a total of francs 2,705,271,573, an increase of francs 265,000,000 over the preceding year.

©

N. C. Stenning, president of the Anglo-South American Trust Company, 49 Broadway, New York, has received a cable from the head office of the Anglo-South American Bank, Ltd., London, announcing that the directors have declared an interim dividend of five shillings per share less income tax, payable April 30. This is at the rate of 10 per cent. per annum on the paid-up capital of the bank, and is the same as paid for the last financial year.

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Details of the terms of the new concession for the Imperial Ottoman Bank, Constantinople, which was agreed to recently by the Turkish Government, have been made public. Under the convention the concession will be extended for ten years, until March 1, 1935. A condition is that the bank shall grant advances up to £5,000,000 to the Turkish Treasury, and up to £2,000,000 to the Agricultural Bank. So far as the advance to the treasury is concerned, this is similar to the arrangement under the old concession, but the advance to the Agricultural Bank is new. The notes of the bank will remain legal tender for the extended period of the concession, unless the Turkish Government withdraws its own notes or re-establishes the gold standard, neither of which contingencies is likely to take place in



International Banking Notes

The Banque Nationale de Credit, Paris, a bank which ranks among the prominent ones in France, maintained a highly satisfactory position during the year 1923.

The net profits amounted to francs 31,223,931 which was about the same sum as the year before, so that it enabled the bank to pay the same dividend of francs 42.50 on its 500,000 fully paid shares of francs 500.

The reserves of the bank now amount to

the period concerned. Another condition is that branches of the bank that have been closed down during recent years shall be reopened either in the towns where they were formerly situated or in such places as to serve the respective districts. About ten offices were closed during the recent troubles. In regard to most of these, their business is being conducted through the Constantinople office, but in regard to a few the work is being done by other branches. The concession will have to be ratified by the Turkish Assembly, but this is not expected to raise any difficulty.

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The forty-third semi-annual statement of the International Banking Corporation, 60 Wall street, New York, as of December 31, 1923, shows total assets of \$109,538,345; total deposits of \$65,419,007; and capital, surplus and undivided profits of \$13,044,298. In addition to this the bank has a reserve for contingencies of \$2,500,000. A condensed statement as of the above date follows:

ASSETS

Cash on hand and in local depositories	\$ 11,805,961.78
Bullion and foreign money on hand	1,133,851.12
Due from banks and correspondents	2,429,608.89
Bills, remittances and other funds	22,353,138.62
Demand loans and advances	38,770,928.04
Time loans and bills discounted	11,584,519.94
Securities and investments	6,355,978.63
Of which securities of a value of \$1,840,000 were lodged as cover for loans, deposits, etc.	
Bank premises at head office and branches	4,779,564.15
Customers' liability	10,324,794.50
Account of acceptances	
	\$109,538,345.67

LIABILITIES

Capital stock	\$ 5,000,000.00
Surplus	5,000,000.00
Undivided profits	3,044,298.64
Reserve for contingencies	2,500,000.00
Reserve for dividends	500,000.00
Dividends paid September 30, 1923, \$250,000 and December 31, 1923, \$250,000	
Reserve for taxes	163,527.20
Deposits—time	30,244,850.37
Deposits—demand	35,174,156.90
Notes in circulation in china	3,188,101.00
Bills and accounts payable	13,519,008.41
Acceptances by this bank	9,203,454.48
Acceptances by other banks	1,400,948.67
For account of this bank	
Securities borrowed	600,000.00
	\$109,538,345.67

Unused balances under letters of credit \$5,565,000, bills sold with our endorsement \$15,325,000.

Banco del Perú y Londres

LIMA, PERÚ

Subscribed and
Paid-up Capital } £P500,000

Reserve Funds £P235,000

Branches:

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

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

Agents in

London — Paris — New York

The Bank of Central and South America, Inc., 44 Pine street, New York, has issued its statement of condition on February 29. Total assets of \$12,935,209 were shown, including \$4,621,932 in cash and United States Government securities; \$2,863,939 in loans, discounts and acceptances of other banks, and \$1,195,747 due from other banks. Furniture and fixtures were carried at \$1. The bank's surplus was \$2,500,000; undivided profits \$85,813 and capital, \$5,000,000.

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The statement of condition of the Hongkong and Shanghai Banking Corporation for the year ended December 31, 1923, as presented to the shareholders in the one hundred and eighth report of the directors showed net profits through the year including \$3,350,212 (Sterling exchange taken at 2s., 3 $\frac{7}{8}$ d.) balance brought forward from last account, after paying all charges, deducting interest paid and due, and making provision for bad and doubtful accounts and

contingencies, amounting to \$16,583,873. Of this sum \$1,000,000 has been transferred from profit and loss account to credit of the silver reservation, which stands with this addition at \$25,500,000. The sum of \$1,000,000 has also been written off bank premises account.

After making these transfers, deducting the interim dividend of £3 per share paid on August 7, 1923 (viz. £480,000 at 2s. 3½d. equals \$4,266,666) and remuneration to directors, there remained for appropriation \$10,267,206 out of which a final dividend of £3 per share and a bonus of £2 per share were declared, amounting in all to £800,000, which, at the rate of 2s. 3½d., absorbed \$6,887,892. This leaves a balance of \$3,379,314 which has been carried to the profit and loss account.

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The Banca Commerciale Italiana Trust Company, 62-64 William street, New York, filed for examination on April 10, last, with the New York State Banking Department, an organization certificate.

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The statement of condition of the National Bank of Egypt, Cairo, as presented at the twenty-fourth annual meeting of the shareholders showed a net profit for the year ended December 31, 1923, after providing for depreciation on the bank's building and furniture, for rebate of discount for bad and doubtful debts, for director's fees and for current expenses, amounting to £527,687. From this sum has been deducted £120,000 being a dividend of 4 per cent. on the share capital. After this distribution there remained £407,687 which, with £183,013 brought forward from the previous year, made the total amount available for distribution £590,701. Of this sum the amount of £75,000 has been allotted to a special reserve for contingencies. Out of the remaining amount of £515,701 an additional dividend of 11 per cent. on the share capital, absorbing £330,000, was declared. The balance, £185,701, has been carried forward.

In addressing the meeting of the shareholders B. Hornsby, C. B. E., the governor of the National Bank of Egypt, said in part:

"The total of our balance sheet is £5,500,000 greater than in 1922 due in part to an increase in the amount of Egyptian Government bonds and partly to an increase in deposits by the public. These increases are

reflected on the other side of the accounts by a larger holding of government securities of which a considerable part consists of short term bonds. These bonds can be readily liquidated in case of need and do not involve the risk of depreciation inherent to longer dated securities. Our whole holding of government securities appears in our books at a figure considerably lower than their market value, and we have thus a valuable reserve against the future.

"The total of our dividends does not show much variation. As usual our accounts have been carefully examined, and full provision has been made wherever there appeared to be the slightest necessity for doing so. Our holding of foreign bills, which almost without exception represent exportation of cotton, is again larger than the preceeding year, due in part to the higher price of cotton and also to an extension of our business in Alexandria."

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The statement of condition of the Chartered Bank of India, Australia and China, as presented in the directors' report at the seventieth general meeting of the stockholders, held in London, showed a net profit for the year ended December 31, 1923, after providing for all bad and doubtful debts, of £1,004,907, inclusive of £222,201 brought forward from the previous year. The interim dividend at the rate of 14 per cent per annum paid in September 1923 absorbed £210,000. This made £794,907 available for distribution, but of this sum a final dividend at the rate of 14 per cent. per annum was declared, and also a bonus of 6s. 3d. per share, making 20¼ per cent. per annum for the year, free of income tax. The sum of £100,000 was added to the reserve fund which with this addition stands at £3,900,000; £25,000 was added to the officers' pension fund; and £50,000 was written off premises account, leaving a balance of £222,407, which was carried forward.

Addressing the annual meeting for the shareholders the chairman, Sir Montagu Cornish Turner, presiding, said in part:

"I would refer briefly to the loss sustained by the board of directors in the very sudden death of their much valued and respected colleague, the late Sir Duncan Carmichael. With his long and varied business experience added to a sound and impartial judgment, although comparatively a young member of the board, Sir Duncan proved himself to be

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Capital fully paid-up . . .

Reserve Funds . . .

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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*



(Pesos) 6,750,000.00

" 2,250,000.00

Cable Address:

"BANCO"

R. Moreno *Secretary*
D. Garcia *Cashier*
E. Byron Ford *Chief For. Dept.*
S. Freitas *Accountant*

Head Office

MANILA, P. I.

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of substantial assistance for the deliberations of the board of directors, especially in all questions connected with Eastern trade. Apart from that he was to some of us an intimate and appreciated friend of many years' standing, and his passing away created a void which it is not easy to fill.

"The vacancy on the board has been filled by the election of Colin F. Campbell, of Messrs. Forbes, Campbell & Company, Ltd. of London and Bombay. Mr. Campbell has had a long and honorable business career in London and in the East, and has a deserved reputation as one of the leading figures in banking and commercial life in the City of London.

"Referring to the report and balance sheet now submitted for your approval, I trust you will agree that, in view of all that happened in 1923 and all that did not happen in the way of revival of trade, and in spite of keen competition, the results shown are not unsatisfactory.

"Our total figures at £58,765,547 show a reduction of £1,387,835 as compared with those for 1922, and merely reflect the general slacker state of trade during the last year. It is pleasing, however, to note that our

current accounts and fixed deposits at £41,590,027 compare so favorably with the £42,408,289 of the preceding year.

"The outstanding feature in the Far East has been the disastrous earthquake which visited Japan on September 1 last. It speaks volumes for Japan as a nation that the recent loans issued in London and New York—loans issued entirely on the credit of Japan and without any collateral security—met with such a wonderful response and such a success.

"As far as this bank is concerned, I regret to say that, although the material loss in Yokohama resulting from the earthquake was no more than might reasonably have been expected, and which had been fully provided for, we sustained a grievous loss in the most regrettable death of our manager, A. H. Tait, unfortunately killed when a short distance from the bank building.

"In spite of the disaster and all the consequences resulting therefrom, the bank's business, which had been transferred temporarily from Yokohama to Kobe, has been again transferred to Yokohama, where we have a temporary office, and an agency has also been opened at Tokyo. As regards

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Capital Paid Up . . Frs. 26,911,000
Reserve Frs. 8,557,000

Branches :
BRUSSELS — OSTEND
CORRESPONDENTS
AT ALL BANKING POINTS

other new branches I may mention that we have recently opened at Semarang in Java, and Jamboanga in the Philippines."

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At the general meeting of the shareholders of the National Bank of Greece held at Athens on March 3, 1924, the governor, A. N. Diomede, who presided, read, on behalf of the general council of the bank, the report for the year ended December 31, 1923. Mr. Diomede said in part as follows:

"The year just drawn to a conclusion was, like its predecessors, full of events. Our trials have not come to an end, and notwithstanding that the signature of the Treaty of Lausanne signalized our entrance into a period of definite peace, the uncertainty of the future, together with the unforeseen events at home and abroad, produced a reaction which had a direct influence upon the currency situation. Our monetary standard, the point of least resistance, was affected according to what were often uncritical impressions. For, unfortunately, people who lack sufficient coolness are affected by changing influences and fall from the extreme of optimism to unjustifiable pessimism without carefully weighing the real facts, which alone can restrain them within the limits laid down by reason.

"Deposits show a remarkable progress during the past year. The following figures enable a comparison to be made between the results of the two years 1922 and 1923:

	In millions of drachmae	
	1922.	1923.
Deposits at sight	925	1,362
Savings bank	197	221
Permanent and at fixed dates....	951	944
Total	2,073	2,527
i.e., an increase in 1923 of drachmae 454,000,000.		

"During the year under review the profits continued to be absolutely satisfactory and they arise exclusively from a strict estimation of the returns from the business of the year. The gross profits amounted to drachmae 278,870,749 as compared with drachmae 279,595,250 for the year 1922. The net profits for the year amount to drachmae 104,115,232. This figure enabled the management to propose this year again an increase of the dividend, which was raised from drachmae 800 for 1922 to drachmae 1200. The policy of strengthening the bank by reinforcing its reserves was followed faithfully by the management also during the past year. Nobody is unaware of the importance of this policy for the future of the bank. During this period, when the profits, owing both to the exceptional conditions and to the fall in value of the drachma, show a substantial increase, it would be madness not to carry a portion of the profits realized to increase the reserve funds in order to render the position of the bank unassailably strong.

"Induced by these reasons, the management has decided that 28½ per cent. of the net profits, i. e., drachmae 30,000,000, shall be carried to reserves, which are thus increased to a total of drachmae 250,000,000."

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Addressing the shareholders at the semi-annual meeting on February 16, last, Otohiko Ichiki, governor of the Bank of Japan, said in part, reviewing the bank's annual report for the year 1923:

"Reviewing the condition of the economic world, we find that it had not emerged from the process of the post-war readjustment and could not be otherwise than dull and stagnant. Suddenly on September 1 came

the great earthquake in the Kwanto region. In its train it brought many disturbances, so that incidental to the adjustment and reconstruction since the disaster the year closed eventfully.

"In the beginning of the year the money market, having been affected by the run upon banks in the closing months of the previous year, was characterised by great caution, and the business world in turn was generally apprehensive and uneasy. Afterwards, however, confidence began to be felt, and the monetary condition became easier. The prices of commodities tended upward, and also in all the markets in futures the tone underwent a change; dealings in shares, in raw silk, cotton yarns, and rice, as well as in less important staples rapidly increased, and speculative trading followed suit. Popular opinion jumped to the conclusion that the turning period of revival had been entered upon. But this apparent activity was not due to a fundamental resuscitation of business; it was merely an ephemeral phenomenon due to the special circumstances obtaining overseas. In consequence, in a little while, in the money market an attitude of strict caution was again displayed. The monetary easiness that had been seen before was due only to a temporary plethora of short money, such as money at call, and the basic tendency since the beginning of the year had been toward increasing tightness. Such being the case, business again became dull. Since June the prices of commodities had again tended downward, that is to say, the index number on the pre-war basis, that had risen from 193 at the beginning of the year to 209 in May, fell to 200 in August. The temporary improvement shown during the early months of the year did, however, much harm to the progress of readjustment, for, on one hand, it led to an increase in speculative imports, while on the other, the high prices of commodities and the boycott of Japanese goods in China had combined to depress the export trade, so that month after month since May there was a considerable excess of imports over exports.

"With regard to the position of our bank, we find that the amount of note issues which had been generally 1,100,000,000 yen odd before the earthquake, was increasing steadily after September, and reached 1,490,000,000 yen on October 1; this increase, though abated a little since then, was rapidly becoming very great as the year approached a close, and a new record was

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established on the last day of December, 1923, amounting to 1,703,000,000 yen. As to the advances made by our bank, it is found that they were to the extent of 200,000,000 yen odd generally till August, and rapidly increased since September, amounting to 645,000,000 yen on October 1, while the amount, though a gradual decrease was shown afterwards, ran up again at the end of the year to 853,000,000 yen, of which the advances made in accordance with the indemnity ordinance was to the extent of 133,000,000 yen.

"Lastly, I shall give a summary of the measures taken by our bank after the earthquake. To begin with, we did not escape fire; but fortunately enough, the important parts of our buildings remained intact, so that not a single day was our door closed for business, and we were enabled to make all the necessary provisions for the exigencies of the moment. Primarily it was our aim to facilitate monetary transactions with a view to reassuring the business world, and so we charged ourselves with the task of providing the required money to the best

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Mortgage, Industrial and Public Utility Bonds and Shares

Money on Mortgages Placed Direct

BANKING TRANSACTIONS OF ALL KINDS

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

Administration of Real and Personal Property

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

CORRESPONDENCE IN ALL LANGUAGES INVITED

of our power, irrespective of the bank's usages and practice. Now, if the more important of the emergency measures that were carried out by both the head office and the branch offices be enumerated, they will be found to be as follows: In making advances for general purposes, the advances were made direct even to those banks other than the bank's regular clients; the customary rules in connection with the choice of securities were put in abeyance; the valuation of securities was made more liberal; a more lenient discretion was used in charging interest on advances, so as to limit it to the lowest rates established for the various kinds of advances respectively; and an addition was made to the number of the bank's approved warehouses, while the same facilities were extended correspondingly to many other warehouses.

"It is now four years since our country was passing through the period of commercial depression after the Great War. During the interval steady progress of readjustment and betterment can be traced. Yet, the aftermath of the prosperous period remained in a crop of abuses, when suddenly the business world encountered the difficul-

ties caused by the great earthquake. To make the matter worse, in our foreign trade which is of vital importance to us, imports had already greatly exceeded exports during the year, and moreover, the import of a large amount of reconstruction materials in the future had to be anticipated. The prospect of our export trade, on the other hand, affords us but moderate hope, for, excepting the United States of America and Great Britain, almost all the Western countries are so deeply involved in financial and economic chaos, international complications and other troubles, that no real recovery of business is yet in sight, while, with China, the South Seas, India, and Australia, no great promotion of our export trade for the present can be expected all at once.

"In conclusion, I have to express our deep regret for the loss to the bank of the services of our former governor, Junnosuke Inouye who resigned his post. He administered the affairs of the bank for four years, from the year 1919 when he took office until last year. Faced with the difficult situation after the war, he ably discharged his onerous duties, and I am sure that we shall long remember his eminent services."

Rotterdamsche Bankvereeniging

Rotterdam Amsterdam
The Hague

Capital *fl* 75,000,000
Reserve *fl* 36,500,000

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Representative for the United States
J. Enderman, 14 Wall Street, New York

The statement of condition of the National Bank of India, Calcutta, for the year ended December 31, 1923, showed net profits for the year, after making full provision for all bad and doubtful debts, of £534,798. Adding to this amount the sum of £155,289 brought forward from the previous year, the amount available for disposal was brought to £694,054. Of this amount £50,000 was placed to the credit of the bank's reserve fund, raising it to the total of £2,750,000; £25,000 was added to the officers' pension fund, and the house property account was written down £20,000. A further dividend at the rate of 20 per cent., free from income tax, was declared, which, together with the interim dividend, absorbed £400,000, leaving £199,054 to be carried forward.

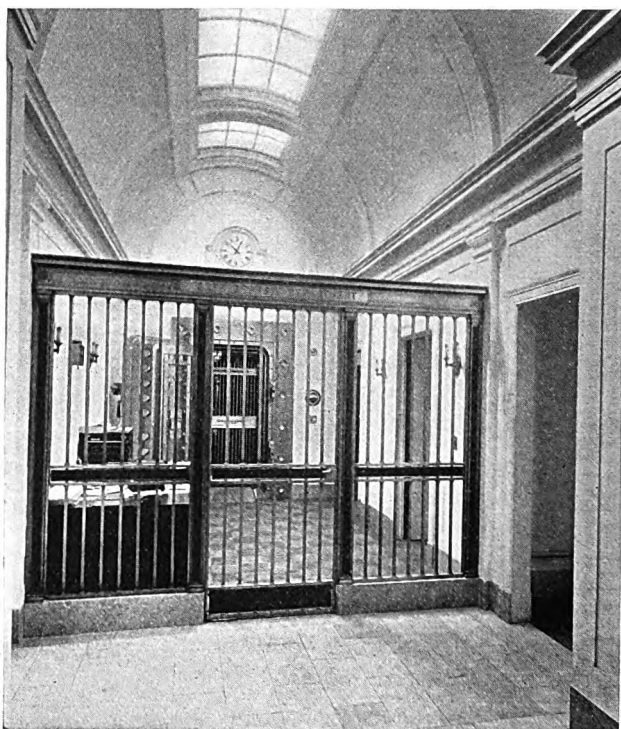
debts, and including £152,105 brought forward from last account, amounting to £410,811. From this has to be deducted £84,000, being the interim dividend of 8 per cent., less income tax, on the "A," "B," and "C" shares paid in September, 1923. Of the amount remaining, £50,000 has been added to the reserve fund, raising that fund to £1,250,000; £15,000 has been allotted to the officers' pension fund, and £20,000 has been applied to writing off freehold banking premises. A final dividend has been declared of 8 per cent., less income tax, on the "A," "B," and "C" shares, leaving the sum of £157,811 to be carried forward.

Branches of the Mercantile Bank of India have been opened at Simla, Batavia and Sourabaya.

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The statement of condition of the Mercantile Bank of India, Limited, London, for the year ended December 31, 1923, as presented at the twenty-first annual meeting of the shareholders, showed net profits for the year, after providing for bad and doubtful

At the regular meeting of the board of directors of Equitable Eastern Banking Corporation, New York, held on April 10 last a quarterly dividend of 2 per cent. was declared on the capital stock of the corporation, payable April 14 to stockholders of record March 31.



THE Central Home Trust Company of Elizabeth, New Jersey, has made a special feature of their entrance to the Safe Deposit Department. The vaulted lobby is finished in light colors and lighted by a skylight above. The bronze grille has electrically illuminated letters in the cornice with a reflector on the back side to light up the vault door at night. This department is on the axis of the entrance to the bank and can be seen from the sidewalk.

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Bank Examinations

Article XIV of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, Elizabeth and Hudson County (New Jersey) Chapters, American Institute of Banking

BANK examinations are designed to protect the public—to insure, as far as possible, immunity against failures. In the attainment of this end, they achieve a high degree of success.

The justification of bank examinations is both legal and economic. Examination implies regulation, and regulation of banks is amply justified on legal grounds. A bank is a semi-public institution. That is, it is a public convenience, and like all other businesses affected with a public interest, lays itself open to some measure of public regulation.

The economic grounds for regulation of banking are perhaps more valid than the legal. Banking is the "master" facilitating business, with which all others risk their current funds for safekeeping, transfer, or withdrawal. Banks carry a large part of the liquid capital of the nation. Business men depend upon them not only as depositories for their working funds, but also entrust them with large amounts of collateral against borrowings.

Business can be no safer than the banking system. Without sound banks business could not prosper; in fact, it could not function. If American banks had not been intrinsically sound in the last sixty years, American business could never have achieved its present productive efficiency and volume.

To a large extent, the soundness of American banking is dependent upon our banking laws, and confidence in the soundness of banks is very materially increased by public appreciation of the fact that banks are periodically examined.

In England, bank examinations by regulatory bodies instituted by the gov-

ernment do not exist. That is because the banking business in England is not only old and well established, but is largely concentrated in the hands of exceptionally able and experienced managers. In this country, banking is diffused. There are nearly 30,000 banks, many of which were organized by individuals without any adequate previous banking training.

KINDS OF EXAMINATIONS

Banks are regulated by means of (1) periodic calls for statements of condition, and (2) examinations. The Comptroller of the Currency is required by law to call for a statement of condition from national banks at least five times a year. Calls are made at irregular intervals so that the reporting banks will not have advance information as to the date the statement must be furnished. These statements must be forwarded to the Comptroller of the Currency within five days after the receipt of the notice of call, otherwise a penalty of \$100 a day for each day the report is delayed, is exacted. Before the Comptroller's call is announced, a preliminary letter containing blank reports and publisher's certificates for use at the time of the ensuing call, is forwarded to each national bank.

The directors of a bank are responsible for the correctness of all statements of condition furnished to the Comptroller of the Currency. Both civil and criminal liability attach to the wilful return of false statements. To hold directors responsible, a statement submitted to the Comptroller must be attested by the president or cashier, and by three directors. It is also sworn to before a notary public.

National banks are subject to two

OUTLINE OF ARTICLE XIV

- I. Purposes of bank examinations—to ascertain:
 1. Whether the bank is solvent.
 2. Whether the management is honest.
 3. That the bank is not violating the banking laws, or the rules and regulations of the banking authorities having jurisdiction.
 4. That although conforming to the legal restrictions, the bank is not adopting policies likely to lead to embarrassment or possible insolvency.
- II. Examinations to which a member bank is subject:
 1. If a national bank, to:
 - a. National bank examination (legally compulsory).
 - b. Clearing house examination (if member and required).
 - c. Federal Reserve Bank (optional, and upon approval of Federal Reserve Board).
 - d. Federal Reserve Board (optional).
 - e. State bank examination (trust department only).
 2. If a state bank or trust company, to:
 - a. State bank examination (legally compulsory).
 - b. Directors' examination (compulsory in many states).
 - c. Clearing house examination (if member and required).
 - d. Federal Reserve Bank (optional, and upon approval of Federal Reserve Board).
 - e. Federal Reserve Board (optional).
- III. Bank examination supervisions:
 1. National.
 - a. National bank examinations by national bank examiners.
 - b. Federal Reserve Bank examinations by Federal Reserve Board "Division of Examinations."
 2. State.
 - a. State bank, savings bank, trust company, etc. examinations by state bank examiners.
 3. Clearing house.
 - a. Members of clearing house examined by clearing house examiners.
 4. Directors'.
 - a. State banks and trust companies in many states required to be examined by their directors—or by outside auditors for the directors.
- IV. Chief points to be covered in an examination:
 1. Count "till" and vault cash.
 2. Verify loans and discounts by checking physical existence with the book records.
 3. Verify physical existence of collateral behind loans, and examine market value.
 4. Count and examine bank's securities, and check with book records. Also examine market value.
 5. Count and examine customers' securities, and check with book records.
 6. Count and examine trust department securities, and check with book records. Also examine market value.
 7. Verify bonds and mortgages against records, and see if legal requirements are met.
 8. Investigate real estate owned—deed, tax receipts, and valuation.
 9. Investigate overdrafts.
 10. Investigate directors' loans, if any.
 11. Verify amounts due from banks and bankers.
 12. Examine affairs of foreign department.
 13. Verify capital stock outstanding, and see that there is no over-issue.
 14. Verify reconcilements of individual deposits.
 15. Test calculations for interest on depositors' accounts.
 16. Verify certificates of deposit outstanding with total.
 17. Verify cashier's checks outstanding with total.
 18. Investigate possible contingent liabilities.
 19. Prove accrued items.
 20. Prove last published statement.
 21. Verify rediscounts and bills payable.
 22. Verify last profit and loss statement.
 23. Check details of expense account.
 24. Examine minute book for changes of policy.

examinations a year by the national bank examiners who act under the direction of the Comptroller of the Currency. State banks are also usually subject to two examinations a year by state bank examiners who act under the direction of the chief of the state banking department.

The banking laws of the State of New York also require periodic examinations to be made by the directors of state banks, but they are permitted to engage public accountants to conduct the examinations in their stead. The purpose of directors' examinations is to place the board on record as having intimate knowledge of the affairs of the bank which they direct, thereby militating against absentee directorates. While the law does not require it, directors' examinations are sometimes conducted by national banks.

Clearing house examinations are not official, i. e., not required by law. They are undertaken in the interests of conservative banking, and to ascertain whether or not the rules of the clearing house association are being obeyed.

The Federal Reserve Board has power to examine Federal Reserve Banks as well as member banks. The Federal Reserve Act also provides that any Federal Reserve Bank may, with the approval of the Federal Reserve Board, subject any member bank within its district to an examination. These examinations are usually for specific purposes, such as to determine whether lines of credit are excessive, and to determine the total of loans outstanding, or total borrowings from the Federal Reserve Bank. These examinations have been very infrequent.

BANK EXAMINERS

National bank examiners are appointed by the Comptroller of the Currency with the approval of the Secretary of the Treasury. Appointments are usually made from a list of eligibles secured through non-competitive examinations held at the office of the Comptroller in Washington from time to time as the

needs of the service require. The examination covers the following subjects: General banking practice, accounting, negotiable instruments, commercial and banking law, and the National Bank and Federal Reserve Acts. An examiner should also understand the principles of auditing, and the chief avenues of fraud.

The salaries of national bank examiners are fixed by the Federal Reserve Board upon the recommendation of the Comptroller of the Currency. National bank examiners have power to examine thoroughly the affairs of the banks undergoing examination, to administer oaths, and to examine any officer or employee thereof. Examiners are required to make a full and detailed report of the condition of each bank examined to the Comptroller of the Currency. The recommendations contained in this report are submitted to the directors of the bank examined from the office of the Comptroller of the Currency.

National bank examiners are forbidden to disclose the names of borrowers or the collateral against a bank's loans, and banks are prohibited from making loans or granting gratuities to bank examiners.

The regulations applying to national bank examiners apply in a general way to state bank examiners. Under the banking laws of the State of New York, bank examiners are appointed, their salaries fixed, and their duties assigned, by the Superintendent of Banks. They are required to take the constitutional oath of office, and may be retired from service upon half pay after twenty years of service, and mental or physical disability.

PROCEDURE IN EXAMINATION

No warning of the arrival of bank examiners is given. Like the "spot" audits of the auditing department it is a surprise affair, one of its benefits being that it tends to keep the clerical force always on their mettle. It affords no opportunity for a dishonest clerk to cover up possible defalcations by ad-

GENERAL MOTORS ACCEPTANCE CORPORATION

NEW YORK CITY

March 31, 1924

Capital \$9,000,000
Surplus & Undivided Profits 3,749,000
Total Resources \$12,749,000

DIRECTORS

CURTIS C. COOPER, *President*
 ALBERT L. DEANE, *Vice President*
 IRÉNÉE DU PONT, *President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
 LAMMOT DU PONT, *Vice President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
 PIERRE S. DU PONT, *Chairman, E. I. du Pont de Nemours & Co.; and, General Motors Corporation.*
 O. H. P. LA FARGE, *General Motors Corporation.*
 JOHN J. RASKOB, *Chairman Finance Committee, General Motors Corporation; and, Director E. I. du Pont de Nemours & Co.*
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Vice President
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JOSEPH L. MYERS
General Manager, Financial Sales Department.

THE obligations of this institution are regarded as an appropriate and sound medium for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Address Financial Sales Department at any office.

EXECUTIVE OFFICES

224 WEST 57TH STREET, NEW YORK CITY

BRANCHES

ATLANTA	DAYTON	NEW YORK
BOSTON	DENVER	PHILADELPHIA
BUFFALO	DETROIT	PITTSBURGH
CHICAGO	KANSAS CITY	PORTLAND, ORE.
CINCINNATI	LOS ANGELES	ST. LOUIS
CLEVELAND	MINNEAPOLIS	SAN FRANCISCO
DALLAS	WASHINGTON, D.C.	
LONDON, ENG.	TORONTO, CANADA	

vance knowledge of an impending examination.

As soon as the examiners arrive, they seal all the compartments of the vault which contain cash and securities. Then they cause a balance to be taken off the general ledger for each main account, and certain schedules to be prepared so that they may proceed to check up the physical existence of assets with the book value according to the records. The examiners are divided into groups in order that the several departments may be examined simultaneously.

The chief examiner usually has a plan of procedure which he follows, and a list of the duties which he considers to be the most important details of the examination. This plan, however, should not be rigid, since varying conditions will be found.

DETAILS OF AN EXAMINATION

The following may be taken as a synopsis of the important phases of a bank examination:

1. *Cash.* Cash is usually counted by packages. Bills of \$20 and over may be thumbed, and those of smaller denominations may be tested, except where suspicion is held against the bank. In that case, every piece of money should be counted.

2. *Exchanges.* Verify by sending a slip with the exchanges to the clearing house manager asking that the amount said to be sent be verified.

3. *Loans and Discounts.* Verify the notes against the book record, and prove total against general ledger balance. Existence of collateral should be checked against the record on the collateral loan cards, and the value of the collateral should be examined to make certain that proper margin is provided. Make a record of all past due notes, and arrearages in interest payments. Scrutinize, in particular, loans made to directors. See that loans are not made in excess of legally prescribed limits.

4. *Bond Investments.* List and count. Verify total with general ledger bal-

ance. Compare book values with actual market, noting the excess or deficit. See that bonds are not held in excess of the legal limit for the several classifications.

5. *Bonds and Mortgages.* List and check with book record and general ledger for total. See that title insurance policy, appraisal certificate, and assignment are on file, and that taxes are paid. Is interest in arrears? Does each mortgage conform to the limits prescribed by law with reference to the percentage allowed to appraised value, and the total to the limitations imposed?

6. *Real Estate.* Examine deed, title insurance policy, and tax receipts, and compare book with assessed value. Is the fire insurance protection adequate?

7. *Due from Banks.* Statements as of date of examination are sent for and reconciled.

8. *Foreign Department.* This department is usually examined by an examiner who specializes in this work. Assets and liabilities are verified, including contingent liabilities. Reconcilements are effected with foreign accounts.

9. *Capital Stock.* Prove ledger balances with capital stock account in general ledger. Check issues, cancellations, and amount outstanding.

10. *Deposits.* Examine reconciliation book with returned reconciliation blanks from customers. Examine dormant accounts in particular.

11. *Certificates of Deposit.* Verify total outstanding against general ledger control. Check cancelled certificates against the stubs.

12. *Cashier's Checks.* Verified as above.

13. *Certified Checks.* Verify total outstanding against the certification book and general ledger control.

14. *Earnings and Expenses.* Compare earnings figures with those of previous examination, and analyze net gain to show how it was attained. Check individual expense items through the expense account. Make a test check of the petty cash fund.

15. Prove all accrued items, e. g., un-



Iron Chests— *with Two Locks!*

*The Directors of the Massachusetts Bank
voted on May 20, 1784:*

“The Committee . . . were desired to take such officers belonging to the Bank as they think necessary to sort and count the money they have received . . . and as they finish counting daily to deposit the Money so counted in Iron Chests and lodge the keys of these Chests with the President each night.”

IRON chests, even with *two* locks, are out of date now, but the earnestness which provoked the Committee in 1784 to adopt an extra and unheard-of precaution is still at work, safeguarding 77,000 customers' diversified interests. The Committee showed then, as we are trying to show in 1924, that the definite intention of this bank is to be **FIRST** in usefulness to all of its customers all of the time.

The **FIRST** NATIONAL BANK *of* **BOSTON**

1784 :: :: 1924

MAIN OFFICE, 70 FEDERAL ST.

Foreign Branches
BUENOS AIRES AND HAVANA

London Representative
24, OLD BROAD STREET, E. C. 3

earned discount, accrued interest payable, and accrued interest receivable.

RELATION OF CLERKS TO EXAMINERS

The attitude of bank clerks toward bank examiners, whether from an outside organization or from the auditing department of the bank, should be one of friendliness. National and state bank examiners have been in hundreds of banks, and consequently possess intimate knowledge of bank operating methods. They are unprejudiced and disinterested persons, and because of their experience, are in a position to make valuable suggestions.

Clerks should assist examiners wherever they can. The expenses of examiners are paid by the bank under examination, and it is their duty to aid the bank in improving its methods. Any suggestions the examiners offer should, therefore, be appropriated and applied. Any obstructions placed in the way of the examiners delay their work and increase the cost of examination to the bank.

RESULT OF AN EXAMINATION

Every examination culminates in a report directed to the board of directors of the bank examined. Thus, banks under examination derive any benefit by way of suggestions that the examiners may have to offer.

It should not be supposed that an examination is a detailed audit. Examiners do not ordinarily prepare an independent financial statement and set up a profit and loss statement. They merely check the unaudited statement which the bank itself prepares. Neither do they certify that no defalcations or embezzlements have occurred.

After an examination has been completed, a comprehensive report is prepared upon the condition of the bank, and the chief bank examiner submits it in writing, addressed to the board of directors. The board of directors is required to act upon the advice of the bank examiners, who may, for instance,

require the writing off of overdue notes or other doubtful assets, or depreciation on investments, and even that additional capital be furnished to make good losses sustained, although an actual deficit may not have occurred.

Improvident policies and loose methods are criticized, and recommendations for their improvement are made. Suggestions may also be made for improvement in systems. Reports of national bank examiners are required by law to be read at the next succeeding meeting of the board of directors, and noted in the minutes.

READING ASSIGNMENT

W. H. Kniffin: Practical Work of a Bank, Chap. 12. (Bank examinations and audits.)

W. H. Kniffin: The Business Man and His Bank, Chap. 24. (Brief treatment of the work of examiners.)

O. H. Wolfe: Practical Banking, Chap. 10. (Examinations and their conduct.)

L. H. Langston: Practical Bank Operation, Vol. 2, pp. 630-33. (Brief statement of the various kinds of examinations.)

Willis & Edwards: Banking and Business, Chap. 14. (The why and how of bank examinations.)

A. K. Fiske: The Modern Bank, Chap. 24. (Purpose of and procedure in bank examinations.)

SUPPLEMENTARY READING

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

O. W. Birkhead: How Directors Should Examine their Bank.

Regulations of various State Banking Departments.

QUESTIONS

1. State four purposes of a bank examination.
2. What examinations is a national bank subject to?
3. What examinations is a state bank subject to?
4. What examination is a Federal Reserve bank subject to?
5. What are the various bank examination jurisdictions?
6. What official has charge of national bank examinations?
7. Under whose jurisdiction do state bank examinations fall?
8. What particular purpose is served by directors' examinations?
9. Do the national bank laws require directors' examinations?



Powerful Westinghouse Turbines in plant of Interboro Traction Co., New York City.

Westinghouse Products are as popular in the home as in the great power stations.

Good Will and Good Value

Westinghouse has "written off" enough good will to operate many great enterprises — and still retains it in untold value in every quarter of the globe.

Good will is tangible value. It is the product of time and good work. Applied to Westinghouse, it is the result of *service* to all mankind.

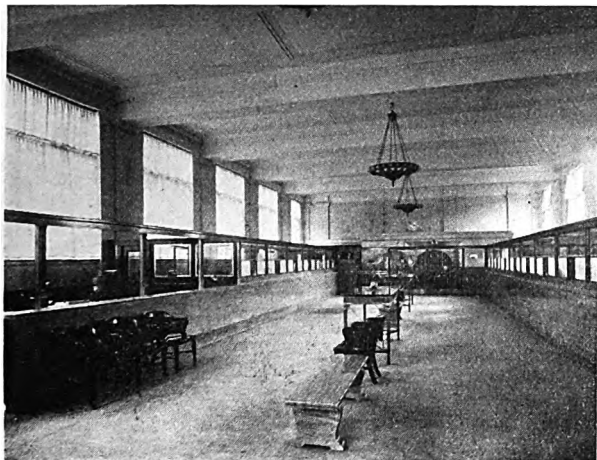
Go where you will, from the gold mines of Alaska to the rice fields of Japan; go to any civilized country

and you will find products of this institution lightening the burden of man, at home, in industry, and in transporting him from place to place.

Both within and without this organization, there exists an ever-increasing volume of goodwill, typified on one side by the Westinghouse Veterans' Association, and on the other by the army of Westinghouse-trained men to be found leading and developing individual businesses.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
Offices in all Principal Cities • Representatives Everywhere

Westinghouse



THE interior of the Homestead Branch of the Peoples Trust Company, Brooklyn, N. Y. was especially designed to take care of large numbers of Depositors. The safe deposit department is made accessible to the public on the first floor. Second floor is fully occupied as bookkeeping department. Directors' room is in the front and dining room and kitchen in the rear

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street - - - - New York

10. What particular purpose is served by clearing house examinations?

11. What is the justification for bank examinations?

12. What are the economic grounds for justification of the regulation of banks?

13. Why are there no bank examinations in England?

14. Do you think that bank examinations can ever be dispensed with in the United States? Why, or why not?

15. In what other way are banks regulated other than through examinations?

16. To how many examinations per year are national banks subject by national bank examiners?

17. By what official are national bank examiners appointed?

18. What subjects are covered in the examination of bank examiners?

19. Why are bank examiners prohibited from accepting gratuities from banks?

20. What obligations are imposed upon bank examiners by law?

21. What are the first steps taken by the bank examiners when they start a bank examination?

22. What are the chief assets and liabilities to be examined?

23. What points are to be observed in

the examination of loans and discounts? Securities?

24. What is meant by a test check?

25. What should be the attitude of the bank clerk toward examiners?

26. What particular points should be observed in the examination of real estate loans?

27. What further classification and examination should be accorded past due paper?

28. Under what conditions are national banks allowed to lend money to their directors?

29. Is a bank allowed to lend upon its own shares as collateral?

30. What is the function of the York State Banking Department's credit bureau?

31. Mention three or four principal avenues of defalcation.

32. Is it a bank examiner's duty to scrutinize the minute book? To examine the physical security provided by the vault or safes? To examine officers' and employees' fidelity bonds?

33. Do bank examiners have authority to question the officers, directors, and employees on matters pertaining to the bank's affairs?

34. Is it a bank examiner's duty to protest excessive lines of credit?

35. Do bank examiners prepare a balance sheet of the banks they examine?

36. Is a bank examination any proof that there have been no defalcations? Is it proof of solvency?

37. Upon whom does the cost of bank examinations fall?

38. What benefit does the examined bank

derive from an examination?

39. In what does a bank examination culminate?

40. What attention is the bank examiner's report required to receive by the board of directors?



Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

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

QUESTION: I have before me the statement of a paper mill taken at the close of the current year. I am not familiar with this type of business and would appreciate information as to the following: Does the fixed investment in this industry usually run fairly heavy? As of December 31, should cash and receivables normally equal or exceed current debt? What is a fair current ratio?—C. N. K.

ANSWER: The fixed investment in the case of paper mills is almost invariably very heavy. The business requires a large plant and the first criticism of a paper mill statement by a credit man not familiar with that type of business usually is that the fixed investment is entirely too heavy and that the balance sheet is unbalanced for that reason. The statements of most paper mills in the past two years have shown fixed investments in excess of net worth. As an average, fixed assets will comprise 67 to 70 per cent of the total assets of the company. This compared with the showing of most mercantile statements is obviously out of line. We also are not usually able to apply the "cash and receivables equal to current debt" test to this industry. As of December 31, the average

paper mill statement probably shows that it will take all of cash and receivables and about 20 per cent. of merchandise to equal current debt. A stronger cash and receivable position is of course desirable from the credit man's point of view, as well as a quick position less predicated on a large inventory, but this is typical of the industry at the time mentioned. The current ratio should normally exceed two for one, and in view of the composition of the current assets, we should like to see three for one, altho that is above the average. A fair ratio is about 2.25 to 1.

QUESTION: Do you feel that a bank is ever warranted in loaning a company on its single name paper when the company is selling its receivables to a discount or finance company? What should be the bank's attitude if it discovers the concern in question has been doing this without its knowledge? Suppose the bank is working in close touch with the finance company and the selling of receivables takes place only when it is necessary to finance peak inventories at a time when the bank does not care to extend the additional accommodation?—H. M. M.

ANSWER: We are not in favor of a bank's loaning a company on its single name paper at any time that it is selling or pledging its receivables with a discount or finance company. The principle in question is that every mercantile house should have one distinct method of borrowing; with such the margin of safety can be carefully watched. To borrow in more than one way is to confuse the credit risk, to facilitate overtrading and to lessen the margin of safety for the unsecured creditor. Discount or finance companies have a perfectly legitimate place in our financial system. Through their organization they are able to handle types of risks on a secured basis which a bank could not touch. However, a mercantile company in carrying on its business should finance itself either one way or the other; to mix the two almost always leads to trouble.

If a bank discovers that a company has been selling its receivables without the bank's knowledge while the bank has been loaning it on its straight paper, we should say that the bank should close out the account as soon as possible. Concealment from the bank of this form of borrowing, knowledge of which would have caused the bank to withdraw its line, constitutes deception and to us would indicate a questionable moral risk. That type of risk is better off the books of any bank regardless of how strong the statement may be.

The fact that a bank is working in close touch with a finance company may to some extent alter the situation, but as a general rule we consider it bad policy to mix the two methods of borrowing. By allowing its customer to sell its accounts the bank places itself in the position of an unsecured creditor, whereas the finance company is secured by a portion of concern's most liquid assets, with a comfortable margin. If the finance company will not loan the customer on an unsecured basis, why should the bank be asked to? It is a fact that the vast majority of the concerns today which sell their accounts are too weak financially to obtain accommodation on any other basis. As such

they have no place as unsecured debtors on the books of a conservative bank.

QUESTION: I have recently been interested in comparing the statements of various out-of-town banks for which this bank is a correspondent, and I wonder if you can give me some information on one or two points in connection with their statements. In a comparison of loans and discounts to deposits, what would you consider a fair ratio for a national bank? What item on a bank statement should be scrutinized most carefully?—C. W.

ANSWER: The solvency of almost any commercial bank depends to a large degree upon the condition of its loans and discounts. A national bank's investments in securities is of course a very important item, but as a general rule the loans and discounts constitute the principal item on the statement, usually comprising about 55 per cent. of the total assets of the bank. Consequently, in order to analyze a bank statement properly it is necessary to scrutinize this item very carefully. If we can assure ourselves that the loans and discounts are in liquid shape we can usually feel certain that the bank is in sound condition. It is difficult to make an exact statement as to how loans and discounts should compare with deposits, because the ratio varies considerably in different sections of the country and at different times of the year. As a general rule, however, loans and discounts should not exceed deposits.

During the business depression of three years ago, when most borrowing customers were calling heavily upon their banks, the loans and discounts of national banks ran as high as 80 per cent. of total deposits at the time of the call in the fall of the year. A fair average percentage of loans and discounts to deposits at the time of the fall call is 72 per cent.

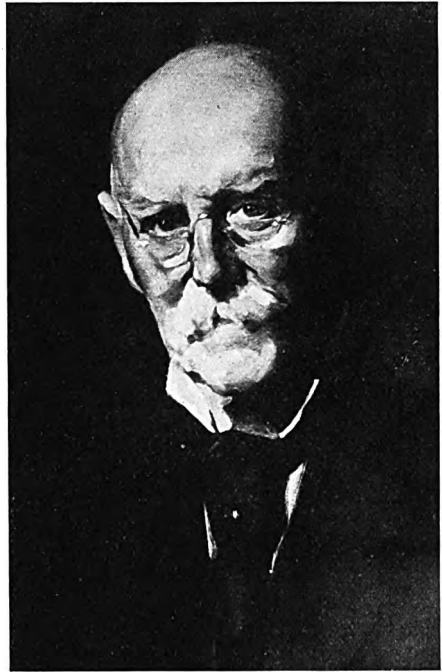


The Passing of a Stalwart Old Time Banker

WITH the passing of Samuel Gamble Bayne New York lost one of those stalwart old time bankers of whom there are very few remaining. Coming to this country as he did over half a century ago from Belfast, Ireland, where he had had a very strict Scotch-Irish Presbyterian training, he never changed his mode of living, or his ideas on honesty.

When he started across the ocean he intended to purchase abandoned cotton plantations in the South, which were so common in those days due to the Civil War, but on the boat he met Colonel Amasa Mason of Boston, an oil producer, who persuaded him to go into the Pennsylvania oil fields, which changed the entire trend of his life. In that district where petroleum was king and where every man had to stand absolutely on his own merit he rapidly carved a place for himself and became associated with some of the men whose names have since been echoed around the world in the oil activities. His energy was almost without limit. While he was stoking his own engine by night, his interest in the stars was such that he collected data on his book, "The Pith of Astronomy," which is selling today quite as well as when it was written way back in the past.

His wide reading, his sense of humor, his ability to sense a situation and his moral courage to step forward where he thought the situation justified him in so doing caused him to become perhaps the first of the producers of interesting advertising, and his stories and cartoons in the *Oil City Derrick* were classics of the oil region. P. T. Barnum at the height of his career saw how forceful these were, and offered Mr. Bayne a very big salary if he would write his advertising for him. When oil dropped from \$5 to 50 cents a barrel Mr. Bayne was one of the very few in the oil region who was able to liquidate all his debts and have money left over. He lived with his wife



SAMUEL GAMBLE BAYNE

Organizer and late chairman of the Seaboard National Bank, New York

(After a recent portrait by De Witt Lockman)

for a year, as did others in the oil district, on literally anything they could work up, but this year of inactivity he turned to great value by diagnosing the future, and out of these thoughts he constructed the firm of Bayne, Wilson and Pratt for oil line supplies, which ultimately became one of the units of the National Supply Company whose offices are found everywhere where oil comes to the surface.

He organized the First National Bank of Bradford, Pa., to handle his business. Later he came to New York and organized the Seaboard National Bank. He became its president, occupying that position until two years ago, when he took the position as chairman of the board. Throughout the South and Southwest he organized many banks, every one of which has turned

out to be a great success in its district, not only for the original stockholders, but as a builder of its community.

As a world traveler Mr. Bayne crossed the Pacific and went through Japan at a time when, in many places, he was the first white man they had ever seen, and due to friends he made on the trip he became a friend of the Mikado, who invited him to stay in Japan and develop their oil activities. He traveled around by himself with an egg shell and a fish fin, as neither he nor the natives could understand each other, but with these signs he never lacked food. He crossed the Andes. Russia in the old days was a familiar camping ground of his. He knew the byways of the Orient from his own experience. His experiences in Patagonia were a delight to those who love nature as nature made herself, and there was practically no place or subject on which he had not some personal experience. He knew the stage as few men have known it. He

was one of the most consistent first-nighters that New York ever had, and he personally was acquainted with many of the stars from Sam Phelps, Sir Henry Irving, Helen Three, etc., on to the present day.

Sport was always an essential to his life. As a champion cricketer representing Ireland against England as a young man he followed on in this country when he arrived and even in his last year when entering his eightieth mark he did not miss a big prize fight, and he went to see Dempsey and Firpo with as much enthusiasm as any youngster of the day. He was one of the original organizers and directors of the New York Produce Exchange and Safe Deposit Company. His loss is going to be felt far and wide. He was rounded out in all his details, big, broad-gauged, with deep understanding, and when he passed in the 80th year of his life he kept his vigor right to the end, for indeed he was a man among men.



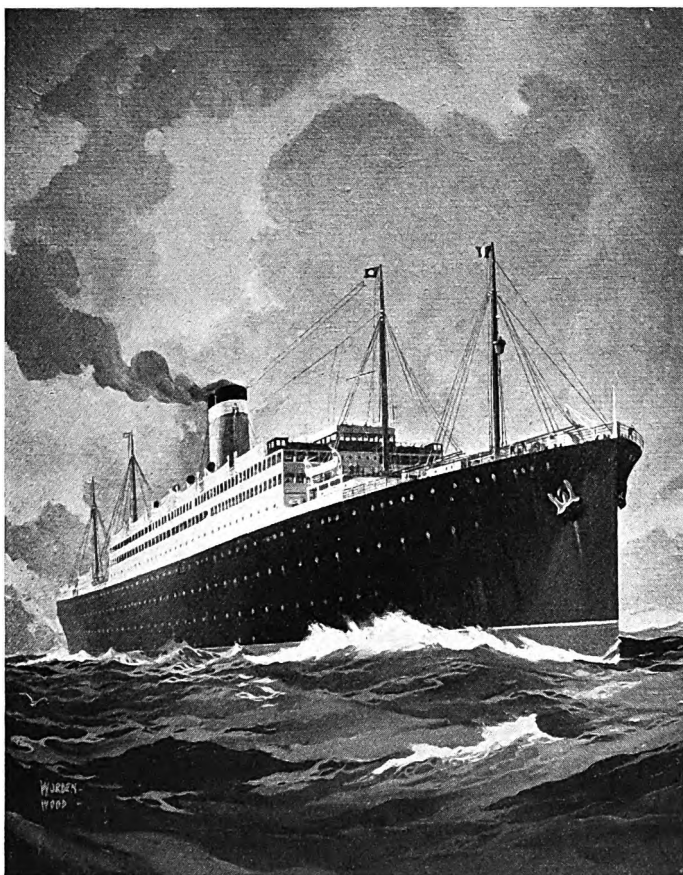
New Jersey Essay Wins Chapman Prize on North- western Farm Solution]

DIVERSIFIED farming and reduced production of small grains can do more to cure financial ailments of Northwest farmers than any other remedy so far put forward, William Hayes, Montclair, N. J., wrote in an essay which has just been chosen as winner of the \$250 cash prize offered by Joseph Chapman of Minneapolis for the best article offering a solution of Northwest farm problems.

Mr. Chapman, vice-president of the L. S. Donaldson Company, Minneapolis, offered the prize because of his interest in the American Institute of Banking, of which he was one of the founders. The contest was open to a present membership of 56,000 bankers, organized into 160 chapters.

Harry G. Hodapp, advertising manager of the Wells-Dickey Trust Company, Minneapolis, won second place in the contest, and the third place went to Fred Heinecke of the National Bank of Montana, Helena, Mont.

Judges were Charles Donnelly, St. Paul, president of the Northern Pacific Railway; M. A. Traylor, Chicago, president of the First Trust and Savings Bank; E. T. Meredith, Des Moines, Iowa, editor of "Successful Farming;" H. L. Russell, Madison, Wis., dean of the University of Wisconsin college of agriculture, and Nils A. Olson, Washington, representing the division of agricultural finance of the Department of Agriculture.



The "Republic" of the United States Line. This huge ship will carry delegates of the Advertising Clubs of the World to London in July

American Advertising Men Going to London on New S. S. "Republic"

CHOSEN by the United States delegates of the Advertising Clubs of the World to bear them to London for the big convention which publicity men from all portions of the globe will attend, the S. S. "Republic" of the United States Lines will make her departure from the port of New York on July 3.

The "Republic," one of the largest and most luxuriously equipped cabin liners in the world, a fitting sister ship to the popular "America," is the latest acquisition to the United States Lines

fleet. The big ship just recently came under the house flag of the Lines, following a thorough overhauling and reconditioning in the shipyards at Newport News, Va. It seems eminently fitting that the advertising men in the United States who are so sincerely engaged in exploiting American products, should journey to London on this vessel which represents all that American ingenuity can offer in making her safe and comfortable in every way.

Our Ideal—

To render a constructive and satisfactory service of distinctive quality and value, has always been the prevailing ideal of the FIRST NATIONAL BANK in St. Louis.

Excellent organization, modern facilities, large resources and complete equipment, is the foundation upon which this dominant institution has built its superstructure of efficiency and service.

*In selecting a bank to take care of
your Mid-Continental business, consider
"the First" in St. Louis, the largest
National Bank West of the Mississippi.*

FIRST NATIONAL BANK



Broadway-Locust-Olive

R E S O U R C E S O V E R \$ 1 4 0 , 0 0 0 , 0 0 0 . 0 0

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

BANK loans secured by the highest grade mercantile paper have lately been made at rates that are below the average of every year since 1916, according to The Mechanics & Metals National Bank of New York, which says in its April business review:

The theory is very naturally being advanced by many people that while the country is prosperous everything should be done to have it grow more prosperous, if that is possible, and so these people are holding to a belief that the way to speed general prosperity would be to have credit more abundant, more accessible, and more cheap. Those who know the cause and effect of redundant money find it difficult to combat the public fallacy regarding an abundance of credit, especially as periods of inflation in the past, with an abundance of credit, are remembered by the public as periods of "prosperity." It will readily be recalled how in 1920 the popular approval of inflation was of all the economic heresies the greatest to combat, and memory is still keen of the popular outcry that arose against the measures which were finally enforced to check that inflation.

Desire to cheapen money is constant; the banker and the political economist may argue that continuing low rates have an evil effect, yet from the rank and file of people there is bound always to be approval of any suggestion that the banks make it more easy for borrowers to negotiate loans. Judging by concrete personal example, the average citizen infers that the greater the volume of credit released by the banks, the greater the benefit to all. The invariable personal experience is that the more money one has the more prosperous one is, and the average citizen therefore concludes from his

own experience that the more money there is in the country, and the more credit there is, the richer everybody for that reason must be.

Hence, in every consideration of the money situation, what the banker needs to oppose is the view that abundance of credit alone means prosperity, and he needs further to oppose any unnatural movement that will cheapen money too much and make it easy for borrowers to venture along untried and hazardous lines.

THE INCREASE IN TELEPHONE EQUIPMENT

The annual report of H. B. Thayer, president of the American Bell Telephone Company, presents some interesting facts and figures. Mr. Thayer says that:

The habit of using the telephone steadily grows. There is no saturation anywhere. Our population increases about 1,500,000 annually. All indications point, therefore, to an increasing rather than an abating demand for our service.

A summary of the report shows that:

The financing during the year included the sale of \$100,000,000 debenture bonds of the American Telephone and Telegraph Company. Since 1920, the relation between the funded debt and capital stock of the company which has always been maintained on a sound basis has been materially strengthened. As of February 1 the funded debt was less than 28 per cent. of total capital obligations.

During the year there have been installed a total of 2,160,000 telephone stations, and 1,138,900 telephone stations have been discontinued. The net gain in telephones for

the year was 891,342. This has meant net additions to plant of \$250,000,000, a construction program much larger than any preceding year. A still larger program is planned for 1924 to provide for continued growth and insure greater promptness of installation.

Nearly 100,000 employees of the Bell System are paying for approximately 400,000 shares of American Telephone stock at the rate of \$3.00 per share per month. The price to employees is now \$118 per share. Upwards of \$60,000,000 is now invested in stock of the Bell System Companies by employees. The number of telephone employees December 31 was 271,987.

The statement of Bell System statistics shows one telephone station for each seven of the total population. The average daily telephone conversations during 1923 were 42,792,000.

The charges for current maintenance were 5.2 per cent. and for depreciation 5.0 per cent. of the average plant in service during the year. Taxes comprised a charge of \$4.60 a station.

The financial statements of the American Telephone and Telegraph Company showed that the company in 1923, after meeting all operating charges and making adequate provision for depreciation and obsolescence, and for Federal and other taxes, had available for interest and dividends \$95,889,918.08. Interest charges were \$13,697,736.66, a reduction of \$1,800,275.22 from 1922. Dividends paid to stockholders at the rate of \$9.00 per share per year, amounted to \$63,274,388.10, an increase of \$10,303,136.17 over 1922. Of the resulting balance, there was appropriated for contingencies \$3,000,000 and the remainder, \$15,417,793.27 was carried to surplus.

The number of stockholders of record on December 31 was 281,149, an increase of 82,224 during the year. The average number of shares held per stockholder in 1900 was 76, today it is 26, or an average holding of \$2600 at par.

MODERATE CURTAILMENT OF ACTIVITY

Moderate curtailment of industrial activity is now in progress, but the enormous consuming power of the country is an assurance against any immediate, drastic decline in general business. This is the view of the Cleveland Trust Company as presented in its *Midmonth Business Bulletin* for April.

"During the first quarter of 1924 there was a remarkable expansion in general trade activity," says the bank.

"Until the middle of February wholesale prices showed a strong tendency to advance with the increased activity of business. About the middle of February, however, average wholesale prices began to decline. This gave the first indication that expanding production was rapidly supplying the urgent demand for most commodities." The bank continues:

During the latter part of March the conservative attitude of business men toward future commitments became more pronounced. As a result, early in April came reports of moderate curtailment of production. For more than two years American industry has been engaged in making up deficits of goods resulting from the war and the post-war depression, in addition to supplying current needs.

As a result, there has been built up a productive capacity somewhat greater than is needed to supply current requirements alone. This conclusion is confirmed by recently published census statistics. In the decade ending with 1922 the total wealth of the United States increased 72 per cent., while the value of manufacturing machinery, tools and implements increased 159 per cent.

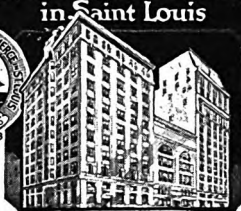
Under these circumstances capacity operations cannot continue indefinitely, and as production lags competition to supply current business demands becomes keener. This is what has been happening in recent weeks—a readjustment of production to a level of demand that now primarily embraces immediate consumption. In view of the great consuming power of the country, there is little likelihood of any drastic decline in general business.

IS A BUSINESS RECESSION AT HAND?

"In recent weeks," says the current letter of the First National Bank of Boston, "there has been creeping over the country, and is now well-nigh general, a belief that a recession in business is at hand. A similar movement," continues the bank, "has been taking place abroad, including England, and the same atmosphere of uncertainty, hesitancy, and restriction of forward orders to immediate and urgent needs is everywhere evident. No drastic declines in prices or in volume of trading is apparently expected, but simply a period of lessened activity, permitting

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Let us know your requirements.

Willing Cooperation is a Part of Our Working Capital

to some extent another step in readjustment toward pre-war levels and relationships." The bank goes on to say:

As is well known, business for the first quarter and at present is in most branches of industry every active, although profits are far from satisfactory. Retail and mail-order trade is heavy and stocks low. Orders are placed frequently for small quantities, and telegraphic repeat orders, coupled with demand for shipments by express, indicate two things—a well sustained demand by consumers and a belief in lower prices on the part of dealers. The railroads established a new high record during the January-March quarter for movement of miscellaneous freight in less than carload lots—a fair indication of the consuming power of the country. With certain industries, notably textiles, depressed, the percentage of unemployment is extremely low. Of the three special lines which have been vital factors in buoying up business, namely, building construction, motors and steel, the latter two show signs of a lull.

Production in both is still well maintained, but revision of schedules downward, based on real or anticipated lessened demand, is under way. The program for building construction, however, is of such huge propor-

tions, and projects actually started are so great, that employment in the building trades and collateral industries seems assured for months to come. The cotton textiles—curtailing about 25 per cent., and harassed by high and fluctuating cotton prices have recently shown signs of improvement. While Southern mill curtailment is on the increase, certain Northern mills have announced resumption of operations.

One cause of the present attitude of uncertainty, in the face of existing good and healthy business and favorable foreign developments, lies in the fact of commodity price decline. After a full year of remarkable stability in basic commodity prices, a downward movement has taken place, the effect of which means readjustment all along the line. Of the declines, some of the more important are bituminous coal, hides, hogs, pig iron, rubber, silk, and last, but not least, wheat.

The money market, which has been softening for several months, seems to have reached a firmer basis, with indications of somewhat higher rates. Lenders are asking and borrowers are electing to pay more for six months' maturities than for three or four months' paper. The Federal Reserve percentages, not widely different from a year

\$50,000 Prize Design for Tribune Tower to be Created in Indiana Limestone

ON its seventy-fifth birthday anniversary in June, 1922, The Chicago Tribune resolved to provide a new and beautiful home worthy of this great newspaper, which had advanced from a room over a grocery to a gigantic publishing plant.

It announced the greatest architectural contest of history. One hundred thousand dollars in prizes were offered to architects. The competition was open to the world. The architectural ideas of twenty-three countries were drawn into the contest and two hundred sixty designs were received.

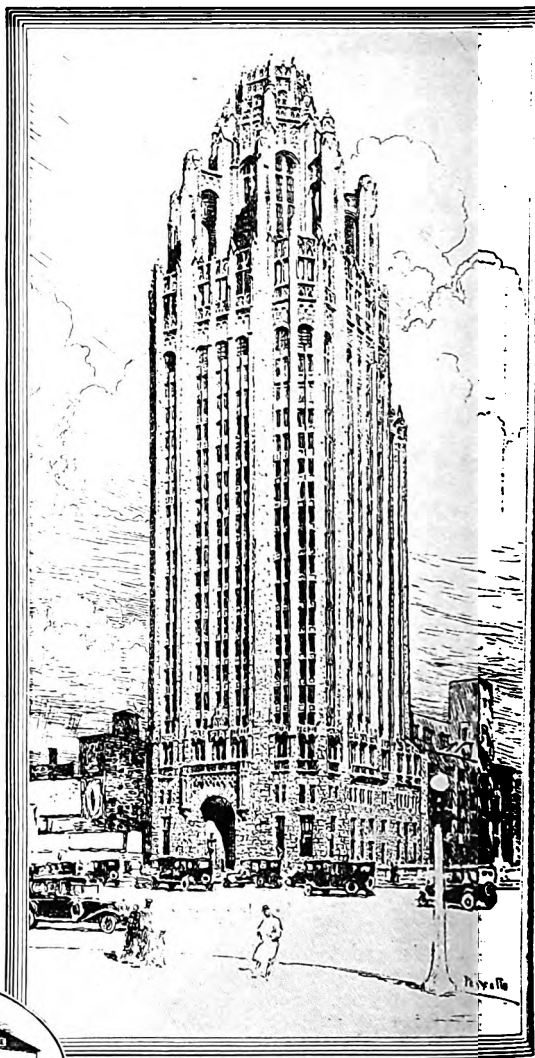
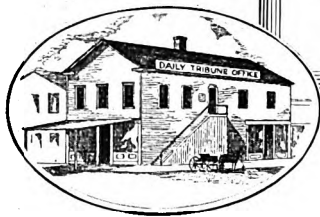
The design submitted by John Mead Howells and Raymond M. Hood, Associate Architects, New York City, was given first prize of \$50,000 by the Jury of Award.

Dr. Emerson Swift, University of Chicago, stated: "The Tribune Tower is an epoch making building. It represents the highest development of the office building type in the world. It is the building of the decade and perhaps of the century."

The owners' high resolve "to adorn with a monument of enduring beauty this city in which the Tribune has prospered so amazingly" is evidenced in their selection of Indiana Limestone for its construction.

Our handsomely illustrated booklets on Indiana Limestone will be sent free upon request.

INDIANA LIMESTONE QUARRYMEN'S ASSOCIATION
Box 758, Bedford, Indiana
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*Tribune Tower, Chicago
John Mead Howells & Raymond M. Hood,
Associate Architects, New York City*



*The Pyramids remain today
as permanent evidence that
limestone is the world's most
enduring building material.*



Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,500,000 Undivided Profits \$319,000

JULIAN D. FAIRCHILD, *President*

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ALBERT I. TABOR, *Assistant Secretary*

J. NORMAN CARPENTER, *Trust Officer*

ALBERT E. ECKERSON, *Auditor*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

ago, have lost some of their value as indicators, on account of the heavy inflow of gold. While the member banks are loaning to customers well up toward half a billion more than a year ago, that increase has been practically offset by importations of gold during that period. The net trade balance, including invisible factors, fell from \$488,000,000 in 1922 to \$152,000,000 in 1923. As the present trend is toward smaller exports and larger imports, a resulting lessened inflow of gold might well be the controlling factor making for higher interest rates.

INSTALMENT BUYING

"The deferred payment plan of buying is variously regarded by those who have watched its development in this country," says the current letter of the American Exchange National Bank of New York. "Those who regard it as economically unhealthy," continues the bank, "say that it leads to national extravagance, cripples established trade and decreases the savings fund from which capital for extensions and betterments is drawn. On the other hand, those who favor the free development of the system say that it encourages savings, develops habits of thrift, opens new fields for industry and places practically all modern comforts and luxuries within the reach of everybody." The bank goes on to say:

It is apparent that these opposing contentions cannot all be absolutely true, and it is therefore clear that the position taken on the question depends on the point of view from which it is regarded. The deferred payment plan of buying is now practiced in nearly every form of merchandising, from insurance to homes. The deferred payment plan has

been in use in this country practically ever since it was founded; the old Colonial mortgage was nothing more than a purchase mortgage under which the seller retained title until all the payments had been made. This is the form most commonly used in selling goods on the deferred payment plan today.

Obviously, goods that wear out before they can be paid for on the deferred payment plan cannot successfully be sold under that plan. If they were so sold there would be reason for alarm on the part of those who watch and guard the economic health of the country. The accumulation of debt that would result from the unliquidated deferred payments from one purchase overlapping those of the next purchase would become insupportable both morally and financially to the debtor and to the community. The trades which sell goods with lives that extend far beyond the date of final payment operate on comparatively safe ground. But the fact that some trades cannot safely engage in selling under the deferred payment plan does not necessarily mean that they actually lose volume as a result of the practice on the part of other trades.

The broader market given the trades that produce goods that can be sold under the plan provides employment for more workers, and while individuals may get along with fewer of the things they formerly used liberally, the workers in the factories and trades that sell under the deferred payment plan become buyers and their buying offsets the loss which the trades that cannot use the deferred payment plan might otherwise sustain. Properly used, the deferred payment plan does not result in waste or extravagance; many of the things bought under the plan last a lifetime and to that extent become fixed wealth.

The habits of thrift being formed through the necessity of budgeting for payments are curing a defect in our national character that has caused more complaint than can be made against the deferred payment plan of

Research and Investment Stability

IN any technical and continually growing business like that of the American Telephone and Telegraph Company, there is a tendency towards certain increased costs which can be held to a minimum by technical research and development. Increasing complexity is the natural result of increased demand and complexity in itself means greater expense. By new inventions and developments, and the establishment of improvements of many sorts, more economical processes have been employed and the value of the telephone service has been steadily increased without a corresponding increase in rates.



"The People's
Messenger"

For this purpose the American Telephone and Telegraph Company maintains a department of research which is not paralleled by that of any other private enterprise, and which insures the stabilization of its business because each new need is met by a new development.

*A. T. & T. pays \$9 per year dividends.
It can be bought in the open market to
yield about 7%. Write for full information.*



BELL TELEPHONE SECURITIES CO. *Inc.*

D.F. Houston, President
195 Broadway NEW YORK

buying. The ideal we seek under capitalism is maximum comfort for everybody, and the deferred payment plan is merely a means of partly anticipating the ideal.

THE BUILDING CONSTRUCTION OUTLOOK

Building construction records may be shattered during the present year, according to a survey of conditions in a thousand cities and towns announced by the Indiana Limestone Quarrymen's Association.

"Building activity for the first quarter of the year," declared the statement by President Thomas J. Vernia, "clearly points to a huge volume of heavy building for months ahead." Mr. Vernia continues:

Winter building was the most extensive in history. For the first sixty days of this year construction contracts total \$602,000,000, a 15 per cent. increase over the previous year, and figures for March, still incomplete, show a sharp increase over the same period the preceding year.

Continuance of such activity, with proportionate increases during the intense building season, would shatter the tremendous volume record established last year. Early spring reports indicate the continuance of unusual activity except in a few districts. Construction of commercial buildings, schools, churches, hospitals and homes has been greater than last year, while the volume of contracts on recreational structures has slightly decreased.

In large cities, including New York, Philadelphia, Baltimore, Detroit, Minneapolis, St. Louis and San Francisco, building has been proceeding rapidly or is about to open on a broad scale, while in Chicago building permits issued would indicate that last year's \$810,000,000 construction program will be surpassed. The construction industry is well prepared for the heavy demand. Production is on a better basis; the transportation situation has improved for delivery of raw and finished products. Reports also indicate that adequate mortgage money is available for financing the big volume of building which there is every reason to anticipate.

BUSINESS FAILURES FOR THE FIRST QUARTER

Business failures in the United States numbered 5655 in the first quarter of 1924, according to a compilation by *Dun's Review*. This compares with



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Capital - \$3,000,000

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President

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**FOURTH STREET
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The Corporation Manual

Twenty-fifth Edition, 1924

A systematic arrangement of the statutes affecting both foreign and domestic business corporations in all states.
The Uniform Stock Transfer Act.
The Blue Sky Laws.
The Anti-Trust Laws.
Forms and Precedents.

United States Corporation Company

65 Cedar Street, New York

5218 suspensions in the last quarter of 1923 and with 5316 in the first quarter of last year. The outstanding feature this year was the aggregate of liabilities, which was \$184,865,571, against \$138,231,574 in the first quarter of last year. The sharp increase was due principally to the recent failure of the Virginia Carolina Chemical Company and its subsidiary, the Southern Cotton Oil Company.

The monthly and quarterly record of business failures, with liabilities, is given in the following table:

	Number		Liabilities
	1924	1923	1924
January	2,108	2,126	\$51,272,508
February	1,730	1,508	35,942,037
March	1,817	1,682	97,651,026
First quarter	5,655	5,316	\$184,865,571
	1923	1922	1923
October	1,673	1,708	\$79,301,741
November	1,704	1,737	50,291,708
December	1,841	1,814	51,614,730
Fourth quarter	5,218	5,259	\$181,208,179
July	1,231	1,753	35,721,188
August	1,319	1,714	34,334,722
September	1,226	1,666	28,698,649
Third quarter	3,776	5,033	\$98,754,559
April	1,520	2,167	51,491,941
May	1,630	1,960	41,022,277
June	1,358	1,740	28,678,276
Second quarter	4,408	5,867	\$121,192,494
January	2,126	2,723	49,210,497
February	1,508	2,331	40,627,939
March	1,682	2,463	48,393,138
First quarter	5,316	7,517	\$138,231,574

The total liabilities of \$97,651,026 reported for March this year was the largest for any month in the history of

the country. The previous high record was the \$87,500,000 in December, 1921. It was in March that the chemical and cotton oil companies referred to above went into receivership. According to the review "four manufacturing defaults alone supplied 60 per cent. of the total liabilities reported, and one, the chemical company in the South, had liabilities of \$40,000,000, or fully 40 per cent. of the aggregate for the month."

OUR AUTOMOBILE INDUSTRY

Announcement that the automobile production of the United States in the first two months of the current year is 25 per cent. greater than in the same months of last year suggests that the 1924 outturn may approach the 5,000,000 line as against the former high record of 4,000,000 in 1923.

The number of automobiles produced in the United States, says the *Trade Record* of The National City Bank of New York, which was only 4000 in 1900, jumped to 25,000 in 1905, 187,000 in 1910, nearly 1,000,000 in 1915, over 2,000,000 in 1920, 4,000,000 in 1923, and may approximate 5,000,000 in 1924. The total number of machines turned out from 1900 to the end of 1923 is, in round terms, 20,000,000, of which about 15,000,000 are now in use in the United States, 1,000,000 have been exported, and the other 4,000,000 have presumably "gone where all good autos go," to be melted down and turned again into new machines. These figures of production are those of the United States Census and the Automobile Chamber of Commerce, those of exports are from the official record of the Government, and those of autos now in use are the latest estimate of the Department of Agriculture.

The total wholesale value of the 20,000,000 machines turned out in this country since 1900 is approximately \$16,000,000,000, that of the 1,000,000 machines exported over \$1,000,000,000. Of the approximately 18,000,000 machines in the whole world we have 15,-

000,000. The United States with 6 per cent. of the world population has thus about 83 per cent. of the world's autos.

This wonderful growth in our production of machines, says the *Trade Record*, for we have made practically all of those now in use in the United States and probably one-third of those in use abroad, is a result of a tremendous increase in the capital invested in this industry. The census of 1900 put the capital of the automobile factories of the country at \$5,769,000, that of 1910 at \$173,837,000, that of 1920 at \$1,310,451,000, while the total at the beginning of 1924 is estimated by competent authorities at fully \$1,500,000,000, or 260 times as much as twenty-four years ago. With this enormous increase in capital investment and outturn has come a big reduction in prices, the average export price of the machines sent out of the country having been, according to Governmental figures, \$1708 per machine in 1907, the first year of official record, \$1005 in 1913, and \$712 per machine in January, 1924.

This tremendous growth in the popularity of the automobile has been shared by both passenger and freight machines, but especially the latter in recent years. The records of the Automobile Chamber of Commerce show that while the number of passenger machines produced in 1923 was eight times as many as in 1913, ten years earlier, the number of motor trucks turned out in 1923 was fifteen times as many as in 1913. Trucks now form about 10 per cent. of the total number of machines produced; in 1914 they were less than 5 per cent. of the total. Trucks formed about 16 per cent. of the total number of automobiles exported in 1923, the average export value per machine being, according to the records of the Department of Commerce, trucks \$616, passenger machines \$714.

The exports go to all parts of the world. The 1922 record, the latest for which details are available, shows that motor trucks went to about ninety different countries, colonies and islands,

CONTACT

Three of the reasons why the Peoples Bank of Buffalo can offer exceptional facilities to correspondents—

Our Directors are intimately identified with Buffalo's basic industries;

We operate a Branch in the heart of Buffalo's produce and fruit markets;

Our depositors call the Peoples Bank of Buffalo "The Bank where you feel at home," and friendly, efficient service has conveyed this same impression to our many correspondents.

THE PEOPLES BANK OF BUFFALO

Resources over \$24,000,000

and passenger machines to over 100. Of the 24,861 trucks exported in 1923 about 9000 went to Europe, approximately 2000 to South America, 2000 to Australia, and 5000 to Japan. Of the 127,000 passenger machines exported in 1923 approximately 35,000 went to Europe, 26,000 to Australia and 15,000 to South America. Exports of trucks to Canada are reported at 1350 and passenger machines 11,012, this comparatively small number of machines passing from the United States to Canada being due to the fact that the Canadian market is largely supplied by plants in Canada owned by United States companies, the 1922 outturn of these United States plants in Canada being over 90,000 machines.

BASIC INDUSTRIAL AND COMMERCIAL MOVEMENTS

The Department of Commerce announces the following further figures

PERFORMANCE

No promise, no boast, no slogan can take the place of a long honorable record. That is the reason why the largest commercial bank on the Niagara Frontier, which has served faithfully for nearly seventy-five years, is

THE MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus - - \$20,000,000

showing basic industrial and commercial movements in February:

Production of steel sheets by independent steel mills totaled 275,118 tons in February as against 274,097 in January and 237,919 a year ago. In terms of percentage to plant capacity the February output was equivalent to 96.5 per cent. as against 87.2 in January and 89.0 a year ago. Consumption of iron ore totaled 4,783,000 tons in February as against 4,688,000 in the previous month and 4,671,000 a year ago. Stocks of iron ore held at furnaces and Lake Erie docks aggregated 29,258,000 tons at the end of February as compared with 33,991,000 at the end of January and 30,519,000 a year ago. The output of merchant pig iron totaled 422,000 tons as against 429,000 in January and 437,000 a year ago. Sales of merchant iron totaled 355,000 tons in February as compared with 613,000 in January and 689,000 a year ago. Copper production by the mines of the United States totaled 128,260,000 pounds as against 133,356,000 in January and 102,735,000 a year ago, while copper exports amounting to 89,278,000 pounds in February may be compared with 68,888,000 in January and 49,751,000 a year ago.

New orders received by cotton finishers totaled 81,680,000 yards against 86,888,000 in January and 102,827,000 a year ago. Stocks of finished goods in the hands of finishers totaled 45,888,000 yards at the end of February against 48,007,000 at the end of the previous month and 40,935,000 yards on February 28, 1928. In terms of per cent. to capacity the operating activity of cotton finishers for February stood at 64 as against 74 for January and 74 a year ago.

A total of 336,363 passenger automobiles was produced in February as against 287,302 in January and 254,773 a year ago, while truck production, totaling 31,072 cars, may be compared with 28,846 cars in January and 22,161 a year ago. The output of pneumatic tires totaled 3,238,000 tires as against 3,220,000 in January and 3,218,000 a year ago, while pneumatic-tire stocks, totaling 5,363,000 tires at the end of February, may be compared with 4,808,000 tires at the end of January and 5,224,000 a year ago. Production of newsprint paper totaled 117,323 tons in February as compared with 128,772 in January and 114,611 a year ago while newsprint shipments, amounting to 115,427 tons in February may be compared with 123,253 in January and 114,415 a year ago.

Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

CONVENTION DATES

Pennsylvania Bankers Association—at Philadelphia, Pa., May 21-23.

National Association of Credit Men—at Buffalo, N. Y., June 10-13.

New York—at Mount Royal Hotel, Montreal, Canada, June 23-25.

"OLD BULLION" REACHES ITS 100TH MILESTONE

The Chemical National Bank of New York, one of the largest and most prosperous of the financial district institutions, on April 1 rounded out a full hundred years. Previous to April 1, 1824, the bank had been a going concern as a chemical company,

known as the New York Chemical Manufacturing Company, but one hundred years ago the course of its career was changed by the amendment to its charter which provided that it could do a general banking business "and engage in real estate." For many years the New York Chemical Manufacturing Company engaged in banking as well as the manufacture of chemicals and rugs. The latter part of the business, as well as the name, finally was eliminated.

The bank was the first on Broadway, being established at 316, in a small, two-story brick building, the bricks for which had been imported from Holland. The second floor was utilized as sleeping quarters for the cashier, in order that he might have "com-



When the Chemical National Bank of New York opened its first uptown office on April 1 at Fifth avenue and Twenty-ninth street, in celebration of its one hundredth anniversary as a banking institution, John Melick, left, a direct descendant of the bank's first president, was the first depositor at the new office. Percy H. Johnston, president of the bank, right, is shown receiving his deposit. Wilbur F. Crook, vice-president in charge of the office, center, looks on approvingly



PAUL PARTRIDGE

Newly elected vice-president of the Chemical National Bank, New York

plete control of the bank's assets by night as well as by day." Balthazar P. Melick was the first president. At that time New York boasted a population of 125,000, and twelve other banks, all but three of which were in Wall street.

One of the brightest pages in the bank's history and from which it earned the nickname "Old Bullion" was in 1857, in the panic which carried down not only many banking institutions but many other business ventures. The Chemical, during a particularly stormy period, paid its depositors in gold, as well as redeeming in gold all of its own specie presented for payment.

Percy H. Johnston, the present president of "Old Bullion," announced that the institution celebrated the hundredth anniversary of its existence as a bank by opening its first branch office at Fifth avenue and Twenty-ninth street. The second, to be opened at Madison avenue and Forty-sixth street, will be ready in May.

The Chemical National Bank of New York has announced the appointment of Paul Partridge as vice-president of the bank, effective May 1. Mr. Partridge is a native

of Effingham, Illinois, and began his banking career in that city at the First National Bank, which he entered as a clerk at the age of 16. While there he filled every position in the bank, including that of cashier, director and president. In 1916 Mr. Partridge was made a national bank examiner, serving in Iowa and in Northern and Central Illinois, and in 1921 he was transferred to the Second Reserve Bank with headquarters in New York.

EQUITABLE TRUST NOW 53 YEARS OLD

The Equitable Trust Company of New York celebrated its fifty-third anniversary on April 19. In that period the institution has grown from a capitalization of \$50,000, of which \$16,000 was paid in, to its present capitalization of \$23,000,000. Total resources of the company have for the first time crossed the \$400,000,000 mark, the latest statement, of March 20 last, showing total resources of \$405,008,991.

Another barometer of the growth of the company, placed before stockholders as a part of the anniversary program, is shown in the growth of personnel. Only twenty years ago the Equitable had twenty-three officers and employees and total resources of approximately \$39,000,000. Since then resources have been multiplied by more than ten times and the number of officers and employees has been brought up to 1900.

The company is headed by Alvin W. Krech, chairman of the board, and Arthur W. Loasby, president. In a retrospect prepared from a pamphlet published by Moses Yale Beach, some interesting sidelights have been afforded which the officers of the company said illustrate the growth of New York. These show that around 1850, only nineteen New Yorkers had in excess of \$1,000,000, of whom William B. Astor, Stephen B. Whitney and James Lenox stood at the top, with \$6,000,000, \$5,000,000 and \$3,000,000 credited, respectively, to their names. P. T. Barnum also ranked high, with \$800,000 to his credit. Of 1000 New Yorkers listed as wealthy, only 900 had more than \$100,000 to their credit.

The record of the Equitable in this period is shown in the following:

In 1871 it began business with an authorized capital of \$50,000, less than one-third paid in; in 1902 the company adopted its present name of the Equitable Trust Company of New York, and paid in capital was

increased to \$1,000,000; in 1908 capital was increased by \$3,000,000, its undivided profits at that time amounting to \$540,000. In 1909 the Equitable entered a period of mergers resulting in rapid growth, and by 1917 the capitalization was increased to \$6,000,000, its surplus at that time reaching \$10,500,000 and its undivided profits \$1,843,000. In 1919 the capitalization was again increased, this time to \$12,000,000, total surplus being \$14,500,000. In 1922 the capitalization was increased to \$20,000,000 and last May it was increased to \$23,000,000.

The new statement of condition shows cash of \$44,549,585, surplus and undivided profits of \$10,659,487 and total deposits of \$336,884,603.

COAL AND IRON NATIONAL ROUNDS OUT TWO DECADES OF SERVICE

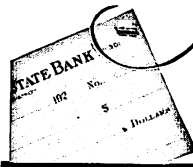
The twentieth anniversary of the opening of The Coal and Iron National Bank of the City of New York was celebrated on April 11, when the institution completed two decades of service in the downtown financial district.

Although it has greatly expanded and outgrown its original quarters, the bank still occupies the original site at the corner of Liberty and West streets. It was organized in 1904, when John T. Sproull came from the old Varick Bank as president of the new institution. Mr. Sproull is now chairman of the board, having been succeeded about a year ago by Julian W. Potter as president. The only other members of the original staff who are still with the bank are Addison H. Day, the present comptroller, and John R. Voorhis, who joined the bank as office boy and who is now assistant cashier.

Five directors, William G. Besler, Allison Dodd, John C. Juhring, William G. Randall and John T. Sproull, have served the bank continuously since its organization.

The steady and consistent growth of The Coal and Iron National Bank, together with the sound character of its investments, shows how the bank reflects the character of those who direct it. Composed largely of men identified with railroad, coal and steel interests, the directorate of The Coal and Iron Bank stands for big broad-minded methods. Operated under such principles, this bank has, within a comparatively short period, risen from practical obscurity to a prominent position in the banking world.

During the panic of 1907 The Coal and



\$1000.00

insurance
for bank and
depositors

greater safety greater service builds business

Everywhere progressive banks are using this new feature of service to build business. We will gladly show you the letters wherein these bankers definitely state the number of new accounts they are getting in this way.

Super-Safety Insured Bank Checks provide:

Positive protection for bank and depositors—against the real menace of the check raiser!

Not dependent upon mechanical or chemical devices—but an actual part of the fine, crisp, “money-looking” checks you furnish. Checks protected in *three* sure ways:

Made of world's safest paper; protected by the world-famed Wm. J. Burns Detective Agency, Inc. Then—bank and each depositor individually protected by a \$1,000.00 Hartford Accident & Indemnity Company bond, against loss through fraudulent alteration. This company, associated with the old-line Hartford Fire Insurance Company, is one of the strongest in America.

Yet these positively protected checks cost you no more than any checks of even similar quality! In addition they place at your disposal the business-building force of a powerful national advertising campaign—plus valuable display and advertising matter for your local use.

Get the facts. They are worth money to every progressive banker.

**SUPER-SAFETY
Insured
BANK CHECKS**

THE BANKERS SUPPLY COMPANY

World's Largest Manufacturers of Bank Checks

New York
Atlanta

Chicago
Dallas

San Francisco
Denver



MAURICE MERCADIER

Representative for North America of the Banque Nationale Française du Commerce Extérieur. Mr. Mercadier is well known in Franco-American circles both in France and America. During the war he was recalled from the French front in July 1918 and was sent as a major to the French High Commission in the United States. He worked as a liaison officer with the Eleventh U. S. (Camp Meade) and the Eighteenth U. S. (Camp Travis) Divisions and made many friends while over here. Later he became assistant to André Tardieu and followed him after the war as a civilian when he was appointed Minister of the Liberated Regions. Mr. Mercadier was especially active in the study of Franco-American commercial and financial problems and principally the development of trade between France and America. He has paid several visits to America since the war and is well acquainted with our country.

Iron Bank was not obliged to call a loan, but on the contrary its resources were so liquid that it was in a position to assist other institutions that applied to it for aid. During the late war, notwithstanding the extraordinary and unexpected demands made upon it, this bank was in a position to protect all of its interests and to supply all the demands of its customers, and through their co-operation to more than cover its allotment of subscriptions to all Liberty Loans.

Two new directors have just been elected by the bank to take the places of John L. Kemmerer and Henry Maynard, who re-

signed. They are John M. Davis, president Manning, Maxwell and Moore, and George B. St. George, president of St. George Coal Company.

Twining Tousley, formerly associated with Marshall Field, Gloré, Ward & Co., has accepted a position in the new business department of the bank. Mr. Tousley has had considerable experience along financial lines, having spent most of his business life in the employ of financial institutions. This is another forward step taken by this bank, looking to the further expansion of this rapidly growing institution.

FRENCH BANK FOR FOREIGN TRADE NOW REPRESENTED IN NEW YORK

Maurice Mercadier of the Banque Nationale Française du Commerce Extérieur recently arrived in this country as general representative for the United States and Canada. His temporary offices are at 2 Rector street, New York.

The Banque Nationale Française du Commerce Extérieur is a joint stock company with a capital of Fr. 100,000,000, and was



Monument to American Volunteers

Monument erected in Paris upon the initiative of Maurice Mercadier, in tribute to American volunteers who served the cause of France in the Great War. This monument was unveiled on July 4, last, in the presence of Premier Poincaré and Ambassador Myron T. Herrick.

To Bank Executives—

Accuracy and clear thinking require healthful, invigorating, fresh air!

Employees working indoors with windows closed are handicapped by the dulling effects of bad air, and unavoidable draughts when ventilation is attempted through open doors or windows is one of the principal causes of sickness during the winter months.

Ventilation with heated air ("cooked air") is not healthful, and is unsatisfactory from an economic viewpoint. Hundreds of elaborate heated air systems have been abandoned upon the realization that they do not serve their purpose.

Modern science demands—and the Gerdes Method accomplishes—ventilation with healthful and invigorating unheated fresh air. Results are guaranteed.

A descriptive booklet containing a list of references of highest character will be gladly sent on request.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 1808

GERDES
METHOD

created by act of Parliament, October 23, 1919. It is subsidized and supervised by the French Government which gives to all its operations a guaranty of perfect safety, which is always welcome to correspondents and clients.

The two comptrollers appointed by the French Government are O. Charmell, Counselor of the State and Director at the Ministry of Commerce, and Mr. de Mouy, Comptroller of the Currency at the Ministry of Finance. The president of the bank is Charles Petit, member of the committee of censors of the Banque de France; the general manager is E. Carpentier and the manager Mr. Defrançois.

ANNUAL REPORT OF GENERAL MOTORS CORPORATION

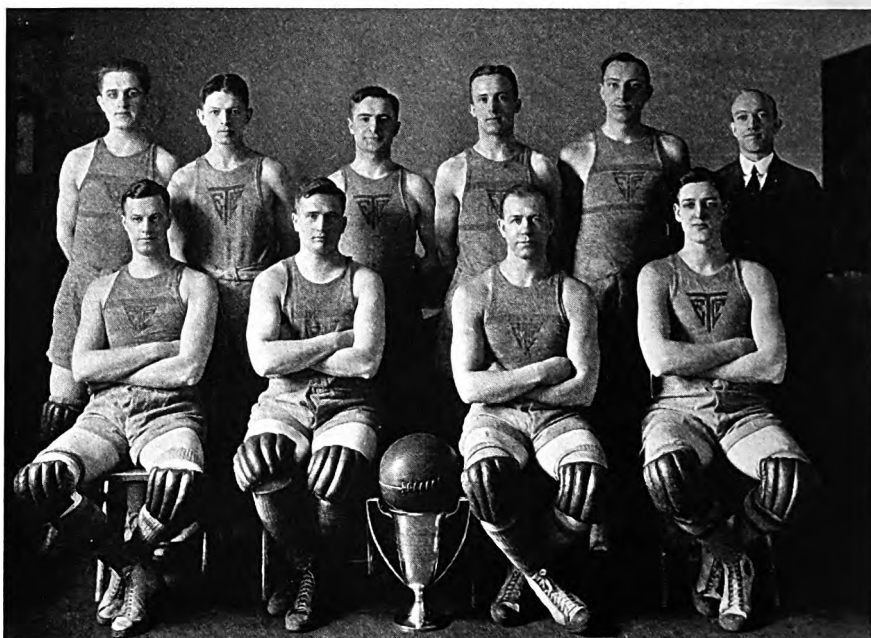
A consolidated balance sheet and income account of General Motors Corporation, New York, and its subsidiary companies engaged in the manufacture of motor cars, accessories and parts, shows net income for the year 1923 available for dividends was \$62,067,526. There is included only such proportion of the profits of the Fisher Body

Corporation and the General Motors Acceptance Corporation as was received in the form of cash dividends. The corporation's share in the undistributed earnings of these two subsidiaries was \$9,941,429, which if added to the above net income would represent a total of \$72,008,955.

After paying regular quarterly dividends on the debenture and preferred stocks requiring \$6,887,371 for the year, there remained for the common stock, \$55,180,155, or \$2.67 per share. Four quarterly dividends of 30 cents per share each were paid on the common stock, aggregating \$24,772,026, leaving a balance of \$30,408,129 which was carried to surplus. The undistributed proportion of the earnings of Fisher Body Corporation and General Motors Acceptance Corporation was equivalent to 48 cents per share on the common stock of General Motors Corporation.

There were manufactured and sold during the year, 798,555 cars and trucks, compared with 456,763 in 1922. The net sales were \$698,038,947 compared with \$463,706,733 in 1922.

The corporation is in excellent financial condition. Cash in banks at the close of



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The Equitable Trust Company basket ball team, champions of the New York Bankers Athletic League

the year was \$47,069,805; sight drafts \$13,283,707; inventories \$138,678,181. Current liabilities amounted to \$79,150,705, leaving an excess of current assets over current liabilities of \$140,750,582. This compares with \$126,476,237 as of December 31, 1922, an increase of \$14,274,345.

SEWARD PROSSER HONORED

France has just made Seward Prosser, chairman of the board of the Bankers Trust Company, an officer of the Legion of Honor. M. Barret, French Consul General in New York, on behalf of his government, presented to him the decoration of the Cross of the Legion. Mr. Prosser was made a Chevalier of the Legion of Honor in 1918.

NATIONAL PARK TO HAVE BRANCH IN GRAND CENTRAL ZONE

The National Park Bank, New York, has leased the corner of Park avenue and Forty-sixth street, in the new twenty-story Postum Building. The building covers the entire block, 200 by 124 feet, between Park and Vanderbilt avenues, Forty-sixth and

Forty-seventh streets. The lease has been made for a period of nineteen years, with an option of renewal for two additional twenty-one-year periods, at a rental aggregating over \$1,000,000 or about \$16,000 yearly.

The premises will be ready for occupancy by the bank in the spring of 1925.

The National Park Bank, among the oldest of the prominent bank institutions of New York City, began doing business in 1856 in the building at 5 Beekman street, then known as the Clinton Hotel.

LABOR BANK HAS BIRTHDAY

The Amalgamated Bank of New York, the original labor bank of this city, has recently celebrated its first birthday. Its assets, which at the start were \$800,000 worth of stock, have increased to \$3,400,000 during the year. The bank, which was founded by the Amalgamated Clothing Workers of America, now has 8000 depositors.

President Sidney Hillman of the Amalgamated Clothing Workers, a director of

both the New York and Chicago banks, said yesterday:

"A year's experience with labor banking has proved to us that workers' savings can be banked in their own union institutions with perfect safety and with every advantage known to banking."

GUARANTY TRUST COMPANY NEWS

Alexander Phillips, vice-president of the Guaranty Trust Company of New York, has retired. He intends to leave for Europe, where he will make his home. Mr. Phillips was eligible for retirement when he attained the age of 60, but continued in office until recently, when the condition of his health caused him to consider retirement. He had been a banker for more than forty years. Ralph S. Dawson, vice-president, and John A. Terrace, manager of the foreign department, are now in direct charge of the Guaranty's foreign business.

Willis H. Booth, vice-president of the Guaranty, has been elected director of The Foundation Company of New York. In addition to being vice-president of the trust company, Mr. Booth is president of the International Chamber of Commerce, a director of the Commercial Solvents Corporation and of the International Business Machines Company, chairman of the board of directors of the Edison Electric Appliance Company, and director in a number of other corporations.

The condensed statement of condition of the Guaranty Trust Company as of March 20 shows total resources of \$567,994,776.82, deposits of \$463,201,653.82, and surplus and undivided profits of \$18,709,881.09.

FARMERS' LOAN AND TRUST TO OPEN SEVENTH OFFICE

James H. Perkins, president of The Farmers' Loan and Trust Company, New York, announced recently that a lease had been signed for the ground floor of the building at the northeast corner of Seventy-second street and Madison avenue, in which there will be opened a branch office as soon as necessary alterations are completed. The company's Fifth avenue office, at Forty-first street, opened eighteen years ago, was the first uptown office of a downtown trust company. Increasing need for banking facilities in the uptown district has now led to the opening of a second uptown office of the company, which will be equipped with complete banking and safe deposit facilities,

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

as well as a staff for the handling of trust business.

W. G. Chisolm will be in charge of the Madison avenue office. The Fifth avenue office will, of course, be maintained.

NEW OFFICE FOR THE AMERICAN TRUST COMPANY

To serve the convenience of patrons in the Grand Central neighborhood, The American Trust Company, New York, is preparing to open an office at Forty-first street and Madison avenue. The new quarters were formerly the home of the Aero Club of America. The main floor of the building is being equipped for banking and trust company service, and will be ready about September 1.

The New York Title and Mortgage Company will occupy other floors of this building for convenience of the customers of both institutions.

This will be the seventh office conducted by the American Trust Company.

At a recent meeting of the board of di-

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STOCKS AND BONDS AT AUCTION

Regular Auction Sales of all Classes of Securities Every Wednesday

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rectors of the trust company, Charles R. Van Anden was elected assistant secretary. Mr. Van Anden was admitted to the Bar in 1915. He is a graduate of the American Institute of Banking, having specialized in fiduciary law.

BROTHERHOOD BANK MADE TRUSTEE

The Community Trust, New York City, has announced that the Brotherhood of Locomotive Engineers Co-operative Trust Company of New York has been added to its list of trustees. S. D. Scudder, vice-president of the Brotherhood bank, stated that it had already been named as trustee in one trust agreement, providing for eventual distribution of a fund for public purposes through the Community Trust.

HIBERNIA SECURITIES COMPANY MOVES

The Hibernia Securities Company has removed its offices from 44 Pine street to 150 Broadway, New York City.

MANUFACTURERS TRUST HAS DOZEN OFFICES

After six months of preparation, the new office of the Manufacturers Trust Company, at 190 Joralemon street, near Court street, Brooklyn, opened for business on April 14, according to *The Commercial and Financial Chronicle*. Incidentally, the structure hereafter is to be known as the Manufacturers Trust Company Building. This latest acquisition makes a round dozen offices for this institution, which had its beginning in the Williamsburg section of Brooklyn about nineteen years ago. The resources of the

trust company have grown to approximately \$116,000,000, as indicated in the statement published by the company on April 1, the capital and surplus being \$10,000,000 and deposits in excess of \$100,000,000. The Manufacturers Trust Company is now represented in four boroughs of the greater city, having five offices in Brooklyn, five in Manhattan, one in Queens and one in the Bronx. Nathan S. Jonas, who has been president of the Manufacturers Trust Company since its organization, had the following to say in part relative to the opening of the new office:

"In laying out our plans for equipping this new and important office, no expense was spared, and we feel that we can offer to Brooklyn a banking office that compares favorably with any in the greater city for beauty and usefulness. Brooklyn's growth as an industrial center during the past few years has been simply remarkable, especially in the downtown section, and our new office in size and equipment will be ample to care for our share of the growing business of Brooklyn's hub.

"We extend a cordial invitation to the public generally to visit our new quarters, and our officers and employees will be happy to show our visitors through."

Mr. Jonas said, too, that Henry Billman, vice-president in charge at the North Side office of the Manufacturers Trust Company, will be in charge of the new office, assisted by Max Abelman, Walter H. Wiley and a group of employees who have been drafted from the various other offices of the company. Complete banking facilities will be available at this office, the special features being a thorough investment service with a representative permanently stationed, a modern up-to-date safe deposit vault with a number of private booths for the comfort

and convenience of the customers of that department, and a special interest or thrift department in which 4 per cent. interest will be paid to depositors. The bank occupies the entire first floor, a frontage of 46 feet and depth of 120 feet, or 5500 square feet; the entire second floor, which has 5200 square feet, and part of the basement, which latter space amounts to approximately 1500 square feet.

BANKER APPOINTED TO ASSIST PORT BOARD FINANCING

The appointment of Herbert K. Twitchell, president of the Seamans Bank for Savings, New York, as a member of the Port Authority, has been announced by Governor Smith. Mr. Twitchell will take his seat on the Commission on July 1 for a full five-year term, replacing Lewis H. Pounds who has served on the Port Authority since its inception. There is no salary attached to the office. This appointment was made by Governor Smith in order to place on the Commission some one who would be of particular value in the marketing of Port Authority securities, to be issued soon for the further development of the port district.

BRADFORD RHODES

Bradford Rhodes, banker, publisher and ex-Assemblyman, president of the Quaker Ridge Estates at Mamaroneck, died on April 15 at his home in Scarsdale, N. Y., in his eightieth year. He fought in the Civil War with the 113th Pennsylvania Regiment, and after the war arrived in New York penniless. Gaining experience as a reporter on *The Commercial Bulletin*, he established in 1873 *The Safeguard*, a publication devoted to savings bank affairs. In 1877 this became *The Rhodes Banking Journal*, which in 1895 was consolidated with *The Bankers Magazine*.

From 1888 to 1891 Mr. Rhodes was a member of the State Assembly, serving as chairman of the banking committee and helping pass anti-bucketshop legislation and the savings bank investment law. He was the founder and first president of the First National Bank of Mamaroneck, and the founder, trustee, and for some years president of the Union Savings Bank of Westchester. He belonged to the Empire State Society of the Sons of the American Revolu-

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It is necessary to create and maintain a favorable opinion of your services in the minds of your customers and prospects.

**By Giving Them a
Chance to Know
About You.**

You can do this by sending periodical messages to your prospects telling them about your bank and its services.

The Way is Clear.

This company can supply you with a deposit building service prepared to fit the needs of your particular bank. This service is under the direction of Mr. Withers Woolford, formerly Advertising Manager of the Bank of America, N. Y. C.

Begin Building Now.

To-day is not too soon to begin a campaign for new business.

Write us for complete details.

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Prince-Wark Company
of New York City

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tion, the Union League and National Republican Clubs. His widow survives him.

KINGS COUNTY TRUST COMPANY INCREASES ANNUAL RATE

The Kings County Trust Company, Brooklyn, N. Y., placed its capital stock on a 50 per cent. annual dividend basis recently. Dividends previous had been at the rate of 40 per cent. By its increase of 10 per cent. the company brought its stock up to the level paid by the United Trust Company, these two being the highest dividend payers of the trust companies and, except for the First National Bank of New York, the highest dividend payers of all New York banks.

The Kings County Trust Company has its headquarters office at 342 Fulton street, Brooklyn. It does a regular trust and banking business under State of New York charter, and the growth of its business has been ascribed by its officers to the steady

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growth of Brooklyn's industries. The dividend rate's increase will go into effect with the payment of a quarterly dividend of 12½ per cent. on May 1 to stock of record April 25.

According to the company's report for the year ended June 30, 1923, it had a capital of \$500,000. Its surplus and undivided profits were \$3,645,900, a gain of \$500,700, and its deposits at the year's end totaled \$30,478,700, against \$27,059,000 a year earlier.

Since August 1, last, the price of the stock in the open market has advanced \$200 per share. On August 1 the price bid was \$800. Yesterday \$1000 was bid, with no sellers.

FINANCE CORPORATION INCREASES CAPITAL

The banking department of the State of New York has approved an increase in the capital stock of the Pierce-Arrow Finance Corporation. The capital and surplus now total \$375,000, an increase of \$125,000.

President Myron E. Forbes stated that the additional issue was necessitated by the increased business of the corporation, which has grown even faster than was anticipated at the time of its inception in September, 1923.

The services of the finance corporation, according to J. W. Frazer, vice-president and general manager, have proved so beneficial to purchasers who prefer to buy Pierce-Arrow products out of income rather than capital, that the finance plan is being used by practically the entire dealer organization.

FRENCH EXPOSITION IN NEW YORK

A French Exposition including the most striking products of France's commercial and industrial effort, and presented under the joint auspices of the Franco-American Board of Commerce and Industry of New York and La Chambre de Commerce Française de New York, was opened at the Grand Central Palace by Ambassador Jusserand on April 22. The New York office of the Banque Nationale Française du Commerce Extérieur, under the direction of Maurice Mercadier, general representative for North America, is taking an active part in the exposition.

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

WHAT little change has taken place in the business situation in New England during the past month has all been along the line of betterment. The textile industry is still dragging, especially in the cotton end, but even there the situation is better than it was a month and two months ago. Curtailment has ceased and there are a number of instances where cotton mills have increased their output slightly. It was expected that low price cotton would bring about a resumption of the demand for cotton goods, but the demand has not materialized. There is a fair amount of buying, but in this line as in others, it is of the hand-to-mouth variety, and there are few indications of any change of method for the near future. The woolen mills are in better shape and report a fairly steady flow of orders. Prices remain stable.

The shoe factories vary in their reports. Here and there we find a factory that is fully occupied, but for the most part the plants are only moderately busy. They report, however, a slow but steady improvement in the flow of orders. The leather trade is quiet. Low prices have failed to stimulate buyers to any marked extent.

Retail trade is good. The larger stores report a steady trade with customers who have a keen eye for price and who stubbornly resist advances. Spring goods are selling well, credit conditions are fair and collections are improving slightly. The retail stores are inclined to take an optimistic view of the outlook but are not inclined to stock up heavily in any line. Some of this is due to the usual "presidential year" sentiment, and some of it is due to a few remaining inequalities in the price situation.

The banking situation is about the same here as elsewhere. Rates are low and there is little indication of any rise. Money is plentiful and the demand for money is not quite as strong as the bankers would like to have it. Savings accounts show substantial

increases and reflect a sound employment situation.

The real estate and building industries are the best index to the fundamental soundness of general conditions. In both lines there is a great deal of activity. Prices for building materials have remained steady at levels attained a month ago, and every effort is being made to keep them there. The building industry still fears that a sudden rise of prices, such as occurred a year ago, will, as it did then, kill off a most promising season. The labor situation in building circles is fairly satisfactory. Real estate is very active. City properties are figuring prominently in the reports and the present level of realty prices is attracting a high class of investors. Rents still show a slight tendency to drop, but the movement is more of a readjustment of the relations of the various types of rents than a general drop. Generally speaking, rents seem to have reached their new "normal." Mortgage money is plentiful and rates are low. Speculation in both real estate and building operations has again become a prominent factor.

The employment situation is sound. There has been a drop in the demand for help, and in a few lines—notably textile—there has been some decrease in employment, but the decrease is only temporary and all indications are that the spring and summer months will see a very comfortable employment situation. Wage disputes in this section are noticeably few at present and there is a disposition toward long-term wage agreements in many lines.



CONVENTION DATES

Massachusetts Safe Deposit Assn.—at Boston, May 23-24.

National Foreign Trade Council—at Boston, June 4-6.

New England—at South Poland, Me., comprising all New England States, June 20-21.



IN May, the **FRANCE**, famous for its cuisine, returns virtually as a new ship to the French Line Service. It has been converted into an oil burner, giving greatly increased speed, and has been redecorated throughout, more cabins and baths also having been added.

Did You Ever Enjoy REAL French Cooking?

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New York
Plymouth Havre
PARIS FRANCE
LAFAYETTE

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New York Havre Paris
One-Cabin Steamers
DE GRASSE LA SAVOIE
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New York Vigo Bordeaux
LA BOURDONNAIS
ROUSSILLON

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New Orleans Havre Paris
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North African Motor Tours



YES, you say—and perhaps you have if you have been to France or if you have crossed on the French Line. For then and then only do you know that the chef's very happiness depends on your delight.

His soul goes into his cooking. Hors d'oeuvres of a tartness unique, rich soupes à la crème, Parisian sauces with your fish, great roasts done to a turn and seasoned to a nicety; salads tender, delicious little pastries, and luscious fruits from the French provinces—truly there is a zest to the French cooking that you cannot find here at home.

This artistry, this wonderful mastery of the culinary art you will find on the de luxe French liners. It is noted among epicures and a main reason why so many discriminating travelers cross on the French Line.

In fact, on the French Line you are in Paris six days before you get there, for these magnificent steamships are France on the high seas.

French Line

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Offices and Agencies in Principal Cities of Europe and the United States

CONVENTION OF MASSACHUSETTS SAFE DEPOSIT ASSOCIATION

On Friday, May 23, at 2.30 p. m., the opening session of the convention of the Massachusetts Safe Deposit Association will be held. This first session is intended to be of interest to all, but of special interest to officers of safe deposit associations, or officers or representatives of state bankers associations interested in the problem of the small vault.

The two sessions scheduled for Saturday, May 24, at 10.30 a. m. and 2.30 p. m., will be of vital interest to professional vault managers and bank cashiers who have to study the difficult problem of safe deposit management, with its peculiar and distinctive legal questions, technique and customs, so different from those of the banking business, and of special interest to stockholders, directors, officers and legal counsel of banks and institutions having capital at the risk of the business.

Friday evening will be given up to a pop concert, and Saturday to the annual dinner, with addresses by prominent speakers.

All sessions will be held at the Copley-Plaza Hotel, Copley Square, Boston.

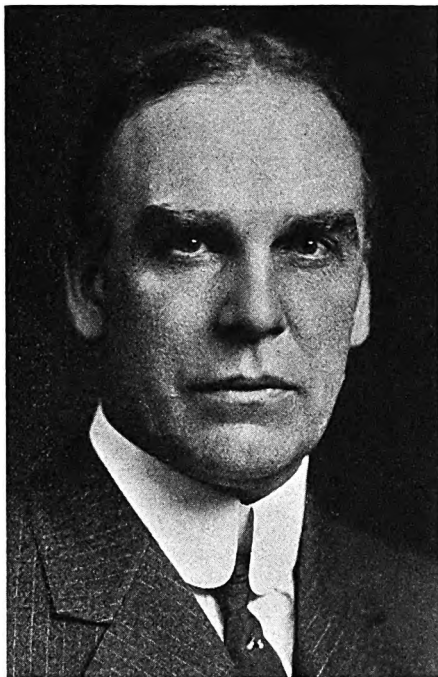
The committee arranging for this convention is sparing no effort to make it of value to all banks having safe deposit vaults, whether or not they are members of any safe deposit association. A cordial invitation has been extended to all such to send representatives.

NATIONAL SHAWMUT BANK CHANGES

Alfred L. Aiken has resigned as chairman of the board of the National Shawmut Bank of Boston. Mr. Aiken was president from December, 1917, until last September, when he was elected chairman of the board. Prior to his connection with the National Shawmut he was Governor of the Federal Reserve Bank at Boston.

Frederick A. Carroll, general attorney of the Liberty Mutual Insurance Company of Boston, has been elected a vice-president of the National Shawmut Bank, in charge of the Trust Department. Louis J. Hunter, who has been assistant to the president of the bank, and George E. Pierce, assistant cashier, have also been elected vice-presidents of the bank.

Newly elected assistant cashiers are John P. Dyer and Harold P. Perkins.



ALFRED L. AIKEN

Who has resigned as chairman of the board of the
National Shawmut Bank, Boston

INDUSTRIAL TRUST COMPANY OPENS TWELFTH BRANCH

On Monday, March 10, 1924 the Industrial Trust Company of Providence, R. I. opened its twelfth branch office, situated on the line dividing Providence and Cranston.

Although the new bank quarters were not opened officially for business until the morning of the tenth, more than a thousand visitors inspected them on the preceeding Saturday. Officers of the company were on hand from 5 until 9 p. m. to conduct the visitors through the branch office, and to explain the service that is being offered.

Cranston itself, a city of about 30,000 population; the town of Warwick, a neighboring suburb in which many of the most popular summer colonies are situated, and a large section of Providence formerly without a local bank service, are being provided with complete banking facilities through this new branch. Approximately 50,000 people live within the boundaries of the territory covered, and there are a large number of the state's largest mills and factories in the vicinity.



The BANK of AMERICA

*Wall and William Sts.
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Magnificent 23 story Colonial Building now being erected

Architects:

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Vault Contract Awarded To THE MOSLER SAFE CO.

THE massive doors in these Vaults contain "DONSTEEL," the most resistant metal ever made to withstand attack by torch or drill.

A Few Recent Mosler Installations:

National City Bank,	New York City	Greenwich Savings Bank,	New York City
Bankers Trust Co.,	New York City	Chemical National Bank,	New York City
Liberty National Bank,	New York City	Butchers & Drovers Bank,	New York City
United National Bank,	New York City	Girard Trust Co.,	Philadelphia, Pa.
Union Trust Co.,	Pittsburgh, Pa.	Mellon National Bank,	Pittsburgh, Pa.
Liberty Trust & Savings Bank,	Chicago, Ill.	First National Bank,	Boston, Mass.

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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

BUSINESS activity in the South, as measured by bank debits to individual accounts in twelve representative centers, showed a general falling off in March compared with March of last year, but a gain as compared with the same month of 1922. The loss for the first quarter of 1924 touched more than half of the territory.

The cities showing a decrease in debts in March were Memphis, Richmond, Norfolk, Fort Worth and Galveston, the total in the latter place being less than half what it was last year. Cities showing gains were New Orleans, Louisville, Dallas, Atlanta, Houston, Birmingham and Nashville.

For the quarter, gains were registered as follows: New Orleans, 11.8 per cent; Atlanta, 5.2; Dallas, 3.2; Houston, 1.5; Nashville, 0.8; and losses: Louisville, 0.1; Norfolk, 0.9; Birmingham, 2.1; Richmond, 8; Memphis, 10.3; Fort Worth, 38.4; Galveston, 50.4.

The average loss for all twelve cities was 3.5 per cent. The weekly average of debits in March for these centers was \$351,664,500, compared with \$372,224,250 in 1923 and \$310,180,800 in 1922.

Retail business in the Sixth Federal Reserve District during February, the latest month for which accurate figures are available, averaged 7.3 per cent. better than during the same month last year. Chattanooga made the greatest advance, with an increase of 37.5 per cent., followed by New Orleans, 8.4 per cent.; Nashville, 6.7; Birmingham, 5.6; and Savannah, 2. Atlanta bore the heaviest loss, 15 per cent., and Jackson fell off 3.8 per cent.

Stocks of merchandise on hand at the end of February averaged an increase of 12.9 per cent., and were 12.2 per cent. higher than at the close of February, 1923. The rate of turnover, indicated by the relation of stocks to sales, was 2.2 times per year in February, compared with nearly 2.4 times per year in January.

Wholesale trade developed a larger volume in February than in January. The largest decrease, compared with January, was shown by 32 wholesale hardware firms whose February sales were 9.6 per cent. lower than in January. Increases over January were shown in dry goods, electrical supplies, shoes, furniture and farm implements. The last named led the advance with a gain of 36.4 per cent., then came furniture, 24.2, and shoes, 11.8. Groceries were 2.1 per cent. lower, due to the decreased sales at Atlanta, Jacksonville and New Orleans.

Construction continues on an active basis, and the index number of building permits for 20 cities in the sixth district in February was 236.9, compared with 224.3 during the same month last year. The cities reporting decreases were Atlanta, Savannah, Chattanooga and Nashville.

Production of Southern pine receded from 93 per cent. of normal in February to 88 per cent. in March. Orders decreased from 71 per cent. of normal production to 67 per cent. Weather conditions have interfered with both production and shipments.

Cotton mills report a 2 per cent. increase in production in February over the same month last year, but a decrease of 15 per cent. compared with January, 1924. Shipments were smaller and stocks larger. From the cotton yard mills comes the same story, with demand dull and prices unsatisfactory. Overall factories report a 15 per cent. drop in February, and hosiery mills a slightly smaller production but a healthier demand. Brick production in February made a small gain over January.

Employment conditions are on the whole satisfactory, but the situation is spotted. Most of the plants in Georgia are running. In Florida, the labor surplus is now being decreased through the return of the winter floaters to the North. Industrial plants in Alabama are operating on a satisfactory basis, with the iron and steel industry on the upward trend. The labor demand and supply in Mississippi are fairly balanced. In Louisiana, the close of the rice season is releasing many men. There is a great deal

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

of unemployment in New Orleans, though it is confined principally to unskilled labor and the white-collar element, for industrial activities are reported to be on a satisfactory basis, showing an increase of force in most of the plants.

February saw an increase in the daily production of iron in the Alabama district, though the total for the month was lower than January, because it is a shorter month. Naval stores showed a seasonal decline in receipts, with the demand lagging.

From an agricultural standpoint, February and March were unfavorable for farm operations in the cotton belt, due to the cold weather and the excess moisture. But this is a backset that can be overcome with favorable conditions in April.

It is stated by competent observers that the foregoing does not mean that cotton acreage will be reduced below earlier calculations, because cotton is a crop of later planting than others. The land that might under other circumstances be put in oats and corn can be planted to cotton.

According to a survey made by the Federal International Banking Company of New Orleans, no very large increase in cotton acreage over last year's total may be expected without a material increment in labor. "In states east of the Mississippi, which suffered most from negro migration last year, there is a slight labor improvement, due to the return of a few negroes and to the reduced operation of mills which have released families with previous farming experience who are tempted by high prices of cotton to return to the farm. But this is rather the easing of a tight situation than the introduction of a material factor."

Another factor, it points out, is the natural

caution "in regions of heavy boll weevil infestation last year," where bankers are reluctant "to plunge on cotton."

Farm land values, which have been dropping since 1921, showed an average increase of about 14 per cent. in Florida on January 1, 1924, compared with last year's figure.

That Georgia is on the way to becoming a major tobacco state as a result of the replacing of cotton with tobacco in large areas, is stated by the Department of Agriculture.

Florida reports a large increase in the acreage to white potatoes. Increased plantings are reported by the pecan belt. The condition of citrus fruits is not up to last year's acreage.

Import business of the South is very healthy. February's imports at New Orleans set a new record, the total being \$17,484,812, which is \$3,000,000 more than for February of last year, and \$2,000,000 more than the previous high record, in 1920.

The revolution in Honduras is reported to have cost the merchants of the Mississippi Valley about \$2,000,000, more than a quarter of which falls upon the business houses of New Orleans. The loss was caused by the fighting in and looting at Ceiba. Insurance policies for the most part do not cover losses from this cause. New Orleans merchants have appealed to the Department of State to ask the government of Honduras that it reimburse all such claims.



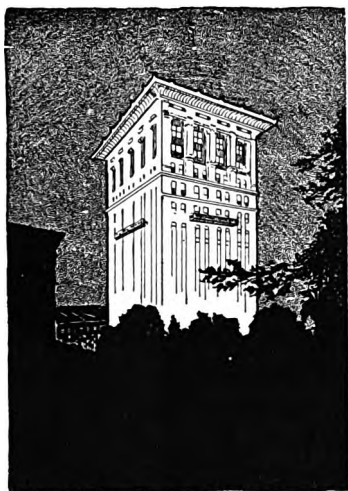
CONVENTION DATES

Mississippi—at Columbus, May 6-7.
Tennessee—at Memphis, May 8-9.
Alabama—at Birmingham, May 16-17.
Texas—at Austin, May 20-22.
Virginia—at Norfolk, May 22-24.
North Carolina—at Asheville, June 4-6.
American Institute of Banking—at Baltimore, July 15-18.

BIRMINGHAM BANK CELEBRATES TWENTY-FIRST ANNIVERSARY

The American Trust and Savings Bank of Birmingham, Ala., celebrated the twenty-first anniversary of its founding on April 1. The bank has shown steady and consistent growth since the beginning, expanding, as it did, with the growth of Birmingham. It was organized in 1903 with a capital of \$100,000 and resources of \$189,454, which have now increased to a capital of \$1,000,000, surplus and undivided profits of

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



**The Old First
Est. 1865**

with

EXPERIENCE—Over fifty-eight
years

STRENGTH—Capital and Surplus
\$4,000,000.00

OFFICERS—Experienced, capable and
well versed on conditions
and credits thruout this
territory ;

invites your business

JOHN M. MILLER, JR.
President

Resources over \$32,000,000

\$650,000 and resources of \$13,250,000. In 1912 the bank erected a handsome twenty-story bank and office building, moving to its present spacious and attractive quarters in December of that year. The president, W. W. Crawford, has held that position since 1905. The vice-presidents are H. T. Bartlett and H. H. K. Jefferson.

NEW ORLEANS BANK DOUBLES CAPITAL

The stockholders of the New Orleans Bank and Trust Company of New Orleans, at a special meeting on March 31, ratified a proposal to double the capital stock of the institution, increasing it from \$400,000 to \$800,000. The new stock has already been sold to existing stockholders at \$125 per share of \$100. The new capital became effective April 15. With its capital of \$800,000, the institution has a surplus of \$200,000, making the combined capital and surplus \$1,000,000.

HIBERNIA BANK OPENS MID-CITY BRANCH

The new mid-city branch building of the Hibernia Bank and Trust Company of New

Orleans, at the intersection of Canal street and Carrollton avenue, has been opened. The mid-city section is the hub of New Orleans, the most central part of the city. Because of the high architectural beauty of the district, the bank designed a structure that will be worthy of this section, not only as it is today, but as it will be when years pass, bringing greater values, more development, larger industry.

This branch renders all the service that the parent institution performs. It is a bank in every sense of the word's most modern meaning—dedicated to community service and community development.

JOHN W. GAULDING MADE ASSISTANT CASHIER

John W. Gauling, president of the Memphis Chapter, American Institute of Banking, who has for five years been connected with the Union and Planters Bank and Trust Company of Memphis, Tenn., has been promoted to the position of assistant cashier of that bank. The appointment is in line with the policy of the bank to reward its faithful and efficient employees.

1865



1924

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Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

CONVENTION DATES

Chamber of Commerce U. S. A.—at Cleveland, Ohio, May 5-8.

Missouri—at Kansas City, May 20-21.

Minnesota—at St. Paul, June 3-5.

Iowa—at Mason City, June 16-18.

Michigan—at Grand Haven, June 17-20.

Ohio—at Cedar Point, June 18-20.

Illinois—at Decatur, June 19-20.

Wisconsin—at Milwaukee, June 24-25.

Illinois—at Chicago, September 29-30,
October 1-2.

American Bankers Association—at Chicago, September 29-October 2.

Investment Bankers Association—at Chicago, September 29-October 2.

ANNUAL GROUP MEETINGS OF ILLINOIS BANKERS ASSOCIATION

Announcement has been made of the dates for the 1924 group meetings of the Illinois Bankers Association. The announcement reads:

"The annual group meeting holds a unique position in association affairs. It is a meeting where bankers from the same district can come together and discuss their common problems, and it also concerns itself with matters of state-wide interest. In the general plan of the association organization, the group is the connecting link between the county and state association, the group executive committee being made up of representatives from the various counties. The group officers and association officers co-operate in providing the programs which, this year, promise to be of unusual interest. Some time will be devoted to open forums which will afford an opportunity to every one to present his particular problem and get the benefit of the "other fellow's" experience and ideas. The good fellowship and sociability are not the least valuable features of these affairs. Every member bank is entitled to participate in these meetings and none should forego the privilege."

The groups are scheduled to meet as follows:

- Group One: Aledo, Wednesday, June 4.
- Group Two: Peoria, Thursday, June 5.
- Group Three: Savanna, Monday, June 2.
- Group Four: Elgin, Friday, June 6.
- Group Five: Kankakee, Friday, May 23.
- Group Six: Mattoon-Charleston, Wednesday, May 21.
- Group Seven: Pana, Thursday, May 22.
- Group Eight: Carthage, Tuesday, June 3.
- Group Nine: Salem, Monday, May 19.
- Group Ten: Harrisburg, Tuesday, May 20.

CHICAGO BANK CHANGES NAME

The Schiff and Company State Bank of Chicago has announced the change of its corporate name to the Schiff Trust and Savings Bank. The new name is considered more expressive of the scope of the service of the bank. The management remains unchanged.

TRUST COMPANY CELEBRATES ANNIVERSARY

One year ago, in April, 1923, the east half of the new Illinois Merchants Bank Building, Chicago, was completed and the Illinois Trust and Savings Bank and the Merchants Loan and Trust Company moved in. These institutions, together with the Corn Exchange National Bank, were consolidated to form the Illinois Merchants Trust Company.

As a souvenir of the completion of the entire exterior of the building, the *Illinois Merchants Review*, house organ of the trust company, has published an Anniversary Number containing articles on the new bank building, with a history of the bank and of Stanley Field, director of the bank, who was chairman of the building committee.

The *Review* states that "not only is the new Illinois Merchants Bank Building Chicago's most impressive building, but it is remarkable in the record it has made for speed of construction." It continues:

"Chicago's most impressive building! Rising 260 feet above the flagstones, ranking first among Chicago office buildings and second in the world, according to *The Real*

Superior Transit Service

Is an actual
attainment at

Commerce Trust Company

Capital and Surplus 8 Million

Kansas City, Missouri

Estate News, the new home of the Illinois Merchants Bank is challenging attention in building and banking circles. Its twenty-one stories bulk in massiveness and dignity over the heart of financial Chicago.

"The exterior of the building is of Indiana limestone, as is the new Federal Reserve Bank which faces it across LaSalle street. Use of this very white material gives added effects of height and impressiveness. In structural design the new bank building is severely plain, the aim being to depend for effect upon simplicity, dignity, and massiveness rather than on a striking use of ornamental detail.

"Viewed against the background of city history, this great building takes on unusual interest for the entire community. As the culminating step of three generations of progress it takes on the character of a monument to commercial and civic achievement. It seems in itself to be an epitome of the greatness of Chicago and the Middle West."

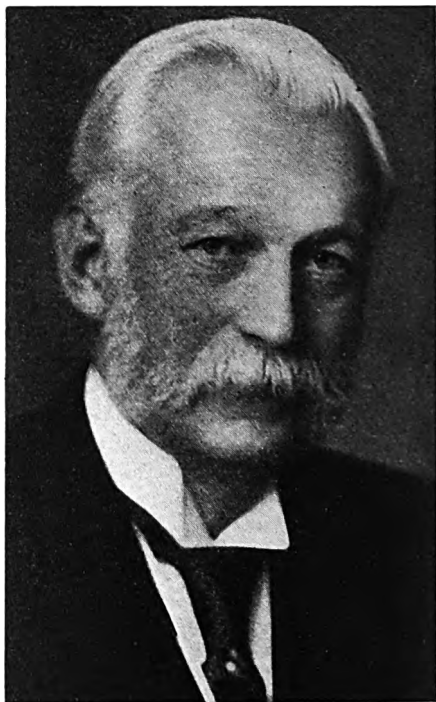
PERSONNEL CHANGES IN RELIANCE STATE BANK

The Reliance State Bank of Chicago has a new president—F. O. Birney, formerly vice-president of the Chicago Trust Company. The former president of the bank, R. C. Wiebolt, has been made chairman of the board of directors. Other officers will retain their present positions.

Plans and specifications are under consideration for remodeling the banking room as larger space is needed to care for the increasing number of depositors.

J. B. FORGAN 72 YEARS YOUNG

James B. Forgan, chairman of the board of the First National Bank of Chicago, celebrated his seventy-second birthday re-



JAMES B. FORGAN

Chairman of the board of the First National Bank of Chicago, who recently celebrated his seventy-second birthday

cently. Mr. Forgan's activity in banking affairs is still as great as that of many men half his age.



"The Acme of Good Judgment in Collecting"

An overdue account was recently referred to us for collection by a Pacific Coast correspondent bank. We became acquainted with the debtor, won his confidence, showed him that the obligation was beginning to affect his credit reputation, worked out feasible terms and secured a settlement.

On receiving credit, our correspondent wrote: "Your persistent effort in our customer's behalf is altogether remarkable. Your plan of payment is the acme of good judgment in collection. We have always felt that your bank was interested in our welfare, but your efforts go beyond any experience of ours and beyond our expectations."

With a correspondent organization built up over 55 years, we welcome the opportunity to serve our correspondent banks in matters that require accurate credit information, intelligent collection handling and rapid turnover of funds in transit.

UNION TRUST COMPANY CHICAGO

FIRST NATIONAL COMPANY MOVES TO NEW QUARTERS

The First National Company, investment division of the First National Bank in St. Louis, moved into new and spacious quarters on the third floor of the First National Bank Building on March 10. The growth of the business of this company and the increase in clientele have made new quarters necessary.

This is one of the largest offices devoted entirely to the sale of investment securities in St. Louis. The large windows, wide aisles, ample sales and buying department space, each subdivided with dark mahogany railings, give to the place an air of dignity and spaciousness. Three elevators, convenient to the Locust, Broadway and Olive street entrances, permit unusually good accessibility.

The officers and directors of the First National Company are as follows: F. O. Watts, president; Henry T. Ferriss, first vice-president; Natt T. Wagner, vice-president; Eugene F. Williams, vice-president; Lawrence Kinnaird, vice-president and secretary; Alfred Fairbank, vice-president;

Walter L. Schnepel, treasurer; H. H. Heidenreich, assistant-treasurer; John M. Maloney, assistant-secretary; William C. Tompkins, auditor; J. Cham Eley, sales manager; L. E. Mahan, assistant mortgage loan officer; W. C. Collins, assistant mortgage loan officer; H. H. Kelso, supervisor of construction, and Chauncey H. Clarke, counsel. Directors: N. A. McMillan, Walter W. Smith, F. V. Dubrouillet, R. S. Hawes, B. H. Lang, Henry T. Ferriss, Natt T. Wagner, Eugene F. Williams, William C. Tompkins, F. O. Watts, L. Ray Carter, J. S. Calfee and W. F. Gephart.

MINNEAPOLIS TRUST COMPANY CHANGES

At the quarterly meeting of the directors of the Minneapolis Trust Company of Minneapolis on March 28, Lester Bigelow, formerly sales manager of the bond department, was elected bond officer of the trust company. Mr. Bigelow has been with the trust company for several years. Succeeding Mr. Bigelow as sales manager is Henry E. Atwood, formerly secretary of the Northland Securities Company. Mr. Atwood was

also elected at the quarterly meeting. I. H. Overman, vice-president of Minneapolis Trust Company, will continue in charge of the bond department.

**CENTRAL ADVERTISING COMPANY,
CHICAGO, ORGANIZED**

Louis E. Delson, formerly advertising manager of the Central Trust Company of Illinois, Chicago, and more recently director of business development with the American Bond and Mortgage Company, announces the formation of a new firm in Chicago, specializing in financial advertising, to be known as the Central Advertising Company. Mr. Delson has been elected president of the new company.

During the past fifteen years Mr. Delson



LOUIS E. DELSON

President Central Advertising Company, a new Chicago firm specializing in financial advertising

has been specializing in financial advertising, having received his early training as editor of a financial news bureau and as executive of a large financial advertising agency.

The Central Advertising Company will be located at 30 North La Salle street, Chicago.

**ALLAN B. COOK JOINS GUARDIAN
SAVINGS AND TRUST COMPANY**

Allan B. Cook, formerly assistant secretary of the Asia Banking Corporation, New York office, has been named manager of the business extension department of the



ALLAN B. COOK

Newly elected manager of the business extension department of the Guardian Savings and Trust Company, Cleveland

Guardian Savings and Trust Company, Cleveland, according to announcement by A. R. Fraser, vice-president of the trust company.

Before joining the staff of the Asia Banking Corporation Mr. Cook was for two years assistant treasurer of the John N. Willys Export Corporation, and also of the Willys-Overland Company. He was previously with the Bankers Trust Company of New York for four years.

During the last five years he has been a lecturer on banking and foreign exchange at the New York University School of Commerce. The Ronald Press published his book, "Financing Exports and Imports," last spring. He is also the author of several banking and business articles.

Your Bond Account—

The buying and selling of bonds is now one of the most important services a bank extends to its clients.

Our Bond Department is equipped to render a complete investment service to banks, and we invite you to make use of the facilities offered.

The NATIONAL CITY BANK ***of CHICAGO***

DAVID R. FORGAN, Chairman of Board

H. E. OTTE, President

Country Bank Department

FRED A. CRANDALL, Vice President

Bond Department

J. B. CHRISTERSON, Manager

CITIES SERVICE HAS GOOD REPORT

The report of Cities Service Company for 1923 which has just been issued shows a substantial increase in earnings over the preceding year. The gross earnings were \$16,602,562, as compared with \$14,658,971 in 1922, and net to stock was \$13,468,760, as compared with \$11,847,119. This was the equivalent, after the deduction of preferred dividends, to \$18.28 a share earned on the average amount of common stock outstanding during the year. In 1922, \$14.88 was earned on the common stock then outstanding.

Gross earnings of Cities Service Company which came from public utility subsidiaries alone increased 35 per cent. to \$11,278,508 from \$8,347,546 in 1922. In spite of the fact that the oil industry became demoralized because of the abnormal overproduction of crude oil, the gross earnings of the company's oil division showed a decline of less than \$1,000,000, the amount for 1923 being \$5,324,054, as compared with \$6,811,425 in 1922. How unusual this overproduction was is shown in the report by the statement that during the past eleven years fourteen major oil pools, with a daily production of

100,000 barrels or more were developed in the United States, of which eight reached their maximum production in 1923.

The earnings from utility properties alone were not only sufficient to take care of all expenses, interest charges and the preferred dividend, but also provided a substantial balance for the common stock, all of the earnings from the oil operations of the company's subsidiaries being applicable to the common stock.

In the balance sheet of the company as of December 31, 1923, total current assets amounted to \$50,994,825, of which \$18,082,660 was in cash, while total current liabilities were \$24,066,151; the company thus having a substantial working capital of \$26,928,674. The combined net earnings of Cities Service and its subsidiaries in 1923 were equal to 8.24 per cent. on the total capitalization and funded debt outstanding in the hands of the public, as compared with 7.94 per cent. in the preceding year.

JUDGE BIGGS JOINS NATIONAL BANK OF COMMERCE

Election of Judge Davis Biggs, recently judge of the St. Louis Court of Appeals, as



JUDGE DAVIS BIGGS

Who has been elected trust officer in charge of the extensive trust department of the National Bank of Commerce in St. Louis

trust officer of the National Bank of Commerce in St. Louis has just been announced by John G. Lonsdale, president of the bank. Mr. Biggs succeeds Virgil M. Harris, deceased.

Judge Biggs, an outstanding attorney, whose father Judge William H. Biggs was also judge of the St. Louis Court of Appeals for twelve years, is considered an authority in probate and fiduciary matters. He took up his duties of directing the extensive trust department of the bank on March 31.

ASSOCIATION OF RESERVE CITY BANKERS COMPLETES TWELVE YEARS GROWTH

With an attendance of more than one-half of the entire membership, added stimulus was given the work of the Association of Reserve City Bankers at the twelfth annual convention meeting at Dallas, Texas, April 14, 15, 16, the central program theme being "Industrial Refinancing and Reorganization." Prominent financiers and speakers

of national renown participated in the three-day meeting.

Craig B. Hazlewood, vice-president of the Union Trust Company of Chicago, and retiring president of the association, said, "In my judgment we have an opportunity in the organization to do some original thinking, to conduct some really scientific symposiums on banking questions, and to obtain for the published summary of our deliberations a place in the libraries of banks and colleges, and in the hands of business men, writers and economists."

Of the original 103 charter members of the association, forty-three are still on its membership roll. It was formally organized in Chicago in 1912. The present membership is limited to 400. Its informal origin was really at the Indiana Bankers Association annual convention in 1911, when Gus Mueller, well known Indianapolis banker, was host to a party of outside bank men who hoped to share with him the privilege of serving Indiana banks. The crowd consisted principally of convention men interested, particularly, in transit matters.

Year by year the organization has grown in influence and scope. The assistant cashiers of that day are the vice-presidents and presidents of many of our large banks today. The membership is composed largely of executive and loaning officers, men who are taking a big part in the conduct of the banking business in the United States. It is interesting *en passant*, that of the past six presidents of the American Bankers Association, five are active members of the Association of Reserve City Bankers.

It has been estimated that the individual membership of the association is connected with approximately one-half of the banking resources of the United States.

Speakers and their subjects at the Dallas convention included: "Industrial Refinancing and Reorganization," by B. C. Hardenbrook, vice-president First Trust and Savings Bank, Chicago; "The Banker's Relation to Industrial Reconstruction Since 1920," by Fred W. Shibley, vice-president, Bankers Trust Company, New York; "The Commercial Bank and the Stockholder," by Wad-dill Catchings, of Goldman, Sachs & Company, New York; "Some Constructive Reorganizations," by Joseph R. Kraus, vice-president, The Union Trust Company, Cleveland; "Controlling Liquidation," by Joseph A. Bower, vice-president, The New York Trust Company, New York; "Agricultural and Bank Credit Conditions in the North-

west," by Charles B. Mills, president, The Midland National Bank, Minneapolis, Minnesota; "Agricultural and Bank Credit Conditions in the Central West," by Fred A. Cuscaden, vice-president The Northern Trust Company, Chicago; "Oil and Bank Credit Conditions in the Southwest," by T. J. Hartman, president The Producers National Bank, Tulsa, Okla.

Other prominent bankers who participated in the discussions included Richard S. Hawes, vice-president First National Bank in St. Louis; Raymond F. McNally, vice-president National Bank of Commerce, St. Louis; James R. Leavell, vice-president Continental and Commercial National Bank, Chicago; Charles H. Ayera, vice-president Peoples State Bank, Detroit; F. J. Parker, vice-president First National Bank, Detroit; R. R. Clabaugh, vice-president Liberty Central Trust Company, St. Louis, Mo.; Harry S. Covington, vice-president National Bank of Commerce, Detroit, Michigan; Gwynn Crowther, president Baltimore Commercial Bank, Baltimore, Maryland; William H. Gideon, vice-president Farmers and Merchants National Bank, Baltimore, Md.; Hord Hardin, vice-president Mississippi Valley Trust Company, St. Louis, Missouri; Frank K. Houston, vice-president The Chemical National Bank, New York, N. Y.; L. C. Humes, vice-president Guaranty Bank and Trust Company, Memphis, Tenn.; Arthur T. Kahn, vice-president Commercial National Bank, Shreveport, La.; Edward A. Seiter, vice-president Fifth-Third National Bank, Cincinnati, Ohio; Oscar Wells, president The First National Bank, Birmingham, Alabama; Gilmer Winston, vice-president Union and Planters Bank and Trust Company, Memphis, Tenn.; Moorhead Wright, president Union Trust Company, Little Rock, Arkansas; E. R. Rooney, vice-president First National Bank, Boston, Mass.

J. D. Gillespie, vice-president of the Dallas National Bank, was in charge of local arrangements and entertainment at the Dallas meeting.



1863

1924

Upon the foundation of sixty years experience and growth is based the present organization of

The First National Bank of Chicago and the First Trust and Savings Bank

This experience has developed a highly specialized service in both banks, applicable to the needs of banks and bankers.

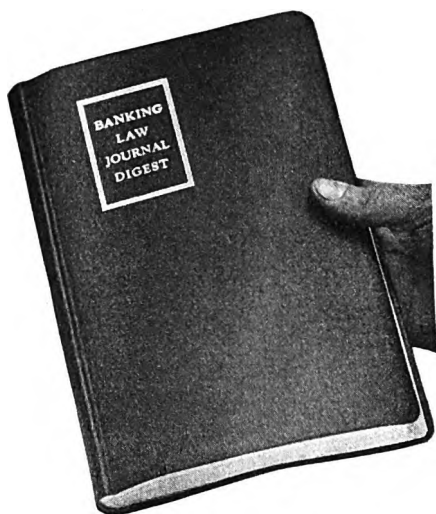
Calls and correspondence are invited relative to the facilities afforded for the transaction of domestic and international financial business of every conservative character.

***Combined Resources exceed
\$368,000,000.00***

JAMES B. FORGAN, Chairman
Board of Directors of both banks

FRANK O. WETMORE
President
First National Bank of Chicago

MELVIN A. TRAYLOR
President
First Trust and Savings Bank



Banking Law Journal Digest

A Complete Digest of Banking Decisions

Compiled by JOHN EDSON BRADY

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Flexible Binding—Thin Paper
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600 Pages—Price Delivered, \$6.50

Digest Sent on 10 Days' Approval

THE new, enlarged, Third Edition of the Banking Law Journal Digest, now on the press, will be ready for delivery in a short time.

The earlier editions of this book have been familiar to bankers for many years.

The new edition will contain digests of some 7000 decisions of the courts dealing with the law of banking and negotiable instruments, which have been published in The Banking Law Journal from 1889 down to the present time.

It will be larger than the second edition (which was published in 1919) by some 200 pages.

In addition to the material in the second edition the new Third Edition will contain the important bank-

ing decisions which the courts have rendered during the past five years.

The digests are grouped under 140 main headings, arranged in alphabetical order. This arrangement makes it possible to locate quickly the decisions on any question of banking law that is likely to arise.

The book will contain 600 pages and will be bound in a brown flexible cover and printed on thin paper.

On the remaining pages of this circular are reproduced the first part of the section dealing with Overdrafts.

The pages reproduced indicate how fully each subject is covered; how quickly the decisions in which you are interested may be located; how clearly each paragraph sets forth the point of law involved.

Approval Order

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You may send on approval one copy of the New Third (1924) Edition of The Banking Law Journal Digest.

We shall remit \$6.50 or return the book to you within ten days after we receive it.

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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 if the McNary-Haugen bill is actually enacted into law? What will be the reaction on the Western States from the adoption of the Dawes reparations plan?

Normally, with the crop prospects which the Western States can point to, there would be discussion in this territory primarily of the benefits to be derived from the harvests. Kansas would be crowing about her wonders as a wheat state, for the state has a promise of a yield of 150,000,000 bushels of the bread grain. Unhappily, the bread grain is now in disrepute in the minds of many. One large publishing house some time ago expended what probably was a good sized fortune in advertising to the nation the unimportance of wheat in the national economy—really in minimizing its influence, if not throwing it into disrepute. The Western States did not relish this at all, but were not influenced by the advertising to give less attention to their crop outlook than is usually apparent. The fact is that the Western States see no great prospect of profiting from the crop unless something extraordinary happens. So this territory is thinking of the McNary-Haugen bill and of the Dawes report.

The writer was out in Western Kansas a few weeks ago—out in the heart of a great wheat district which has a brilliant promise. He mingled with farmers. Did the latter discuss the revelations of the Washington investigators? Did they count their probable harvest of wheat? No. The growers were discussing Russia and Canada as wheat trade competitors, Europe as a buyer, the excessive cost of binders in terms of bushels of wheat, and what the Government might do through the McNary-Haugen bill. Bankers are encouraged by the wheat crop outlook in the winter wheat states, but they recognize that with a market based on the quotations for the July delivery price

on the Kansas City Board of Trade and the Chicago Board of Trade, it will not be a boon to farmers. Millers and grain dealers who feel the limited foreign demand and the sharper domestic competition for outlets for wheat and flour, are of the same mind. Merchants and manufacturers likewise display the same viewpoint.

What the spring wheat areas of the Western States will do is yet to be revealed. Also, the outlook for other crops is still very uncertain; in fact, the seeding stage is still to be passed. But the abundance of moisture makes for confidence, even if planting has been hindered to a degree by the lateness of the season. Generally, then, the question is not so much what the acres seeded to crops will bring, but what markets will do.

Industry, it is said, is a wonderful healer of economic and other ills, and a wonderful builder. Before proceeding to discuss the anxiety—the word is used with deliberation—of the Western States over their markets rather than over their yields, it is pertinent to call attention to the limitations of industry under present conditions. It is probable that the spring wheat area will be reduced 15 per cent. Is this due to a lack of industry? No. It is due to a lack of profitable markets. Thoughtless advocates of diversification say that the spring wheat section is wise in abandoning wheat seeding by 15 per cent., but the fact is that the markets for crops which it is proposed to substitute for wheat are reaching the same condition as the wheat markets. More dairying is desirable, the blind advocates of diversification say. But the markets for milk and butter are very sharply lower than a year ago. More feed? The markets for feed have declined. More live stock? There is no urgent demand for larger production. Diversification is desirable to strengthen the soil and to avoid putting all of one's eggs into one basket, but wheat is not the only crop about which there is a question as to the demand. Nor is the wheat grower who is looking beyond to the betterment of

markets looking alone. Other producers are joining him for good reasons.

The McNary-Haugen bill is not liked by grain dealers, millers or a great majority of other business men. At this writing it is making progress in Congress, although its passage is not yet certain. Its contents are fairly familiar. It will create a great marketing body and a price fixing commission. It may take over some of the present wheat handling organizations. It aims to sell the surplus at any old price, and to boost the domestic price. If it is actually enacted into law, it will make some of the Communistic plans in Europe tame in comparison. If it brings wheat growers more money, it will help them, provided the measure does not disrupt existing marketing machinery to an extent that creates new economic troubles.

If the bill does not become a law—and it seems reasonable to count on this—then the Western States will wonder what progress will be made to effect the elimination of price disparities. There is a feeling that more progress will be made this year—that evidence is multiplying of a situation which makes the absence of wheat growers and other farmers from commercial channels as buyers on a normal scale, a bear factor on prices of manufactures and other things not raised on farms. The wheat dollar may therefore bring more. This is the most practical solution. In reality it is all the McNary-Haugen bill aims for, except that it supposes, to a degree at least, that present prices of manufactures and other things will be maintained, and aims to raise wheat to correspond. This, however, is not a sound supposition.

The Dawes report is a mystery to many citizens. It is an influence in their jobs and their farming operations, but they show more interest in the baseball scores. On farms, though, this is hardly the case, especially in the Western States where there is now wide appreciation of the international character of farm products markets. On these farms, for the first time, there is an awakening to tariff matters. One politician who was going to remedy the farmers' ills by raising tariffs and by providing more and more credit, is now finding favor by proposing that some tariff revisions be made to bring steel and other products to a level with the international level of farm products. If the Dawes plan gives impetus to industrial revival in Europe, it is asked, will it not broaden farmers' markets? There is an

inclination to answer this question with some optimism. Also, the answer goes farther. It points out that industrial revival in Europe will tend to add to the pressure on domestic markets for manufactures in the United States to seek the international levels. With such changes, farmers would find themselves in a better position in the Western States.

Markets of the last month made no showing tending to divert the attention of farmers from special measures of relief. Compared with a month ago, declines prevail on the principal products of the Western States farms. Wheat sold almost at the lowest level on the crop. Corn held better, but was easier, and other feedstuffs were weak. Live stock averaged easier. There was a reaction in cotton. Wool was easier. The metals of this territory were easy. Oil acted better. Lumber was quiet. The wet weather which prevailed hindered marketing, for many roads were impassable, but sufficient supplies reached markets. The most disconcerting development was the talk of a slowing up in the steel industry and reports of a lessening of activity in other manufacturing lines. Reports of this character are received with a mixed feeling in the Western States. The farmer knows that full employment for laborers at high wages makes the broadest possible market for eggs, bacon, ham, butter, beef and other products. And the farmer also knows that the present high wages make it hard for him to buy manufactures. He wants a readjustment, but he is friendly to labor. After all, though, a readjustment is inevitable, because no one group can permanently succeed without the success of another group upon which it is dependent for business. The quiet in mercantile business points to the inevitableness of the readjustment.

Demand for money is not active. Farmers continue to use surprisingly little for spring work. The governor of the Federal Reserve Bank of Kansas City, who has lived all of his life among farmers, says this is due to the determination of farmers to get out of debt. In the Southwest some surplus bank money is being loaned on call in Wall Street. When the new crop starts to move there will be a larger demand, but not in proportion to the promised increase in production. There is more cautiousness than at any other time since the beginning of the post-war period in the making of loans. This cautiousness is not holding business back. It

is going to prove beneficial, for it is assisting in bringing about readjustments.

Politics would not be a factor in business here except for the professions, sincere and insincere, of politicians about helping the farmer. These professions are taken less seriously than in a long time, but the McNary-Haugen bill, it is recognized, is a creation of politics. So far as the presidential race is concerned, the fact that the Western States know that their position rests on international affairs tends to make them interested as far as world policies are concerned. What will be pledged to make world markets better? This question is more important than the personalities of the presidential contest. Of course, the Western States are going to express their dissatisfaction when the voting time comes in November if their economic position is not improved. This, however, is not a threat, but a human trait. There is plenty of industry and plenty of patience here, but more industry than patience. Hence the probable expressions of dissatisfaction unless something very different develops in markets for farm products.



CONVENTION DATES

Kansas—at Kansas City, May 20-21.
Oklahoma—at Sulphur, May 27-28.
South Dakota—at Huron, June 17-18.
Colorado—at Boulder, June 20-21.
North Dakota—at Fargo, June 26-27.
Montana—at Bozeman, July 17-19.
New Mexico—at Albuquerque, September 12-13.

FIRST NATIONAL BANK OF DENVER INCREASES CAPITAL

At a meeting held on April 10, the stockholders of the First National Bank of Denver gave unanimous approval to a proposed increase in the capital and surplus of the bank. These increases, when effective, will raise the capital from \$1,250,000 to \$1,500,000, and the surplus from \$1,000,000 to \$1,250,000. New stock to the extent of 2500 shares, par value \$100 per share, is being offered to present stockholders at the price of \$200 per share.

This action was taken that the bank might be in position to accommodate its customers in the matter of large loans. Many large enterprises have been established in Denver recently, and as more are expected in the

future, the First National wishes to be prepared to care for this growing business.

DENVER BANK JOINS NATIONAL SYSTEM

The American Bank and Trust Company, Denver, has been converted to the national system, and on April 1 began business under the title of "The American National Bank of Denver." The new institution has combined capital and resources of \$10,500,000 and is a member of the Federal Reserve System and the Denver Clearing House Association. A subsidiary institution, to be known as "The American National Company," has been incorporated to take over certain assets of the American Bank and Trust Company, which were not admissible under the National Banking Act. No changes, it is understood, have been made in the personnel or directorate of the bank. Godfrey Schirmer is president.

The American Bank and Trust Company was originally organized as the German-American Bank, but early in the World War changed its name by dropping the word "German."

THE SOUTHWEST TRUST COMPANY

Announcement has just been made of the organization of the Southwest Trust Company and of its associate company, the Southwest Mortgage Company, both of Kansas City.

These companies were organized by and will be under the leadership of J. W. Perry and have purchased the business, good will and part of the assets of the Guaranty Trust Company and the Maxwell Investment Company.

The new trust company has a capital of \$750,000 and begins business with a surplus of \$75,000.

The business of the Guaranty and Maxwell companies, whose customers now hold more than \$50,000,000 worth of loans made through these companies, will be continued by the new organizations, whose loans will be made against choice farm securities and, in a limited way, on improved city property.

The officers of the companies, in addition to Mr. Perry, the president, will be A. A. Zinn, vice-president; William E. West, vice-president and treasurer; Harry E. Randel, vice-president; A. J. Stanfield, secretary; George L. Edwards, general counsel, and J. E. Maxwell, advisor.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By ROBERT J. SEVITZ

A STEADY expansion of all business activity, at levels higher in most cases than in 1923, continues to be the rule in this section from month to month as the summer season comes on. With the exception of slight curtailments in lumbering and copper mining, the result of a temporary excess of output over current consumption, production continues to be of large volume, and with abundant credit and relatively low interest rates, prosperity seems to be the general watchword of the Pacific region.

In banking circles on all sides the note is one of optimism. Figures compiled by the Federal Reserve Agent in San Francisco for twenty clearing house cities of the Twelfth District indicate that bank debits in February, 1924, were 20.4 per cent. greater than in the same month a year ago. After making allowance for the normal annual growth of business, the increase noted indicates an unusual gain in the total volume of trade. All enterprises, including agriculture, are proceeding at a satisfactory pace, and with prices of the majority of products of this region tending upward, the outlook can fairly be said to be splendid for a satisfactory season in all lines.

Weather conditions generally have been favorable to all branches of agriculture, and crops already in promise good returns. California, however, has experienced an unusually dry winter, and while intermittent rains have been the rule in March and April, crops which require heavy moisture will suffer when the summer heat sets in. The situation is not nearly so serious now as it was earlier in the year, for the spring rains have been greater than seasonal, but even with these, in large areas particularly in the central and southern portion of the state, the year's production will show some falling off because of a lack of moisture. This is particularly true of regions depending on irrigation, for while water is apparently abundant at this writing, the mountain snow-

fall has been light and supplies of stored water for late summer use are below normal.

Particular interest is still attached to the epidemic of hoof and mouth disease which appeared in certain small groups of livestock in California early in the year. A wide spread of the epidemic was prevented by rigid quarantine measures imposed by state and Federal authorities, but with all the precautions taken, cases of the disease have appeared at various isolated spots in several widely separated portions of the state and in Arizona. Government men who have charge of the fight being waged against the disease feel that they have had an early enough start, and that with the full co-operation they have experienced at the hands of growers and bankers generally, the whole epidemic should be safely eradicated in from sixty to ninety days' time. It is noteworthy that all over the western region bankers and financial men have gone on record as favoring all possible financial aid to the growers whose stock has been slaughtered. Huge loans have been underwritten in all sections and are available as soon as rebuilding of the diminished herds can be begun.

Otherwise favorable conditions to livestock are noted all over the Pacific region. In some of the mountain districts winter moisture has not been sufficient to insure the best of pasturage, but conditions will not be serious unless the late spring and summer are likewise abnormally dry. Prices to growers have been generally good with slight advances prevailing in March. Growers in the Northwest have been favored by an open winter, allowing herds to range practically the entire season, but this conversely has worked some hardship on local hay producers, who have been forced to seek an outside market. The weather and range conditions have been exceptionally favorable to wool growing, and a large output of high grade wool is forecasted for 1924.

Close on the heels of the announcement from Portland that full figures for 1923 show that she is the leading lumber manu-

facturing and lumber exporting city of the world, has come the word from lumber producers that a pronounced lull has been experienced in the early spring months. This is said to be due to a sudden decline in orders from Japan and the Orient, and a slowing down in demand from California and the Middle West, both of which draw heavily from the Northwest lumber production. Lumber men are optimistic that the latter condition is only temporary and due to local conditions in those sections which will cease as summer comes in. The sharp drop in Japanese orders is said to be due to the withdrawal from service of five Shipping Board carriers that operated out of Portland in this trade, but these boats have remained in Portland to resume their runs on demand.

Building operations in the metropolitan centers continue at a breakneck pace. Permits for new buildings from the larger cities for February 1924 were 26.3 per cent. greater in number and 18.5 per cent. greater in amount than in February, 1923. The figures for February of this year are the largest of any February on record. The amount of permits for that month in Portland alone was approximately 40 per cent. greater than a year ago. Building material prices as compiled by the United States Bureau of Labor for this district are 5.2 per cent. lower than a year ago.

The oil industry is steadily assuming a more stable position than was the rule in 1923. During the greater part of last year, production was way ahead of consumption, and stored stocks had grown to such an enormous extent that grave concern was expressed by experts over the future of the petroleum industry in California. The big producers early saw the folly of such extensive production, however, and curtailment was the rule wherever possible. September 1923 saw the beginning of a decline in production, and since that time the decrease has been a steady one month to month, until in the first two months of this year production and consumption have been almost equal. Whether or not this condition is a permanent one is a matter of conjecture, but the large producers are united in their efforts to maintain it.

The employment situation continues generally good. Some excesses of labor were reported from metropolitan centers in February and March, larger by a small percentage than over the same period in the past, but this is no doubt to be accounted



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for by the curtailment of agricultural pursuits in regions where the season has been excessively dry, by the lull in activity in lumbering, and by the slowing down of production in some of the mining camps in the mountain regions.

**CONVENTION DATES**

California—at Yosemite Valley, June 4-7.

Washington—at Olympia, June 10-12.

Oregon—at Seaside, June 13-14.

Utah—at Ogden, June 13-14.

Idaho—at Boise, June 16-17.

Arizona—at Prescott, October 24-25.

"FLYING" TRIP TO EUROPE FOR CALIFORNIA BANKER

Starting a "flying" trip, that will take him to the principal European trade centers, A. P. Giannini, president of the Bank of Italy, has sailed for Rome, Italy, where he will represent the interests of Bancitaly Corporation as well as other American stockholders, at the annual meeting of the Banca d'America e d'Italia.

In an effort to secure the latest available data with respect to European matters, Mr. Giannini will spend several weeks visiting points in France, Germany, Belgium and England. His trip is to be literally a "flying" expedition as his plans contemplate the use of airplanes in traveling between the various continental cities visited.

During his brief stay in New York, Mr. Giannini participated in the arrangements

for consolidation of the East River National Bank and the Commercial Trust Company. The merger was completed on April 20, following the conversion of the trust company into a national bank. Approval of the Comptroller of the Currency has been obtained, and consummation of the transaction will be possible within thirty days of that time.

Dr. A. H. Giannini, president of the East River National Bank, who was formerly a vice-president of the Bank of Italy in San Francisco, will head the merged institutions.

AMERICAN BANK OPENS ROOF GARDEN

High above the crowds that daily at noon crowd their way into cafes, restaurants and tea rooms, the employees of the American Bank of San Francisco and the American Securities Company may lunch in peace on the tenth floor of the bank building. This is because the American Bank has taken the lead among the financial institutions of San Francisco in fitting up a roof garden for employees.

The lunch room, equipped with comfortable wicker tables and chairs, is a sunny, attractive room, which has been made bewitching with blue hangings and plants. A swinging door leads into the white enameled kitchen where all the good things, served at minimum cost, are made.

Although the men are allowed within these portals, there is another nook set aside for use of girls exclusively. It is a rest room equipped with couches, pillows, settees, plenty of magazines and places to relax and enjoy them.

LOS ANGELES BANK DOUBLES CAPITAL

The capital of the Citizens' National Bank of Los Angeles and that of its affiliated institution, the Citizens' Trust & Savings Bank, has been doubled, according to the *Los Angeles Times* of March 26. In the case of the former the increase was from \$2,000,000 to \$4,000,000 and in that of the latter from \$1,000,000 to \$2,000,000. These increases were effective as of April 4 and give the two banks, it is understood, a joint capitalization, including surplus and undivided profits, of \$9,000,000, and total resources in excess of \$95,000,000. According to J. D. Day, the president of both institutions, the enlarged capitalization was neces-

sitated by the growth in the business of the banks and a desire to distribute the stock ownership more widely among the depositors and employees.

The *Times* further stated that about May 1 the Citizens' National Bank will announce the formal opening of its enlarged banking quarters. "Work now in progress will give the bank over 60 per cent. additional floor and basement space, the main floor being expanded to afford a space 100 by 150 feet."

The Citizens' National Company was recently organized as a subsidiary of the Citizens' National Bank to carry on the bond business of the institutions. It is capitalized at \$100,000, and Mr. Day is president.

SEABOARD NATIONAL BANK OF LOS ANGELES ORGANIZED

The application to organize the Seaboard National Bank of Los Angeles has been approved by the Comptroller of the Currency. It is expected that the bank will begin business about June 1. The capital will be \$1,000,000, and the stock (par value \$100) is being placed at \$113 per share. George L. Browning is president, O. C. Williams vice-president, and A. H. Blackmore assistant vice-president.

L. M. GIANNINI TO JOIN THE MANAGEMENT OF BANCITALY CORPORATION

Announcement has been made by the Bank of Italy, San Francisco, that L. M. Giannini, assistant to the president, will become active in the management of Bancitaly Corporation, in addition to his duties with the bank itself.

Mr. Giannini will have offices at the executive headquarters of the corporation and will divide his time between San Francisco and Los Angeles. Bancitaly Corporation owns the East River National Bank of New York, the Banca de America e d'Italia with its system of branch banks in Italy, and other holdings, including controlling interest in a number of California banks.

The executive offices of the organization

were recently transferred from New York to California, and the personnel of the board of directors, and official staff, changed to include many prominent Western bankers.

Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of *The Bankers Magazine*, published monthly at New York, N. Y., for April 1, 1924.

State of New York, County of New York. Before me, a notary public in and for the State and County aforesaid, personally appeared J. R. Duffield, who having been duly sworn according to law, deposes and says that he is the business manager of *The Bankers Magazine* and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Bankers Publishing Co., 71 Murray street, New York; editor, E. H. Youngman, 71 Murray street, New York; managing editor, 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 corporation, give its name and the names and addresses of stockholders owning or holding one per cent. or more of the total amount of stock.) Bankers Publishing Co., 71 Murray street, New York; W. C. Warren, 71 Murray street, New York; W. H. Butt, 71 Murray street, New York; E. H. Youngman, 71 Murray street, New York; J. R. Duffield, 71 Murray street, New York; K. F. Warren, 71 Murray street, New York.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent. or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholders or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions, under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner and this affiant has no reason to believe that any other person, association or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is..... (This information is required from daily publications only).

J. R. DUFFIELD.

Sworn to and subscribed before me this 28th day of March, 1924.

JOHN EDSON BRADY,

Notary Public.

My Commission expires March 30, 1924.

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ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

INTEREST in the business and financial situation has largely centered at Ottawa in the debate on the government's fiscal and taxation problem which was precipitated by the intimation in the speech from the throne that there would be a material reduction in the tariff on the implements of production. This has been taken as being particularly aimed at the agricultural implement industry and also to indicate that there is little possibility of relief for the textile and shoe industries which have been hard hit by foreign competition fostered under the "invisible bounty" entailed in depreciated currencies. A number of textile plants have recently closed down. Strong deputations from industrial centers have appeared at Ottawa protesting against any adjustment in the tariff which would hurt Canadian manufacturers and affect the industrial centers. So strong has been the protest, not only from Ontario where the present government has few elected representatives but also from Quebec where the government is very strongly represented, that there has been assurance by the government that industry will not be hurt. Whether this will satisfy the low tariff element from Western Canada is a question. Reduction of tariff on farm implements has long been a slogan of Western politicians. However, news from the West indicates that the farmers generally are depending on their own efforts rather than legislative action to solve economic problems.

As the result of an agitation for thrift in public affairs, which has spread across Canada as an outgrowth of a demand for lower taxation, economy is for the time being the watchword at Ottawa. The pruning knife has been used extensively on departmental estimates and considerable reorganization in the civil service is promised. Spending proposals are not popular in the House of Commons, and the Senate shows a tendency to employ its legislative prerogative in putting the brakes on expenditures. Whether this

is a passing effort to meet public opinion or whether there will be a real curtailment in expenditures will be the important factor in deciding the extent to which taxes can be reduced.

In current business conditions there is little change. The following summing up of conditions in the various provinces is from the bulletin of the Royal Bank:

"With the winter at an end, business in the Dominion continues to show little change worthy of note. In British Columbia, the coast section is said to be comparatively active, the interior dull, and the lumber industry throughout the province doing a good business. The Prairie Provinces have bought more goods this season than last in all lines; they are now getting to a time of year when new crop prospects will be the controlling factor in trade. Ontario finds manufacturing and wholesale business very uneven, Western orders better than in 1923, but the Eastern section of Canada hard to sell goods to. The same applies to Quebec. In the Maritime Provinces, more favorable conditions in the lumber, fishing and coal and steel industries have not yet exerted an influence sufficient to stimulate general business, which continues to be quiet.

"In the East, collections in many cases are not being well met. From Quebec west, they can be considered fair, current bills being comparatively well paid in the Prairie Provinces. To sum up, buying throughout the country has been for immediate requirements only, and credits have been extended with some care, so that, although general sales are not large and business cannot be called prosperous, the situation has not the weak features of recent years."

As spring approaches, manufactures are finding orders slightly better than they had anticipated, according to the Canadian Bank of Commerce. Commercial collections are slow but there continues to be a promising volume of payments on account of mortgage and other obligations. Shipping agencies report that bookings of immigrants are larger

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than for some years past and that the arrivals to date are of a promising type. In some districts they are taking the place of farmers who are leaving their farms and moving elsewhere, and some of those who have arrived in the Western provinces are paying cash for the land they buy.

While the Western farmers are taking a certain amount of interest in lower tariffs, wheat pools and other proposals for legislative relief, there is a tendency on the part of the average man on the land to work out his own problems by reducing costs and increasing production. In a recent address before the Economic Conference at Winnipeg, Hon. T. A. Crerar, farmer, politician and leader of the organized grain growers, made passing reference to the tariff, but laid emphasis on the need for better farm management and for lower costs for the things the farmer has to buy rather than higher prices for the products he has to sell. On the question of farm management he declared that the successful farmer must be a financier and an executive, with a knowledge of marketing conditions and the science of stock raising, as well as a good worker. And from this he effectively made the point that such a farmer should have a better return for his labors than the mechanic getting his big wages by the aid of his union organization. As the farmer was not in a position to force up the prices for his products, argued Mr. Crerar, the logical method to increase his margin of profit was to bring down freight rates and the prices of commodities, and this could

only be done by reducing the labor cost factor.

The rather unsatisfactory results of last year's operations may have some effect in reducing the wheat acreage in Manitoba, but generally throughout the West another crop season is being approached with a revival of optimism. In Alberta particularly there has been improvement as the result of last year's big crop. A year ago there was much pessimism—now there is confidence and renewed courage; where there was an exodus there is now an influx. And people are handling their money carefully, with an absence of that tendency to extravagance which followed previous bumper crops. Bills are being paid and reserves are being set aside against the future.

An indication of the volume of business is found in the car loadings, which are showing a considerable increase over last year. The totals to date indicate that 1924 is running about 12.5 per cent. ahead of 1923. The increases are largely in grain, lumber, pulp-wood and ore.

In the paper industry, which has come to be one of the country's most important wealth producers, there are evidences of weakness as regards the market for newsprint, and lower prices are anticipated before the end of the year. The rapid increase in production is said to have overtaken expanding consumption. However, most of the Canadian mills have their products sold for the first six months of the year at least, and many of them for the entire year. The situation is not viewed seriously in the industry, which it is believed is now on a very

sound footing, but certain fluctuations in prices must be anticipated. Canadian news-print manufacturers feel fairly comfortable in their position in view of the growth in consumption and the exhaustion of pulpwood supplies in the United States. It is not anticipated that the report of the Pulpwood Inquiry Commission will recommend the enforcement of an embargo against exports to the United States but there may be a proposal for an export duty on an increasing scale or for the removal of the duty on Canadian book and other high grade papers entering the United States in return for a free supply of wood.

During the fiscal year which ended March 31 it is expected that Canada will show a favorable trade balance of more than \$150,000,000. This will be a small increase over the previous year. The total trade of the country will likely be shown in the neighborhood of \$1,950,000,000—just short of the \$2,000,000,000 mark and representing an increase of about \$200,000,000 over a total of \$1,740,000,000 for the previous year. This improvement in the foreign commerce of Canada has been marked throughout the whole of the past twelve months, and it is significant that the first months of this year have made a comparatively satisfactory record.



CONVENTION DATE

New York Bankers Association—at Mount Royal Hotel, Montreal, June 23-25.

U. S. TOURISTS PROFITABLE

The Dominion Parks Board is throwing a great deal of effort into its campaign to make the beauties of Canada better known both to those at home and abroad. It estimates that the tourist traffic last year was worth \$136,000,000 to Canada, and thinks that this figure may be exceeded this year. Its estimate by provinces is as follows:

British Columbia	\$36,000,000
Alberta	20,000,000
Sask. and Manitoba	10,000,000
Ontario	30,000,000
Quebec	30,000,000
New Brunswick	4,000,000
Nova Scotia and P. E. I.	6,000,000
	\$136,000,000

When it is taken into account that over nine-tenths of this tourist traffic was from

the United States, it is quite evident that Canada is thus setting up an invisible credit that is going a long way to offset the adverse balance of trade in favor of the United States.

DEBITS AND CLEARINGS

Realizing that bank clearings have not been reliable as a barometer of business because, as they merely represent checks handled, they are affected by purely financial transactions and by inter-bank transfers which have no bearing on trade and commerce, the Dominion Bureau of Statistics and the Canadian Bankers Association have co-operated to work out an improvement in the compilation of a record of debits to individual accounts. The first report, for the month of January, shows that the debits exceeded clearings by 55.7 per cent.

Bank Debits to Individual Accounts on Bank Clearings at the Clearing House Centers of Canada, January, 1924

	Debits to accounts \$	Bank clearings \$
Maritime Provinces—		
Hallifax	20,156,380	12,209,818
Moncton	6,401,059	3,536,619
St. John	25,380,034	11,719,521
Total	51,937,473	27,465,958
Quebec—		
Montreal	566,100,363	444,600,306
Quebec	43,156,211	24,020,727
Sherbrooke	7,665,011	3,528,460
Total	616,921,585	472,149,493
Ontario—		
Brantford	6,467,926	4,216,896
Fort William	6,789,357	3,632,403
Hamilton	47,291,263	21,521,116
Kingston	5,396,030	2,753,987
Kitchener	7,530,361	4,155,314
London	24,154,339	13,187,300
Ottawa	132,829,275	26,991,813
Peterborough	5,651,584	3,347,346
Toronto	643,961,242	449,560,139
Windsor	21,183,831	13,064,743
Total	901,255,208	542,431,057
Prairie Provinces—		
Brandon	3,100,276	2,175,756
Calgary	60,841,894	31,472,446
Edmonton	30,721,602	21,113,612
Lethbridge	5,301,409	2,485,623
Medicine Hat	5,585,039	1,528,670
Moose Jaw	8,290,465	5,055,479
Prince Albert	2,209,947	1,480,266
Regina	21,057,385	14,928,659
Saskatoon	9,715,826	7,497,355
Winnipeg	305,238,494	180,894,648
Branches of Weyburn		
Bank	1,632,771	
Total	453,695,108	268,632,514
British Columbia—		
New Westminster	4,311,086	2,344,224
Vancouver	119,369,199	66,363,858
Victoria	24,163,718	8,011,612
Total	147,844,003	76,719,694
Total for Canada	2,171,653,377	1,387,398,716

SIR EDMUND WALKER

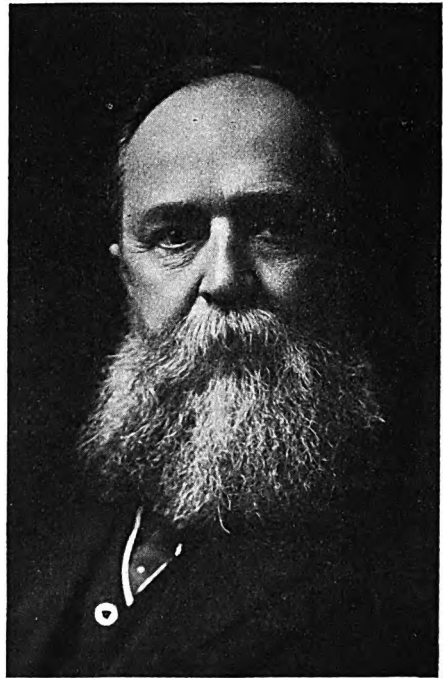
The sudden death of Sir Edmund Walker on March 27 brought to an abrupt end the career of a banker whose name was outstanding in financial and commercial circles throughout Canada and in many other countries, and a public-spirited citizen whose great and versatile ability, backed by untiring energy, enabled him to render widely varied services to the community. In education, in art, and in other spheres of public life his death leaves a vacancy that will with difficulty be filled.

Sir Edmund began his banking career before he had reached the age of 13, in the private bank of his uncle in Hamilton, Ontario. His experience here was obtained, as he himself expressed it, "amongst a multifarious currency" such as existed in the days of the American Civil War. After the establishment of decimal currency in Canada it was the business of his uncle's office to get rid of the old currency which had floated in from the United States.

In 1868 he entered the service of the Canadian Bank of Commerce as a discount clerk. His ability was apparent from the beginning, and before he was 21 years old he was offered the management at Dundas, Ontario, which he declined. In 1873 he went to New York as the junior agent of the bank and very soon found himself in the midst of the trying times incident to the memorable panic of that year. He helped in caring for the affairs of the New York branch and when the storm at last blew over it was found that out of loans aggregating half a million dollars only \$40,000 had been lost.

After two years in New York, Mr. Walker was sent to Windsor, Ontario, as branch manager. Here he worked hard for three years to extricate his bank from entanglements in the lumber industry—and won his spurs. In 1880 he was appointed inspector, with one clerk. The bank had then thirty branches in Ontario and offices in Montreal, New York and Chicago.

He was again sent to New York, this time as joint agent. He was there for five years, during which time the Canadian Bank of Commerce became a recognized power in foreign exchange, and was relatively much more important in its New York surroundings than it was in Canada. In 1886 he was made general manager of the bank. He had won the position through sheer merit, efficiency and character, and the tremendous strides made by the bank during his execu-



SIR EDMUND WALKER

President and chairman of the Canadian Bank of Commerce, Toronto. He was not only a leader as a banker, but perhaps the most widely known Canadian citizen—a patron of the arts and education, and an international authority on trade, commerce and finance

tive control splendidly justified the wisdom of the directors' choice and brought to Sir Edmund his well deserved reputation as one of the ablest bankers on the American continent.

CANADIANS TO CALIFORNIA

A Canadian business man visiting California has been interested in making some inquiries about the number of Canadians going to that state. The manager of a branch bank in Los Angeles told him that a number of Canadians with money who were locating in the city had opened accounts with his bank, and that in one week recently these represented deposits of more than \$125,000. Other bank managers intimated that they were also getting accounts of this character, but would give no definite figures. "But," comments the Canadian who made the inquiries, "if they are in anything like the same proportion as the one mentioned, it must be a serious matter for Canada."

American Savings Surpassing All Previous Records

By Frederick W. Gehle

SPEAKING at a dinner of savings bank executives at the Brooklyn Chamber of Commerce, Wednesday evening, April 23, Frederick W. Gehle, vice-president of The Mechanics and Metals National Bank of New York



FREDERICK W. GEHLE

Vice-president of The Mechanics and Metals National Bank of New York City

City said that despite private and Government extravagance in the United States, the savings of the American people at the present time are running at a rate that surpasses every previous record in American history.

"Last year the net additions to deposits in savings banks in the United States was \$1,140,000,000," said Mr. Gehle, "and an even greater amount was paid in life insurance premiums. But these amounts measured only a part of the real addition to the wealth of the American people. Investments in new securities and in mortgages, together with the durable things that were bought and paid for out of the people's pockets—all of which were real savings—were on such a large scale that the total addition to the wealth of the country for last year is calculated to have been \$12,000,000,000." Mr. Gehle continued:

It is safe to say that savings are now accumulating at the same rate as last year. Reduced to a daily basis, this would signify that \$30,000,000 is being added every day to savings, investments and additions to the wealth of the American people. No other people ever attained to such a standard of living or spent money so lavishly as we, and at the same time saved so much. Even before the war the United States was adding more to its national wealth each year through its savings than England, France, Germany and Italy. Now, with those nations devoting themselves to making up their war ravages, this country is the single great accumulator of capital in the world.

Extravagance in private life and in our Government needs to be replaced by sane and properly directed spending. With proper direction, the future may be counted upon to carry American expansion further and to lift American wealth to a plane never dreamed of by those great empire builders of generations ago—Morgan, Hill, Carnegie and Harriman. Resources, ability, ingenuity and energy; these are assets to be counted upon to maintain the standard of American prosperity. Also they are to be counted upon for help in the reconstruction and economic upbuilding abroad, when the time for extension of that help on a large scale arrives.

The Westinghouse Electric and Manufacturing Company

THE completion of the new Westinghouse Building in the heart of New York's financial district on the fortieth anniversary of the origin of this company, establishes a monument to the progress of the organization.

This building will be the home of the New York district office of the Westinghouse Electric and Manufacturing Company and in addition will house the New York offices of the Westinghouse subsidiary and controlled companies.

The New York district office of the Westinghouse company is an important cog in the sales machine of this organization, and before going into detail regarding the growth of the company as a whole it is interesting to note this office's organization and operation at the present time.

Except for a manufacturing department, the New York district office of the Westinghouse Electric and Manufacturing Company is in itself almost a complete industrial body. At its head as manager is Arthur E. Allen, a very prominent man in New York electrical circles. He is in charge of the commercial operations of the company through northern New Jersey, southwestern Connecticut, and the entire State of New York.

This territory is divided into smaller sections each with its branch or sub office working under the supervision of the New York office. These offices are supported in the field by warehouses and service departments.

This office is a good example of the field force of the sales organization of this company.

HISTORY OF THE COMPANY

The Westinghouse Electric Company had its origin in 1884, forty years ago, but it was not until two years later that it was officially founded. Its pur-



GENERAL GUY E. TRIPP
Chairman of the board of directors Westinghouse
Electric and Manufacturing Company

pose was not merely to be that of competition with the other electrical concerns then in existence, but to be the means of transferring into reality a vision of the future.

In 1884 electrical progress was well under way. Several central stations and private plants were in operation, and the immense possibilities that lay in the new power were beginning to be dimly apparent. But, while engineers were familiar with both direct and alternating current, direct current alone was considered commercially useful, alternating current being regarded as a scientific curiosity applicable to a minor purpose only.

At this time George Westinghouse, who had already organized the West-

inghouse Air Brake Company, the Westinghouse Machine Company, and the Union Switch and Signal Company, was abroad on business connected with his air brake. While there, his attention was called to the Gaulard and Gibbs system of distributing alternating current, with its remarkable transformers that could raise or lower voltage any desired amount by the use of simple, motionless coils.

The relation between voltage and the distance over which electricity can be economically transmitted was already understood, and since 230 volts was then believed to be about the highest voltage feasible with direct current, the general consensus of opinion was that the distribution of electric energy was restricted to distances of a few thousand feet. But Mr. Westinghouse realized that alternating current, with its easy voltage transformation, transcended all limitations of distance. His imagination saw the cataract in the wilderness lighting cities hundreds of miles away, and inspired by a faith in which he never faltered, he bought the Gaulard and Gibbs patents, and on his return to America organized the Westinghouse Electric Company to develop what he felt to be the true power of the future.

The new system was brought rapidly into practical shape. By October, 1886, 300 incandescent lamps were kept lighted by alternating current transmitted over two miles at 1000 volts. Shortly afterwards a complete plant was installed at Greensburg, Pa., and the history of both alternating current and the Westinghouse Electric Company was fairly begun.

At first it appeared that alternating current was to be useful for lighting only. Attempts had been made to devise a satisfactory alternating-current motor, but the problem seemed insoluble except at the cost of excessive complication. But in 1888, Nikola Tesla brought forth his polyphase alternating-current motor. He was promptly associated with the company, and when his invention was

perfected it greatly extended the usefulness of the new power.

In the meantime Shallenberger devised his alternating-current meter, so that the Westinghouse company now had in hand all the elements for the application of alternating current in every field, and proceeded to develop it vigorously.

The early years of alternating current were, however, anything but peaceful. The advocates of direct current attacked it with every weapon they could grasp. But no obstacles could arrest its growth, and disclosures of real weakness resulted only in correction and perfection. Finally, when the Westinghouse company secured the contract for lighting the Chicago World's Fair, and when in the following year it supplied the equipment for the famous Niagara Falls power plant, opposition became hopeless and ceased. Alternating current was acknowledged to be an invaluable supplement to direct current, and all the larger companies began the manufacture of apparatus for both systems. Today over 75 per cent. of all electric current generated is alternating.

The Niagara Falls installation gained for the Westinghouse Electric and Manufacturing Company (which had succeeded the Westinghouse Electric Company in 1891) recognition as one of the foremost electrical companies of the world. Thereafter its history is not narrowly confined to a single line, but branches out into practically every field where electric current can be used, and much of the marvelous electrical progress of the past twenty-five years has been due to the achievements of this company.

SOME IMPORTANT ACHIEVEMENTS

Some of the more important of these achievements can be mentioned, but they form only a small part of the Westinghouse record. These achievements divide into the following classes:

The Generation of Electricity: Prior to 1899 steam engines for driving electric generators were always of the re-

reciprocating type. The genius of Watt had given this type to the world and for over a century mechanical science and skill had been improving and refining it until the last word in steam engine construction seemed to have been spoken.

But it was not in George Westinghouse to remain content with things as they are, no matter how perfect they appeared to be. He was always working forward, years ahead of his time; always seeking something better than the best that was being produced. So when Charles Parsons brought out in England a new type engine, the turbine, Mr. Westinghouse investigated it with care and, seeing in it some points of superiority over the reciprocating engine, bought the right to manufacture it and, characteristically, started in to redesign it from the ground up.

In 1899 the first turbine generators in America were installed in the power house of the Westinghouse Air Brake Company, Wilmerding, Pa. That was a little more than twenty years ago, and yet within that short space of time this new type of prime mover has not only won supremacy over the reciprocating engine, but has well-nigh swept its venerable rival out of existence.

In this work of revolutionizing the generation of electric power the Westinghouse Electric and Manufacturing Company brought the turbine-generator to a high state of efficiency and then began to construct units of hitherto unheard of capacities. In 1904 the 6700 horse-power Westinghouse generators of the Interborough Rapid Transit Company of New York City were conceded to be about the largest that could be driven by reciprocating engines. Today the Westinghouse company is building turbine generators having capacities of more than 90,000 horse-power.

Nor has the other end of the scale been neglected. Until recently it was thought that turbines smaller than 100 horse-power or so were not practical, but the Westinghouse company proved the error of this opinion by building



E. M. HERR

President Westinghouse Electric and Manufacturing Company

efficient turbines as small as one-half horse-power.

Electric Railways: The rapid spread of electric street railways throughout the country is one of the most striking events in the history of electrical progress. Twenty years after the first electric street car crawled up the hills of Richmond, Va., there was a street railway system in practically every community of the United States that could support one. Obviously such a record could not have been made unless satisfactory and efficient equipment were available.

In the design and construction of electric railway apparatus the Westinghouse Electric and Manufacturing Company played a prominent part from the beginning. It was, indeed, this company that solved one of the most difficult problems first encountered, by originating that type of motor that has ever since been universally used for

street car service. Since then its contributions to electric railroading have been literally too numerous even to list, but special mention should be made of the electro-pneumatic system of control that enables a motorman to handle a whole train of motor cars as easily as a single car.

The work of furnishing the people of the United States with rapid transit can be regarded as finished except for supplying the needs of the ever increasing population. But an even greater work still remains to be done; namely, the electrification of the American steam railroads. No one expects that all our railroads will be electrified, but beyond doubt many of the readers of this article will live to travel from Boston to Richmond or to Chicago on trains drawn the entire distance by electricity.

A start in this direction has already been made. The electrified mileage today is, it is true, relatively insignificant, but enough has been done to convince both electrical engineers and railroad men that the problems in electrification have been solved, that all operating conditions have been successfully met, and that general electrification now depends solely on commercial, and not on electrical considerations.

The present position of the Westinghouse Electric and Manufacturing Company in the electric railroad field is one of supremacy. Not only has it electrified more miles of track than any other company in the world, but it has installed more different kinds of systems and its locomotives haul greater tonnages. The following are some of its more noteworthy electrifications:

New York, New Haven and Hartford Railroad: All types of trains—express, local and freight—are operated electrically between New York City and New Haven, Conn. The trains receive 11,000 volt single-phase alternating current between New York City and New Haven, and run into New York City on 600 volt direct current.

Norfolk and Western Railroad: Over a mountain division of this road is car-

ried the heaviest tonnage hauled by electricity in the world. Three of the largest steam locomotives were previously used for each train, but they proved inadequate to handle the traffic over the steep grades and through the long tunnels. Baldwin-Westinghouse locomotives now haul longer trains at twice the former speed so that the capacity of the division has been doubled. Alternating current, distributed at 11,000 volts, single phase, and transformed on the locomotive into 440 volts, three phase is used on this road.

Pennsylvania Railroad, New York terminal: Locomotives of 4000 horsepower receive the long steel passenger trains at Manhattan Junction and haul them under the Hudson River into the Pennsylvania Station. The thirty-three locomotives in service have traveled over 5,000,000 miles to date and have had an almost perfect record in maintaining their schedules. One of these locomotives received the Grand Prize (highest award) at the Panama Pacific Exposition.

Pennsylvania Railroad, Paoli Division: A twenty mile stretch from Philadelphia to Paoli has been electrified in order to relieve the congestion at Broad Street Station. Three hundred local suburban trains are operated by 11,000 volt single phase, alternating current. The Chestnut Hill branch is now being electrified.

Long Island Railroad: This line carries the heaviest suburban traffic of any American railroad. Electric trains are operated from New York City, under the East River, and from Brooklyn throughout the thickly populated districts of the island. Six hundred volt direct current is used.

The Virginian Railway: This is one of the largest electrification projects ever undertaken. The electrification covers the main line from Mullins, West Virginia, to Roanoke, Virginia, a total of 213 miles of track including grades over the Alleghany Mountains. Eleven thousand volt alternating current transmission is used in this project.

Marine: In the last few years great strides have been made in the adoption of electricity for all kinds of marine appliances. This involves apparatus for doing everything from cooking on board ship to the propulsion of the vessel itself by electric drive—the most modern method of ship propulsion in existence.

The battleship "Colorado," the greatest ship of the United States Navy, is practically an all-electric ship. On her trial run she showed herself to be one of the most efficient ships of the United States Fleet. The "Colorado" and many other large and small electric ships now in service have proved that there is an exceedingly brilliant outlook for electric equipment in the marine field.

Industrial power: In the early days there were no specialized motors for industrial power purposes, each manufacturer building but one or two types which were used for all applications. What was chiefly wanted was something that would go round, and the motor that could do this without excessive fireworks and lengthy visits to the repair shop was considered a good motor.

But a little experience in the design and construction of motors soon demonstrated that the motor was the most pliant of machines. Its speed and power characteristics could be varied over a very wide range and its mechanical structure could assume almost any desired form. Since almost every kind of machine used in the industries has its own peculiar characteristics, the advantages of making a motor to suit each machine soon became apparent.

Seeing a wide field for research here, the Westinghouse company made a careful study of all the machines used in the industries—machine tools, wood working machinery, steel mills, pumps, elevators, hoists, textile machinery, printing presses, laundry machines, ventilating apparatus, sewing machines and a hundred more—to determine just what kind of motors and controllers were best adapted for each. As a re-



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ARTHUR E. ALLEN

New York District Manager Westinghouse Electric and Manufacturing Company

sult, a large number of special motors and controllers were designed, each for a particular purpose, and the rapid extension of motor drive into every branch of industry shows how successful this policy has been. Today Westinghouse builds motors up to 15,000 horse-power.

Other activities: There are many other chapters of the Westinghouse company's history that deserve special mention—such as the classic investigations on lighting and lightning arresters and the development of the watt hour meter. The achievements made in these lines in the last few years are indeed great, but from a sensational viewpoint the introduction and development of radio broadcasting is one of the most outstanding features of recent electrical history. To the Westinghouse company perhaps more than any other belongs the credit for the marvelous

strides made in radio broadcasting. The establishment of the world's pioneer broadcasting station, KDKA, and the broadcasting of the Presidential election four years ago, were the first steps toward the daily scheduled broadcasting which is being done today.

At the present time Westinghouse maintains broadcasting stations in Springfield, Mass.; Pittsburgh, Chicago, and Hastings, Nebraska. The last named station is the first repeater station in existence. It picks up the programs broadcasted from KDKA on a short wave length and re-broadcasts them on a higher wave length for the benefit of Western listeners. This was the introduction of the method which has made "world wide wireless" possible.

PHYSICAL GROWTH

In 1886 the Westinghouse Electric Company started in Garrison Alley, Pa., with 200 men and less than 50,000 square feet of floor space. In 1891 it absorbed the U. S. Electric Light Company and the Consolidated Electric Company, and in 1895 the shops were moved to what is now East Pittsburgh, where they had a floor space of about twelve acres and employed about 3000 people.

Today the company, with its subsidiary and controlled companies, occupies floor space exceeding 9,500,000 square feet, employs more than 44,000 people and ships as high as 1000 carloads a month from a single plant. There are plants at East Pittsburgh, Pa.; Newark, N. J.; Cleveland, Ohio; Pittsburgh, Pa.; Bridgeport, Conn.; Bloomfield, N. J.; Milwaukee, Wis.; New York City; East Springfield, Mass.; Middletown, Conn.; Indianapolis, Ind.; South Bend, Ind.; South Philadelphia, Pa.; Sharon, Pa.; Derry, Pa.; Trenton, Pa.; Mansfield, Ohio; Trafford, Pa.; and Attica, N. Y.

At the present writing the capitalization of the Westinghouse Electric and Manufacturing Company is \$89,775,150, of which \$3,998,700 is preferred and the balance, \$85,776,450, common stock. On or about April 16 a new issue of \$17,955,000 offered to the stockholders will be absorbed and a 10 per cent. stock dividend on May 2 will make the total outstanding stock \$118,503,150. The total funded debt of the company is \$36,244,000, of which \$30,000,000 are Westinghouse Electric and Manufacturing Company 7 per cent. gold bonds due May 1, 1931, and the remainder Westinghouse Machine Company issues assumed when the Westinghouse interests were consolidated.



President Coolidge on Banking

IN "The Price of Freedom"* by Calvin Coolidge, a volume composed of selected speeches and addresses of the President on various national problems, certain extracts are given of an address delivered before a dinner of New England bankers. In his address Mr. Coolidge said:

"Too often the uninformed think of a bank as the possession of a few rich people, and as the creditor of the people at large. You who have had any experience with banking know that it is the opposite of this which is true. The resources of banks are not the resources of a few rich, but the resources of the people themselves, small perhaps in any individual instance, but, in the aggregate, very large. Nor are banks exclusively a creditor class. It is usually true that they owe to their depositors more than their borrowers owe to them. Every banker knows that to depend on the business and patronage of the rich would be in vain, that if any success attends his efforts it must be by serving and doing the business of the people. The stock is generally owned by the people, the deposits are always made by the people. This is the reason that banks partake of the nature of a public institution and perform real public service. They are the sole means by which modern commercial activities can be carried on. They afford the method by which the people combine their individual resources, providing a collection of capital sufficient to extend the necessary credit for financing the whole people of the nation. They hold great power and are under the very gravest responsibilities. A bank is not a private institution, responsible to itself alone, or to a few. It is a public institution, under a moral obligation to be administered for the public welfare. In so far as this standard is accepted and followed, it is my belief that a bank will be prosperous; in so far as it is disregard-

ed, it will be a failure. Any power which is not used for the general welfare will in the end destroy itself.

"There is need of a more sympathetic attitude and co-operation between the banks and the people. Every such institution ought to realize the necessity of serving the public to the extent of its ability. A financial institution which takes advantage of no man's necessity, which assumes no unreasonable risks for the sake of unreasonable gains, which is able to know the personality of its customers as well as the value of its collateral, becomes an instrument of great value, and a contributor to a marked degree of economic contentment. Such an institution is doing the work of the people.

"This condition has not yet been universally established, but it is being established. Nothing can tend more to promote it than to have the man in the shop realize that transportation and financial activities are being carried on for his benefit, that the railroad brings raw material so that he may earn a livelihood by making them into finished products, that the bank exists in order to furnish credit from which he receives a weekly wage, while those products are being sent far away and sold to the people; while the man in the bank needs to realize that his success lies in the freight-yard, in the manufacturing plant, on the farm, and in the mine as well as at the discount window. If all this were to be translated into one word, I should say it was the need of vision, need of a recognition of our interdependence, need of less destructive criticism and more constructive action, need of that spirit which has given character, fame, and fortune to New England, whether it has guided the plough or inspired the pulpit."

*"The Price of Freedom" by Calvin Coolidge. New York: Chas. Scribner's Sons.



The Charlotte National Bank Building, Charlotte, North Carolina

A FEATURE of the building of the Charlotte National Bank is the manner in which it has been designed to provide for future extension both vertically and horizontally so that when the bank needs more space it will not be necessary to make unusual alterations.

This building is built entirely of granite for the lower part and granite terra cotta to match for the upper portions so as to save weight.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
660 FIFTH AVENUE, NEW YORK



New building of the City Trust Company of Newark, N. J., designed by Holmes & Winslow, New York

Some Recent Bank Building Operations

THE City Trust Company of Newark, N. J., is now doing business in its handsome new quarters.

The building is individual in all respects, being occupied in its entirety by the bank. No pains were spared by the architects, Holmes and Winslow of New York, to develop a structure most pleasing to the eye and denoting the character of business for which it was meant. The style is a modified Italian Renaissance and the exterior facades are built up of Bedford Indiana Limestone. The building is thoroughly fireproof throughout, its structural parts being of steel and reinforced concrete.

A unique and special arrangement has been carried out in the interior layout which makes a most practical plan, placing the active officials in close touch with the working force which is separated by the public space in the middle, and yet directly accessible to the depositors. Every modern convenience known to bank specialists has been pro-

vided for in the equipment, and nothing but the best of materials has been used throughout.

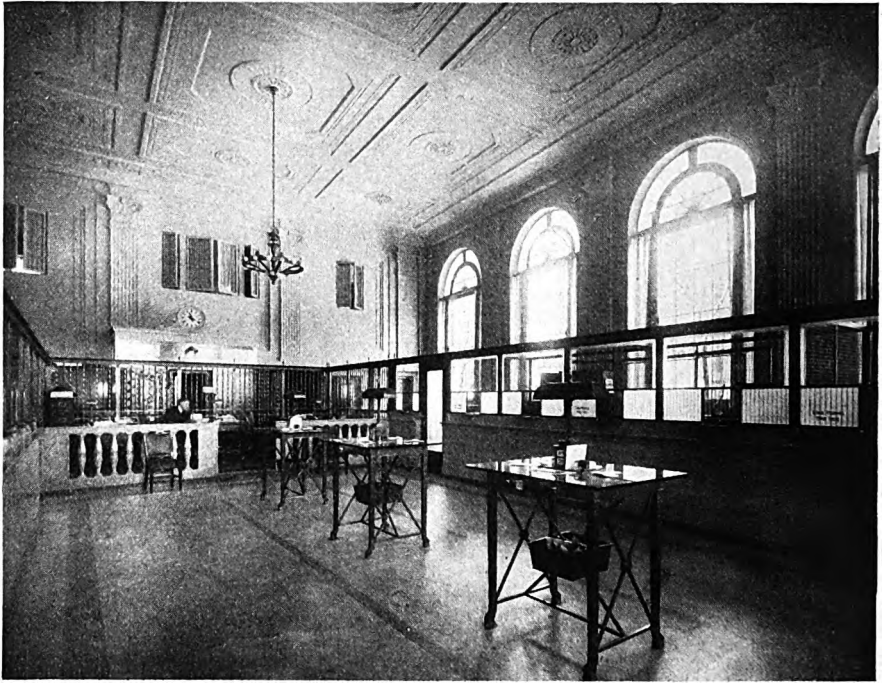
A feature has been made of the safe deposit vault, and the officers have close supervision over this department.

The main banking screen is built up of Italian Rosato Marble to the ledge height and the upper portion is of solid cast bronze having pilasters and cornice with simple low relief design.

Rooms are provided to facilitate ladies' requirements. The directors' room and a special closed-in work room are located on a rear mezzanine.

AMERICAN NATIONAL BANK, AURORA, ILL.

AN unusual bank in appearance is the American National Bank, Aurora, Ill. The architect, Lawrence A. Fournier of the Bankers Architectural & Engineering Company, Chicago, and the officers and directors of the bank had their own ideas of effective appeal to the community through architecture.



Main banking room of the City Trust Company, Newark, N. J.

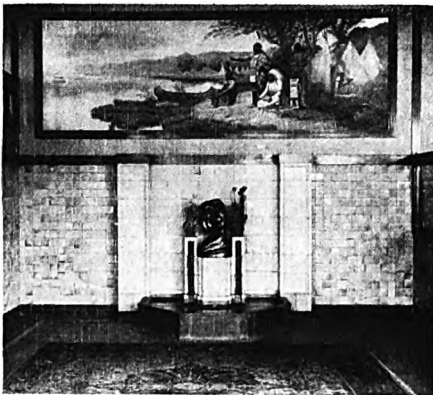
Their hope was to bring new customers into the bank by attractive appearance and they decided to try to do it by the use of color in profusion, instead of the usual whites and grays of modern banks. Incidentally, Aurora

is regarded as one of the art centers of the United States, a condition which added interest to the experiment.

On the outside the building is a golden brown mass. The base forms are pink Minnesota granite, and above is brown terra cotta. A terra cotta eagle surmounts the building, above the entrance. On either side of the entrance are terra cotta forms, the purpose of which is to illustrate in allegorical form the dominating influence of integrity in the business world, life, industry, art and beauty.

There is a great window in one wall of the banking room, the glass being amber-colored in agreement with the general golden-brown tint of the structure. This gives an amber tone to the interior, heightened by the wainscot of golden brown tile carried entirely around the room. The floor is in red tile, bordered in black and blue.

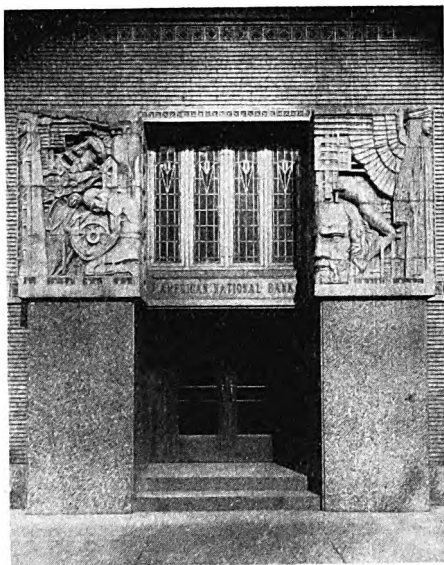
To the left as one enters the bank is a niche in which is a pool of water in a half-hexagon frame of black terra



A nook in the interior of the American National Bank, showing the mural painting of the coming of the white man to Aurora, and the open pool of water and statuette

cotta. Water flows down narrow terra cotta steps of water towers on either side of a pedestal which is surmounted by the figure of a girl kneeling. Above this pool and statuette is a mural painting depicting the first coming of the white man to the present site of Aurora on the Fox River.

The effect of the new building on bank deposits was immediate, according to bank officers. The building was finished last September. During construction and after completion, deposits grew rapidly. On December 31, 1923, the bank's deposits were \$2,581,394, an increase for the year of \$454,327. A considerable portion of the increase is credited by the officers to the effect of the new building on the people of Aurora.



Entrance to the bank, showing odd detail in terra cotta

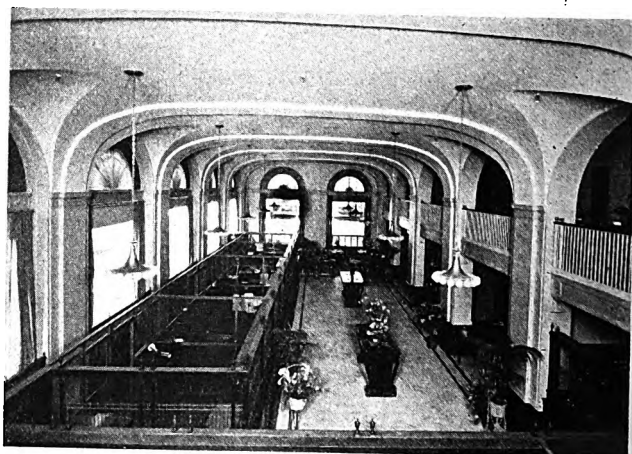


American National Bank, Aurora, Ill., in appearance a golden brown mass. This unique building was designed by Lawrence A. Fournier of the Bankers Architectural & Engineering Company, Chicago

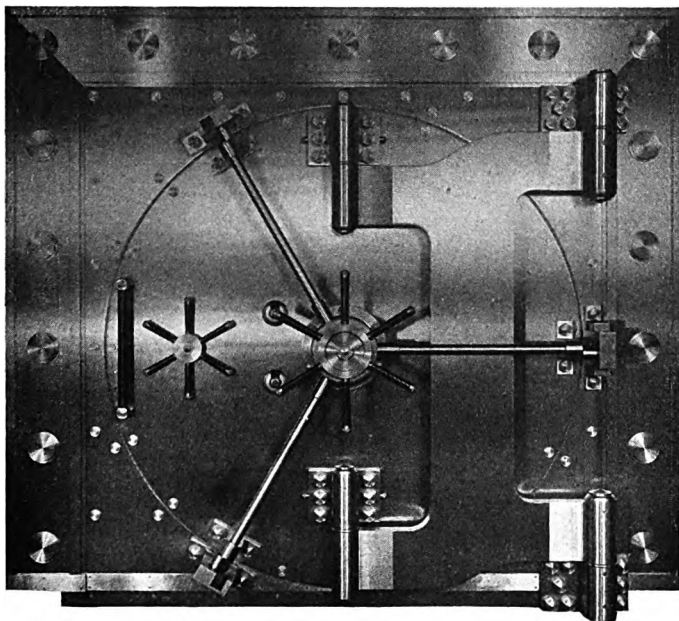


IN celebration of its one hundredth anniversary, the Chemical National Bank of New York, has opened this new office at Fifth avenue and 29th street. This cheerful, spacious office is for the use of the officers of the bank

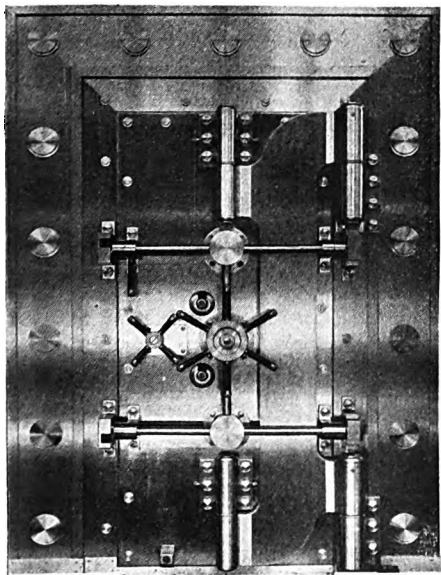
A VIEW of the main banking lobby of the new Chemical National Bank office from the balcony which runs around two sides of the room, showing the well-lighted teller's cages and the large public space



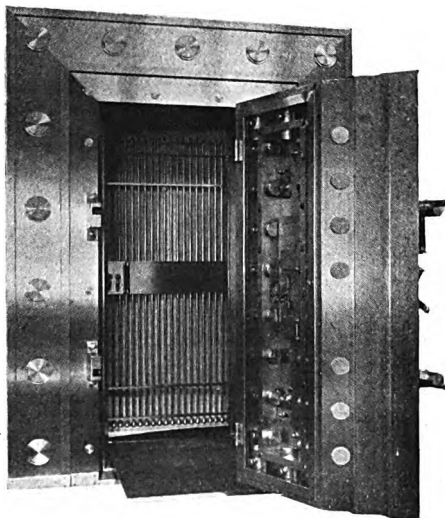
ANOTHER view of the main lobby. This building was designed by Starrett and Van Vleck, architects of New York, Mark Eidlitz and Son doing the building. Wilbur F. Crook, vice-president of the Chemical National Bank, was in charge of the building committee. A short history of the bank appears on page 831 of this number.



Round door entrance to safe deposit vault, Aetna State Bank, Chicago. The materials used in the composition of this door provide protection against all known methods of attack. Particular attention was given to the metal which guards against burning with the oxyacetylene torch



Outside view of massive security vault door in the Aetna State Bank, Chicago, Ill., showing crane hinge, double custody combination locks, and pressure system. Combination dials are covered with shields so that the operator only can see the numbers when it is being operated



Open view of security vault door in the Aetna State Bank, Chicago, Ill. Double custody key locks are provided for the grille gate. The door is composed of alternate layers of hard and soft steel, and flame resisting metal. This door is finished in natural steel

Effects of Our Immigration Policy on the Labor Situation

By Benjamin M. Anderson, Jr., Ph.D.

Economist of the Chase National Bank, New York

SPEAKING on the business situation at the annual meeting of the Philadelphia Association of Credit Men, held at Philadelphia on April 22, Dr. Benjamin M. Anderson, Jr., economist of the Chase National Bank of New York, paid special attention to the labor situation as affected by our new immigration policy. With labor supply held down by our immigration restrictions, wages are necessarily higher than they would otherwise have been. This is desirable, but it involves changes of business policy, and readjustments of several kinds. (1) We must economize labor, using land and capital with comparative lavishness, and using labor only for the most important uses. Our strength will be even more than ever in mass production where machines turn out many thousands or millions of units of a given pattern. Production calling for a great deal of hand labor we shall increasingly surrender to Europe. (2) There is taking place, and will continue to take place, a shifting of industries from the northern half of the Atlantic seaboard, and especially from New England, to other parts of the country, notably the South, where wages are much lower, while there is taking place a counter movement of population from areas of the United States, where wages are low, to the industrial centers, where they are high. This will tend toward a leveling up of wages in the interior of the country, especially in the South, with ultimately a leveling down of wages in the northern half of the Atlantic seaboard, especially in New England. (8) The situation creates an increased inducement to American capital to seek foreign investment.

Dr. Anderson said in part:

One of the difficult and novel problems which confronts American business is the in-

elasticity and shortage in our labor supply which grows out of our new immigration policy. In pre-war days expanding business was usually a signal for an increased flow of labor to this country, while periods of business inactivity usually witnessed a sharp falling off in the rate of immigration, and even a considerable back flow to Europe of transient labor. Our present restrictions on immigration, which seem likely to be tightened even further by pending legislation in Congress, make a very different situation. The mere shortage of labor is one thing. The inelasticity of the labor supply is a different thing. Each aspect calls for changes in business policy, while the shortage of labor is requiring, and will continue to require, substantial readjustments among our industries, and a shifting of population and industries, among different sections of the country.

In a large way, it may be said that the rate of wages depends upon the proportion between the labor supply on the one hand, and the natural resources and capital with which labor works on the other hand. When land and capital are scarce and dear and men are abundant, men become cheap. When men are scarce and land and capital are abundant, wages tend to be high. Wages in the United States would have been very much higher than they were in the ten years preceding the War if we had adopted in 1904 the immigration policy which we now have. Even if prices should go back to pre-war levels, wages will not go back to pre-war levels while our present immigration policy continues.

I think that all humane men must welcome the improvement in the position of American labor which this involves. High-priced labor, however, is not necessarily high-cost labor. American labor is highly efficient, partly by virtue of education, intelligence, and native ability, and partly by virtue of the fact that it is used in conjunction with a large volume of land and capital, and so has much greater opportunity to turn out a large product per individual. Where high wages grow out of high output per man, they are economically desirable and may be expected to continue. High wages accompanied by slovenly work, reduced output, and progressive inefficiency, are an economic monstrosity, and cannot be maintained. Wages depend on productivity, and this elementary truth is not, as a rule, adequately appreciated by American labor.

BOOK TALKS

Special Section of The Bankers Magazine

MAY 1924

Every Great Business also a Great Teacher

An Interview with Glenn G. Munn

"I must confess to considerable interest in business training" is a statement of Mr. Munn's that sums up his work for the past few years. He is a lecturer for the American Institute of Banking, has been a teacher, editor, bank personnel director, business analyst, writer on financial subjects—that is, practically everything he has been doing since graduation from college has been a form of teaching on business matters—from the schoolroom to the large business office, and reaching out to the general public through articles and books. "The Paying Teller's Department" (\$1.25, Bankers Publishing Company) which made him well known among banking students will soon be followed by an "Encyclopedia of Banking and Finance."

WHILE we rarely think of a business as needing to train its employees, as a matter of fact a large part of the work of any business organization is teaching. Every great business, consciously or unconsciously, is also a great teacher. It is a school of applied business principles. Organization consists of training and disciplining a corps of employees to make or sell some product, or perform some service for which the world has need." This opinion has been the guiding force in the business life of Glenn G. Munn. While teaching others he has himself always been learning and adding to his experience. His viewpoint is interestingly put in his own words:

"I have never been committed to one job. I have made quite a few changes in the past eight years. I have taught business subjects; I have been an auditor; I have been a bank personnel director; I have been an editor; I have been a business analyst; I have been a writer on business, banking and financial subjects.

"Total Viewpoint" Acquired

"No doubt if I had clung to one job, I would have been better off financially and would have won more prestige. But I wouldn't have learned so much. I wouldn't have had such an interesting life. I wouldn't have acquired so much of a 'total' viewpoint as I have now.

"I like problems. If my work doesn't present problems, or if I have found a workable solution to a problem, I begin to lose interest. I want something else to 'chew on'.

"I look upon most things in this world as being unfinished, imperfect, unclassified, but capable of improvement. *This is true*

in business as well as anything else. We have much to learn about markets, about the business cycle, about price trends, about



A recent snapshot of Glenn G. Munn, taken near his home in Brooklyn, N. Y.

the technique of production, about employer-employee relations, about business training, about costing, about methods and procedure.

"I must confess to considerable interest in business training. That is why I am, among other things, lecturing at the American Institute of Banking, and have been for the past four years. It is also why I

(Continued on page 4)

THE BANKERS MAGAZINE—BOOK TALKS

BOOK TALKS

EVERLYN M. PRICE, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

MAY 1924

Reprints of this section will be sent without charge to anyone upon request. BOOK TALKS appears as an eight-page insert in THE BANKERS MAGAZINE each month, and is also sent out separately to those who are interested in books on banking and business.

Shop Talk

REQUESTS for having their names retained on the BOOK TALKS list were received from our many readers during the past month. Even though we know the formal signing of the name on the card we supplied means that the signers enjoy and want Book TALKS to come to them regularly, it makes us feel "extra good" when a line like the following, from the head of commercial education in a Utah academy, is added: "I enjoy reading Book TALKS. It is up to the minute in its line."



ONCE WE are started telling "nice things" about ourselves it is hard to stop us. Here is another from a young woman in a Texas bank: "I consider Book TALKS one of my best helpers."



OUR READERS no doubt see many times such phrases in Book TALKS as: Write to us for more particulars about our books. Send for circulars. Books sent on approval to banks and bankers. On page 6 we are giving this month some of the correspondence which resulted when a reader "obeyed that impulse" and wrote to us.



LITTLE BOYS are often told that if they are good and learn their lessons they may grow up to be President of the United States. Some little boy always

does, it is true. An order from a bank clerk for *Bank Directors; Their Duties and Liabilities* recalled this to our mind with the added thought, of course, that without a doubt the clerk who is interested in finding out the relation of the directors to his bank will be one of those directors some day.



"It is not an essay on banking and currency nor a discussion of financial or economic theories," says the "American Economic Review," about the *Romance and Tragedy of Banking*. "It is simply a narrative of evidence of more or less importance and interest in the history of the National Currency Bureau (the comptroller's office) with some original deductions and comments. It deals with men and measures, methods and motives in connection with the administration of the Bureau."



ON PAGE 7 we are giving a list of the titles of the articles or discussions that Glenn G. Munn has been conducting in THE BANKERS MAGAZINE under his *Reading Course in Banking*.



IF YOU are lending your copy of Book TALKS to a friend every month, why not suggest that he ask to have it sent to him? We will be glad to add to our list the names of any who are interested in banking and business books.



ONE of the practical advantages of *The Bank Credit Investigator* is that of its being a pocket edition, convenient to carry around on street car or train when going to and from business.



FOREIGN exchange books are looked in and foreign exchange books are laid aside, but *The Elements of Foreign Exchange* is never numbered among those. It tells its story in such an interesting, readable way that it is read through before it is put down.



BANKERS PUBLISHING COMPANY.

71 Murray Street

New York

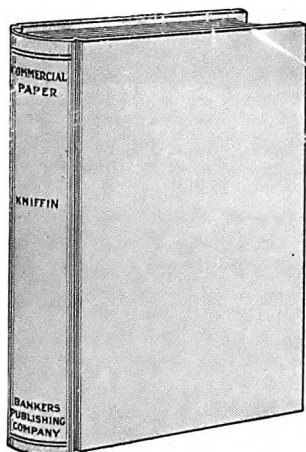


COMPLETELY REVISED EDITION

COMMERCIAL PAPER, Acceptances, and the Analysis of Credit Statements

By W. H. KNIFFIN, Jr.

Price \$2.50 postpaid



CONTENTS

- purpose of credit
- avenues of credit
- commercial paper as secondary reserve
- seasonal demands
- advantages of commercial paper
- single-name paper
- development of single-name paper
- the note broker
- registration of commercial paper
- two-name paper
- relative advantages of single and two-name paper
- necessity of credit statements
- pivotal points in a statement
- audited statements
- comparative statements
- detailed analysis of a credit statement
- the purchase of commercial paper
- checking commercial paper
- broker's statement
- bank and trade acceptances
- acceptances defined
- the money market
- European and American banking methods
- lack of acceptance privileges
- operation of a bank acceptance
- varieties of bills
- the "open account"
- acceptances and foreign business
- possibilities of the acceptance
- beneficial effects
- beginnings in New York
- acceptances and members of the Reserve Bank
- use of acceptances
- bookkeeping of acceptance
- terms of business

THIS BOOK is written by a banker who is thoroughly competent to show others how to judge the soundness and value of all classes of commercial paper and how to analyze a credit statement.

HIS TREATMENT of his subject is ideal, as the first half of the book is given over to theory, that is,—clear, concise explanations of the subjects treated.

THE LATTER half is given to putting the theory into practice, that is,—one hundred pages of actual credit statements are reproduced, both favorable and unfavorable, and on the opposite page these statements are analyzed, their strong and weak points being brought out.

THIS EDITION has been completely revised, more material being added to the various sections, particularly that on bank acceptances, since their use in the United States has grown considerably.

MORE ANALYZED statements in which the item, "reserve for taxes," appears have also been added, as this item has become necessary since the war.

IN THE pages of statements the figures are actual transcripts from the balance sheets of various kinds of firms, with names, places, dates changed for obvious reasons, but the actual conditions are there for study by the student and explanation by the author.

THE BANKERS MAGAZINE—BOOK TALKS

Every Business a Teacher

(Continued from page 1)

have written articles for a number of business magazines.”

Winning Contest Gave Confidence

Mr. Munn was the winner of THE BANKERS MAGAZINE contest in the fall of 1920 for the best article on a banking subject. He told us that it gave him the initial impulse to write in a serious way and a confidence that he could write exposition which people would read. That article, which was entitled “The

銀行員待遇改良法

以我國今日之現狀而觀，銀行員所受待遇，亦已不薄。然細加考察，未必盡然。蓋人之生活，有物質與精神之別。其物質生活，雖極其豐盛，而精神生活，未必滿足也。今日銀行員所處之境，適若何？試一反省，未有一憮然悟其精神生活之缺陷者。我國銀行業之發達，歲月尚淺，銀行員所受痛苦，亦遠不如歐美之甚。故待遇方法，當使精神與物質調和而已。本篇係美國紐約銀行雜誌，應徵文第一等當選論文，原名 The Human Equation in Banking。原著者為紐約 Chase National Bank 行員 Glenn G. Munn 氏。其全篇主旨，在調和銀行員生活與物質生活之一點。記者譯自東橋，選指而已。等諸君匡正之。雇主與雇員之關係，漸形複雜，故非適當指導之

銀行月刊 第一卷 第五號 銀行員待遇改良法

A column from the Pekin Bankers Magazine, which reprinted Mr. Munn's prize contest article

Human Equation in Banking,” attracted quite a little attention, THE BANKERS MAGAZINE reprinting it in response to many requests. It was also reprinted in “Printers Ink,” the well-known magazine for advertisers, and in the “Cleveland Trust Company's Monthly.” The author received many letters of congratulation on the choice and exposition of his subject.

It is particularly interesting to know that the article was translated into Chinese and Japanese, and reprinted in the “Pekin Bankers Magazine.” One of the illustrations with this article was made from that magazine.

Mr. Munn naively told us that “apparently the English didn't think much of it,” adding, “but sometimes we are as much affected by opposing an idea as by accept-

ing it.” The review which occasioned his remark appeared in the *Journal of the Institute of Bankers* (London) and that portion of it is of interest here:

This article (The Human Equation in Banking) is a very exhaustive analysis of the conditions under which bank clerks work and varying methods “surrounding employees in an environment of appropriate incentives.” Apparently the ideal American bank should partake of the nature of a club, of a kindergarten, and of an office for the recording of the physical, mental and psychological peculiarities of the employees. One is reminded of the steamer which, about to start on its maiden voyage, was found to have insufficient steam because it had all been spent in whistling to celebrate the event. So it seems that if Mr. Munn's ideas were put into practice, so much energy would be spent on classifying, arranging, describing, analyzing and recording the staff that very little would be left to deal with the bank's customers.

He is perhaps right, however, in insisting upon the value of personal relations between employers and employed, “the vital spark” he terms it, though in these days of big corporations it is not always clear that there is any personal employer and there can be no personal touch.

“Then Came My First Book”

After winning the prize article mentioned, Mr. Munn wrote other articles for other business magazines and additional articles for THE BANKERS MAGAZINE, which, at present is publishing a series of his, comprising a reading course in banking.

“Then came my first book,” said Mr. Munn. “It was a very small book—*The Paying Teller's Department*—it was exclusively devoted to a single department of a bank, and grew out of my experience in directing the educational work at one of the large New York banks (the Chase National Bank).”

“For two and a half years I have been working on an *Encyclopedia of Banking and Finance*. There are encyclopedias in practically every important subject—up to date there has been no thoroughgoing and systematic treatment of terms used in banking and finance with references and bibliography. This book the BANKERS PUBLISHING COMPANY will bring out this year.”

Mr. Munn is the editor of “Standard Service on Railroads,” an analytical and forecasting service of the Standard Statistics Co., New York.

In giving us all the foregoing interesting facts about himself, among the very first things Mr. Munn had to say was “I am 33 and married.” We feel guilty for not having mentioned it before, but childhood memory comes to us in these words, “the last's the best of all the game,” and that will be our apology. The exceptions in comparison are so few that the statement can surely be made that marriage invariably brings out the best in both the man and woman.

THE BANKERS MAGAZINE—BOOK TALKS

Foreign Exchange "Market" Exists In Name Only

No Place Where Trading Is Done; Exchange Managers, Dealers and Brokers Do Business Personally by Telephone or by Messenger

The demand for "The Elements of Foreign Exchange" by Franklin Escher is always constant; to meet it we have just published another edition. The paragraphs below are taken from the fifth chapter, which is about the foreign exchange market. We have had to leave out a paragraph here and there, which goes more into detail (and have by no means given the entire chapter), in condensing this part to give an idea of how the author handles his subject. The book covers the subject more completely. For the person who wishes a simple, clear explanation of foreign exchange there is no better book, and the price, \$1.60, puts it within everyone's reach.

THE foreign exchange market is in every sense "open"—anyone with bills to buy or sell and whose credit is all right can enter it and do business on a par with anyone else.

There is no place where the trading is done, no membership, license or anything of the kind. The "market," in fact, exists in name only; it is really constituted of a number of banks, dealers and brokers, with offices in the same section of the city, who do business indiscriminately among themselves—sometimes personally, sometimes by telephone, by messenger, or by the aid of the continuously circulating exchange brokers.

Three Classes of "Dealers"

The system is about as follows: The larger banks and banking houses have a foreign exchange manager or partner taking care of that part of the business, whose office is usually so situated as to make him accessible to the brokers who come in from the outside, and whose telephoning and wiring facilities are very complete.

Next come the big dealers in exchange, some of whom do a regular exchange business of their own, the same as the bankers, but who also have men out on the street "trading" between large buyers and sellers of bills. Such houses are necessarily closely in touch with banks, bankers, exporters and importers all over the country, and have always large orders on hand to buy and sell exchange.

After this class of houses come the regular brokers—the independent and unattached individuals who spend their time trying to bring buyer and seller together, and make a commission out of doing it.

There being no regular market in which foreign exchange rates are made, it follows that the establishment of rates each morning and during the course of the day will be according to the supply and demand for bills.

On any given morning by 10 o'clock the bankers will all have received their cables quoting money and exchange rates in the foreign centers, and will all have pretty well made up their minds as to what the rate for demand bills on London ought to be.

Figure First Price from Cables

A banker, for instance, has £10,000 he wants to sell as early in the morning as possible, and from his foreign cables figures that 4.86 is about the right price. He offers it at that, but learns that another banker is offering exchange at 4.8595. He offers his own at that price, and somebody comes along, taking both lots and bidding 4.86 for £50,000 more. Somebody else bids 4.86 for other large lots, refusing, however, to pay 4.8605. The market is established at that point for the time being.

Later: A cable message from abroad may induce some banker to bid 4.8605 or 4.8610, or it may cause him to throw on the market such an amount of exchange as may break the price down to 4.8575. Rates are constantly changing, and changing at times almost from minute to minute. Yet so complete is the system of telephones and brokers that any exchange manager can tell just about what is taking place in any other part of the market.

As a Rule Rates Are Same

Not infrequently, of course, sales are made simultaneously at slightly different rates, but, as a rule, if a trade is made at 4.86 on Cedar Street, 4.86 will be the rate on Exchange Place.

It is remarkable how closely each manager keeps in touch with what is going on in every part of the market. And the great number of brokers, continually circulating around and trying to "get in between" for five points, is in itself a powerful influence toward keeping rates exactly the same in all parts of the market at once.

CAN YOU TELL ME——?

The Question Box

THIS month on this page we are reprinting a few letters that passed between one of the readers of **BOOK TALKS** and ourselves as a result of a request for more information about our books. The writer is connected with a bank in Texas and represents one of the types of bank workers that we wish to reach. For many of our books are designed for the student banker, particularly those who are already employed in banks and are anxious to get ahead in their work, and also those who are taking courses on banking in school, or are studying at home because of a desire to go into banking though employed in some other business at present.

Heretofore we have taken from such letters the direct question only, and have replied briefly, as we shall have to do other months; but now we are showing all the letters of a recent transaction thinking they will be of interest to other inquirers.

December 1, 1923.

You will find enclosed the coupon properly marked for the examination of **Bank Credit Investigator**. I am also anxious to have information concerning the contents of Morehouse's **How to Succeed in the Bank** as I feel sure that is the book I have been wanting.

Could you give me the name of a good book or article on the work of the bank auditor—one with detailed information on his duties and his method of work? If there is any charge for this service, please send statement to me.

Thanking you in advance and assuring you that I consider **BOOK TALKS** one of my best helpers in my work, I am,

Sincerely yours,
I. F.

December 10.

Unfortunately the **Bank Credit Investigator** which you ask to be sent you on approval is out of stock at present. But we expect to have copies shortly and will keep your name on file in order to send you a copy as soon as they are available.

From time to time we have been printing in **BOOK TALKS** some paragraphs taken from **How to Succeed in the Bank**. If you are a regular reader of **BOOK TALKS** you may have seen these, but I am enclosing them.

There is no book on bank auditing alone. One of our books, **The Practical Work of a Bank**, gives a chapter of detailed information on the subject which I believe is the best available material. This book is \$5.00, and could be sent to you on approval. I think that you would find it of general use to you since you are employed in a bank.

Another book of ours, **Bank Directors**, tells how directors should examine their bank; this might be of a little help. There are chapters on bank auditing in Langston's "Practical Bank Operation," and in Westerfield's "Banking Principles and Practice".

There is a chapter on bank auditing in Kniffin's "Banking Practice" and also in his "Commercial Banking". Volume II of Montgomery's "Auditing Theory and Practice" takes up bank auditing.

An article on "Bank Auditing and the Audit-

ing Department" appears in the April issue of **THE BANKERS MAGAZINE**.

I shall be glad to keep you in mind since you are interested in this subject, and if I come across any good articles on bank auditing, I shall call them to your attention. I'm glad to know that **BOOK TALKS** helps you in your work, and you should feel free to consult the editor at any time on banking and business books.

Very truly yours,
Editor **BOOK TALKS**.

Another edition of the book mentioned in our reply as out of stock at that time is now piled on our shelves, but regularly dwindling as it is a handy pocket edition of a book on an extremely important and much-wanted subject.

* * *

We were glad to see in the next letter the young woman's recommendation of *The Practical Work of a Bank*. There! It's out, but we didn't mean to let bankers of the masculine sex know that these letters were from a woman. Nevertheless we must admit that more and more the young women in the banks are forging ahead—and the secret is study.

December 14.

I have your letter of the 10th and note what you say about the **Bank Credit Investigator**. As soon as you can get a copy please mail one to me.

Thanks for your information on bank auditing, or reference to the books; also for the mention of the other books. I have a copy of Kniffin's **Practical Work of a Bank** and find it very useful and interesting. I am particularly interested in **How to Succeed in the Bank**, and if you have a copy, subject to the inspection privilege, please send it to me. You may also send to me, on approval, a copy of **Bank Directors**.

Thanking you again for your assistance to me in my efforts to get the best reference works on banking, and thus to build up a helpful library and become a more efficient worker, I am,

Yours very truly,
I. F.

The five-days' approval privilege we give to banks and bankers was strictly adhered to. The letter of the 14th was received by us on the 19th, the order was sent out, and the next letter informing us of the return of one book that did not suit requirements and the purchase of the other, followed very promptly after perusal of the books.

December 27.

I am returning to you today under separate cover the copy of **Bank Directors** which you sent me on approval. I am well pleased with the book, but feel that there are other books that I should have right now.

I am enclosing New York exchange for \$2.50 in payment of the copy of **How to Succeed in the Bank**.

Again thanking you for your kindness in sending me these books on approval, I am,

Sincerely yours,
I. F.

Looking back with

THE BANKERS MAGAZINE

and looking forward

"SOME BANK CREDIT PROBLEMS"

has long been a regular department of THE BANKERS MAGAZINE. Our readers would, no doubt, be surprised to learn the names of the many "big" credit managers who have submitted problems to the editor of this department for discussion. Something new is always turning up in this important department of the bank and it is well to keep in touch with the problems that have come to others in order to be better prepared to meet those that come to yourself. Readers may avail themselves each month of the privilege of submitting their problems or reading the comprehensive answers to those of others. The questions are of general interest to all credit managers and credit investigators.

ONE man, putting in time outside the bank equivalent to 15 days of actual work at eight hours a day, in a city of less than 50,000 in the Middle West, secured in five months, entirely from people moving into the town, 134 new accounts, both checking and savings, with total initial deposits of \$16,000. In an article on "Personal Solicitation Among Newcomers," by A. E. Charles, in the March issue is the story of how this was done.

"COVERING, as it does, a period of extraordinary development in American banking, the files of THE BANKERS MAGAZINE will constitute a permanent record of great interest to future generations of bankers and students of economics," wrote I. Hope Simpson, director and general manager of the Bank of Liverpool & Martins, to the editor at the time of our 75th anniversary. "That the MAGAZINE should have lived through so long a period and should display today greater vitality than ever is a remarkable tribute to the esteem in which it is held by the banking and commercial community not only in America but in other countries and also to the ability and enterprise of its successive editors and managers."

A "READING COURSE IN BANKING"

has appeared in the MAGAZINE every month for the past year. The subjects covered are: The Fundamentals of Credit; Bank Organization and Functions; Receiving and Paying Functions; Collections, Transits and Transfers; Clearing Houses; Grant-

ing Credit—The Credit Department; Loans and Discounts; Safe Deposit and Custodian Accounts; Trust Companies and Trusts; The Bank's Long-Term Investments; Bank Bookkeeping and Accounting; Bank Auditing and the Auditing Department; Bank Examinations.

YEARS ago a well-known bank in the Northwest put out its first magazine. The monthly magazines were placed in a rack with a sign above, "Take One". The first month most of the small edition disappeared. The second month, however, its popularity fell off, and thereafter the janitor usually had to clean out the last edition to make way for the succeeding number. Publication was finally suspended. Later this magazine came back, and came back strong. Just how this was accomplished is told by W. E. Walker under whose supervision the magazine is published. This article, "Making the Bank Magazine Succeed," appeared in the April issue, and contained many suggestions which banks either publishing or contemplating the publication of a house organ will find both pertinent and useful.

THE term "farmer" is made to cover unnumbered identities, and one section of the press starts a campaign against the unfortunate, unjustifiable and unendurable position of "the farmer," while another group of papers proclaims that hard times for "the farmer" are mostly imaginary, based on false premises, or due to speculation in land. Carleton P. Fuller, in a lucid analysis of the farm situation and the farmer's difficulties, "Does the Farmer Need Charity?", presents some very interesting facts and figures, and draws some pertinent conclusions. Read his article in the May issue.

TWO series of articles appearing in regular issues are of particular interest and value to readers. The first series of articles, prepared by a man who has put his theories into actual practice as the manager of a highly organized publicity department, deals with various plans and methods of increasing the business of the average sized bank. The second series, based on the actual experiences of financial institutions in every part of the country that have pioneered in this type of publicity, deals with various practical uses of window displays.

Some of our Books for Bankers



The Romance and Tragedy of Banking

By THOMAS P. KANE

The author was connected with the Comptroller's office for 36 years, knew personally most of the Comptrollers of the Currency, and was intimately acquainted with all that took place in the banking world during his term of office. He tells the inside story of hundreds of interesting incidents.

\$5.00

T. D. MacGREGOR'S

Book of Bank Advertising

The most exhaustive book on the subject yet published. Contains many paragraphs which can be used as material for building banking, trust, investment and safe deposit advertising.

\$5.00

AND

New Business Department

Completely revised for its third edition. This book is unique in its field and will serve as an excellent guide when organizing such a department.

\$1.25

Bank Agricultural Department

By R. A. WARD

Shows the bank in an agricultural district how to serve the farming interests of the community.

\$1.25

Bank Directors

By O. W. BIRCKHEAD

A former national bank examiner explains how directors should examine their bank.

\$1.25

Elements of Foreign Exchange

By FRANKLIN ESCHER

A good working knowledge of the subject can be gained in a few hours from this little book.

\$1.60

The Bank Credit Investigator

By RUSSELL F. PRUDDEN

Tells in as concise a manner as possible what problems the young man will meet in a bank credit department. Advice as to steps to be taken in a credit investigation and analysis of a credit risk.

\$1.50



The Paying Teller's Department

By GLENN G. MUNN

Presents the functions of the paying teller and related departments in every phase—whether in a city or country bank, the East or West. A reference book on checks and disposition of money.

\$1.25



Bank Credit Methods and Practice

By T. J. KAVANAUGH

Description of the operation of a credit department, useful not only to the banker but also to the business executive in learning the banker's attitude on credit risks.

\$2.50



WM. H. KNIFFIN'S

Commercial Paper, Acceptances and Analysis of Credit Statements

Of the few books entirely devoted to this subject, this is a safe investment: 205 pages, with 100 pages of actual statements completely analyzed on facing pages.

\$2.50

AND

Practical Work of a Bank

Not a banking problem nor 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.

\$5.00

Bankers Publishing Co.,

71 Murray St., New York

Established 1846

The Bankers Magazine

Published Monthly by

THE BANKERS PUBLISHING COMPANY

BOSTON

at 71-73 Murray Street, New York, N. Y.

CHICAGO

CABLE ADDRESS: "BANKMAG." NEW YORK

Volume CVIII

JUNE 1924

No. 6

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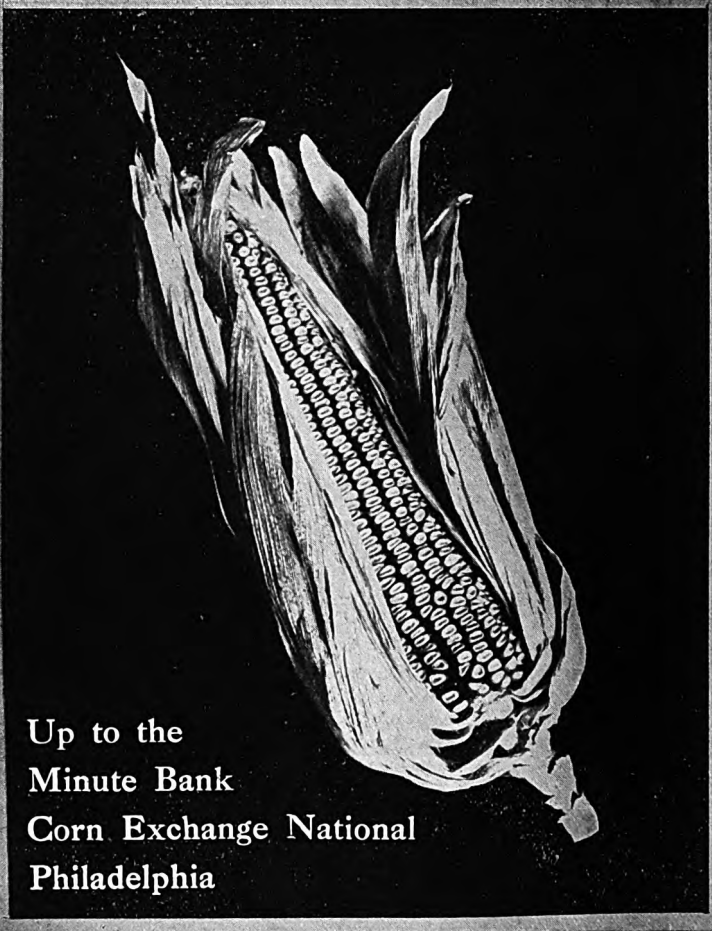
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Up to the
Minute Bank
Corn Exchange National
Philadelphia

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

The Publisher's Page

TWO articles which readers will not want to miss, and which will appear in the July number of **THE BANKERS MAGAZINE**, are **Effective Ideas for Window Displays**, the third article of a series on bank window advertising by M. E. Chase, and, **Renting Safe Deposit Boxes**, the third article of a series on bank business building plans and methods, by W. E. Walker. The article by Mr. Chase on window displays will be accompanied by some interesting reproductions of some successful bank window displays, and will contain a large number of practical ideas, based on the experience of banks in all parts of the country. All branches of banking are included in these suggestions. The small town has not been disregarded in this article, and most of the window display material described may be obtained in a town of 5000. The article by Mr. Walker on the subject of renting safe deposit boxes is based on the practical experience of the author in selling this branch of the bank's services through well directed publicity with marked profit and success. Both of these articles contain a wealth of helpful, practical ideas which any banker can avail himself of without any great expense of time or money.



IN answer to the question, "is there anything the matter with the automotive industry," almost as many answers have been given as there are makes of motor cars. The public assumes that something must be the matter because dealers are not placing the usual orders with the factories and automotive stocks have been declining rather than increasing at the time of the year when they should have the stimulus of spring orders. Walter P. Chrysler, chairman of the Maxwell and Chrysler Motor Corporations, Detroit, says, in his article, **The Present Situation of the Automotive Industry**, to appear in **THE BANKERS MAGAZINE** for July, that "something is the matter." He says that, in a word, it is overproduction. "The charge cannot be fairly made," adds Mr. Chrysler, "of the industry as a whole, but it can be made of certain companies and those companies have influenced the entire industry." He then goes on to explain, in his article, just what this situation is, and why it has arisen. Walter Chrysler speaks authoritatively about the automotive industry. He is one of the recognized leaders in the automotive field. He went, in 1911, from the general managership of 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. His amazing success at the Buick and the Willys-Overland companies is automobile history. His extraordinary success in handling the Maxwell and Chalmers companies has been a frequent topic of conversation in the industry. Read this article in the July number.



THE loss of millions of dollars and the ruin of hundreds of men are the annual toll of bank defalcations. And these figures show a dangerous and unnecessary increase every year. For the year 1922, on bank defalcations only, one surety company alone showed a net loss of \$500,000. The report of the Attorney General of the United States for the fiscal year 1922 shows that 338 cases were reported to his office during that period. Beginning in the July number, **THE BANKERS MAGAZINE** will run a series of interesting and highly informative articles on **The Cause and Prevention of Bank Defalcations**. This series has been prepared by Martin K. Fowler, now of the New Jersey State Banking Department, and formerly special bank accountant for the Federal Department of Justice, in which capacity it was his duty to investigate and aid in the prosecution of violations of the national banking laws. During the course of his experiences, Mr. Fowler has been a banker, an investigator and a bank customer, so there is no angle of the banking business with which he is not familiar. He has come in direct contact with many bank defaulters and from talking with them and examining the circumstances of their crimes he has acquired an insight into their methods and motives which is shared by few other authorities in the country. Mr. Fowler says, regarding his series of articles: "Bank defalcations could be prevented, not entirely perhaps, but a very large majority of them, if all directors were up to their jobs. Most directors labor under a misconception as to an examiner's duties, and do not realize that they themselves are liable and that the responsibility of preventing a defalcation rests on their shoulders. I have tried to analyze the subject in a brief yet comprehensive manner so that directors generally will be put on notice of the many danger signals."

An Ancient Check on "The Bank"

AT 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!

There are many other banking institutions in New York of today, but none is better equipped to give careful attention to financial business of all kinds than the Bank of New York and Trust Company, with one hundred and forty years' experience as a Bank and ninety-four years' experience as a Trust Company.



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

THE CHATHAM AND PHENIX



NATIONAL BANK

OF THE
CITY OF NEW YORK
A Nation-Wide Service

For more than a century this Bank has constantly widened its facilities and extended its banking connections. Beyond the mere question of growth, however, has been the tradition of an individual attention to the requirements of its correspondents.

Correspondence cordially invited.

200 MILLION DOLLARS RESOURCES

BOOK TALKS

Special Section of The Bankers Magazine

JANUARY, 1924

John Smith and the Federal Reserve System

Author of "Bank Credit Methods and Practice" Illustrates Theory of System on J. Smith's \$1000 Loan

JOHN SMITH goes to his bank and makes a ninety-day loan of \$1000 to purchase raw materials. The bank credits his account with \$1000, less the discount. This means that the deposits of the bank were increased by the amount of the proceeds of Smith's note, and its reserve must be increased accordingly.

The bank takes the note to the Federal Reserve Bank, where it is discounted. The Federal Reserve Bank places the \$1000 commercial paper with the reserve agent, who issues \$1000 Federal Reserve notes to the Federal Reserve Bank, it, in turn, paying the proceeds to the member bank.

The Federal Reserve Bank pays the proceeds of the discounted note in Federal Reserve notes. It will be seen that what really happens is this: The \$1000 Federal Reserve notes issued in the above case are really Smith's note in another form; that is, instead of loaning \$1000 on Smith's note and holding it till maturity, thereby tying up so much capital, this note, being the obligation of a merchant of accepted standing, to be used by him to purchase raw materials, which he will manufacture and liquidate, and also being eligible for rediscount, is theoretically transformed into an elastic form of currency in convenient denominations which can be circulated during the life of Smith's note.

A "DEBT OF THE UNITED STATES"

The Federal Reserve notes are secured by Smith's note and are backed by a gold reserve of 40 per cent., and are a debt of the United States and a first lien upon the assets of the issuing bank. Smith pays his bank, and the bank, in turn, pays the Federal Reserve Bank, which hands the Federal Reserve agent \$1000 in Federal Reserve notes, for which it receives Smith's note and its gold reserve.

Thus the \$1000 Federal Reserve notes are taken out of circulation.

When money is in demand and rediscounts are heavy, the issue of Federal Reserve

notes increases; likewise to meet the conditions when money is abundant, the circulation of Federal Reserve notes is automatically reduced.

The same notes that were originally issued may not be returned and most likely will not be, but Smith's note will be released by the Federal Reserve agent upon the surrender of gold or other collateral.

In other words, if the Federal Reserve Bank has outstanding \$1,000,000 notes against which there is deposited \$1,000,000 commercial paper, if this commercial paper is paid and the Federal Reserve Bank has no more commercial paper or notes, it has to surrender to the Federal Reserve agent \$1,000,000 gold to redeem the notes.

ESTABLISHMENT OF THE SYSTEM

The establishment of the Federal Reserve System was undoubtedly the most progressive step in constructive banking ever taken by the United States. It has transformed a safe but inelastic monetary system to one equally safe and which will respond to the demands of business. The Federal Reserve System differs somewhat from the banking systems of other countries. It includes neither a branch banking organization, as employed in Canada, nor a central bank, as in the European countries.

* * * *

Thomas J. Kavanaugh's chapter on the Federal Reserve System is all written as simply and clearly as the story of John Smith's loan which he uses to illustrate the theory of the System. These paragraphs are a small part of the chapter, which goes on to explain the notes issued by the Federal Reserve Banks, the way the banks influence rates of interest, etc.

This chapter on the System is only one of the twelve chapters which make up the book. The price is \$2.50, and the book 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

JANUARY, 1924

Shop Talk

PROMOTIONS and increases in salaries are contingent upon the prosperity of a bank. If your bank is at a standstill, with profits diminishing instead of increasing, promotions and increases in salaries are not likely to be made. If it is growing and its business is profitable, promotions and increases naturally follow.

EMPLOYEES' contests for new business have proved beyond a doubt that bank employees have it within their power to increase the business of their respective banks.

PERHAPS you are one of those persons who feels that he simply cannot approach another person in order to get new business for his bank. W. R. Morehouse (there is no one in the bank advertising business better known than he and a vice-president of the Security Trust & Savings Bank in Los Angeles, by the way) talks to just that sort of person, giving excellent advice in his *How to Succeed in the Bank*. He tells straightforward facts in this book, which you wouldn't like to have told to you by the head of your department. But you can read them at home and profit thereby, with no one to know from where you got the hints that will make you better liked in your bank, and draw business there because of your personality.

NEW BOOKS on bank window displays and bank advertising are in preparation

for publication. Watch **BOOK TALKS** each month for later information about their contents.

WOMEN in banks are doing a conspicuous service in inducing women to use the bank as trustee under wills. Miss Anne Seward, author of the book on the women's department, in process of publication, gives this as one of the many reasons why every bank should have such a department. Every bank that has not yet organized this modern department will do well to find out what she has to say on the subject.

"WHERE can I get a little book from which I can get a clear idea of how foreign exchange works, without going too deeply into the subject?" The answer is: *Elements of Foreign Exchange* from the Bankers Publishing Company." A good working knowledge of the subject may be gained in a few hours from this little book.

A YOUNG MAN in the credit department of a large New York bank once realized that although there were numerous theoretical works on credits there seemed to be no standard book giving practical ideas on the subject. With this idea in mind he put his actual daily experience on paper, conferred with his associates and with those older "in the game" than himself, and the book on *The Bank Credit Investigator* was the result. In its review of the book "The Credit Monthly" said: "What more can be said than that this book *completely* serves the purpose for which it was designed?" Mr. Prudden succeeded in writing a book which every young credit worker needs—such a book as the author needed when he entered the credit department, but which was not available to him.

"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

THE 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.

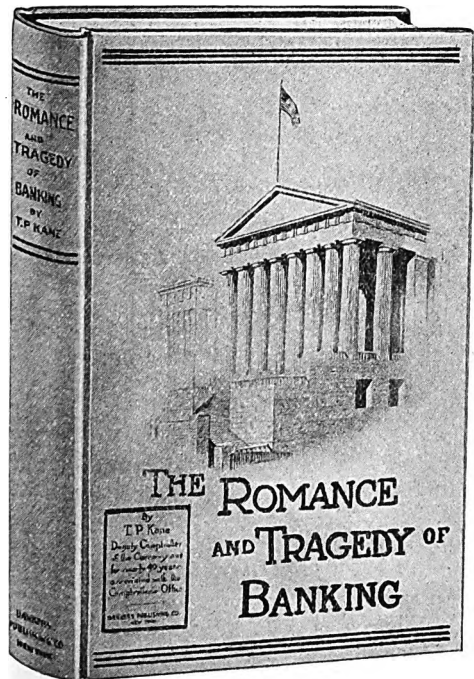
The volume is written in an easy, readable style with particular emphasis laid on the human side of banking, the vivid personalities that have held the stage in the banking drama of the past half century being described. An interesting feature of the book is its graphic description of the events leading 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 Dwiggins 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; The Miss Lottie M. Taylor incident; The poetical critic; Instances of theft in connection with currency shipments; Chicago fire of 1871 and its effect upon the banks; Robbery of the Merchants National Bank of Lowell, Mass.; Secretary Shaw's ruling in regard to reserve requirements; Crisis of 1907.

Use the coupon on the last page of BOOK TALKS for ordering



Bankers Publishing Company, 71 Murray St., New York City

THE BANKERS MAGAZINE—BOOK TALKS

Book Reviews

TRUST COMPANIES OF THE UNITED STATES.
New York: United States Mortgage & Trust Company.

THE 1923 edition of this book has just been published. It shows that total resources of the trust companies in the United States have reached \$14,441,000,000, an increase of \$1,701,000,000 over the previous year. Institutions reporting numbered 2478, as compared with 2372 a year ago. Many other such significant and interesting figures are given in the volume.

+

THE PRINCIPLES OF REAL ESTATE PRACTICE.
By Ernest McK. Fisher. New York: The Macmillan Company. \$3.50.

THIS BOOK introduces the reader to the whole field of real estate practice, the author constantly keeping in mind both the man who expects to enter the real estate business without experience and the man already in the business who wants to make his work more effective.

In successive chapters Mr. Fisher gives a full and practical exposition of the real estate specialist and his functions; real estate office organization renting; leasing and property management; insurance; real estate selling; advertising; the valuation of real estate; building operations; financing real estate transactions; legal considerations; subdividing and city planning; taxation of real estate; the real estate profession and its relationship to the state; professional relationships; requisites to success in real estate practice.

+

MERCHANTS' ASSOCIATION YEAR BOOK—1923.
Published by the Merchants' Association of New York.

THIS YEAR book includes alphabetical and classified lists of nearly 8000 members of the association, and an index. It fills 394 pages, covering the work done during the year ending May 1, 1923.

It contains lists of the officers, directors and executive staff, and the personnel of the forty-three standing committees of the association, formed to carry out the purpose for which the association was founded—"To foster the trade and welfare of New York."

All the members are classified in forty-nine main divisions, which, in turn, are divided into subdivisions. There are eleven of these subdivisions under "Division I—Food products and kindred lines"; twelve under

"Division II—Textiles, wholesale dry goods, and kindred lines"; thirteen under "Division XVIII—Engineering, building and building equipment," and a lesser number under other mentioned divisions.

+

DIRECTORY OF DIRECTORS IN THE CITY OF NEW YORK. Published by the Directory of Directors Company, New York.

THE 1923-1924 edition of this book contains the names of some 42,000 New York City directors in various corporations, with an appendix comprising selected lists of corporations in banking, insurance, transportation, manufacturing and other lines of business, showing their executive officers and all directors.

+

THE MENTAL SPARK PLUG. By F. D. Van Amburgh. New York: The Silent Partner Company, Inc.

THIS is a book of original thought-stimulating epigrams, as the author says, "for all those who speak, write or think out loud." For convenience they are collected into alphabetically listed groups. Under "Ability," for instance, on the first page, there is this:

The most interesting income you will receive from doing good work is the increased ability to do better work.

And under "Zeal" on the last page:

If you invest yourself properly, the money will take care of itself.

"Figuratively speaking," the author says in the introduction, "we frequently need in writing, talking, or in correspondence, a spark plug. The mental machine often requires the impetus imparted by the explosion, in the mental cylinder, of the mixture flowing from the mental carburetor, and, of course, a mental spark plug is the answer."

+

New Books

EVERYBODY'S BUSINESS; The Story of America's Assets and Opportunities as Represented by the Nation's Chief Industries. By Floyd W. Parsons. Doubleday. \$3.50.

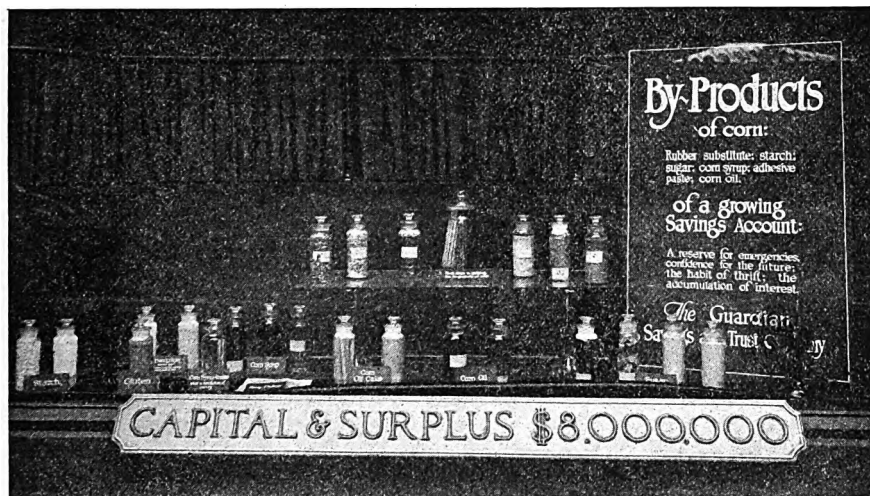
THE REPUBLICS OF LATIN AMERICA; Their History, Governments and Economic Conditions. Harper. \$3.50.

+

Pamphlets Received

A PRACTICAL GUARANTEE FUND PLAN FOR NATIONAL BANKS. By W. R. Chancellor. First National Bank, Midland, Texas.

THE BANKERS MAGAZINE—BOOK TALKS



Display of by-products of corn which appeared in the window of the Guardian Savings and Trust Company of Cleveland

Winning the Good Will of Business

Secure "Properties" for Window Displays from Local Merchants

PERHAPS one of the greatest possibilities of window displays as a bank advertising medium is in winning the good will of local business houses.

In securing "properties" for certain displays it is often necessary to enlist the co-operation of local merchants. "Properties" may either be rented at a certain percentage per week, or, better yet, borrowed for the privilege of placing the firm's advertising card in the bank window.

For instance, in getting up a display on the idea "Save For A Vacation," the "properties" could include hunting equipment, fishing tackle, etc. All of this can be borrowed from a local sporting goods house. A card may be inserted with the display reading, "Sporting Goods Loaned by — Co., 317 Main St."

It will be found that the various concerns are not only willing to lend "properties" in this way but will actually compete for the privilege. Once your bank becomes known as a bank with window displays, you will find that merchants will be after you asking for the privilege of showing their goods in the window. So that the problem of getting "properties" for displays is really not difficult and, in fact, is an opportunity for the bank.

There is also the possibility presented of making typical "booster" displays. Home

products and home manufactured goods may be shown in windows, placing the bank before the people as a public-spirited institution and winning the everlasting good will of the management and employees of the concern whose goods are advertised.

* * * *

Bank Window Advertising, a 134-page book gives four short chapters (the above paragraphs form one of these chapters) on general information about window displays. Then the remainder of the book lists many ideas for displays and tells just what is required, even giving suitable window cards. Here is a typical display, and there are others even more unique if you prefer them:

HOW MUCH TO SAVE

Properties: Lettered cards—"Food, 30%"; "Rent, 25%"; "SAVE 10%"; "Clothes, 12%"; "Household, 13%"; "Education and Recreation, 7%"; "Extras, 3%." Twenty dollars in silver.

Poster: "How to Spend." "How Much to Save." "Start a savings account today, 4% interest." (Circular chart in center with above figures arranged in seven quadrants.)

Set poster in center with lettered cards arranged along front of window. In front of each card have placed in money the amount that would be devoted to that particular item from a salary of \$20 a week. For instance, have one card lettered as follows: "Salary, \$20 a week; rent, \$5." In front of this card place five silver dollars, doing the same with each of the other six cards. This display will create considerable interest.

THE BANKERS MAGAZINE—BOOK TALKS

The Question Box

On this page every month questions relating to banking and financial books are answered. Of course all the books named are not our own publications, so we have marked our own 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. 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: Can you refer me to any article in THE BANKERS MAGAZINE on the analysis of bank statements? What books are there that also cover this subject?—R. C. K.

ANSWER: *The Bank Credit Investigator** (\$1.50) gives two chapters, of 36 pages, replete with forms for statement analysis. *The Practical Work of a Bank** (\$5.00) has a chapter of 132 pages on the essentials of granting credit which covers statement analysis. *Bank Credit Methods and Practice** (\$2.50) gives three chapters to the subject. *Commercial Paper, Acceptances and the Analysis of Credit Statements** (\$2.50) is a 160-page book which gives a bank statement on one page and an analysis and discussion on the page opposite.

In the August and September (1923) issues of THE BANKERS MAGAZINE the editor of the department, "Some Bank Credit Problems," carefully covered the subject of statement analysis and in the October and November issues questions on the items of the balance sheet are answered.

Other books on bank credit are: *Banking and Credit*, by D. R. Dewey; *Bankers Credit Manual*, by Alexander Wall; *Analytical Credits*, by Alexander Wall; *Bank Credit*, by A. C. Phillips.

+

QUESTION: Can you give me the names of late books on direct mail by banks, such as result-producing letters? Or recommend the name of any good book on use of letters and circularizing by banks? Do your books, *Bank Advertising Plans* and *2000 Points for Financial Advertising* cover these subjects?—W. V. Y.

ANSWER: The books mentioned are now out of print; but the most valuable mate-

rial is in revised form in the later book by the same author, *Book of Bank Advertising**, by T. D. MacGregor (\$5.00), which has a wealth of new material, ideas and suggestions.

In this book there is a chapter of 37 pages on building bank business by letters in which are given 63 actual letters, such as can be written to present depositors, new depositors, directors, farmers, stockholders, professional persons, manufacturers, etc.

In *Bank Deposit Building**, by W. R. Morehouse (\$4.00), is a chapter of 55 pages in which are 28 cuts of various advertising folders for circularizing. In the first part of the chapter the author gives advice on circularizing and letter writing.

*Bank Letters**, by Morehouse (\$10.00) is a book of 100 business-producing letters, used by well-known banks throughout the country.

+

PERSONAL WORK GETS MORE LASTING ACCOUNTS

A LITTLE scheme I intend to adopt for our bank is as follows: Have three by five-inch slips printed on heavy paper, ruled with space for name, address and business or occupation of prospect, and provide space on the slips for keeping a record of advertising sent.

These blank cards I propose to distribute in quantities to all the officers, directors, stockholders, employees and good customers of the bank and ask them when they hear of a new man or anyone likely to be interested in the facilities the bank has to offer, to fill in his name, address, etc., and hand or mail the card to the advertising manager of the bank, after signing their name on the space provided. These cards will then be followed up persistently, either by printed matter or personal work, until the prospect is landed or abandoned for some reason.

In connection with this plan I expect to have installed an addressing machine and have all the work of preparing the advertising and sending it out done in the bank under the supervision of the manager.

In soliciting commercial accounts I am of the opinion that personal work gets more business than most other forms of publicity, and I believe that satisfied customers are a bank's best advertisement. The moral is, strive to serve present customers satisfactorily and they will spread the good news to others, and it will be an endless chain constantly bringing in new friends.—MacGregor's *Book of Bank Advertising*.

Bankers Publishing
Company



71 Murray Street
New York

Books of use to bankers

- 1) 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.
- 2) 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.
- 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 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.
- 5) 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.
- 6) **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.
- 7) 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 Glen G. Munn.
- 8) 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.
- 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.
- 10) For those who wish to understand the general principles of foreign exchange, Escher's **ELEMENTS OF FOREIGN EXCHANGE** is just the book. A good working knowledge of the subject can be gained in a very few hours from this little book.
- 11) There are few books entirely devoted to the subject of commercial paper. Kniffin's **COMMERCIAL PAPER, ACCEPTANCES AND ANALYSIS OF CREDIT STATEMENTS** is a safe investment if you want one on this subject—a 160-page book, with eighty pages of actual statements, with complete analyses on facing pages.

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

conclusions of writers who have learned from actual experience.

Realizing that it is difficult to decide on the suitability of a banking book without an actual examination of the book itself, the Bankers Publishing Company has adopted an approval system which enables any bank or banker to send for any of its publications on five days' examination, at the expiration of which time the books may be returned or a remittance sent if they are satisfactory.

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THE HANOVER NATIONAL BANK OF THE CITY OF NEW YORK

Established 1851

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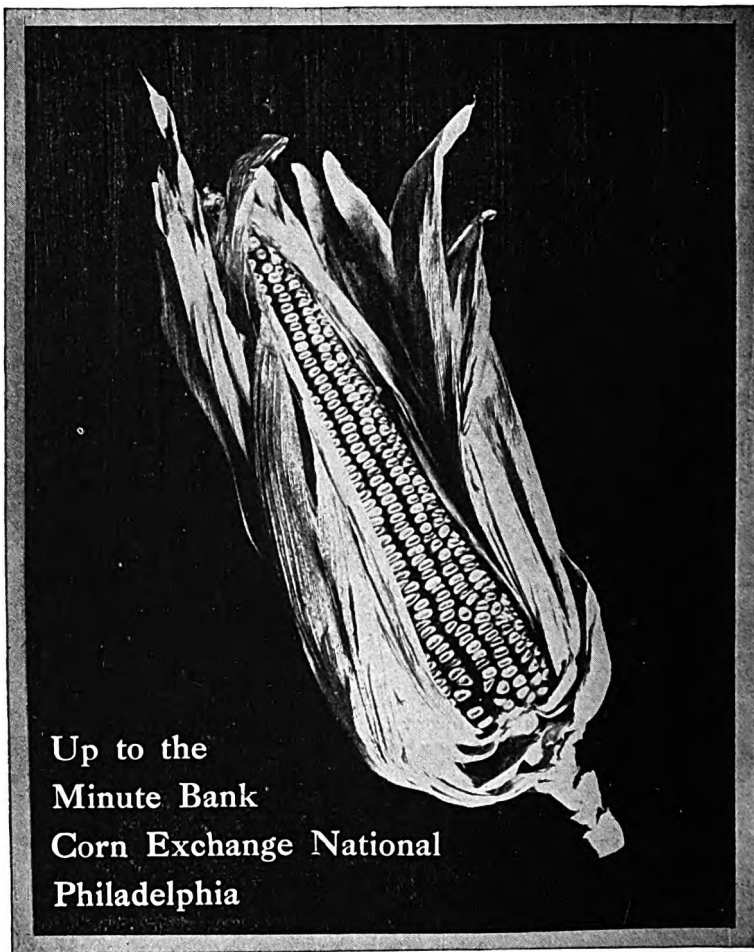
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ASST. CASHIER

Capital \$5,000,000
Surplus and Profits 21,000,000

The "Hanover" is New York Correspondent of over 4000 Banks.

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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

The Publisher's Page

IN 1923 the railways of the United States experienced their first normal year since 1916. In 1920, when railway conditions were very bad, understanding arose of the handicap on business that could result from railway car shortage and congestion. In 1923, on the other hand, realization was made possible of the great benefit that could accrue to business as a result of efficient railway transportation and the handling of the heavy transportation burden without car shortage or congestion. Charles W. Foss, financial editor of the *Railway Age*, in an article, *The Present Situation of the Railroads*, which will appear in the March number of *THE BANKERS MAGAZINE*, presents all the more important phases of railway transportation problems and questions in a clear and decisive fashion, including the efforts of the radical bloc to check any constructive program by fanciful legislation. As bankers well realize, the condition of the railways affects them no less than it does the manufacturer. Bankers will find plenty of food for careful thought in this article.



READERS will be interested, the editors believe, in the following testimonial in the form of a resolution passed by the Executive Council of the American Institute of Banking in Kansas City on January 24, 1924. The text of the resolution reads:

"Whereas, *THE BANKERS MAGAZINE* has given material assistance to the American Institute of Banking by devoting considerable space to articles and notices featuring the purposes and objects of our organization; and

"Whereas, by virtue of this publicity, a large number of young bankers have learned of the educational work of the Institute and of the opportunity to acquire, through the prescribed Institute study courses, a knowledge of the fundamental principles of banking and economics; therefore be it

"Resolved that the Executive Council of the American Institute of Banking does hereby express to the editor of *THE BANKERS MAGAZINE* its sincere appre-

ciation for the splendid co-operation so generously given the American Institute of Banking in its work of developing a broader and better banking profession."



WHAT'S wrong with our present system of determining credits? Roger W. Babson, nationally known economist and business authority, says in *The Fundamental Balance Sheet*, an article to appear in an early issue of *THE BANKERS MAGAZINE* that "the difficulty lies in the fact that credit is ordinarily determined by the borrower's condition at the time the loan is made, whereas it really should be determined upon his ability to meet the loan when it is due. Analysis indicates that it is developments between these two dates that actually determine the risk involved, and a further examination shows that the majority of these developments are due to the trend of fundamental business conditions outside the individual concern and entirely beyond the control of its management." Mr. Babson gives in detail in his article an interesting example of a hypothetical case designed to bear out his contentions regarding fallacies in our present credit system.



AN important customer of a large Chicago bank, and the holder of one of the bank's safe deposit boxes, left for a trip to Europe. Half way to Liverpool he became worried about his securities. He sent wireless: "Drill my safe deposit box and see if my bonds are there!" This was done. The bonds were gone. The customer was immediately notified, came back on a return boat, and rushed to the bank. He was sure that he had put the bonds in his safe deposit box the last thing before he had left. They were later found in a little shoe shop wrapped in a soiled newspaper. The story of how this all happened is one of the many remarkable incidents, all of which actually occurred, related by Mahlon D. Miller in his interesting article, *The Personal Side of the Safe Deposit Business*, which will appear in the March issue of *THE BANKERS MAGAZINE*.

Confidence

CONFIDENCE in any institution reaches its highest degree when tested by time. A banking tradition recounts that depositors, reaching the Bank of New York after the vault was closed, used to leave their cash and securities over night in the porter's charge and go their way carefree.

That was more than 125 years ago; no safe deposit facilities existed in New York. The trust and confidence which our great-great-grandfathers placed in the Bank of New York, and our great grandfathers in the New York Life Insurance & Trust Co., founded 94 years ago, has been strengthened and enlarged for the present generation by the recent merger of these long-established institutions.



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



NATIONAL
BANK

OF THE
CITY OF NEW YORK

200 Million Dollars Resources

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

JUNE 1924

VOLUME CVIII, NO. 6

Editorial Comment

The Controversy With Japan

DUE to a widespread belief that for some years the influx of foreigners into the United States has been greater than was desirable, a decided sentiment has of late arisen in favor of more restricted immigration. This sentiment has manifested itself in the newspapers and through other channels of popular opinion, and has been reflected in legislation. In applying the restrictions upon immigration so as to avoid discrimination, the number of immigrants to be admitted in any one year has been fixed at a certain per cent. of the persons from the various countries domiciled in the United States on certain preceding census dates. While this rule gave admission to a much larger number from some countries than from others, no objection could be lodged against it on the ground of discrimination. But to this rule an exception has been made in regard to immigrants from China and Japan. These are not to be admitted to the country, because they are not eligible to American citizenship.

Vigorous exception to this discrimination has been made by the Japanese Government, a protest having been issued by the Japanese Ambassador to the United States expressing the opinion that "grave consequences" would follow the application of this policy of discrimination. This expression was resented by the Senate, which promptly passed the immigration bill with the clause prohibiting Japanese immigration as an answer to what was interpreted as a threat from the Ambassador of

Japan. In a letter addressed to Secretary Hughes the Ambassador has disclaimed any intention of issuing a threat to the American Government—a disclaimer which Mr. Hughes promptly accepted. The Japanese Government does not question the right of the United States to regulate its immigration policy, or even to prohibit immigration altogether, including the Japanese. Its objection is based upon the fact that the proposed law constitutes a discrimination against Japan in that while immigration from other countries is permitted it is denied to the Japanese.

For some years the coming of Japanese into the United States has been regulated by a convention between the two countries known as the "gentlemen's agreement." This placed upon Japan the duty of closely regulating the number of Japanese coming into the United States. It would seem that had this agreement been superseded by a provision whereby the percentage ration would have been applied to the Japanese the same as to immigrants from other countries, the probable increase in the annual number of immigrants from Japan would have been below 150. Japan was quite willing to accept the same ratio applicable to other countries, or to modify the so-called "gentlemen's agreement" to meet the wishes of the American Government. Secretary Hughes wished to deal with the matter through the agency of diplomacy, but this proposal the Senate refused to accept.

Japan was summoned into the family

of nations by the United States, and in several respects has patterned its institutions on those of this country. But as time went on and Japan became formidable in military and naval power, considerable rivalry developed between the two countries. This was due to the great interests possessed by each country in the theater of the Pacific. An alliance was made between Great Britain and Japan, which was not looked on with favor in the United States. It was finally dissolved and was succeeded by a pact between Japan, Great Britain, France and the United States to preserve the peace in Pacific waters. At the same time an agreement was reached whereby the contest for naval supremacy between Japan and the United States was checked. To placate sentiment in this country and other western nations Japan also relinquished possession or control over large areas in China and Siberia.

It will be seen that in the interests of peace Japan made great sacrifices. Under these circumstances her people and Government rightfully expected to be treated with the consideration due to a self-respecting power. Japan feels very strongly that the United States has disappointed this expectation by discriminating against Japanese immigration.

Aside from the merits of this controversy as it relates to the matter of Japanese immigration, a larger question arises. It relates to the method of handling our foreign relations. Under the Constitution of the United States the President is to advise with the Senate in the making of treaties with foreign countries, but present practice seems to be in the direction of relieving the President of his diplomatic prerogatives and conferring these exclusively upon the Senate. This injects politics into the settlement of questions that ought to be considered carefully and acted upon with great moderation and restraint. It can not be contended that the Senate acted with dignity or pro-

priety in this instance. Even putting upon Ambassador Hanihara's letter the worst possible construction, namely, that it constituted a veiled threat, what warrant did that give the Senate for countering the threat by precipitate action sure to give offense to a friendly power? Is not this country strong enough to display moderation and self-restraint? If we are threatened, must we hasten to retaliate? This may be the action of school-boys, or of savage tribes, but is hardly consistent with American character or American dignity.

The abstract merits of the Japanese immigration question are not being here considered. A deeper issue is involved. It has to do with our own sense of courtesy and justice. Incidentally, however, it may be said that Japan has slowly and laboriously struggled forward to a high place among the nations of the world. She has taken up her responsibilities and has discharged them in a way to command the respect of all right-minded peoples. Lately her coasts have been ravaged by fire and earthquake, causing a loss of property and life so appallingly great as to win universal sympathy. Because of the help extended by the American people in the face of this great calamity, the friendly relations between Japan and the United States were greatly strengthened. And they had been growing better ever since the Washington Disarmament Conference, when Japan showed her readiness to remove all possible ground of suspicion between the two countries.

Shall these good relations be endangered, and peace possible put in jeopardy, over the matter of 145 Japanese coming into the United States each year? It is unthinkable that this should be so.

Sound American opinion demands that Japan be treated with courtesy and justice. The preservation of friendly relations between the two countries is of the greatest importance to the interest of both Japan and the United States.

A Code of Business Ethics

WORKING under the auspices of the Chamber of Commerce of the United States, a committee has formulated a code of business ethics in the following terms:

"The foundation of business is confidence, which springs from integrity, fair dealing, efficient service and mutual benefit.

"The reward of business for service rendered is a fair profit plus a safe reserve, commensurate with risks involved and foresight exercised.

"Equitable consideration is due in business alike to capital, management, employees and the public.

"Knowledge, thorough and specific, and unceasing study of the facts and forces affecting a business enterprise are essential to a lasting individual success and to efficient service to the public.

"Permanency and continuity of service are basic aims of business, that knowledge gained may be fully utilized, confidence established and efficiency increased.

"Obligations to itself and society prompt business unceasingly to strive toward continuity of operation, bettering conditions of employment and increasing the efficiency and opportunities of individual employees.

"Contracts and undertakings, written or oral, are to be performed in letter and in spirit. Changed conditions do not justify their cancellation without mutual consent.

"Representation of goods and services should be truthfully made and scrupulously fulfilled.

"Waste in any form—of capital, labor, services, materials or natural resources—is intolerable, and constant effort will be made toward its elimination.

"Excesses of every nature—the inflation of credit, overexpansion, overbuying, overstimulation of sales—which

create artificial conditions and produce crises and depressions—are condemned.

"Unfair competition, embracing all acts characterized by bad faith, deception, fraud or oppression, including commercial bribery, is wasteful, despicable and a public wrong. Business will rely for its success on the excellence of its own service.

"Controversy will, where possible, be adjusted by voluntary agreement or impartial arbitration.

"Corporate forms do not absolve from or alter the moral obligations of individuals. Responsibilities will be as courageously and conscientiously discharged by those acting in representative capacities as when acting for themselves.

"Lawful co-operation among business men and useful business organizations in support of these principles of business conduct, is commended.

"Business should render restrictive legislation unnecessary through so conducting itself as to deserve and inspire public confidence."

Should this proposed code of business ethics be adopted and lived up to by business concerns generally in the United States, it would not only result in a higher standard of enterprise, but would probably be found far more profitable in the long run than some of the questionable practices now in vogue. These practices need not be dishonest necessarily in order to invite condemnation. Many of them are rather shortsighted and represent an over-anxious desire for business and profit. The observance of a code like the above would undoubtedly tend toward greater business stability.

While business as a whole in the United States has been generally conducted upon a high plane, it is not contended that no improvement is possible.

Bankers have a code of ethics which they customarily follow, even though not attested by their hands and seals.

Branch Banking Regulations

NEW regulations regarding the establishment of branch banks have been formulated by the Federal Reserve Board embodying these provisions:

"The establishment of branches will be restricted to the city of location of the parent bank and the territorial area within the state contiguous thereto (as defined in the board's resolution of November 7, 1928), except where state banking authorities have certified and the board finds that public necessity and advantage renders a departure from the principle necessary or desirable.

"As a general principle no branches will be authorized unless the state authorities regularly make simultaneous examinations, satisfactory to the board, of the head office and all branches, agencies or offices.

"As a general principle the board will require that the parent bank keep for itself and its branches an adequate ratio of capital to total liabilities and an adequate percentage of its investments in the form of paper or securities eligible for discount or purchase by Federal Reserve banks.

"The board will not consider an application to establish a branch until the local state authorities have approved its establishment and the Federal Reserve authorities of the district have made a report upon the financial condition of the applying bank, the general character of its management, what effect the establishment of the branch would have on other banks or branches in the locality, and whether the establishment of such branch would be in the interest of the public, and have also submitted their recommendation as to whether or not the application should be granted."

While the Federal Reserve Board has no authority to regulate the exercise of branch banking under state laws, it has very large powers in fixing the rules for membership of banks in the Federal Reserve System. The scope and ap-

plication of these rules as they relate to branch banking will in general perhaps conform to the disposition shown by Congress in the matter of branch banks.



British Banks and Russian Credits

THE steps necessary to restore Russian credit have been thus set forth by a committee of British bankers engaged in considering the matter:

1. That a recognition of debts, public and private, should be agreed upon, acceptable to both countries.

2. That an equitable arrangement for the restitution of private property to foreigners shall be made.

3. That a proper civil code shall be brought into effective operation, independent courts of law created, and the sanctity of private contracts again firmly established.

4. That the Russian Government shall definitely guarantee that in future private property shall in all circumstances be free from danger of confiscation by the State.

5. That bankers, industrialists and traders in this country shall be able to deal freely without interference by the Government authorities with similar private institutions in Russia, controlled by men of whom they have personal knowledge and in whose character, word and resources they have confidence.

6. That the Russian Government shall abandon its propaganda against the institutions of other countries, and particularly against all those from whom they propose to request financial assistance.

Some of these requirements have been laid down as necessary preliminaries to the recognition by America of the existing Government in Russia. They cover matters heretofore regarded as essential in international dealings, and

it is difficult to see how Russia can escape compliance with these principles if her credit is to be restored.



The Senate Investigations

IN transmitting to the Senate recently a letter from Secretary Mellon relating to the investigation of the Internal Revenue Bureau, President Coolidge raised a most interesting question. Dealing with the Senate resolution appointing the investigating committee, the President said:

"The Senate resolution appointing this committee is not drawn in terms which purport to give any authority to the committee to delegate their authority, or to employ agents and attorneys. The appointment of an agent and attorney to act in behalf of the United States, but to be paid by some other source than the public Treasury, is in conflict with the spirit of Section 1764 of the Revised Statutes, the Act of March 3, 1917.

"The constitutional and legal rights of the Senate ought to be maintained at all times. Also the same must be said of the executive departments. But these rights ought not to be used as a subterfuge to cover unwarranted intrusion. It is the duty of the Executive to resist such intrusion and to bring to the attention of the Senate its serious consequences. That I shall do in this instance.

"Under a procedure of this kind, the constitutional guarantees against unwarranted search and seizure break down, the prohibition against what amounts to a Government charge of criminal action without the formal presentment of a grand jury is evaded, the rules of evidence which have been adopted for the protection of the innocent are ignored, the department becomes the victim of vague, unformulated

and indefinite charges, and instead of a government of law we have a government of lawlessness."

The specific authority under which the Senate investigations are proceeding would be difficult to discover either in the Constitution or the Revised Statutes of the United States. Impeachment proceedings may be instituted by the House and the person under charges may be tried by the Senate. Probably the authority of the Senate to make almost any sort of investigation can not be challenged if the inquiry is made in regard to actual or contemplated legislation. But some of the recent inquiries have apparently no such object. They seem to be of a character usually left to the courts. We are thus in danger of substituting political inquiries for those of a judicial sort, and with manifest danger, as the President points out.

Mr. Mellon's administration of the Treasury Department has won high approval from the business interests of the country generally. His program for tax reduction has held out promise of substantial relief to heavily burdened industry and trade.

Undoubtedly reforms in the Internal Revenue Bureau are needed. It is, however, unnecessary to invoke lawless methods in effecting them.



A Dark Picture

DEFINED as a "British philosopher, mathematician and social scientist," Bertrand Russell thus proceeds to disperse gloom over a weary world:

"I foresee at no distant date an extension of the American financial empire over the whole American continent, the whole of Western Europe and also the Near East," he said. "In Persia it is already established. The empire of

American finance will be in the highest degree illiberal and cruel. It will crush trade unionism, control education, encourage competition among the workers while avoiding it among the capitalists. It will make life everywhere ugly, uniform, laborious and monotonous. Men of ability in all countries will be purchased by high salaries. The world will enjoy peace, broken only by the dropping of bombs from airplanes on strikers, but it will look back to the old days of war as a happy memory almost too bright to be true."

This actual or imagined financial empire of America is a very tender plant, British financial empire was a tree of greater and sturdier growth. Yet it can hardly be said with truth that it produced the deadly fruit which in Mr. Russell's vision is to destroy the world. It fed, clothed and made millions happy in many quarters of the earth, and spread the light of civilization in dark places. Are we warranted in believing that American financial empire will be malevolent while British financial empire was benevolent? Why not deduce a contrary conclusion, that since good resulted in the one case it will also in the other?

Mr. Russell pictures the destruction of trade unionism. He forgets that it has been precisely in the capitalistic nations that trades unions have attained their greatest numbers and strength, Great Britain and the United States being the most notable instances.

If capitalism could be thought of as a mere machine, automatically functioning without human guidance or control, it might conceivably be chargeable with the cruelties which Mr. Russell so luridly pictures. But in its origin and use capital partakes of a large human element, which so tends to increase that the gulf between what is called labor and capital is being bridged. There is sound reason for believing that things are much less black than this "philosopher, mathematician and social scientist" sees them.

Great Britain's Sound Finance

FOR the fiscal year ending March 31, the British Treasury shows a surplus of £48,329,000, which compares with a surplus of £101,516,000 in 1922-23, of £45,693,000 in 1921-22, and of £230,557,000 in 1920-21, making a grand total of £426,095,000, or an average of over £106,000,000 per annum. The quality of the surpluses has also improved. That for 1920-21 was obtained from sales of war stores which had been bought out of borrowed money; it therefore represented capital. The whole of the past year's surplus has been obtained from taxation, for the special miscellaneous receipts representing a liquidation of war stores last year was less than the fixed sinking fund of £40,000,000 included in the expenditure. The surplus has been applied automatically to the redemption of debt, making a total amount applied to redemption of debt during the year of £88,329,000.

This favorable result in the British budget over a series of years has not been obtained without hardship to industry and trade. These interests have been allowed to suffer, to a considerable extent, in behalf of sound finance. In the view of British statesmanship sound finance lies at the bottom of sound trade and industry, and is something never to be sacrificed for temporary prosperity. Under the hard conditions prevailing since the war it has not been easy to keep this tradition in mind and to live up to it. But this has been done, although it has occasioned severe depression in industry and trade, with long-continued unemployment on a large scale, and much actual suffering. A more favorable turn has come of late, and trade and industry are slowly reviving and unemployment decreasing.

If Great Britain had refused to balance her budget, and had covered deficiencies of revenue by loans or by the issue of paper currency, it is difficult to imagine what would have been the financial plight of the world today.

Spring Meeting of the Executive Council American Bankers Association

Council Declines to Endorse McNary-Haugen Bill—Tables Un- favorable Report of Branch Bank Committee on McFadden Bill

THE McNary-Haugen and McFadden bills were two matters of wide interest and importance given consideration by the Executive Council of the American Bankers Association at its spring meeting in Augusta, Georgia, April 28 to May 1. After a long debate on the McNary-Haugen bill, which is designed to give relief to producers of certain classes of agricultural products, the council declined to endorse the bill. George E. Roberts, vice-president of the National City Bank of New York, in opposing the bill, said in part: "This measure is fundamentally a price-fixing measure, a measure for the regulation of prices. . . . If anything in economic experience and history is settled, it is that price fixing measures do not accomplish the results that are expected of them. My opinion is that this bill will have more undesirable results than it is possible for anybody to foresee."

In a report on the McFadden bill, a majority of the branch bank committee of the council reported unfavorably, but the council voted to table the report by a majority of two-thirds. Hence the council may be said to have put its stamp of approval on the bill.

Resolutions of the executive council adopted at the meeting follow:

The Executive Council of the American Bankers Association at its spring meeting held at Augusta, Georgia, from April 28 to May 1, 1924, desires herewith to make known to the country its opinion on certain questions which seem to it of great importance at this time.

The council believes that business in general is satisfactory and that such difficulties as exist cannot be eradicated by legislative measures. The same habits of industry and common sense which have carried the country through previous crises are the only

remedies for periods of business depression, and no legislative measures can permanently overcome the action of economic laws. It is, therefore, especially gratifying to note that business men have continued to observe a cautious attitude toward future commitments and have avoided the sort of heedless speculation which led to the depression that began in 1920. The Federal Reserve Banks and the bankers generally are to be congratulated that in spite of the continued inflow of gold from abroad, they have been able to prevent an inflation of credit. Since our continually increasing gold supply has not been made to serve as a basis for increased credit to anything like its potentialities, the country can view without alarm the approach of that time when changing conditions in international trade balances will cause our present gold reserve to be diminished.

TAXATION

The council urges the adoption of the proposals of the Secretary of the Treasury for the revision of taxes. It believes that the tax schedules proposed by Mr. Mellon will make, on the one hand, the burden of taxation borne by business and individuals as light as is possible, and, on the other hand, will enable the Federal Government to obtain the sums required to balance its budget. The council believes with Secretary Mellon that, if surtaxes are unduly high, the welfare of the country is jeopardized without thereby producing more revenue for the Government. The council also, in this connection, reiterates its frequently expressed opposition to the proposed costly distribution of public funds through a bonus to able-bodied veterans, while it urges that everything possible continue to be done for the welfare and comfort of the disabled former soldiers. The council also recommends that the tax laws of the United States be so amended that our own nationals who live abroad may be placed on the same footing as citizens of other nations who usually are not compelled to pay taxes to their native land when subject to the taxation imposed by authorities of the foreign country in which they are resident.

EUROPEAN SITUATION

The Executive Council of the American Bankers Association expresses its gratification that the Dawes Committee has completed its work in so satisfactory a manner. It feels a keen satisfaction in the fact that American representatives on this committee did so much to bring about a successful accomplishment of the difficult tasks which confronted the experts appointed by the Reparation Commission. The council recognizes that the plan proposed by the Dawes Committee marks merely a beginning of the work of readjustment needed in Europe, but it trusts that the recommendations of this committee will be accepted in good faith and sincerely carried out by all the nations directly concerned, as they offer a satisfactory basis upon which to build anew the prosperity of Europe and of the world at large. The Executive Council desires to point out that in its opinion the United States is vitally interested in a satisfactory solution of the European problems and that unless peace and prosperity are restored in Europe, our own industry, commerce, and agriculture will face an uncertain future.

PRESIDENT HEAD

The Executive Council felicitates the association upon the work of President Walter W. Head who has given so generously of his time and energy to the work of teaching all the people of this broad land to become better citizens, and has at all times exhorted the bankers of the country to lend support only to those measures and movements which are sound economically, and will prove of permanent benefit to the profession and the country. President Head has done much to bring about closer co-

operation between bankers and farmers, which, especially at this time, has been of the greatest benefit to both.

IN MEMORIAM

The Executive Committee makes record of its sense of loss at the passing away of several former members of the council who have been associated with it and the association in past years. Since the Annual Convention at Atlantic City last fall, death has called away the following:

Jesse C. McNish of Nebraska.

Harry Wentzy of South Dakota.

Harry M. Rubey of Colorado.

and the members of the council by this resolution extend to the immediate families of the deceased their heartfelt sympathy.

SPEAKERS AND HOSTS

The council expresses herewith its thanks to the Honorable Samuel R. McKelvie and to Professor G. W. Dyer for their willingness to come to this spring meeting to deliver valuable messages and thus help in making the gathering a success. The council also extends thanks to the Augusta Clearing House Association, to the ladies of Augusta, and to the management of the Bon Air-Vanderbilt Hotel for manifold kindnesses which have contributed so much to the comfort and entertainment of all those in attendance at this meeting.

F. H. Sisson, Chairman

Melvin A. Traylor

Edgar L. Mattson

Alvin P. Howard

W. C. Gordon

Lucius Teter

Walter Lichtenstein, Secretary.

"THE legitimate object of government is to do for a community of people whatever they need to have done, but cannot do at all, or cannot so well do, for themselves, in their separate and individual capacities.

"In all that people can individually do as well for themselves, the government ought not to interfere."—

Abraham Lincoln.

The Development of the Petroleum Industry

By Frederic E. Sturdevant

YEARS ago "oil stocks" were synonymous with worthless securities. Even today the word "oil" recalls pictures of Congressional investigations and questionable business practices. The public is not in a state of mind to weigh matters impartially. In consequence an ugly issue, if not an actual crisis, now confronts the country. Radical legislation threatens. Political opportunists are abroad. The menace of impracticable supervision is seen. And yet the deciding factor in the issue will be the public's attitude toward it. Yet the truth is that the petroleum industry is a legitimate business which rightfully merits public confidence. It is today the second largest of all manufacturing industries and has enjoyed one of the most remarkable growths in the history of all business. To the petroleum industry must go much of the credit for the development of that great American business, the manufacture of motor cars. Without cheap fuel automobile manufacturing would never have progressed to the extent that it has.

The healthy development of the American petroleum industry is of the utmost importance to the American people. Industrial necessity demands that oil enjoy public confidence.

The march of oil has been too swift for the public to follow. At first, it was trickled into bottles to be used as a home remedy for mild ailments. Since then, it has become a mighty factor in the world's marts. Nations are competing for its mastery. And why? To quote A. C. Bedford, chairman of the National Petroleum War Service Committee:

"In 1859 petroleum was a negligible factor in the world's economy. At present this product is an indispensable element in the world's progress. It would be impossible to imagine continu-

ance of our material civilization upon the present basis without an adequate supply of petroleum."

The public has long believed that huge fortunes were made in oil. As oil became more and more a necessity, popular clamor against large oil profits increased.

From 1859 to 1923, inclusive, \$12,000,000,000 was invested in the extraction of oil in this country. The commercial value of the product recovered in that period was \$9,600,000,000. The industry shows therefore a deficit of \$2,400,000,000 in its operations for these sixty-four years. To be sure, unwise drilling was responsible for some of this loss.

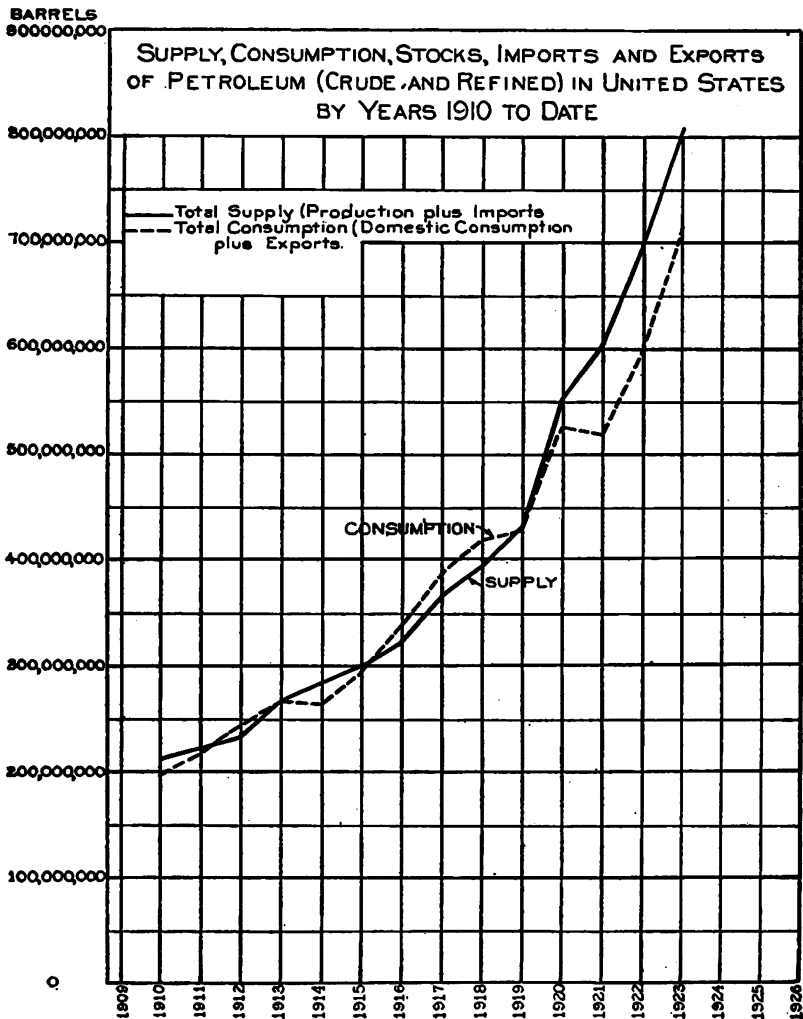
The element of hazard enters into the oil industry to a greater extent than in any comparable business.

A survey for 1923 was recently conducted in Kansas, Oklahoma, Texas, Louisiana and Arkansas. These five states comprise a field which United States Government bureaus, statisticians and petroleum economists accept as adequate for authoritative findings.

Drill tests were made on 4779 leaseholds which geologists had approved as possessing the "structure" best calculated to hold oil. It cost from \$3000 to \$100,000 to drill each individual test. About half of the tests—49.8 per cent. to be exact—proved failures and many of the leases were consequently condemned. Neighboring leases suffered sympathetic loss in value because the financial hazard of drilling them was increased.

Big companies, little companies and individuals lost about \$91,410,000 in 1923 in drill tests throughout the United States that located only dry holes. In 1922, more than \$82,000,000 was spent in similar earnest but futile efforts to find oil. The Standard Oil Company of

Chart A



MINING AND METALLURGICAL SOCIETY OF AMERICA

Total supply and consumption of petroleum from 1910 to end of 1923

California put \$1,000,000 into five holes in one section of the state before abandoning the work.

HAZARD MUST BE ACCEPTED

In no way other than accepting hazard is oil discovered. Twenty-four per cent. of all drill tests made in this country have come in dry; 85 per cent. of producing wells have been found in "wildcat" territory, that is areas where no producing wells existed.

The deposit in the average well lies

more than half a mile underground. Volume and quality are largely matters of conjecture. The famous Westmoreland well in Pennsylvania started at 3000 barrels a day. Its output now is about half a barrel a day, but it has been pumped since 1862, the best continuous record established to date.

The hazards of the industry are innumerable. During California's flush production last year it seemed sound business to provide extensive storage. And why not? The newly developed

fields were pouring forth their wealth. To conserve it underground was impracticable.

So California companies spent \$47,000,000 in the construction of storage tanks and concrete reservoirs which would hold 100,000,000 gallons of petroleum. The production slumped. The gushers "laid down" on their job. They will never gush again. It was an economic catastrophe which could not have been foreseen. About \$17,000,000 worth of those storage facilities were not used and probably never will be used. Except for the little that may be salvaged, the \$17,000,000 will be a total loss. Few wells flow for more than a year. After that, they must be pumped.

Almost superhuman efforts are required to maintain economic adjustment in dealing with oil as a natural resource of decisive importance. But oil is the most capricious of any of our natural resources. It is utterly lacking in stability—except as the producers, refiners and distributors succeed in promoting stability.

Coal, for example, is handled with considerable certitude. The supply is known with enough exactness to be kept in balance with demand. Coal deposits are located and measured with comparative ease and accuracy. The same is relatively true of the basic metals used in industry. In the case of oil, demand is always barking at the heels of undetermined and undeterminable supply.

Prior to dealing with fundamental facts about producing, refining and marketing petroleum, it is important to keep in mind an important collateral issue. Oil—in the primary stage—is much more than gasoline. Oil is fuel. Oil is face powder. Oil is coke. Oil is gum. Oil is soap and ink and kerosene and paint and wax and a hundred other products.

But the public thinks of oil mostly in terms of gasoline because of the 15,000,000 motor vehicles in use in this country.

In 1923, the public paid approximate-

ly \$1,000,000,000 for its gasoline. The refiners made more than 7,500,000,000 gallons of it. It was the volume product from some 700,000,000 barrels of crude petroleum.

What the public want to know is, the why of the price of gasoline. The public dismisses lightly the prices of by-products of petroleum. This should not be. The manufacture and marketing of these by-products is co-related with the price of gasoline. The treatment of crude petroleum as a whole must be considered.

THE WHY OF THE PRICE OF GASOLINE

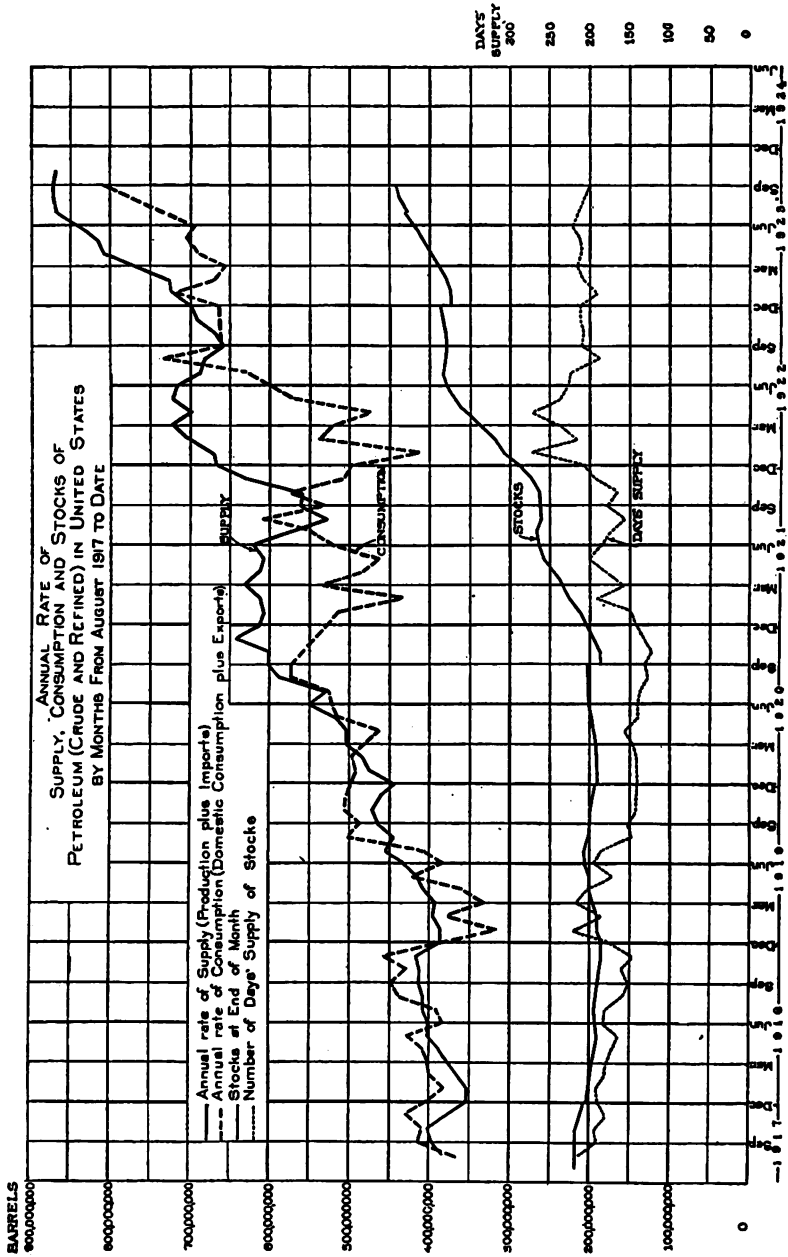
To throw light on the why of price, the Federal Trade Commission has investigated business operations of the petroleum industry. Here is the basis upon which deductions were made for the industry as a whole.

From a barrel of crude petroleum (42 gallons), gasoline yielded 24.45 per cent.; kerosene, 8.60; gas and fuel, 55.00, lubricating oils, 6.57; wax, .85; miscellaneous, 1.00; and a loss of 3.53 per cent. Stated in gallons, this yield was: Gasoline, 10.27 gallons; kerosene, 3.61; gas and fuel oils, 23.10; lubricating oils, 2.76; wax, equal to .36, and miscellaneous, .42, with a loss of 1.48 gallons.

The cost of the crude at 6 1/5 cents a gallon and of the refinery operations which produced these products amounted to \$3.41 and a fraction. This meant that the cost of refining was approximately 82 cents a barrel. The amount realized for these products (excluding the fractions) for the entire quantity of gasoline secured from the barrel of crude was \$1.91; from kerosene, 23 cents; gas and fuel oils, 73 cents; lubricating oils, 51 cents; wax, about 7 cents; and miscellaneous, 41 1/4 cents; a total of about \$3.50.

This shows a profit of less than 8 1/2 cents on the refining of a barrel of crude, including the cost of the crude oil, transportation to the refinery, and the manufacturing operations. Calculations are, of course, subject to constant

Chart 8



MINING AND METALLURGICAL SOCIETY OF AMERICA

Annual rate of supply, stocks and consumption of petroleum in United States by months from August 1917 to September 1923

variations due to price changes for each product dependent upon the daily supply and demand for each product, the yield of each, and the different costs of crude. For the information of the public, however, it is valuable.

The foregoing observations on the why of price are offered as no more than promoting a better general understanding of "barrel" costs and their relations to fair prices. A wide divergence in the quality of oil must be considered. Mid-Continent and Eastern crudes are rich in gasoline. California crudes are relatively better for fuel oil. Values of crudes increase in proportion to the gasoline content. The quality of the crude and its cost of production are by no means the only factors entering into price fluctuation. Supply and demand are highly important.

Supply passed far beyond demand in 1923. The result was one of the most distressing years in the history of the oil industry. The refiners generally lost heavily. The public received the benefits of price reduction. The market was demoralized. Crude oil changed in price in the several producing fields in the United States on 105 days out of the 365.

And 1923 was the peak year in the sixteen oil fields which have been developed in this country since 1859 and which have attained a maximum daily rate of production of more than 100,000 barrels each. Eight of these pools reached their output peaks within a period of seven months last year.

The flood developed in California in April when gushers were tapped in Santa Fe Springs, Huntington Beach and Long Beach. An increase of 158,980 barrels a day resulted. Moreover, a quality of oil new to California was produced. It has a gasoline content of approximately 25 per cent. as against 10 per cent. for the light crude hitherto marketed from the older fields.

The newly-discovered basin was handy to tidewater. Tankers were filled with cargoes which were taken through the Panama Canal and deliv-

ered to Eastern refineries at prices that compared favorably with prices received for Mid-Continent oil which must be piped and delivered to Atlantic ports.

Gasoline prices to the consumer slumped. Oklahoma, Kansas and North Texas could not dispose of their crudes. The general supply throughout the country so far exceeded the demand that the market became demoralized. The refiners were oversold. Steel and concrete storage were provided as rapidly as possible, but the situation was not materially relieved thereby.

Mid-Continent refiners had run large quantities of crude petroleum through their stills in the first three months of 1923 to meet a known increase in demand. The California flood upset all calculations. Gasoline made from California crudes in the Eastern refineries was cheaper than that made from the Mid-Continent crudes. And more, California was shipping to the Eastern markets gasoline refined at home.

The result was, Mid-Continent found itself without a market for its gasoline on hand, to say nothing about an outlet for its normal production. Some refiners made forced sales at prices far below actual costs. This was the "distress" gasoline that was put on the market.

AMMUNITION FOR THE POLITICIAN

The opportunist politician grabbed at it. It was resold to the public at prices that did not represent anywhere near its production cost. The public was uninformed concerning the intricacies of the market situation. The politician made no explanation. Instead, the impression was permitted to go broadcast that regular dealers were overcharging the public. The regular dealers were buying their gasoline on contracts entered into prior to the California flood; contracts undertaken in an honest effort to protect their patrons from what, early in 1923, looked like a certain shortage and future high prices.

That, briefly, is the story of 1923's "distress" gasoline. If such prices were

to prevail for an extended period, producers and refiners of crude petroleum would be forced out of business. No business could survive such losses if continued. Continuation would have rocked the business life of this country, because every large business depends upon petroleum products to sustain it. Lubricating oil means life to machinery. Deprived of lubrication, deprived of gasoline and greases and the hundred other products of the oil industry, the country's machinery would break down, or starve for want of fodder.

"Distress" gasoline meant, of course, a divergence in prices in different sections of the country. Immediately, the well-worn cry of manipulation was raised. As a matter of fact, divergence in prices furnished the best possible evidence that there was no manipulation. Otherwise, losses mounting to hundreds of thousands of dollars would have been avoided. Those refiners and dealers who were selling gasoline below its cost to themselves did so under the arbitrary mandate of supply and demand.

Staple articles in most general use are household furnishings, building materials, clothing, farm products, eggs, sugar, butter, potatoes, milk and flour. Price levels of 1913 with an index figure of 100 are used for comparison. As compared with the above ten, gasoline has been the lowest priced commodity generally used during the past eleven years. Its average cost to the consumer was always lower than the average price of all the other commodities.

Using index tabulations, potatoes sold for 424.2 in 1920 as compared with 142.4 in 1923; sugar, 296.7 to 197.7; flour, 276.5 to 139.3; eggs, 228.4 to 139.3; farm products, 218 to 141; and gasoline, 170 to 112. The average price of gasoline in 1923 was only 12 per cent. higher than in 1913. Gasoline prices in 1920 were based on the highest price for crude oil ever posted since the early days of the industry.

The railroad classification authorizes an estimated weight of 6.6 pounds per

gallon of gasoline. On this basis, and with gasoline selling at 15½ cents a gallon, refiners receive less than 2½ cents a pound for it—2½ cents a pound for a manufactured article made from a raw material carried from 1500 to 4000 miles to Atlantic Coast refineries. For that 2½ cents spent elsewhere may be purchased a quarter pound of sugar; a tenth of a pound of coffee; half a pound of table salt; half a pound of flour or oatmeal; or three pounds of anthracite coal. Gasoline calls for between 10 and 15 per cent. of the per mile cost of motoring in the United States.

THE DEMAND FOR PETROLEUM PRODUCTS

Demand for petroleum products will continue to increase. In 1923, 700,000-000 barrels of crude were required for all industrial purposes. Supply was far in excess of demand, and at the peak of the flood a record average of 2,000,000 barrels a day was reached in the United States. It was short-lived. The decline of production in the California field was offset, however, by a gusher production from the Powell field in East Central Texas. There, an average daily production of 30,000 barrels for the first five months of 1923 jumped to a local record high of 354,893 barrels for one day in November. Then, as had been the case in California, the gushers abated. The output dwindled to less than 100,000 daily.

The combined production contributed by the two flush fields prolonged the country's surplus of crude far beyond expectations formed early in 1923. During the first three months of this year, production continued to keep appreciably ahead of consumption requirements. From best-informed sources came the prediction that supply and demand would probably balance sometime in May or June. Thereafter, attention would turn to surplus stocks.

At this writing there are somewhat in excess of 475,000,000 barrels of crude petroleum in storage in this country. The production in sight for this

year is approximately 675,000,000 barrels. Crudes in storage are nevertheless in smaller proportion to estimated consumption than the average stocks have been in the past fifteen years. To preserve the factor of economic safety established in preceding years, the discovery and development of at least four new oil fields each producing 100,000 barrels a day, are required.

But leaders in the industry say there is not a single flush field in prospect. It is therefore obvious that the estimated production of 675,000,000 barrels will not meet the estimated demand for more than 700,000,000 barrels this year. In this event, the surplus in storage will be called upon before the year's close to meet the country's needs.

Fuel oil is being used in increasing quantities, adding to the demands made upon the petroleum industry for ever-increasing production. At present, more than 1,000,000 barrels of oil are consumed daily as fuel. Should the time come when production of fuel oil fails to keep pace with demand, higher prices will drive consumers to the use of coal as a substitute.

It is puzzling to most laymen why oil is not kept in its natural storage underground and called upon only when demand insures good prices. Thereby, overproduction and costly artificial storage would be avoided. This would be possible if oil did not exist in so-called pools.

What happens is this. When a pool is discovered, a rush to the field covering it takes place. Wells are sunk in mad haste. The contents of the pool are common property until the oil is raised to the surface. The discoverer of the pool has no exclusive rights further than those located above ground in the prescribed area in which he has drilling privileges. Otherwise, he could drain the pool at his leisure.

SUSCEPTIBILITY TO MARKET CONDITIONS

Oil is no less susceptible to market conditions than any other commodity.

With an indicated shortage in sight, the trend of oil securities is upward because of increasing value of petroleum products. The result has been a stimulation of activities in the Mid-Continent field on the part of both producers and refiners who are now resuming operations to make up for time loss during the season of flood production.

The history of the industry supplies proof that the search for new fields starts afresh when the promise of adequate reward is held forth. Crude sold for \$10 a barrel in 1860 when 150 wells were producing a total of 650,000 barrels. This attractive price caused drillers to go forth in search for oil. Within a year, new wells were located, production climbed to 2,118,000 barrels, and prices slumped to 50 cents a barrel.

Oklahoma is the only section of the country at this time giving promise of being able to increase production. There is widespread belief that the time is fast approaching when California will have difficulty in supplying its own Western market requirements for crude. The flush fields of the state will undoubtedly show a steady and material decline in the near future, while consumption is recording just as steady and substantial an increase.

David White, Chief Geologist, U. S. Geological Survey, made the following observation recently:

"Where will the oil to satisfy requirements come from year after year, and how long can we keep up the pace? These are plain common sense business questions, predicted on our present oil requirements as an established fact and on the suggested possibility that our prodigal opening of our petroleum heritage may cause its too rapid depletion if not its spendthrift career, and at some untoward moment send us as beggars to foreign countries for the precious fluid necessary not only to satisfy our extravagant habits, but even to sustain our industrial prosperity, our standards of living and our civilization."

Adequate capital is essential to the welfare of the oil industry. It is a business that must and does finance itself largely. It recognizes the necessity of having at hand as large cash reserves as possible.

ANNUAL INVESTMENT OF \$500,000,000
NEEDED

Continued growth of the industry calls for the investment of about \$500,000,000 in new capital each year. It must be remembered that other industries are dependent upon oil for sustenance and expansion. The oil industry therefore has a very real responsibility in providing for and promoting their welfare. If, for any reason, the investing public should withhold continued support of oil or if it failed in self-financing, the result would be quickly reflected in an impaired efficiency of the country's other industries.

The estimated cost of drilling wells in the United States has increased from an average of \$10,000 per well in 1914 to \$22,500 in 1923. Owing to economies devised by the industry, however, the average cost per barrel of new product has decreased from \$3.30 in 1914 to \$1.72 in 1923.

Several of the best-managed concerns in the industry have met the needs for financing in the past by "ploughing back" earnings into capital, thus providing for "new production" costs. This was the policy of the parent Standard Oil Company which financed itself from within instead of distributing its earn-

ings to stockholders and later issuing bond or stock securities from the sale of which the funds for expansion could be obtained. When Standard in 1911 divested itself of stock ownership in thirty-three other corporations formerly affiliated with it, many of the resulting independent companies continued the policy of the pioneer corporation. But later the need for new capital and changing conditions in the industry made it desirable to split what was formerly high-priced stock into smaller denominations. These shares are now owned by a multitude of investors.

The ideal situation for the oil industry, as regards its securities, calls for the sale of its products at prices which will warrant the maintenance of sufficient storage reserves to guard against any shortage due to underproduction of crudes, and meantime maintain such credit as will enable expansion. Public interest is best served when this situation exists. Unless the industry has sufficient funds to finance these storages of crude petroleum, banks must be called upon for loans as the occasion arises. Money thus borrowed is represented by bonds or notes as collateral, or by issues of common or preferred stocks. The public's money, either in the form of bank deposits or oil company securities, is the money eventually employed, then, in the industry's transactions. It is to the public interest, therefore, that the financial position of the oil industry be kept continuously sound.

"THE strength of a person, a race, or a nation is measured in terms of accumulated capital in use."—

George H. Davis.

Financing the Purchase of Automobiles

By Carl H. Getz

SO much has been said, written and printed to the effect that all is well with the automotive industry that a considerable part of the motor owning public in general and bankers in particular are wondering whether these innumerable statements are true. On one hand bankers hear about plants curtailing production, about cars in storage, about dealers compelled to take too many cars, about money lost from the unwise purchase of used cars, and on the other hand the public is reading statements showing that this company and that are producing more cars than ever before and that business is excellent. Curiously enough, nearly all of these statements are true. A line of demarcation must be drawn between the industry as a whole, and individual companies.

The automotive industry as a whole is having its difficulties. Certain companies are having trouble in building up their dealer organization, and it is most difficult to sell motor cars without an adequate number of responsible dealers. Other companies are face to face with a real problem in being unable to meet the competition they have in their own price class. But in the industry there are certain companies which have literally accomplished wonders. The accomplishments of Henry Ford, who does nearly half of the business of the industry, are well known. The achievements of General Motors Corporation and its finance company, the General Motors Acceptance Corporation, should be equally well known. This great company which does nearly a third of the motor car business of the country is really pointing the way to the entire industry. It is a company which is known for its sound business. Its products are accepted standards in their various price classes. Its accomplishments constitute a story which should be reassuring to bankers and others finan-

cially interested in the automotive industry. The General Motors Corporation makes it a practice to measure its steps and as a result has won for itself a dominant position in the industry. It has also achieved a place in the confidence and respect and admiration of the motor owning public of America, and of the world, which is worthy of attention and study.

It is the stated policy of the General Motors Corporation to recognize the automobile as "an effective medium of transportation for both passengers and goods—an economic necessity in the daily life of every civilized community."

General Motors has publicly stated that "the problem from the operating standpoint has become one of increased efficiency in management and greater refinement in product."

In the annual report of the corporation for the year ended December 31, 1923, will be found this statement:

"In the earlier history of the corporation demand so far exceeded supply that very little consideration was needed on that point. In 1921 a definite policy was adopted. The corporation should establish a complete line of motor cars from the lowest to the highest price that would justify quantity production. Its endeavors at all times should be to develop the best values in each price class which large volume, effective manufacturing methods, aggressive engineering and efficient means of distribution, all supported by large resources, make possible."

FIGURES SHOW SOUNDNESS OF POLICY

Has this policy been sound? The answer is to be found in the annual report. Here it is:

"The volume of business transacted during the year—1923—was the largest in the history of the corporation. Practically every operating division was

taxed to the utmost to keep up with the demand, and sales were limited by production during practically the entire selling season."

Note these figures to appreciate how true this has been:

1. Total sales of cars and trucks by the car and truck divisions of the General Motors by years since 1919:

1919.....	391,738
1920.....	393,075
1921.....	214,799
1922.....	456,763
1923.....	798,555

With the completion of certain unfinished construction projects, a manufacturing capacity of approximately 1,300,000 cars per year will be available.

2. Buick sales by years since 1919:

1919.....	119,853
1920.....	116,213
1921.....	83,888
1922.....	138,501
1923.....	218,286

3. Chevrolet sales by years since 1919:

1919.....	132,710
1920.....	144,502
1921.....	75,667
1922.....	240,390
1923.....	464,800

During 1923 the pay rolls of the General Motors Corporation, not including certain affiliated companies, totaled \$138,290,734, compared with \$95,128,435 in 1922 and \$66,020,481 in 1921.

These figures are striking, also:

4. Number of employees of the corporation:

1909.....	14,250
1914.....	14,141
1919.....	85,980
1921.....	45,965
1922.....	65,345
1923.....	91,265

Here are a few more figures which will help one to get a better appreciation of the size of the General Motors Corporation: Total fixed assets, \$373,222,431.93; total liabilities, reserves and capital, \$593,123,718.46.

Now it is one thing to manufacture cars, and it is another thing to know what to do with them after they have been produced. General Motors Corporation has been notably successful as a scientific merchandiser. And this is true partly because General Motors has been so wise in building up its dealer organization. General Motors exercises extraordinary care in selecting its dealers. And finally General Motors has devised a sound plan of financing the sales of its products.

It is frequently said that 80 per cent. of all the cars are sold on time. Whether that is true of General Motors cars—Cadillac, Buick, Oakland, Oldsmobile and Chevrolet—there is no way of knowing exactly, but it is reasonable to assume that the same majority of motor cars are sold on the same sort of a credit basis.

FINANCING DEALER AND INDIVIDUAL PURCHASER

The General Motors Acceptance Corporation, organized under the banking laws of the State of New York to assist dealers in financing their wholesale commitments and users in the purchase of cars on the deferred payment plan, has now been in operation about five years. General Motors believes that the plan by which a majority of Americans have financed the purchase of their homes is properly applicable to the purchase of a car.

This plan—payments out of income instead of out of capital—General Motors has made effective through the organization of the General Motors Acceptance Corporation. More than 500,000 people have availed themselves of the plan, and have had the use of their cars while completing their payments.

During the existence of the General Motors Acceptance Corporation it has assisted in the financing of 771,831 cars and trucks, and has bought the obligations of dealers in and purchasers of General Motors products amounting to \$556,313,465. The Acceptance Cor-

poration has financed itself by direct and open market discounts of its own secured obligations with banking institutions throughout the entire country, in Canada and abroad. The General Motors Acceptance Corporation justifiably takes pride in calling attention to the fact that in this great volume of business the percentage of loss has been less than two-tenths of 1 per cent. General Motors Corporation owns the entire capital stock of General Motors Acceptance Corporation, representing a par value of \$6,000,000 and surplus and undivided profits of \$2,545,045, as of December 31, 1923. Through recent capital additions it has at the present writing a capital of \$9,000,000, surplus \$2,250,000 and undivided profits of \$1,500,000.

The total credits extended by the Acceptance Corporation in the year 1923, exclusive of export, varied from 9 per cent. of the whole in New York State, 7.7 per cent. in Pennsylvania and 7 per cent. in Michigan, to .1 per cent. in Nevada, .2 per cent. in New Mexico, and .3 per cent. in Idaho, Utah and Arizona, these credits being distributed over every state in the Union, the provinces of Canada and the British Isles.

The average retail note outstanding on December 31 was for \$307.

The average wholesale note outstanding on December 31 was for \$2042.

On this date the corporation held a total of such paper of \$67,319,444, consisting of 166,065 notes, averaging \$405.

The General Motors Acceptance Corporation, like the General Motors Corporation, operates upon the soundest of business principles. For example, the Acceptance Corporation believes in the principle of dealer responsibility. To every bit of paper purchased by the Acceptance Corporation there is attached the dealer's endorsement. This is probably the explanation for the company's extraordinarily low percentage of losses.

Making the dealer responsible makes him that much of a better business man,

sustains his interest in the customer, creates good-will for the product, and is sound credit merchandising practice.

WHAT IS THE PROPER CREDIT TIME LIMIT?

In some sections of the country there is concern among bankers because purchasers of cars are being allowed more than twelve months in which to pay for them. While the Acceptance Corporation has had no actual experience in granting longer credits, it still believes that twelve months is the proper limit, at least for the present. If the time should come when a longer time is considered, it will be when experience and further stabilization of the automobile market prove beyond question that it is wise from both credit and merchandising standpoints, and not simply as an expedient move to sell more cars.

The man who is just a bit uneasy about the soundness of the automotive industry should get hold of a financial statement of the Ford Motor Car Company and then realize that Mr. Ford is nearly one-half of the motor car business of the United States. He should next obtain the annual statement of the General Motors Corporation and remind himself that that company represents about a third of the industry. A study of those two documents will show him how soundly these companies have been building. And then, too, it should be remembered that twelve companies manufacturing twenty-four makes of cars are doing 96 per cent. of the business, and these companies, too, can bear close scrutiny. The majority of the one hundred and one small companies are also in good health.

The industry must not be judged simply by the number of cars being sold. The growth of the industry numerically has been stupendous, but financially quite normal. The entire industry must not be condemned for the mistakes of the few.

The manufacture of motor cars in the United States has become one of the world's greatest manufacturing indus-

tries. It is more important than the steel industry. And it should be satisfying to American bankers to know that this great industry is in control of care-

ful, conscientious business men who are thoroughly capable of giving a good account of their stewardship if called upon to do so by banker or investor.



A Summary of National Bank Returns

A SUMMARY given out by Comptroller of the Currency Dawes of the returns from 8115 national banks, March 31, 1924, shows total resources of \$22,062,888,000. This compares with \$22,406,128,000, December 31, 1923, the date of the preceding call, and \$21,612,713,000, April 3, 1923.

Loans and discounts of \$11,952,287,000, March 31, 1924, show an increase since December 31, 1923, of \$75,725,000, and an increase of \$284,328,000, since April 3, 1923.

United States Government securities amounted to \$2,494,313,000 March 31, 1924, and show a reduction since December 31, 1923, of \$72,588,000, and a reduction in the year of \$199,894,000, while other miscellaneous bonds and securities to the amount of \$2,511,637,000, were increased \$33,794,000, between December 31, 1923 and March 31, 1924, and show an increase since April 3, 1923, of \$164,722,000.

Balances due from other banks and bankers, including lawful reserve with Federal Reserve Banks of \$1,160,766,000, amounted to \$2,762,268,000, March 31, 1924, showing a reduction since December 31, 1923, of \$228,082,000, and a reduction in the year of \$176,596,000. Cash in vault, \$342,969,000 on March 31, 1924, was \$43,459,000 less than on December 31, 1923, and \$16,178,000 less than a year ago.

The capital stock of national banks, March 31, 1924, was \$1,335,572,000, showing an increase since December 31, 1923, of \$9,747,000, and an increase in the year of \$16,428,000. Surplus and undivided profits amounted to \$1,581,268,000, March 31, 1924, and show an

increase between the dates of the last two calls, of \$38,930,000, and an increase in the year of \$27,444,000.

Liabilities on account of circulating notes outstanding amounted to \$726,483,000, March 31, 1924, showing an increase of \$534,000 since December 31, 1923, but a reduction since April 3, 1923, of \$1,593,000.

Balances due to other banks and bankers of \$3,014,599,000, March 31, 1924, were \$115,275,000 less than on December 31, 1923, and \$3,287,000 greater than a year ago. Demand deposits, including United States deposits of \$183,000,000, amounted to \$9,475,127,000 March 31, 1924, and show a reduction of \$275,841,000 since December 31, 1923, but an increase in the year of \$30,224,000. The increase in time deposits between December 31, 1923 and March 31, 1924, was \$160,951,000, and the amount March 31, 1924, \$5,108,970,000, was \$528,754,000 in excess of the amount April 3, 1923. The reduction in total deposit liabilities between December 31, 1923 and March 31, 1924, was \$230,165,000, and the increase in the year was \$562,415,000.

Liabilities for borrowed money on account of bills payable and rediscounts, amounted to \$510,533,000, March 31, 1924, showing a reduction since December 31, 1923, of \$147,529,000, and a reduction since April 3, 1923, of \$150,099,000.

The percentage of loans and investments to total deposits, March 31, 1924, was 96.36, compared with 94.91, December 31, 1923, and 98.08, April 3, 1923.

Reference Bureaus For Bank Employees

By Mahlon D. Miller

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

FOR years much banking thought and effort have been given to the question of the reduction of bank bond premiums, and to the prevention of loss through theft by dishonest employees. A plan has now been outlined by Herman Elenbogen, vice-president of the West Side National Bank of Chicago, whereby constructive measures can be taken which will not only help materially to reduce bond premiums, but which will also be of substantial assistance in eliminating to a great extent the crimes perpetrated upon banks by outlaw employees at the present time.

In substance the suggestions are as follows:

1. State or county bankers associations shall inaugurate employees' reference bureaus, where up-to-date data of all bank officials and bank employees shall be kept in order that they may supply references to member banks on applications for employment. The reference bureaus shall be supplied by member banks with copies of reference letters they may have in their possession about their present employees, with such further information as they may have about each individual employee from the date of employment to the date of furnishing the information to the bureaus.

2. Member banks shall direct all reference inquiries about applicants for positions in banks to the reference bureau before employing such applicants.

3. The bureaus shall inaugurate a card system of each employee, to be kept in duplicate, one in alphabetical order in the employee's name and the other alphabetically according to the name of the employing bank. Said cards shall enable the bureaus to reply on reference inquiries from member banks at a glance. Said card to contain the employee's picture in post-card size, and his specimen signature.

4. The member banks shall keep the bureaus informed of any change in their personnel and the reason for such change, together with such information as will keep the bureaus informed of the character of the employee (suspicion or proof of crookedness or negligence or other irregularities of the employee).

5. The member banks shall be furnished with a supply of such cards, to be used for reference inquiry purposes, accompanied by a picture of the applicant in post-card size, together with his specimen signature, so that it can be compared by the reference bureaus.

6. The bureaus shall not only investigate the genuineness of the references, but also the reliability, standing and relationship of those supplying the references.

7. The bureaus shall solicit the co-operation of surety companies, in addition to the co-operation of member banks, that they may be informed of any irregularity or crooked act committed by a bank official or employee. The member banks in this way, when applying for references will apply to the bureaus instead of communicating with a dozen or more people whose names were furnished by the applicant, and who may be either relatives, friends or good-hearted ex-employers. This will save time and the information obtained from the bureaus will be more dependable. It will lessen the temptation of the bank employees to commit criminal acts. It will prevent crooked bank employees applying for a position under fictitious names after once committing a criminal act.

If such a system were to be adopted by the bank associations throughout the United States, in the course of a few years some remarkable results would be obtained in helping to stop the continuous rise in premium rates by the prevention of losses which are at the present time being sustained in ever increasing number.

The effectiveness of such a system would depend upon the co-operation of the participating member banks, and their willingness to furnish bureau headquarters with the necessary data for the effective distribution of information pertinent to each applicant for a banking position.

The itinerancy among bank employees who, having lost or given up their positions with banks, and who later, again, in some far off state, make application for positions in some strange

bank, makes the bureau idea unusually helpful. By writing back to the central headquarters or bureau in the state from which the applicant came, it would be possible to gain some unprejudiced and accurate information. Under existing conditions, it is difficult to get any effective checkings on an employee who may present letters of friends, relatives, or even accomplices, and, as in so many recent cases, rob the bank of substantial amounts before the loss is detected, and the true character of the employee revealed.

Every day the banks throughout the country are confronted with the serious problem of securing capable employees. The fact that employees often forget to mention all their experience in the interviews before they are taken on for duty within the bank, makes the bureaus also invaluable for reference purposes. When a reference bureau is consulted, complete data would be available, and a resumé of the experience and capabilities of the candidate would be forthcoming, which would not only be of much assistance in the selection of the most fit candidates for the positions open, but would also make it possible for the banks to determine more fully the relative worth of applicants for positions.

The resultant effect on bank employment would be to increase the efficiency of bank men and women, by reason of the more effective means of placing applicants in positions they are best qualified to fill, and in which they would do the best work.

It is also a regrettable fact that under the present system the banks have been so handicapped by the lack of safeguards that they have frequently locked the barn only after the horse was stolen. By this is meant that banks have no signature identification system, or central photographic bureau to check back upon their applicants for positions to see whether or not they are actually the men and women they claim to be. When the central reference bureau system is in operation it will be possible

to determine, beyond a reasonable doubt, the identity of the applicants. This will prevent, to a large extent, the present crimes which are continually occurring from this source alone. If the crook is found out before he is employed, the banks would be saved not only bad losses, but also the attendant loss of prestige which goes with the publicity incident to bank robberies.

The interchange between the various banking associations will also make for more effective co-operation on all matters of banking legislation and other matters where sympathetic action is necessary for the good of the banking fraternity, in the relationship and mutual helpfulness which would come from the working together of the reference bureaus throughout the country.

There would also result a more effective distribution of labor, relative to filling bank positions, through the communication between the bureaus. This would make for a more even and more equitable market for banking services rendered, and possibly result, in the course of time, in more uniformity in wages paid for the different banking positions held, which at the present time are based upon a more or less uniform system of gradation, which is confusing, and results in overpayment for services in some lines of banking activity, and underpayment in others in different parts of the country.

Today, cautious bankers read carefully the bulletins sent out by their associations informing them of bank operators who are at large and working havoc throughout the country by their continued violations of the law. When the reference bureaus are in effective operation, these bulletins will be much more complete and valuable to the banker than they are now, as the result of the more complete information that will come from the central files about the employees who have gone wrong, and who are at large, committing repeated crimes. By having better and more complete information the banks will be forearmed.

Why Should the Wage-Earner Save?

By O. R. Johnson

THAT the wage-earner *should* save is conceded by everyone except, perhaps, the wage-earner himself. What *he* thinks about saving is not an easy matter to discover. He has been so belabored with epigrams, proverbs and anecdotes that now he

Lives of great men just remind him
He can't make his life sublime,
If he doesn't leave behind him
More than love and one thin dime.

To make his backbone still stiffer, he has been placed on a reading diet consisting chiefly of encouraging exhortations like:

"Save for your dependents!"

"Save for old age!"

"Save for sickness and death!"

"Save for the time when you will be out of work, your wife sick, and your children crying for food."

He is to save for anything and everything, apparently, except something he really wants.

Moreover, between the lines of all these arguments can be seen clearly the outlines of the "be good and you'll be happy" philosophy, the most unpopular, unnatural and distasteful principle that has ever misled children and fostered the growth of cynicism.

The wage-earner is not touched with these arguments. He is too closely in contact with reality on all sides to be moved by a purely theoretical philosophy of life. Though he may not question the development of the argument, if the conclusion arrived at does not jibe with his personal experience logic goes by the board and experience rules.

SELF-INTEREST ANOTHER HANDICAP

Obvious self-interest on the part of thrift pleaders is another serious obstacle to really popularizing thrift *via* the printed word. However worthy a cause may be it is heavily dis-

counted if the pleader's own interests are served by his argument. Though we are not always able to discredit an argument logically, we realize intuitively how subtly self-interest colors one's opinions, and suspect always that only half the story has been told.

Few will deny that improvement in thrift-promotion work is possible and necessary, but granting that improvement is possible does not answer the practical question of how it is to be effected. Do we need a change in copy appeal? Should new agencies take up the cause of thrift? Should there be more advertising? More banks? New methods?

Very likely the answer is "yes" to all of these questions, but some are important and others are, in the writer's opinion, superficial. A change in copy appeal may help, as would also more advertising. But what is needed above all else is a new vision and a fresh attack.

THERE'S A DIFFERENCE BETWEEN "HOW" AND "WHY"

The present method of attempting to promote thrift is basically unsound in that it is directed chiefly at the *theory* of thrift and neglects almost entirely its practice. The chief emphasis is now, and always has been, placed upon reasons *why* we should save, while practically no attention has been given to determining *how* we can save. The reasons why a man *should* save are not necessarily identical with the reasons why he *does*, yet that has always been the underlying assumption in all thrift-promotion campaigns.

If thrift is really to be popularized, "reason why" campaigns will have to be replaced by "means whereby" campaigns. The easiest and the only way to *make* the wage-earner save is to make it so easy for him to save that it will

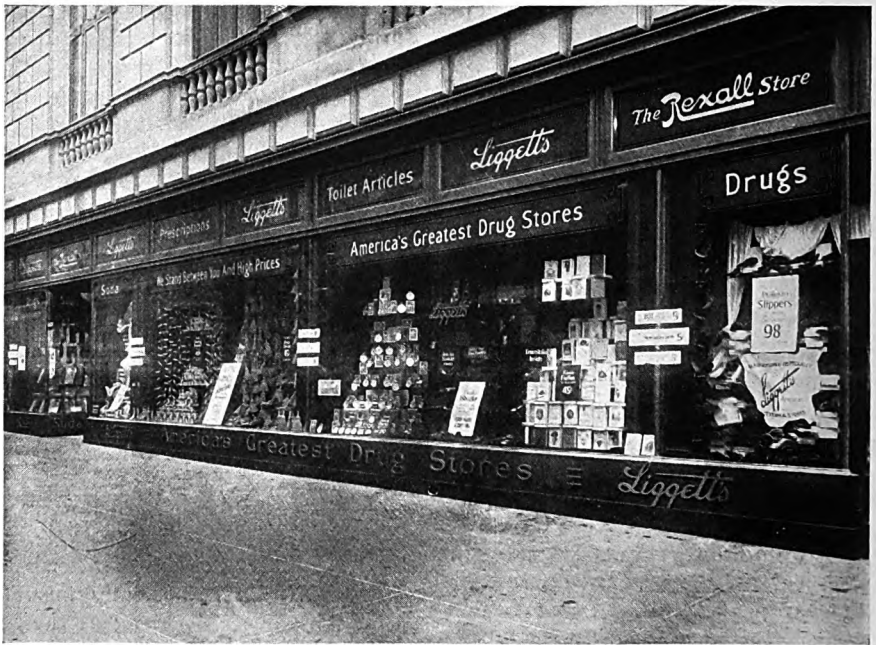
be hard for him *not* to! Banks and employers must begin to ask "How?" instead of "Why?" And the efforts they make to answer the first question will place the emphasis where it belongs: upon means instead of motives.

ARE BANKERS BUSINESS MEN?

Curiously enough, the nub of the whole difficulty may be found in the fact that bankers as a group are not business men! Twenty years ago (and

enough of them! He had something to sell and he started to advertise. But he had no sales manager, and no production manager, and so the fact escaped his attention entirely that goods must be delivered as well as sold.

Today the banker is in the position of a national advertiser who has spent millions of dollars advertising his wares but not one cent to distribute them. The situation is similar to what we could imagine had Campbell, or



Drug stores defied tradition and seem to have prospered

today as well) the banker had the viewpoint of the professional rather than of the business man. He had a definite service to render which was given principally upon consultation. People came to him, and he has developed an apparently ineradicable habit of waiting for them to do so.

The rapidly increasing demands of a growing industrial nation created a need for more banks, and the competition resulting led the banker to take on business-promotion methods. The trouble was that he didn't take on

Wrigley, or the National Biscuit Company, carried through their present advertising policy without ever having placed their products on sale except at their home office.

BUT BANKS ARE DIFFERENT!

The objection may be raised that bankers cannot deliver their services: banking laws do not permit it. I venture to say that if the banks of the country went as far as the law now permitted in the matter of making saving

easy and convenient, before they got that far the law, or the interpretation of the law, would automatically become more liberal to fit the changing needs of a new condition.

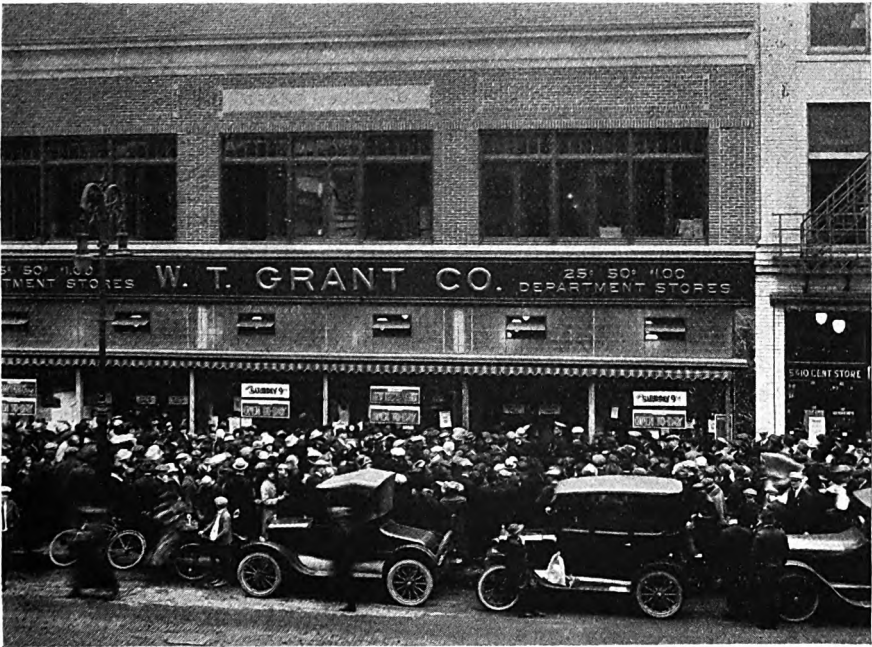
Many bankers have been of the opinion that recent decisions on branch banking have effectually squashed any plans they may have had to render increasingly useful service to the working people through the medium of numerous branches.

This plan is perfectly feasible, and under present laws opens the way for limitless service by banks interested in general and in industrial savings.

As a matter of fact such a corporation already exists and is operating in some respects under the plan described.

THE WAGE-EARNER NEEDS THIS SERVICE

The people who most need to have Mohammed come to the mountain are



What chance has a savings bank against a department store if it won't merchandise its services?

It is true that banks cannot legally accept savings deposits elsewhere than at their place of business. But what is there to prevent bankers, or others, from organizing a company or corporation that shall have for its function the collecting of money wherever that service is desired?

This business would not be a bank, for it would not accept money for deposit, but merely for transfer to a bank. Nor would it be a bank agency, for it would be the agent of the depositor and not of the bank.

the wage-earners, the people who go to work before the bank opens and go home after the bank has closed, the people who are not familiar with banks and bankers, and who look upon a bank as an "Institution," something akin to a public building at which they may gaze admiringly but which is quite unrelated to their needs and interests.

Now, in any plan that might be placed into operation to make saving really easier for wage-earners, employers and banks would have to co-operate. There is no reason why this cannot be done.



This building is representative of the many splendid and imposing structures erected by banks—but not many working people would feel at ease in it

Both bank and employer would gain by the promotion of thrift, a fact which it is clear is already recognized by the leaders of each group.

THE EMPLOYER VS. THE EMPLOYEE

On the whole, the attitude of the employer toward his employee is too mechanistic. He does much to make class struggle possible by putting himself in one class and his employee in the other. He has no fellow-feeling for his employee, and seems to forget that we are all brothers under the skin even when only distantly related under the skull.

The wage-earner is not fighting for money alone any more than his employer is in business for money alone.

It is true that most of the attention has always been focussed upon money. But this is so simply because money is the necessary means to the many ends in view; and success in achieving a money objective is evidence of success achieved in the search for other rewards as well.

The employee, like the employer, is fighting for recognition. He has his own self-esteem to guard, and must maintain his place in his own and in his neighbor's eyes. Each of us lives many lives. He who sweeps your floors has a kingdom, however small, over which he rules. It may be at home, at the lodge, or in the church. It may be that mastery of some game or hobby is the source of that essential feeling of

superiority or worthwhileness we must have if there is to be any joy or savor in life for us. The fact that many can be proud of the strange and unique character of their bodily ailments is only further proof of the extremes to which man will go to feed an insatiable ego.

By promoting thrift in really effective ways rather than by vain exhortation, the employer will soon enable the employee to create a "stake" for himself. He will have money in the bank and a home of his own. But more than this, he will achieve the tremendous and vitally important satisfaction of recognized success. He will become, relatively, a man of means. His dissatisfaction with life will be brought within bounds that make him "ambitious" rather than "radical." A radical is only a man with lots of energy, but too discouraged and too disheartened to attempt to play the game according to existing rules, a man who wants a new game with new rules because he thinks he would be more successful with the new than he was with the old.

Successful thrift-promotion produces direct and fairly immediate returns to the employer. But the really important benefits derived would spring from the new capital created. The value and importance of this is almost impossible to over-estimate.

Wealth is created by work and capital. We who are working today have all the tremendous resources of capital inherited from countless preceding generations. Were our entire physical and mental heritage from bygone generations taken from us—were we to be compelled to start our life and civilization from "scratch" today, having nothing but our skins and the sun to warm us, no books, no store of grain or flesh and no shelter from the weather—then should we realize something of the importance of thrift and the great debt we owe the past for its contributions to our power and comfort.

The tremendous production of the world today is due principally to the

work and savings of those who have preceded us, and our contribution of work is only an insignificant, even if essential, factor in the total result. It has been estimated that the work done by our inheritance from the ages is equivalent to that of a population seven times as great as the present population of the earth. In other words, seven-eighths of our present world production has been contributed to us by our predecessors on the earth.

HOW CAN THE EMPLOYER HELP?

But the employer may be pardoned if he now points out again that what is needed is less information on "why" and more information on "how" to promote industrial thrift.

All industrial savings plans agree upon one point at least, and that is that the savings must be done at the plant or factory if it is to be made easy enough to be used by any great proportion of the workers.

The employer can help by encouraging and co-operating in any industrial savings plan that seems to meet his requirements.

THE IDEAL INDUSTRIAL SAVINGS SYSTEM

What are the ear-marks of the ideal industrial savings system? How are we to know what plan to use, and what should we do in promoting thrift among our employees? These are questions that are often asked and seldom answered except by salesmen of some particular plan, who may be pardoned if they see their own product through half-closed eyes.

The ideal industrial savings system must meet *all* the demands of *all* parties concerned: the employer, the employee, and the bank.

The perfect industrial savings system must have the following characteristics:

1. Safety.
2. Ease and convenience of operation.
3. Privacy and freedom of action.
4. No flavor of paternalism.

5. Economy of operation.
6. Vigorous follow-up.
7. Universal appeal and application.

Let us consider each of these briefly to see exactly what they mean.

SAFETY

The money saved by wage-earners must be safeguarded in every possible way. Normally this is best taken care of by banks, and the larger and stronger the bank, the better for all concerned.

Many concerns are selling their own stock to their employees. This plan is open to several objections. In the first place, the wage-earner is not the proper person to take this type of risk. His first savings should remain on deposit in a savings account. When his account goes above a certain level the surplus should go into the most conservative type of investment. The wage-earner is rarely, if ever, justified in taking the speculative risks necessarily connected with any industrial enterprise.

The objection may be raised that many of the larger corporations of the country can offer their employees their own stock with the full certainty that it is as good an investment as could be secured in the open market.

Perhaps it is—in industrial stock. But let the employee buy this stock of his own initiative, if he wishes to do so. If desired, let him know that he can buy it from the company to greater advantage than outside. But, don't urge it upon him.

Stock selling is open to criticism on other grounds than safety alone. There is often a certain feeling of compulsion about it, and it always makes the employer too active an agent in what should be the employees' private life and affairs. It hasn't the true altruism that should characterize the ideal industrial savings plan.

EASE AND CONVENIENCE

The ease with which money can be saved is a good measure of any plan's efficiency. It must be so easy to save

money that the slightest impulse can be gratified as soon as felt. If not, the impulse will be thwarted by the barrier of inertia erected, and we will have only one more good intention gone to pave a busy road.

PRIVACY AND FREEDOM OF ACTION

The employee must be left full power to do as he pleases when he pleases—or else he won't play. And he doesn't want his employer, or his fellow-employees, to know anything about his private affairs. His money is his own and what he does with it is no one's business but his. Banks and employers must recognize this if they would have their work attended with any success. It will do no good to rail at wage-earners, or to bewail human nature. If they would persuade people to save, they must conform to human nature as it is rather than as they would like to have it.

PATERNALISM

Paternalism may be described as the real or imagined interference of "the boss" in his employees' private affairs. Almost anything in the way of advice as to what the employee should do with his money falls under one or both of these headings. What must particularly be guarded against is an attitude of superiority, and any indications that the employer feels an obligation to "look after" these people "under" him. In the ideal industrial savings plan the employer will have nothing to do with its promotion, operation or supervision.

ECONOMY

Any successful plan must be economical of operation, so that the bank or employer can afford to use it. Properly, the expense of an industrial savings plan should be borne by the bank using the money, for the buying and selling of money is a bank's business.

VIGOROUS FOLLOW-UP

Even the most sensible ideas have to be sold over and over again, and so does

thrift. A person just naturally forgets unless continually reminded; and Campbell's soup and Uneeda Biscuits would soon be but dim memories were they to assume a public favor more faithful than an April zephyr.

UNIVERSAL APPEAL AND APPLICATION

This is but a summary of all that has gone before. The ideal industrial savings plan must have such characteristics as will appeal to the majority of wage-earners served. In other words, the ideal plan must be ideal not only on paper but in the factory as well. It must be successful in inducing the majority of workers to save quite as much money as it is practically possible for them to save. It must be generally applicable to industry, and continuous in its operation and results. It must, finally, be entirely satisfactory to banker and employer, as well as to the employee.

PAY ROLL DEDUCTION PLANS

So many concerns are using some variety of pay roll deduction plan that it may be of some interest to test it by the criterions of the ideal plan just enumerated.

First, the point of safety: it is as safe as the bank or industry using the money. This may be either as safe or unsafe as is humanly possible.

Second, the pay roll deduction plan has often been cited as a perfect example of saving made easy and convenient. In a way it is, and in another way it isn't. Those that are willing to save in this way—and they average

around 25 per cent.—save as little, rather than as much, as they can.

This plan does not provide for casual, impulsive, or habitual saving, and it is extremely doubtful if it creates genuine *habits* of thrift.

But the greatest obstacles to the successful operation of this plan are to be found in its lack of privacy, its cost of operation, and its unmistakable flavor of paternalism. The employer keeps the records and handles the money. This entails considerable work and expense on his part, and puts him in the position of sponsor and promoter of the plan. As was said before, the employer is not the man to urge thrift upon his employees, however much he may go out of his way to make it easy for them to save.

NOW WHERE ARE WE?

National and individual thrift is essential to continued progress, prosperity, and happiness, for both the individual and the nation; but only those who stand to profit directly by thrift promotion will go to any effort or expense to persuade the wage-earner to save. The two parties most concerned in this matter are banks and employers, and so it seems that it is to them that we must look for new ideas and work along thrift-promotion lines.

What is needed is the organization and machinery that will make saving as easy as buying cigarettes. Banks must come out of the caves of their forefathers into the light of a busy and practical world. Less selling and more delivering of service will have to be their guiding principle. The wage-earner is willing to save, but he won't go out of his way to do it.



The Agricultural Situation

By Carlton P. Fuller

THERE are more than two sides to every question. The farmer who is not making ends meet wants to know the fundamental reason why; the consumer who pays good fat prices for his food wonders why the farmer isn't rich; and the salesman in rural districts longs for agricultural prosperity. Only facts can show which sides should be most emphasized.

IMPORTANCE OF AGRICULTURE

Uncle Sam is generally conceded to be a wealthy individual; he relies on his farms for about 17½ per cent. of his annual income—a larger sum than he draws from any other single group except manufacturing.

Carrying on the farm work, he can count 10,600,000 people, not quite as many as the 12,800,000 in his factories, but still second largest. When he takes stock of his 6,500,000 farms he finds the whole property worth about \$78,000,000,000. If there is anything the matter with a source of income as large as that, the trouble must be uncovered and cured, lest it damage other sources—a rotten apple in the barrel of prosperity.

NUMEROUS FORMS OF AGRICULTURE

The farming community gets its income from something besides grain, despite popular emphasis on cereal

crops. The largest "crop" is livestock (\$4,800,000,000), the second largest is dairy products (\$2,400,000,000), and then the crops proper begin to count, their total for eleven chief products reaching \$5,700,000,000.

Under this group itself lies surprising facts: Corn leads the way with 28 per cent. of the farm value, and hay intrudes next with 21 per cent. to its credit. Now, we begin to find the better advertised commodities on the list: Cotton is third at 16 per cent. and wheat fourth at 14 per cent., while oats, potatoes, barley, tobacco, rye, rice and flax trail in that order.

It is quite apparent that "the farmer" covers a multitude of occupations, each with its special problems—boll weevil and blight, grasshoppers and rust—and all with the universal problem of getting cash. A high price for the big corn crop means little to the farmer if hogs are low, since 75 per cent. of corn is fed to animals on the farm. Hay and oats likewise bring in little cash.

But wheat is always sold for more or less cash. The amount, unfortunately for the American farmer, is determined by what the world will consume and what Canada, Argentina, Russia, etc., produce. With Europe eating a great deal of rye bread and other countries putting forth large surpluses, the exclusive wheat grower is bound to suffer, regardless of tariffs and subsidies.

WORLD WHEAT SUPPLY

	1923 Bushels	1922 Bushels	Average 1909-13 Bushels
United States	789,000,000	862,091,000	690,108,000
Canada	470,328,000	399,786,000	197,119,000
Argentina	248,752,000	189,046,000	157,847,000
Europe	1,227,674,000	1,026,838,000	1,923,864,000
Asia	395,751,000	392,967,000	459,832,000
Africa	111,641,000	71,448,000	73,134,000

The total world production of wheat for the years 1922 and 1923 was 6,221,572,000 bushels. This included the minor countries but did not include Russia, from which reliable estimates could not be obtained. The yearly average production including Russia covering the period 1909-1913 was 3,635,977,000 bushels.

The remedy? Less acreage for wheat, more diversified production—following economic laws instead of bucking them.

PURCHASING POWER OF THE FARMER

The amount of money a farmer gets does not interest him so much as the amount he can buy with it, and his chief complaint today is low buying power compared with other groups—factory and building workers particularly. He objects, in particular, to cultivating an acre of wheat all summer before getting as much as a plasterer does in one short day. Although this is surely a legitimate complaint, as shown below, the cotton and tobacco farmers cannot join in the chorus. Moreover, it may be comforting to observe that in 1919 and 1920 farmers were much better off than wage-earners, and they are headed that way again.

THE FARMER'S LAND AND HIS CREDIT

The farmer is essentially a capitalist. (Organizers of farmer-labor combinations should take note.) Seventy per cent. of his capital is land, which was worth on the average \$57 an acre in 1920.

About that time (in 1919) the average yearly return per acre was \$85. So farming looked good, and everyone bought land. Two years later the return was but \$14—and land became even more literally "dirt cheap." Farm losses, however, only duplicated those of industry in general.

Would more credit have saved the farmer? Again the farmer is more akin to the capitalist than to the laborer in requiring credit for his operations. Every banker knows that most business men, as well as farmers, believe that plenty of credit will pull them through any situation; Germany has recently been applying the same idea in another form. Credit is absolutely essential—but so is its judicious use.

Several wise men go so far as to say that the farmer has had too much credit, which has encouraged him to over-

expand his land holdings. Certainly there should be liberal borrowing facilities with the addition of the recent Federal and Joint-Stock Land Banks.

PROPOSED REMEDIES

1. *Co-operative associations*: In numbers there is strength—sometimes. Co-operation deserves hearty commendation when it is well-directed. On the other hand, recent experiments in North Dakota show up only too well the fact that poorly managed associations cannot improve on the methods of efficient private agencies.

Co-operatives can show the farmer how to grade his crops; they can educate him in many ways. In a limited way, they may help him by so-called "orderly marketing," but when this degenerates into speculative withholdings of crops, their utility ends, and the co-operative will sooner or later break up on the rocks of disappointment.

2. *Lower freight rates*: President Coolidge's plan to lower rates on export crops would do little good in a world market; Canada adjusts her rates according to ours, and other countries would continue to undersell us. The railroads claim in addition that a 25 per cent. cut in rates would not lower prices 5 per cent., but would bankrupt the Western roads.

There may, nevertheless, be inequalities in the rate structure well worth serious study: It is stated that \$700,000,000 worth of wheat this year will pay \$105,000,000 of freight, while \$1,400,000,000 worth of cotton pays only \$40,000,000.

3. *Government aid*: Pools, in which the Government buys all of a crop at a certain price; price-fixing, with the Government setting an arbitrary price; high tariffs, presumably to protect crops which we export—these can all be lumped under the head of gold bricks with a very thin veneer.

Yet Uncle Sam is the farmer's best friend: he has set up a sound banking system expressly for farmers' needs;

his Department of Agriculture gives out, free, invaluable information, from how to kill bugs to the number of acres farmers all over the country intend to plant. The intelligent use of these aids will constantly lighten the farmer's load.

4. *Diversification of crops:* Putting all the eggs in one basket is all right—if there are no accidents; but accidents always happen: wheat goes down to 98 cents and corn becomes cheap fuel.

The soundest friends and advisers the farmer has have continually pointed out the advisability of having, say, flax to fall back upon when wheat is a drug on the market. A drastic cut in wheat acreage is doubtless desirable at this time; other readjustments the farmer can work out with the help of his Government's information service facts—not with the fiery rhetoric of his representative at the Capitol.



Investment Bankers Plan Publicity on Association's Policy

THE main speech of the Investment Bankers Association's spring meeting, which closed May 3, at the Greenbrier Hotel, White Sulphur Springs, W. Va., was delivered by Francis H. Sisson, vice-president of the Guaranty Trust Company, New York. Mr. Sisson struck the keynote of a problem existing in the organization for years, when he gave his views on institutional advertising.

He found that heretofore the association had been too conservative, though rightfully so, in spending vast sums for advertising its scope and policy. Now that it has developed to its present power, is the psychological moment to begin a constructive and widespread advertising campaign, he said.

A. D. Welton of the Continental and Commercial Bank, of Chicago, a member of the publicity committee, discussed the subject from the same point of view.

Their suggestions were favorably received, and adopted by a resolution presented by Walter Brewster of Chicago. There followed an open forum to discuss the question. President John W. Prentiss of Hornblower & Weeks, New York, vacated his chair in favor of M. P. Thompson, who outlined his views.

George B. Caldwell of New York, first president of the association, said he was in favor of the campaign. Henry R. Hayes of New York, another governor, talked for it, and so did Roy Osgood and Walter Brewster of Chicago, and Arthur Sinclair and Howard F. Beebe of New York.

The meeting closed without an election of officers and with all signs pointing to the early commencement of a big advertising campaign to acquaint the public with the policy of the association.

Books a Bank Library Should Contain*

By Eleanor Gilbert

BANKERS are by tradition hard-headed business men. They are, supposedly, a race apart in their foresightedness, their avoidance of matters experimental, or theoretical, or imaginative. If you call a banker heartless, he beams with pride. It's proof of his unswerving integrity. No emotion can touch him. Every action must spell profit.

Consequently, when you find that banks are foremost in their widespread, generous use of business libraries, there comes an overwhelming conviction that there must be a positive value in maintaining a business library. There are some tremendously large bank libraries which, both in size and wealth of detailed information, vie with local Carnegie institutions. Consider the National City Bank library occupying its own building in New York; the library of the Guaranty Trust Company with over 20,000 volumes on its shelves. There are a number of others of large size, and these, realizing the great advantages reaped by such service, and knowing that very small banks are not so well equipped, offer their library facilities to their member banks and correspondents. But there are hundreds of the medium size banks that are busy developing modest but effective libraries, under the control of a trained worker.

Unlike the average business library which serves only employees, the bank library caters to two groups: one, its employees, and two, its customers. For which reason it accomplishes two distinct and highly important results. While employees using the library get value in training for greater efficiency, the library also builds up an extensive good will by encouraging customers to call for information. It matters not what information is required, whether it relates to banking or salesmanship or production problems. If a customer

wants information, the librarian in charge gets it, and without any cost to the customer.

INFORMING THE CUSTOMER

Here are a few questions that came from bank customers, and which were promptly answered with extensive, detailed information:

"Please give us a list of foreign trade papers circulated in the Spanish-speaking countries."

"What concerns in this or nearby cities operate a profit-sharing plan? Can you give a brief outline of these plans, and do they work?"

"What has been the annual consumption of soft drinks in our state for the last ten years?"

Of course, there came constantly many inquiries bearing directly on banking business which were answered in the usual course of things. But these questions, somewhat outside the daily routine, meant special investigation on the part of the librarian. That takes time, and a trained worker. Nevertheless, this particular bank was very glad to go to the trouble of getting data asked for in every case, and the very fact that it was not banking business made the service that much more conspicuous to the customer.

Now, it may be argued that such service is costly. Nevertheless bankers have found that it pays. It is a form of advertising, of keeping in close contact with customers, and in the long run, is a relatively inexpensive way of building good will. Every bank, small or large, nowadays does some kind of publicity to attract attention to its facilities. Valued merely as a form of publicity, the bank's library is an excellent medium for building good will.

*Reprinted from the "Office Economist," published by the Art Metal Construction Company.

KEEPING THE LIBRARY SMALL

The question arises, then, is it possible for the small or medium size bank to acquire a small library that can be used to develop good will, and also serve as an educational factor in training employees? It is being done constantly. Even some of the big banks are managing to keep their libraries small, perhaps confined to less than a hundred books on shelves. But a careful record is kept of sources of information, so that if an employee or a customer makes an inquiry that cannot be filled from the bookshelf, the individual in charge of the library consults the source index and knows where to get the required information.

One of the leading banks in the country, with a library of unusual effectiveness, has on its shelves about 200 books—a small number when it is remembered that it serves not only its employees, but member banks, and in addition, uses it to answer customers' inquiries. The books were very carefully chosen, in the first place; and added to only as needed for permanent use.

In passing it should be mentioned that there is no need to purchase a book because one person asks for it. It may be that the book has no permanent value, or that the inquirer wishes merely to consult it once, or it may be the kind of book he will read through in a few days and then never wish to look at again. Books of this kind may be borrowed from a public or commercial library for a week or two. This keeps down the expense of superfluous book-buying, and it also prevents the needless expansion of the library. As has been pointed out before, the best type of business library is not necessarily the biggest—on the contrary, a large library may grow to be too general for most efficient use. It is the function of the librarian in charge to judge book values, and to buy a book for permanent place only when there is a fair certainty that it will be consulted frequently or used

by more than the one inquiring individual.

VALUE OF PERIODICALS

One bank that keeps its books well within the limit of two hundred nevertheless subscribes to about fifty financial periodicals. Considering that a year's subscription to most periodicals costs little more than the price of a book, a great deal of current information is secured in this way. The periodicals are kept circulating, being clipped or sent around to various individuals, in their bound form, and thus interest is aroused among all employees in current matters. One of the most "live" bank libraries issues a small pamphlet containing the titles and subjects of all the books on its shelves, with a foreword to employees which says, in part:

Our library is for employees as well as for officers and member bankers. All the books in this list are worth reading. If you are making special investigations, you will find in the library other special pamphlets and data, on banking and other subjects. If you don't find enough material on the subject you are interested in, ask the librarian, who will then endeavor to secure it for you.

If you wish to receive regularly any one of the many periodicals which the library subscribes to, make your request, and your name will be placed on the list of borrowers and you will receive it in turn. Please return periodicals as soon as possible so that the next person on the list may read them without too much delay. Any book, however, may be kept from two to four weeks, or longer by special permission, with the exception of books of reference or a book greatly in demand. In the latter case a book may be borrowed subject to call.

Some banks in the large cities also make arrangements to act as a deposit station for the local public library, so that employees can obtain, on the premises, the books of fiction, travel, essays, and so forth in which they are interested. This method solves the problem of whether the business library should contain other than business books in order to attract all employees. The employee who can borrow lighter works in the business library on the premises

is likely to be attracted to the more solid reading matter in which he finds other co-workers are engaged. The bank library that co-operates in this way with the local institution has all the advantages of serving its employees without the attendant expense of filling its shelves with non-business books.

MATERIAL IN VARIOUS BANK LIBRARIES

According to those experienced in the handling of financial data, a bank library, to be of the widest possible service, contains information concerning the subjects listed below. This holds true whether the library contains fifty or five thousand volumes. It is a matter of the size of the institution and the area of its enterprises whether its library is to be large or small. But even the small bank library needs reference works in these groups if it is to be worth while, and to serve and stimulate its employees, customers, and possibly its correspondents.

Briefly, these subjects are:

1. Banking.
2. Economics.
3. Corporations.
4. Office practice and management.
5. Financial advertising.
6. Statistics.

These are the few basic divisions, to which any number of subjects may have to be added because of the needs of the particular bank, such as export, industrial programs, waterways, and other subjects beyond the mere statistical information.

Of course the nucleus of most bank libraries are certain definite reference works, such as the United States Statistical Abstract, the annual reports of state banking departments, annual reports of the Comptroller of the Currency, some banking directories, as well as a number of the national banking and financial publications and also whatever such local periodicals there may be. The librarian in charge also clips carefully from the daily press whatever items of financial interest may seem worth while noting.

In selecting the definite volumes to

make up the library, a clear statement of what it is hoped to accomplish thereby helps to keep the library practical. One bank officer has outlined the material that should comprise the financial library somewhat as follows:

The bank library should contain books, periodicals, and data for reference that will assist readers thus:

1. Means for thoroughly studying credit appraisal of foreign and domestic industries, as needed. This should include official sources, trade papers, economic journals, local newspapers.
2. Reference works for employees involved in statistical and clerical duties.
3. Financial advertising material that will help in the preparation of booklets, circulars, advertisements, giving publicity to the services offered by the bank.
4. Carefully selected volumes and periodicals, based on inquiries from the bank's customers, following the lines of their interest, so as to be able to supply data on any of their commercial problems, even though widely diverging from banking matters.

Here is another list covering the detail of subjects that have made a very practical working library of about 200 volumes. These are supplemented by forty or fifty periodicals dealing with technical matters in each field:

Banking

Money and banking.
Banking history, theory, and organization.
American banking practice.
History of banking in the United States and Great Britain.
Federal Reserve System.
Savings banks, thrift movements.
Trust companies.

Economics and Finance

Elementary and general economics.
Statistics, graphic charts, business cycles.
Financial organization; public finance.
Money.
Currency.
Corporation finance.

Credit and Investment

Credit and commercial paper.
Building and loan associations.
Agricultural credits.
Investments.
Bonds and mortgages.
The stock exchange.
Foreign exchange.

Business Law

Commercial and banking law.
Insurance.
Parliamentary law.

- Commercial Practice and Office Management*
- Accounting and auditing.
- Corporation organization and management.
- Office management.
- Stenography, typewriting, commercial letter writing, filing.
- Selling*
- Bank advertising.
- Principles of general advertising.

When the wide range of subjects covered is taken into consideration, it is remarkable that they can be well covered with 200 books, but this has been accomplished successfully, and adequately fills the inquiries of hundreds of readers.

Some of the banks find it desirable to concentrate on a few subjects and pay scant attention to the other phases of banking interest. And there are a number of interesting bank libraries which seem heavily overburdened with one kind of information and lacking in others. Nevertheless, this is merely an apparent lack, since the bank finds from experience that it has practically no need for certain kinds of data. Judging by employees' needs, or the inquiries of its clientele, it collects books to suit, and the library is none the less effective because it seems one-sided.

COLLECTING SPECIAL INFORMATION

The very large bank libraries—those with volumes running into the thousands—go in heavily for the collection and classification of every financial detail that may possibly be of use, and this method can be followed by the smaller bank that wishes to concentrate on one definite kind of information. For example, here is a large institution that requires considerable data constantly regarding any one of the important corporations in the country. Consequently, it has built, during several years, a remarkably comprehensive library of corporation information on practically every one of the big organizations, and more inclusive than is available in corporation directories. In addition to common data such as annual reports, by-laws, charters and franchises, it gives some data on merger and consolidation

agreements, contracts, leases, engineers' reports, appraisal and valuation reports, reorganization plans, and so on. There is also a comprehensive file of interstate commerce, public service and other decisions and opinions on several thousand domestic corporations, and special information on a few thousand important foreign corporations.

Government reports and judicial decisions are carefully collected and indexed for reference in many bank libraries. Bank officials find that a study of such decisions enables them to pass on helpful information to clients, when the clients themselves have not the habit of consulting the library of the bank directly.

In its operation—that is, distributing information, or in the technical matter of indexing and filing, the bank library operates much the same as the general business library. Its information is perhaps more generally distributed over the whole field of business and finance, since it endeavors to serve clients—with varied industries—as well as employees.

Many bankers also take the view that it pays to encourage clients to get the habit of research work in the library rather than making experiments. Business men today are on the whole, more on the alert for trade information, and recognize that before going ahead on a project it is more prudent to investigate whether similar enterprises have been attempted, their experience and their results. Unfortunately, a great many business men who admit the usefulness of such information are unwilling to part with cold cash in exchange for printed words. The banker, therefore, may make a graceful gesture and, for the sake of the good will involved, and the habit of prudent foresight it may establish, willingly provide the business man with this information free, gratis and for nothing.

A bank is an institution—supposedly an institution for public service. Spreading the information habit is a recent addition to its activities, but one that is growing in importance.

Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

1810



1924

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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

Checks Payable to Corporation Deposited in Officer's Account

Dennis Metal Company v. Fidelity Union
Trust Company, Supreme Court of
New Jersey, 123 Atl. Rep. 614

WHEN checks, payable to the order of a corporation, are deposited in a bank, they should be deposited to the credit of the corporation. It is a mistake for a bank to allow such checks to be deposited to the individual credit of an officer of the corporation. If a bank does allow checks of this kind to be deposited in this manner, it assumes the risk of the officer's authority. That is, if it turns out that the officer was not authorized to deposit the checks in his own account, and he does not pay over the proceeds to the corporation, the bank will be held liable to the corporation for the amount which it loses as a result of the transaction.

The president of the plaintiff corporation indorsed two checks, payable to the order of the corporation, and deposited them in his personal account in the defendant bank. He did not account to the corporation for the proceeds of the checks and he had no authority to make such use of the checks.

It was held that the bank was liable to the corporation for the amount of the checks. The bank was put upon notice by the fact that the checks were payable to the corporation and it was bound to inquire as to the president's authority.

Appeal from District Court of Newark.

Action by the Dennis Metal Manufacturing Company against the Fidelity Union Trust Company. From a judgment for plaintiff, defendant appeals. **Affirmed.***

OPINION

KATZENBACH, J.—This is an appeal by the defendant below from a judgment rendered by the First District Court of the City of Newark. The suit was instituted by the Dennis Metal Manufacturing Company, a corporation, against the Fidelity Union Trust Company to recover the amount of two checks of \$78.40 and \$80, respectively. The checks had been drawn to the order of the Dennis Metal Manufacturing Company and had been indorsed by its president, R. W. Dennis, as follows: "Pay to R. W. Dennis, Dennis Metal Manufacturing Co., R. W. Dennis, President." The check for \$80 bore the further additional individual indorsement of "R. W. Dennis." The dates of the checks were June 10, 1921, and June 20, 1921. The checks were passed to the credit of R. W. Dennis in a personal account which he had with the Fidelity Union Trust Company, and in due course were collected by the trust company from the banks upon which they were drawn.

The evidence showed that the plaintiff was engaged in the mail order business. The checks in question came to the plaintiff in its mail and were abstracted by Mr. Dennis and used in the manner stated. The by-laws of the company were offered in evidence. They provided that checks, drafts, and other instruments on the company's account may be drawn over the signature of such officers as may from time to time be designated for that purpose by resolution of the board of directors.

On September 23, 1920, the board of directors of the company had passed the following resolution:

Resolved, that the treasurer or assistant treasurer of this corporation be, and they hereby are, authorized to open in the New York County National Bank and in such

*For similar decisions see *Banking Law Journal Digest* (Third Edition, 1924) § 345.

other banks or trust companies as they may select, a bank account in the name of this corporation, which is Dennis Metal Manufacturing Corporation, and that the treasurer or assistant treasurer of this corporation be and they hereby are, authorized from time to time for and on behalf of this corporation, to make or sign checks, drafts, notes, obligations, agreements, or other instruments, to indorse checks, drafts, or other instruments, to accept drafts or to procure loans and advances, to sell securities, bills, and accounts receivable of this corporation, and generally to do all acts and things with reference to any transaction, in the name of or on behalf of this corporation, with any of the said banks or trust companies, or in carrying on its business relations therewith, which any of said officers may see fit; and further

Resolved, that any and all checks, drafts, notes, and other orders and items of every kind deposited or to be deposited for account of this company with such bank, or trust company for credit or for collection or otherwise, requiring indorsement in the name of this company, shall be sufficiently indorsed if they bear said name, stamped or in writing, indorsed thereon, without any signature or countersignature thereto affixed; and further

Resolved, that this resolution shall continue in force until formally rescinded and due notice of rescission is filed with said banking institution, and that the secretary of this corporation be, and he hereby is, directed to deliver to the New York County National Bank, and any bank or trust company designated by the treasurer or assistant treasurer, as a depository of this corporation, a copy of this resolution and the name and signature of the officers authorized by this resolution to sign for the corporation, certified under his hand and the seal of this corporation.

The plaintiff proved the facts above recited and rested. The defendant offered no testimony. The court thereupon found a judgment for the plaintiff for the amount of the checks and interest.

The appellant has abandoned all the specifications of the determinations of the district court with which it was dissatisfied except one, which is as follows:

That the facts as set forth in the statement of the case proved that the indorsements of the checks on which the suit was brought were made by a person who was president of the plaintiff corporation, in charge of its office, who received all mail belonging to

the company, and managed its office generally, and that therefore, as a matter of law, his indorsements, under the by-laws of plaintiff corporation, as set forth in the state of the case, were sufficient authority for the defendant to cash the checks on which the suit was brought.

This proposition is legally unsound. There was no express authority given by the plaintiff by the by-laws and resolution above quoted to its president to indorse the checks and drafts received by it. There had been no acts by the plaintiff from which authority on the part of the president to indorse checks received by it could be inferred. There is nothing in the record which shows that the plaintiff is estopped from claiming that Mr. Dennis, its president, did not have the authority to indorse the checks in question.

A president of a corporation does not have, by virtue of holding the office of president, any power to indorse checks, drafts, notes, and other obligations payable to the corporation. There are many matters in which one holding the high office of president cannot bind the corporation. The New Jersey cases in this point are collected in the case of *Aerial League of America v. Aircraft Fireproofing Corporation*, 97 N. J. Law, 530, 117 Atl. 704. Where a bank receives a check payable to a corporation and indorsed by the president so as to make it payable to himself, and the president deposits it in his personal account with the bank, the bank is chargeable with notice so as to put it on inquiry to determine whether the president of the corporation was authorized so to use its funds as against the corporation.

The Court of Appeals of New York held, in the case of *Ward v. City Trust Co. of New York*, 192 N. Y. 61, 84 N. E. 585, that where a president of a manufacturing corporation produced a check payable to its order and having indorsed it in the corporation name by himself as president and general manager, delivered it to a trust company in payment of a personal loan obtained by himself and the secretary-treasurer of

the corporation, the form of the check was notice to the trust company that such president was using the property of the corporation to pay the personal debt of himself and the secretary-treasurer of the corporation, in apparent violation of the rights of the corporation, and that effect of such notice was to put the trust company upon inquiry. In this case the City Trust Company made no inquiry as to the authority of the president to indorse the check for the corporation. It knew it was receiving the check of the corporation in payment of a personal loan. In so acting it acted at its peril. *Prima facie* the act was unlawful. The trust company, in accepting and using the check, was deemed to have taken it with knowledge of the rights of the corporation to which it was made payable. The cases of *Niagara Woolen Co. v. Pacific Bank*, 141 App. Div. 265, 126 N. Y. Supp. 890, and *Wilson v. Metropolitan Electric R. Co.*, 120 N. Y. 145, 24 N. E. 384, 17 Am. St. Rep. 625, are cases to the same effect. There is no case in New Jersey which resembles so closely the instant use as the New York cases above cited. The case of the *American Saw Co. v. First National Bank of Trenton*, 60 N. J. Law, 417, 38 Atl. 662, illustrates the underlying principle that a bank which has dealings with a corporation must be assured that an officer who indorses checks payable to the corporation and receives from the bank the proceeds of the checks has authority to indorse for the corporation. In this case the American Saw Company had an account with the First National Bank. The by-laws of the saw company provided that all checks on its bank account over \$200 should be drawn by the treasurer and countersigned by the president or a member of the executive committee. One Bissell was the secretary of the company. He began to indorse checks for deposit to the credit of the company and also to countersign checks without any change being made in the by-laws. Later he indorsed checks received by the saw company

and payable to it, as follows: "American Saw Company. I. F. Bissell, Secty." He took the checks so indorsed to the bank and asked that they be cashed. They were cashed by the paying teller of the bank. The money thus obtained by Bissell from time to time in large sums he used for his own purposes. When Bissell's fraud was discovered, the saw company sued the bank for the moneys thus paid to Bissell upon the theory that the power of Bissell was so limited and circumscribed as to exclude him from any authority to indorse checks and drafts other than for deposit, and that for the bank to have cashed for Bissell checks and drafts made payable to the saw company and indorsed as mentioned was in effect to permit him to withdraw moneys of the saw company from the bank account upon his signature and not countersigned as provided by the by-laws. The position of the saw company was sustained by the Court of Errors and Appeals.

For the reasons herein given, the judgment is affirmed.



Bank Compelled to Disclose Information as to Depositor's Income

United States v. First National Bank of Mobile, United States District Court (Alabama), 295 Fed. Rep. 142

A bank may be compelled at the instance of the United States Government to produce books and papers which are material to ascertaining the income of one of its depositors for purposes of taxation. The bank is not protected in its refusal to produce such books and papers by the Fourth Amendment to the Federal Constitution, which protects parties to criminal transactions against unreasonable searches and seizures. The court held that the question here was not one of search and seizure, but where a witness having information as to a per-

son's income may be compelled to testify as to those facts.

Petition by the United States against the First National Bank of Mobile to require defendant to furnish information for internal revenue purposes. Granted*

OPINION

ERVIN, District Judge.—This is a petition, filed under section 1310 of the Revenue Act of 1921, vol. 42, pt. 1, of the Public Laws of 1921-23, p. 310 (Comp. St. Ann. Supp. 1923, § 6371 4/5g), asking the assistance of the court to require the First National Bank to furnish information as to the transactions had by William J. Hanlon and his wife, Annie E. Hanlon, with the bank, involving deposits of money and investments by said Hanlon and his wife. Section 1308 (Comp. St. Ann. Supp. 1923, § 6371 4/5f) provides:

That the Commissioner, for the purpose of ascertaining the correctness of any return or for the purpose of making a return where none has been made, is hereby authorized * * * to examine any books, papers, records, or memoranda bearing upon the matters required to be included in the return, and may require the attendance of the person rendering the return or of any officer or employee of such person, or the attendance of any other person having knowledge in the premises, and may take his testimony with reference to the matter required by law to be included in such return, with power to administer oaths to such person or persons.

Section 1310 (a), being Comp. St. Ann. Supp. 1923, § 6371 4/5g, provides:

That if any person is summoned under this act to appear, to testify, or to produce books, papers or other data, the district court of the United States for the district in which such person resides shall have jurisdiction by appropriate process to compel such attendance, testimony, or production of books, papers, or other data.

Section 1300 (Comp. St. Ann. Supp. 1923, § 6371 4/5b) provides:

And every person liable to any tax imposed by this act, or for the collection

thereof, shall keep such records and render, under oath, such statements and returns, and shall comply with such regulations as the Commissioner, with the approval of the Secretary, may from time to time prescribe.

The petition sets out that the said Hanlon and his wife have not made full, true, and correct statements of their respective incomes of the years 1918, 1919, 1920, 1921, and 1922, and that the ledgers and other books of the bank containing the accounts of the said Hanlons will be of material assistance to the United States in arriving at the true and correct incomes of said individuals of the respective years; that summons to appear and testify and produce the books had been served on D. P. Bester, Jr., as president of the bank, and that the said bank and its officers had failed to appear at the time and place designated in the summons, and they now refuse to appear and permit the duly authorized agents of the internal revenue of the United States to have access in any manner to the records and accounts of said bank—and prays for the assistance of the court to require the bank officers and employees to testify and the bank to produce its books and accounts.

Said bank refuses to testify and produce the books, and contends that it is protected by the Fourth Amendment to the Constitution from doing so. As I understand the Fourth Amendment, it protects the parties to criminal prosecution against unreasonable searches and seizures of their papers, and I do not understand this to authorize a third party, who has books and papers which may be relevant to the inquiry, to refuse to produce such books and papers because of this amendment. This is not a question of a search and seizure of a party's books and papers, but of whether a witness who has information as to a party's dealings may be required to testify to those facts, and produce book entries as to such entries in connection with and supporting such testimony.

The bank further contends that there

*For similar decisions see Banking Law Journal Digest (Third Edition, 1924) § 328.

is no specific showing of any deposits or investments by the Hanlons, or to the materiality of the books and entries in the bank account against said Hanlon. It is true that such entries as may be found in the bank's books, without more, are inadmissible against Hanlon and wife as showing any income received by them, but the bank not only refuses to produce the books, but refuses to have its president testify as to the facts.

Many cases have been read to me where evidence had been sought under subpoena duces tecum, and objection has been made that no showing of the materiality and relevancy of this evidence had been made. In the present matter, however, it appears clear to me that, if Hanlon and his wife are shown by the testimony of the agents and employees of the bank to have deposited funds in the bank at various dates, and to have made investments in securities, the entries in the books, in connection with the testimony of the officers and agents of the bank as to transactions, will be both material and relevant against Hanlon and his wife, to show moneys or income which they had received. It is not necessary to say that many accounts in the bank are accounts of parties who handle money for other parties, and do not show any individual receipt of income in such cases of fiduciary funds. These transactions, of course, like those of use of funds coming in fiduciary relation, can be explained; but, until explained, they tend to show income

received. Nor is it any excuse for refusing to testify and give the facts to say that moneys which pass through a man's bank account are not always income received by him. This may be conceded, and yet it is evidence from which income can be inferred, and does tend to show income. Like other transactions, however, it may be explained by Hanlon and wife.

It is monstrous, it seems to me, to say that because sometimes money which is deposited in banks does not show income, and because the bank desires to protect the dealings of its customers from unauthorized investigation by third parties, the Government could not inquire as to the moneys of its citizens who owe income taxes, and trace these moneys through its various agencies, such as national banks, in order to ascertain the correct income tax that is owing by the citizen.

For these reasons, I am of the opinion that the Government has the right to require any of the employees or agents of a bank who know facts as to deposits or investments, or any dealings of parties who owe income taxes, to testify to the entries made on the books of the bank as to such transactions, so the Government may be correctly informed as far as possible of the income which has been received by its citizens.

An order will therefore be issued, ordering the bank to furnish the information desired.



Saving and Keeping

By Richard W. Saunders

“ONE day the mistress of the house saw her maid throw away three beans as she was sweeping, and called out to her, ‘you have thrown away your wedding.’ The girl picked them up, sowed them, and did so year after year, till at last she had enough beans for her dowry.”

This quotation from an old French book of the seventeenth century reminds one of the scene in that sterling old book “The Mysterious Island.” The four men had been marooned and one found a single grain of corn which had gotten into the lining of his coat. “Do you know,” said the engineer, “how many ears one grain of corn can produce?” “Ten.” “And do you know how many grains one ear of corn can produce?” “About eighty.” “Then, if we plant this grain, at the first crop we shall reap eight hundred grains, which at the second will produce 640,000; at the third, five hundred and twelve millions; at the fourth, more than four hundred thousands of millions.” Needless to say, every precaution was taken in planting the precious seed that carried with it such enormous possibilities.

Of course one can readily draw the lessons of husbanding what we have and how success depends upon it. A famous restaurateur has stated that failure or success in that business can be foreseen by counting the cans of refuse thrown out. And much also might be said of success depending on what we discard. Charles M. Schwab wrote entertainingly on “Succeeding With What You Have” and someone should write a companion volume, “Succeeding with what you nearly threw away.”

But the real thing that this is all about is this: What finally happens to what the average man saves? Does it in the end add to his comfort and happiness or is it wasted away by being invested in the wrong manner? “So and so saved five thousand dollars in three years.” “Yes, but where is it now?”

The banks are doing splendid work teaching “Thrift” and how to save the elusive penny. Why not go a step farther and follow such savings into just the right place for that particular investor? It is too easy to reach a savings deposit. And is there not just a little feeling that the real aim of the banks in teaching thrift is to increase the line of deposits? Why not a plan whereby, at a certain point, the savings depositor becomes the owner of a safe bond which the bank will hold for him without charge as long as he remains a depositor? There will then be on the part of the depositor, not as at present, a feeling that he has funds *to* invest, but that he *has* invested them, with the result that he will no longer keep looking for an investment that will net him more than the interest the bank is able to allow. It may mean lower deposits for a while, but in the end will mean much more to the bank.

It is said that whenever a man dies, leaving his widow his life insurance, she is accompanied into the bank (or followed there) by many a bond salesman or investment “broker” anxious to be of “assistance” in increasing her income. Far be it from the writer to stigmatize all such as predatory. But how much better for the bank with its ability to select proper investments, to hold itself out, not only as a “savings” aid but also as an “investment” authority. “When your savings reach \$1000 we will, if you so desire, invest such sum in a bond drawing—interest, the value of such bond being absolutely vouched for by us.” How would that sound as an advertisement?

The papers from time to time record the millions “invested” in fake schemes. The president of the New York Stock Exchange has stated that the small investor should beware of Wall Street. Where should the investor look for help except to the bank that has encouraged him to save? And where could he obtain better advice?

In golf, in billiards and in other games we are taught to "follow the ball through." There is a revised ending to Æsop's fable of the ant and the grasshopper, where the frugal ant, after chiding the grasshopper for not saving, goes home to find that his entire stock has been destroyed and that, notwith-

standing his saving, he is as badly off as the poor grasshopper, who at any rate had some use of his money. So as a new slogan for use by savings banks for encouraging depositors the writer proposes, not only "Let us help you save," but "Let us help you save *and keep.*"



"The Federal Intermediate Credit Banks"

AN interesting pamphlet describing the functions and the development of the Federal Intermediate Credit Banks has been published by A. G. Becker & Co., Chicago, one of the important commercial paper houses of the United States. The pamphlet says in part:

The Federal Intermediate Credit Banks were authorized by the United States Government to provide credit facilities for the agricultural and livestock interests of the country. Each bank has an authorized capital of \$5,000,000 and the entire capital of the twelve banks, \$60,000,000, has been subscribed by the Government. Of this, \$20,000,000 has been paid in, and the balance of \$40,000,000 is payable by the Treasury on call. The banks discount notes and make loans through commercial banks and trust companies, or duly capitalized agricultural and livestock loaning corporations, and make advances to co-operative marketing concerns upon properly warehoused staple agricultural products, or on livestock secured by chattel mortgages. Such advances may not exceed 75 per cent. of the market value of the products so pledged.

Federal Land Bank appraisers are provided by the Farm Loan Board to investigate and to report on products covered by warehouse receipts or livestock covered by chattel mortgages, against which the banks make loans. Land Bank examiners are available to examine and report on the condition of all organizations applying for loans, except national banks, whose records are furnished by the Comptroller of the Currency. Conservative restrictions are placed on the liabilities of the organizations to which a Federal Intermediate Credit Bank may make advances, either through loans, discounts or paper purchases. The same careful administration that has characterized the successful operation of the Federal Land Banks is provided for the Federal Intermediate Credit Banks.

These banks were established to fill the fundamental need of the farmer for credits running from nine months to three years. They were authorized by the Agricultural Credits Act of 1923, which grew out of a comprehensive study of the farm situation by a Congressional joint commission. The commission found that the Federal and Joint Stock Land Banks, in conjunction with the older established agencies, provided ample facilities for long time farm credits, secured by land mortgages. It found also that the commercial banks provided sufficient short time credits, ranging in maturity ordinarily up to six months. But what the farmer needed, the commission learned, was facilities for credits intermediate in maturity between the long time land mortgage and the six months' maximum of the commercial banks. He needed credits longer than six months, because his typical activity, producing and marketing agricultural products and livestock, extends over a longer period than six months—generally from one to several years.

To raise funds for their loaning operations the Federal Intermediate Credit Banks are authorized to issue, from time to time, subject to the approval of the Federal Farm Loan Board, Federal Intermediate Credit Bank debentures. The issue of debentures is limited to ten times the paid-in capital and surplus of the banks, and must be secured by at least a like face amount of cash, or notes or other obligations discounted or purchased or representing loans made.

The Intermediate Credit Banks fill a real need in the agricultural credits field and therefore contribute to the well-being of the farmer and to the prosperity of the country. Intermediate credit bank debentures, issued with the approval of the Farm Loan Board, with the resources of all twelve banks behind them and enjoying complete tax exemption, constitute a sound investment which should have a growing appeal for conservative investors.

Banking Publicity

Special Section of The Bankers Magazine

JUNE 1924

Spreading the Gospel of Sound Economics

How a New York Bank is Meeting the Widespread Need for Information of a Non-Technical Nature on the Fundamentals of Economics

LIFE insurance and the railroads may bear no direct relation to one another in the mind of the man in the street, but they each play an exceedingly important rôle in our economic structure. It would be a good thing if more people knew more facts about them.

In 1860 there were forty-seven insurance companies with \$180,000,000 of insurance outstanding upon the lives of 60,000 persons. Today some 78,000,000 policies are in force, representing an insurance risk of about \$50,000,000,000. These policies are held by about one-third of the total population of the United States, that is to say, 40,000,000 people.

In the year 1923 the railroads spent \$6,000,000,000, a sum nearly twice as great as the entire expenditures of the National Government during the same period. Of this money, \$1,076,000,000, representing new capital, was invested in new equipment, new tracks and other facilities. Out of the current earnings, \$1,800,000,000 more was expended for fuel, steel, lumber and other supplies; \$3,100,000,000 went for wages of nearly 2,000,000 railroad workers, and \$334,000,000, was paid in taxes.

These are facts that most bankers know. But they are facts that have not been brought home to a great many people in the United States.

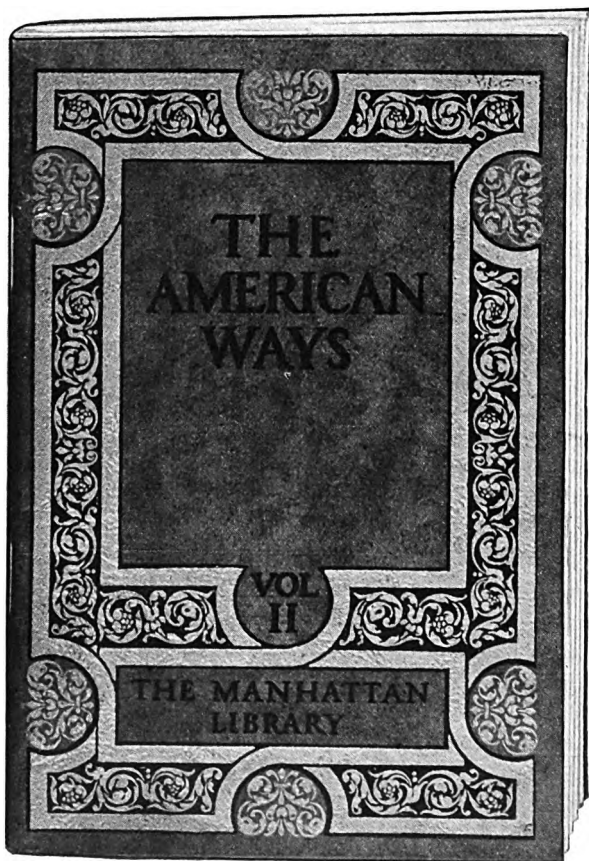
With the belief that non-technical information regarding

these and other fundamental and important facts about institutions of vital economic importance should be more widely disseminated among the people of the United States, and that the spreading of informa-

tion of this nature is something that "lies peculiarly within the province of American banks," the Bank of the Manhattan Company in New York, has begun the publication and the distribution on a wide scale of a series of little books which will comprise what is known as the "Manhattan Library of Popular Economics."

Two volumes of this library

(Continued on page 501)



Cover design of the volume of the "Manhattan Library" which treats of the railroads. The book itself is slightly larger than the reproduction. This, and other volumes of the series, which cover subjects of national economic importance, are being published by the Bank of the Manhattan Company in New York.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JUNE 1924

IN a thought-provoking little book, "Do Bankers Lack Vision?" Harvey A. Blodgett says: "More than fifty million of American youth under voting age are acquiring life habits and tastes. The influence of banks upon them is relatively small. Some of these youths are destined to succeed present bank depositors, all of whom must go the way of the flesh. *Many of them will be making banking laws a few years hence.* That thought should give pause to the banker when he is reminded of the power which small blocs of radicals can wield, even now, in legislative halls. You must compromise with them on tax reduction, on railroad laws, on banking laws, and on every seething public question. Certainly radical influence is in the ascendancy."

The Public Relations Commission and the Committee on Public Education of the American Bankers Association, with the cooperation of the press and school authorities, are doing some work of splendid educational value. But it is not enough. The banks themselves must contribute more to the cause.

Propaganda is not needed. There is enough of that on the other side of the picture. Just some plain understandable fundamentals of economics and of banking, sent forth on a large enough scale to combat more effectively the loose thinking and talking that are being done on some very vital questions.

One of New York's old line banks has begun the publication, on a large scale, of a series of little books on important American institutions and their relation to the individual citizen and to society as a whole. These volumes present the essential facts concerning the subjects which they discuss, in a form that is readable, understandable and informative to the man in the street. They meet a "widespread demand for fundamental economic information in non-technical form that is capable of being readily understood."

The bank publishing this series of books, concerning which more is said elsewhere in this number of **BANKING PUBLICITY**, says that: "*To disseminate such information is a form of public service that lies peculiarly within the province of American banks, for it is through the accumulation of economic knowledge that they are enabled to render intelligent and helpful service to their customers, their community and the country as a whole.*"

A certain insurance company spends tens of thousands of dollars in a year on advertising of a broad humanitarian nature in the interests of the hygienic and social betterment of the citizens of this nation. We do not say because of this that this great institution is the largest and strongest of its kind in the world. Not very much is said about this in the copy which it publishes. We do believe that the attitude which this company has taken towards these questions has been no small factor in the maintenance of its present position.

Any bank which does anything to make the citizens of this country better citizens; to give them a better understanding of the fundamental principles of economics, will inevitably gain from such a course. If all of the banks would do it, this would be a better country to live in.



Of course, a bank's advertising should constitute the news of the bank. But there is no reason why a certain amount of the more important bank news of general interest should not appear in the news columns of the papers. If that news can be made interesting enough, spiced up a bit with human-interest material and written with a newspaper swing, most of the smaller and many of the big city dailies would be glad to publish this material in their news columns without charge.—*W. E. Walker.*

Spreading the Gospel of Sound Economics

(Continued from page 889)

have thus far been published; volume 1, the story of life insurance, entitled "The Greatest Family in the World," and volume 2, the story of the railroads, entitled "The American Ways."

Hundreds of newspapers and other publications in all cities of the country have commented on these books. The *New York Times* published the entire text of one of the volumes. Letters commending the booklets have literally been pouring in to the bank from all over the country. There can be no question but that, in the parlance of the footlights, they have "gone over." They have succeeded because they have met a real and outstanding need.

The bank says in the prefaces to these two volumes that:

"The Manhattan Library has been planned to meet, in some measure, the public desire for greater knowledge of the fundamental economic factors involved in the progress and prosperity of the country.

"The story told in this volume is that of an American institution which, though scarcely more than seventy years old, has grown to huge proportions and has played a large part in moulding national character and shaping the destinies of millions of American citizens.

"In subsequent volumes, as in the first, the effort will be made to present to the non-technical reader, in attractive and interesting form, the essential facts concerning important American institutions and their relation to the individual citizen and to society as a whole.

"If the Manhattan Library helps toward a better public knowledge of what America really means, these publications will have fulfilled their purpose.

"Volume II deals with another

What is the Railroad Question?

All that you have imagined on this important subject may be wrong!

THIS question lies at the foundation of American prosperity; it affects the personal welfare of every man, woman and child—yet it is largely misunderstood by at least nineteen persons out of every twenty.

In view of discussion now in progress, you owe it to yourself to learn the truth about the railroad situation.



For America, the splendors of the future are largely conditioned by a her railroad development

For this purpose this bank has prepared and is giving free distribution to a volume, entitled

"THE AMERICAN WAYS"

(Volume II of The Manhattan Library of Popular Economics)

which has been called the most important contribution of the past decade toward a public understanding of the subject.

This little book can be read from cover to cover in less than an hour. It is not propaganda, but a clear, simple and entirely non-technical setting forth of the fundamentals of the railroad situation as they affect the public.

You may have a copy for the asking

BANK of the MANHATTAN COMPANY

40 WALL STREET, New York

STEPHEN BAKER, President

RAYMOND E. JONES, First Vice-President

A sample of the newspaper publicity which is being given the volumes of the "Manhattan Library."

subject of vital importance to every citizen—one which few people understand, yet which may easily be understood by all. It seeks to present a clear view of the broad outlines of a great public problem so that the reader may understand each phase that comes up for discussion and thus be able to reach for himself a sound conclusion.

"These little volumes are issued in response to a widespread demand for fundamental economic information in non-technical form that is capable of being easily understood. To disseminate such information is a form of public service that

lies peculiarly within the province of American banks, for it is through the accumulation of economic knowledge that they are enabled to render intelligent and helpful service to their customers, their community and the country as a whole."



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.—*Francis H. Sisson.*

-as the boy grows older!

PERHAPS you have said—most of us have—"If I had only known when I was younger what I know today!"

Your boy will soon be a man. One of the most useful habits he can form is the saving habit. Now is the time to instill it.

Open a Savings Account for him in any of the eighteen offices of Hellman Bank. Help and encourage him in building it up. Both you and he will be delighted at the results. In addition, it will begin a business relationship which may prove of great value to him in later years.

If it is inconvenient for you to do your banking during the day, you will find ten of the Los Angeles branches of this bank open every Saturday night. The Main Office is open Monday and Saturday nights until 10 o'clock—other week days until 8 o'clock.

Hellman Bank
SEVENTEEN SIXTH and MAIN BRANCHES

LOS ANGELES HOLLYWOOD SAN PEDRO VERNON HUNTINGTON PARK BELL RIVERSIDE PASADENA

Talking to fathers about their boys. The five pictures showing the successive stages of development from the boy to the middle aged man are very effective. The headline, almost identical with the title of Heywood Broun's popular book, "The Boy Grows Older," is very apt. The copy is both well written and appropriate.

Urging Parents To Act "As The Boy Grows Older"

What Banks Are Telling Fathers About Helping the Youngster Who Will Soon Be a Man

By GLENN BRISTOW

"AS THE BOY GROWS OLDER!" This heading for an advertisement by the Hellman Bank of Los Angeles is on a theme that promotes interesting publicity to reach the business-man of tomorrow as well as other members of the family. Many banks will recognize the heading as being almost identical with the title of a popular book, "The Boy Grows Older," by Heywood Broun.

This advertisement was illustrated by five pictures showing successive stages from the boy

until the middle-aged man. It went on to say:

Perhaps you have said—most of us have—"If I had only known when I was younger what I know today!"

Your boy will soon be a man. One of the most useful habits he can form is the saving habit. Now is the time to instill it.

Open a savings account for him in any of the eighteen offices of Hellman Bank. Help and encourage him in building it up. Both you and he will be delighted at the results. In addition, it will begin a business relationship which may prove of great value to him in later years.

Right now the subject of the relationship between the youth and the bank is receiving a

great deal of recognition. In exchanging experiences, editors of newspapers have suggested interviewing local bankers on the course that young men should take. A writer in the *Editor and Publisher* gave this "hunch" for local stories all over the country:

There was a time when the young man was advised to "get into business for himself even though it were only as proprietor of a peanut stand." Since many of the lines of lesser business have been pre-empted by immigrants, since there has been a loud hue and cry about too many retailers, and since the development of corporations and the creation of many salaried positions, the old advice is not as frequently given. What advice have the bankers, and big business men of today to offer?

Another newspaper man advances this idea:

With the idea of aiding young

Capital and Surplus
over \$2,250,000

A Young Man May Have Many Friends—


but he will find no one is so steadfast, so constant, so ready to respond to his wants, so capable of pushing him ahead as a little leather covered book with the name of The Bank of Hawaii, Ltd., on its cover.

The Institution of Better Banking

THE BANK OF HAWAII, LTD.

BRANCHES:
LIHUE, WAIKAPU, WAILAUA, KAPAA,
PEARL HARBOR
COLLECTION OFFICES AT:
Wahiawa, Aiea, Waimanalo

The idea of the value to the young man of the bankbook as a never failing friend is by no means a new one, but it has been very well used in the above advertisement of an Hawaiian bank.



"SAVE WHILE YOU EARN"

True Education includes
a knowledge of Saving

Savings Department Open Saturdays Until 2 P. M.

UNION BANK OF CHICAGO
25 North Dearborn Street
Near Washington

Charles E. Thompson Daniel W. Harnett

A commencement sermon in seven words, addressed to graduates.

men to shape successful careers, the "Los Angeles Examiner" is presenting the following question to a number of leading financiers and successful business men: "If you were a young man with a fair education and no capital how would you proceed to make money?" The results of the interviews are published daily, and they make interesting reading matter.

The relationship and its value was plainly put by the Bank of Toronto, in an interesting advertisement:

THE BOY AND THE BANKER

Has your boy reached the age when you would like him to have a savings account of his own?

If so, any branch manager of The Bank of Toronto will be pleased to meet him and arrange for the opening of his account.

We are especially interested in meeting the young depositors who come to us. They are the business

The Boy and the Banker

Has your boy reached the age when you would like him to have a Savings Account of his own?

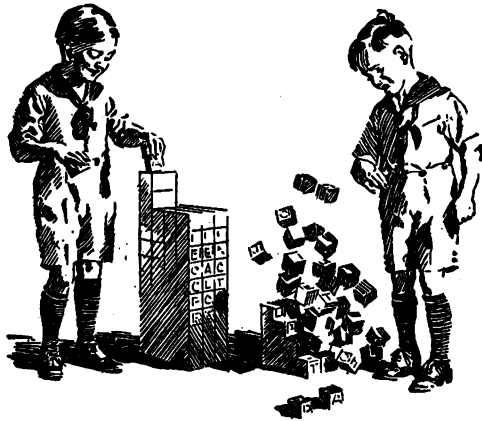
If so, any Branch Manager of The Bank of Toronto will be pleased to meet him and arrange for the opening of his account.

We are especially interested in meeting the young depositors who come to us. They are the business men of tomorrow. If we know and can encourage the Boy as he is saving his money, we will surely be of good assistance to the Man when he engages in business.

THE BANK OF TORONTO

Incorporated 1827.
STRATFORD BRANCH
G. L. McMillan, Manager.

A Canadian bank presents some interesting copy on the relationship between the boy and the banker, and the importance of this relationship with reference to later years.



Your Boy ~ Will He Build or Destroy?

A CHILD should be taught to build, not tear down.

Thrift is a builder. Bring your boy with you to our Savings Department and open an account for him.

An extra measure of service awaits him.

The CONTINENTAL and COMMERCIAL BANKS

CHICAGO

RESOURCES MORE THAN 500 MILLION DOLLARS

208 South La Salle St. 209 South Wells St.

OPEN FOR SAVINGS SATURDAYS TILL 2 P. M.

A combination of illustration, headline and copy of the variety that carries a strong human interest appeal and should get the attention of most boys' fathers who see it.

men of tomorrow. If we know and can encourage the Boy as he is saving his money, we will surely be of good assistance to the Man when he engages in business.

The sooner the bank assumes this relationship the better. The Continental and Commer-

cial Banks of Chicago make plain the character-forming possibilities of an early acquaintance with the bank. They use newspaper advertising showing two boys, one constructing with his building

Downhill Dollars!

You can buy things in New York that you can't get in San Francisco. You can buy things in San Francisco that you can't get in Berkeley. But who wants to take the time as the money goes to New York to make any ordinary purchase?

Your dollar goes with a Berkeley merchant buys more than most merchants. In fact you saving a dime. To buy the machine on installment sold down in the future—no confidence that property has to increase its value. And so he increases his stock. You will find fewer chances to buy more in the future. You benefit.

These affiliated Berkeley Banks are not and cannot be. Berkeley people are interested in all that will make for the advancement of the city. For this reason they kindly recommend—BUT IN BERKELEY!

A DOLLAR SPENT EARNESTLY IS WORTH
A DOLLAR SPENT IN BERKELEY IS WORTH!

Your house is worth more!

EVERY merchant who has established a business in Berkeley has helped to increase the value of your residence property. The merchants do work to make the town. "Newcomers are attracted to clean stores with full stocks of up-to-date merchandise. The success of such stores increases "where-to" value. And your property is benefited with a proportionate increase.

This increase in value leads to other opportunities and other advantages. And the advantages have a greater and greater proportion of the no limits.

Helps those merchants by buying from them. For at the same time you help yourself!

BUY IN BERKELEY and surely a community (recommended) is a sound advice and the degree of property for in all these banks included.

A DOLLAR SPENT EARNESTLY IS WORTH!
A DOLLAR SPENT IN BERKELEY IS WORTH!

DOLLARS that roost at home

You are familiar enough with the device made to tempt the Bay State, V. M. C. A., W. C. T. U., etc., etc., etc.—but did you ever stop to wonder who sacrifices the line a share?

The Local Merchants have stood loyally behind all our institutions. They have not contributed tax to a hundred times the amount given by the average citizen. Where does that money come from?

A person of means finds that you spend with local merchants in his way into the realm of state charitable or public-spirited institutions!

These affiliated Berkeley Banks are not and cannot be. Berkeley people value this opportunity to give to their own support of the community and their support of public-spirited institutions go hand in hand!

A DOLLAR SPENT EARNESTLY IS WORTH!
A DOLLAR SPENT IN BERKELEY IS WORTH!

Lost!

Lost in the night and I don't know where my money goes. You'll find the same confusion every day. Disruption of the night. Then things are not a safe deposit box.

Only one way of doing this, then, is to have it done. And don't forget, don't lose, and don't even think of it. Don't be looking to make sure. The price of confidence is a guarantee. There is only one safe place for your money—keep it in the great vault of the bank.

How You Have Stipulated Protection

1. An insurance company.
2. A safe.
3. A bank.
4. A safe.
5. A safe.
6. A safe.
7. A safe.
8. A safe.
9. A safe.
10. A safe.

Here is a warning: "If you don't know what you want, the insurance and the price of the bank are your money. Come and see it first. Make this your object for having reliable. Can you want you have in my mind to do it."

Use a Safe Deposit Box for—

Keep your money, securities, important letters, documents, etc., safe from fire, theft, and other dangers of the night.

Get for your larger and higher

FIRST NATIONAL BANK

THE BERKELEY BANK
Headquarters Central Branch and Corner
Bank Building, 1000 Broadway, Berkeley, California

FIRST NATIONAL BANK

THE BERKELEY BANK
Headquarters Central Branch and Corner
Bank Building, 1000 Broadway, Berkeley, California

FIRST NATIONAL BANK

THE BERKELEY BANK
Headquarters Central Branch and Corner
Bank Building, 1000 Broadway, Berkeley, California

FIRST NATIONAL BANK

THE BERKELEY BANK
Headquarters Central Branch and Corner
Bank Building, 1000 Broadway, Berkeley, California

The first three advertisements of this group of a California bank set forth the value to the community of the support by its citizens of the local merchants. The advertisement at the extreme right is on the advantages of a safe-deposit box.

blocks and the other tearing down the pile. The brief but effective message reads:

YOUR BOY—WILL HE BUILD OR DESTROY?

A child should be taught to build, not to tear down.

Thrift is a builder. Bring your boy with you to our savings department and open an account for him.

An extra measure of service awaits him.

Another period of the days when the boy was growing older was illustrated by the Union Bank of Chicago with the picture of a graduate, and the terse comment:

True education includes a knowledge of saving.

Another period and its possibilities was portrayed by the Bank of Hawaii, Ltd., with:

A YOUNG MAN MAY HAVE MANY FRIENDS

but he will find no one is so steadfast, so constant, so ready to respond to his wants, so capable of pushing him ahead as a little leather covered book with the name of the Bank of Hawaii, Ltd., on its cover.

When youngsters really become business men—tomorrow—they will have a wealth of deeply formed impressions as to how important a part the bank has played in their achievement.

Another way of transmitting news of a bank is by making the local newspaper sore and getting some "free knocks" instead of the "free puffs" so much desired by many banking institutions and so much overestimated in value.

"Village Gossip" and Other News Methods

By EDWIN BIRD WILSON
President Edwin Bird Wilson, Inc.

WHAT is bank advertising? It is news disseminated about a bank. There are many ways of transmitting news, especially in these days. Some banks believe only in the "village gossip" method. They say, "Our customers will advertise us." That is true to a remarkable degree. If you make a mistake, your customer will let his neighbors know all about it. If you make your customer

mad, she will advertise the grievance throughout the bridge or sewing circle. If you do a good service for your customer, he may let his friends know about it, but he is likely to accept satisfactory service as a matter of course. You may have to remind him of his satisfaction, never of his discontent. One of the best ways to remind him is by continuous advertising.



On Looking Forward

January derives its name from the Roman God Janus, the God of All Beginnings, and the first day of the month was held sacred to him. He had two faces: one youthful and full of hope—looking forward; the other aged and contemplative—looking backward.

This, the month of Janus, is the time of the year when most of us look forward, but we stand between them as men forgetful—at least they were last year, and the year before, for that can always be the way.

Unless you look FORWARD seriously NOW, it is hard to see how you can do it. You can't go on forever thinking only of the present. You've got to give enough thought to your future, to your family's future.

There is no better way of looking forward, no better example of forward than that of saving a Savings Account. There is no better time to do it than NOW—TODAY—in January, the month of all beginnings.

An account opened at this bank on or before January 15th draws interest from that date.

Open your Savings Plan on or before January 15th at the Savings Department

Hibernia Bank and Trust Co.

New Orleans, U. S. A.

"Make Our Savings Branch Your Bank"

A timely advertisement for the first month of the year. The derivation of the word January is tied up with some very telling savings copy.

A bank that relies too much on "free puffs," as the English call the unpaid-for press notices, is placing itself in an unfavorable position in its relations with the local newspapers. The obligation is on the wrong side, and if a "news item" detrimental to the bank falls into the editorial hands it is apt to look just as good to the editor as any other kind of an item. How much better is the business position of the bank that deals with the newspapers on a strictly business basis, pays for its space to tell the news of the bank in its own way, undistorted by rumor and uncolored by editorial whim. Paid-for advertising in newspapers is the best kind of advertising for most banks. It forms the best foundation for other kinds of advertising and new business efforts.

Banks whose business is national and international in scope have found it necessary to go beyond the local newspapers and use such publications as general magazines and banking journals, the former to reach the business public, the latter to reach banks with which they wish to have correspondence.

Another good way to disseminate news about a banking institution is by pamphleting. Many a conversion has resulted from a "tract," containing a fragment of the Gospel. Many a man has been converted to the habit of banking something regularly by means of little printed messages, well written, well illustrated, well humanized.

Then there's the business letter personally addressed to a prospective customer, telling him what the bank is, does and wants—wants him to be a customer and get the benefits that the bank can bestow through its many personal services. If letters do not contain news about a bank, they are not bank advertisements in a true sense.

Bill-boards and electric signs

Who's Who in Bank Advertising



ALLAN HERRICK

Advertising manager the United States National Bank,
Denver, Colorado

MR. HERRICK had his first advertising experience under W. H. Morehouse at the old Guaranty Trust and Savings Bank (since merged with the Security Trust and Savings), Los Angeles, California. He remained with this institution four years, leaving to enlist in the army. After the war he took a year of graduate work at Columbia University in New York, having previously attended the University of California, and worked for a short time at the Bankers Trust Company of New York under George B. Mallon, advertising manager. He then came to Denver as advertising manager of the then newly organized Bankers Trust Company of that city. Although this institution was primarily an investment house, its newly established banking department, during the first three years that Mr. Herrick was advertising manager, succeeded in securing nearly \$5,000,000 in new deposits. In July of last year, when the Bankers Trust Company was consolidated with the United States National Bank, Mr. Herrick went over to the new institution. The excellence of his work in the creating of window displays and direct mail material has brought him national prominence in the bank advertising field.



The Measure of Our Strength

The measure of our strength is determined by the assistance we are able to contribute to the banking requirements of our customers. Such strength is based not only on figures, but also on a spirit of ready co-operation as well as the competent performance of our functions as a commercial bank.

Established 1856

THE NATIONAL PARK BANK OF NEW YORK

214 Broadway

Safe Deposit Vaults

Capital, Surplus and Undivided Profits, \$33,600,000.00

A well balanced advertisement of the architectural type in which reliance is placed on general impressiveness and broad generalities rather than discussion of any specific phase or detail of banking.

have their place in the dissemination of news, but they have always seemed to be better adapted to commercial than to bank advertising. Banks generally have stood for beautifying their respective communities and therefore few of them can consistently use a medium that very often defaces the beauty of a neighborhood.

Cards in street cars, omnibuses, elevated and subway trains and other vehicles of transportation have in many cases been used successfully by banks to convey their messages to the public. Of necessity the news has to be condensed, and such advertising can not take the place of newspaper and

pamphlet advertising which give the opportunity to tell a complete news story about a banking institution's services.

Coon Makes Change

LLOYD L. COON, the popular and efficient secretary of the Financial Advertisers' Association, has resigned his position as secretary and has become connected with the Foreman Banks of Chicago.

Mr. Coon took up his new duties at the Foreman Banks on May 1. His new work, however, will not take him far afield from the Financial Advertisers' Association, and he

will continue to be one of its enthusiastic members.

Since he became secretary of the association in 1922, the membership has increased, and more interest generally is being taken in the association affairs by its more than 650 members.

Moran Joins Reed

B. T. MORAN has become associated with P. M. Reed & Banker Associates of 111 West Washington street, Chicago, whose business is confined exclusively to the Reed Master Plan.

THE First Trust Company of Lincoln, Nebraska, publishes a folder "Descent and Distribution of Property in Nebraska," containing an interesting explanatory chart regarding the disposition of estates in Nebraska in cases where no will has been made.

I am firmly convinced that out of the keen competition now existing between banks, there will rise a group of bank salesmen who can really sell a bank's service as easily as salesmen sell insurance.—R. E. Hotze, Jr.



"My Wife Handles Money Very Well"

GOOD that woman who has \$50,000
growth in 10 years. You can have
money. Her husband makes her a better
woman and deposits with \$50,000.

You are the planner, manager and controller
—an urgent need—your wife with \$50,000
—the understanding, the ability, the energy—
all obtained by a Life Insurance Trust.

Under a Life Insurance Trust both the income and principal
and any life insurance which you desire may be paid
to the wife or child or any other person you wish
and the estate transferred in every kind of way and
time.

For more information and facts write to
The Union Trust Co.

100 Broadway, New York City

Resources over \$100,000,000

Human interest style of illustration and copy are effectively used by a Cleveland bank in this advertisement on the value of a life insurance trust.

Bank Advertising Exchange

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

Watch for New Names and Other Changes.

Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy-treas.
 Berkeley, Cal., 1st Nat'l Bank, G. L. Pape, V. P.
 Boston, Mass., 1st Nat'l Bank, Brighton office, T. F. Megan, asst. manager.
 Boston, Mass., National Shawmut Bank.
 Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. vice-president.
 Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
 Brooklyn, N. Y., Globe Exchange Bank, J. H. Van Bramer, new bus. mgr.
 Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
 Brooklyn, N. Y., Williamsburgh Svgs. Bank, A. E. Leighton, adv. mgr.
 Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
 Buffalo, N. Y., Marine Tr. Co., Harold McDougal, asst. secy.
 Buffalo, N. Y., Peoples Bank, Clarence E. Horton, mgr. bus. extension dept.
 Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
 Camden, Ark., Merchants & Planters Bank, P. T. Hildebrand, cash.
 Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Auracher, adv. mgr.
 Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman, V. P.
 Charleston, W. Va., Kanawha Nat'l Bank, Lee S. Trimble, trust officer.
 Chattanooga, Tenn., American Tr. & Bkg. Co., E. Lee Smith, asst. cash.
 Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, asst. tr. off.
 Chicago, Ill., Ray E. Bauder, 746 S. Michigan Ave.
 Chicago, Ill., Central Trust Co. of Ill., Louis W. Carboy, adv. mgr.
 Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, secy.
 Chicago, Ill., Liberty Tr. & Svgs. Bank, Milton Rosenthal, asst. cash.
 Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
 Chicago, Ill., Schiff Trust & Svgs. Bank, Benjamin L. Cohen, bus. ext. dept.
 Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
 Chicago, Ill., Union Tr. Co., P. L. Hardesty, pub. mgr.
 Chicago, Ill., Utility Securities Co., Paul A. Jenkins, adv. dept.
 Cleveland, Ohio, Central Nat'l Bank, R. J. Izant, adv. mgr.
 Cleveland, Ohio, Cleveland Tr. Co., I. I. Sperling, pub. mgr.
 Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
 Dayton, O., City Nat'l Bank, W. F. Grieser, cash.
 Dayton, O., Dayton Svgs. & Tr. Co.
 Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
 Denver, Colo., Denver Nat'l Bank, E. J. Tracy, mgr. bus. ext. dept.
 Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.
 Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
 Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
 Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, cash.
 Elmira, N. Y., 2nd Nat'l Bank, Helen E. Malory, adv. mgr.
 Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
 Flint, Mich., Citizens Com'l & Svgs. Bank, H. E. Potter, cash.

Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
 Gardner, Mass., Gardner Tr. Co.
 Haverhill, Mass., 1st Nat'l Bank, C. A. Rathbone, V. P.
 Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
 Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
 Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell, adv. dept.
 Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
 Kankakee, Ill., City Tr. & Svgs. Bank, C. A. Mueller, cash.
 Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
 Lansing, Mich., Am. State Savings Bank, James H. Shepherd, mgr. new bus. dept.
 Lima, Peru, S. A., Banco Mercantil Americano del Peru.
 Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr., pub. and new bus. mgr.
 Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, asst. cash.
 Los Angeles, Cal., Pacific-Southwest Tr. & Svgs. Bk., R. M. MacLennan, adv. mgr.
 Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, pres.
 Manila, P. I., Bank of the Philippine Islands, Wm. T. Nolting, pres.
 Milwaukee, Wis., Second Ward Securities Co., Second Ward Savings Bank, Burr E. Lee, mgr. bus. serv. dept.
 Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. E. Wallace, treas.
 Minneapolis, Minn., Minnesota Loan & Tr. Co., W. E. Brockman, pub. mgr.
 Minneapolis, Minn., Northwestern Nat'l Bank, F. Merrill, adv. mgr.
 Missoula, Mont., Western Montana Nat'l Bank, J. Bennett.
 Montreal, Que., Banque d'Hochelega, 112 St. James St., Léon Lorrain, dir. pub.
 Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
 New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, secy. to pres.
 New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. B. Wisdom, adv. mgr.
 N. Y. C., American Trust Co., Horace W. Foster, asst. to pres.
 N. Y. C., Bank of America, O. F. Hevener, adv. mgr.
 N. Y. C., The Bankers Magazine.
 N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.
 N. Y. C., Coal & Iron Nat'l Bank, M. Wheeler, pub. mgr.
 N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
 N. Y. C., The Farmers Loan & Tr. Co., I. H. Meehan, asst. V. P.
 N. Y. C., Gotham Nat'l Bank, B. W. Griffin, pub. mgr.
 N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd St.
 N. Y. C., The Manhattan Svgs. Institution, H. J. Molloy.
 N. Y. C., Manufacturers Tr. Co., Daniel Lipsky.
 N. Y. C., Mechanics & Metals Nat'l Bank, S. J. Keator, adv. mgr.
 N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 N. Y. C., Trade Bank of N. Y., Rudolph Stein.
 N. Y. C., Union Bank of Canada, A. G. Sclater, adv. mgr.
 Northampton, Mass., Hampshire Co. Trust Co., G. L. Willis, pres.
 Norwich, Conn., The Chelsea Svgs. Bank.

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

©

New Names

- N. Y. C., Canadian Bank of Commerce, Case R.
Howard.
Shreveport, La., Exchange Nat'l Bank, W. S.
Winn.

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

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

BROWN BROTHERS & CO.

Established 1818

330 Chestnut Street
Philadelphia

59 Wall Street
NEW YORK

60 State Street
B o s t o n

Investment Securities
Foreign Exchange
Commercial Credits
Travelers' Credits



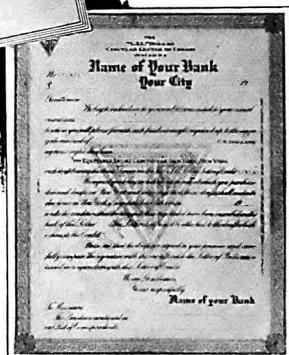
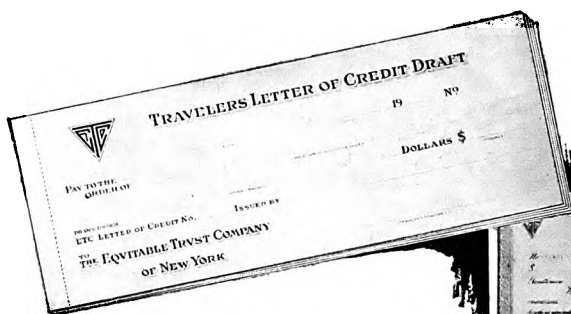
A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
London, E. C.

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



An added convenience

Your own Letter of Credit with uniform drafts

THIS YEAR we are issuing draft books with each ETC Letter of Credit—an added convenience to banks selling our credits and to their customers who buy them.

These drafts are bound in small books like checks. They save the holder of an ETC Letter of Credit time and trouble and eliminate the confusion which sometimes results when encash-

ing banks use their own drafts.

We will issue ETC credits, with the name of your bank substituted, in place of ours, thereby enabling you to sell your customers—in your own name—a credit known and honored throughout the world.

For further particulars, write now to our Foreign Travel Department.

THE EQUITABLE TRUST COMPANY OF NEW YORK 37 WALL STREET

UPTOWN OFFICE
Madison Ave. at 45th St.

IMPORTERS AND TRADERS OFFICE
247 Broadway

FOREIGN OFFICES

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

DISTRICT REPRESENTATIVES

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

Czechoslovakia's Economic Resources

By Paul Einzig

Doctor of Political and Economic Sciences, University of Paris

THE post-war economic chaos has affected the countries of Central Europe to a particularly great extent. For two or three years after the Armistice that part of the world exhibited a hopeless picture, and it required a great deal of optimism to prophesy that our generation would witness the re-establishment of normal conditions. Yet, at present, each of the Succession States of the late Austro-Hungarian Monarchy is making rapid headway toward economic reconstruction, and in some of them conditions are not very far from becoming normal again.

This unexpected progress is largely attributed to the splendid example set by Czechoslovakia, the first country to emerge from the post-war chaos.

Although in the midst of countries which have completely abandoned the principles of sound finance, Czechoslovakia has resisted the temptation to swim with the current. For many months after the cessation of hostilities in the remaining parts of Europe, she had to maintain big armies to defend her territory against the invasion of the Hungarian Red Armies of Bela Kun. In spite of all difficulties, however, the new republic settled down to work earlier than either of its neighbor states, and has succeeded in consolidating its position as a producer and exporter. It is this marvelous success which encouraged the other countries of Central Europe as it has proved that economic reconstruction is not at all impossible if a people has made up its mind to carry it through, and if the energetic efforts of the population are wisely organized and directed by its government. The economic reconstruction of Czechoslovakia provides, indeed, a most interesting and instructive chapter in the economic history of Europe.



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.

It cannot be without interest to enumerate the resources which enabled the young republic to eliminate the greater part of the economic after-effects of the war within a short period.

TERRITORY AND POPULATION

The Czechoslovak Republic, which was established by the peace treaties as one of the Succession States of the late Austro-Hungarian Monarchy, consists of five main parts, viz., Bohemia, Moravia, Silesia, Slovakia, and Carpathian Ruthenia. Its area is 54,877 square

miles, of which 30,771 square miles are parts of the former Austria, while 24,106 square miles used to belong to Hungary. The population of the country is, according to the census taken on February 15, 1921, 13,595,816, which shows hardly any change as compared with the previous census of 1910. Thus, the losses suffered during the war have been counteracted by the natural increase of the population. Judging from the progress made during the decade ending 1910, but for the war there would probably have been an increase by 8 to 10 per cent.; it is expected that this progress, interrupted by the war, will continue in future.

Although the country occupies the seventh place among the European states in respect of density, with an average population of 248 per square mile, still, it is far from being overpopulated, especially Slovakia and Carpathian Ruthenia, where a future increase in the population could easily be placed through the development of natural resources. The distribution of the population according to their occupation is as follows:

Province	Agri- culture per cent.	Indus- tries per cent.	Others per cent.
Bohemia	32	41	27
Moravia	41	35	24
Silesia	29	46	25
Slovakia	61	20	19
Carpathian Ruthenia.....	70	11	19

This table shows that Bohemia and Silesia are of industrial character, while the main occupation in the remaining three provinces is agriculture.

The population is hard working, economical, and possesses a great extent of organizing capacity. It is through these valuable qualities that Czechoslovakia has been able to attain her present degree of prosperity.

MINERAL RESOURCES

Czechoslovakia possesses a great variety of metal resources. Its mountains contain iron, lead, tin, copper,

uranium, bismuth, antimony, graphite, zinc, gold, silver, etc. Many of these resources have been under exploitation for the last few centuries. Yet the importance of these products, as well as of kaoline and precious stones is overshadowed by that of coal production, which is one of the chief national assets. In 1913, the output of coal was 13,617,324 tons, that of lignite was 23,017,096 tons. The decline in the output, brought about by the war, has been more or less eliminated in every district, and in some of them there is even an excess over the pre-war figures. The annual iron ore output is about 2,000,000 tons.

The oil production is at present insignificant, yet it is hoped that the research work now in progress will result in a substantial increase. Salt mining is an important branch of production, the state salt mines at Aknaslatina alone yielding about 400 tons per day. Czechoslovakia possesses the richest radium mines in the world, while in regard to graphite production, she is second only to Great Britain. The magnesia output is steadily increasing. The production of kaoline and quartz is the basis of the world-famous porcelain and glassware industries. Granite, limestone, and cement are also being produced in large quantities. Of the precious stones, the Bohemian garnets and the Slovakian opals are well known abroad. The average annual output of gold is 250 kilogrammes, that of silver is 50,000 kilogrammes.

The country is very rich in mineral waters whose curative effect attracts hundreds of thousands of visitors from abroad. The fame of watering places such as Karlovy Vary (Carlsbad), Mariánské Lázně (Marienbad) and Františkovy Lázně (Franzensbad) reaches much beyond the frontiers of Czechoslovakia, and even beyond Europe. Large quantities of mineral waters are being exported.

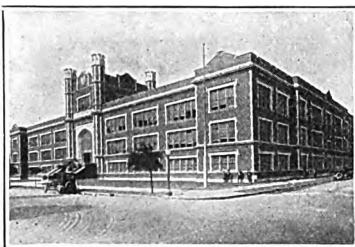
Among the natural resources of the country its hydraulic power is well worth mentioning. In this respect, the

possibilities are far from being exhausted, especially in Slovakia, and Carpathian Ruthenia. In order to accelerate the construction of hydro-electric plants, the participation of foreign capital would be desirable.

AGRICULTURE AND FORESTRY

As the above table concerning the distribution of population according to their occupations shows, three of Czechoslovakia's five provinces are mainly of an agricultural character. Even in the industrial provinces, agriculture is highly developed, particularly those branches which are connected with agricultural industry, such as the production of sugar, beer, etc., in Bohemia. The southern districts of Slovakia are famed on account of the fertility of their soil. The greater part of domestic requirements is being satisfied by home production, and in some categories there is even an exportable surplus.

The arable land is 45 per cent. of the total area, which is only slightly inferior to the proportion in France and Germany, while non-productive territories occupy only 4 per cent., as compared with 15 per cent. in Great Britain, 13 per cent. in France, and 10 per cent. in Germany. Czechoslovakia possesses immense forests, extending over one-third of her total area, as against 4 per cent. in Great Britain, 18 per cent. in France, and 26 per cent. in Germany. The distribution of the arable land among the particular categories of products is as follows: rye, 17 per cent.; potatoes, legumes, and other vegetables, 15 per cent.; oats, 15 per cent.; barley, 14 per cent.; beetroot, hops, colza, etc., 12 per cent.; wheat, 11 per cent.; fodder 6 per cent.; maize, 3 per cent. The proportion of fallow land is only 7 per cent., which is equal to that of Germany, and by 4 per cent. below that of France. The average annual production for the five years preceding the war was 6,700,000 tons of potatoes, 1,600,000 tons of rye, 1,500,000 tons of barley, 1,400,000 tons of oats, and 1,000,000 tons of wheat.



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XIII

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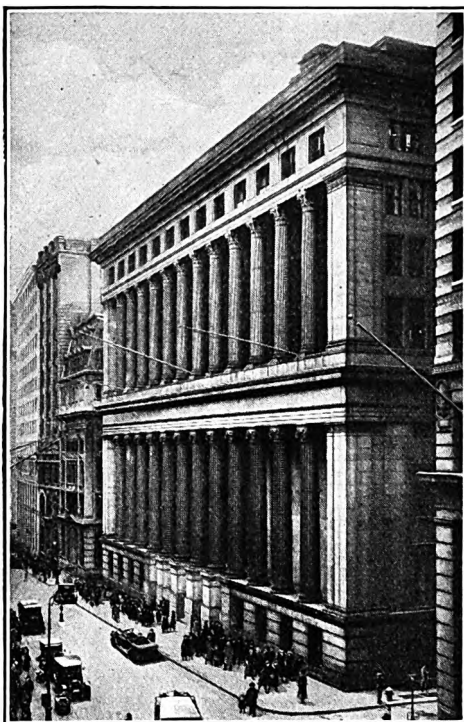
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The war has had an adverse effect on agriculture, on account of shortage of labor, diminution of livestock through military requisitions, and lack of manure as well as of machinery. Yet during the last few years the figures of production show a marked progress toward their pre-war level.

In 1910 the territories of the present Czechoslovakia possessed 4,500,000 cattle and 747,000 horses. The result of the war was a diminution of cattle by 38 per cent., of horses by 30 per cent., and of pigs by 56 per cent. These losses have not been recovered completely up to the present, but it is expected that within a few years the livestock will exceed its pre-war figures.

Forestry is of pre-eminent importance in Slovakia and Carpathian Ruthenia, which are among the most richly wooded territories of Europe. The normal out-



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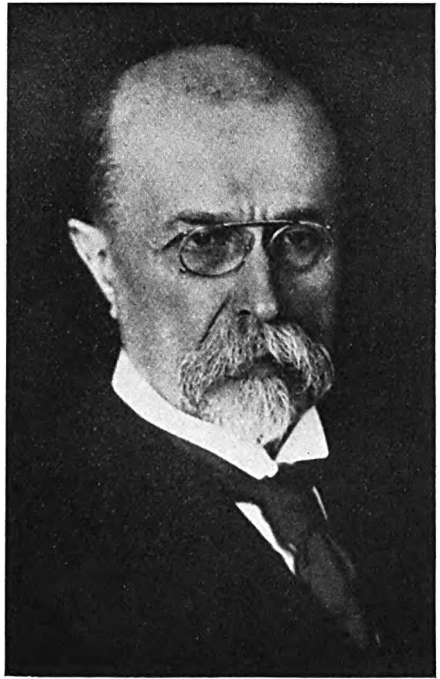
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put is 11,000,000 cubic metres of soft timber per year. Of this quantity 3,000,000 are firewood, and 8,000,000 are available for industrial and building purposes. The exportable surplus is about 5,500,000 cubic metres, while the production of hard timber, amounting to 2,000,000 cubic metres per annum, does not satisfy home requirements, and certain categories have to be imported from Russia, Yugoslavia, and America. Large quantities of soft timber are being used at home for mining enterprises, cellulose factories, building undertakings, parquet flooring, and railways.

About 1,400,000 acres of forests belong to the state, but the government has the right of supervision also over the forests of private property. This has the advantage that the forests are managed according to a well-arranged plan by which the amount of timber cut each year does not exceed the annual after-growth, so that the total timber wealth of the country will not diminish. The state administration endeavors to stimulate the production of forest seeds from full grown and selected woods.

In Slovakia and Carpathian Ruthenia, the chief categories of trees are beech 42 per cent., pine and fir 32 per cent., and oak 25 per cent. The production of tannin is in good progress. Timber production is the source of highly developed woodworking industries. The manufacture of bentwood furniture, for example, is a specialty, and 90 per cent. of the output is exported. Among the foreign customers of Czechoslovak wooden furniture, the United States occupies the second place after Italy. There is wide scope for the further development of the woodworking industries, as the raw material is excellent and it is very easy to recruit a sufficient number of skilled artisans. The paper industry is also one of the highly developed branches based on the inexhaustible forest wealth of the country. The annual output is 80,000 tons of woodpulp, 60,000 tons of cellulose for



DR. THOMAS G. MASARYK

President of the Republic of Czechoslovakia since November, 1918. Re-elected for life in May 1920

sale, 226,000 tons of paper, and 12,000 tons of cardboard.

PRINCIPAL INDUSTRIES

When Bohemia was part of the Austro-Hungarian Monarchy, she was regarded as the manufacturing center of the empire. Indeed the greater part of the factory industries of the dual monarchy was concentrated in the relatively small territory of Bohemia which, together with Silesia, is as highly industrialized as any of the great industrial nations. The country is in the fortunate position of being able to produce the raw material for the greater part of its industries. The sugar, alcohol, beer, porcelain and glassware industries are transforming exclusively Czechoslovak raw material, while the iron and steel, chemical and leather, industries are also largely based on home raw materials. Only a small number, such



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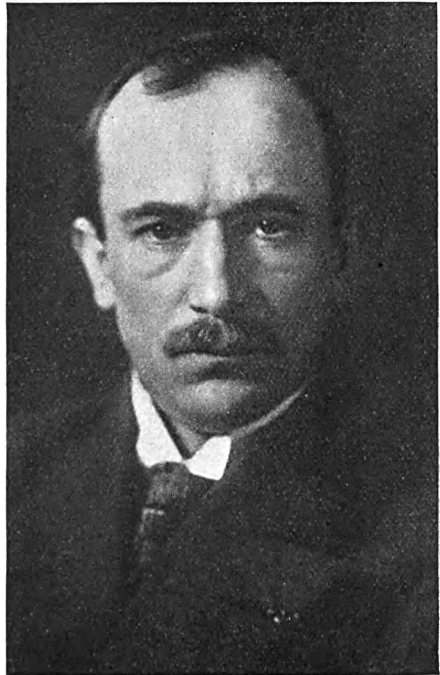
as the textile, phosphate, and some metal industries, are mainly or completely dependent on foreign imports.

Among the agricultural industries, sugar production occupies the first place. The raw sugar output was 750,000 metric tons during the working season 1922-23, a great part of which has been exported. The number of factories is 186, and their output per head of the population is much higher than that of any other sugar producing country. The producing capacity of the largest factory of the country, at Krasne Brezno, is well above 100,000 tons per annum.

Bohemian hops have international reputation. Although the Czechoslovak beer-brewing industry consumes every year about 30,000 to 40,000 tons of hops, there is a considerable surplus available for export. The malt production is equally developed, and large quantities are being exported to overseas countries. Having such excellent products as Saaz hops and Moravian malt, it is only natural that the Bohemian beer-brewing industry succeeded in conquering the world market. The "Pilsner beer" is well known in almost every country. The number of breweries in Czechoslovakia is 666, with about 20,000 employees, and their annual output is 13,000,000 hectolitres.

Other agricultural industries of great importance are the production of starch in 128 factories, of syrup and glucose in twenty factories, of dextrin in eleven factories, of chicory in forty factories, etc. The milling industry is also of great significance; besides the modern steam mills there are several thousand water mills, particularly in Slovakia.

Czechoslovakia possesses about 80 per cent. of the total textile industry of the former Austro-Hungarian Monarchy. The cotton industry, which is located mainly in Bohemia, possesses 3,500,000 spindles and 115,000 mechanical looms. The woollen industry has about 1,050,000 spindles, 450,000 for worsted yarn and 600,000 for carded yarn. The flax, jute, and hemp indus-

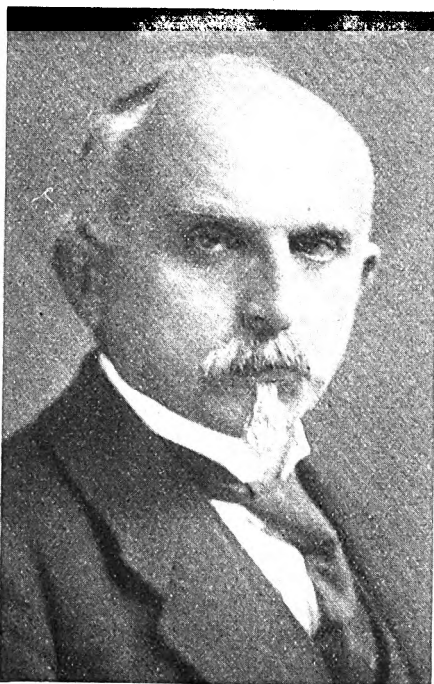


DR. EDUARD BENES

Minister of Foreign Affairs of Czechoslovakia since the establishment of the Republic

tries are also highly developed. The number of workmen employed in Czechoslovak textile industries is well above 250,000.

Though the Czechoslovak iron and steel industry is handicapped by the insufficiency of the home production in iron ore, nevertheless it is able to compete successfully in many branches, owing to its superior organization and specialization. The productive capacity of iron and steel works is about 1,500,000 tons of steel and 1,700,000 tons of raw iron. The Czechoslovak engineering industry comprised about four-fifths of the total engineering industry of the Austro-Hungarian Monarchy. Its main specialties are agricultural machinery, installations for sugar factories, breweries, textile machinery, etc. The number of hands employed is about 280,000, and the annual output is about 1,000,000 tons. The number of railway engines manufactured every year is 300



DR. ALOIS RASÍN

Finance Minister of Czechoslovakia during the financial re-organization of the Republic

to 350, that of carriages and trucks is 12,000.

Before the war, about 90 per cent. of the glassware output of the dual monarchy was produced in the provinces of the present Czechoslovakia. The number of glassworks is at present 160, but over sixty new factories are either under construction or projected to be constructed in the near future. A substantial part of the products are exported, and there are more than 600 export houses specializing in glass trade. The Carlsbad porcelain industry has a unique position in the world market, the United States being among its chief foreign customers.

Three-quarters of the chemical industries of the late Austro-Hungarian Monarchy have been acquired by the Czechoslovak Republic. Among the most important chemical products of the country are artificial manures, pharmaceutical products, explosives, dyes, ink, soap, candles, matches, etc. The quan-

tity of superphosphate output is 250,000 tons, that of sulphuric acid 350,000 tons per annum.

The republic possesses 260 leather factories, transforming about 150,000 raw hides per week. The boot-making industry has acquired important markets abroad, even in the Far East. The quality of gloves produced in Czechoslovakia has an excellent reputation, even beyond the frontiers of the country. The production of musical instruments is equally a Bohemian specialty.

TRANSPORTATION

Czechoslovakia possesses over 8000 miles of railway lines. The railway network is particularly dense in the three western provinces, where there is one kilometre of railway to every eight and six-tenths square kilometres of territory. The rolling stock, lines, machine shops, buildings, etc., underwent a serious deterioration during the war, and the reconstruction of the railway system required heavy financial sacrifices after the establishment of the republic. Nevertheless, today it is difficult to find any trace of the adverse effect of the war, and the Czechoslovak railway service is as satisfactory as that of any of the Western countries. The greater part of the railways is state property. Some of the Czechoslovak railway lines are of international importance; the capital, Prague, has direct train connection with Paris, Berlin, Vienna, Bucharest, Warsaw and other big continental cities.

The only great disadvantage in Czechoslovakia's economic position is that she does not possess any seacoast. Instead of this, however, the peace treaty has secured to the country special privileges in two German ports, viz., Hamburg and Stettin, and has internationalized the rivers Elbe and Oder, which connect the country with those ports. Prague has thus a waterway connection with Hamburg. Moreover, the internationalized Danube provides a waterway towards the Near East. Czechoslovakia occupies a prominent

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place among the Danubian States, possessing two important Danube ports, viz., Bratislava and Komarno, both of which have been largely extended during the last few years. The annual traffic of the Elbe is about 3,500,000 to 4,000,000 tons. The Oder, which connects Czechoslovakia with the Baltic Sea, is used mainly for the import of Scandinavian iron ore. A scheme of connecting the Danube with the Elbe by means of a navigable canal is under consideration.

Czechoslovakia possesses every organization required by modern commercial life. There are a number of produce exchanges, such as coal, flax and timber exchanges; chambers of commerce, samples fairs, commercial and industrial associations, and various advisory bodies.

BANKING AND INSURANCE

The banking system of Czechoslovakia shows much similarity to that of

Germany. In both countries the sphere of activity of banks does not confine itself to banking transactions in the narrower sense of the term, but includes also the promotion of industrial and commercial enterprises, and the direct participation in such companies. The specialization in certain branches of banking business, which is the basic principle of the American and English banking systems, is unknown in Czechoslovakia, where most banks carry on every kind of banking transaction. Before the war, the branches of the big Austrian and Hungarian banks played a predominant part in the economic life of those territories which form today the Czechoslovak Republic. Nevertheless, some important Czech banks succeeded in developing, despite the competition of the big Vienna and Budapest institutions. The first independent bank in Prague, the Bohemian Discount Bank, was established in 1863, and in 1914, the number of Czech

banks was ten, holding about 40 per cent. of the country's deposits. Since the war the proportion has naturally changed in favor of Czech banks. At present they hold about 70 per cent. of the country's savings, the remaining 30 per cent. being held by the late branches of Austrian and Hungarian banks which, though transformed into Czechoslovak companies, remained mainly under German-Austrian or Hungarian management, or under foreign control.

The table shown below illustrates the evolution of banking in Czechoslovakia since the beginning of the twentieth century. It represents the figures of the ten largest banks of the country.

It is interesting to notice that, while in 1914 the amount of deposits was less than three times higher than the amount of the banks' own resources, in 1922 this proportion was nearly 1 to 10, which shows the increasing confidence of the public toward the banks. The increase in the figures since 1914 has been largely due to the currency depreciation. Yet the amount of deposits has increased to a much greater proportion than the rise in prices, so that it is impossible to overlook the genuine progress made.

The post-war banking crisis which extended over almost every country of Europe, has affected Czechoslovakia to a slight extent only. Three smaller banks have failed, but the depositors

will get back the greater part of their money. Legislative measures will prevent in future the same mistakes which have led to the failure of those institutions. These measures secure to the government certain rights of inspection over the banks, without however, interfering with their freedom of action to an extent which would curtail individual initiative.

Since the war some Czechoslovak banks have re-enforced their capital by foreign participation, but the largest institutions have remained independent. On the other hand, they expanded into the other Succession States, through opening branches or acquiring participation in local banks. As Czechoslovakia was for a long while the only Central-European country with stable financial conditions, its banks have succeeded in attaining some importance as intermediaries between the banks of Western Europe and the United States, and those of other Succession States.

The establishment of the first Czech insurance company dates back to the early years of the nineteenth century. Between 1865 and 1870 a great number of insurance companies were created, on the principle of reciprocity. Most of them are still in existence and are gaining in importance. Toward the end of the last century and during the period preceding the war the number of insurance companies underwent a fur-

(In millions of crowns)

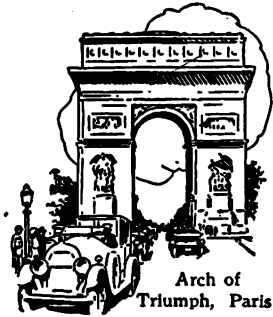
	Paid-up capital and reserves:						Current and deposit accounts:					
	1900	1905	1910	1914	1920	1922	1900	1905	1910	1914	1920	1922
Zivnostenska Banka	29	36	80	111	303	335	103	125	248	295	4229	4815
Ceska Prumyslova a Hospodarska Banka.....	4	8	32	44	192	270	10	31	73	102	1028	2388
Ceska Eskomptni Banka.....	23	28	28	29	165	276	49	71	120	155	2080	2388
Ceska Banka Union.....	23	36	63	83	183	248	91	122	232	241	1933	2384
Anglo - Ceskoslovenska Prazska Uverni Banka	7	9	32	41	132	142	23	32	56	81	1396	1418
Banka	—	—	—	—	—	150	—	—	—	—	—	1867
Moravska Agrarni a Prum. Banka	—	—	8	15	198	200	—	—	27	34	1110	1122
Banka pro Obchod a Prumysl	—	—	—	—	—	115	—	—	—	—	—	1238
Ceska Agrarni Banka.....	—	—	—	4	86	87	—	—	—	16	998	1227
Ceska Komerčni Banka.....	—	—	—	—	58	98	—	—	—	—	457	879
	92	117	243	327	1317	1921	276	381	756	924	13231	18716

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PUBLIC FINANCE

The chaotic conditions under which the establishment of the Czechoslovak Republic took place made it impossible to meet expenditure out of revenue during the first two years. In 1919, the fight against the Hungarian Red Army and the demobilization necessitated extraordinary expenditure, and the initial difficulties of a newly established state also involved big outlays. The reconstruction of deteriorated railway, postal and other public services represented another heavy expenditure item, while it was difficult to collect the revenue during the transition period, created by the thorough reorganization of fiscal administration. It is thus no wonder that in 1919 revenue covered less than half of the expenditure.

The restoration of Czechoslovak public finance is largely to the credit of the late Finance Minister, Dr. Alois Rasin, whose energy and expert knowledge saved the country from following the disastrous example of its neighbors. He introduced drastic fiscal measures;

among others there was a capital levy which has yielded up to now more than 3 milliard Czechoslovak crowns (about \$100,000,000). In 1920 the percentage of the deficit in relation to total expenditure declined to 31, as against 57 in 1919. Although expenditure was much higher than in the previous year, owing to the rise in prices that had taken place in the meantime, the revenue rose to a still greater extent, which, in the second year of the Republic's existence, is a substantial achievement. In the following year, the deficit declined to 4 per cent. of the expenditure, which cannot be regarded as abnormally high; since then the proportion of deficit has remained approximately at the same level. The following table shows the figures of revenue, expenditure and deficit since the establishment of the republic:

(In millions of Czechoslovak crowns)

Year	Revenue	Expenditure	Deficit
1919	3,710	8,615	4,905
1920	10,426	15,278	4,852
1921	17,299	18,026	727
1922	18,884	19,813	929
1923	18,812	19,371	559
1924	16,391	16,994	603

The country's public debts amount to about 32 milliard crowns (somewhat above \$1,000,000,000) of which 7 milliards have been contracted in con-



Picturesque Prague. The historic and impressive capital of Czechoslovakia

nection with the currency reform, and 5 milliards are debts arising from the peace treaties. The amount of external loans, contracted mainly for the purpose of food imports during the transition period that succeeded the Armistice, is 5 milliards. Moreover, apart from the 32 milliards, there is a debt of 750,000,000 gold francs, representing a "liberation contribution" to the reparation fund. Yet negotiations are being carried on with the view of obtaining at least a partial cancellation of this liability. The government has already redeemed a substantial part of its external debt; among others the "flour loan" has been repaid.

The expenditure for the current fiscal year (1924) shows a reduction of 18.5 per cent. as compared with the previous year. There was a corresponding reduction in revenue, which is a consequence of the decline in prices. There is reason to hope that the present deficit of 603,000,000 will also be eliminated in the near future.

FOREIGN TRADE

Czechoslovakia is in the fortunate position of being largely self-sufficient in manufactures and foodstuffs, and to a certain extent even in raw materials, while at the same time the country possesses a substantial exportable surplus in manufactures. Before the war the territories which now compose the Czechoslovak Republic satisfied the requirements of the remaining parts of the Austro-Hungarian Monarchy for manufactures, and only about 30 per cent. of the industrial production was consumed locally. During the first year of the republic's existence its trade balance was adversely influenced by the chaotic conditions in her industrial and agricultural production, but by the next year it had succeeded in producing an export surplus of 5,136,000,000 crowns, which is about 23 per cent. of the total imports. Thus Czechoslovakia was one of the first European countries which succeeded in eliminating the abnormal import surplus which was, and still is, one of the chief troubles of Europe after



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the war. The following table shows the value of imports and exports during the last four years:

(In millions of Czechoslovak crowns)

Year	Imports	Exports	Balance of exports
1920	22,433	27,569	5,136
1921	23,384	27,312	3,928
1922	12,695	18,086	5,391
1923	10,130	12,519	2,389

The total export surplus during the last four years amounted to 16,844,000,000 crowns. As it can be safely anticipated that this favorable situation will remain permanent, Czechoslovakia will be able, in a relatively short period, to pay off her external debt, and even to invest surplus capital in other countries.

The Republic is doing considerable trade with the United States. In 1923, Czechoslovak imports from the United States amounted to 714,000,000 crowns (7.05 per cent. of the value of total imports), while Czechoslovak exports to the United States were valued at 557,-

000,000 crowns (4.45 per cent. of total exports). As far as imports are concerned, the United States occupies the second place after Germany, while among the purchasers of Czechoslovak products she occupies the fifth place after Austria, Germany, Great Britain, and Hungary. There is an improving tendency in the trade relations of both countries.

The following list enumerates the main items of Czechoslovak imports during 1923, so as to give the American exporter a general idea of the present absorbing capacity of that market:

(In Czechoslovak crowns)

Raw cotton and yarns	1,763,633,942
Wool, yarns, etc.	1,269,013,414
Grain, flour, etc.	870,357,002
Fats	858,357,712
Cattle	646,042,927
Fruit, vegetables	334,607,760
Minerals	302,913,366
Tobacco	302,259,017
Common metals and manufactures	296,532,659
Iron and hardware	294,202,932

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MONETARY POLICY

After the Armistice, the monetary situation of Czechoslovakia was anything but encouraging. It was necessary for the government to take over the paper money issued by the Austro-Hungarian Bank circulating in Czechoslovak territory, amounting to over 12 milliard crowns. The Finance Minister, Dr. Rasin, ordered the counter-stamping of all notes, and withheld half of the notes presented for counter-stamping, issuing against them certificates bearing a low rate of interest. Although later on it became unavoidable to increase the note circulation to a slight extent, nevertheless this increase was much more moderate than in most other European countries, and it was stopped as early as 1921. At present the note circulation is about 40 per cent. below its maximum level.

The exchange rate of Czechoslovakia had an adverse trend up to the end of 1921, when it underwent a sudden recovery, owing to the huge export surplus and the improvement in the country's public finance. In 1922 the improving trend continued, so that within less than a year the international value of the Czechoslovak crown has appreciated by 200 per cent. Such a sudden advance in the value of a currency could not take place without being accompanied by a severe economic crisis. The fall of prices was much slower than the improvement of the exchange, and therefore it has become increasingly difficult

to compete successfully in international trade. The readjustment of wages was a very slow process, and the declining trend of prices resulted in a general trade depression. The factories had to restrict their activity, so that the young republic had to face a grave problem of unemployment. Nevertheless, the country showed much courage under these difficult circumstances, as public opinion realized that it is necessary to stand the temporary inconvenience of the deflation in order to put the currency on a sound basis.

Since the end of 1922 the Czechoslovak exchange has been stabilized, and a gradual readjustment of wholesale and retail prices, as well as wages, has taken place. There was a revival of trade activity, and unemployment had been reduced to normal proportions by the end of last year. The government considered it advisable to prevent any further appreciation of the currency, which, at the present stage, would not be to the interest of the country. Therefore, the appreciating influence of the export surplus has been counteracted through the purchase of gold abroad, for the accumulation of a gold reserve to cover the note circulation. At present the Czechoslovak crown is one of the best-secured currencies of Europe, and the republic will be undoubtedly among the first countries to re-establish the gold standard.

The improvement of the Czechoslovak currency has largely contributed to increase the prestige of the country

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abroad, and has provided an excellent example to the other countries of Central Europe.

CONCLUSION

Summarizing what has been said above, it is evident that Czechoslovakia possesses a great degree of vitality. Her economic system is sound, for the country is not only able to pay for its imports by its exports, but also to create an export surplus available for external investments. The actual production has not reached the limits of producing capacity, and as soon as the economic conditions of the world become normal again, there will be a substantial extension of Czechoslovakia's industrial activity. Being a producer of large quantities of luxury articles, its welfare depends largely upon the extent of prosperity abroad. Nevertheless, the example of the last few years has completely proved that even amidst an international depression Czechoslovakia is able to secure a substantial amount

of export surplus, because some of her products have a well-established market abroad, and their consumption is largely independent of trade fluctuations.

Economic conditions in Czechoslovakia have reached a more advanced stage toward complete stability than in any late belligerent European country. The post-war crisis has purified the economic life from the unstable elements, and those business houses which succeeded in weathering the storm may be safely regarded as reliable.

In regard to the better utilization of the country's natural resources there is much left to be done, especially in the two eastern provinces, viz., Slovakia, and Carpathian Ruthenia. The co-operation of American capital would be very welcome, and from the point of view of the American investor the establishment of closer financial relations would be desirable, for profit possibilities are equally as great as in countries with less stable conditions, while the risk involved is incomparably smaller. The primary

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condition for the intensification of economic relations between both countries is, of course, that the American public should become acquainted with the resources and possibilities offered by the Czechoslovak Republic. If the present article contributes to a slight extent to some progress in this respect, it will have attained its end.



Great Britain

THE LABOR GOVERNMENT BUDGET

On April 29 the Labor Government announced its new budget plans through the Chancellor of the Exchequer, Philip Snowden. It was hailed on all sides as a moderate and responsible budget, giving relief to the Conservatives by its freedom from Socialistic doctrines and finding favor with the Liberals by its trend toward free trade. The budget ends the war duties established by the McKenna budget as war measures.

The tariff on tea, sugar and coffee is cut. Duties of 33 1/3 per cent. on foreign motor cars, films, motorcycles, clocks and musical instruments are abolished by the new budget. The abolition of these duties, in particular, is expected to be welcome news to American exporters of these products, as a great opportunity for American trade is seen in the removal of these duties.

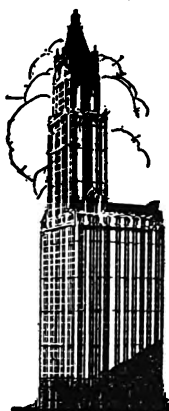
The reaction of British manufacturers to this feature of the budget is indicated by the report from London that "loud complaints are going up from British motor manufacturers who say the country will be flooded with American motor cars and the British industry given a setback." The British motion picture industry is also expected to be handicapped in its competition with American films. The Conservatives intend to use the period up to August 1, when the new budget takes effect, in making an energetic campaign "to make the nation at large fully aware of the important economic considerations involved" by the abolition of the protective duties.

OPINION OF THE BUDGET

The London *Times* thinks the new budget is too optimistic. It says:

"The chief fault with the budget from a purely financial viewpoint is its excessive optimism. It was upon the assumption that his estimate of £828,100,000 revenue is correct that he made the unexpectedly liberal reductions in certain kinds of taxation, but should the estimate be unrealized it is hard to see how he can avoid a raid upon the sinking fund."

In political circles it is felt that the budget is a bid by the Labor Party to cling to power, and its rather surprising moderation is attributed to political expediency. The financial editor of the London *Morning Post* says the budget



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is approved "conditionally" and that the strongest criticism of it will come from political and commercial interests rather than from financial. The latter, this writer explains, are "so relieved over the maintenance of the sinking fund, the abolition of the corporation tax, and the fact that there is no addition in direct taxation, that much else is forgiven. Criticism in banking circles chiefly centers on fears that the estimates of revenue are too sanguine. . . . The repeal of the McKenna duties may prove one of those excesses which injure free trade and help protectionism. It might even mark a turning point in fiscal policy. The financial district favors free trade, but regards this budget as free trade gone mad."

In addition to the comments and criticisms of the professional economists on the new tariff, the press for many days after the announcement of the Labor budget carried scores of letters of comment, some praising, some condemning.

Among condemnatory letters two are quoted here as giving the point of view of trade interests held, in this instance at least, both by employers and employees:

TO THE EDITOR OF THE TIMES

Sir—We notice that you are publishing particulars of the protest and petitions signed against the dropping of the McKenna duties.

It may interest you to know that a petition has been signed by the whole of the staff and employees of this firm and forwarded to the Chancellor of the Exchequer.

Yours faithfully,

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TO THE EDITOR OF THE TIMES

Sir—It is a very interesting letter from E. L. Payton, of the Austin Motor Company, addressed to the Chancellor of the Exchequer, a copy of which appeared in your issue of the 24th inst., on the subject of the McKenna duties. Surely the gist of that letter applies to many industries in this country in so far as unemployment is concerned. That is, if the McKenna duties were



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applied to numerous industries which could be named, work would be found for a vast number of unemployed today. Obviously all this reduces itself to protection, which the McKenna duties are, nothing more or less. The motor-car trade and other trades on which the McKenna duties take effect are in a very favorable position as compared with those trades which, so to speak, have to look after themselves. One can only hope and trust that the Chancellor of the Exchequer will give his most favorable consideration to Mr. Payton's letter, and thereby "sit up and take notice" with regard to other industries of an equally deserving nature.

F. W. S.

Sheffield, April 25.

CONDITION OF COTTON INDUSTRY

The state of the British cotton industry is reviewed in the annual report of William Deacon's Bank of London, together with the outlook for 1924. The report, in part, follows:

The outstanding feature of 1924 has been the partial failure of the American crop,

and the consequent certainty that there can be no relief by way of supplies before next autumn; so the position, I am afraid, is, if anything, worse than it was when we last met—except, perhaps, in the Egyptian section, which has been fairly engaged during the last six months.

On the other hand, for spinners of American yarns, in spite of an organized restriction in output for more than half the year, the position with regard to orders and margins is again deplorable, and stocks at the mills have only been cleared by the help of the rise in the raw material. With regard to cloth, a very considerable proportion of the looms in Lancashire are now idle, and unemployment is, I am sorry to say, more prevalent than ever among the weavers.

So critical has the position become in the American spinning section that an attempt is being made to revive, in some measure, the scheme of a Cotton Control Board, based on voluntary levies and co-operation, with sanction of or even legislative powers granted by government. The scheme is still under discussion, but it seems now to have gained more support than former proposals.

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The basic idea is to prevent excessive production, which, by the law of supply and demand, might cause sales to be made at any actual loss.

While agreeing that excessive spinning to stock is to be avoided, it is well that we should guard against any artificial price fixation or restriction of output for the purpose of unduly forcing up prices—a suicidal policy, indeed.

BRITISH EMPIRE EXHIBITION

On April 23 King George opened the great British Empire Exhibition at Wembley. This exhibition was conceived and planned before the outbreak of the World War, but the conflict caused postponement. With the war ended, the project was again taken up and carried through.

All the possessions of the British Empire are represented, and the varied commercial, industrial and agricultural products are displayed. The exhibition is a trade show of the greatest magnitude. The Prince of Wales, as president of the exhibition, referred to this significance in his opening speech:

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protectorates and the mandated territories under your care have joined together in the great task of presenting this picture of your commonwealth of nations.

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France

BUDGET OF RECOVERABLE EXPENDITURE

In a monthly report of the Banque Nationale Française Du Commerce Extérieur there is a clear exposition of the budget of recoverable expenditure. This is the special budget by which France has carried on her reconstruction work in the war-devastated districts—an arrangement made necessary by Germany's default in reparations.

The bank report analyzes the financial situation as it involves reconstruction work in the devastated districts:

On January 1, 1923, the expenditure incurred by France in respect to the reconstruction of the devastated regions amounted to Fr. 66 milliards, together with Fr. 84 milliards in respect of persons, or a total of Fr. 100 milliards, not taking into account interest. France has carried out this gigan-

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tic effort not only without having recourse to monetary inflation, but at the same time practicing a policy of deflation, which, if it has been slow, has been constant. The effort that still needs to be made, although it be considerable, is however much less great than that already accomplished, and one may be convinced that it will be carried out in as satisfactory monetary conditions.

The proposed budget for 1924 provides for a total expenditure of Fr. 11,727 millions. The financing of the reconstruction work in France is mainly in the hands of the Credit National; the war-victims themselves make their claim on the state, and the latter pays by annuities. The state pays certain war-victims by means of national defence bonds and government stock; however, the payments that are thus made are naturally included in expenditure, but at the same time a corresponding sum is placed in the receipts account.

Considerable economies have been realized for the year 1924, as will be seen from the following table:

	(In millions of francs)	
	1923	1924
Interest on loans contracted.....	3,267	4,548
War pensions	3,218	2,832
Ministry of devastated regions...	5,979	3,386
Expenses of different ministries..	1,118	961
	13,582	11,727

The above figures do not include the sum of Fr. 3638 millions representing the interest on money advanced by the French Government previous to January 1, 1922 on reparations account, and which is comprised in the general budget. But the interest on loans contracted on reparations account since January 1, 1922, are comprised in the budget of recoverable expenditure. The expenditure of the Ministry of the Liberated Regions shows a reduction of Fr. 2500 millions in 1924 as compared with 1923.

Against this expenditure there should appear reparation payments by Germany. But

the Minister of Finance has only included these payments in the budget for bookkeeping purposes. Miscellaneous receipts, including the amount of the national defence bonds and government stock paid to victims, total approximately Fr. 2136 millions. The balance of expenditure will have to be met by loans amounting to Fr. 9600 millions.

RECONSTRUCTION BUDGET FOR 1924

The special report concludes by a forecast of reconstruction expenditure for the current year. An especially interesting and significant feature of these plans is the reference to the future revenues from the restored districts:

But the figure of expenditure in the budget of recoverable expenditure does not show the total amount that will have to be expended in 1924 on account of reparations. The public issues made by the Credit National as well as the loans raised by the victims of war damages themselves—loans guaranteed by state annuities—must also be taken into account. When all these items are taken into consideration the following total is arrived at, which includes all the direct and indirect obligations of the treasury for 1924 in respect of the budget of recoverable expenditure:—

(In millions of francs)	
Deficit of the special budget.....	9,600
Crédit National issues	5,000
Payments made in national defence bonds	2,600
Payments by annuities	1,000
Payments made in government stock.....	400
Total	18,600

It will be seen from the above figures that the financial effort that must be made in 1924 is considerable. However, it is an effort that will be rewarded, to some extent at any rate, by the fact that the reconstructed districts will be in a position to



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contribute to revenue. Indeed, the revenue receipts from the devastated districts are increasing all the time. In 1919 the amount was Fr. 1091 millions; in 1920 Fr. 2275 millions; in 1922 Fr. 2896 millions; and in 1923 the total will probably considerably exceed Fr. 3000 millions. The expenditure that has been incurred for reparations is thus far from being unproductive even from a fiscal point of view. But this fact should not cause it to be overlooked that legally, as well as in equity, the whole of the expenditure in respect of reparations should be met by Germany, and that the fact that France has so far been able to meet these expenses must not be regarded as a reason for lightening the obligations of Germany.

The French Government must therefore either indirectly or directly find Fr. 18 milliards for reparation expenditure in 1924, to which must be added the sum needed by the treasury for current expenditure.

FRENCH INVESTMENTS, 1923

In its April *Information Letter* the International Chamber of Commerce publishes the following report of French investments during 1923:

	Francs
Shares of new companies	369,230,000
Increase of capital	1,907,428,000
French Government Treasury bonds (net figures exclusive of conversion and reimbursements)	7,842,000,000
Loans for reconstruction of the devastated regions (Credit National, etc.), colonial, and municipal bonds	6,438,602,000
Railway bond issues	2,125,336,000
Financial, industrial, and other private corporation bonds	3,056,740,000
	21,739,336,000

These figures appear to bear out the arguments steadfastly advanced during the long decline of the franc by spokesmen for the French Government, to the effect that there was no factor in the essential condition of French finances, public or private, to warrant the drop of the franc.

In this connection also there is significance in the statements made by J. P. Morgan in an interview in the *Eclairneur* (Nice). Mr. Morgan referred to the "admirable unanimity with which the big bankers of the United States answered the appeal to help you vanquish the coalition formed against your franc," and said further:

Nothing justified a panic, for your national wealth has increased to formidable proportions during the last two years. But your enemies counted upon succeeding in shaking the confidence of the country. There were then in existence more than 60,000,000,000 francs in Treasury and Crédit National bonds payable at short notice, without any other means of meeting them than by recourse to the printing press. When a country embarks on that course it is impossible.

When we saw with what confidence your country resisted that attack, and instead of imitating Germany, when the mark began to drop, all citizens of France accepted the necessary sacrifices, we were proud of our former comrades in arms.

Let France continue in this course and before two years have elapsed she will have reconquered, from the economic viewpoint, the preponderating situation she enjoyed before the war. I shall be sincerely happy, for I love your country, which is beautiful, industrious and honest.

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THE FRANC'S BEHAVIOR

On May 8 the franc, as one newspaper expressed it, "kicked back on a substantial number of its friends in one of the sharpest and most unexpected movements of that volatile currency's post-war career." The franc broke from 6.34½ to 5.89. There were wild rumors as to the cause, such as that fighting in the Ruhr had broken out. Many explanations were offered for the sharp decline. This one, based on the opinion of a banker, was advanced by the financial editor of *The New York Times*:

There was very little new added to information concerning the sharp break in the French franc, but an absence of nervousness was apparent in the market. In this connection, bankers' advices brought forth one interesting bit of information, namely, that revenues from the new tax measures adopted by the Government of France bid fair to exceed the earlier estimates. Thus it would seem, so one international banker suggested, that the fundamental reform required to effect a stabilization of the franc had been definitely accomplished. Relating to the break under discussion, it was also suggested that the absence of short selling had probably speeded the reaction. With the franc quotation in the sole power of the Bank of France, it was said, speculators on the short side had been driven from the market; consequently, the quotation ran up too swiftly; and, when a decline came, the absence of needed buying orders to cover commitments facilitated the break.

Meanwhile, reports from the Department of Commerce representative in France tell of retarded French trade as

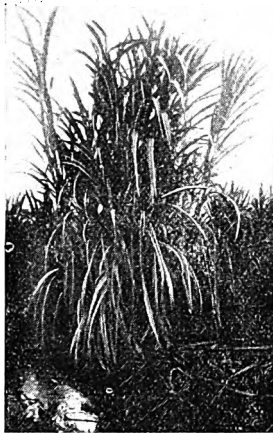
a result of the 35 per cent. appreciation in the value of the franc since March 10. The cotton textile industry is described as "demoralized." Business is very dull and stocks of manufactured goods are practically non-existent. Export orders for manufactured wool practically stopped in the latter half of March. Domestic buyers also are abstaining on account of the falling market, and business is relatively unimportant, notwithstanding real needs and small stocks.

Germany

THE DEBTOR AND THE DAWES REPORT

When on April 9 the Dawes report was published there was much speculation as to its reception in Germany, much wondering as to how the patient would react to the diagnosis and prescribed treatment. The Reparations Commission and the Allied governments approved of the report at once. On April 13 a complete accord was reached between the Central Government and the Federated States in favor of acceptance of the report as a basis for negotiations.

On April 26 "the real power in Germany, the great industrialists," voted for the Dawes plan. This action was taken at a special session of the Federated Union of German Industries and was handed to the German Cabinet. The approval of this powerful group, described as being more important than



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any pre-election action of any party, was a serious blow to the Nationalist Party who counted on the support of the Rhine and Westphalian industrialists in the election held May 4. The German elections, in which the Dawes report was the real issue, are viewed as having resulted favorably for the Dawes plan, as the Coalition won 230 seats to the Opposition's 192.

PLANS FOR THE NEW GOLD BANK

Plans for the establishment of the gold bank called for in the Dawes plan are being carried on by the Reparations Commission. On April 30 Sir Robert Kindersley, noted British banker, was appointed by the Commission to organize the new bank. A news dispatch from Berlin dated May 4 stated that "on the highest authority" the following particulars would be carried out:

The Reichsbank gold reserve will all be handed over to the new institution. Notes of the gold bank will be in principle convertible into gold on sight; but this obligation, as the Dawes report recommends, may be suspended when necessary.

The view of responsible officials is that the notes will not be convertible in the beginning, and will be made so only in connection with a later general resumption of gold payments. Meantime it is considered that the main essential is to maintain the

foreign exchange value of the new currency. This, it is held, will be possible only if the proposed "transfer committee" works carefully and does not force reparation payments.

It is interesting to observe that leading public men are now declaring that Germany will not insist on fixing the ultimate total of reparations.

PLANS FOR GERMAN LOAN

Plans for another proposal of the Dawes Report, namely, a loan to Germany, were also discussed by the Reparations Commission. At the suggestion of Col. J. A. Logan, American unofficial member, the Reparations Commission on April 25 appointed Louis Barthou (French member and president) and Sir John Bradbury, British member, to discuss with financiers of various countries, especially the United States and England, ways and means of floating the 800,000,000 marks loan proposed.

J. P. Morgan was in Paris at that time and he was consulted. Other American financiers will also be consulted as it is hoped that the United States will take half of the \$200,000,000 loan, London \$75,000,000, with Continental nations, France included, taking the remaining \$25,000,000.

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DAWES PARTY BOOMS GERMAN LOAN

The American financial experts, Mr. Dawes, Mr. Young and Mr. Robinson, arrived back in the United States on April 29. In their first interview to the American press they issued a joint statement urging participation of Americans in the execution of the "Dawes Plan," particularly with respect to the flotation of the \$200,000,000 German loan.

That part of their joint statement referring to the loan follows:

The loan contemplated by the plan is, in our opinion, sound, and will be amply secured. It should be, and we believe will be participated in by all important European countries. The people of the United States will be asked through private bankers to take their share. The detailed purpose for which the loan is to be used is relatively unimportant. It is enough to know that it will be effective to start the plan in motion to secure economic tranquillity in Europe; to restore their buying power; to return the thoughts and energies of their people to production, and finally to be a step in the substitution of peace and good will for war and prejudice. We believe that American bankers and investors will subscribe to the loan.

The plan means much to the Allies; it means more to Germany in her present economic condition. It asks her to assume a burden of taxation commensurate with but not greater than that of the other countries of Europe. It does not require impairment of her standard of living. We have assumed the good faith of Germany in the acceptance and execution of a plan which she is able to fulfill. Every step taken by Germany thus far indicates that our assumption is well founded.

The prompt acceptance of the reports by

the Reparation Commission and by the allied governments leads us to hope that the time of substantial controversy is past and that of concerted action by the European Allies and Germany is at hand.

DEATH OF STINNES

At the very time when his influence for or against the Dawes plan would have been most greatly felt, Germany lost her greatest financial power—Hugo Stinnes. The great German capitalist died April 10.

The power and influence of this industrialist are described by the editorial opinion of *The New York Times* in these words:

With the death of Hugo Stinnes there disappears a figure that has dominated the German scene during the last two years, or, to speak precisely, since the murder of Walther Rathenau in the early summer of 1922. Rathenau and Stinnes embodied two strongly contrasting types of German capitalism as it emerged from the war. The former was much the more winning personality and the broader spirit. He read the lessons of the war in terms of the whole German people. He foresaw for his country a future devoid of imperialistic dreams and devoted to useful productivity in close and harmonious co-operation between capital and labor. Stinnes thought rather in terms of personal and class opportunity. He cannot be acquitted of the charge of capitalizing the necessities of his countrymen for his own aggrandizement. As the chief architect of the new system of "vertical" trust organization, he stood up before the world as the personification of a dehumanized efficiency. . . .

A political force at home, and by some regarded as the power behind Cuno and Stresemann, the successors of Chancellor

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Foreign Exchange

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Wirth, the disappearance of Stinnes brings no loss to those elements in Germany which look forward to a straightforward settlement of the foreign problem and a policy of peace and labor and democracy at home in the spirit of Rathenau.

GERMAN TRADE IMPROVING

The German industrial situation, according to reports up to the middle of May, continued to improve. Between April 1 and April 15 the unemployed workmen in the unoccupied territory decreased from 803,000 to 476,000. Steel producers have orders in hand for three months ahead. On the stock exchange, however, trading was still hampered by high interest rates.

German automobile makers have formed a combination to protect themselves against the competition of American cars, especially Fords, which "are threatening the German markets." Daimler and Benz are understood to have signed an agreement to restrict manufacture to certain types of cars not

competing with each other, and other factories are following suit. It is expected they will increase output through standardizing agreements. An automobile bank also will be founded to issue credits for the installment purchase of German cars.

Italy

FINANCE MINISTER'S REPORT

During April the greater financial institutions of Italy held their customary annual meetings. The feature of these meetings was the discussion of the progress made in Italy's national finances. *Lloyd's Bank Monthly* says that the report made by M. Stefani, Minister of Finance, eclipsed all such discussions on this subject. In his speech at Milan M. de Stefani announced that Italy had arrived at a balanced budget.

In commenting on this the London *Statist* said:

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

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Secretary

Granting the truth of the prediction, one must admit the achievement to be considerable, for in the financial year 1921-22 the budget deficit was about Lire 7,000,000,000, and in 1922-23, during which Fascismo was in control only for the latter two-thirds, the estimated 4,000,000,000 deficit was reduced to little more than 3,000,000,000.

In his speech the Minister of Finance pointed out that the estimates for the 1922-23 budget, before the advent of Fascism, anticipated a deficit of 4,000,000,000 to 5,000,000,000 lire, but the actual deficit has been reduced to 3,029,000,000. This is in striking contrast to the actual deficit of nearly 16,000 millions for the financial year, which closed on June 30, 1922, and is the lowest since 1914-15. The deficit of the 1923-24 budget, which in November, 1922, was estimated at 3,586,000,000 lire, has been gradually wiped out; at the close of the financial year the bal-

ancing of the budget will be an accomplished fact, and it is expected that an equilibrium will be attained also in the next budget, so that what had been declared to be an impossibility for many years to come, has been actually accomplished in the seventeen months of Fascisti administration.

The civil service has been strengthened and its cost reduced. The number of ministries has been cut, and 32,117 civil servants were dismissed in the second half of 1923, thus reducing expenditure by 297,000,000 lire. In addition, 65,000,000 have been saved under the new law for pensions. Aggregate government expenditure has fallen from 24,851,000,000 lire in the financial year 1921-22, to 18,039,000,000 in the estimates for 1924-25.

GENERAL TRADE CONDITIONS

No material changes in business conditions in Italy have occurred during the past month, says a report to the Department of Commerce. Activity in the steel industry is sustained, with strong demand for plates, sheets and bars, and prices unaltered. The decline in the price of cotton has hurt Italian mills, which had bought at a higher level, and the cotton industry is somewhat depressed in spite of a good export demand. The demand for woollen yarns has increased, and weaving mills are working on summer goods at a normal degree of activity. The slow improvement in the tanning industry continues, and there is a better demand for upper leathers. The largest artificial silk company in Italy reports that production in the period from January through March was nearly twice as great as last year, with a much greater volume of unfilled orders, and that sales are at a considerably higher level. The market for natural silk is weak, with lower prices, and no improvement is in sight. In spite of the decline in coal prices, demand has not been greatly stimulated, although surplus stocks have been somewhat reduced. The wheat market is.

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firm and stocks of local wheat are smaller, causing an improved demand for foreign wheat. Prices on lumber, hemp, wool and olive oil are higher. Freight traffic on the state railways shows an increase of 12 per cent. in the period January through March, compared with 1923.

INDIRECT TRADE WITH ITALIAN CITIES

A special summary of indirect trade conditions with Italian cities has just been published by the Department of Commerce. This summary by Consul W. R. Dorsey, is given herewith in its entirety:

A feature of American trade with Italy, which seems to be unknown to many American business men desiring to export to Italy, is the localization of direct trade in a few centers. Milan, Genoa, Turin, Rome, and Naples are the chief cities of this type, and most American exporters do not attempt to have agencies or accomplish direct sales elsewhere. The major portion of American goods purchased, even in such important cities as Florence, Leghorn, Catania, and Messina, is obtained through wholesalers in one of the cities mentioned above. By dealing in this way buyers get prompter delivery, more convenient terms of payment, periodical visits of commercial travelers, and the satisfaction of trading in their own language, weights and currency. This practice is of long standing, and in most cases it seems to be useless to attempt

to change the system. In the Catania district apparently only grain is imported direct from the United States.

Several factors place difficulties in the way of sales of American goods in Italy at the present time. The first of these is exchange; the lire has recently strengthened as compared with most European currencies, but has barely held its own in comparison with the American dollar, hence Italy is temporarily placed in a favorable position for buying from European competitors. In many cases, also, the length of haul, entailing heavy freight charges and delays in delivery, militates against American trade. It is also claimed that less favorable terms of payment are obtained from American than from continental exporters.

In spite of these handicaps, American goods enjoy considerable prestige in Italy, and in the Catania district are to be found American grain, mineral oils, lard, typewriters, office appliances, toilet articles, cash registers, fountain pens, sewing machines, rubber shoes, tools, canned goods, electrical supplies, pianos, and machinery. This survey is not intended to discourage attempts at selling American goods in Italy or at introducing new lines, but rather to emphasize the importance of concentrating on the largest cities and of leaving the more remote places to be handled indirectly.

BANK CLEARINGS

Bank clearings in January, 1924, amounted to 99,176,000,000 lire compared with 65,872,000,000 lire a year previous, while February clearings reached 62,511,000,000 lire compared

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with 51,900,000,000 lire in February, 1923.

The combined statement of the banks of issue for January 31 reports a note circulation amounting to 16,768,000,000 lire, and the statement for February 20 shows a decrease to 16,823,000,000 lire. Discounts on the earlier date reached 8,107,000,000 lire, falling to 8,059,000,000 lire on February 20.

The combined statement of the principal private banks for December 31 reports deposits amounting to 2,234,000,000 lire compared with 2,212,000,000 lire on November 30, and loans and discounts of 6,760,000,000 lire compared with 7,649,000,000 lire.

Austria

PANIC NARROWLY AVERTED

In the middle of April Vienna barely escaped a disastrous financial panic, "through the related intervention of the government, bankers and the Commis-

sioner General of the League of Nations." These agencies are reported to have begun to co-operate and to have created two funds of 220,000,000 crowns in order to buy up stocks thrown on the market and thus strengthen it.

In his weekly review of financial conditions in Austria the Vienna correspondent of *The New York Times*, referring to the near-panic, wrote that:

All the large financial institutions agreed to unite in the relief syndicate which was endeavoring to stabilize quotations at the present low level. The previous action in the same direction had been unsuccessful, because each bank protected only the shares which had been put out under its own auspices.

The new relief syndicate has been active. It has succeeded in partly tranquilizing the stock exchange, although some shares have continued to decline. The relief syndicate was apparently inaugurated by the banks themselves, but it has later developed that the government also has taken a hand in the matter, offering the mediation of the National Bank with part of its reserves. Common report mentions 300,000,000,000

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paper crowns advanced at moderate interest to the banks.

I am assured that Dr. Zimmermann himself, realizing the danger to the economic situation in Austria if the Boerse were swept into a formidable panic, has given his approval to this. The intervention has consisted partly of taking over the engagements of embarrassed firms outside the Boerse, thus preventing actual insolvencies with resultant forced sales of shares, which might have been dangerous in the market's present position. The methods used have been successful. Although several small banking firms have discreetly disappeared from the scene, not one important insolvency has been announced.

In spite of the special efforts made by all agencies, however, the slump on the Vienna Exchange had not spent itself up to May 8. On that day there was further heavy depreciation and a news report grimly records that "suicides, more especially among bankers, have become of daily occurrence since the decline began."

The seriousness of the situation is indicated by the proposal of the Neue

Wiener Bankgesellschaft that the government close the Boerse for three days to give the members time to come to their senses. This proposal, however, has met with strong opposition because it is feared that it will make a bad impression abroad, which Austria is anxious to avoid.

In order to insure more rigid enforcement of the regulations against selling short, the government will now fix two definite clearing days for each week, so that foreign speculation, especially in Prague and Budapest, can be indulged in only if the stocks are actually in Vienna.

It must be stated, however, that, in spite of this depression, which has been growing for the last eight months, the Austrian State Bank has not suffered the slightest shock, which is taken as an evidence of the soundness on which the reconstruction of Austria is based. Moreover, thanks to "invisible exports," private economy has balanced a great part of the trade deficit.

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

CONTROVERSY WITH LEAGUE CONTINUES

A possible clash between Austria and the economic section of the League of Nations is foreseen when the June session of the League Council occurs. The controversy has continued for some months and Austrian public opinion is waiting the issue with keen interest.

The idea has been fostered by the press that League control of the public finances would soon be terminated. The extraordinary rapid improvement of the financial situation in the last year has, of course, encouraged this idea. In League headquarters in Vienna the belief obtains, however, that there has been lately something of a let-down in reconstruction efforts and an almost complete arrest of the administrative reorganization inaugurated by Chancellor Seifel in 1922.

The recent severe economic crisis, the influence of which is strongly felt, will probably result in a fall in the state revenue on which the government has relied to balance the budget instead of a decrease in expenditures, according to League policy. Added to this there is the urgent demand on behalf of state officials for an increase of salaries, so that the danger of reappearance of the deficit must be faced as a possibility.

Spain

DECLINE AND RALLY OF THE PESETA

The effect of news, or even rumor, on national currency was rather sensa-

tionally illustrated in the decline of the peseta which occurred between the middle of February and the middle of March. It appears that radio news, sent by a small ship of unknown nationality outside Tangiers waters, reported Spanish disasters in Morocco. On the basis of this false news the peseta fell in London from 33.77 to the pound to 35.22. After March a rally occurred, so that by April 9 the peseta had risen from 12.13 cents (March 8) to 13.48. During the decline the government prohibited dealings in foreign exchange unless they were to pay for goods imported. These restrictions have now been removed. While they were in force, Spanish bankers arranged with the government for the appointment of competent committees in Madrid, Barcelona and Bilbao to settle claims arising.

ECONOMIC FUTURE OF SPAIN

At the annual meeting of the Spanish Chamber of Commerce in London the Spanish Ambassador, Don Alfonso Merry Del Val discussed the economic situation of Spain. A summary of his remarks as given in the *London Times* follows:

Referring to the present economic stagnation in Spain, his excellency said that among its principal causes was the deficient preparation of their producers and merchants. The real solution of the problem was in setting their hands to a task which should have been begun seven years ago. Spain would be unable to maintain her economic life if she was content to go on being a

country of purely extractive industries. She required an industrial equipment which would allow her to transform her own raw materials on her own soil, and which would be at the same time sufficiently powerful to substitute for articles of foreign production others of home manufacture, equally good in quality, and at a cheaper price. The key to the question was exactly what it always was—namely, the improvement, the cheapening, and the development of their national productions.

Czechoslovakia

HANDICAP OF CREDIT STRINGENCY

The outstanding feature in the first half of March in Czechoslovakia was the renewed rather acute tightness in the money markets, caused by relatively heavy demands for financing the import trade, by heavy demands from the commercial and industrial interests for financing current operations, and by the policy of the government in financing itself through short term bank loans, thus absorbing large credits that would ordinarily be available for commercial and industrial operations. The situation has been accentuated by the refusal of the State Banking Office to rediscount commercial bills, as well as its own treasury certificates in the hands of the banks, except in urgent cases.

It is anticipated that some relief from the present tightness will be effected with the reopening of navigation on the Elbe River and the movement of accumulated stocks of merchandise for export, the value of which is estimated at about 500 to 700 million crowns (principally sugar and timber). Permanent relief in the credit situation can not be expected until, however, the government takes steps to fund by a long-term loan some of the short-term loans now being held by the banks, thus releasing bank funds for commercial purposes.

SHARP INCREASE IN FOREIGN TRADE

The foreign trade figures for the month of February show an increase

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of more than 50 per cent. in value as compared with January. Exports amounted to 1,254,000,000 crowns and imports to 1,245,000,000 crowns as against 800,000,000 and 810,000,000 crowns, respectively, in the preceding month—a favorable balance in February, therefore, of 11,000,000 crowns as against a passive balance of 10,000,000 crowns in January. The increase in imports was due principally to heavy purchases of raw cotton which were valued at 307,000,000 crowns, wool and wool products, 175,000,000; cereals, principally wheat flour, 104,000,000; lard, 84,000,000; tobacco, 64,000,000; silk and silk products, 34,000,000; and animal products, 34,000,000 crowns.

The Czechoslovak Statistical Office publishes the comparison of exports between February 1924 and February 1923:

The Bank of the Philippine Islands

Capital fully paid-up .
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Peterson's
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	February 1924	February 1923
Wood and coal	174,153,000	167,126,000
Cotton and manufac- tures of	201,205,000	136,544,000
Sugar	128,263,000	107,837,000
Wool and manufac- tures of	135,960,000	83,462,000
Glass and glassware.....	103,686,000	68,653,000
Iron and iron prod- ucts	105,223,000	49,815,000
Grain, malt, etc.	32,998,000	52,117,000
Fruits, vegetables	62,375,000	9,996,000
Flax, hemp, jute	50,014,000	22,897,000

As a market for Czechoslovak goods, Austria occupies first place, taking 25.46 per cent. of the total February exports; Germany second, with 17.30 per cent.; Jugoslavia, 6.77 per cent.; Hungary, 6.55 per cent.; Italy, 5.99 per cent.; and the United States, 5.69 per cent.

PLAN TO BUILD AUTOMOBILES

The Czechoslovakian government is carrying out plans for the manufacture of small automobiles. It is believed in

government circles that these can be made at a figure which would permit their sale at a price below cars imported from the United States.

Writing of the government's proposed action, the American commercial attache at Prague says:

"The state war material factory at Bruno, Moravia, has lately experimented with two of the new automobiles and it is stated that 500 of these cars will be put on the market during the spring of 1924. It is stated that the price of these government built cars will be 18,000 crowns, against 36,000 crowns, which is the current local price of the cheapest car built in the United States."

THE GLASS TRADE

A more optimistic feeling exists among leaders in the Czech glass industry, judging from opinions expressed at a recent conference of the Czechoslovak Glass Manufacturers Association. This industry is now operating at only about

50 per cent. of normal capacity, which, however, indicates a certain improvement over the condition in January of this year, when the industry was working on approximately a 30 per cent. basis. High manufacturing costs render Czech domestic glass products largely noncompetitive in the export trade, and it is admitted by the manufacturers that costs must be reduced if this foreign trade is to be met.

Poland

FINANCIAL PROGRESS

Poland's financial progress since the first of the year has surpassed all expectations. A report made by M. Grabski, Prime Minister and Minister of Finance to the Seym Budget Committee caused great satisfaction in Polish financial circles. The reserve of foreign currencies was shown to have increased since the end of January from \$2,500,000 to \$18,800,000. Public subscriptions to the capital stock of the new Polish Bank were announced to have reached a total of 90 per cent. of the authorized capitalization. As a part of the program of retrenchment there has been a reduction of 29,000 in the number of government employees, and another 30,000 will be dismissed in the near future. The Polish mark has been stabilized, for the past two months, at about 9,350,000 to the dollar. Currency emission stopped at the end of March.

FINANCIAL REFORM AND WAR BONDS

The financial reforms instituted by the Polish Government have had an effect on the post-war bonds floated by that nation. An official announcement has been issued by the President of the Polish Government, indicating that Poland would "squeeze the water out of her heavy paper mark debt by scaling down the face amount of the bonds, but substituting for paper bonds a new issue of bonds which will have a gold value.

The action was said to mean a recovery of substantial size to Americans

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who bought Polish Government bonds after the war. With the collapse of the Polish mark in the foreign exchange market, their bonds also fell.

The plan states that holders of the 5 per cent. internal loan of 1920 are entitled to convert these bonds into a new loan soon to be issued. The right of conversion will run to January 1, 1925. The new loan is to be in terms of the new Polish currency, known as the zloty, which has a parity equal to the gold franc, or 19.3 cents. The new currency is a successor to the old Polish paper mark, which went the way of the ruble and the German paper mark.

The new conversion of zloty bonds will bear 5 per cent. coupons and will be paid off in half-yearly instalments beginning January 2, next, and continuing on January 2 and July 1, for the twenty-year period starting next January 1. Final details for the redemp-

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tion in serial instalments have not been completed, but the announcement states that the Minister of Finance is now working on it and will soon announce the complete plan.

The American owned bonds, according to the announcement, can be converted into the new loan bonds at the rate of ten zloty face amount of new bonds for each 1000 marks face amount of the old bonds. On this basis, American holders would receive for each 1000 mark bond now held by them a new zloty bond worth in American money \$1.93, figuring the zloty at par.



International Banking Notes

The thirteenth annual report and balance sheet of The Bank of Canton, Ltd., a native Chinese bank, with principal offices in Hong-kong, has just been received at the New York branch agency by Hew Fan Un, the agency manager at 1 Wall street. It reflects the growth of the native Chinese banks and particularly illustrates the expansion since the establishment of the branch in New York City, several years ago.

According to the report read at the meeting of the directors on March 15, the cash reserve shows an increase of \$200,000. The bank shows deposits of \$23,186,232 as of December 31, 1923.

During the year a branch was established at Hankow, and a new branch in Swatow will be opened for business some time during the current year.

Li Yuk Tung, the chairman, has been in America a number of times, and the bank

maintains close relations with American financial institutions.



Leopold R. Morgan, New York agent at 44 Beaver street, of the National Bank of South Africa, has been advised that the annual report of the institution shows a profit for the year ended March 31, 1924, of £228,127. This includes £25,136 brought forward from 1922-23, and is, after allowing for bad and doubtful debts, to be used as a reserve against possibility of depreciation in overseas sterling balance and for property depreciation.

At the forthcoming annual general meeting of shareholders, to be held at Pretoria on Friday, August 8, the directors will recommend that out of the net profit for the year there shall be placed to reserve fund an amount of £150,000, and to the pension fund a sum of £50,000, leaving a balance to be carried forward to the year 1924-25 of £28,127.



Profits of the Banque de Paris and des Pays-Bas for 1923 totaled 34,754,133 francs, an increase of 2,465,228 francs, the annual report discloses. The report approves the efforts of the government for the stabilization of franc exchange and says they "will produce the results we are entitled to expect."



J. Enderman, of 14 Wall street, New York City, representative in the United States of The Rotterdamsche Bankvereniging of Holland, has announced that after writing off 293,000 guilders for depreciation of

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital	£ 75,000,000
Reserve	£ 37,000,000

Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

Our large capital and complete organization enable us to handle all matters entrusted to our care with efficiency and promptness.

Representative for the United States

J. Enderman, 14 Wall Street, New York

premises, the bank showed net profits of 10,715,000 guilders for 1923, which will be divided as follows: reserves, 500,000 guilders; special reserves, 4,500,000 guilders; dividend 6 per cent., 4,500,000 guilders; taxes on dividend, 407,000 guilders; bonus to officers and employees, 400,000 guilders, and carried forward 408,000 guilders. The annual report of the bank shows no losses sustained or expected on future foreign exchange contracts.

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The National City Bank of New York announced recently that its French branch had been changed from an American organization into a French organization. The purpose was one of convenience and entails no change in the relationship of the parent office to the Paris branch, of which Charles E. Mitchell is president.

The change was effected through the organization in Paris of a French banking company. This is known as the National City Bank of New York (France) S. A. and has a subscribed capital of 30,000,000 francs. The new company took over the

old company, which was a strictly American organization, without any delay in service.

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Provisional arrangements have been made for the absorption of Guernsey Commercial Banking Company, Limited, London, by Westminster Bank Limited, London, as from January 1 last, subject to treasury sanction and to the consent of the Guernsey Bank shareholders in general meeting.

The arrangement between the two banks contemplates that the shareholders in Guernsey Commercial Banking Company, Limited, will receive in exchange for their 8000 shares of £25 each (£5 paid up) 48,000 £1 fully-paid shares of Westminster Bank Limited (being at the rate of six Westminster Bank shares for each Guernsey Bank share, with half-year's dividend to June 30 payable August 1 next), and, in addition, £160,000 (nominal) inscribed 5 per cent. war loan stock 1929/47 (which is equivalent to £20 stock for each share held), carrying the half-year's interest due June 1.

The present members of the board of Guernsey Bank will, after the amalgamation, act as the local board of the Westminster Bank, which will also continue to have the services of the present manager, sub-manager, and the staff.

The Westminster Bank has been the London Agent of the Guernsey Bank, and the arrangement, therefore, makes permanent a connection which has long existed.

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The 1923 accounts of the Bank of Norway have recently been published and show a profit of 20,138,000 kroner, which is about 450,000 more than for 1922.

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Net profits of the Yokohama Specie Bank, Ltd., for the half year ended December 31, amounted to 11,646,000 yen, according to a statement of the New York agency of that institution at 12 Broadway.

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Child & Co., the oldest private bank in England and perhaps in the world, is to be absorbed by Glyn, Mills & Co. Child's Bank was founded about 1560 and has occupied the site of its present offices in Fleet street ever since. There is a wealth of historic interest attaching to this old bank, as Cromwell, Pepys, Horace Walpole, Dryden, and Charles II were among the famous persons who had accounts at Child's. The latest balance sheet showed deposits of £3,000,000. Combined with Glyn's, they will exceed £30,000,000.

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The April issue of *Lloyd's Bank Monthly* carries a report of the annual meeting of the shareholders of the Banco de Espana. This bank celebrated on March 19 its fiftieth anniversary and the extract given below gives the comparative statements:

"The general meeting of the shareholders of the Banco de Espana has been held, approving the reports, accounts and balances for the year 1923. Liquid assets at branches and agencies amounted to 62,71 million pesetas, against 67,26 for the previous year, a dividend of 120 pesetas on each share being distributed.

"The report shows the changes experienced by the bank during the fifty years of its working, in the following table:

	March 19, 1874 Pesetas	December 31, 1923 Pesetas
Cash (including correspondents)	68,959,406	3,147,820,440
Portfolio of securities	36,522,945	356,129,528
Discounts, loans, credits	46,595,196	2,242,026,904
Current and deposit accounts	87,517,706	1,062,932,865
Notes in circulation.....	64,941,700	4,352,683,075
Securities deposited	1,565,406,661	11,841,146,302

"As will be seen, the Banco de Espana has contributed efficaciously to the increase in the national wealth, by timely recourse to credit applied to the encouragement of production, as it has also supported at all times, as issue bank, the public treasury."

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A condensed statement of the Union Bank of Switzerland (Zurich) as of December 31, 1923, shows total assets of 541,095,287 francs, as against 500,233,698 on the same date the previous year. The principal items going to make up the 1923 resources are: Debtors, 277,862,804 francs; banks and bankers, 119,640,569 francs; bills of exchange, 85,773,971 francs, and cash in hand, 18,902,717 francs. The debit side of the statement shows time deposits and current accounts of 339,513,440; capital (fully paid) 70,000,000 and reserves, 16,000,000. A new branch was opened in Berne during the year, making forty-two branches and agencies in all located in the most important commercial and industrial centers of Switzerland.

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The recent organization in Madrid of the Banco Internacional de Industrio y Comercio is interesting in that it marks the combination of various Spanish banking interests with the Banque Belge pour l'Etranger, the Credit Suisse, and the Credit General Liegeois. The assets, including the building of the Banco de Cartagena, have been taken over by this new entity, and the new organization will also have charge of the Madrid branch of the Banca Marsans of Barcelona.

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The statement of condition of the Banco de Ponce, Porto Rico, as of December 31, 1923, shows total resources of \$4,247,272. The bank has a capital of \$750,000; surplus of \$100,000; undivided profits of \$112,824; and total deposits of \$3,165,777.

A Progressive Roumanian Bank

BANQUE Chrissoveloni, with its head office in Bucharest, is one of the great outstanding banks of Roumania, having had its origin in the private firm of Z. M. Chrissoveloni Fils & Co. of Constantinople which in 1848 established a branch house in Galatz, Roumania, to handle the grain trade of the Danube under the name Chrissoveloni Fils, Export and Banking House. This was the starting point of a vast business in Roumania which soon made necessary the opening of a number of agencies. This firm sponsored some of the leading industries of the country, and after several changes of title re-organized in 1920 as a joint stock company under the title Banque Chrissoveloni. The original capital was Lei 100,000,000, of which only Lei 70,000,000 were paid in although the expansion of the business soon necessitated the

calling in of the additional Lei 30,000,000. In January 1922 the capital was again increased to Lei 150,000,000, and in July 1923 another increase was made to Lei 200,000,000, fully paid in.

Branches and agencies were opened in Transylvania, Roumania, New York, Constantinople and Paris. The New York Agency, which is located at 115 Broadway in charge of Radu Irimescu, agent and general manager, is of special importance in facilitating the business between immigrants in America and the members of their families in Roumania, and also in promoting trade relations between America and Roumania.

Besides its commercial banking functions, Banque Chrissoveloni has been instrumental in sponsoring various industrial developments in Roumania.

A comparative balance sheet as of December 31 of each year, follows:

ASSETS

	1920	1921	1922	1923
	Lei	Lei	Lei	Lei
Cash on hand and in banks	44,969,559	107,382,332	92,129,086	94,230,935
Stocks, bonds and treasury notes	71,842,277	237,304,883	265,191,259	325,108,973
Real estate	36,150,836	39,007,579	37,661,984	42,522,358
Loans and discounts	41,924,864	74,185,889	205,778,109	314,507,146
Advances on mortgages	4,759,760	8,034,094	20,373,204	73,171,255
Advances on merchandise	4,248,039	6,656,575	20,425,929	29,724,877
Debtors on current account and advances made to financial and industrial enterprises sponsored by us	53,573,522	99,748,448	147,807,238	307,360,577
Due from the administration of the factories property of the bank	7,300,168	12,765,157	13,814,227	12,982,346
Furniture and fixtures	2	1	1	1
	264,769,027	585,084,458	803,181,037	1,199,608,463

LIABILITIES

	1920	1921	1922	1923
	Lei	Lei	Lei	Lei
Capital	100,000,000	150,000,000	150,000,000	200,000,000
Surplus		10,525,447	11,833,186	13,901,465
Reserve for contingencies				5,000,000
Deposits	137,660,092	351,673,115	410,654,937	638,279,813
Rediscounts	16,600,000	35,250,000	129,389,889	219,952,834
Unpaid dividends		26,700	28,700	69,710
Suspense accounts		24,519,274	78,781,270	88,814,500
Profit and loss (brought forward from previous year)		935,140	1,127,478	1,145,047
Profit for current year	10,508,935	12,154,782	21,365,577	32,945,094
	264,769,027	585,084,458	803,181,037	1,199,608,463

Eastern Regional Savings Conference

Discussion of School Savings and Christmas Clubs in Foreground

TEACHER and banker agreed at the Eastern Regional Savings Conference, at the Commodore Hotel, New York, that education and finance had found in the school savings movement common ground for the development of better citizenship not only among the young but also, through the children, among foreign born adults. The delegates to the conference, which was held April 24 and 25, under the auspices of the Savings Bank Division, American Bankers Association, were welcomed by Herbert K. Twitchell, president Seamen's Bank for Savings of New York. Charles H. Deppe, vice-president of the Union Trust Company, Cincinnati, Ohio, and president of the division, presided.

David Gibbs, superintendent of schools, Meriden, Conn., spoke on "School Savings from the Educator's View Point." He said:

Schools are concerned primarily with training every child in that knowledge and in those habits, skills and virtues essential to his becoming an intelligent law-abiding, loyal and constructive citizen. The schools must have the co-operation and support of the bankers. The great progress made in establishing school savings throughout the country shows not only a desire for such co-operation but also a realization of the future financial and civic importance of this movement. It should be so extended that every child in the nation shall have the opportunity to open a saving account through his school, or directly with a bank, or by mail where no bank is available, not so much for the money that may be immediately saved as for training.

SCHOOL SAVINGS FROM BANKER'S VIEWPOINT

The banker's viewpoint was presented by William G. Roelker, vice-president Industrial Trust Company, Providence, Rhode Island, who said:

We were more than skeptical about the school savings idea at first. Actually, we

thought it was foolish. The mere contemplation of the labor involved in handling many thousands of small accounts was appalling. It was difficult to figure anything in the nature of a practical advantage from it. We spent nearly six months thinking about it—and then dared it to succeed by putting it to work in our main office. Since then we have extended the system and there is now hardly a city or town in the state without its juvenile savings depositors. Thousands of young boys and girls will leave school to start their way up in the world with a small but handy sum of money available. The large majority of them would not have a penny to start with under other circumstances.

There are three very tangible benefits to the bank. One is in the direct association of the bank with the project. Everybody in the state, from the members of the school commission to the youngest and most timid new pupils, knows the school bank. Our pass books are in about 25,000 Rhode Island homes.

The second benefit to the bank is the inculcation of the savings habit in the minds of the young folks of the community. The generation that is growing up with the savings account habit is going to be a generation of savers.

The third benefit is that of bringing up a generation friendly to the bank. You know that thousands of people either fear the bank or look upon it as a grim, cold-blooded and utterly commercial institution. Because many of them still distrust us a little, the sock, the stove and the coffee can are taking our places with a good many people. Every transaction between the school bank and the young depositors is conducted to instill the idea that the money belongs to them, and that we are merely the custodian of the funds.

The school bank also gives you an opportunity to reach the immigrant parent through the child. There are thousands of these new Americans in every city. They are often victimized by unscrupulous fellow countrymen, or lose their money through the mismanagement of banks not operated by competent persons.

Herbert K. Twitchell, president Seamen's Bank for Savings, New York, who delivered the address of welcome to the delegates, said:

I wonder if we realize how much the future, not only of our country but of other nations as well, depends upon the carrying out of the principles of thrift and economy. As we try to prognosticate the business future we find ourselves asking these questions:

Has building been overdone and have too many people bought houses at high prices with too little margin of savings invested if values should begin to crumble?

Has the wheat farmer enough margin to carry him to another crop?

Is the laborer with present high wages saving a proportionate share of his income?

Is the tremendous credit being granted by automobile companies going to prove a menace to our future prosperity?

When we look further afield to the settlement of international questions, we are impressed with the fact that their solution rests largely upon financial adjustments and that these adjustments depend largely upon the thrift and economy of the people of the respective nations and their willingness to bear taxation burdens sufficient to wipe out gradually war debts, furnish capital needed to revive industry, and meet the expense involved in the repair of devastated regions.

SEES INCREASE OF \$30,000,000 IN CHRISTMAS CLUBS

Deposits in Christmas Clubs are increasing at the rate of \$25,000,000 to \$30,000,000 a year and 600,000 to 700,000 more persons will receive their checks from this class of savings next Christmas than last, A. S. Van Winkle, president Empire City Savings Bank, New York, told the conference.

"The Christmas Club has overcome the feeling of fear that thousands of people had at one time of entering a bank," Mr. Van Winkle said. "They feel a little discomfiture and uneasiness that they might not do the right thing at the right time; they are in the habit of looking upon a banking institution as a rich man's club and entertain the idea

that they will be unwelcome unless they have a large deposit to make." He continued:

We can all remember how we hesitated about lowering our dignity to the extent of accepting these penny accounts. Indeed, when the idea was first adopted some fifteen years ago by a few far-sighted bankers, the majority were inclined to think of it as a sort of trading-stamp plan which would not only cheapen the bank but which would tend to undermine the whole basis of thrift and savings. Now there is no doubt whatever that their fears have proved groundless.

Mr. Van Winkle estimated that the total Christmas Club deposits throughout the country last year aggregated \$250,000,000 of which 25 per cent. to 30 per cent. was re-deposited.

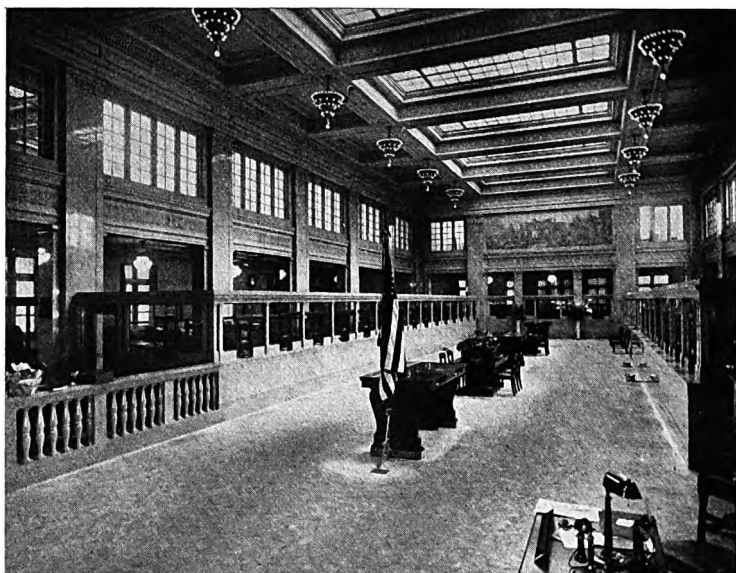
TEN AND A HALF BILLIONS REPRESENTED AT CONFERENCE

Ten and a half billion dollars of savings is reported for the eastern district represented at the conference, it was stated by Charles H. Deppe, president Savings Bank Division, American Bankers Association, who presided at the meeting. Mr. Deppe said:

When we realize that as of June 30, 1923, approximately \$18,000,000,000 representing almost one half of the reported bank deposits of the country, were in savings deposits, with over 30,000,000 depositors and a per capita savings of \$166, it places savings deposits as one of the most important factors in banking.

School savings—another product of thrift education—has developed through the direct teaching of thrift in the public schools in America. Its development has been unexpectedly rapid. Since 1920 the number of towns using school savings systems has largely increased. At the close of last year approximately 7000 schools with an enrollment of 3,000,000 pupils reported almost 2,000,000 participants with bank balances of about \$12,000,000.





THIS sunny, spacious main banking room of the new home of the First National Bank of Fort Wayne, Indiana, is carried out in Missouri gray marble and bronze. There are five large skylights in the ceiling, with clerestory windows on both sides of the room. At either end is a handsome mural painting of historic nature.

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Bank Reserves

Article XV of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, Elizabeth and Hudson County
(New Jersey) Chapters, American Institute of Banking

OUTLINE OF ARTICLE XV

- I. Term "Reserve" used in four different fields:
1. Banking.
 2. Monetary science.
 3. Insurance.
 4. Accounting.

II. Purpose of bank reserves:

1. To preserve the "morale" of depositors.
2. Partial protection to depositors in case of insolvency and liquidation.
3. To insure existence of a minimum liquid position, but not available as an "emergency" fund.
4. To prevent unsound inflation of credits.

III. Legal reserve requirements:

1. Prescribed by state bank laws for state banks and trust companies.
2. Prescribed by Federal Reserve Act for national banks and other Federal Reserve members.

IV. Where reserves are kept:

1. In Federal Reserve Bank of district—if Federal Reserve Bank member.
2. In vault, or designated legal depositories, if non-member state bank or trust company.

V. Composition of reserves:

1. Cash "balance" for all member banks.
2. Any kind of money for non-member banks.
3. Gold and legal tender money, including silver certificates, for Federal Reserve Banks.

VI. Secondary reserves:

1. Definition—not actual or legal reserve, but assets which, although not cash, may be promptly converted into cash without sacrifice.
2. Constitution of secondary reserves:
 - a. Excess legal reserves.
 - b. Cash in vault.
 - c. Due from banks.
 - d. Call loans.
 - e. Paper eligible for rediscount.
 - f. Checks in process of collection, etc.

THE term *reserve* is almost certain to lead to confusion unless its application is clearly stated. This is because it is used in several branches of learning and has a special significance or special significances in each.

In accounting, for example, a reserve (which must be distinguished from a reserve fund) is an account appearing among the liabilities to denote a reservation of profits. Usually a reserve account is specially labeled to designate its purpose, but it represents neither cash nor cash assets. It is a part of

the proprietorship set aside out of earnings to prevent its distribution as dividends.

Among insurance companies, the term *reserve* is used in reference to an accumulating fund from such portions of premiums as are not currently used to pay death claims and expenses, but held for the credit of policyholders in future years.

In monetary science, the term is applied to the gold or other metal, or to bonds or other evidences of indebtedness, which are used as collateral secur-

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March 31, 1924

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ity for paper money. Thus, Federal Reserve notes are required to be secured by a gold reserve equal to 40 per cent. of the amount outstanding, plus rediscounted commercial paper in an amount sufficient to bring the total security up to 100 per cent. National bank notes are secured by the pledge of Government pre-war bonds equal to 100 per cent. of the amount outstanding. In fact, all forms of United States paper money are supported by collateral security in some form or other, which may be regarded as reserve.

BANK RESERVES

Even among bankers, the history, purpose, constitution, computation, regulation and control of bank reserves is generally imperfectly understood. A bank reserve is an asset in the form of cash or a cash balance maintained in a bank's own vault or deposited with a compulsory or optional bank depository or depositories, representing a certain proportion of the bank's deposits. This definition applies to the "actual reserve" or "legal reserve" and may be, and usually is, quite different from the amount of cash which a bank keeps in its own vault (its "cash reserve"), its "deposited reserve" (the part of the "legal reserve" which may be allowed to be kept in other banks), and its "secondary reserve" hereafter described.

In the United States, the amount of reserve against demand and time deposits, the method of its computation, the place of its deposit, and its composition (for Federal Reserve Banks) are prescribed by law. In Canada, England, and most of the European countries, however, the amount of reserve against deposits is not regulated, but is left to the discretion of the individual banks. This is one of the outstanding differences between European and American banking practice. In America, the amount of a bank's reserve is compulsory, but in Europe it is optional.

Required reserves against deposits, however, have not always existed in the United States. As an aftermath to the

financial disturbances caused by the panic of 1857 and the consequent insistence of public demand for prescribed reserves, many of the states modified their banking laws by fixing legal reserve requirements. The National Bank Act of 1863, by fixing minimum reserve requirements, firmly established the principle of regulating bank reserves which has subsequently been followed.

PURPOSES OF BANK RESERVES

The purpose of bank reserves is fourfold. The first purpose is to maintain the confidence of the depositors in the ability of the banks to pay in cash. As shown in the second article of this series on "The Fundamentals of Credit," a bank which has wisely selected its loans does not require any great amount of cash to conduct business, since depositors normally merely want the right of writing checks against the credit paper which they have deposited. But a bank with a very small proportion of cash to deposits on its balance sheet would make a very unfavorable impression upon its depositors.

Secondly, the reserve is a partial protection to depositors in case of failure and forced liquidation. Such assets as are kept "in reserve" are available for the payment of claims even if all other assets have been dissipated.

The bank reserve also aids in securing a minimum liquid position. It cannot, however, be regarded as an emergency fund, because under the law it must be continuously maintained, and cannot be withdrawn. But while commercial banks are not allowed to draw upon their "legal reserves" in times of stress, they are privileged to rediscount their eligible paper with the Federal Reserve Bank—thereby securing indirect protection through what may be known as a "secondary reserve." While Federal Reserve Banks are subject to reserve requirements, the law permits these requirements under certain penalties to be temporarily suspended. Thus, with the privilege of rediscounting under the Federal Reserve System, the



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entailed two thousand transactions is understating it.

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Resources Over \$335,000,000

reserves of member banks are far from being rigid.

Lastly, and probably most important, bank reserves are a deterrent to unhealthy expansion of loans, since deposit credits cannot be extended to an amount exceeding the legal ratio of reserves to deposits. It is therefore a safeguard against an unsound inflation of credits.

RESERVE REQUIREMENTS

Member banks of the Federal Reserve System are required by the Federal Reserve Act to keep a reserve against deposits in cash with the Federal Reserve Bank of their district. State banks and trust companies, not members of the Federal Reserve System, may keep a cash reserve in their own vaults, but have the privilege of depositing a certain part of it with other larger banks (in important centers) designated as legal depositories.

Reserves placed in Federal Reserve Banks are real reserves in the sense that they cannot be redeposited and do not bear interest. Portions of reserves which the laws of the various states allow state banks and trust companies to place in other banking institutions are not real reserves, since they are loaned out by the depository banks, thereby permitting the payment of interest to the depositing bank.

The Federal Reserve Act does not require member banks to maintain a reserve of cash in their own vaults. This act requires only the maintenance of the "legal reserve" to be kept in the Federal Reserve Bank of the district. Any cash kept in a member bank's vault does not count as "legal reserve," and it is immaterial to the Federal Reserve authorities whether any vault cash is kept at all. For that reason, member banks keep only sufficient cash on hand to provide for current counter requirements. Since the "legal reserve" and cash in vault (or "cash reserve") earn no interest, member banks strive to keep these items at the lowest figure consistent with safe and conservative bank-

ing policy. Among the larger banks, cash maintained in the vault usually approximates 2 per cent. (or even slightly less) of the net demand deposits, but for a smaller bank this percentage might be somewhat more.

The cash reserve required by member banks of the Federal Reserve System to be carried against net demand deposits is as follows:

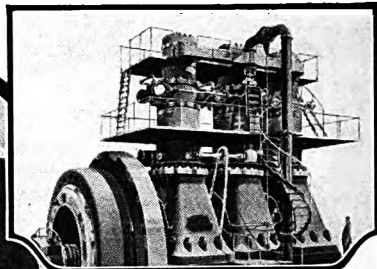
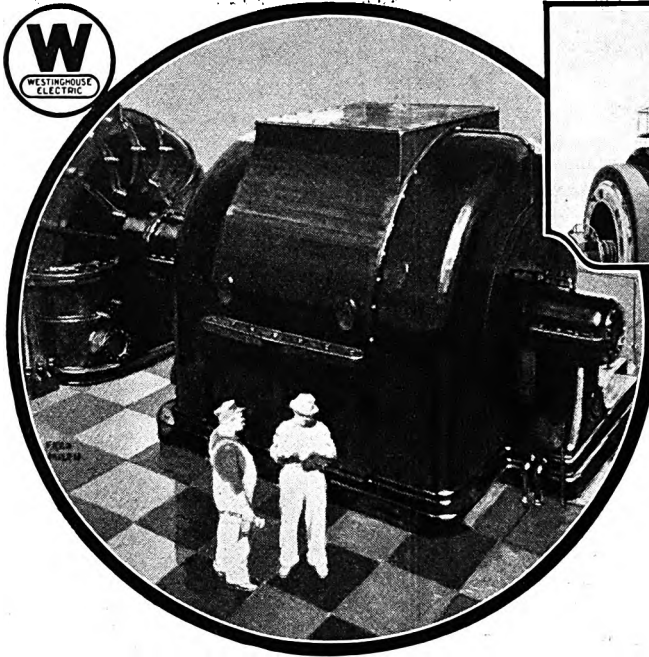
	Against net de- mand deposits per cent.	Against time deposits per cent.
Banks located in Central Reserve cities (New York and Chicago)	13	3
Banks located in Reserve cities (about 60 of the largest cities)	10	3
Banks located in other cities (not designated as Central Reserve or Reserve cities)	7	3

State banks and trust companies not members of the Federal Reserve System keep their own legal reserves or deposit such part as the law allows in other banks designated as depositories. The reserve requirements differ among the various states. But for purposes of illustration the reserve requirements of a non-member state bank in New York are given below:

	Total per cent.	Vault per cent.	Deposi- tories per cent.
1. For banks in cities having a population of 2,000,000 or over	13	12	6
2. For banks in cities having a population of 1,000,000 or over, but less than 2,000,000, and not having an office in a larger city	15	10	5
3. For banks in other cities	12	4	8

The reserve requirements for state banks and trust companies in other states vary from 10 per cent. to 25 per cent., with 15 per cent. predominating. Banks in larger cities, however, are usually required to keep larger reserves than those of smaller localities. Federal Reserve Banks are required to maintain a reserve of 35 per cent. against deposits.

Although the composition of the reserves of member banks is not specified other than as a "cash balance," the



Above: A 5,000 kilowatt generator of twenty-five years ago—the largest and best then known.

Opposite: A 60,000 kilowatt generator of today, twelve times as powerful and productive as the earlier model, yet requiring only a third as much fuel per kilowatt hour to operate it.

Tangible Assets

Achievements, once identified with a name, cannot be transferred to, or purchased by, another name. The continuance of such assets is assured by the selection, training and development of some of the best electrical brains in the world.

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reserve of the Federal Reserve Banks must be in gold coin, silver dollars, or any other kind of legal tender money, and silver certificates.

It devolves upon a bank's general bookkeeper to determine whether the bank is conforming to its reserve requirements. This process is usually a part of the daily routine and is spoken of as "figuring the reserve." The formula for computing reserves for member banks has been prepared by the Federal Reserve Board, and is available to all banks.

"SECONDARY RESERVES"

The so-called "secondary reserve" is in reality no reserve at all. It is any part of the bank's income-producing assets which may be converted into cash without a loss, i. e., assets which are the most liquid and immediately available in case there should be a concerted effort on the part of the depositors to withdraw their funds which the bank has invested in interest-bearing obligations.

The principal secondary assets are vault cash and excess legal reserve, balances on deposit with other banks, call loans, paper eligible for rediscount with the Federal Reserve Bank, maturing short-term loans, transit items in process of collection, clearing house exchanges, unpledged listed bonds, etc. All these items are liquid assets in the sense that in the normal course of business they *will be* converted into cash, but by special effort they *can be* converted into cash before their normal maturity without sacrifice of the principal amount invested.

THE "GOLD" RESERVE

In monetary science, much importance is attached to the question of gold reserve or "cover" for a nation's paper money. The gold reserve of a country may be defined as the gold held in the Government or central bank which is available for (1) the redemption of circulating notes of the Government or of

the central bank, and (2) export abroad to settle an unfavorable trade balance, to correct depreciated exchange rates, or as a loan to obtain higher interest rates than prevail at home. In the United States, the gold reserve is held almost entirely by the Federal Reserve Banks and the Treasury; in Great Britain by the Bank of England; in France by the Bank of France, etc.

The United States Treasury is required by the Gold Standard Act of 1900 to maintain a reserve of \$150,000,000 in gold against the \$346,681,016 of United States notes outstanding; and this reserve or "cover" is not permitted to fall below \$100,000,000. The Treasury also holds gold coin or bullion sufficient to redeem in full outstanding gold certificates, and silver dollars or bullion sufficient to redeem in full outstanding silver certificates.

Most of the gold reserve of the United States is held in the vaults of the Federal Reserve Banks as a central reservoir of credit. Comparatively small amounts are held by commercial banks or are in circulation. On April 1, 1924, the total stock of gold coin and bullion held by the United States Treasury was \$3,670,783,660, but of this amount \$2,253,504,755 was held for Federal Reserve Banks and Federal Reserve Agents. In addition, \$289,811,100 was actually held in the Federal Reserve Banks, and only \$408,061,873 was in circulation or held by other banks. However, a total of \$1,083,015,249 of gold certificates was held outside the Treasury.

The gold reserve of the Federal Reserve System has four purposes, as follows: (1) to provide the 40 per cent. cover required for Federal Reserve notes; (2) to provide with other forms of lawful money the 35 per cent. cover required for deposits; (3) to provide a gold settlement fund as a basis for the Federal Reserve inter-district collection system; and (4) to provide a free gold market where gold may be purchased or sold at home or abroad. The proportion of the profits of Federal Reserve Banks

to which the Government is entitled may be employed to build up the nation's gold reserve.

READING ASSIGNMENT

W. H. Kniffin: *Practical Work of a Bank*, pp. 133-35. (Figuring reserves and reserve requirements.)

J. T. Holdsworth: *Money and Banking*, pp. 409-18. (Reserves of national banks.)

Willis & Edwards: *Banking and Business*, Chap. 10. (General treatment of bank reserves.)

American Institute of Banking: *Standard Banking*, pp. 56-64. (Primary, secondary and legal reserves.)

QUESTIONS

1. Distinguish between the various meanings of *reserve* when used in banking, insurance, monetary science, and accounting.
2. Is a banking reserve an asset or a liability? An insurance reserve? A reserve for taxes? A reserve for depreciation?
3. In what connection is the term *reserve* synonymous with *cover*?
4. Distinguish between the terms "legal reserve," "cash reserve," "actual reserve," and "secondary reserve."
5. What are the purposes of bank reserves?
6. Can it be properly said of a bank's "legal reserve" that it is an "emergency fund?"
7. Can it be properly said of a bank's "secondary reserve" that it is an "emergency fund?"
8. On what are bank reserves based?
9. What are net demand deposits?
10. Compute the reserve requirement for a national bank located in Chicago with the following items: Individual demand deposits, \$3,000,000; Government deposits, \$75,000; time deposits, \$100,000; due to banks, \$1,500,000; cashier's checks, \$250,000; certified checks, \$150,000; exchanges for clearing house, \$80,000; due from banks, collections, \$40,000.
11. Why should the reserve requirements against time deposits be less than for demand deposits?
12. Why should banks in larger cities be required to keep larger reserves than banks in smaller cities?
13. Are savings banks required to keep reserves?
14. Are banks required to keep reserves against Government deposits?

15. Are bank reserve requirements prescribed in all countries? Have they always been prescribed in the United States?

16. What are the reserve requirements for banks which are members of the Federal Reserve System?

17. Where must member banks keep their reserves?

18. Does cash in vault count as legal reserve for a member bank?

19. Does cash in vault count as legal reserve for a non-member bank?

20. Does a member bank's reserve deposited with the Federal Reserve Bank bear interest? Why, or why not?

21. What is meant by a redeposited reserve?

22. May redeposited reserves bear interest?

23. How much cash should a member bank retain in its own vault?

24. What are the most prevalent reserve requirements for state banks and trust companies?

25. How much reserve must Federal Reserve Banks keep against their deposits?

26. In what form must the "legal reserves" of member banks exist? Must it be actual money?

27. In what form must the reserves of Federal Reserve Banks exist?

28. Name the kinds of money which are legal for reserve purposes against a Federal Reserve Bank's deposits.

29. How much gold reserve must Federal Reserve Banks keep against Federal Reserve Bank notes? Is there any other kind of "cover" required?

30. What assets of a bank may properly be called its "secondary reserve?"

31. Would you consider the following as representing a part of the "secondary reserve:" call loans, United States bonds to secure circulation, banking house, due from banks, Federal Reserve Bank stock?

32. What is the significance of the "secondary reserve?"

33. In what ways can a member bank build up its reserve in case it should fall below the required minimum?

34. Do you regard the bank reserves of this country as elastic? Why, or why not?

35. To what extent are the reserve requirements of the Federal Reserve Banks elastic?

36. What is meant by a nation's gold reserve?

37. Where is the gold reserve usually maintained?

38. What are the functions of the gold reserve of the United States?

There's a Difference Between a Straw Hat and a Bank Account

EVERY man buys a new straw hat in the month of June. In what month does every man open a new bank account?

Bank publicity must create a desire for some definite bank service,—and time that desire to some definite 'now'—before it can direct that desire to some particular bank.

Any good advertising organization can produce effective publicity for straw hats, but

Effective bank publicity requires specialized knowledge of bank practice, plus specialized study of bank customers.

We offer professional service to the New Business Department, based on sixteen years of operating contact with banks and their customers.

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BANKERS SERVICE CORPORATION**
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NEW . YORK . CITY

New Business Surveys Newspaper Advertising Customer Cultivation
Customer Analysis Direct Mail Plans Employee Stimulation
Personal Solicitation Christmas Clubs

Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

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

QUESTION: Not long ago an officer of a mercantile corporation asked me a question on which I would like your opinion. His company has been dabbling in the stock market with some surplus funds, purchasing securities on margin. The company is now making up its annual statement and he wants to know how securities purchased on margin should be carried on the balance sheet. Should only the cash which has been put up as margin be carried as an asset, or is it permissible to show the entire amount of securities purchased as an asset, even though these are in the hands of the broker and are only bought on margin? Also, how are the interest, broker's commissions, dividends, etc., carried on the company's books? Of course I advised the man in question against speculation of this sort and told him it had no place in the business of a conservative mercantile house.—P. G.

ANSWER: Securities bought on margin are held by the broker in the name of the purchaser and are subject to delivery upon full payment of the purchase price. They are a legitimate asset on the statement of the corporation and should be carried as such, usually at cost price plus the broker's commissions. There will be, however, an offsetting liability in the form of the amount owed the broker, i. e., the purchase price of the securities less the margin deposited. Dividends or interest received on the securities for the account of the purchaser should be credited to the security account and charged to the broker's account. Interest paid to the broker on the money loaned to purchase the securities (i. e. purchase price less the margin) will be credited to the

broker's account and charged to the security account.

QUESTION: On what basis should a company set up its reserve for bad debts? Do you consider the best way is to calculate the reserve on the basis of the annual average percentage of losses to sales over a period of years? —H. R.

ANSWER: There are several different methods a company may use in calculating the amount of reserve to establish for bad debts. The company may, as you suggest, base its calculation on the ratio of losses to sales, according to the standard set over a period of years. However, we believe that the best method is to go over every account on the ledger and set up a reserve according to the actual number and quality of doubtful accounts outstanding on statement date. It sometimes happens that percentages which have been based on sales taken in normal business years are not at all adequate in a year of business depression. Consequently we believe it is more satisfactory to set up the reserve according to the actual condition of the accounts outstanding at the time in question.

QUESTION: Will you kindly explain to me the difference between a sinking fund and a reserve?—S. W. S.

ANSWER: A reserve appears on the liability side of the balance sheet and is an arbitrary segregation of profits or surplus in the form of a credit account to provide for some contingency or liability. Examples of it are reserves for depreciation, for taxes, for bad debts, for fluctuations in inventory values, etc. A fund, on the other hand, is an asset; it is usually in the form of cash or securities (in which the cash has been invested) and is set aside to meet some

specific liability. Sinking funds are often created to retire bonded indebtedness, mortgages, etc.

QUESTION: In making up the profit and loss statement of a manufacturing concern, will you kindly tell me how goods shipped "on approval" should be treated? Are these included as part of the sales? Do you also consider sales of by-products as belonging to the regular sales account? I will appreciate any information you can furnish me on this subject.—A. L. L.

ANSWER: Goods shipped "on approval" are not treated as part of the sales. If these have been credited to the sales account and debited to mercantile debtors, they should be deducted from both accounts, and treated as part of the shipper's inventory. They are not part of sales until they have been shipped on unqualified order and legal title has passed from the seller to the buyer. By-products, when sold, are not credited to the regular sales accounts. A special account, such as "Sales from by-products," should be set up to take care of them; the net profit accruing from the sale of by-products will appear on the statement under the heading of "other income."



The Future of the Skyscraper

An Interview with Alfred C. Bossom

From *The New York Times*

“WHAT will become of old skyscrapers?” is the question asked by Alfred C. Bossom, architect, who, in answer to his own question, said: “This is the latest question in architectural economics, for the time of tearing down skyscrapers and building new ones on their sites is passing. For many years the average American property owner in order to get a greater income out of his real estate has been removing even comparatively new, tall buildings and replacing them with taller ones designed to yield larger revenue.

“Then came the zoning laws in New York City and in many other municipalities. They restricted the height of buildings in an effort to give every one his due share of light and air.

“Hence the steady trend toward decreasing the altitude of buildings and stabilizing conditions. The wholesale demolishing of big office and loft buildings while they seem to be as good as new will thus be checked.

“As a matter of efficiency and prudence, therefore, skyscrapers must be so

built that they can from time to time renew their youth and yet retain their main structure. The older ones can be raised a little in height by adding terraces or set-backs, or they may be widened if the necessary ground can be obtained.”

A new era has already dawned as a result of these conditions, in the opinion of Mr. Bossom.

“The skyscraper which is being built today,” Mr. Bossom said, “will be the old skyscraper of tomorrow. It should live to a fine old age. More money is now being invested in large commercial buildings than ever before, and the period of indiscriminate scrapping will soon be closed.

“Although buildings that are materially changed or renovated or improved would have to conform with the building laws, it will only mean reducing certain areas and cutting away certain parts of the structure. Where, in exceptional cases, an increase in the height of certain buildings is permitted, the thought naturally comes to the designer of these mammoth structures that it

must be possible to strengthen the columns which will bear the additional weight. It obviously is of advantage to owners to see also that the foundations of their buildings go down to solid base rock wherever possible, and are so constructed that at some future time when greater weight is to be put on them it will be possible to sink other foundations between the existing foundation piers and to cantilever from them to the existing piers.

"An example of what happens to a skyscraper not built with such provision is afforded in the original building on the site of the present home of the Bankers Trust Company, at the north-west corner of Broad and Wall streets. It was a narrow slice of building with a slender skeleton and light foundations. Therefore it could not be used at all, but had to be torn down and an entirely new building erected.

"We shall now," continued Mr. Bosom, "so design the skyscrapers we are building that they will not become old. We have to dip them in Ponce de Leon's fountain of eternal youth—we shall give them the strength of Achilles. This can be done even if some parts are vulnerable.

"First, the essential parts of skyscrapers correspond to the human skeleton. Whether these parts be of concrete or steel, they must be made as near to a standardized form as possible, so that the outer shell or clothing can be removed and new covering attached.

"The one requirement of a tall building is an abundance of light. We may in time feel the need of a different type of window than we use today. If the openings are of sufficient size we shall be able to insert new window frames, as the requirements change.

"Elevator shafts can be constructed so as to provide for removing the existing machines and cars, so that, as time develops, newer and better hoisting machines can be installed without destroying the fabric of the structure. Like the arteries and veins in the human

body are the steam-heating pipes, water pipes and electric conduits which supply life-giving qualities to the building, and, like arteries and veins, they deteriorate in time. We therefore must place all of our pipes so that they may be readily replaced without destroying material parts of the building.

"The tooth of time attacks certain parts of every building. The skyscraper can never be made invulnerable. It will always have its Achillean heel. Its whole interior economy is subject to gradual deterioration. Window frames, no matter how well painted, ultimately decay, and even the best of plumbing, heating and lighting systems become obsolete. The owners of the Waldorf-Astoria, for example, had to repipe the entire structure because the pipes were so located that they could not be reached without removing large areas of the walls and ceilings.

"It is also reasonable to suppose the time is not far distant when, instead of our rather dirty heat radiators of today, which need coal and smoke and ashes, we shall have electric heaters throughout our buildings, which will require only the touching of a button or the pressure of a switch to diffuse warmth throughout the building, without one pail of ashes or a thimbleful of smoke. This is a natural development that would materially relieve the transportation problems and do away, as it will, with the traffic connected with the handling of fuel and refuse. Such a change in heating methods would also improve the laundry situation, for, without soot and smoke, the curtains will not suffer as they do today, the walls will not require so much attention, the buildings will stay cleaner and relief will come automatically to the entire community.

"It is possible, in the opinion of architects, to make the skyscraper of the future so that it can go through various readjustments made necessary by changes in its heating, ventilation and transportation systems, and thus prolong its span of life."

Plans For New York State Bankers' June Meeting in Montreal

Boat Trip from Montreal to the Saguenay to be Feature

THE interest shown by members in the plans of the New York State Bankers Association for its convention at the Mount Royal Hotel, Montreal, June 23, 24 and 25, to be followed by an interesting cruise from Montreal to the Saguenay on the steamer "Richelieu," gives promise of a highly successful meeting.

A recent bulletin of the association has the following to say about the plans of the convention:

As the days pass on, it is gratifying to learn of the constantly increasing interest displayed by members in securing reservations at the Mount Royal Hotel, headquarters for the convention, for the period anticipating and during the meetings. No one will regret enjoying the facilities of this modern hostelry—every attention, courtesy and convenience will be extended by the management to our members, who will recall the experience for years afterwards with genuine pleasure.

The ladies have always proved a most attractive feature at our conventions and their attendance in large numbers at all meetings and "doings," including the banquet, is counted on to make it the great success it always is—in fact, it would be a sorry occasion without them.

TO MONTREAL BY WATER

In response to the suggestion made by Cashier Fearon of Oneida, former treasurer of the association, that many of our members, residents of the northern and western sections of the state, who are familiar with the delights of travel by water, would enjoy a trip to Montreal that way, inquiry was made and the following information was given us by the Canada Steamship Lines, Ltd., which is anxious to aid our people in every way in enjoying the meeting in Canada and all that goes with it.

"Effective on May 31, our steamers will leave Lewiston, N. Y., which is just below Niagara Falls, at 10.30 a. m. and 1.00 p. m. for Toronto, which is reached at 1.00 p. m. or 3.45 p. m. in season to connect with our Toronto-Rochester-Thousand Islands-Montreal Division steamer which leaves at 4.00

p. m. on Tuesdays, Thursdays and Saturdays up to June 20, thence daily.

"The steamer calls at Rochester, where connection can be made on same dates, steamer leaving Rochester at 10.45 p. m. Connections can also be made at Clayton, N. Y., with our steamer on Sundays, Wednesdays and Fridays, June 1 to 20, thence daily at 6.50 a. m., for the all day sail on the St. Lawrence and through the Rapids, the steamers arriving in Montreal at 6.30 p. m."

In response to our inquiry as to what our members should or should not do in attending our convention at Montreal to avoid friction with those administering the custom laws of the provinces, we have received the following from the Department of Customs and Excise:

"You are advised in reply that there would be no difficulty with the Canadian Customs in respect to the entry of your personal baggage and, if your members are coming to Montreal by automobile, they could secure a tourist's permit at the Canadian border without the payment of duty, conditional on the same being exported at the close of the convention, or within thirty days."

Please do not fail to remember that at the time of our convention Montreal will be operating on daylight savings time, so please adjust your watches and avoid disappointments in not being able to make connections with your friends.

Each active member represented by a delegate to the annual meetings of the association, shall be entitled to one additional guest, or representative, without additional charge for entertainment. Extra guests or representatives may receive the information and privileges of the meetings upon payment of \$5 each.

BY BOAT FROM MONTREAL TO THE SAGUENAY

General Agent Frederick W. Briggs, 216 Old South Building, 294 Washington street, Boston, Mass., to whom requests for reservations must be addressed, advises us that much interest is being shown in this special trip provided by the Canada Steamship Lines, Ltd., following the adjournment of our meeting. Satisfactory progress is being made in the matter of filling the number of reservations required to ensure the securing of the "Richelieu"—the last word in steam-



THE new building of the First National Bank of South Amboy, N. J. The base is of granite and the trim of architectural terra cotta. The front of the building is of tapestry brick. The building is occupied by the bank only.

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ship construction—to make this never-to-be-forgotten experience possible.

ITINERARY OF BOAT TRIP

Wednesday, June 25

Party will assemble on the new steamer "Richelieu" of the Canada Steamship Lines at Montreal. The steamer "Richelieu" is the last word in "de luxe" construction. She is a twin screw, oil burning steamer, having a speed of twenty miles an hour, with 220 outside staterooms, each with running hot and cold water, parlors with beds and bath, rooms with showers and toilets, and veranda rooms which are of an exceptionally attractive type. The combination observation, music, dancing, and tea room is located on the hurricane deck. This room is sufficiently large to provide space for concerts, dances, and conventions, and is equipped with extra large sized observation windows, so that passengers may view the scenery from all sides without having to go on deck. The "Richelieu" will leave Victoria Pier, Montreal, at 5.00 p. m. daylight saving time, affording a most interesting panoramic view of the harbor and City of Montreal, and a

most delightful evening's sail on the majestic St. Lawrence.

Thursday, June 26

Arrive Quebec 6.00 a. m., and early risers will be well rewarded, as the scenery approaching Quebec is most beautiful and inspiring, and from the observation deck can be obtained a fine view of the new Quebec Bridge, one of the most notable structures of its kind in the world. After breakfast on steamer, automobiles will be taken for a comprehensive tour of this ancient city, including Upper and Lower Town, the Citadel, the Plains of Abraham, the Parliament Buildings, La Valle University, and the business section of the old French Lower Town, returning to the steamer, which will leave Quebec at 1.00 p. m. The afternoon sail is on the Lower St. Lawrence, in full view of the Laurentian Mountains, entering the Saguenay the same evening, and arriving at the little French village of St. Alphonse, on the Upper Saguenay, about midnight, where steamer will remain until morning.

Friday, June 27

On the Saguenay! Pen has never adequately described the Saguenay. No one

can realize its magnitude and grandeur all at once, but by degrees the distinction of the surroundings assert themselves and the beholder feels and knows he is in communion with nature in all her mystic solemnity and wondrous beauty. It is termed a river, but its stupendous depth indicates no ordinary channel cut by surface water or river, but rather a great rift, the result of some volcanic convulsion which split the mountains asunder and left the immense chasm, which the waters were compelled to fill before they could find further vent. Leaving St. Alphonse, every mile passed presents more grand and awe-inspiring views until the climax is reached

at Capes Trinity and Eternity, which are 1800 feet in height (higher than Gibraltar), and face each other with a small bay between. Trinity is the more westerly of the two, and while one mountain, it has three elevations as seen from the Saguenay, hence its name. Calls will be made at Tadousac and Murray Bay, where the Canada Steamship Lines operates very fine hotels, affording sufficient time for shore excursions at these popular resorts.

Saturday, June 28

The "Richelieu" is due to arrive in Montreal at 8.00 a. m.



The New York Market for Citrus Fruit

METROPOLITAN New York now consumes annually 442,518,916 pounds of citrus fruit, according to a recent survey made by Charles F. Junod, vice-president of The Bank of America, which has issued the survey in booklet form. Of this amount, oranges make up by far the largest part, with an average annual consumption of 361,627,500 pounds for the metropolitan district. The orange is New York's favorite fruit, and each New Yorker eats on an average of sixty pounds of the fruit every year.

The receipts of oranges in New York show a remarkably rapid increase. In 1922 New York took 8051 carloads of oranges, and in 1923 it took 12,133 carloads.

The price of oranges in 1922 was only 8 cents higher than in 1915, this survey shows. In 1915 the average price per box on December 1 was \$2.39. Orange prices reached a peak in 1918, with an average price of \$3.49 per box, but the average price in 1922 was only \$2.47 per box.

The imports of grapefruit are growing even more rapidly than those of oranges, the receipts for 1922 having been 2134 carloads, while those for 1923 were 3861 carloads.

The steady growth of the metropolitan market for citrus fruit is ascribed by Mr. Junod partly to the growing popular appreciation of its value in the diet, but mostly to the improved methods of production, shipping and marketing.

"The change that has come can best be summed up as standardization," he writes. "In the case of a natural product, that is necessarily more difficult of attainment than with a manufactured article, but with most fruits a remarkably high degree of standardization has been reached through proper care and pruning of trees, prompt collection and shipment of fruit, careful and impartial grading, better marketing methods, the use of suitable containers, the employment of refrigerator cars at appropriate seasons, etc.

"In this way both the production and distribution of the fruit has been placed on a more efficient basis. Consumers can buy with more assurance and, though prices, of course, fluctuate with demand and supply, they are enabled to obtain the full value of their expenditure because of the protection which standardization affords against inferior and unsatisfactory fruit."

A Text-Book on City Government*

THE stability of America's banking system depends absolutely upon the stability of America's citizens, and their stability cannot be left to chance.

For example, over 90 per cent. of the 5000 pupils of Morris High School, New York City, are of foreign birth or foreign parentage. Their knowledge of America's traditions has to be developed in the schools, in order that stable conditions may prevail in the land. It is essential that a banker have stable conditions in order to safeguard the assets of his depositors. It matters little what type of government exists; as long as it is law abiding and permanent, the banker can shape his course accordingly.

New York is not America, but America is largely influenced by any drastic action taken by New York. This idea was at the bottom of a conversation held two years ago between the well known bank architect and designer, Alfred C. Bossom, of New York, and Frank Rexford, head of the civics department for the 250,000 New York high school children. As the outcome of the conversation, Mr. Bossom agreed to endow prizes and diplomas twice a year in every high school throughout New York for what was his understanding of co-operation in government, the theory being that if a child could be brought to realize its own importance in relation to its community it would insist on the stability of the government, and intelligently help to improve it.

The Board of Education granted permission to Mr. Bossom to carry out this plan, which consequently becomes a part of a general idea of Americanization, a training in citizenship. It endeavors to arouse in the great population of New York a common interest, from childhood up, in the form of government under which it exists, and in learning why certain relations are imposed, why restrictions are essential, and why co-operation has infinite benefits for all.

The book, "Our City—New York," is the result of the first of these contests.

The government of New York was divided into as many heads as there were high schools, and each heading was given for review to one school. The departments encouraged the pupils to investigate, and the pupils in turn co-operated among themselves to make a thoroughly unbiased analysis, with rec-



This medal was awarded to the pupil judged to have done the best work on the book, in each high school

ommendations on the government of the greatest city in the world.

The book that these children produced, untrammelled by tradition, is one of the most remarkable revelations in the study of civics that has come from the press for many years. It was felt to be of such value by Allyn and Bacon, its publishers, that it is said they agreed to publish it without profit to themselves.

*"Our City—New York," by the high school students of New York City under the supervision of Frank A. Rexford. Allyn and Bacon, publishers.

As Your Correspondent

When you select the First National as your St. Louis correspondent, you establish relations with one of America's foremost banks — a bank whose policies are broad and liberal, tempered by sound judgment — whose resources are adequate to meet all legitimate requirements — whose officers are in constant touch with the changing conditions in the banking and business world. The best that can be had in bank account service is yours for the asking.

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Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

A TOTAL of 172 bills and resolutions proposing new railroad legislation or the repeal of laws now in effect had been introduced up to April 12 in the Sixty-eighth Congress, which began its sessions on December 4, states a recent issue of *Railroad Data*, published by the Committee on Public Relations of the Eastern Railroads. This publication goes on to say:

The bills mentioned include only those more or less directly affecting the railroads as transportation organizations and do not include a number of others which affect corporations generally, and which, while primarily dealing with other subjects, would also directly or indirectly affect the railroads to a considerable extent.

In the latter class are numerous bills to regulate the transportation in interstate commerce of various articles, intended as a regulation of the commerce itself rather than of the transportation per se, and also bills relating to agriculture, coal, standard time, weights and measures and court procedure.

While many of the bills would probably not be characterized as particularly hostile to the railroads, the great majority of them would have the effect of reducing their revenues or increasing their expenses, or both, and very few can be considered in any way in the interest of the railroads.

No railroad bill has yet been passed by Congress at this session.

SUBJECTS OF BILLS

The bills and resolutions may be roughly classified as to their purpose and subject as follows:

Rates	59
Labor	27
Water transportation	12
State commissions	9
Time for filing claims	8
Bills of lading	6
Repeal of regulatory legislation.....	5
Safety, accidents reports	5
Types of equipment	5
Locomotive inspection	5
Valuation	5
Freight claims	4
Interlocking directors	4
Consolidation	3
Miscellaneous	27

While the total of this column is 184 it includes only 172 bills, as there are duplications where one bill covers several subjects and is included in one or more classifications.

The most numerous class of railroad bills includes those dealing with rates, most of them intended, in one way or another, to bring about reductions in rates, although one or two perhaps are not intended directly for that purpose but arise from objections merely to the method of rate-making contemplated by the present law.

Of the rate bills there are fifty-nine, of which thirty are to prohibit the collection of a surcharge in connection with the payment for parlor or sleeping accommodations. There are also twenty-nine other rate bills, including seven to amend the long and short haul provisions of the fourth section of the act and three bills providing for the sale of mileage books at a reduced rate.

TO REPEAL SECTION 15A

There are eight bills to repeal section 15-a of the Interstate Commerce Act, which contains the general rate-making rule directing the Interstate Commerce Commission, in

its regulation of rates, to try to allow the railroads "as nearly as may be" a fair return.

There are also four bills to directly reduce rates by specific amounts or to re-establish the rates in force at a given date and four bills or resolutions directing the Interstate Commerce Commission to readjust rates. There are two bills to reduce fares for a particular class of persons, one for veterans and one for blind persons.

One of the interesting developments during this session and the last session of Congress has been the introduction of bills to regulate rates by direct legislative action or to give specific instructions to the Interstate Commerce Commission as to how it shall regulate or adjust rates.

Entirely new systems of rate-making and valuation are proposed in bills introduced by Senators La Follette, Brookhart and Dill, while a duplicate of the La Follette bill has been introduced in the House by Representative Huddleston.

In addition to a resolution proposed by Senator Trammell of Florida providing for an investigation of rates with a view to bringing about a substantial reduction, two resolutions have been proposed and given serious consideration in committee to direct the Interstate Commerce Commission to readjust rates.

There are three bills to repeal the transportation act entirely, introduced by Representatives Shallenberger of Nebraska, Hammer of North Carolina and McLaughlin of Nebraska. Representative McLaughlin has also introduced a bill to repeal the Interstate Commerce Act.

The next most numerous class of bills is that relating to labor, of which there are twenty-seven, although some others of primary interest to labor might perhaps be added to this class. These include ten bills to repeal the labor provisions of the transportation act or abolish the Labor Board and four to amend the labor provisions.

There is one anti-strike bill, introduced by Representative Blanton of Texas, and four bills to encourage strikes by regulating the transportation and importation of labor to any point where a labor disturbance or strike is in progress, and to regulate the granting of injunctions in labor disputes.

There are five bills relating directly to the valuation of the railroads.

The list of bills includes one government ownership bill, introduced by Senator Norris of Nebraska.

Several resolutions have been introduced to provide for investigations of various phases of railroad activity.

PROTECTION FOR THE FARMER?

"The immigration policy together with the high tariff policy have contributed greatly to maintain the price level of manufactured products," says the current letter of the First Wisconsin National Bank of Milwaukee. "The farmers contend that they too are entitled to protection. They have learned that duties on farm products do not protect when the farmers have a surplus for export. Consequently, the McNary-Haugen bill is brought forth to restore the balance between prices of farm products and manufactured products. The bank continues:

The McNary-Haugen bill sets up a corporation with capital supplied by the Government. This corporation would pay the farmer a higher price for his wheat, or certain other specified products, than that justified by existing conditions of supply and demand. The price paid would be as much higher than the pre-war price of wheat as the average of all commodities is above pre-war. The corporation would then turn round and sell abroad so much of this wheat as constituted a surplus, taking whatever price it could get. The essence of the operation is that the Government would pay a pre-determined price and attempt to justify that price afterwards by creating an artificial scarcity in the domestic market.

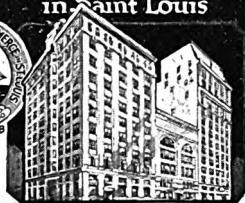
PRICE-FIXING FALLACIES

It is conceivable that the plan might be executed thus far. But the fallacy lies in thinking that while prices of food products are being fixed on a higher level, other prices will stand still. Food enters largely into the cost of living and affects wages and so prices. In short, the price of food is a cost in industry and if you raise costs appreciably, a rise in selling prices must follow. The probabilities are that ultimately prices will become more deranged under the operation of this measure than they are now. For the past two years the spread between prices of farm products and other commodities has been gradually lessening. If prices are let alone, there is every reason for thinking that this process of readjustment will continue.

The control of prices gets nowhere unless production is controlled and this the McNary-Haugen bill does not contemplate. A monopoly can control price because it limits production, but there is no way of limiting the production of 12,000,000 farm-

DOLLARS and SENSE

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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

ers. If the farmers receive profitable prices, most of them are going to raise as much as they can. That is what any class of producers does. It is natural and inevitable. Every one knows that the supply of commodities affects their prices. It is not so well known that prices themselves, in the long run, regulate supply.

THE NATIONAL INCOME

According to an estimate of the Mechanics & Metals National Bank of New York, given in its current monthly review of business conditions, the gross income of the American people is upward of \$200,000,000 a day, while the daily savings are approximately one-sixth of this, or more than \$30,000,000. The total income of the country for 1923 is placed at \$70,000,000,000, an increase of \$5,000,000,000 over 1922 and \$10,000,000,000 over 1921. For the year's total savings, the figure given is \$12,000,000,000. Of these savings, the Mechanics & Metals National Bank says:

No nation ever before showed anything like this addition to wealth in a period of twelve months. Going back only a third of a century to 1890, we find that our total wealth output was in that year no greater than our accumulation of last year. England before the war added about \$2,000,000,000 to its national wealth annually through saving. Germany added a similar amount. Italy and France together saved less than either England or Germany. Even then the United States was adding more to its national wealth than these four nations combined. Today, with Europe still seeking to overcome its war ravages, we stand out as the single great accumulator of capital in the world.

Savings are not just the sums of money people put into banks. In the usual economic formula cash alone does not represent savings; those things do represent savings which are produced and not immediately consumed, but added to the national equipment. A new house; an extension to a barn; a motor truck; a new road—these increase national wealth and are savings. They may be paid for out of people's pockets, out of the money deposited in banks, out of the premiums collected by insurance companies, out of building and

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,500,000 Undivided Profits \$319,000

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JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
HOWARD D. JOOST, *Vice-President*
THOMAS BLAKE, *Secretary*

CLARENCE E. TOBIAS, *Assistant Secretary*
ALBERT I. TABOR, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
ALBERT E. ECKERSON, *Auditor*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

loan funds, out of mortgages or out of bond and stock issues.

Not less than \$9,000,000,000 of the American people's savings last year went into automobiles, buildings and roads. A total of \$2,500,000,000 went into railroad additions, power plants and public utilities. Various other items absorbed an additional \$1,000,000,000. Our savings were in enviable volume; the question remains, how wisely were they spent? For automobiles and trucks alone, \$3,300,000,000 was spent by the American people last year. That sum was three times greater than the year's addition to savings bank deposits, and twice as great as the total of life insurance premiums. How much of this was wise investment? How much was extravagance and waste?

THE LINE THAT SEPARATES SAVINGS AND WASTE

There always will remain for dispute the question of where the line runs that separates savings and waste. Nobody can determine this arbitrarily. What is called saving is often waste, and what is called waste is often the soundest kind of economy. Individual circumstances invariably govern, and the matter after all is a question of ideals and judgment. Begging the question, it remains that a nation which can produce new wealth in such abundance that it averages a monthly surplus of \$1,000,000,000 is in an enviable position, particularly in this stage of the world's affairs.

It is easy to believe the volume of our savings to be, in reality, one of the most significant and outstanding phenomena of our industrial process. Also it is easy to believe that, with our high standard of living, it properly measures our industrial life and typifies our economic accomplishments.

Time will show how far the accumulation has been wisely invested—whether, indeed, it has all represented true saving, or whether, in the spirit of the times, much of it went where it will do no permanent good.

For the present, all that anyone can say is, wait and see. Wealth assuredly has been and is being produced in an abundance never dreamed of by the builders of as recently as a generation ago—Carnegie, Hill, and the elder Morgan could not have pictured for 1924 what we see today. Great sums are constantly becoming available for the promotion of industry or for the expansion of the national equipment, and with American ability, equipment, energy, ingenuity and ambition supplying the motive power, there would seem to be ahead a continuance of development and growth.

THE NORTHWEST IN APRIL AND MAY

"Cold, dark, wet days have been tugging with a backward pull at the work of the Northwest during April and the first fortnight of May," says the current review of the Northwestern National Bank of Minneapolis. "Weather bulletins as late as May 15," continues the bank, "have been indicating night temperatures below the freezing point at occasional reporting stations." The bank says further:

The effect on farming has not been injurious, though seeding has been delayed in localities where small grains had not gone into the ground before the wet days arrived. A benefit, indeed, has resulted in that plants already started are developing a sturdy root growth. Some corn and flax have been planted, but, up to the middle of May, not to any great extent.

Winter crops in the Northwest, rye and wheat, have edged themselves into a better statistical position than they first held in the estimates of the field critics. In this basin so eminently fitted for the cultivation of spring wheat, winter wheat is not, of course, an important crop, but rye holds a con-

spicuous place, North Dakota being ordinarily the chief producing area. The agricultural statistician for the latter state estimates an acreage of 953,000 on May 1, as compared with 1,288,000 acres harvested last year.

A production slightly greater than last year, however, is indicated—which forecast at this early date is valuable chiefly as showing the present condition. A favorable prediction concerning rye is made by crop reporters in other Northwestern States, including Wisconsin, which ranks high in acreage. Winter wheat is in excellent condition. Farm labor is not so plentiful as it has been in recent years, but the demand for it is even less than before.

Scattering reports are: "The relative supply of labor to demand is approximately 100.3" (in South Dakota); "Generally farmers are getting help they need for spring work at slightly lower wages than prevailed last year, and are hiring a minimum" (in North Dakota); "Supply is ahead of demand" (Minnesota); and, generally of the Northwest, "Farmers are showing a disposition to hire as little help as possible and the various crops have been seeded in a much better manner than for several years."

THE BONUS AND TRADE ACTIVITY

"The American Telephone & Telegraph Company has just offered \$150,000,000 of stock to investors," notes a recent number of *Business Conditions Weekly*, published by the Alexander Hamilton Institute of New York. "The spending of this money," says the publication, "will have some effect upon business, but even though this is a large amount of money for any corporation to spend, it represents only $\frac{1}{4}$ of 1 per cent. of the total spendings of the American people every year." The article continues:

This percentage applies also to the bonus bill. The amount of money which will be disbursed under the bonus bill during the first year will be practically the same as the money which the American Telephone & Telegraph Company will receive from selling its common stock.

The effect upon trade activity will be negligible. About \$150,000,000 will be collected in taxes from Mr. Jones and Mr. Brown and paid to Sergeant Smith and Private O'Brien. Some of the wealthier taxpayers will have a few dollars less to spend, but there will be no decrease in the total amount spent for merchandise. There



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Surplus and

Profits - 8,700,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

will just be a difference in the places where the money is spent. It will be spent where Sergeant Smith and Private O'Brien do their shopping instead of in the places where Taxpayers Jones and Brown spend their money. However, there will be no withdrawal of funds from production and employment, because it is merely a taking from Peter to pay Paul, and Paul will spend the money for the same sort of merchandise as Peter is accustomed to buy. About the only economic loss to the country on account of the bonus during the next twelve months will be in connection with the extra clerks and accountants employed in handling the complicated army and navy records. It will be necessary to spend \$5,000,000 or \$10,000,000 a year extra on account of clerical help and other expenses of administration, and if it were not for the bonus, these clerks and this money would go into some form of productive industry. However, the amount of money diverted to these extra clerks from productive industry is too small to discuss in analyzing general business conditions.

WILL BE MORE OF A FACTOR SEVERAL
YEARS HENCE

As a business factor the bonus will be more important several years hence. The bill provides that if annual disbursements do not absorb all of the sinking fund provided, amounting to over \$100,000,000 a year, the Treasury shall invest any idle bonus funds in Government bonds. Perhaps six or eight years from now the annual investment of bonus funds in Government bonds will influence the bond market. Then at the end of twenty years, when all of the insurance certificates expire, the Government will have to sell the bonds purchased meantime in order to effect the final payment to the veterans then living.

It is also possible that within eight or ten years the total money which the veterans will borrow from the banks by pledging insurance certificates will become a factor in the money market. However, there is a popular misunderstanding about the borrowing provision of the law. The authority to borrow 90 per cent. of the value of the insurance certificate after two years does not mean that the holder of a \$1000 certificate can borrow \$900 after two years. If that were possible the veterans could borrow the huge sum of \$2,600,000,000 after two years. That would be equal to 6 per cent. of the total bank loans of the country.

In the borrowing provision of the bonus law, however, there is a difference between face value and loan value of the insurance certificate. For instance, the certificate with a face value of \$1000 will not have any

loan value at all during the first two years. In the third year the loan value will be nearly \$90. Assuming that 3,000,000 veterans will have certificates with a face value of nearly \$3,000,000,000, the maximum borrowing permitted in the third year will be about 9 per cent. of the total, or \$270,000,000. In the fourth year the maximum borrowings will be increased to \$350,000,000. After ten years the veterans will be able to borrow around \$1,000,000,000.

However, we do not believe the veterans will exercise this borrowing privilege in full, and doubt whether much more than one-half or two-thirds of the maximum borrowing limit will be reached in any year. Moreover, the increase in such borrowings will be very gradual, and will not have a disturbing effect upon trade activity in any year.

In brief, merchants and manufacturers may ignore the bonus in making up their budgets for the next two years. The passage of the bill over the President's veto has added to the confusion in the political outlook, but the political consequences are more important than the trade consequences so far as 1924 is concerned.

SLOAN ON AUTOMOBILE PRICE OUTLOOK

"It is my opinion that such announcements as the automotive industry has been accustomed to make during the summer will this year indicate a higher trend of prices," says Alfred P. Sloan, Jr., president General Motors Corporation. Mr. Sloan goes on to say:

The question can best be understood by an analysis of what has taken place so far in the industry. Compare the price that is paid for a motor car today with that paid for the nearest comparable car six or seven years ago. In the case of a motor car a smaller number of actual dollars will purchase an immeasurably better article judged by any standard that may be set.

The reason for this is that motor car manufacturers have reduced the price of cars in line with and frequently in advance of reduced costs made possible by better engineering and improved manufacturing methods. This has accelerated the natural increase in volume which in turn has made still lower costs and subsequently still lower selling prices. The manufacturer has been satisfied to take a lower profit per car which has been compensated for in some degree through increased turnover which in turn tends to equalize the return on capital employed.

While additional economies will always be possible, there are compensating factors

which must be given consideration, especially the increased cost of distribution. An adjustment, therefore, must be reached sooner or later. This will come about when the curve of expansion flattens out.

It is improbable that the consumption of motor cars this year will be any greater than last year. I believe that prices made last year discounted to some extent what was believed to be a still expanding volume. This is evidenced by the fact that several manufacturers have already advanced prices during the past few months. I believe the pendulum has swung too far and a reaction is certain to come until the situation is equalized.

THE COTTON TEXTILE INDUSTRY

"The cotton textile industry of the United States finds itself in a position that is both difficult and discouraging," says the current number of *The Index*, monthly business review of the New York Trust Company. "Few, if any, cotton mills are operating at normal producing capacity, many mills are shutting down temporarily, and competition for business among the mills now running is so keen that their output is very often being marketed at prices below the cost of manufacture." The review continues:

Several unfavorable factors contribute to this disturbing situation. The principal one is no doubt the high price of raw cotton. With cotton at around 30 cents a pound, or more than double its pre-war price, it is impossible for manufacturers to produce cotton goods for sale at prices approaching the pre-war level. Consumer demand for staple goods is, in consequence, below normal, both in this country and throughout the world.

The position of the cotton crop also has a depressing influence on American manufacturing. Early crop forecasts are creating expectation of both an enlarged domestic crop yield and lower prices for the raw material. This leads to limited buying in the cotton goods trade, such as the placing of orders for sufficient yardage merely to keep pace with current business, on the presumption that cheaper cotton will be reflected in lower priced fabrics.

Even should this year's cotton crop exceed the yield of the past few years there is no possibility of raw cotton declining to its pre-war price level. Manufacturers cannot, therefore, hope to find a remedy for their difficulties in greatly lowered prices for



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raw material. Cotton is certain to remain high priced, compared to its pre-war level, for a period of years, at least. Labor costs are likely to continue permanently higher than pre-war costs, and these are factors against the cheap production of cotton goods.

Some reduction from present prices may be possible through lower priced raw material and reduced operating costs, and consumer demand may be slightly stimulated in consequence. But competent opinion holds that the troubles of the cotton textile industry will not be entirely eliminated until the public has been educated to a realization that cotton fabrics can no longer be produced at pre-war prices, accepts the inevitable and resumes its accustomed use of cotton goods.

THE RECESSION IN BUSINESS ACTIVITY

"The recession in business activity, which was first registered in New England," says the current letter of the First National Bank of Boston, "has in

SUMMER IN BUFFALO

Buffalo is a very big convention city in the summer time. Thousands of people are constantly here. Probably some from **your** city. We shall be glad to show them every courtesy we can in any way. That is one of the many services rendered to it's correspondents by the

MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus - - \$20,000,000.00

recent weeks gained momentum and spread quite generally over the country, affecting pretty much all branches of industry. Evidence of the difficulty of operating at a profit," continues the bank, "is seen in the statistics of failures during the first quarter of this year, which were more than 50 per cent. in excess of the 1923 figures." The bank says further:

The cotton textile trade is in the doldrums, the market for finished goods being most unsatisfactory. The mills curtailing heavily, are unable to secure anything like replacement values for their product, and dividends are either being passed, or, in many instances, being paid out of surplus.

Some cotton manufacturers are feeling a trifle more optimistic for a more active movement of goods, believing that the yardage of goods not manufactured on account of curtailment is rapidly reducing

stocks and may soon induce increased buying at prices more favorable to the mills. The woolen and worsted factories are experiencing much duller business than a year ago. The raw wool market, in spite of a strong statistical position, has been sagging perceptibly during the past month. Shoe manufacturing is one spot where an improvement has been noticeable, New England factories as a whole operating at a higher rate.

The motor industry has begun to restrict output, and this fact, coupled with a drastic decline in buying by the railroads, has had a marked effect on the basic steel industry. A startling number of blast furnaces were blown out in April; the Steel Corporation has again reported a severe falling off in unfilled orders; and steel prices are trending downward. The building boom shows some signs of subsiding. Observers, quite generally, incline to the opinion that this depression is likely to be of short duration and of minor proportions. This judgment is based mainly on the absence of any credit strain, well sustained buying power, and non-excessive inventories.



Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

CONVENTION DATES

National Association of Credit Men—at Buffalo, N. Y., June 10-18.

New York—at Mount Royal Hotel, Montreal, Canada, June 23-25.

Delaware—at Rehoboth, September 4.

NATIONAL CITY BANK INVESTING IN CUBA

The National City Bank of New York acquired title on May 1 to seven branches of the Banco Nacional in Cuba. The Cuban institution has been in process of liquidation, and the sale of its seven branches, which were located in the more important cities of Cuba, was a step in this process.

By the acquisition, the National City Bank has further strengthened itself in Cuba, and now has twenty-four branches there. The new buildings, it was said, are of excellent construction, and Charles E. Mitchell, president of the American institution, expressed satisfaction at what he termed a "good purchase." The deed given to the National City Bank carries with it full title, with no outside interests associated with the bank in ownership.

The National City Bank was drawn more actively into Cuban business and commerce than had been intended when, three to four years ago, a depression struck that country. The bank, as creditor, stood in danger of facing losses when sugar prices dropped, but through a policy of placing whatever sugar interests it had under a skilled sugar company management, and of standing by with ample reserve funds whenever they might be needed, the institution not only saved its various investments, but helped to rescue the entire Cuban sugar industry from a critical situation. Since then, both the sugar industry and the banking business of Cuba have rounded the corner, and in the last two years there has been an expansion in both.

The resources of the National City Bank have been increasing at such a rate that by the end of the first quarter of this year they had reached a total of \$934,121,543. It is

expected that before the year is out, the bank will have passed the \$1,000,000,000 mark, thereby becoming the first American bank to enter that exclusive class.

CHEMICAL NATIONAL NEWS

The Chemical National Bank of New York has organized the Chemical Safe Deposit Company, located at the bank's new up-



● PHOTO BY MARCEAU, N. Y.

MEREDITH WOOD

Recently made assistant cashier of the Chemical National Bank, and assistant secretary and assistant treasurer of the Chemical Safe Deposit Company of New York

town office, Madison avenue and Forty-sixth street. Officers of the company are Percy H. Johnston, president; Edwin S. Schenck, vice-president, and Frederic S. Allen, secretary. The directors, besides these three, are



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CHAUNCEY H. MURPHEY

Vice-president Metropolitan Trust Company
of New York

Frank K. Houston and Wilbur F. Crook.

The Chemical National Bank has appointed Meredith Wood assistant cashier to assist Wilbur F. Crook, vice-president, at the Madison avenue office of the bank, which opened June 2. Mr. Wood has also been made assistant secretary and assistant treasurer of the Chemical Safe Deposit Company.

TWO MORE BANKS JOIN COMMUNITY TRUST

The Coal and Iron National Bank, New York, became a trustee of the Community Trust on May 14, when its board adopted the common form of resolution passed by the directorates of each of the other banking institutions now acting as trustees. "The resources devoted to philanthropic purposes each year by the American public," said Julian W. Potter, president of the Coal and Iron National, "are greater by many millions than the annual appropriations of the Legislature of the State of New York.

Banks are being called upon to take an increasing part in the administration of these funds. The country-wide consensus of opinion, in and out of the banking profession, enthusiastically commends the Community Trust plan. It is particularly adaptable to conditions here, and we have therefore become a trustee of the New York Community Trust."

The First National Bank of Brooklyn, N. Y., as a result of a resolution recently adopted by the board of directors, has also become a trustee of the Community Trust. The trustees of the Community Trust approved the addition of the Brooklyn institution.

Reeve Schley, vice-president of the Chase National Bank, J. W. Carpenter, trust officer of the Kings County Trust Company and Charles D. Makepeace, vice-president of the Seaboard National Bank, all of New York, have announced the signing of trust agreements providing for eventual additions to the Community Trust funds.

NEW YORK CHAPTER, A. I. B., ELECTIONS

The New York Chapter, American Institute of Banking, has elected the following new governors to serve on the board for three years: William G. Ahern, First National Bank, Brooklyn; James B. Birmingham, National City Bank; Edward Craig, Bank of America; Payson G. Gates, Bankers' Trust Company; Frederick W. Gehle, Mechanics & Metals National Bank; Walter F. Kearns, First National Bank; George P. Kennedy, Chatham & Phenix National Bank; Irving H. Meehan, Farmers' Loan & Trust Company; Fred S. Parker, Guaranty Trust Company; Wilfred L. Peel, Farmers' Loan & Trust Company. The meeting expressed its appreciation of the work of J. C. Klinck, trust officer of the Metropolitan Trust Company, who is the retiring president.

GUARANTY TRUST COMPANY CHANGES

The Guaranty Trust Company has made the following changes in its official staff: George L. Burr, vice-president at its main office, has been transferred to the Fifth avenue office, where he will succeed Oscar Cooper as vice-president in charge of the company's uptown offices, Mr. Cooper having resigned his position to accept a part-

nership in Shearson, Hammill & Co. Charles A. Holder, recently president of the Asia Banking Corporation, has been elected a vice-president in its foreign department. Mr. Holder has had wide experience in American and foreign banking activities, and during the war served as foreign trade adviser of the State Department. William Van Wert, formerly chief clerk, has been appointed an assistant vice-president, and John Kalmbacher an assistant treasurer.

WESTINGHOUSE SHOWS GAINS IN EARNINGS

The sales billed by the Westinghouse Electric & Manufacturing Company for the fiscal year ended March 31 exceeded those of any previous year in the history of the company, with the exception of the year ended March 31, 1919, according to the annual report recently made public. Notwithstanding a moderate recession in the volume of new orders booked during the last quarter, the value of the unfilled orders at the close of the fiscal year was \$63,738,702, compared with \$61,914,237 at the close of the previous year.

Although no mention of the company's radio business was contained in the annual report, General Guy E. Tripp, chairman of the board, said that it represented between 6 and 7 per cent. of the total manufacturing activity. This was an increase.

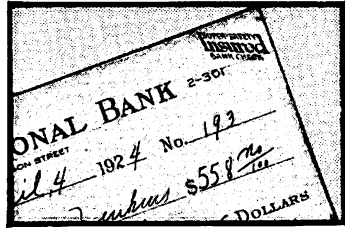
The net income available for dividends totaled \$16,125,303, representing earnings of \$8.98 a share on the combined common and preferred stock outstanding. This compares with net income of \$12,263,486, or \$8.19 on the combined stock, for the year previous.

The current assets were \$153,209,401, the current liabilities \$25,730,413, and the profit and loss surplus at March 31, 1924, was \$45,586,718, as compared with \$48,554,142 on March 31, 1923.

Chairman Tripp calls attention to the fact that 31,819 employees were insured under the company's insurance and savings plan and that the total amount of savings in the fund on March 31, 1924, was \$2,845,853, which has been invested for the benefit of the employees.

NEW PRESIDENT ELECTED FOR NATIONAL BUTCHERS AND DROVERS BANK

Richard J. Faust, Jr., was elected president of the National Butchers and Drovers Bank, 685 Broadway, New York City, on



A powerful merchandising plan that

gets new accounts

HERE is positive protection for bank and depositors against loss through raised checks. It is a tangible step in banking service. It gets new accounts!

Super-Safety INSURED Checks are made of the world's safest check paper and are protected by the Wm. J. Burns International Detective Agency, Inc. Safety paper and mechanical devices are good, but the master-crook often finds a way to beat them. Only insurance *positively protects* against loss.

With Super-Safety INSURED Checks, the bank and each depositor is insured for \$1,000.00 against loss through fraudulent alteration. This insurance is carried by one of America's strongest companies—the Hartford Accident & Indemnity, with over \$19,000,000 in assets.

These checks cost you no more than unprotected checks of similar quality.

And this is but a part of the sound merchandising plan we have developed for banks. National advertising reaches the people of every community with powerful "pay by check" propaganda. Our advertising department works with you to cash in on this—and actually influence new accounts. We supply you with unusually interesting display and advertising material.

We suggest that you get all the facts. A postcard or letter will bring you data that is valuable in itself.

Check insurance is here to stay!

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World's Largest Manufacturers of Bank Checks

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**McArdle,
Djörup & McArdle**
42 Broadway, New York

May 5. He succeeds M. M. Valentine, who becomes vice-president.

Mr. Faust, who was vice-president of the bank, was formerly vice-president of the Irving Bank-Columbia Trust Company, New York, and for fifteen years previous was president of the First National Bank of Appalachia, Va.

The safe used in 1830 to lock up moneys deposited with the National Butchers and Drovers Bank on the day it came into existence, was displayed at that bank's new headquarters' office, which opened on May 19 at Seventh avenue and Thirty-seventh street, New York. The safe, which appeared as a toy compared with the modern vaults, is still in use, although nothing of great value is left to its guardianship.

CENTRAL MERCANTILE BANK TO INCREASE CAPITAL

The directors of the Central Mercantile Bank of New York recently announced a plan to increase the capital of the bank from

\$200,000 to \$1,500,000, the new stock to be offered to stockholders at \$150 a share. This plan was ratified by the stockholders at a meeting held May 21. The bank's statement for March 27 showed surplus and undivided profits of \$87,400, and deposits of \$2,729,100.

Deposits of the Central Mercantile Bank increased \$1,000,000 in one day, the reason given being that new officers and directors going into office had taken with them the deposits of friends.

The bank's control changed hands on May 2, Stanley Mitchell, formerly vice-president of the Chatham & Phenix National Bank, having a majority interest. Mr. Mitchell was elected president, Joseph Brown, formerly vice-president in charge of credits at the Chatham Bank, was elected vice-president, and Frederick Sinclair, formerly assistant manager of the Chatham and Phenix's Eighteenth street branch, was appointed assistant cashier. Leo L. Doblin of Leo L. Doblin & Co., commission merchants and factors, was elected to the board, as was Donald Hearn Cowl of J. A. Hearn & Son.

EAST RIVER NATIONAL BANK MERGER APPROVED

The Comptroller of the Currency has approved the action of the stockholders of the Commercial National Bank, formerly the Commercial Trust Company, authorizing a consolidation of this institution with the East River National Bank, both of New York. The consolidated bank will be known as the East River National Bank, with its main office at Forty-first street and Broadway.

The consolidated bank has capital, surplus and undivided profits totaling \$4,000,000, and resources of \$39,000,000. It has branches at 680 Broadway, 184th street and Third avenue, 104th street and First avenue, and at Broome and Mulberry streets.

The East River National Bank, of which A. H. Giannini is president, has owned the Commercial National for two or more years.

EMPIRE TRUST COMPANY TO DOUBLE ITS CAPITAL

The Empire Trust Company, New York, in which the Brotherhood of Locomotive Engineers has important interest, plans to double its capital of \$2,000,000 at a special meeting of stockholders called for June 5.

To Bank Executives—

*The efficiency of your organization decreases
with the advent of hot summer weather.*

The gentle cooling air movement which is a feature of the summer regulation of the Gerdes Method of Ventilation maintains a comfortable atmosphere indoors, and counteracts the enervating effects of hot humid weather.

Foremost banks now recognize the Gerdes Method as standard.

A descriptive booklet containing a list of references of highest character will be gladly sent on request.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 1808

GERDES
METHOD

The stockholders' books were closed on Wednesday, May 21, and will be reopened on June 6. This means that stock of record on May 21 will be entitled to vote on the proposition.

In its statement of condition on March 27 the company showed total resources of \$55,231,920. Surplus was put at \$1,100,000 and undivided profits at \$760,848.50, the combined capital, surplus and undivided profits amounting to \$3,860,848.50. Last March deposits were \$47,631,910, and by May 15 they had increased to \$51,135,600.

The company's office is at 120 Broadway. It has branches at 580 Fifth avenue, New York, and at 41 Threadneedle street, London.

TRADE BANK STOCK ISSUE

An increase in the capital of the Trade Bank of New York from \$300,000 to \$1,050,000, was announced on May 21 by Karl Schenk, president, who said a new issue of \$750,000 of capital stock had been placed on the market for a public offering at \$150 a share. The Trade Bank in its latest statement showed total resources of \$2,261,102,

against \$485,236 when it was chartered. Mr. Schenk stated:

"Our bank completed the first year of its existence on December 18, 1923, and its first anniversary statement was sufficient proof that we had been highly successful. On that day our deposits had exceeded the two million mark and in spite of the heavy initial expenses which every bank has the first year, our original surplus has remained intact. The rapid business expansion taking place in our section makes it necessary for us to increase our capital in order to enable us to meet growing demands made upon us."

FEDERATION BANK GAINS IN FIRST YEAR

The Federation Bank of New York completed its first year of business on May 19, with resources of \$5,500,000, as against \$500,000 a year ago, according to an announcement by President Peter J. Brady.

"Our one year's experience in banking, an entirely new field for us, has demonstrated the capacity and ability of trade unions to successfully conduct an institution like ours," Mr. Brady said. "The bank has been con-

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ducted day and night at Thirty-fourth street and Eighth avenue since May 19, 1923. Increased patronage has made it necessary to double our floor space and employees.

"Growth of the resources of our bank at the rate of about \$500,000 a month since it began to function has made it the largest labor bank in the city and the second largest of its kind in the nation.

"As the result of this achievement we begin the second year of our existence on a profit-making basis. Over 400 labor organizations are now using the Federation Bank of New York for all or part of their financial transactions. Profits are already being distributed to our depositors in our payment of 4 per cent. interest in special interest bearing (savings) accounts from date of deposit to date of withdrawal, an innovation in banking practice."

M. J. Murphy, for eight years director of the Federal Reserve Bank of Philadelphia, and at present chairman of the executive committee of the New York and Penn-

sylvania Joint Stock Land Bank at 61 Broad street, New York, has been appointed vice-president and cashier of the Federation Bank.

FARMERS' LOAN AND TRUST HAS INSURED EMPLOYEES

Three hundred employees of the Farmers' Loan and Trust Company, with main offices in New York and branches in London and Paris, are participating in a group insurance plan which provides life insurance protection for all of them for a total amount of \$600,000. The policy, which was placed with the Metropolitan Life, is on a contributory basis, the employees and the banking company sharing in the payment of the premiums.

BANK OF AMERICA STARTS EXCAVATING

Excavation for the foundations of the new twenty-three story skyscraper of The Bank of America at Wall and William streets, New York, has been started, and will be carried to bed rock which, according to preliminary borings, will be reached at a depth of 65 feet.

This will be the first time bed-rock has been reached at this historic corner, which has been occupied by The Bank of America for more than a century. The new building is the third to be erected by The Bank of America on the same site, but the others long antedated the skyscraper era on Wall street and hence did not require a bed-rock foundation.

The borings showed that Wall street at this point was underlain by a layer of sand and gravel twenty-three feet thick, extending down to the water level. For twenty-five feet below this the excavation encountered a mixture of sand and mica, commonly known as quicksand. At the forty-eight foot level hard pan and boulders were found, extending down to bed rock.

The new building will be erected to a height of fourteen stories on the part of the site which has been cleared and excavated, while The Bank of America continues in its present quarters. The bank will then move into the completed part, about the first of the year, when the old bank building will be demolished and the entire structure carried to completion. The Bank of America will thus continue in operation without leaving its historic site.

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts,
Connecticut and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

IN New England, as in other parts of the country, the general tide of business has quieted down a bit during the past month. There is no depression, there is little curtailment—except in textile lines—and there is no sign of discouragement. But there is an attitude of cautious waiting in all business transactions, an attitude that restricts initiative and keeps all trade on a hand-to-mouth basis. There is plenty of money, savings accounts reflect a very comfortable wage and employment situation, the buying capacity of the public has not been impaired at all—but no one is buying beyond immediate needs. The general volume of trade is not at all bad, but there is little snap or excitement to it. The confident predictions made late in the winter as to what was going to happen this spring were a little bit overdrawn. They did not take into account the possibility of Congress losing all sense of business judgment. The long delay on the important item of tax legislation accounts almost entirely for the present hesitancy in business. Everyone has grasped this fact except Congress. We here in New England were greatly encouraged by the attitude of our New England President toward the scientific Mellon tax revision plan. As time wore on and opposition to the Mellon plan developed, we were still hopeful that Congress would evolve a fairly scientific bill. Now we have reached the point where we will be fairly well satisfied if Congress will pass some sort of a tax bill so that we may know the worst at once (for no bill has been passed at the time this letter is being written). With tax revision settled we believe that conditions are favorable in New England for a fairly substantial revival of business.

The textile trade, which was the hardest hit, has unquestionably seen the worst of the depression and is starting slowly on the upgrade. Wage disputes which have checked progress in the shoe industry seem to be nearing settlement, and the shoe factories

are receiving a fairly steady flow of small but frequent orders. The retail shoe business has shown material improvement during the past month and the impetus of this is now reaching the factories, materially improving the outlook. The leather business is still quiet and the price situation is clouded.

Retail trade is good. Spring and early summer goods are moving well, but buyers are very insistent on low prices. Credit conditions are fair. Collections have been rather slow for the past month. There has been little change in the banking situation. Savings accounts show a steady increase. The demand for money is only fair in spite of the low rates. Business failures have shown a slight increase but do not reflect any special strain in any particular industries or localities.

Real estate is very active, but there has been quite a change in the complexion of the business. Very early in the spring there was a good deal of speculative activity. This has now fallen off, for holders tried to maintain prices that were too high to offer any hopes that buyers could possibly get out whole in the face of the downward pressure on rents. In some places there is a growing amount of investment buying in real estate that is most encouraging. Construction work has fallen off a bit during the past two weeks, but there is still enough work under way and in sight to keep the construction industry well occupied for some time to come. The drop in new work has had a tendency to steady construction prices and minimizes the danger of price inflation that brought about the slump in building last spring. Banks are conservative in their loans on real estate and new construction, and are succeeding admirably in keeping prices down to a fairly reasonable basis. They are watching the situation very closely.



CONVENTION DATES

New England—at South Poland, Me.,
comprising all New England States, June
20-21.



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MERCHANTS NATIONAL LOSES TWO JUNIOR OFFICERS

Two junior officers of the Merchants National Bank of Boston left on May 17 to become treasurers of trust companies in other parts of New England. George H. Higgins, who has been in charge of the Merchants' loan department for seven years, goes to the North Adams Trust Company, North Adams, Mass. Chester L. Harris, assistant to the credit manager for several years, goes to the Winthrop Trust Company at New London, Conn. Both Mr. Higgins and Mr. Harris have been with the Merchants for about twelve years. Mr. Higgins was formerly with the State National Bank and Mr. Harris with the Old Colony Trust Company. They are both graduates of the American Institute of Banking. Mr. Higgins was president of the Boston Chapter in 1920.

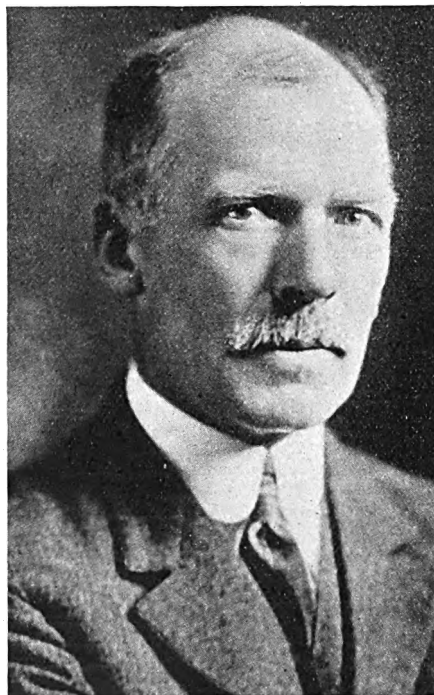
NEW LABOR BANK FOR BOSTON

The Brotherhood of Locomotive Engineers National Bank of Boston opened May 24, in that city, according to an announcement in *The Journal of Commerce*.

NEW OFFICERS OF THE BOSTON CLEARING HOUSE ASSOCIATION

Walter S. Bucklin, president of the National Shawmut Bank of Boston, was on April 13 elected a member of the clearing house committee of the Boston Clearing House Association. Mr. Bucklin succeeds Alfred L. Aiken, who retired as director and chairman of the board of the National Shawmut Bank. Alfred L. Ripley, president of the Merchants National Bank, has been re-elected president of the association, and Frank H. Wright, cashier of the Second National Bank, has been re-elected secretary. Besides Mr. Bucklin, the members of the

committee are: Philip Stockton, president of the Old Colony Trust Co.; Daniel G. Wing, president of the First National Bank; Herbert K. Hallett, chairman of the board



ALFRED L. RIPLEY

President Merchants National Bank, Boston, who has been re-elected president of the Boston Clearing House Association

of the Commonwealth-Atlantic National Bank; Charles E. Rogerson, president of the Boston Safe Deposit & Trust Co., and Thomas P. Beal, president of the Second National Bank.



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(Broad & McKean Sts.)	Phila., Pa.	Braddock National Bank,	Braddock, Pa.
Philadelphia Savings Fund Society,		Dexter Horton Nat'l Bank,	Seattle, Wash.
(11th St. & Lehigh Ave.)	Phila., Pa.	Chemical National Bank of N. Y.,	
Commercial Savings & Loan Co.,		New York, N. Y.	
	Cleveland, Ohio	Second National Bank,	Atlantic City, N. J.
First National Bank,	Fort Wayne, Ind.	Commonwealth Atlantic Nat'l Bank,	
Pennsylvania Trust Co.,	Pittsburgh, Pa.		Boston, Mass.
Brotherhood Relief & Comp. Fund,		Kimball Trust & Savs. Bank,	Chicago, Ill.
	Harrisburg, Pa.	Guarantee Trust and Safe Deposit Co.,	
First National Bank,	Chillicothe, Ohio.		Shamokin, Pa.
Meyer-Kiser Bank,	Indianapolis, Ind.	Peoples Banking & Trust Co.,	Marietta, O.

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ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

IN the lower section of the South, the crops will soon begin to move. Louisiana's potato plantings seem to be especially vigorous. By the end of May, the shipping will be in full swing. The favorable conditions are especially bright in those sections that planted certified seed.

Speaking generally for the South, the good weather since Easter has enabled the farmers to push their work so rapidly, that the business outlook is more encouraging than the mercantile records of the past month or so would seem to justify. The planting of the crops that mature later in the year, however, is several weeks behind hand, due to the unfavorable weather that preceded the more recent good spell.

This is especially true in the cotton and sugar belt. In the former, the wet weather retarded the preparation of the ground. In the latter, the frost late in March checked the growth of the young cane. The sugar situation, by the way, is such as to make men ponder.

Cotton planters seem to be better fortified against the boll weevil than they have been for several years. For one thing, more calcium arsenate is being shipped into Georgia, Alabama and Mississippi—the three states so terribly affected by the ravages of the pest—than last year. For another thing, the National Boll Weevil Control Association is becoming an important factor in the production of the staple. It is having a stronger influence than was anticipated upon arousing the planting interests to co-ordinated effort in control.

Georgia and Florida report an increase in the tobacco acreage; Tennessee a decrease. Louisiana's strawberries were slightly hurt by the late freeze, but the crop is enormous, the prices good, and indications are that the receipts of the Tangipahoa section will exceed last year's record. Naturally, the truck gardens were badly nipped by the frosts.

The Satsuma orange industry on the Mississippi and Alabama coast was badly hurt, though the damage was considerable in the St. Tammany Parish section of Louisiana, where a beginning is being made in citrus. The movement of citrus from Florida shows a big increase.

The story that is told by the business returns of the department stores of the South needs an explanatory foot-note. The Sixth Federal Reserve District shows a general decrease of more than 8 per cent. in March compared with the same month last year. Only one of the principal centers of the district shows an increase. That is Chattanooga, whose retail sales in March were nearly 10½ per cent. better than in March, 1923. The decreases range from 20 per cent. in Savannah to 0.4 per cent. in Jackson. Easter, however, came this year in April, while last year it came in March, so it was simply a question of postponing the seasonal buying.

Another fact that is significant is that the well-established stores, catering to the better class of business and not depending for their sustenance on forced sales do not find themselves in the red. It is believed by many thoughtful merchants that the public is about fed up on sales—that is, on the indiscriminate sales. Seasonal clearances—yes; birthday sales in the case of well known establishments, where another milestone means something—fine; but the eternal drumming of sales—sales—sales in the ears in season and out of season has become as ineffective as the iterated cry of "wolf" in the fable.

Though anything like authentic figures are unavailable, it is unofficially reported by representative wholesale and retail establishments that the April business has shown a marked improvement. First because of the normal Easter buying. And second because of the better feeling in the country section, where, with the early crop discouragements in the background, the buying has picked up. Then, too, the traveling men of the wholesale firms making the country in automobiles have been able to get

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Resources . . . \$12,500,000.00

over the roads that were formerly impassable.

This does not mean that there is anything like a boom in business under way or expected. Buying is on a hand-to-mouth basis, and no doubt will so continue throughout the present year. It is a condition that is not without its compensations. It indicates a steadiness and a control that are the foundations of successful enterprise. It shows that this section has not forgotten the lesson of inflation.

Banks report a larger demand for funds than at the same time last year, and all legitimate calls are being met. Demand deposits are somewhat lower, but savings deposits show an increase; and debits to individual accounts are considerably larger.

Building permits generally show an increase. Production of lumber is about 90 per cent. of normal and orders 85 per cent. of normal.

An interesting extension of the river freight transportation was made in May when the steamer "America" restored the New Orleans-Ouachita service, abandoned twenty years ago due to shoaling of the water. The rivers tributary to the Mississippi have had their channels dredged by the Government, and the "America" resumes service with a guarantee by New Orleans business men. This means a return of much business to New Orleans that went during the interregnum to St. Louis. New Orleans has the advantage in railroad rates. The reduced water rates will now turn the tide.

The Government barge line on the Mississippi, so important to the Mississippi Valley in general and the South in particular, has been steadily increasing its busi-

ness. It is a factor of tremendous economy to the business of the territory served, and this territory is not limited to the river section, but extends hundreds of miles inland, because of the joint river and rail rates based on the reduced costs of water transportation.



CONVENTION DATES

North Carolina—at Asheville, June 4-6.

American Institute of Banking—at Baltimore, July 15-18.

West Virginia—at Bluefield, July 16-17.

A. I. B. NATIONAL CONVENTION NEXT MONTH

The National Convention of the American Institute of Banking will be held this year in Baltimore during the week of July 14. Any one who has attended an institute convention will agree that an occasion of this kind is productive of inestimable benefit.

Many are inclined to believe that the convention is merely a social affair. While the social advantages are many, the A. I. B. Conventions as they are now conducted are of vast importance as a source of learning and education to every progressive bank man.

The departmental conferences are one of the outstanding features. In them lies the real meat of the convention, because they give one the advantage of rubbing elbows with bank men and women of every part of the country and discussing with them banking problems of mutual interest.

Separate conferences are conducted every day in most every branch of bank activities; hence if you are in the auditing department or in the credit, transit, foreign exchange, or any other department, all you have to do is to find the room where the conference in which you are interested is being held, step in, and in a few minutes you will find yourself in a lively discussion.

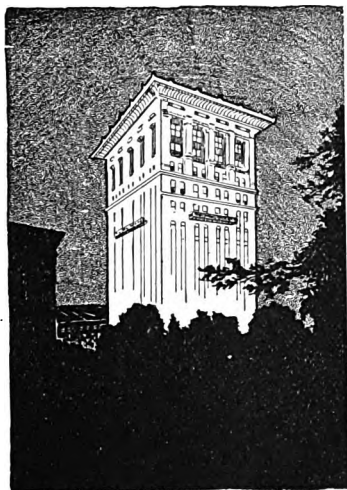
These conferences generally begin with a luncheon, followed by one or more talks, after which general discussion is in order.

After the convention it is planned to move on to Washington, where the Washington Chapter will entertain for a day.

For the benefit of chapter members who may be contemplating the trip, the following program as released by the National Program Committee is given at this time:

Monday, July 14—Bank visitation and smoker.

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE—Over fifty-eight
years

STRENGTH—Capital and Surplus
\$4,000,000.00

OFFICERS—Experienced, capable and
well versed on conditions
and credits thruout this
territory ;

invites your business

JOHN M. MILLER, JR.
President

Resources over \$32,000,000

Tuesday, July 15—Opening convention session, departmental conferences, and national debate, followed by dance.

Wednesday, July 16—Departmental conferences in the morning. Trip to Annapolis in the afternoon.

Thursday, July 17—Departmental conferences, chapter president's conference, women's conference, and sightseeing trip. Caucuses.

Friday, July 18—Departmental conferences. Closing convention session and farewell ball.

Saturday, July 19—Washington Chapter will entertain in their city all day trip.

TWO MEMPHIS BANKS MERGED

On May 6 the proposed amalgamation of the Union and Planters Bank and Trust Company of Memphis and the Guaranty Bank and Trust Company of that city, became effective, and the former Guaranty Bank and Trust Company is now operated as the "Guaranty Office" of the Union and Planters Bank and Trust Company. The combined capital and surplus of the enlarged bank is \$4,250,000 and its total resources in excess of \$41,000,000.

In addition to the main office and the Guaranty office, the new bank maintains four branches. These are the North Memphis Savings Bank branch, Franklin branch, Main street branch and South Side branch. According to the *Memphis Appeal* of May 7, the Union and Planters Bank and Trust Company on the preceding day exchanged its present building, together with \$250,000 in cash, for the Security Building, a handsome twelve-story structure erected in 1923 at the southeast corner of Front street and Madison avenues, and valued at \$1,340,000. It is expected that alterations will be completed in time for the bank to occupy its new quarters by August 1.

The personnel of the enlarged Union and Planters Bank and Trust Company is as follows: Frank Hayden (heretofore president of the Guaranty Bank and Trust Company) president; Gilmer Winston, L. C. Humes, Noland Fontaine, Frank S. Bragg, J. Ramsey Beauchamp and John T. Walsh, vice-presidents; Eldridge Armislead, cashier; W. F. Harper and J. W. Gaulding, assistant cashiers; Sam Holloway, attorney and trust officer, and Troy Beatty, assistant trust officer.



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ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

CONSERVATIVE optimism prevails among the bankers of the Central West, notwithstanding the undoubted recession in business that has occurred in the last month or so. This sentiment is inspired by the soundness of basic conditions and is heightened by the bright prospect of abundant farm yields this year. Politics, which is always an unsettling influence on business in a presidential year, is the principal cloud in the sky; next to that in menace, and somewhat akin to it in nature, is the disappointment that is felt at the disinclination of Congress to readjust the burdens of taxation in such a way as to encourage business revival. These two factors, it is expected, may retard the return of commercial activity; but not for long. The best observers would not be surprised to see some further slackening of trade after the national conventions are held, but they are not pessimistic as to the outlook after Congress adjourns and some of the uncertainties of the national campaign are removed.

Money is plentiful, but interest rates stand about the same as they have for several months. Commercial paper is being placed in moderate volume at $4\frac{1}{2}$ to $4\frac{3}{4}$ per cent., with a little of the choicest at 4 per cent. Collateral loans are $4\frac{3}{4}$ to $5\frac{1}{4}$ per cent., and customers' over-the-counter loans 5 to $5\frac{1}{2}$ per cent. Rediscounts at the Federal Reserve Bank are only a little more than \$50,000,000, or near the lowest figures recorded since the war. Borrowing demand is not heavy, as there is a general disposition among manufacturers to reduce their inventories as much as possible, and among merchants to keep their stocks in healthy condition, buying little more than necessary for immediate needs.

There is considerable uncertainty as to whether the Federal Reserve Bank of Chicago will follow the example of the Reserve Bank in New York in reducing its rediscount rate from $4\frac{1}{2}$ to 4 per cent. Such a cut

may be brought about by pressure of public sentiment, or by a desire on the part of bankers to obtain thereby a reduction in the interest rates they must pay on deposits of out-of-town banks, in line with that recently made in New York; but it will not be done with much enthusiasm or with any idea of the efficacy of such a measure as a stimulant to general business.

"Money rates generally reflect or follow business conditions," said James B. Forgan, chairman of the board of the First National Bank, Chicago, "but they do not govern the degree of activity of business. When interest rates are low it is an indication that there is more money available for lending than is required for the conduct of business. That is the condition now. It does not follow that business would be stimulated by a lowering of rates or making the supplies of money more accessible to borrowers. In these circumstances I do not see how a reduction of the rediscount rate of the Reserve Bank would be of any benefit to either business or the banks.

"Fundamental conditions are all right. The only thing wrong with the situation is the political uncertainty of a presidential year, coupled with the disheartening effect on the public of recent proceedings at Washington which are not businesslike or confidence-inspiring. With this disturbing factor removed, and progress made toward the settlement of the reparations troubles abroad on the lines of the Dawes report, there would be a quick and favorable response on the part of business."

By a reduction in the rediscount rate the Chicago banks would obtain a downward revision of the interest rate they pay on balances of interior banks, which now stands at $2\frac{1}{2}$ per cent. It is possible that this may be the deciding consideration in the matter.

Wholesale business is running a little behind last year. This has been the case ever since January 1, and the lagging has been emphasized somewhat of late by the slowness of spring business in starting, due to unfavorable weather conditions. Merchants are



IN CLEVELAND
The UNION TRUST Co.
Resources over 270 Millions

more inclined than ever to buy from hand to mouth, and stocks as a rule are in good condition. This is indicated by the quick reflection in the wholesale markets of any broadening of the retail outlet for merchandise. There has been some downward revision of textile prices, but it has not increased the desire of retailers to lay in supplies. The large mail order houses continue to show gains in sales as compared with the corresponding time last year, but the percentage of increase has dwindled considerably in the last few months.

Manufacturing has slackened somewhat in activity in the last month. In the iron and steel industry mills are operating at about 80 per cent. of capacity as compared with more than 90 per cent. not long ago. Buying now is light, but the rate of production is kept up by liberal specifications against old contracts. The leading producer has nineteen of its twenty-seven blast furnaces in operation, and ingot output is at about 80 per cent. of capacity. Automobile makers are taking less steel than last month. The output of cars during the winter was unusually heavy, and the season of heavy

buying was slow in opening this spring. April sales were disappointing, but there has been marked improvement with the coming of warmer weather since the first of May, and prospects are brighter for the clearing up of the surplus of stored cars. Railroads are buying freely of rails and track accessories, but car orders have fallen off greatly. Car making plants are booked for about six months ahead, but the idea is quite prevalent that after that time there will be less activity. Pig iron has declined to around \$23, but the market now shows a tendency toward firmness.

Building operations are going ahead on a large scale, but in the last few weeks there has been a noteworthy falling off in the launching of new projects of magnitude. In dwelling and small apartment house construction there is no diminution of activity. This change in the attitude of promoters of large enterprises has affected the market for structural steel, which is much slower than it was a few weeks ago, although much material is still being shipped for buildings started earlier in the year. The waiting policy on the part of those contemplating

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Bond Department

J. B. CHRISTERSON, Manager

the erection of large buildings is attributed to the generally lower tendency of commodity prices, which gives rise to expectations of reduced costs. This change in the situation has not yet affected the materials markets. Brick supplies are less than the demand. In some parts of the lumber trade conditions are easier, but not enough to affect prices. An important factor in the situation is increased conservatism on the part of bankers in lending money for building at present high costs. Notwithstanding these adverse developments, building operations for the year as a whole are likely to be near to or in excess of those of last year, a record figure.

There was a substantial reduction in bank deposits and loans in the first four months of the year. An encouraging feature of the responses to the last call, however, was an increase of \$6,000,000 in savings deposits of the Chicago banks in the first quarter to a new high record. These accumulations continue to reflect full employment and thrift. In the interior sentiment is cheerful. If the farmer is discontented as some pol-

iticians represent, his dissatisfaction is not interfering with productivity. The acreage of winter wheat is only about 5 per cent. less than last year. A large acreage of corn is being planted. Cattle, hogs and sheep are numerous and fat. Prices of these products probably are not what they should be in the light of what the farmer has to pay for what he buys, but they are not prices that spell distress. Implement manufacturers are doing better than they have for several years. The business of the large mail order houses, which comes principally from agrarian districts, is one of the few to show at present an increase over last year, and indicates that family wants are being supplied without stint. Financially the country regions, with the exception of one Northwestern section where there is an embarrassing hangover of past troubles, are becoming stronger all the time. These reassuring conditions may attract more attention when the exigencies of politics no longer give such prominence to the study of the other side of the picture.

Superior Transit Service

Is an actual
attainment at

Commerce Trust Company

Capital and Surplus 8 Million

Kansas City, Missouri

CONVENTION DATES

Minnesota—at St. Paul, June 3-5.

Iowa—at Mason City, June 16-18.

Michigan—at Grand Haven, June 17-20.

Ohio—at Cedar Point, June 18-20.

Illinois—at Decatur, June 19-20.

Wisconsin—at Milwaukee, June 24-25.

American Bankers Association—at Chicago, September 29-October 2.

Investment Bankers Association—at Chicago, September 29-October 2.

M. R. STURTEVANT NEW PRESIDENT OF THE MISSOURI BANKERS ASSOCIATION

At the thirty-fourth annual convention of the Missouri Bankers Association, held in Kansas City, May 19-21, M. R. Sturtevant, vice-president of the Liberty Central Trust Company of St. Louis and former vice-president of the association, was elected president, succeeding S. E. Trimble of Springfield. Besides Sturtevant, others

elected were E. E. Amick of Kansas City, vice-president; W. W. Pollock of Sedalia, treasurer; W. F. Keyser of Sedalia, secretary, and E. P. Neff of Sedalia, assistant secretary.

Mr. Sturtevant has been in the banking field since 1901, when he was appointed national bank examiner of Oklahoma and Indian Territory under Comptroller of the Currency Charles G. Dawes.

He was treasurer of the Missouri Bankers Association in 1922, and before that also



M. R. STURTEVANT

Vice-president Liberty Central Trust Company of
St. Louis, newly elected president of the
Missouri Bankers Association

handled work for the association. His association with St. Louis banks dates from 1907, when he was elected cashier of the Central National Bank, and in 1909 he was made vice-president of the same bank, which consolidated with the Liberty Bank, forming the Liberty Central Trust Company, in 1921.

RELIANCE STATE BANK ELECTIONS

At a meeting of the board of directors of the Reliance State Bank, Chicago, W. P.

Tatge, formerly assistant cashier of the National City Bank of Chicago, was elected cashier. R. F. Kopperschmidt, at present vice-president and cashier, will remain as vice-president. A. C. Cremerius was elected secretary.

MISS FRIEDA MUELLER NAMED ON DEBT BOARD

Miss Frieda Mueller was recently appointed a member of the public debt commission of Milwaukee by Mayor Hoan. She



FRIEDA MUELLER

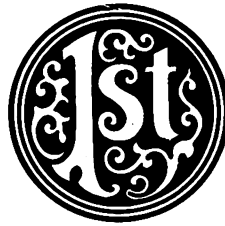
Appointed to the debt commission of Milwaukee Miss Mueller is believed to be the first woman in the country to assume such a position

succeeds W. H. Upmeyer, chairman of the commission and a member of that body for the last eighteen years.

Miss Mueller, who has been connected with the First Wisconsin Company of Milwaukee, is believed to be the first woman in the country to be appointed to such an office. As a member of the commission her name will be on all bonds issued by Milwaukee. The appointment is for three years.

The debt commission is also in charge of

1863



1924

Upon the foundation of sixty years experience and growth is based the present organization of

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This experience has developed a highly specialized service in both banks, applicable to the needs of banks and bankers.

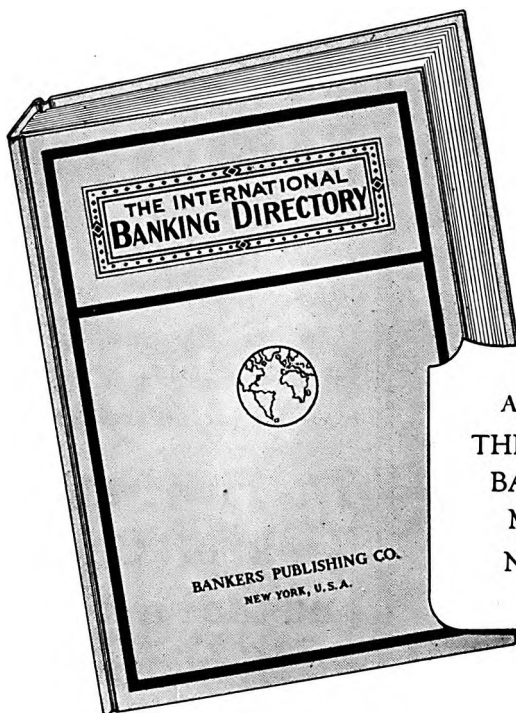
Calls and correspondence are invited relative to the facilities afforded for the transaction of domestic and international financial business of every conservative character.

***Combined Resources exceed
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Board of Directors of both banks

FRANK O. WETMORE
President
First National Bank of Chicago

MELVIN A. TRAYLOR
President
First Trust and Savings Bank



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the city's amortization fund, which now exceeds \$600,000. Others on the committee are I. D. Adler and William Gearhard.

Miss Mueller is a former school teacher, a graduate of Wellesley College and a member of the College Women's Club, the Business Women's Club and the Women's Advertising Club.

J. VINCENT CORRIGAN IS ELECTED PRESIDENT OF LIBERTY TRUST CLUB

J. Vincent Corrigan was elected president of the Liberty Central Trust Club of St. Louis, the announcement of the election being made at the fourth annual banquet of the company held April 22, at the Coronado Hotel, at which 200 members of the club were present, including the officers of the bank.

W. C. Connett, vice-president, acted as toastmaster, and called upon the retiring president, Harry Gnau, as well as Corrigan, for speeches.

J. L. Johnston, president of the Liberty Central Trust Company, acted as teller of the election, and announced the following successful candidates: J. Vincent Corrigan, president; George Holmes, first vice-president; Miss Anna McGreevy, second vice-president; Emil Bode, treasurer; Miss Viola Brunner, secretary. Board of governors, Robert D. Kerr, Harold Tilton, George P. McAndrew and Harry C. Hartkopf.

JOSEPH I. COOPER

Joseph I. Cooper, cashier of the Illinois Merchants Trust Company, Chicago, died at his home in Flossmoor on May 1, after several weeks' illness with pneumonia. His death is a shock to his friends, and a great loss to the bank which he served so faithfully for forty-two years.

Mr. Cooper was born in Polo, Illinois, on June 15, 1863. On March 20, 1882, when he was nineteen years old, he came to Chicago and entered the service of the Illinois Trust & Savings Bank as receiving teller. Later he became assistant cashier and finally cashier, and upon the consolidation of the Illinois Trust & Savings Bank with The Merchants Loan & Trust Company he was made cashier of the consolidated institution, which position he held until the time of his death.

Through his long service in the bank and his intimate connection with the financial de-

velopment of Chicago, Mr. Cooper enjoyed a wide acquaintance and numbered among his friends and close associates many of the leading business men of the city.

ANALYSIS OF CONDITION OF OHIO BANKS

Ohio's supervised banks—750 in number—continue their onward march and trend toward higher goals. Between the calls of December 31, 1923, and March 31, 1924, these institutions made a gain of approximately \$37,000,000 in resources and a gain of more than \$82,000,000 in deposits. During this period they also reduced their obligations for borrowed money and rediscounts in the neighborhood of \$7,000,000, while, at the same time, materially increasing their surplus accounts and reserves.

This record is distinctly creditable to these Ohio banks, indicating an increase in strength of position, wider use of banking facilities by the people of the state, and a splendid expression of public confidence in such institutions.

Resources and deposits registered their highest peaks under the call of March 31, 1924, resources amounting to \$1,760,593,168, as compared with \$1,723,887,658 reported on December 31, 1923; and deposits \$1,510,467,090, as compared with \$1,478,321,848, for the preceding call. Savings deposits totaled \$728,692,339 on March 31, 1924, as compared with \$710,962,927 on December 31, 1923. Time deposits for these dates were \$98,802,632 and \$98,082,479 respectively, a gain of more than \$700,000.

The large extent to which the banks met demands for funds for farming, building and general business purposes is reflected in the loans and discounts reported, which totaled \$1,109,873,743 on March 31, 1924, an increase of \$14,553,272 since December 31, 1923.

FEDERAL TRUST COMPANY SHOWS GAIN IN DEPOSITS

Kansas City's newest bank, the Federal Trust Company, showed a gain of 48 per cent. in deposits between the calls of December 31 and March 31, which in view of the general decline of deposits for the city as a whole, amounting to \$13,000,000 for the same ninety-day period, reflects very strongly the popularity of the new institution. This bank appears to have reached a fair earning basis in its first six months' business.



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tion contains the important banking decisions which the courts have rendered during the past five years.

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Name

Address

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

CONVENTION DATES

South Dakota—at Huron, June 17-18.

Colorado—at Boulder, June 20-21.

North Dakota—at Fargo, June 26-27.

Montana—at Bozeman, July 17-19.

New Mexico—at Albuquerque, September 12-13.

BANK PROGRAM AIDS NEEDS OF THE NORTHWEST

The business outlook in the Northwest is considerably brighter than it was at the end of April, according to special correspondence to *The Journal of Commerce*. Definite progress has been noted in the program to reopen closed banks and to encourage farmers to turn from wheat raising to dairying and diversified farming in order that agriculture may be more profitable.

The Agricultural Credit Corporation, formed at the suggestion of President Coolidge and backed financially by bankers and business men of New York, Cleveland, Detroit, Chicago and the Twin Cities, has made definite accomplishments during the last month. It has financed the reopening of several banks in key positions, and is now using its resources to promote dairying and stock raising.

The most important step taken by this credit agency is the financial assistance and backing given to the newly formed Northwestern Mutual Dairy Loan Association. Bankers, cattle raisers and dairymen of North Dakota co-operated with C. T. Jaffray, president of the Soo Line and chairman of the Agricultural Credit Corporation in the formation of the new association.

The authorized capital stock is \$3,000,000. Credit to the extent of \$100,000 was extended by the Agricultural Credit Corporation. The association is organized on the building and loan plan, and funds will be lent to wheat farmers who wish to turn from wheat raising to dairying. The security is a lien on the cattle. The borrower repays the loan by making monthly payments at the rate of \$1 per hundred dollars borrowed.

Bankers of the Twin Cities are of the opinion that the Northwestern Mutual Dairy Loan Association will be of value in helping farmers to enter the more profitable line in agriculture.

Action has been taken to deal with other phases of the Northwest's difficulties. In North Dakota the Guaranty Fund Commission has made an analysis of the banking situation and has notified the stockholders of more than seventy banks of the conditions on which these banks may be reopened. The regulations in some cases necessarily have been so stringent as to preclude the possibilities of reopening.

Proposals are being made in South Dakota for the revision of the state law guaranteeing bank deposits. A special session of the Legislature has been urged in some quarters for the purpose of giving the state a more satisfactory form of bank law. Critics of the present guaranty law assert the statute encouraged poorly managed banks.

The railroads find that the adverse publicity the Northwest received has not been to their advantage, and they are anxious to have the more favorable aspects of the business outlook brought to the attention of the people. The Great Northern Railway hopes to do this by taking a group of twenty representative Eastern newspaper men on a tour of the system in June. The party will leave Chicago on June 1 and will spend nine days in the Northwest, traveling to Seattle.

Prospects for trade in southern Minnesota and eastern South Dakota are good, according to reports of business men of Minneapolis and St. Paul who are out this week on their annual trade excursions. For twenty years Minneapolis and St. Paul have sent special trains with business men into the tributary trade territory.

E. T. RECTOR MADE DIRECTOR OF OMAHA NATIONAL

E. T. Rector of Omaha, president of the Fairmont Creamery Company, has been elected a director of the Omaha National Bank of Omaha, Nebr. Mr. Rector will

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C. H. Cooke, *President* E. D. Tenney, *Vice-Pres.*E. F. Bishop, *Vice-Pres.* Roxor Damon, *Vice-Pres.*G. G. Fuller, *Vice-Pres.* Frank Crawford, *Vice-P.*R. McCorristou, *Vice-Pres. & Cashier***Branch Banks:**—Lihue and Kapaa, *Island of Kauai*; Waipahu, Waiailua, and Pearl Harbor, *Island of Oahu*; Hilo, Kau, Kona, Kohala, *Island of Hawaii*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

also be elected a director of the Omaha Trust Company.

Mr. Rector has been president of the Fairmont Creamery Company for the last three years. Prior to that time he was vice-president of the company for twenty-two years. In 1922-1923 he was president of the American Association of Butter Manufacturers. The Fairmont Creamery Company is one of the largest butter manufacturers in the United States.

ANNUAL CONVENTION OF THE NORTH DAKOTA BANKERS ASSOCIATION

Many prominent men will be at Fargo to address the annual convention of the North Dakota Bankers Association which will be held June 26 and 27, according to an outline of the program announced by W. C. Macfadden of Fargo, secretary of the association.

Ilya Tolstoy, son of Count Leo Tolstoy, noted Russian leader, will be the principal speaker of the session, and will probably address a public gathering in the auditorium on the evening of June 27.

Dr. John Lee Coulter, president of the North Dakota Agricultural College; Robert E. Waite, secretary of the Arkansas Bankers Association, Little Rock, Ark.; Walter Lickenstien, of the First National Bank of Chicago; S. L. Cork, supervisor of the Royal Bank of Canada and Attorney A. G. Divet

of Fargo will be other speakers on the program.

During the convention an open discussion of banking subjects of importance at the present time, will be held.

Elaborate plans for the entertainment of the visiting bankers and their wives are also being made. A feature will be a golf tournament played on the links of the Fargo Country Club for the bankers' association cup. In the afternoon an entertainment will be held for the ladies, at the club.

On one of the two evenings an outdoor picnic will be held in one of the parks. A chorus of thirty voices will sing, and the North Dakota Bankers Association band will play. The band is made up entirely of bank employees.

NORTH DAKOTA BANK IS AIDING FARMERS IN PRACTICAL WAY

Practical help to the farmers of its community is being extended by the Farmers and Merchants State Bank of Granville, North Dakota. This bank recently purchased twenty pure-bred sires which were distributed among farmers whose notes were taken on a year's time at 8 per cent. M. J. Gorder, cashier of the bank, says of the immediate results of the project:

"Every farmer was well satisfied with the sire he purchased and we figure that it was the best move we ever made to help them. All the animals purchased were high grade registered stock. They range in age from six months to eighteen months. We are making a list of all the farmers in our territory so as to get the exact number of cows and hogs on farms, and also the acreage of corn, alfalfa, and sweet clover. We are working on a milk chart for the farmers and intend to buy the scales so that they will weigh their milk and have it tested. By doing this they will find out which are their poor cows and which are the good ones. We believe that a large percentage of the cows in this district are nothing but boarders."

Mr. Gorder reports that the local cream station recently bought \$4500 worth of cream in one month, so that it is evident that the seed sown by the Farmers and Merchants State Bank, in its movement for better dairy herds, will fall upon fertile ground.



Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

BY ROBERT J. SEVITZ

PRINCIPALLY because of special factors operative only in California, business generally in the Pacific section, taken as a whole, has shown a slight recession as compared with the late winter and early spring months. This is due to the fact that California transacts a large proportion of the total business done in the Pacific region, and any factors affecting her business are necessarily reflected in the statistics of the entire region.

The winter and spring seasons in California have been unusually dry. The future of all field crops is uncertain, and those not under irrigation are practically sure to suffer severe curtailment. Orchard crops will not suffer in the same ratio as the field crops, but probably will not be as extensive as in past years. Measures are already being taken to save the mountain water supply for summer use. Snow fall in the ranges was way below normal, and late summer irrigation is problematical. The power companies operating plants in the mountains have already begun to use oil for fuel to turn their dynamos wherever possible, to save the water supply for later use in irrigation.

Conditions in the livestock industry in California have been further complicated by a spread of the hoof and mouth disease to many scattered counties. Although many thousands of valuable cattle, sheep and hogs have been killed as a means of stamping out the epidemic, and every precaution was taken by Federal and state officials to guard against any spread of the disease from the few ranches where it showed originally, it seems to have some way gained headway and broken out at isolated spots in some of the larger livestock growing and dairying counties of Central and Southern California, and has shown at the stockyards both in San Francisco and Los Angeles. However, Federal authorities, now in complete control of the situation, feel that it will be stamped out by the end of the summer, if handlers of

livestock and dairy products will be cautious.

During the latter part of April, livestock growers whose animals had been slaughtered, received checks from the Federal Government for 50 per cent. of the appraised value of their stock. The appraisal was made by Federal and state authorities jointly. The California Bankers Association members pledged a loan of \$2,000,000 to be administered by the state to facilitate the payment promptly by the state to growers to cover the remaining 50 per cent. of the appraised value. This loan will run until the legislative bodies of the state can pass the necessary measures to appropriate the needed money from state funds. The first tender of money by the bankers was in amount \$600,000 and was made late in April. Checks were accordingly mailed to the first of the growers during the first week in May. In most cases the appraised value was approximately the market value of the animals slaughtered, and not counting time lost, of course, growers generally are not suffering heavy financial losses. However, to take an extreme case, the owners of one world's champion animal which was slaughtered received \$750, whereas they had been offered \$50,000 for the animal a few months before.

The effect of the quarantine regulations imposed in the hoof and mouth disease epidemic in California has been felt all over the Pacific and Rocky Mountain region, and in some instances can be seen to be reflected in measures passed by some of the far eastern states barring California produce, particularly livestock and livestock products, from their confines. Several of California's neighboring states, which draw heavily from its products, have placed a complete embargo on the movement into their confines of produce originating in California. The ban of course takes in livestock and dairy products, meats, hides, etc., but as well, notably in Oregon, Idaho, Nevada, and Washington, includes fresh fruits and vegetables. Already these restrictions have caused some losses to shippers of spring lambs and baby chicks, who depend on an

outside market. While fruit shipments at this season are not heavy, some growers, particularly those of early vegetables, are already also beginning to feel the sting of the ban. Some Federal authorities have held that this sort of ban on farm produce is unnecessary, as the disease can hardly be carried by most sorts of fruits and vegetables. Inasmuch as a large portion of California's income is derived directly from these selfsame products, some heavy economic losses will ensue if the interstate bans are maintained through the approaching harvest season.

An interesting article appeared in the April issue of the *Monthly Review* of the Mercantile Trust Company of California. The article was accompanied by tables prepared by them from latest figures of the Department of Agriculture, and shows that in spite of a general decline in the value of all livestock in the United States from \$5,179,006,000 on January 1, 1923 to \$4,913,431,000 on January 1, 1924, a decrease of 5.1 per cent., the value of sheep on the ranges and farms of the country increased 8.1 per cent., and the total number of sheep increased 3 per cent. over the same period. These figures have a striking significance to this section of the country when it is found that 60 per cent. of the total of sheep in the United States are on the Pacific Slope, including in this category the states of Wyoming, Colorado, Montana and New Mexico. Range conditions for sheep raisers have been excellent throughout the winter, and the year's shear of wool, now in progress, is reported as being of the highest quality. Prices offered growers varied in March from 35 to 47 cents a pound, this price ranging from 5 to 8 cents a pound lower than in March 1923. The volume of sales up to April 15 is likewise reported slightly below the level of a year ago.

With the exception of the factors set in motion by the hoof and mouth epidemic, business in general all over this region continues consistently good. Weather conditions have been favorable to the farmer in all sections outside California, and in that state late spring rains improved growing crops. A late frost in the deciduous fruit raising section of California is reported to have damaged the clingstone peach crop, used mainly for canning, approximately 30 per cent. of the state's total. Apricots, cher-

ries, pears and plums were as well slightly damaged by the unseasonably low temperatures.

Lumber operations in the Northwest following the curtailment noticeable in January and February are again going forward, although some of the smaller producers have cut down their production in the face of a general decline in prices. Shipments for March were approximately equal to those of February, and about 6 per cent. smaller than a year ago. This has been due to a relatively inactive demand from domestic markets, which is reported to have picked up somewhat in April.

Building operations as reported from twenty cities of the region showed a slight curtailment in March, as compared with March 1923; for the first month since July 1921, the total of permits being 2.1 per cent. less than a year ago. The number of permits, however, was slightly greater, and if adjustment is made for the slight lessening in the price of building materials over the past year, the total amount involved will no doubt be seen to have shown a slight increase. The cities where noticeable increases are shown are in the Pacific Northwest, indicating that that section's business activity is perhaps greater than that shown in other portions of the Pacific Slope region.

As an indication of the banking strength and business prosperity of the entire Twelfth Federal Reserve District, it is interesting to note figures made public by the Federal Reserve Agent at San Francisco showing that total discounts at the Federal Reserve Bank on April 16 were \$35,738,000, the lowest figure since November 1917, and total earning assets were \$77,586,000, the lowest since July 1918. Interest rates continue uniformly easy, and credit for worthy projects is abundant.

A survey of financial conditions in the Twelfth District for the year ending December 31, 1923, and made public by the Federal Reserve Agent under date of April 21, shows that 88 per cent. of the district is characterized as being in "good" areas, and only 2.1 per cent. falls in areas characterized as those laboring under "poor" conditions. The survey is compared with a similar one compiled for the previous year, and shows that the district in 1922 and 1923 changed little as far as conditions financially go, with a slight recovery, perhaps, in isolated districts characterized as "poor" a year ago.

CONVENTION DATES

California—at Yosemite Valley, June 4-7.

Washington—at Olympia, June 10-12.

Oregon—at Seaside, June 13-14.

Utah—at Ogden, June 13-14.

Idaho—at Boise, June 16-17.

Arizona—at Prescott, October 24-25.

BANK OF ITALY CONTINUES
TO EXPAND

According to the San Francisco *Chronicle* of May 4, the Bank of Italy, with headquarters in that city, on May 5 took over three more valley banks. They were the Hanford National Bank, Hanford, Cal.; the People's Savings Bank of Hanford, and the First National Bank of Shafter, Cal.—all of which, it was said, are old and well established banking institutions of the San Joaquin Valley region. On the same day the Bank of Italy opened a new branch in San Francisco, to be known as the Jones-Geary branch. In regard to the acquisition of the banks the *Chronicle* said:

"Merging of the three valley banks with the Bank of Italy will add more than \$650,000 in combined resources to the institution, making the total resources of the bank \$315,000,000. It also will increase the total of its banking offices in California to eighty-four branches, operating in fifty-nine cities."

The *Chronicle* also quoted Frederick R. Kerman, a vice-president of the Bank of Italy, as saying:

"We are now but \$10,000,000 behind the sixth bank in standing in the nation, and aim to pass that before the middle of the summer. There are but two banks outside of New York that have greater resources than ours."

The *Chronicle* further stated that simultaneously with the announcement of the conversion of the interior banks, plans were made known for the erection of a large office building of six or seven stories, with a ground floor space of about 75 to 200 feet, in Hanford. Negotiations for the purchase of a site were then under way, it was said.

SEATTLE BANKS MERGE

At a joint meeting of the stockholders of the Dexter Horton National Bank and the Seaboard National Bank, Seattle, held on May 9, the proposed merger of the latter institution with the Dexter Horton National Bank was ratified. The total resources of



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Thirty-three Banking Offices in

Los Angeles

Hollywood - Long Beach - Pasadena - Glendale
South Pasadena - Highland Park - Eagle Rock
San Pedro - Huntington Beach - Burbank
Lankershim - Santa Monica - Montebello
Wilmington

the enlarged bank, it is said, will be in excess of \$40,000,000, making it one of the largest banks on the Pacific Coast north of San Francisco. According to a statement issued by W. H. Parsons, president of the Dexter Horton National Bank, Charles H. Howell, now president of the Seaboard National Bank, will become a vice-president of the enlarged bank, and manager of the Dexter Horton Seaboard branch (the former Seaboard National Bank) at Pike street and Westlake avenue; Frank E. Burns, long associated with Mr. Howell as vice-president, will also become a vice-president of the enlarged bank, while Lester McCash, at present the cashier of the Seaboard National Bank, will be made assistant manager of the Seaboard branch under Mr. Howell.

John P. Duke, for the past three years supervisor of banking for the state of Washington, recently resigned his office to become a vice-president of the Dexter Horton National Bank. Mr. Duke, who has had many years of practical banking experience in the Pacific Northwest, was connected at one time with the Union Trust Company of Spokane, and prior to his appointment as state supervisor of banking served as vice-president of the State Bank of Palouse, Wash. In his new position Mr. Duke will be in charge of the state-wide activities of the Dexter Horton National Bank, particularly the scores of banks which are correspondents of the institution in the State of Washington and the Pacific Northwest. In announcing Mr. Duke's election as a vice-president, Joseph A. Swalwell, president of the Dexter Horton National Bank, was quoted in the *Seattle Post-Intelligencer* of May 6 as saying:

"We are particularly gratified to bring into the bank a man so well known among Northwest banks and so closely in touch with conditions throughout the state. Having first-hand knowledge of banking and business conditions by reason of his long experience as a banker and his administration of the State Banking Department, Mr. Duke

will prove a valuable addition to our official staff and lend great assistance in further extending the bank's business activities."

Charles Minshull, at present assistant supervisor of banking, has been appointed by Governor Hart to succeed Mr. Duke as supervisor.

LABOR BANK IN PORTLAND

The Brotherhood Co-operative National Bank of Portland, recently incorporated with a capital of \$200,000, will begin operations about the end of August, according to announcement made here by officials of the bank. Application for a national charter has been approved by the Comptroller of the Currency at Washington, and more than half of the 2000 shares of stock in the concern has already been subscribed. W. R. Croyle, vice-president of the Brotherhood Co-operative National Bank of Spokane, and vice-president of the local Brotherhood Investment Company will remain in charge of the Portland office of this bank until the new bank is opened.

The local committee consists of J. N. Smith, veteran engineer of the Union Pacific lines; J. B. Rhodes, general chairman of the Order of Railway Telegraphers; T. J. Clow, for many years a passenger conductor on the Southern Pacific lines; F. N. Wells, general chairman of the Brotherhood of Railway Clerks, and R. L. Walter, representative of the Brotherhood of Locomotive Firemen and Enginemen.

The policy of the brotherhood banks of buying supplies and equipment in cities where they operate will be followed in Portland. The bank staff will be local people.

Henry E. Cass, formerly with the brotherhood bank at Cleveland, has charge of the organization's interests on the Pacific Coast. Mr. Cass is also president of the Pacific Brotherhood Investment Company, which will be operated in connection with these banks.



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

TARIFF changes contained in the federal budget and the British labor government proposals to abolish the preferential McKenna duties, have been disturbing elements in a business situation which has been showing improvement and progress so far as important fundamentals are concerned. These indications include an increase of 9.3 per cent. in car loadings to date this year, an increase of 29.4 per cent. in building permits issued during the first three months, an increase of 5.6 per cent. in bank clearings for four months, an increase of 19.6 per cent. in the year's crop movement to date, an improvement of 15.7 per cent. in the balance of trade for the last year, and an increase of about 5 per cent. in gross railway earnings. Savings deposits in chartered banks show a decline of 2.1 per cent. and current loans of 5.1 per cent. However, credits to current business have probably shown considerable expansion when the failure of the Home Bank and the adjustments of losses of some other banks are taken into consideration, while another factor in the same connection has been a change in the bank statement to include a new item of about \$15,000,000 of non-current loans. The decline in savings deposits has undoubtedly been more than counterbalanced by deposits in provincial and federal governments.

The Canadian Government's fiscal program includes tariff reduction on farm implements and other machinery of production employed in fundamental industries; also adjustments in the sales tax looking to a reduction in the cost of living. The changes have been dictated to a large extent by the Progressive Party, representing agricultural opinion particularly in Western Canada. The government is meeting a demand for a reduction in the protective tariff on the part of the farmers, and for cheaper living on the part of the working classes. The soundness of such a policy will depend

on whether it will work to improve general conditions to an extent which will offset the additional handicaps which have been placed on the farm implement and certain other manufacturing industries.

The first disturbance caused by the announced tariff changes is passing as adjustments are being made and concessions are being extended in the way of drawbacks on the exported raw materials of those industries facing a lower margin of protection. Altogether it is a question as to whether the changes which have been made will actually do serious harm, but the proposals indicate a move that may be extended further should it meet with popular approval. This disturbance of confidence in industry cannot but be regarded with apprehension in a period of adjustment.

The budget is also regarded with disappointment in certain industries which had hoped for additional protection under the extraordinary circumstances prevailing. These include the woolen manufacturers, who are losing business owing to increased importations of British goods, and certain other industries competing with European products upon which the actual protection of the present tariff is cut to a fraction because of valuation for duty purposes on the basis of depreciated currencies.

Should the British labor government carry out the Snowden proposals to abolish the McKenna duties, the Imperial preference under which Canada has built up an important export trade in automobiles will disappear. Certain other industries which have been benefitting by this preference will be in a similar position. For the most part, this has to do with American manufacturers who establish branches in Canada to take advantage of this preference as compared with exports from the United States. Exports from the United States and Canada would be on the same basis, under the change proposed, and it is a question as to whether exports from factories in this country will be continued. Of course, if all import duties are abolished by Great Britain, then

the Canadian plants may also be employed, as well as the American.

Should the McKenna duties be abolished and Imperial preference disappear, Canada and Australia may be drawn into closer trade relations with benefits for Canadian manufacturers. Canadian exports to Australia would undoubtedly increase very rapidly under a preferential arrangement. Business in automobiles, newsprint and other products would probably soon reach proportions which would more than take care of any decline in exports to Great Britain.

The current business situation throughout the country continues to show improvement. Canada has been slow to recover and has not enjoyed the degree of prosperity with which the United States has been favored. Now, however, while a decline is under way in the United States, Canadian conditions show an improvement which it is felt will continue, with fundamental conditions sound. Confidence is felt, too, that an adjustment is being smoothly made in the United States, and that as there has been no serious overproduction there will be no marked depression. It is felt that Canada should be in a position to benefit by the gradual improvement in European conditions, without being affected by the adjustment in the United States.

Backward spring weather has delayed agricultural operations to some extent, but seeding has been accomplished under generally satisfactory conditions. There will probably be some increase in the acreage of wheat in Western provinces with the exception of Alberta, but increases are reported in the acreage of flax as well as corn and other ensilage crops. This indicates a satisfactory change in conditions. Wheat farmers are being replaced by, or being transformed into, mixed farmers. There is increasing interest in the raising of live stock; breeding is being studied much more widely, and the outlook for marketing cattle, sheep and hogs is more encouraging. And not only are the farmers showing a disposition to improve methods and meet market conditions, but they are doing so without going into debt unduly. Banks report that demands for funds this spring are moderate and that the farmers are not showing that disposition to gamble on high production which has been a failing in the past. With diversified crops, and an all-year-round income against capital investment, the days of the wheat gamble are passing.

A return to the gold basis for Canadian

currency is being urged by the Royal Bank of Canada. It is pointed out that the United States until recently was the only country on a gold basis: "Sweden, a country with a higher price level than Canada and a gold reserve little superior, is reported to have resumed gold payments. If Canada now took this action she would be the first country actively engaged in the war from start to finish, to do so. Her credit standing would be enhanced all over the world. Capital, ever apprehensive of the risks of exchange fluctuations, and rendered thoroughly nervous by the vagaries of European monies, would see in this country a safe haven for investment. This is one of the steps open to us at the present time which would tend decidedly to advance us on our way to progress and development."



CONVENTION DATE

New York Bankers Association—at Mount Royal Hotel, Montreal, June 23-25.

NEW PRESIDENT OF CANADIAN BANK OF COMMERCE

Succeeding the late Sir Edmund Walker, Sir John Aird has been made president of the Canadian Bank of Commerce, while Sir Joseph Flavelle has been appointed to the newly-created position of chairman of the board with general supervision of matters of policy.

"In the appointment of Sir Joseph Flavelle as chairman of the board," observes *The Financial Post*, "a new departure in Canadian banking has been taken, which recognizes the importance of having matters of policy and public relations handled apart from questions of management; it promises well for the future of the institution." *The Post* continues:

"In recent years there has been a growing recognition of the importance, under democratic government, of not only serving the public, but of making the public appreciative of that service. There is now that hard-headed, efficient banker, Sir John Aird—than whom there is no man in Canada with greater experience, more thorough technical knowledge and an extraordinary and exemplary devotion to and love for this work—in the chief executive position, while presiding over the deliberations of the board of directors and giving them the benefits of

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his wide experience on questions of policy Sir Joseph Flavelle will provide that broader vision so necessary in the consideration of the interests of the public, of depositors and of borrowers, if the bank is to continue to make the best showing for its shareholders."

WEYBURN SECURITY BANK

Net profits of the Weyburn Security Bank of \$40,270 for the year 1923 compare with \$48,427 in 1922 and \$46,628 for 1921. A reduction in the dividend rate from 7 to 5 per cent. for the second half of the year reduced the amount required for distribution from \$36,719 to \$31,474. Taxes on circulation took \$6656, and \$4001 was written off fixtures, leaving a balance of \$15,108, as compared with \$16,979 brought forward. Following are comparative figures:

	1923	1922	1921
Balance forward	\$16,979	\$16,144	\$14,306
Net profits	40,270	48,427	46,628
	\$57,249	\$64,571	\$60,934
Dividends	\$31,474	\$36,719	\$36,719
Bank fixtures	4,001	3,240	3,782
Tax on circulation	6,666	7,633	4,289
Balance	15,108	16,979	16,144
	\$57,249	\$64,571	\$60,934
Earnings on capital	7.7	9.3	8.9

The balance sheet shows an increase of \$49,000 in current loans and a new item of \$135,000 for non-current loans under the amended bank act. Bank balances in Canada and abroad were considerably decreased. Savings deposits showed an increase of over \$87,000, but demand deposits were down by about \$270,000.

BANK DEBITS AND CLEARINGS

The total recorded bank debits to individual accounts at the clearing house centers of Canada, in other words, the aggregate amounts of the checks charged against deposit accounts in these places, were \$1,965,982,072 in March, 1924, a substantially lower figure than the February bank debits of \$2,179,587,756, or the January bank debits of \$2,171,653,377. Bank clearings for March showed a similar tendency, aggregating \$1,174,278,616, as against \$1,274,182,415 in February, and \$1,387,398,716 in January.

The decline in bank debits, though marked, was by no means universal. Of the five economic areas into which Canada is naturally divided the Maritime provinces and the Pacific provinces showed increases as compared with February of 3.8 per cent. and 5.2 per cent. respectively, due in the former case to greater business activity at Halifax and Moncton, and in the latter to an increase of nearly \$7,000,000 in the bank debits at Vancouver.

On the other hand, bank debits in Quebec, Ontario and the prairie provinces showed marked declines, which are more than accounted for by decreases in bank debits at the three great centers of business activity—Montreal, Toronto, and Winnipeg. How far these decreases were due to a fall in the volume of business done in the stock markets is a debatable point but undoubtedly this was a contributing factor, the shares sold on the Montreal Stock Exchange, for example, declining from 294,207 in February to 223,-

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219 in March. Among the smaller cities, Quebec showed an increase from \$36,141,889 in February to \$40,343,969 in March. Ottawa from \$115,719,757 to \$124,107,779, and Regina from \$18,900,546 to \$21,449,002.

CANADIAN INDEX NUMBER

The index number of wholesale prices in Canada during the month, compiled by the Canadian Bank of Commerce, registers a decline in the case of both exports and imports, the former falling from 150.30 to 145.82, and the latter from 166.04 to 163.87. The number for imports and exports combined has fallen from 158.17 to 154.84. The chief declines have taken place in oats, bacon, butter, cheese, flour, hides, wood pulp and silver among the exports, and in sugar, iron, steel, tin, anthracite coal and coke among the imports. Wheat, raw cotton, rubber and binder twine have risen in price.

Apparently the slight improvement in prices which has characterized the early months of the year is giving way to the general movement toward a lower level.

BANK OF MONTREAL REPORT

The half yearly report issued by the Bank of Montreal reveals a number of notable changes in finances of the bank. The real feature of the report is the heavy growth reflected in savings deposits, the institution having apparently profited from the prevailing uncertainty in the Canadian banking field. These are up from \$413,363,158 to \$467,749,594, an increase of over \$54,000,000. Total assets have increased from \$655,608,249 to \$679,934,064, or \$24,000,000. Total liquid assets amount to \$394,814,161, or 64.48 per cent. of liabilities to the public, showing an increase of \$33,000,000 over last year.

There was a marked increase in the bank's holdings of Dominion and Provincial Government securities, which are up from \$44,472,182 to \$73,173,009; railway and other bonds, debentures and stocks are up from \$3,006,517 to \$9,487,687, while Canadian municipal and British foreign and colonial public utilities are up \$11,000,000, to a total of \$45,912,961 against \$35,192,972 a year ago.

The position of current loans and discounts is reflective of the general situation with regard to industry and business in the Dominion today, and shows a decrease of around \$15,000,000.

Special Travel Movements of 1924

THE present summer promises to set a high-water mark for the number of American travelers to Europe, surpassing even that of the pre-war days of low priced pleasure travel.

In addition to the summer tide of tourists, which has steadily increased since the close of hostilities, 1924 will witness an unprecedented number of special travel movements from this side of the Atlantic. No less than thirteen large ocean liners have either been especially chartered, or the greater part of their cabin accommodations reserved to provide for these movements. They will sail from various American ports on dates arranged to fit in with the plans of the various organizations who are to hold conventions in Europe. Practically all of the delegates have made preparations for more or less extended pleasure travel abroad and consequently it has been necessary to reserve transportation facilities and hotel accommodations to meet their requirements in almost every section of the Old World.

Perhaps the largest of these special travel movements occurs in consequence of the meetings of the American and Canadian Bar Associations in London during the month of July. Fifteen hundred prominent lawyers, many with their families, are to attend this convention and practically the entire cabin accommodation of three great Cunard liners has been reserved for the occasion. S. S. "Berengaria" will sail on July 12, S. S. "Aquitania" on July 9 for Southampton, and S. S. "Laconia" on July 12 for Liverpool.

For the members of the Canadian Bar Association a special sailing of the S. S. "Montlaurier" of the Canadian Pacific Line has been arranged. This ship will leave Montreal on July 8 with a party of 350.

According to officials of Thos. Cook & Son's New York office, which has secured hotel accommodations in London for these delegates a great number of

them have planned to travel on the Continent at the close of the convention.

The meeting of the Advertising Clubs of the World, to be held in London during the month of July, will draw a thousand or more delegates from the United States. The greater number of these will cross on the specially chartered S. S. "Republic" of the United States Line, and return by the S. S. "Lancastria."

The World's Ninth Sunday School Convention is scheduled to take place in Glasgow in the middle of June. Two special sailings: the S. S. "Cameronia" from New York on June 7 and the S. S. "Marloch" from Montreal on the same date will take in the neighborhood of 1000 delegates to Glasgow. In connection with this convention a special cruise tour to the Mediterranean countries and the Holy Land, sailed from New York on April 10 by the S. S. "Braga." This party of forty delegates will continue back across Europe arriving at Glasgow in time for the opening of the meetings.

One of the most interesting events of the summer is the First World Power Conference, to be held at the Palace of Engineering at the British Empire Exhibition beginning June 30. This will be attended by two or three hundred representatives of the leading Engineering Societies of this country who will cross on the S. S. "Scythia" on June 19. After the meeting at London a number of these delegates will join a special series of tours to the great power plants of Great Britain and the Continent, organized by the engineering societies of the various countries visited.

Two other travel movements which have excited great interest in Canada are the special tour of the Canadian Weekly Editors, sailing from Montreal on June 11 by the S. S. "Melita," and the Canadian Catholic Pilgrimage, sailing from Montreal by the same steamer on July 9.

These two parties will account for

300 more tourists from this side of the Atlantic.

The Annual Summer Cruise to the Mediterranean, organized for the vacation months by Thos. Cook & Son will sail from New York on July 3 by the specially chartered S. S. "Tuscania" of

the Cunard-Anchor Lines. Five hundred Americans from all sections of the country have been booked for this trip, which will make the complete circuit of the Mediterranean, including the Holy Land and Egypt, returning to New York on September 2.



Bankers' Views on Business Outlook

THE effect on business of the Washington investigations, political conditions and delay in income tax revision were freely discussed by bankers gathering at Augusta, Georgia, from all parts of the country for the annual spring meeting of the executive council of the American Bankers Association, April 28 to May 1.

Walter W. Head of Omaha, Nebr., president of the association, said in regard to Washington investigations:

"The investigations at Washington have had no materially ill effect on business conditions throughout the country. Honest business and honorable business men—and this includes the great majority—have nothing to fear from such investigations. On the contrary, in one respect, there is a good effect: Any individual who contemplates or is guilty of improper conduct has additional reason to fear the righteous indignation of his fellow citizens. The investigations did not contemplate the establishment of any new principle of Governmental attitude toward business. They simply undertook to determine whether or not individual office holders or other individuals had violated age-old standards of personal honor and integrity.

THE QUESTION OF TAX REVISION

"The delay in the revision of taxes—particularly income and excise taxes—necessarily hampers business initiative.

Taxes are a part of the expenses of business and no business can proceed unless it knows definitely what its expenses are. Under present conditions business men are being forced to 'carry on' for several months without knowledge of the amount of taxes which they must pay. This is not conducive to the aggressive leadership which the present situation requires. These handicaps should be removed by Congress at the earliest possible moment.

"The most important political question upon which business depends today is the settlement of the foreign trade situation. We have great hopes that the commission headed by General Dawes has pointed the way to economic and political stability in Europe. If this should be accomplished a great weight will be lifted from American commercial and industrial activity.

PRACTICAL AID FOR AGRICULTURE

"The most practical aid the Government can give to agriculture is to expand the foreign market for surplus agricultural products and to assist the farmers in transferring their activity from the production of unsalable commodities to the production of commodities for which there is a sufficient demand to insure a price which will return the cost of production and yield a fair profit. The foreign market for agricultural products will be extended to a material degree by the settlement of European political

and economic difficulties. It is doubtful, however, if this alone will suffice to restore prosperity to agriculture. We are raising too much wheat and we must transfer our efforts to other farm products. The Government should assist in this necessary transition, insofar as assistance can be granted upon a sound economic basis. The Government should not and can not successfully engage in efforts to fix prices or otherwise provide an artificial stimulus which will not bear the test of sound economic policy.

MONEY CONTINUES EASY

"Interest rates undoubtedly are easier than they have been for some time and may continue somewhat below the prevailing rates of recent years. I do not believe that the Federal Reserve rediscount rate should be lowered at this time or in the immediate future. It is not likely that present low rates will continue for a long period and the Federal Reserve rate should not fluctuate to extremes."

SAYS INVESTIGATIONS HAVE HURT THE SECURITIES MARKET

Oscar Wells, of Birmingham, Alabama, second vice-president of the association, said:

"There is but little question that the markets for securities as well as for commodities are being affected by the investigations and exposures by various committees acting under Congressional authority at Washington. Of course this means an effect on business, for business cannot be normally conducted if its securities are depressed or the prices of its products are disturbed. Business men, however, are becoming accustomed to analyzing such disturbances and, therefore, they are not very great; and do not believe that in the present situation business is being vitally or substantially hindered by the political investigations.

"The business men of the nation generally are very much concerned with the principle involved in tax revision; and

the delay, which is largely brought about by political sparring between party leaders, is a very definite hurdle to present business progress."

SISSON DISCUSSES HARVEST OF INVESTIGATION

Francis H. Sisson of New York, chairman of the association's public relations commission, discussed the outlook as follows:

"Unsettlement in business, dull and declining markets, hesitant buying, slight industrial reaction and a general feeling of doubt and disgust have been the harvest of the investigations and exposures at Washington, as they have been conducted.

"Delay in the revision of Federal taxes has acted as a depressing influence upon business and helped to increase the general feeling of uncertainty which characterizes the situation. The result of these differences has been the development of an attitude of hesitation and unwillingness to make commitments for the future; hand-to-mouth buying is the general rule and programs involving the expansion of old or the undertaking of new enterprises are held in abeyance.

"Money is easy and interest rates are low, due particularly to a sound banking situation and to the lack of demand for funds for loaning or investment. The indications seem to be that money will remain relatively easy for some time to come."

KENT TALKS ON PRESENT TREND

Fred I. Kent, of New York, chairman of the commerce and marine commission of the association, said:

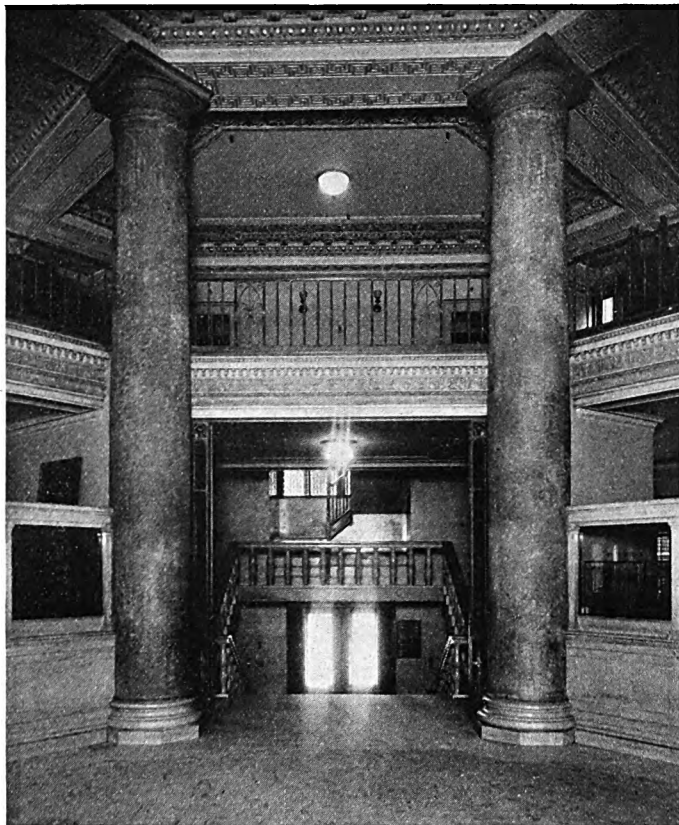
"The year 1924 opened with a tremendous impetus in business activity as a result of the good business of 1923 and even though there was a tendency on the part of buyers not to lay in supplies as a matter of precaution because of the uncertainties of a presidential year, yet conditions were sound and production continued large.



LIBERTY BANK, BUFFALO, N. Y.

THE new home of the Liberty Bank of Buffalo, N. Y., will not only furnish the bank with quarters that are in keeping with its reputation for financial service but will provide the city of Buffalo with an office building unexcelled by any other in Northern New York.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
600 FIFTH AVENUE, NEW YORK



View of entrance to The Seaboard National Bank from the main lobby, showing the massive supporting columns of green terrazzo

The New Senior Officers' Quarters of The Seaboard National Bank, New York

DURING the forty and more years since the establishment of The Seaboard National Bank of the City of New York, it has been an outstanding policy of the institution, and one consistently adhered to, to have The Seaboard's banking quarters so planned as to combine efficiency and convenience, in surroundings suitable for the transaction of the affairs of its customers. In this, the interests of the bank's customers, together with arrangements for caring for their interests, naturally have been a primary factor. In former days, when The Seaboard National Bank was

at its first location, 18 Broadway, access, without undue delay, to the bank officers became traditional; and when The Seaboard in 1921 moved to its new building at the corner of Broad and Beaver streets, this tradition accompanied the institution.

With the consistent growth of the bank, the officers' quarters on the first floor of the new building soon became more or less congested, and this condition, which rendered it somewhat difficult to maintain any necessary degree of privacy in officers' talks with customers, was emphasized when, in 1922, the



Office of President Chellis A. Austin of The Seaboard National Bank, N. Y.



Board of directors' room



Sectional
view of
executive
offices

Beaver
street side



View of
the lounge

Executive
offices



Sectional
view of
executive
offices

Broad
street side

The views on this and the opposite page are of the new quarters on the second floor for executive officers of the Seaboard National Bank, New York

Mercantile Trust Company was merged with The Seaboard. As a result of the merger, there was an increase in the number of officers with desks at the main building, and this, with the immediately marked development of the bank's business, made new arrangements for quarters for the senior officers imperative at the earliest possible moment.

Recognition of this situation led to the planning of extensive alterations, and the second floor of the new banking building was entirely rearranged to provide a new room for the directors of the bank, a private room for the president, conference rooms, and all required space for the senior officers.

The renovations were completed in 1928, and the new and enlarged quarters on the second floor of the bank building were opened on November 4 of that year. The entrance to the second floor is in bronze and marble; the banking room is in marble and walnut, with the board of directors' room adjoining paneled in walnut.

The results of the alterations have been very gratifying. By means of elevators from the entrance to the bank building, speedy access is given to the second floor, the spaciousness of which is both dignified and inviting. The desks of the senior officers are so situated as to preclude any atmosphere of confusion, or, indeed, the least suggestion of it, and to insure every facility for the carrying on of uninterrupted conversation, singly or in groups, and with all the privacy that may be desired.

The desk arrangements and the surroundings bespeak a certain intimacy of business contact, in keeping with the standards of the institution. In accomplishing all this, special emphasis has been placed upon the traditional policy of affording customers every facility of access to the bank and to individual officers. If any one idea has been preeminently carried out in the arrangement of the senior officers' quarters it is that of providing opportunity for the giving of undivided attention to individual problems by this or that officer. It is an added convenience that consultations participated in by more than one officer can be quickly brought about.

Together with the changes centering in the alterations on the second floor of The Seaboard Bank Building, enlarged accommodations for the loan and tellers' departments have been provided on the main floor, where some of the junior officers have their desks; and enlarged accommodations for the foreign department and various other departments of the bank have been given on the third, mezzanine and other floors of the building.

In the new quarters for its senior officers, with the accompanying extension of facilities for banking service, The Seaboard registers another step in the carrying out of policies both satisfying and forward-looking.

The alterations were made under the supervision of Alfred C. Bosson, the architect for the original building.



Union Trust of Cleveland Has Opened New Building

THOUSANDS of curious men and women flocked into the immense lobby of The Union Trust Company, Cleveland, when the Union Trust Building was officially opened to the public on Monday, May 19, over 200,000 being welcomed on the first two days. The visitors were escorted through the entire banking quarters. From the immense banking room itself, they passed on to the enormous vaults on the ground floor, and then to the banking quarters of The Union Trust Company on the second, third, fourth and part of the fifth floors.

On the first three days of the week the building was open to the general public. Thursday and Friday were given over to special receptions to out-of-town guests, visiting bankers, business men and their friends and families. On Saturday afternoon the bank was turned over to the school children of Cleveland.

In the evenings the theater crowds were surprised at the many-colored fountain of steam which played at regular intervals upon the roof of the building. To produce this fountain, 100 pounds of steam was carried from the boiler in the basement of the building to a steam main running up the flagstaff to a height of forty feet above the roof. Branching from this main were fifteen jets which spread the steam into the air so that it had almost the effect of a waving flag. Red, blue and white searchlights of 3,000,000 candle power tinged the live steam with glowing colors, and a bank of colored searchlights at the base of the flagstaff added to the effect.

In addition to all the opening features, regular business was conducted in the new banking rooms throughout the entire week.

In planning a building of the immense size and enormous street frontage of the new Union Trust Building, consideration was given to the fact that if

all the 917 feet of street frontage had been allowed to extend as an uninteresting stretch of pillars, stone and entrances, it would have created a dead spot in the very heart of Cleveland's retail shopping center. The bank accordingly determined to make this building more than mere banking quarters. On all three street sides—Euclid, East Ninth and Chester—shops and stores have been provided for, only enough street frontage being left to provide for banking and building entrances. On the Chester avenue side, within the building itself, there is a long arcade with stores fronting upon both sides. The result is that instead of leaving a dead spot in the shopping district, the new Union Trust Building does, in fact, create a new, distinctive and unusual merchandising center.

This disposition of bank building frontage eliminates the economic waste which the old style of bank building exhibited, and adds to the usefulness as well as the attractiveness of the banking location.

On the Euclid avenue side is located the Union Trust bond store, where it is possible for a customer to walk in and buy a bond as casually as he would buy a necktie or a pound of tea. This method of retail bond selling is an innovation in the merchandising of bonds in Cleveland.

Because it is located in the very heart of Cleveland, and hidden more or less by other buildings, it is hard to gain a true idea of the enormous size of the new Union Trust Building. It extends for 146 feet on Euclid, 258 feet on East Ninth, and 513 feet on Chester, including the attached employees' building. It is twenty stories high on the Euclid side, and the pent-house on the roof is 280 feet from the sidewalk. It is, in fact, the second largest bank and office building in the country.

The radio towers on the roof, with the antenna stretched between them, rise

to a height of 375 feet above the sidewalk, constituting the highest point in Cleveland.

The banking lobby is the largest single banking room in the world. It is built in the shape of a letter "L." The savings lobby extends along the East Ninth street side for 224 feet, including the rotunda which forms the intersection of the two arms of the "L," and the commercial lobby extends for 310 feet along the Chester side.

This stupendous lobby spreads 50 feet wide between great marble pillars which rise to a height of four stories along its sides. These pillars were imported from Italy. The banking room is surmounted by an arched transparent roof, five floors above the banking level. The second, third and fourth stories look out upon this vast lobby from balconies, and the transparent dome, eighty-two feet above the banking floor, surmounts the rotunda.

In this rotunda is a large glass cage, mounted upon a platform, within which the announcer of The Union Trust radio station, WJAX, will broadcast the daily program, consisting of market quotations, financial news, weather reports, and the like. Special wires will carry the words of the announcer up to the radio studio on the twentieth floor of the building, whence they will go out into the air.

In the commercial lobby, space has been allowed for seventy-seven tellers' cages, and in the savings lobby, for thirty-three tellers' cages.

There are seven large vaults in these new quarters of The Union Trust Company. They include the main cash, the safe deposit, the night, the collateral loan, the trust department, the trunk, and the mortgage loan vaults, having a total area of over 9000 square feet.

The safe deposit vault has a capacity of 30,000 boxes. The two fifty-ton doors of this vault are the heaviest in Cleveland, excepting those of the Federal Reserve Bank, according to officials of the Diebold Safe and Lock Company, their builders. They are thirty-two

inches thick, twenty-four of this being solid steel, the remainder being taken up by locking devices.

A novel feature of this department is a separate vault which will be open after the regular banking departments have closed, so that theaters, restaurants and other businesses, which do not close until late, may deposit the proceeds of the day in this vault for safe keeping.

Indiana limestone was used for the exterior of the building, the exterior of light courts being of white enamel brick.

It is estimated that the population of the building will attain the figure of 7000 to 8000, and that it will be visited by 50,000 people daily.

The architects for the building were Graham, Anderson, Probst & White, of Chicago, and the contractors, The Thompson-Starrett Company.

The opening of The Union Trust Company's new banking home marked a milestone in Cleveland's financial history, which is recognized from coast to coast.

It is the realization of the ideal of the men who are the guiding spirits of the company to provide a building and a bank big enough for Cleveland. For, before the Union Trust Company was formed by the merger of six large Cleveland banks, a little over three years ago, there was no single banking institution in the city large enough to provide an adequate supply of credit to Cleveland industry. As a result, many of the largest factories did much of their banking elsewhere, and immense sums drifted out of Cleveland either east or west—sums which could more logically have been used to increase the buying power of Clevelanders by distribution to Cleveland industries and the pay envelopes of Clevelanders.

As a bank big enough to supply credit to Cleveland and northern Ohio, The Union Trust Company, during the last three years, has become nationally known as one of the great financial institutions of the middle west, having total resources of over \$270,000,000.

Bank Architect Founds Art Endowment

EVERY banker who has traveled throughout the American continent has come in contact with the art of our aboriginal Americans. In Mexico particularly he has found evidence of a mighty and cultured people, who erected pyramids and ornate temples, and in

purpose of promoting the application of art to every day life. Mr. Bossom contemplates establishing a permanent endowment for awarding these prizes yearly.

Contestants may live in any part of the world, but no design will be accepted by the jurors unless it is based on ideas which have their inspiration in art native to the North American continent. Thus, those who submit designs and models may find inspiration in the art and architecture of Central America, Mexico, the United States, Canada and Alaska. Thirty well known men and women will act as judges in these competitions.

It is intended that every design shall have a definitely useful quality. Anything merely ornamental will not be considered. In architecture, for example, the contestants may submit designs for the front of a building, for a door, or for some architectural ornament. In textiles, designs in color may be offered, while in furniture the competitor may choose any native pattern he likes and adapt it to the requirements of modern life.

Mr. Bossom himself, although of English birth, for years has been deeply interested in the American traditions of art; and, as the only American Fellow of the Royal Institute of British Architects, has repeatedly called the attention of European authorities to the artistic treasures of Pre-Columbian America.

His methods of employing the early arts of this continent in his own work are well known to the profession. For example, when making his sketches for the new Liberty Bank of Buffalo, New York, of which he is the architect, he obtained many valuable ideas of effect from the Mexican pyramids, which he used in developing the pyramidal summits of its twin towers.

In offering these prizes, therefore, Mr. Bossom seeks to adapt the ancient civilization of this continent to the needs of modern life.

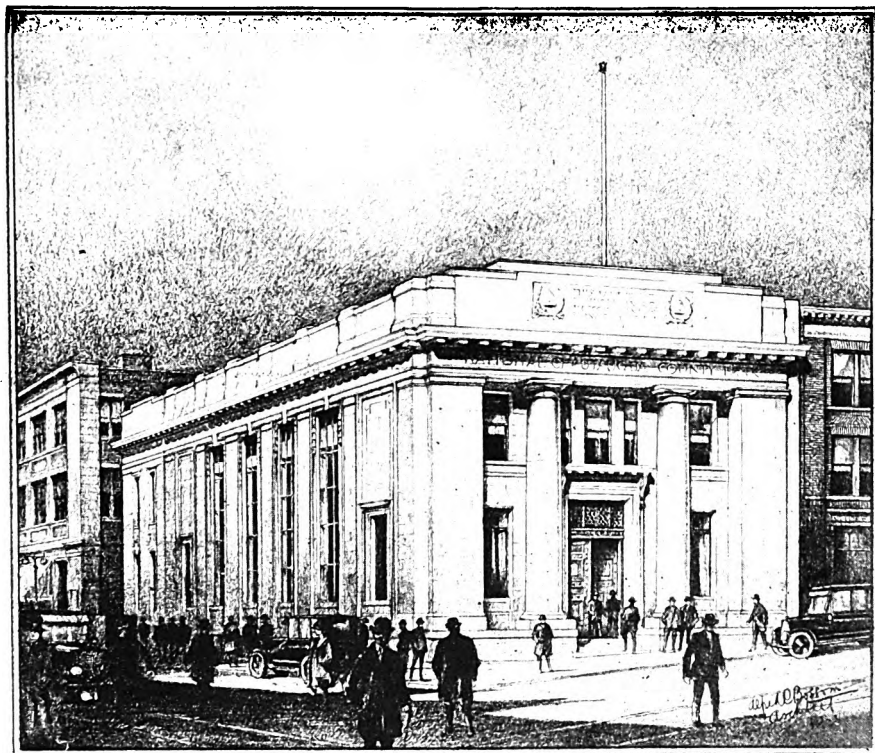


● BACHRACH

ALFRED C. BOSSOM
Founder of art endowment

various ways reached a civilization as high as that attained by the Greeks, Romans and Egyptians of old.

Inasmuch as bankers have always been patrons of art, the plan of Alfred C. Bossom, architect, of New York City, to foster and promote a distinctively American art is of timely interest. Mr. Bossom has donated funds for first, second and third prizes in art competitions, according to a recent announcement given out by Corona Mundi of the School of United Arts, at 310 Riverside Drive, New York City, an international exchange organized for the



New home being erected for the National Chautauqua County Bank of Jamestown, N. Y., the architect being Alfred C. Bosson of New York

Some Recent Bank Building Operations

JAMESTOWN, N. Y., BANK ERECTING
NEW HOME

UNDER the terms of a novel contract, the new home of the National Chautauqua County Bank, of Jamestown, N. Y., is to be reared while business is conducted in the old building on the same site.

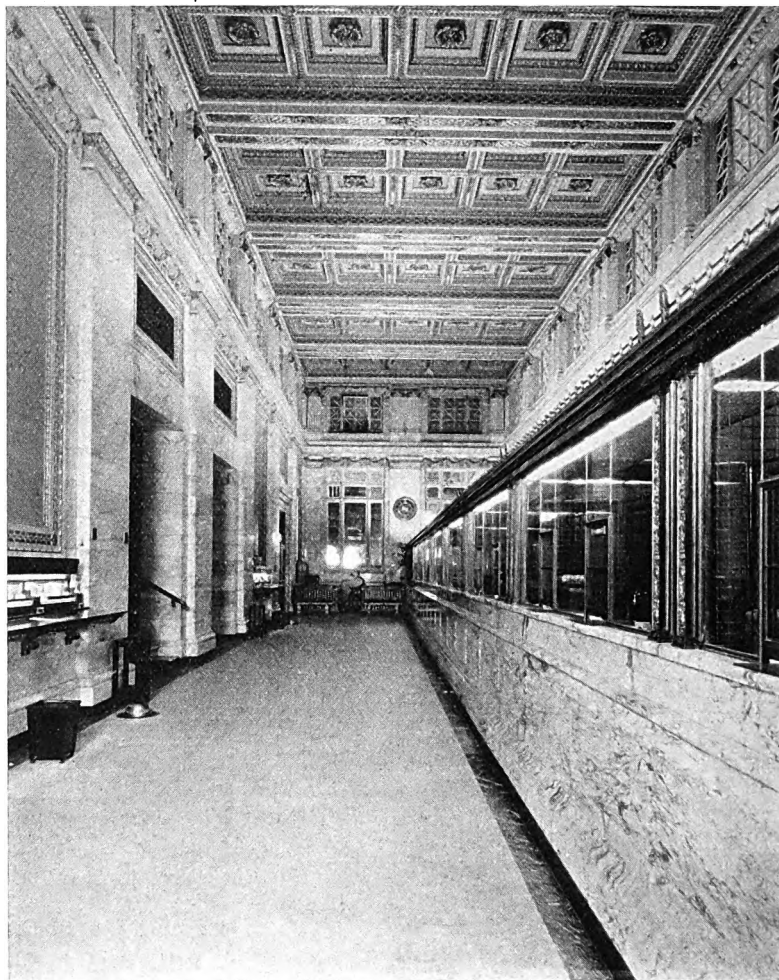
The architect, Alfred C. Bosson of New York City, and the contractors, the Warren Construction Company of Jamestown, have worked out an unique building program.

First, the present structure and the adjacent lot will be completely covered by a temporary roof, supported by steel columns. Then the first half of the new building will be erected, while in the old home the public will have normal service. When the new half is done,

the staff of the bank will be transferred and the demolition of the old structure will take place. All but the outer wall will be demolished. Then there will be a general rearrangement of the interior.

The new building will have a front of 36 feet and will extend back 100 feet at its maximum length and 60 feet at the lesser dimension. The facade of white limestone will be in the style of the Italian Renaissance and will have a commodious and dignified entrance.

One of the new features of the bank will be ample space at the right for the desks of the officers. These officials will thus be in closer touch with the clientele, as the bank has always exemplified the neighborly spirit in its dealings with the public. There will be many more windows for the trans-



WITHOUT the aid of a flashlight, this photograph of the main banking room of the Union Trust Company, Rochester, N. Y. was taken, ordinary time exposure being used. The only sources of light in this space are the lamps in powerful X-Ray reflectors concealed in the bronze cornice. There is no ceiling or wall lighting.

The proper X-Ray reflectors are combined here in such a way that part of them are used for direct lighting in the tellers' cages, while the remainder are used for indirect lighting throughout the room.

action of business, than there are in the present building. The vaults in the basement will be practically as they are now.

The National Chautauqua County Bank, founded in 1831, is one of the oldest in the state, and has several times outgrown its quarters during its existence of nearly a century.

the close connection between it and the main floor of the bank.

The interior of the main banking room is richly designed, and in keeping with the exterior. The ceiling treatment is a series of vaults, in contour with the arched windows. The side walls are of cean stone plaster. The banking screen and wainscoting are



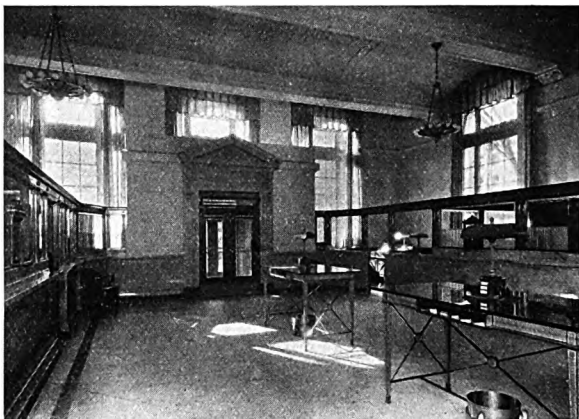
New building of the Berkshire Loan and Trust Company of Pittsfield, Mass., which was designed by Holmes and Winslow of New York, specialists in bank architecture

THE BERKSHIRE LOAN AND TRUST COMPANY, PITTSFIELD, MASS.

THE new building of the Berkshire Loan and Trust Company of Pittsfield, Mass., is located on the corner of School street and North avenue, in the heart of the business district of Pittsfield. Imperial Grade "A" marble from the Vermont Marble Quarries has been used for the main portion of the two facades, the base being of polished Rhode Island granite. In designing the exterior of this building, which is modified Italian Renaissance, the architects, Holmes and Winslow of New York City, kept in mind the fact that the bank was to occupy the entire two floors. They therefore kept the second story below the main cornice, which brings it within the frame produced by the pilaster treatment, thus indicating

constructed of Rosato marble to the height of the wickets, and the balance of the upper screen is of bronze. The public space is in the center, with the tellers' cages on both sides, enabling one, on entering the building, to get a clear view to the rear of the banking room. Here the vault is prominently located, the large circular burglar-proof door giving a most favorable impression of security. The vault was installed by the Remington & Sherman Company of New York.

The officers are located on either side of the entrance vestibule, giving them close contact with the public as well as with the working force. The book-keepers' department, girls' rest room, etc., are located on the second floor, while the basement provides ample facilities for silver storage. An automatic electric elevator, located in the



Main banking lobby of the new building of the Berkshire Loan and Trust Company of Pittsfield, showing the officers' quarters, located on either side of the main entrance. Abundance of light is supplied by the large windows on two sides of the room



Financial Division of National Chamber of Commerce holds convention session within steel walls

THE convention session of the Financial Division of the National Chamber of Commerce in Cleveland on Tuesday afternoon, May 6, was held in a setting distinctly unusual for that or any other convention body—the almost-completed safe deposit vault in the new building of The Union Trust Company, Cleveland.

Delegates first attended luncheon in the Union Trust cafeteria and from there proceeded to the vault where they were seated and the entire session was held.

This vault is one of the largest in the country. Its inside measurements are 58 feet 6 inches by 48 feet 5 inches, giving ample room for the seating of the delegates. It was installed by the Diebold Safe and Lock Company.

Among the speakers at the session were Carl Williams, president The American Cotton Growers Association; Professor G. F. Warren, Cornell University; and Fred I. Kent, vice-president Bankers Trust Company, New York

rear of the building, runs from the basement to the top floor for the use of employees.

The special feature of this particular project was to take care of a large clientele and to expedite the handling of the business in a small and necessarily congested space. As the site was narrow, being fifty by seventy feet, it was found necessary to design the building in such a way that the bank could utilize both the first and second floors for its own purposes with the greatest degree of convenience.

Hon. Charles L. Hibbard is president of the institution.

THREE LIGHTING COMPANIES CONSOLIDATE

A COALITION of three important companies specializing in lighting equipment for banks took place January 1 when the National X-Ray Reflector

Company, X-Ray Reflector Company of New York, Inc., and Luminaire Studios, Inc., went together to form Curtis Lighting, Inc. The home office of the combined organization is at 1119 West Jackson Boulevard, Chicago, Ill. This company manufactures "Bankray" as well as standard luminaries for bank interiors.

AN IMPORTANT SOURCE OF INFORMATION

BANKERS who are interested in keeping up to date on modern vault construction should get on the list to receive *Diebold News*. This is an illustrated periodical published quarterly by the Diebold Safe & Lock Co. of Canton, Ohio. It gives many illustrations of recent vault installations and much valuable information for the bank that contemplates the construction of a new building or the remodelling of its old one.



Public Speaking Contest by New York Chapter A. I. B.

A PUBLIC speaking contest, the first of its kind ever conducted by the New York Chapter, was recently held by that Chapter of the American Institute of Banking and was open to all its members connected in any way with New York banks or banking institutions. The subject was "Efficient Service," speeches were limited to five minutes, and the decision of the judges based on the following points, each representing 25 per cent.:

1. Definition of Efficient Service. 2. Best Illustration of Efficient Service. 3. Best Suggestion for Efficient Service on the part of a Bank. 4. Delivery.

Twelve men survived to the last cut when on April 23, the following were chosen as the winners:

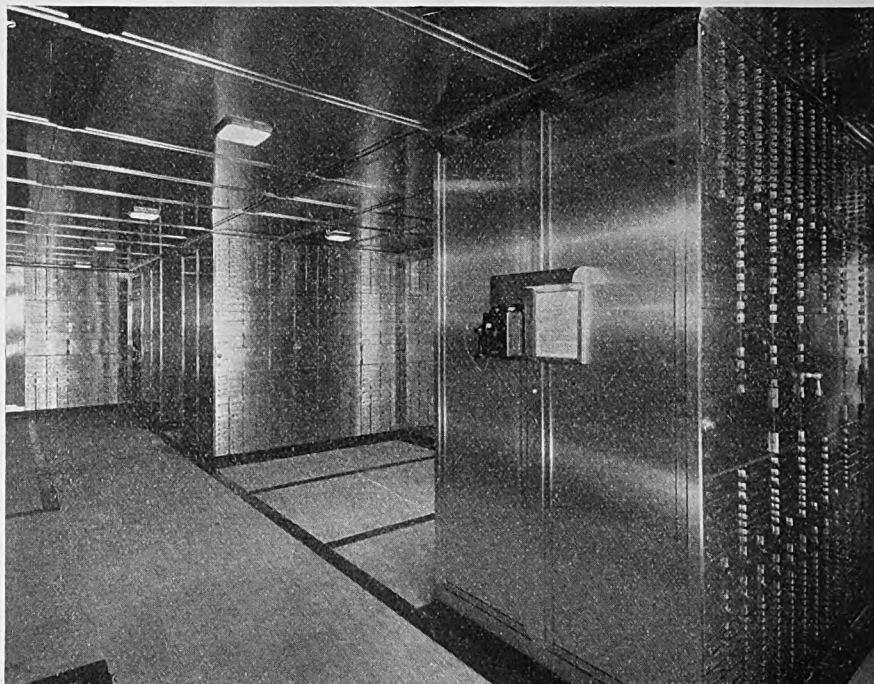
1. Ward D. Hopkins, National City

Bank. 2. John F. Cannon, National City Bank. 3. Charles L. Getz, National City Bank.

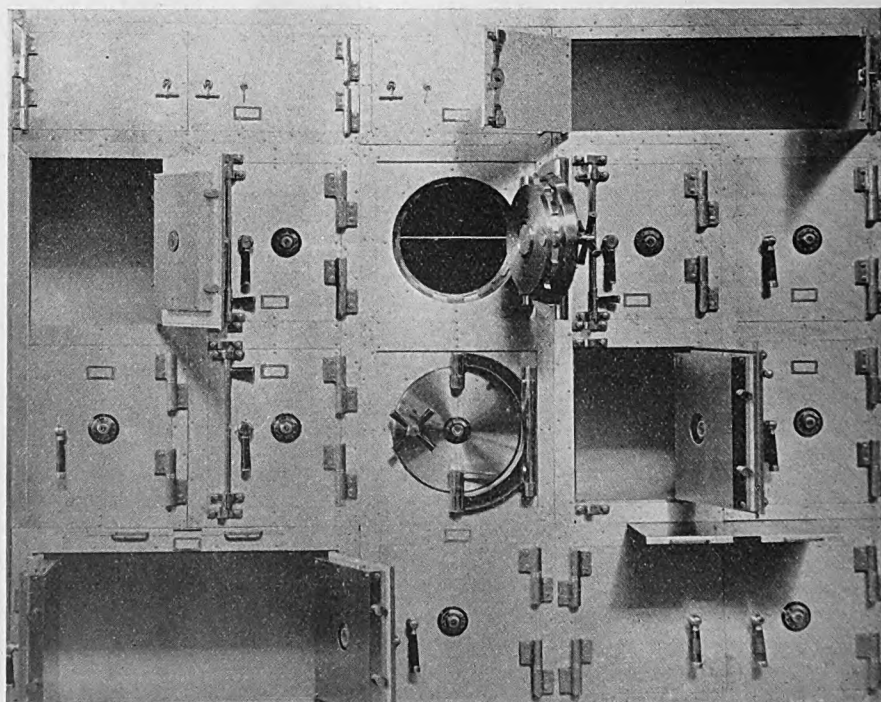
To the first winner was awarded a \$100 prize cup, the generous gift of President Knox of the Bowery Savings Bank, and on the evening of April 24, the three winners delivered their addresses before the Eastern Conference of the Savings Bank Division of the American Bankers Association which was in session at the Hotel Commodore.

All contestants were identified by numbers only and the following judges served:

T. C. Delafield, president of the Bank of America; William Knox, president of the Bowery Savings Bank; Charles H. Deppe, vice-president of the Union Trust Company, Cincinnati, Ohio.



General view of the safe deposit vaults of the New York Trust Company, New York. The feature of this vault is the direct telephone connection with Central which makes it possible for anyone accidentally locked in the vaults to obtain communication with the outside world and get prompt assistance



Close-up view showing details of a typical security vault. Each safe has its own individual combination. Both vaults shown on this page were installed by the Herring-Hall-Marvin Safe Company

BOOK TALKS

Special Section of The Bankers Magazine

JUNE 1924

From One Credit Investigator to Others

Notes About Russell F. Prudden and His Book

A young man in the credit department of a large New York bank realized that though there were numerous theoretical works on credits there seemed to be no standard book giving practical ideas on the subject. With this idea in mind he put his actual daily experience on paper, conferred with his associates and with those older "in the game" than himself, and his book, "The Bank Credit Investigator" (\$1.50, Bankers Publishing Co.) was the result.

TO write a book on credit, about which "The Credit Monthly" could say: "What more can be said than that this book completely serves the purpose for which it was designed?" would seem to be no small task for a young credit investigator. But that is what Russell F. Prudden did while he was an investigator, connected with a large New York bank.

The explanation, after all, is simple, for Mr. Prudden saw the need of a book on credit investigation work that would give really practical ideas on the subject; a book such as he needed himself when a beginner, and which he did not have. So with that idea in mind he put his actual daily experience on paper, conferred with his associates and with those older "in the game" than himself and his book, *The Bank Credit Investigator*, was the result.

Interest in Banking and Economics

Mr. Prudden went into the bank credit investigation work after the war because of his keen interest in analytical work, and in the study of economic conditions. What he humorously termed "preliminary banking experience," which was gained in a bank in his home town before his going away to school, no doubt had figured in his choice of college for his higher education, as he was graduated from the Wharton School of Finance of the University of Pennsylvania in 1916.

Of his first steps in the business world after graduation let him tell himself:

"I decided to learn the bond business after graduation and joined the organization of a large Philadelphia house. Ten dollars a week to start was a good salary in those days, and competition for jobs was strong. Had it not been for the war I might now be selling bonds or trying to, but in 1917

other pursuits were more interesting, and I joined the Navy.

"I fully expected to see the world, or, at least, France, but, aside from the Philadelphia Navy Yard, Pelham Bay Camp and



Mr. Prudden, the author of
"The Bank Credit Investigator"

the Princeton Officers' School, I 'never got anywhere'.

"My financial experience was again resumed in New York, where I joined the credit investigating staff of a New York bank. This work appealed to me, as it offered analytical and banking experience and also an opportunity to meet business men and bankers, and to study trade and economic conditions.

"Just how to become best fitted for these

(Continued on page 4)

THE BANKERS MAGAZINE—BOOK TALKS

BOOK TALKS

EVELYN M. PRICE, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JUNE 1924

Reprints of this section will be sent without charge to anyone upon request. BOOK TALKS appears as an eight-page insert in THE BANKERS MAGAZINE each month, and is also sent out separately to those who are interested in books on banking and business.

Shop Talk

MISS ANNE SEWARD of the Empire Trust Co., New York, who is one of the ablest and best-known women bankers in the country, is the author of the latest addition to our "Bank Department Series"—*The Women's Department*. This book has just been published and we have been busy during the past few weeks filling the many advance orders, which are steadily depleting our first edition. The demand for it is so great because it is the first book on this important and comparatively new department.



THE LARGE number of women who are going into the banking field, and those who are in business generally are all capable of managing their own affairs. Those who remain unmarried, and those who marry, no longer wish to depend on their husbands or male relatives for managing their business affairs. The progressive banks are organizing departments to gain the business of these women. If the woman is in business, she is able to do business, and it is up to the bank to get her to save and to invest her money.



IN THE introduction to *The Women's Department*, Frederick W. Gehle, vice-president of the Mechanics & Metals National Bank, New York, says:

The day is here of the woman in the bank. Perhaps she realizes it most, for she is striving in splendid fashion to perfect herself and to justify the opportunity that has been placed before her. In the various colleges and schools, and in the classes of the American Institute of Banking, which is the organization officially recognized as the educational body of the American Bankers' Association, the percentage of women is growing constantly. The New York Chapter of the Institute, with which I am familiar, has some classes in which the women outnumber the men. At the 1923 convention of the national organization, held in Cleveland, more than 1,000 women attended the sessions and took part in the proceedings, and at those departmentals which I attended it seemed, even, that the women asked more questions and took a more intelligent interest in what went on than the men.



IN THE July issue of BOOK TALKS we expect to give the story of Miss Seward's interesting banking career.

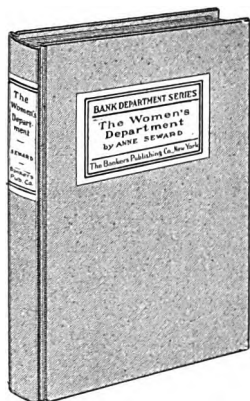


THE DISCUSSION of bank examiners and bank examinations by the late Thomas P. Kane in his *Romance and Tragedy of Banking* is well worth reading. His opinion, which as a deputy comptroller of the currency for over 40 years, has experience behind it, he expresses thus:

Men may honestly differ in opinion as to the value of a bank's assets as in respect to anything else. An examiner is always honest in his opinion, because he has no reason to be otherwise. Unlike the representatives of the bank, he has no personal interest in the assets which he estimates below the value placed upon them by the officers and directors, and his means of determining their worth are equally as good and frequently better than that of the officers of the institution which owns or holds them. If the officers or directors of a bank were as honest with the examiner as the examiner is with them there would be less difficulty in arriving at the true condition of affairs and the interests of the bank would be better served thereby.



BANKERS PUBLISHING COMPANY
71 Murray Street
New York



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Layout of the Department

The Program and the Women

Office Equipment and Space

Functions of the Department

Advertising—Publicity

Personal Service Bureau

Investment Service and Advice

Foreign Exchange

Women and the Personal Trust

Thrift Education

Training for Bank Women

JUST PUBLISHED

THE Women's Department

By ANNE SEWARD

Price \$1.25 postpaid

THE LATEST phase in American banking is the establishing of a department for women, who more and more are transacting their own business affairs, and who, because of their entrance into the business world, are earning their own money—and should be shown how to save and invest that money.

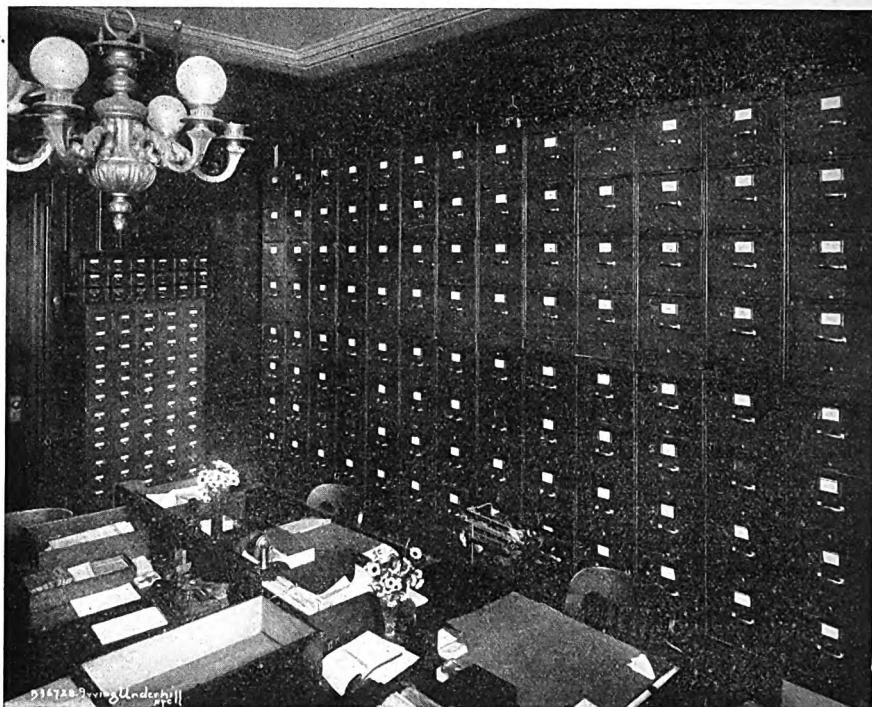
MISS SEWARD of the Empire Trust Company, New York, who is one of the ablest and best known women bankers in the country, has said that many bankers at various conventions and by letter have put this question to her—"We have wanted to organize a women's department for some time, but just how should we go about it—how can we get the women into the bank?"

THIS BOOK then is Miss Seward's answer to the bankers, as for those who use her book the work of establishing this now indispensable department of the modern bank will be a simple matter, all the problems incident to the profitable operation of the women's department in a suburban, small town or metropolitan bank being explained in detail.

A GLANCE at the table of contents given at the left will show just how the book covers all details of organization. There is also included in it a complete list of women executives holding positions in banks in America today.

No WOMAN is better qualified to write on this new development in the financial world than Miss Seward, who is an A. B., Barnard College, A. M. and B. S., Columbia University, and a former student in the Sorbonne and Berlin University. She has also been head of the research department, division of foreign exchange, of the Federal Reserve Board, and has had banking experience both in Europe and in America.

THE BANKERS MAGAZINE—BOOK TALKS



A corner of the credit filing department of a large New York bank

From One Credit Investigator to Others Frankness is Refreshing, Amusing and Instructive

(Continued from page 1)

duties seemed a problem, for although advice was plentiful and there were numerous theoretical works on credit there was no book giving practical ideas on the subject."

Refreshing Reading for the "Old" Credit Man

The book then that was the outcome of the author's entrance into a field which he thought should be attractive to others as well as himself, and yet made more interesting if they had a readable and helpful handbook to point out the better ways of doing their work, became in great demand.

Although the author had had in mind only beginners when writing his book, it soon became evident that all who were in credit work had a need for it, and the reason for this is expressed best by the statement of "The Credit Monthly" that "though designed as a compendium for beginners, it will prove 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."

A still wider field opened for the book when the credit men in other lines than banking, "took it up," and business men generally. The "Drug and Chemical Markets," a paper of that trade, gave the following opinion on it:

"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."

Mr. Prudden has written articles on credit for THE BANKERS MAGAZINE and for other magazines since the publication of his book, but the death of his father necessitated his retiring from the banking field in New York City. His home is now in Lockport, N. Y.



BANKERS PUBLISHING COMPANY
71 Murray Street
New York



Announcing

The Encyclopedia of Banking and Finance

By Glenn G. Munn

Containing 600 pages and over 3,000 terms relating to money, credit, banking practice, history, law, accounting and organization, foreign exchange, trusts, investments, speculation, markets and brokerage.

IN THE preparation of this encyclopedia, which has covered a period of nearly three years, it has been the author's aim to attain these ends: (1) Comprehensiveness, (2) Accuracy, (3) Convenience.

Comprehensiveness. It contains some 3,050 terms, gained: From the author's seven years' experience in teaching classes in banking, finance and economics; from first-hand acquaintance with the affairs of the "Street"; and from an extensive search of the bibliography of the field. As a result: This volume is more than a mere list of definitions. A full exposition of the most important subjects is presented, the text of the principal banking laws, and forms and phraseology of the principal instruments of banking and finance are given.

Accuracy. Original sources have been employed wherever possible. The work of the author has been reviewed by six different experts in their own field. Great care has been taken to secure fine distinctions. In many instances, several meanings or applications of the same term have been stated.

Convenience. A tremendous mass of organized information pertaining to money, banking, credit, and finance has been brought within the covers of a single volume. It should, therefore, prove a valuable time-saving device for locating desired information quickly, being alphabetically arranged. Cross references have been widely employed, giving the reader access to all aspects by bringing his attention to related subjects.

It will be a great convenience to have, within the covers of one book, the full texts of the following bank laws and regulations: Agricultural Credit Act; Bill of Lading Act; Cotton Futures Act; Export Trade Act; Farm Credits Act; Federal Farm Loan Act; Federal Farm Loan Board Rulings and Regulations; Federal Intermediate Credit Bank Rules and Regulations; Federal Reserve Act; Federal Reserve Board Regulations; National Bankruptcy Act; Negotiable Instruments Law; Webb-Pomerene Act.

BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

ACCOUNTANTS' HANDBOOK. New York: The Ronald Press Co. \$7.50.

THIS handbook is divided into 33 sections, each devoted to a subject of essential interest in accounting practice. It covers adequately, not only accounting in its principles and applications, but also finance, management, law, banking, office methods and allied activities. The compilers have worked through all authorities in the field, selected the best data to be found, and prepared a collection of tested principles and procedure. Practical charts and forms, tables, rules and definitions are used throughout and all the material is exhaustively indexed.

+

FARM CREDITS IN THE UNITED STATES AND CANADA. By James B. Morman. New York: The Macmillan Co. \$3.50.

THE history of the farm credits movement during the past 10 years is given in this book. It treats specifically of land mortgage, intermediate and personal phases of credit for farmers. All laws enacted have been analyzed and summarized for the purpose of presenting only the essential features relating to improved terms and conditions of loans. The chief points held in view are interest rates, commission charges, period of loans and methods of repayment. The effects of farm credits on the welfare of farmers as debtors, on rural communities, and on the nation are also discussed. The book, therefore, constitutes a survey from three points of view—legislative, financial and economic—of the most reliable data on farm credits in the United States and Canada.

+

THE SOUTH SEA BUBBLE. By Lewis Melville. Boston: Small, Maynard & Co.

THIS book is said to be the first detailed account of the rise and fall of the South Sea Company and the South Sea Bubble, one of the greatest hoaxes in history. It is a story of surpassing interest, affording as it does one of the most amazing instances of credulity, exhibited at one and the same time, by all classes of a nation, in history. The South Sea Company, founded in 1711, nine years later took over the national debt on terms hopelessly disadvantageous to itself. Yet the scheme was so vast that its drawbacks were overlooked. A few persons made fortunes, but all classes of society, from dukes to the most humble homes, were ruined

by the collapse of this famous "bubble". Folly and ignorance, combined with bribery and jobbery, caused one of the greatest scandals of the ages. The book is well documented and will remain of permanent historical value.

+

SUGAR IN RELATION TO THE TARIFF. By Philip G. Wright. New York: McGraw-Hill Co., Inc.

THIS book is a dispassionate study of one of the most highly controversial matters connected with the tariff. It answers such questions as these: Are high prices for sugar due to the activities of speculators? What is the true public interest with respect to the duty on sugar? Can that interest be guarded by the flexible tariff? Numerous other questions are discussed and, in addition, it includes a fund of general information in regard to the sugar industry. The book is one of the "Institute of Economics Series," the author working with the aid of the Council and Staff of the Institute of Economics.

+

APPRAISERS' AND ADJUSTERS' HANDBOOK. By William Arthur. New York: U. P. C. Book Co. \$5.00.

THIS book on Appraisals tells how to find the present-day value of an existing building so necessary to know when replacement, alterations or repairs are contemplated. The different points of age, condition, location, use, etc., of a building which determine the value are all covered.

New Books

MODERN FOREIGN EXCHANGE. By H. C. Walter. McBride. \$2.00.

DESCRIBES present-day workings of exchanges and explains post-war fluctuations.

ECONOMIC GEOGRAPHY. By R. H. Whitbeck and V. C. Finch. McGraw-Hill. \$3.50.

EUROPE SINCE 1789. By E. R. Turner. Doubleday. \$3.50.

BRITISH-AMERICAN RELATIONS. By J. D. Whelpley. Little, Brown. \$3.50.

INVESTMENT, A NEW PROFESSION. By H. S. Sturgis. Macmillan. \$2.00.

PRACTICAL advice as to how the ordinary investor should go about investing his surplus.

THE BANKERS MAGAZINE—BOOK TALKS

The Money Department of a Reserve Bank

There was added to the second edition of "The Paying Teller's Department" (\$1.25, Bankers Publishing Co.) the story of the money department of the Cleveland Federal Reserve Bank. We are reprinting here a few paragraphs from the account. The addition of this appendix to the book is the result of the desire of the author, Glenn G. Munn, to give a very complete handbook about the paying teller's department and allied departments to all those who wish to study it, whether for advancement in their work, or for the general knowledge of this bank department which every person in business ought to have.

IN principle the functions of the money department of a Federal Reserve Bank in receiving and disbursing cash are no different from those of any bank, except in the matter of volume, and it is this distinction that makes necessary the adoption of systems of handling not ordinarily applied in commercial banking. To visualize these operations attention may first be directed to the money receiving function, for the handling of incoming funds supplies the greater opportunity for interest as well as work. As the currency deposits are almost entirely from banks, the receiving tellers are in quite a different position than are the tellers in commercial banks, who count each piece of currency put through the wicket with a pass book. Here the tellers receive lots by the truckload of sealed packages delivered by mail and express or by the case-full from city bank messengers.

The step of next importance is to credit the amount of each shipment or delivery to the depositing bank, and manifestly the money must be presented in proper order by being banded and marked for the amount contained in each strap, in order that an inventory count of packages may be made. As fast as shipments can be checked in, they are placed in cases that are sealed by the receiving teller when filled and dispatched to the sorting and proving division. Under the direction of a division chief and supervisors the currency is distributed to money counters who work at especially constructed sorting desks. These desks are similar to a roll-top desk, and are constructed of wire mesh screening. This arrangement gives complete visibility, good light and plenty of air for the counters.

Their work is to break the bands on each individual package of currency to determine the following facts and necessary requirements:

1. Correctness of count.
2. Detection of counterfeit and raised bills.
3. Sortation into six different kinds of currency and seven different denominations.

4. Separation of clean bills from mutilated and unfit bills.

5. Sortation of notes of the eleven other Federal Reserve Banks for return to each bank of issue.

The spread of loose currency must then be gathered in and each of the various segregations of bills as sorted must be put up in currency straps. To facilitate this first count of 100 pieces to each package the spread count is used; the final count after the strap is applied is to insure absolute accuracy. These operations require the greatest skill of hand and eye, for mistakes are expensive. As speed is also an essential requisite, a counter is expected to handle a daily average of 8,000 pieces.

Soiled Bills Are Cancelled

The finished work of the money counters is then distributed to other divisions, depending upon its character. The packages containing all clean and crisp bills are retained for disbursement to banks. The bills of other Federal Reserve Banks are sent to the shipping tellers for return to the banks of issue, and the soiled and torn bills are sent to the cancellation room for partial destruction prior to shipment to the Treasury Department at Washington for final redemption.

In maintaining a high standard of sortation in order that only clean and acceptable bills are paid out by the bank, 60 per cent. of the incoming daily currency is thrown out as unfit. When this accumulation reaches the cancellation room it presents an unusual spectacle as it passes through a machine operation that punches four holes in outline letter "D" in each corner of the bill. The packages next follow through to a motor-driven paper cutter, and every package is cut in half the long way of the bill. The packages of the respective upper and lower halves are then bound up in a most exacting way and shipped to Washington on alternate days so that at no time is there a shipment in transit that contains the entire portion of any canceled and cut note.

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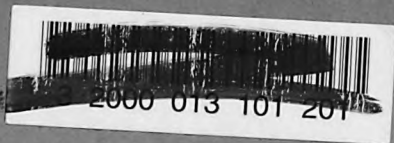
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